

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Chris Oliver *CO*
Executive Director

DATE: March 25, 2003

SUBJECT: GOA Groundfish Rationalization

ESTIMATED TIME
6 HOURS

ACTION REQUIRED

- (a) Review draft alternatives, elements and options and provide clarifications to staff
- (b) Review Table of Contents for Environmental Impact Statement/Regulatory Impact Review

Alternatives, elements and options

The Council adopted a suite of alternatives, elements and options to rationalize the Gulf of Alaska groundfish fisheries in December 2002. The Council revised the suite as a result of a staff discussion paper and public testimony in February 2003. Staff has annotated the revised suite of alternatives, elements and options for additional clarifications (Item C-1(1)). A summary of the alternatives in under Item C-1(2).

For the June 2003 Council meeting, staff will provide a discussion paper on three topics for Council review and possible action: (1) additional modifications or clarifications of the suite of alternatives, elements, and options for allocation of cooperative, processor, and catcher/processor shares; (2) consideration of paring down the range of options under certain elements up front that would result in significant savings in time, cost, and redundancy of preparing the EIS/RIR/IRFA, and allow its completion within the proposed timeline, and (3) strategy for structuring the EIS alternatives to conform with NEPA requirements.

EIS/RIR Workplan

Staff has prepared a draft outline for preparation of the Environmental Impact Statement (Item C-1(3)) and Regulatory Impact Review (Item C-1(4)). A proposed timeline for completion is presented below.

Council meeting	Agenda Item
June 2003	Clarify alternatives, elements and options
	Discuss strategy for structuring EIS alternatives
October 2003	Review progress and take action as necessary
December 2003	Review progress and take action as necessary
February 2004	Preliminary review of EIS/RIR/IRFA
March 2004	Initial Review of EIS/RIR/IRFA
June 2004	Identify preferred alternative

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
GULF OF ALASKA GROUND FISH RATIONALIZATION
ALTERNATIVES, ELEMENTS AND OPTIONS
MARCH 26, 2003

ALTERNATIVE 1. STATUS QUO (NO ACTION ALTERNATIVE)

ALTERNATIVE 2. **QUOTA-HARVEST SHARE-BASED** PROGRAM,

Staff recommends substituting Harvest Share for Quota Share throughout the suite of alternatives. Harvest shares could be implemented under either a quota share program or as harvest history in a cooperative.

SUBALTERNATIVE 1. HARVESTER ONLY **QS-SHARE** PROGRAM

- The three following elements have been decided.

Management Areas :

Areas are Western Gulf, Central Gulf, and West Yakutat—separate areas
EGO Pacific cod is exempted

- Clarify whether West Yakutat area Pacific cod is intended to be included under the above exemption.

SEO is exempt except for bycatch and sideboard issues

- \$ Clarify the “bycatch” issues in SEO. (Would there be limits on vessels fishing in SEO? amount of harvests?) Staff will assume the LLP requirements still apply in Federal waters. State staff will be asked to address how these actions would be coordinated since most waters in SEO are within 3 miles. Would SEO bycatch issues be addressed under Element 4?
- \$ Would SEO outside sideboard issues be addressed under Element 12?

 Gear: Applies to all gear except jig gear

Element 1. Qualifying periods (same for all gears in all areas)

(Option: AFA vessels assessed as a group)

Option 1. 95-01 (drop 1 or 2)

Option 2. 98-01 (drop 1)

 Suboption: 98-02 (drop 1)

Option 3. 95-2002 (drop 1 or 2)

Option 4. 95-97 (for AFA vessels)

 The following applies to all options:

 Suboption. Exclude 2000 for pot gear Pacific cod

- Clarify whether the suboption would be one of the 1 or 2 years dropped.

Element 2. Qualifying landing criteria

Total pounds landed will be used as a denominator to determine catch history allocations.

~~For underutilized species, the combined total of all pounds landed during the qualifying years will be compared with the total TAC for the qualifying years to determine the percent of the fishery utilized. During each successive year the percent of the fishery utilized is applied to the total~~

~~TAC with the resulting sum apportioned among qualifying vessels. The remaining TAC is available for an open access fishery.~~

- Move qualifying landing criteria for underutilized species to Element 6.

**Issue 1. Landings based on retained catch for all species (includes WPR for C/P sector)

- Option 1. catch history determined based on a percentage of retained catch per year
- Includes meal
 - Does not include meal
 - For flatfish species, have staff prepare a qualitative analysis of the amount of flatfish which went to meal during the qualifying period.
 - Allow C/P vessels which did not produce meal to have their catch history increased by a specified amount.

- Option 2. catch history determined based on the poundage of retained catch
- Includes meal
 - Does not include meal
 - For flatfish species, have staff prepare a qualitative analysis of the amount of flatfish which went to meal during the qualifying period.
 - Allow C/P vessels which did not produce meal to have their catch history increased by a specified amount.

• Issue 1 presents an opportunity for the Council to greatly reduce the time, cost, and redundancy of information in the development of the analysis by a factor of 4 by narrowing the analysis to either percentage or pounds and do/do not include meal in the qualifying landings criteria for all species. Tables will be reduced from (4X16 target species) 64 to 16. This savings should be multiplied across ALL options. Additional analysis will be presented to the Council in June for this decision.

Issue 2. Eligibility to receive catch history:

~~Option 1. Vessel Owner with a federal permit (must meet same standard for being eligible to hold a LLP as in crab language) Any person that holds a valid, permanent, fully transferable LLP license.~~

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e. moratorium qualification or LLP license) of an LLP qualifying (i.e. GQP, EQP, RPP and Amendment 58 combination) vessel have been transferred, the distribution of QS to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. Only one catch history per LLP license.

~~Original Language in GOA Rationalization motion: QS allocation only to the vessel with legal landings in a federally managed fishery, with only those landings made by a vessel owner possessing either a permanent moratorium or fully transferable LLP onboard considered as legal.~~

- ~~vessel owner at time of landing~~
- ~~current vessel owner~~

- ~~iii. Lease holder at time of landing—A person who owns a vessel cannot be a QS recipient for that vessel during the duration of the lease. Evidence of the lease must be provided as described in CFR 679.40(a)(3)(C)(iii) Evidence of a vessel lease in the IFQ program.~~

Option 2. QS allocation to a person with legal landings in a federally managed groundfish fishery

- i. vessel owner at time of landing
- ~~ii. current vessel owner~~
- ~~iii. Lease holder at time of landing—A person who owns a vessel cannot be a QS recipient for that vessel during the duration of the lease. Evidence of the lease must be provided as described in CFR 679.40(a)(3)(C)(iii) Evidence of a vessel lease in the IFQ program~~

- Is the intent of Option 2 to undo the LLP and allow non-federally permitted landings (i.e., State water parallel fisheries landings) to count toward share allocations, thereby diluting the shares of LLP holders? If so, this option should more explicitly identify the action. Suboption ii and iii would greatly complicate the analysis because vessel ownership or would need to be divined leaseholdings for individual historical landing records.

Staff suggests replacing the options for this element with language modeled after the crab rationalization preferred alternative (as listed above).

Element 3. Target Species Rationalization Plan.

Target Species by Gear

Issue 1: Initial Allocation of catch history

Option 1: Allocate catch history by sector and gear type

Option 2: Allocate catch history on an individual basis

- a. Trawl CV and CP:
pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch
Pelagic shelf rockfish
- b. Longline CV and CP:
Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder
- a. Pot CV and CP:
Pacific Cod

Issue 2. QS/IFQ Designations

Option 1. Vessel categories

Suboption 1. No Categories

Suboption 2. Vessel Categories as follows

Vessels < 60'

Vessels >= 60' and < 125'

Vessels >= 125'

Option 2. QS Sector designations:

- Suboption 1. No designation of QS/IFQ as CV or CP
- Suboption 2. Designate QS/IFQ as CV or CP. CV QS/IFQ conveys a privilege to harvest a specified amount. CP QS/IFQ conveys the privilege to harvest and process a specified amount. Designation will be based on:
 - a. Actual amount of catch harvested and processed onboard a vessel by species.
 - b. All catch in a given year if any was legally processed onboard the vessel by species.

Option 3. QS Gear designations

- Suboption 1. No gear designation
- Suboption 2. Designate QS as either Longline, Pot, or Trawl
- Suboption 3. Longline and pot gear QS/IFQ may not be harvested using trawl gear.
- Suboption 4. Pot gear QS/IFQ may not be harvested using longline gear

Issue 3. Transferability and Restrictions on Ownership of QS/IFQs

Option 1. Persons eligible to receive QS by transfer must be (not mutually exclusive):

- Suboption 1. US citizens who have had at least 150 days of sea time
- Suboption 2. Entities that have a U. S. citizen with 20% or more ownership and at least 150 days of sea time
- Suboption 3. Initial recipients of ~~harvesting CV~~ or C/P ~~quota-harvest~~ share
- Suboption 4. US Citizens eligible to document a vessel.
- Suboption 5. Communities would be eligible to receive QS by transfer (see Element 9)

Option 2. Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares:

- a. all CP shares
- b. trawl CP shares
- c. longline CP shares

• Assume the intent of Option 2 is to eventually eliminate CP shares (as initial issues leave the fishery); the processing privilege is eliminated when CP shares are converted to CV shares (they cannot be converted back to CV shares upon a second transfer).

Option 3. Vertical integration

QS initial recipients with more than 10% limited threshold ownership by ~~processing entities~~ any holder of processing shares or licenses are:

- Suboption 1. capped at initial allocation of CV shares
- Suboption 2. capped at 115% of initial allocation of CV shares
- Suboption 3. no CP share cap

• Is Suboption 3 a stand alone option? If so, this is contrary to the recommendation of the NRC report, "Sharing the Fish?" If not, should this moved to where CP issues are addressed? Or is it a typo (should read CV)?

- Option 4. Definition of sea time
Sea time in any of the U.S. commercial fisheries in a harvesting capacity.
- Option 5. Leasing of IFQs (“leasing of IFQs” is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as “hired skipper” requirement in halibut/sablefish program).
- Suboption 1. No leasing of CV IFQ (QS/IFQ holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Suboption 2. No leasing of CP IFQ (QS/IFQ holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Suboption 3. Allow leasing of CV IFQ, but only to individuals eligible to receive QS/IFQ by transfer.
- Suboption 4. Allow leasing of CP IFQ, but only to individuals eligible to receive QS/IFQ by transfer.
- Suboption 5. Sunset [CP – CV] IFQ leasing provisions [3 – 5 – 10] years after program implementation.
- Option 6. Separate and distinct QS Use (“ownership”) **Caps**
Vessel Use caps on IFQs harvested on any given vessel shall be set at two times the use cap for each species.
Caps apply to all harvesting QS categories by species with the following provisions:
- ~~Suboption 1.~~ Initial issues that exceed the use cap are grandfathered at their current level as of a control date; including transfers by contract entered into as of that date.
- ~~Suboption 2.~~ Apply individually and collectively to all QS holders in each sector and fishery using the 10% threshold rule;
- Suboption 2 appears to confuse two methods for calculating caps – delete one?
 - a. individual and collective rule
 - b. 10 percent threshold rule
- ~~Suboption 3.~~ Percentage-caps by species are as follows (a different percentage cap may be chosen for each fishery):
- ~~Option 1.~~ Trawl CV and/or CP (can be different caps):
Use cap based at the following percentile of catch history for the following species: (i.e., 75th percentile represents the amount of QS that is greater than the amount of QS for which 75% of the fleet will qualify.)
pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish
 - Suboption 1. 75 %
 - Suboption 2. 85%
 - Suboption 3. 95 %
 - ~~Option 2.~~ Longline and Pot CV and/or CP (can be different caps) based on the following percentiles of catch history for the following species:

Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish

- Suboption 1. 75 %
- Suboption 2. 85%
- Suboption 3. 95 %

- Clarify the significance of the turbot target; what happens if turbot is not the target?
- Data to do the computation in new Option 2 is not available. We can only do vessel basis calculations since we have no ownership information.

Option 7. Owner On Board Provisions

Provisions may vary depending on the sector or fishery under consideration (this provision may be applied differently pending data analysis)

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares. This exemption applies only to those initially issued QS units.

- Suboption 1. No owner on board restrictions.
- Suboption 2. A portion (range of 5-X%) of the quota shares initially issued to fishers/harvesters would be designated as "owner on board."
- The analysis will provide the upper end of the range.
- Suboption 3. All initial issues (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares for a period of 5 years after implementation.
- Suboption 4. Shares transferred to initial issues in the first 5 years of the program would be considered the same as shares initially issued (range of 5 –X% of the quota shares).
- Suboption 5. "owner on board" shares transferred by initial issues, after the grace period, would require the recipient to be aboard the vessel to harvest the IFQ/ITQ.
- Suboption 6. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of (Range 1-3 years).

Option 8. Overage Provisions

- Overages and underage programs are problematic for TAC management and enforcement, particularly at the end of the season when many transfers (and pro-rated underages and overages) occur. Overage and underages balance out on an average year. Issuance of IFQs (pounds) often do exceed the TAC; but harvests are reported as percentage of TAC. However, the amount harvest exceeding the TAC may be within a margin of error that is deemed acceptable. These programs increase costs and decrease flexibility of QS programs and is a major impediment to year-round fisheries (to allow account balance reconciliations)

a. Trawl CV and CP:

- Suboption 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year's IFQ. Underages up to 10% of total annual IFQs will be allowed with an increase in the subsequent year's IFQ.

_____ Suboption 2. Overages of target species up to 6 – 10 mt during the last trip will be allowed. Overages result in the reduction of the subsequent year's IFQ. Underages up to 10% of total annual IFQs will be allowed with an increase in the subsequent year's IFQ. Underages up to 6 – 10 mt of the last trip will be allowed with an increase in the subsequent year's IFQ.

Suboption. Overage provisions would not be applicable in fisheries where there is an open access fishery that has not been fully utilized for the year. (i.e., no overages would be ~~counted~~ **charged** if an IFQ holder goes over his/her IFQ when open access fisheries are still available).

b. Longline and pot CV and CP :

_____ Overages up to 10% of the last trip will be allowed with rollover provisions for underages— greater than a 10% overage results in forfeiture and civil penalties. An overage of less than 10% results in the reduction of the subsequent year's IFQ. This provision is similar to that currently in place for the Halibut and Sablefish IFQ Program (CFR 679.40(d)).

Suboption. Overages would not be applicable in fisheries where there is an open access fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if an IFQ holder goes over his/her IFQ when open access fisheries are still available).

- The above suboption appears to add IFQ participants to the open access fishery and potentially gives them motivation to race for fish even if they have IFQs

Option 9. Retention requirements for rockfish, sablefish and Atka mackerel:

Suboption 1. no retention requirements

Suboption 2. require retention (all species) until the IFQ for that species is taken with discards allowed for overages

Suboption 3. require 100% retention (all species) until the IFQ for that species is

Option 10. Limited processing

Suboption 1. No limited processing

Suboption 2. Limited processing of rockfish species by owners of CV QS is allowed consistent with limits set in the LLP program which allows up to 1 mt of round weight equivalent of groundfish to be processed per day on a vessel less than or equal to 60ft LOA.

- Clarify whether Option 10 affects only CVs? Does it refer to the allowable level of processing on inshore vessels (which would include CPs)?

Option 11. Processing Restrictions

Suboption 1. CPs may buy CV fish

a. 3 year sunset

Suboption 2. CPs would be prohibited from buying CV fish

a. 3 year sunset

Suboption 3. CPs are not permitted to buy fully utilized species (cod, pollock, rockfish, sablefish, and QS portion of flatfish) from CVs.

~~Suboption 4.~~ a. Exempt bycatch amounts of these species delivered with flatfish

Element 4. Allocation of Bycatch Species

Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish

- Note that the above species are characterized as “bycatch” but flatfish are characterized as “underutilized”
- Includes SEO

Option 1. Allocation of shares

- Allocate QS-shares to all fishermen (including sablefish & Halibut QS fishermen) based on fleet bycatch rates by gear:
 - Suboption 1. based on average catch history by area and target fishery
 - Suboption 2. based on 75th percentile by area by target fishery
- Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.
 - Suboption. Other rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.

- Clarify how leaving some fisheries as open access is consistent with the problem statement

Option 2. Include these species for one gear type only (e.g., trawl). Deduct the bycatch from gear types from TAC. If deduction is not adequate to cover bycatch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

Option 3. Retain these species on bycatch status for all gear types with current MRAs.

Option 4. Allow trawl sablefish catch history to be issued as a new category of sablefish QS (“T” shares) by area. “T” shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.

Suboption. These shares may be used with either fixed gear or trawl gear.

Element 5. PSC Species

Issue 1. Accounting of Halibut Bycatch

Pot vessels continue their exemption from halibut PSC caps.

Hook and line and trawl vessels—

Option 1. Same as that under IFQ sablefish and halibut programs

- Does this mean that “vessels” are allocated pounds of halibut bycatch shares?

Option 2. Cooperatives would be responsible for ensuring the collective halibut bycatch cap was not exceeded

Option 3. Individual QS-share or catch history owners would be responsible to ensure that their halibut bycatch allotment was not exceeded

Issue 2. Halibut PSC Allocation

Each recipient of fishing history would receive an allocation of halibut mortality (QS) based on their allocation of the directed fishery QS. Bycatch only species would receive no halibut allocation.

Option 1. Initial allocation based on average halibut bycatch by directed target species during the qualifying years. Allocations will be adjusted pro rata to equal the existing PSC cap.

- Suboption 1. By sector average bycatch rates by area by gear
 - a) Both sectors
 - b) Catcher processor/Catcher Vessel
- Suboption 2. "A/B" season split for Pacific cod fishery for 2001 and 2002
- Option 2. Initial allocation based on a range of 50 to 90% of the average halibut bycatch by directed target species during the qualifying years. The remaining QS would be allocated under the following option:
 - Suboption 1. Issue remaining QS (50% - 10%) to open access pool for underutilized species
 - Suboption 2. Issue remaining QS (50% - 10%) to groundfish QS holders on a pro-rata share of QS holdings
 - Suboption 3. Issue remaining QS (50% - 10%) back to directed halibut fishery

- Clarify intent for the need for an open access fishery beyond the level to accommodate those not entering a cooperative (would not need to allocate to those fisheries because non-cooperative harvesters could take their harvest share with them to the open access fishery or fish their own share)

Clarify intent regarding allocation of 10-50% of halibut bycatch allowance to open access fishery? Identify eligible participants in the open access fisheries (LLP only; non-target participants who hold LLPs? State licensees?)

In order to proceed with the analysis, staff would assume that NMFS must reserve sufficient PSC to allow attainment of open access fishery TACs.

Would remainder of halibut PSC to share fisheries be adequate to cover their halibut bycatch?

Would halibut PSC shares be allowed to be used in open access fisheries?

- Suboption 3 is necessary in case neither Suboption 1 nor 2 is selected as preferred.

Issue 3. Annual transfer/Leasing of Trawl or Fixed Gear Halibut PSC mortality

Halibut PSC IFQ is separable from target groundfish QS and may be transferred independently. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

- Option 1. 5%
- Option 2. 7%
- Option 3. 10%
- Option 4. Exclude any halibut PSC transferred for participation in the open access fisheries

- Clarify intent of Option 4; it appears to allow an open access participant to buy shares to keep the open access fishery open longer.

Would all open access participants be permitted to use that halibut quota. If not, "open access" is probably the wrong name for this

Issue 4. Permanent transfer of Halibut PSC QS mortality

- Option 1. Groundfish QS and Halibut PSC QS are non-separable and must be transferred as a unit
 - Suboption. exempt Pacific cod
- Option 2. Groundfish QS and Halibut PSC QS are separable and may be transferred separately

Issue 5. Retention of halibut bycatch by longline vessels

Halibut bycatch may be retained outside the halibut season from Jan 30 to start of commercial fishery, and from end of commercial fishery through December 15.

- Option 1. retention is limited to (range 10-20%) of target species
- Option 2. permit holder must have sufficient QS/IFQ to cover landing

Element 6. Underutilized species –includes species that do not reach the TAC but close due to halibut bycatch restraints and/or TAC is set below ABC:

Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.

- Assume “underutilized” species are those for which quotas are set but which are not listed for rationalization target species or “bycatch” species

Note that the above species are characterized as “underutilized” but thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish are characterized as “bycatch”

Owners of QS/IFQ shares must utilize all their IFQs-shares before participating in open access fishery in fisheries for which there is an open access fishery

Issue 1. Eligibility to fish in open access fisheries

Option 1. Any person with a valid LLP

- Clarify whether persons could also participate in the parallel fishery for these species without an LLP and would not necessarily be limited in the harvest of these species.

Option 2. Entities that have 20% or more U.S. ownership and at least 150 days of sea time with 10 mt of fixed gear QS or 50 mt of trawl QS

- Above text should read: “Entities that have a US citizen with at least 20 percent owner that has at least 150 days of sea time” (i.e., a US owner that meets the sea time requirement) - This provision is typically used for eligibility to purchase shares
- What is meant by 10 mt of fixed gear QS – does that mean 10 mt of qualified catch – the reference to mt of QS is confusing since the percent method could be used to allocated shares – under the percent method, people aren’t allocated pounds of QS – everything is in percent

Note - this would limit the allocation of underutilized species to those that receive allocations of other species, so this is less inclusive than the LLP standard in Option 1

- Clarify how an “entity” could have both a 20% ownership interest and sea time. Does this option seek to limit participation by individuals or define ownership interests?
- Replace these options with language modeled after crab rationalization preferred alternative (see Element 2, Issue 2).

Issue 1. Eligibility: Any person that holds a valid, permanent, fully transferable LLP license.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e. moratorium qualification or LLP license) of an LLP qualifying (i.e. GQP, EQP, RPP and Amendment 58 combination) vessel have been transferred, the distribution of QS to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. Only one catch history per LLP license.

Issue 2. Allocation of underutilized species in open access fisheries

Option 1. Allocate catch share to the historical participants (closed class) of the underutilized species for the qualifying years. Available open access fishery quota is the available TAC for that fishing year minus the closed class fishery quota allocation as outlined below (open access fishery quota creates an incentive for fishermen to fish cleaner (either by gear conversion or reduction in halibut bycatch rates in other directed fisheries). If no halibut is allocated to the fishery through an open access set aside the only entry mechanism is halibut savings.)

Suboption 1. Allocate QS as a fixed allocation in metric tons. If available TAC is less than the total fixed allocation in metric tons then reduce participants' allocation pro-rata amongst closed class QS holders.

Suboption 2. Catch history is based on 125% of catch history. If available TAC is less than the allocation in metric tons then reduce participants' allocation pro-rata amongst closed class QS holders.

Suboption 3. For underutilized species, the combined total of all pounds landed during the qualifying years will be compared with the total TAC for the qualifying years to determine the percent of the fishery utilized. During each successive year the percent of the fishery utilized is applied to the total TAC with the resulting sum apportioned among qualifying vessels. The remaining TAC is available for an open access fishery.

~~Option 2. Unallocated Fishery. Open Access fishery quota creates an incentive for fishermen to fish cleaner (either by gear conversion or reduction in halibut bycatch rates in other directed fisheries). If no halibut is allocated to the fishery through an open access set aside the only entry mechanism is halibut savings. Available open access fishery quota is the available TAC for that fishing year minus the closed class fishery quota allocation as outlined in Option 1.~~

\$ Creating an underutilized open access fishery may be inconsistent with the problem statement (there is either a need to rationalize or there is not). Is there a need to rationalize only some species? then specify them.

\$ These flatfish fisheries could not be prosecuted without NMFS reserving halibut PSC and "target species" to accommodate bycatch in these underutilized fisheries. This would directly diminish the share pool. This could be a substantial amount, depending on the fishery. This would burden the agency with having to manage share fisheries and open access fisheries; finding the allocation balance of halibut PSC and target species will be very difficult. Would open access fishermen be allowed to use halibut or target shares in these fisheries?

• Clarify intent. There seems to be two different concepts addressed here – the underutilized fisheries have a portion of the TAC set aside for an open access fishery whose participants either:

- 1) work off a PSC set aside that they all share in a race for fish or
- 2) work off their own PSC that they bring to the fishery by purchasing shares or by fishing cleaner elsewhere

• Would those who are allocated shares be allowed to fish in the "open access" fishery?

- \$ The existing LLP would apply to open access fisheries. State staff should address whether potential measures taken by the State in the parallel fishery should also apply to underutilized open access fisheries
- \$ Clarify intent for basing the underutilized species allocation on the percentage of the TAC utilized; many of these fisheries are closed because of reaching bycatch levels, leaving a large share of the TAC unharvested. That does not appear to be addressed. How is bycatch allocated to accommodate the additional effort?
- \$ The TAC is set lower than the ABC for management reasons for some species (e.g., arrowtooth flounder). Clarify whether the allocation mechanism would be the same for these species?
- \$ Clarify the differences in Council intent for three different proposed schemes to allocate underutilized species to historical users (added here by the Council at the February 2003 Council meeting and Element 6. - Underutilized Species. Was the above intended to replace Element 6, Issue 2? Should these alternative mechanisms be combined into one section? Under which element?

Element 7. Entry level rockfish program

See comments regarding problem statement and open access fisheries under Element 6.

- Option 1. Allow entry level jig and < 60 ft longline harvests of Pelagic shelf rockfish
 - Suboption 1. include Pacific ocean perch
 - Suboption 2. a range of 3 to 15% of the TAC will be set aside to accommodate this fishery
 - Suboption. Defer decisions on remainder of program to a trailing amendment
 - Suboption 3. Catch of these vessels would be deducted from the following years TAC prior to distributing QS. After initial allocation, defer design of program to trailing amendment.
- Option 2. No entry level rockfish fishery for:
 - Suboption 1. Gulf wide
 - Suboption 2. Central Gulf including West Yakutat
 - Suboption 3. Western Gulf

Element 8. Skipper/Crew and Second Generation

A captain is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

- Option 1. No skipper and crew provisions
- Option 2. Allocate percentage to captain:
 - Suboption 1. Initial allocation of 3% shall be ~~awarded-reserved~~ to qualified captains
 - Suboption 2. Initial allocation of 10% shall be ~~awarded-reserved~~ to qualified captains
 - Suboption 3. Initial allocation of 20% shall be ~~awarded-reserved~~ to qualified captains

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

Element 9. Communities

- Staff assumes the following options apply only to GOA communities.
- Note MSA Definition is at 16 U.S.C 1802 Section 3, paragraph 16 :
The term 'fishing community' means a community which is substantially dependent on or substantially engaged in the harvest or processing of fishery resources to meet social and economic needs, and includes fishing vessel owners, operators, and crew and United States fish processors that are based in such community.

Option 1. Regionalization

Issue 1. Regional Areas

- Move language to clarify the following applies to both Central and Western Gulf areas:

If adopted, all processing share allocated to shorebased processors are categorized by region. Processing shares that are regionally designated cannot be reassigned to another region.

Catcher Vessel Harvest shares are regionalized based on where the catch was processed not where it was caught.

Catcher processor shares and underutilized species are not subject to regionalization

Central Gulf: Two regions are proposed, which would be used to classify harvesting and (if adopted) processing shares: North - South line at 58 degrees 51.10' (Cape Douglas corner for the Cook Inlet Bottom trawl ban area)
The following fisheries will be regionalized for shorebased catch:

Pollock in Area 630, CGOA flatfish (excludes Arrowtooth flounder), CGOA Pacific ocean perch, CGOA northern rockfish and pelagic shelf rockfish (combined), CGOA Pacific cod (inshore), GOA sablefish (trawl), WY pollock

Western Gulf: The following fisheries will be regionalized for shorebased catch:
Pacific cod in Area 610, pollock in Area 610, pollock in Area 620

~~If adopted, all processing share allocated to shorebased processors are categorized by region. Processing shares that are regionally designated cannot be reassigned to another region.~~

~~Catcher Vessel Harvest shares are regionalized based on where the catch was processed not where it was caught.~~

~~Catcher processor shares and underutilized species are not subject to regionalization~~

- Option 1. Dutch Harbor (including Akutan)/Sand Point
- Option 2. Kodiak/Sand Point
- Option 3. Both

- Clarify the latitude/longitude for the above boundaries

Issue 2. Qualifying years for regionally ~~categorizing~~ shares

Option 1. 1999 - 2001

Option 2. consistent with preferred alternative under Element 2, Qualifying period

Option 3. 1995- 2002

? Clarify why the qualifying years would be different that harvester/processor years

Option 2. Community Fisheries Quota (CFQ)

Issue 1. Administrative Entity

Option 1. Gulf wide administrative entity

Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)

Option 3. Community level

Issue 2. Eligible Communities

~~Option 1. Population:~~

~~a. Less than 1,500 residents~~

~~b. Less than 2,500 residents~~

~~c. Less than 5,000 residents~~

~~d. Less than 7,500 residents~~

~~Option 2. Geography~~

~~a. Coastal Communities without road connections to larger community highway network~~

~~b. Coastal communities adjacent to salt water~~

~~c. Communities within 10 miles of the Gulf Coast~~

~~Option 3. Economy (based on all fish)~~

~~a. GOA fisheries dependant communities defined as communities with a range of greater than 10-30% of their base industry economy is harvesting or processing related. (includes all fisheries)~~

~~\$? Existing data sources do not have information on industry expenditures on a community by community basis, nor the baseline economic data to determine the overall economy on an individual community basis. Staff will analyze other proxies that could be used to describe fishery dependence, such as the number of permits as a proportion of the population, historic processing or fishing data, or other data sources..~~

~~b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (includes all fisheries)~~

~~c. All GOA communities~~

? Staff suggests using the eligibility criteria similar to that previously adopted by the Council for allowing the purchase of halibut/sablefish quotas by communities (42 GOA communities would qualify) or clarify why the same standards should not be used. Clarify definition of "historic participation."

Communities eligible to participate in this program would need to meet all of the following criteria: (a) have a population of less than 1,500 based on the 2000 United States Census; (b) have direct saltwater access; (c) lack direct road access to communities greater than

1,500; (d) have historic participation in the groundfish fisheries; and (e) be specifically designated on a list adopted by the Council and included in this proposed rule.

Issue 3. Species

- Option 1. All rationalized groundfish species
- Option 2. Limited to species that can be caught without (hard on) bottom trawling

Issue 4. Allocation

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC
- Option 4. 20% of annual TAC

Issue 5. Harvesting of Shares

- Option 1. Limited to residents of eligible communities that own their vessels
- Option 2. Limited to residents of eligible communities
- Option 3. No limitations on who harvests shares

Issue 6. Use of Revenue

- Option 1. Community development projects that tie directly to fisheries or fishery related projects and education.
- Option 2. Community development projects that tie directly to fisheries and fisheries related projects, education and government functions.
- Option 3. Education, social and capital projects within eligible communities as well as governmental functions.

\$ Use of revenue by communities is being reviewed under the CDQ Program. NMFS staff will provide additional information on this review and its potential implications for this provision at future meetings.

Option 3. Community Purchase Program

Eligible communities.

- ~~Option 1. Population:-~~
 - ~~a. Less than 1,500 residents~~
 - ~~b. Less than 2,500 residents~~
 - ~~c. Less than 5,000 residents~~
 - ~~d. Less than 7,500 residents~~
- ~~Option 2. Geography~~
 - ~~a. Coastal Communities without road connections to larger community highway network.~~
 - ~~b. Coastal communities adjacent to salt water~~
 - ~~c. Communities within 10 miles of the Gulf Coast~~
- ~~Option 3. Economy (based on all fish)-~~
 - ~~a. GOA fisheries dependant communities defined as communities with a range of greater than 10-30% of their base industry economy is harvesting or processing related. (Includes all fisheries)~~
 - ~~b. GOA fisheries supplemented communities defined as communities with a range of 5-10% of their base industry economy is harvesting or processing related. (Includes all fisheries)~~

~~c. All GOA communities~~

? Staff suggests using the eligibility criteria similar to that previously adopted by the Council for allowing the purchase of halibut/sablefish quotas by communities (42 GOA communities would qualify) or clarify why the same standards should not be used. Clarify definition of "historic participation."

Communities eligible to participate in this program would need to meet all of the following criteria: (a) have a population of less than 1,500 based on the 2000 United States Census; (b) have direct saltwater access; (c) lack direct road access to communities greater than 1,500; (d) have historic participation in the groundfish fisheries; and (e) be specifically designated on a list adopted by the Council and included in this proposed rule.

Option 4. Community Incentive Fisheries Trust (CIFT)

The CIFT has full ownership of CIFT QS and holds these shares in trust for the communities, processors and crew members in the region to use as leverage to mitigate impact directly associated with implementation of a rationalization program.

Issue 1. QS Distribution

10-30 % of the Harvester QS shall be originally ~~issued to~~ reserved for GOA CIFT associations. This QS will be a pool off the top before individual distribution of QS.

Issue 2. CIFT Designation

Option 1. One CV CIFT for entire GOA (exclude SEO)

Option 2. Regional CV CIFTs ;

~~Suboption 1.~~ Central GOA (Kodiak, Chignik)

~~Suboption 2.~~ Western GOA

~~Suboption 3.~~ North Gulf Coast (Homer to Yakutat)

Option 3. CP-based CIFT

\$ ~~————~~ Defer remaining issues to a trailing amendment

Option 5. Community Protection under Processing Shares

- This option should be moved under Alternative 4.

Option 1.

- a) Processing allocations will have community designations
- b) Processing can leave a community only with agreement of the community.

\$ Clarify how this mechanism would be implemented. Is this the same as the first right of refusal mechanism under the crab rationalization program? Define "agreement of the community."

c) Allocations will be designated for a community, only if the total designated processing to the community exceeds 0 percent to 8 percent

d) By TAC area for Central, Western and West Yakutat:

1. pollock

• TACs are set for Areas 610 (W), 620, 630 (C), 640 (WY), and 650 (SEO)

2. Pacific cod

- TACs are set for Areas 610 (W), 620, 630 (C), 640 = 650 (E)

By Central, Western, and West Yakutat area for:

1. all species of Rockfish combined

- some rockfish TACs are set by W, C, and Eastern area or WY and SEO areas.

2. flatfish species of Flatfish combined

- flatfish TACs are set by W, C, and Eastern area or WY and SEO areas.

~~3.~~

- Option 2. Communities will be allowed to buy processing history -- First right of refusal for communities for all processing history designated for that particular community that is sold to entities outside the community.

\$ All other references to "first right of refusal" mechanisms were removed from the draft alternatives during the April 2003 Council meeting. Clarify Council intent regarding its application here

- Option 3 Community designation of processing history will apply only for communities that are defined as fishery dependent.

\$ Staff will analyze proxies for fishery dependence.

- Option 4. Processing can leave the fishery dependant community only with agreement of the community.

\$ Clarify Council intent regarding first right of refusal application.

Element 10. PSC Crab, Salmon, and Other Species (Excluding Halibut)

Prepare a discussion paper to describe processes currently underway to address bycatch of salmon, crab and herring and other forage fish species (including FMP amendments and PSEIS options for crab bycatch). The paper should (1) provide timelines and how they relate to the GOA rationalization timeline; (2) describe fishery, survey, and habitat data sources that will be used. Based on the recommendations in the paper, the Council would determine if (1) existing processes are sufficient or if some measures need to be more closely linked to rationalization decisions, and (2) if other or additional management approaches are appropriate to include in a rationalized fishery in a trailing amendment.

\$ In February 2003, the Council's motion directed staff to prepare a discussion paper on PSC species, but did not identify a delivery date. This discussion will be prepared as a necessary component of the EIS analysis. Clarify whether this analysis can be incorporated within the SEIS or should be developed as a separate discussion paper

Element 11. Review and Evaluation

- Staff recommends inserting the following text adapted from the crab rationalization preferred alternative:

Issue 1. Data collection.

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of this program will be developed in the analysis of the alternatives.

Issue 42. Review

Evaluate the results of programs based on overall GOA rationalization objectives and make adjustments to the program using a “drop through” system (adapted from the Australian drop-through system described in Sharing the Fish, p. 150).

Initially allocated quota shares are Series A shares. Series A shares are available each year for:

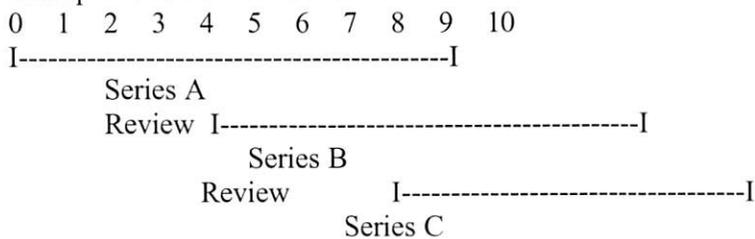
- Option 1. 5
- Option 2. 7
- Option 3. 10
- Option 4. 20 years

At the 3, 5, 7, 10-year mark, there would be an evaluation of the program’s performance compared to the rationalization objectives. If the evaluation identifies changes needed in the program to better achieve the objectives, those changes are made. Quota shares become Series B shares with use privileges extended for another 5, 7, 10, or 20 years. A quota share holder may choose not to change, but there would be a 10-20% reduction in that quota share and it would continue at the lesser amount. The drop through system applies to any quota share based program with or without cooperatives.

Issue 23. Evaluation

- Option 1. for the remainder of the use period
- Option 2. at the end of the use period

Example for a 10-Year Series



The review would be based on quantitative goals where they exist or qualitative expectations consistent with the program objectives.

The drop through system allows the fleet time fishing under a rationalized program to demonstrate progress.

If the Council wants to phase in particular elements into the program, the drop through allows time for industry to prepare or adjust to those changes.

- Clarify whether the standards to evaluate this program are individual or fleet-wide.
- Clarify whether the rationalization program is ended if the standards are not met, or if the evaluation provides an opportunity to modify the program. If the latter, clarify the evaluation procedures and appeal rights (this is likely to be a very complex program element that requires substantial administration and definition; it cannot be analyzed without the identification of a specific program.

- Clarify whether the following language adapted from the crab rationalization preferred alternative adequately meets the need for evaluation and replace the above language:

RAM Division will produce annual reports regarding data being gathered with a preliminary review of the program at 3 years.

Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

Issue ~~34~~. Sunset

The program would sunset unless affirmative action to continue or amend the program is taken by the Council 6 months prior to the sunset date. The decision of whether to continue or amend would be based on an evaluation of the program's performance compared to its objectives.

- Option 1. 5 year after fishing under the program
- Option 2. 7 year after fishing under the program
- Option 3. 10 year schedule after fishing under the program

- Clarify the intent of "affirmative action."
- Upon review of the program (but without an analysis), would a Council vote on maintaining the program meet the intent of affirmative action, or would an EA/RIR/IRFA be required.
- The Council could use language to keep the program in place unless a vote to end the program was taken (sunset of a rationalization program removes the predictability necessary for participants to make decisions)
- Should an option for not having a sunset be added to this option?

Element 12. Sideboards

Participants in the GOA rationalized fisheries are limited to their historical participation based on GOA rationalized qualifying years in BSAI groundfish fisheries.

- Includes SEO

**ALTERNATIVE 2. ~~HARVEST SHARE QUOTA SHARE BASED~~ PROGRAM,
SUBALTERNATIVE 2: HARVESTER ONLY QS SHARE PROGRAM WITH A COOPERATIVE.**

**ELEMENTS 1 – 11 AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2,
SUBALTERNATIVE 1 ARE INCLUDED.**

Option 1. Harvester only (1-Pie) Cooperatives

Suboption 1. IFQ Holder Cooperatives

1. Co-op formation is voluntary
2. Allocation of IFQ is determined under Alternative 3, Subalternative 1
3. Co-ops can be formed between:
 - a. Eligible Harvesters only
 - b. Harvesters and a Processor
 - i. At least 4 harvesters none of whom are owned by the co-op processor (using the 10% **threshold** rule)
 - ii. Processors can **join-associate with** more than one co-op each comprised of 4 or more harvesters none of whom are owned by the co-op processor (using the 10% **threshold** rule)
 - iii. Processors are limited to 1 co-op per plant for each specific gear type
 - c. CVs and CPs
 - i. Cooperatives will be segregated into CVs and CPs ~~and offshore cooperative.~~
 - ii. Cooperatives will not be segregated into CVs and CPs ~~CPs groupings and cooperatives.~~
4. Eligible processors are any legally licensed processing facility
5. Set co-op use caps at 30% of total TAC by species
6. Vessel use caps would be set at 1.5-2 X the individual cap if participating in the co-op and grandfather initial issues at their initial allocation
 - **above range conflicts with Element 3, Issue 3, Option 6 (=2%)**
7. Overage and underage limits would be applied in the aggregate at the co-op level
8. Monitoring and enforcement requirements would be shared by co-op
9. Annual IFQ permit would be issued to the co-op
10. Duration of cooperative agreements
 - a. 1 year
 - b. 3 year
 - c. 5 year
11. Vessels (Steel) and LLPs used to generate IFQs used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments
12. Co-op allocations. Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of target species, non-target species and halibut mortality, as may be adjusted by interco-op transfers. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops

may penalize or expel members who fail to comply with their membership agreement.

Suboption 2. Mandatory Co-ops (*includes all co-op formation provisions from Suboption 1. Voluntary Co-ops, with the following additional provisions*)

1. Co-ops must be formed before any QS is allocated as IFQ (a harvester can only receive an allocation of IFQ by joining a cooperative).
2. CPs would be allowed to form a sector co-op which does not need to meet conditions 3-8 below.
3. Allocation of IFQ to harvesters who elect to join a co-op is determined under Alternative 3, Subalternative 1.
4. Allocations to Co-ops will only be made under the following conditions:
Required Co-op agreement elements:
Harvesters and processors are both concerned that rationalization will diminish their current respective bargaining positions. Therefore, a pre-season co-op agreement between eligible, willing harvesters and an eligible, and willing processor is a pre-requisite. This co-op agreement must contain:
 - 1) A price setting formula for all fish harvested by the co-op
 - 2) A fishing plan for the harvest of all co-op fish
5. Eligible harvesters who are also eligible processors cannot participate in price setting negotiations. A 10% ownership trigger will be used to determine the linkage between the harvester and the processor.
6. Eligible harvesters who are also eligible processors must participate in the co-op. A 10% ownership trigger will be used to determine the linkage between the harvester and the processor.
7. Harvesters must declare prior to fishing which Co-op they will deliver to in a given year.
 - 1) No penalty for moving between co-ops year to year
 - 2) A one year 10-20% penalty each time a harvester moves to a different co-op. There shall be a limit on the voluntary migration of harvesters from co-op to co-op such that no co-op loses more than 20% of its annual allocation in any single year
8. Ownership and Usage of Co-op allocations
 - a. At least 20% of the harvester allocation share owned by the co-op processor -owned vessels must be available for lease to other co-op harvesters, at prevailing market lease rates.
 - b. No mandatory leasing provision
9. QS holders that do not choose to join a co-op
 - a. May fish in open access
 - b. Are not allowed to participate in the rationalized fisheries until they join a co-op

ALTERNATIVE 2. HARVEST SHARE -QUOTA-SHARE-BASED-PROGRAM,

MOVE SUBALTERNATIVE 3. SECTOR ALLOCATION PROGRAM WITH COOPERATIVES INTO SUBALTERNATIVE 2 OF ALL ALTERNATIVES.

Currently a Catcher/Processor sector allocation subalternative is listed as a separate subalternative. Staff strongly recommends moving this decision point into subalternative 2 under Alternatives 2, 3, and 4. Additional streamlining of elements and options may result.

Management Areas, Gear, Elements 1: Qualifying periods, and 2: Qualifying landing criteria, of Alternative 2, Subalternative 1 apply throughout.

Element 3. SECTOR IDENTIFICATION

The following sectors are eligible to receive a sectoral allocation by area:

- Option 1. CP Trawl
- Option 2. CP Longline
- Option 3. CP Pot

Element 4. Target Species

As listed in Alternative ~~3~~2, Subalternative 1, Element 3, Issue 1 – a, b, c and Issue 3, Option 1, 9, and 11.

Element 5. Bycatch Species

As listed in Alternative 2, Subalternative 1, Element ~~6~~4

Option 1. Allocation of quota shares.

- a) Allocate quota to all sectors based on sector bycatch rates.
 - Suboption 1. Based on average catch history by area and target fishery
 - Suboption 2. Based on 75th percentile by area by target fishery
- b) Allocation will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.
 - Suboption. Other rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.

Option 2. Retain these species on bycatch status for all sectors with current MRAs.

Element 6. PSC Species

Issue 1. Accounting of Halibut Bycatch

Halibut bycatch would be managed by NMFS at the sector level.

Issue 2. Halibut PSC Allocation

- Option 1. Initial allocation based on sector average bycatch rates for the qualifying years.
- Option 2. Allocations will be adjusted pro rata to equal the existing PSC.

Element 7. Underutilized Species

Underutilized unallocated species are available for harvest by any sector with sufficient PSC and bycatch to prosecute the fishery, once that sector's allocation of that underutilized species has been used.

Element 8. Communities

As in Alternative 2, Subalternative 1, Element 9, ~~Option 1 (Regionalization), Issues 1 (Regional Areas) and 2 (Qualifying Years)~~, and Option ~~3-2~~ (Community Fisheries Quota).

- Option 1, Issues 1 and 2 do not apply to CPs because they specifically refer to shorebased processing shares. The end of this section specifically says "Catcher processor shares and underutilized species are not subject to regionalization."

Element 9. Review and Evaluation

Issue 1. Review

Evaluate the results of program based on overall GOA rationalization objectives.

Issue 2. Sunset

Add per Alternative 2, Subalternative 1.

Element 10. Sideboards

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI groundfish fisheries.

Element 11. Cooperatives

- Members of a sector may choose to form a cooperative with a civil contract to manage harvest levels and other issues as determined by agreement of the cooperative.
- NMFS will allocate quota to the cooperative based on the aggregate historical catch of target, bycatch and PSC species.
- Cooperative will be responsible for managing the aggregate catch of the cooperative so as not to exceed the cooperatives allocation of target, bycatch and PSC species.
- Vessels that choose not to participate in the cooperative are allocated the remaining sectoral TAC, bycatch and PSC allocations after deduction of the cooperative allocation and any other sector-wide deductions.
- NMFS may establish a minimum level of cooperative membership by sector
 - Option 1: Minimum number of license holders
 - Option 2: Minimum percentage of catch history

Issue 1. Co-op participation

Option 1. Co-ops are voluntary

Suboption 1. Co-op may be formed upon agreement of 100% of sector (AFA Offshore type co-op)

Suboption 2. One or more co-ops may form per sector (~~may allow more than 1 co-op~~) upon agreement of a minimum percentage (50, 75, 80%) of:

- a. ~~Require a minimum percentage (50 – 75 and 80%) of~~ eligible vessels in order to form co-op(s)
- b. ~~Require a minimum percentage (50 – 75 and 80%) of~~ catch history in order to form co-op(s)

Option 2. Co-ops can be comprised of one sector/gear type only

Option 3. Co-ops from different gear groups may enter into inter-co-op agreements.

Issue 2. Co-op Allocations

Option 1. Co-op allocations will be based on same formula as used for sectoral allocations

Issue 3. Open Access

Option 1. Any vessels that do not want to enter into co-op agreements will fish in open access. The aggregate catch history from non-participating vessels, based on same qualifying years, will go into the open access pool.

ALTERNATIVE 3. ~~HARVEST SHARE HARVESTER QS~~ WITH CLOSED PROCESSOR CLASS SUBALTERNATIVE 1 HARVESTER QS WITH CLOSED PROCESSOR CLASS

ELEMENTS 1–11 AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1 ARE INCLUDED. THIS APPLIES ONLY TO CV SHARES.

Element 12. Harvester Delivery requirements

50-90% of QS allocation will be reserved for delivery to the qualified closed trawl or fixed class processor. The other 50 -10% of QS allocation can be delivered to:

- i. any processor including CPs
- ii. any processor excluding CPs

Element 13. Closed Class Processor Qualifications

Option 1. To purchase groundfish must have purchased and processed a minimum amount of groundfish as described below in at least 4 of the years

Suboption 1. 1995 – 1999.

Suboption 2. 1995 – 2001

Suboption 3. 1995 – 2002

- a. Trawl eligible Processors
 - Suboption 1. 2000 mt
 - Suboption 2. 1000 mt
 - Suboption 3. 500 mt
- b. Fixed gear eligible Processors
 - Suboption 1. 500 mt
 - Suboption 2. 200 mt
 - Suboption 3. 50 mt

- c. Trawl and Fixed gear eligible processors
 - i) Meet criteria for both the closed class trawl process catch and closed class fixed gear process catch as described above
 - ii) Total catch - Trawl and fixed catch combined
 - Suboption 1. 2,500 mt
 - Suboption 2. 1,200 mt
 - Suboption 3. 550 mt

- d. Processors are defined at:
 - Suboption 1. Processors are defined at the entity level
 - Suboption 2. Processors are defined at the plant level

- Option 2. Processor licenses would be issued to
 - Suboption 1. Operator – must hold a federal or state processor permit.
 - Suboption 2. Custom processing history would count for purposes of limiting
 - Suboption 3. Facility owner

- Option 3. Transferability of eligible processor licenses
 - Processor licenses can be sold, leased, or transferred.
 - Suboption 1. Within the same community
 - Suboption 2. Within the same region

- Option 4: Processing Use caps by closed class processor type (trawl, fixed or trawl and fixed), by CGOA and WGOA regulatory areas:
 - Range 70% to 130% of TAC processed for all groundfish species for the largest closed class processor

- Option 5. Processing Caps may apply at:
 - Suboption 1. the facility level
 - Suboption 2. the entity level

**ALTERNATIVE 3. HARVEST SHARE ~~HARVESTER QS~~ WITH CLOSED PROCESSOR CLASS
SUBALTERNATIVE 2 - HARVESTER QS WITH CLOSED PROCESSOR CLASS COOPERATIVE**

**ELEMENTS 1 –11 AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 3,
SUBALTERNATIVE 1 ARE INCLUDED. THIS APPLIES ONLY TO CV SHARES.**

- Option 1. Same provisions as Alternative 2, Subalternative 2, Option 1, Voluntary Cooperatives
- Option 2. Same provisions as Alternative 2, Subalternative 2, Option 2, Mandatory Cooperatives

Element 12. Closed processor class cooperatives

Issue 1. Co-op delivery provisions.

50-90% of the co-op allocation will be delivered to their linked trawl or fixed *gear* processor (see vessel – processor linkage below). The remaining 50 -10% can be delivered to any qualified closed class processor of the same type

Issue 2. Initial Co-op allocations.

- Option 1. Each harvester is eligible to join a co-op with a qualified fixed *gear* or trawl closed class processor.
- Option 2. Each harvester is initially eligible to join a co-op with the qualified fixed *gear* or trawl closed class processor to which the harvester delivered the largest amount of groundfish during the year prior to implementation.
- Option 3. Each harvester is initially eligible to join a co-op formed with the qualified fixed or trawl closed class processor in *to* which the harvester delivered the largest amount of groundfish during the last [1, 2, or 3] years of the harvester allocation base period. If the processor with whom the harvester is eligible to form a co-op is no longer operating, the harvester is eligible to join a co-op with any qualified processor.
 - i. Largest amount by species groupings (rockfish, flatfish, pollock, cod)
 - ii. Largest amount by aggregate

ALTERNATIVE 4, HARVESTER AND PROCESSOR ~~QUOTA~~ HARVEST SHARE PROGRAM (2-PIE)

CLARIFY WHETHER SUBALTERNATIVE 1 (FOR A HARVEST SHARE PROGRAM WITHOUT A COOPERATIVE) UNDER ALTERNATIVES 2 AND 3 SHOULD BE INCLUDED HERE. IF NOT, WHY ARE THE SUBALTERNATIVES NOT UNIFORM ACROSS ALL ALTERNATIVES?

SUBALTERNATIVE 1, VOLUNTARY CO-OP WITH ALLOCATED IFQ/IPQ

ELEMENTS 1–11 AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1, ARE INCLUDED.

Element 12. Processing Sector– Applicable to Two pie (IFQ/IPQ) Cooperatives

Catcher Processor QS would be for all gear types & vessel class.

Binding Arbitration process, for failed price negotiation, between fishermen and processors.

Processor Purchase Requirements. Any processor within any Gulf community can buy IPQ shares from the Catcher processor sector.

Issue 1. Eligible processors

- Option 1. U.S. Corporation or partnership (not individual facilities)
 - Suboption 1. owner
 - Suboption 2. operator – must hold a Federal or State processor permit
 - Suboption 3. custom processor
- Option 2. Individual processing facility by community
 - Suboption 1. owner
 - Suboption 2. operator - must hold a Federal or State processor permit
 - Suboption 3. custom processor
- Option 3. Processed Groundfish for any Groundfish fishery in the rationalization program for

- Suboption 1. 2000 or 2001
- Suboption 2. Any year 1998-2002
- Suboption 3. 2001 or 2002

Issue 2. Categories of Processing Quota shares

- Option 1. Target Species (Species where there is a significant historical processor participation)
 - Area 610 pollock, Area 620 pollock, Area 630 pollock, WGOA Pacific cod, CGOA Arrowtooth flounder, CGOA Flatfish (excludes Arrowtooth flounder), CGOA POP, CGOA Pelagic Shelf Rockfish & Northern rockfish (combined), CGOA Pacific cod (inshore), WY Pollock
- Option 2. Non-target Species (Species on Bycatch status throughout the year (e.g., Sablefish – trawl, Other rockfish, thornyhead, shortraker/rougheye).
 - Suboption 1. Allocate IPQ shares based on the Fleet bycatch rates by gear:
 - a. based on average catch history by area and target fishery
 - b. based on 75th percentile by area by target fishery
 - Suboption 2. Exclude non-target species from IPQ awards
- Option 3. Regional categories – processing quota shares will be regionalized by species grouping as shown in the regionalization section if regionalization is adopted.
- Option 4. C/P will be issued C/P QS which combines the privilege of catching and processing product.

Issue 3. Qualifying periods

- Option 1. 95-01 (drop 1 or 2)
 - Option 2. 95-2000 (drop 1 or 2)
 - Option 3. 98-01 (drop 1)
 - Option 4. 95-2002 (drop 1 or 2)
- The following applies to all options:
 Suboption. Exclude 2000 for pot gear Pacific cod

Issue 4. Percentage of season's TAC for which IPQs are distributed:

- Option 1. 100%
 - Option 2. 90% - the remaining 10% would be considered open delivery.
 - Option 3. 80% - the remaining 20% would be considered open delivery.
 - Option 4. 50% - the remaining 50% would be considered open delivery.
- The following applies to all suboptions:
 Processors that receive IPQ awards will be allowed to buy open access fish.

Issue 5. Processing Shares Cap categories:

- Option 1. Applied by species groupings – Pollock, Pacific cod, Flatfish (excludes Arrowtooth), and rockfish.
- Option 2. Applied to all groundfish species combined

Issue 6. Ownership Caps on Processing Shares

- Option 1. Maximum share allocation in the fishery
- Option 2. Maximum share allocation in the fishery plus 5%
- Option 3. Maximum share allocation in the fishery plus 10%
- Option 4. Maximum share allocation in the fishery plus 15%
- Option 5. Select a cap between the average and maximum allocation with initial allocations grandfathered

Issue 7. Use Caps: may select different options depending on sector, gear, etc.

- Annual use caps on a company (facility) basis of
- Option 1. 30 percent to 60 percent of the TAC
 - Option 2. The largest IPQ holding in the fishery at the time of initial allocation
 - Option 3. Custom processing will be allowed
 - a) subject to use caps
 - Option 4. No use caps in the event of a catastrophic event.
 - Option 5. Emergency transfers of IPQ for weather conditions.
 - Option 6. Vessel overages of QS not counted toward IPQ use caps.

ALTERNATIVE 4, HARVESTER AND PROCESSOR ~~QUOTA~~-HARVEST SHARE PROGRAM (2-Pie) SUBALTERNATIVE 2: MANDATORY CO-OP WITH ALLOCATION OF IFQ/IPQ

ELEMENTS 1–11 AND THEIR ASSOCIATED OPTIONS FROM ALTERNATIVE 2, SUBALTERNATIVE 1 AND OPTIONS 1 – 11 OF ALTERNATIVE 4, SUBALTERNATIVE 1 (FOR PROCESSORS) ARE INCLUDED.

Elements from Alternative 3, Subalternative 2, Options 1 and 2 for voluntary and mandatory co-ops are also included.

TRAILING AMENDMENTS

1.Fee and Loan Program

2.Skipper/Crew Share Program issues:

1. For captains who died from fishing related incidents, recency requirements shall be waived and the allocation shall be made to the estate of that captain. All ownership, use, and transfer requirements would apply to shares awarded to the estate.
2. QS based on landings (personal catch history based on ADF&G fish tickets or other verifiable source) using harvest share calculation rule. Captain with C/P history shall receive C/P captain QS at initial issuance.
3. QS may be purchased only by persons who are US citizens who have had at least 150 days of sea time in any of the US commercial fisheries in a harvesting capacity.
4. An “active participant” is defined by participation as captain or crew in at least one delivery in a groundfish fishery included in the rationalization program in the last 365 days as evidenced by ADF&G fish ticket, affidavit from the vessel owner or other verifiable source.
5. Captains QS are leasable for the first three years after program implementation.
6. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of captain quota shares may lease QS, upon documentation and approval, (similar to CFEC medical transfers)

- for the term of the hardship/disability or a maximum of 2 years.
7. A low-interest rate loan program consistent with MSA provisions, for skipper and crew purchases of QS, shall be established for QS purchases by captains and crew members using 25% of the Groundfish IFQ fee program funds collected. These funds can be used to purchase shares. Loan funds shall be accessible by active participants only. Any shares purchased under the loan program shall be subject to any use and leasing restrictions applicable (during the period of the loan). National Marine Fisheries Service (NOAA Fisheries) is directed to explore options for obtaining seed money for the program in the amount of \$250,000 to be available at commencement of the program to leverage additional loan funds
 8. Shares shall be a separate class of shares and not be subject to share delivery requirements
 9. Holders of captain QS or qualified lease recipients are required to be onboard vessel when harvesting IFQ
 10. Captain QS ownership caps for each species are the same as vessel caps for each species
 11. Use caps on IFQs harvested on any given vessel shall not include captain QS in the calculation

Issue 1. Eligibility is determined by:

- Option 1. on an area specific fishery by fishery basis by having at least 1 to 4 landings in the qualifying years used by the vessels, and having recent participation in the area specific target fishery as defined by at least one landing per year in the fishery in the last two seasons prior to June 10, 2002
- Option 2. determined on an area basis only

Issue 2. Qualification period, (same as with vessels – Element 3).

- Option 1. 95-01 (drop 1 or 2)
- Option 2. 98-01 (drop 1)
- Suboption: 98-02 (drop 1)
- Option 3. 95-2002 (drop 1 or 2)
- Option 4. 95-97

The following applies to all options:

Suboption. Exclude 2000 for pot gear Pacific cod

3.Remaining issues of CIFT program

Issue 3. Allocation of QS to CIFT

- Option 1. Equal split between CIFTs
- Option 2. Proportional split based on Landings
- Option 3. Proportional split based on TAC in Region

Issue 4. Governing body

The CIFT is a non-profit corporation governed by a Board of Directors comprised of representatives of classes of stakeholders identified as groups A,B,C,D,E, below. The Board of Directors will have the responsibility of the corporation and file a report with the State of Alaska for oversight and final approval by the Council.

Elected by a vote of the stakeholders in each group (A,B,C,D,E)

Terms of office for stakeholder representatives of group(A,B,C,D,E)

- a. 1 year
- b. 2 years
- c. 3 years
- d. Set in By-Laws or Articles of Incorporation

Groups of stakeholders

A) Processor:

Option 1. Closed Class

Suboption 1. To participate the processor must have processed a minimum amount of groundfish as described below in at least 4 of the years

- a. 1995 – 1999.
- b. 1995 –2003
- c. With one qualifying year during the period of 2000 to 2003

Suboption 2. Trawl eligible Processors

- a. 2000 mt
- b. 500 mt

Suboption 3. Fixed eligible Processors

- a. 500 mt
- b. 200 mt
- c. 50 mt

Option 2. All processors in CIFT area

B) Community Large:

Population:

- a. > or = to 1,500 residents
- b. > or = to 2,500 residents
- c. > or = to 5,000 residents

C) Community Small:

Population:

- a. < 1,500 residents
- b. < 2,500 residents
- c. < 5,000 residents

D) Crew: Must hold current crewman's license

Option 1. Documentation of participation in any GOA groundfish fishery. Crewman's License for each year and one of the following: fish ticket, 1099, affidavit from captain or owner of vessel.

- a. 1 of 5 recent seasons
- b. 2 of 5 recent seasons
- c. 3 of 5 recent seasons
- d. 4 of 5 recent seasons

E) Other Stakeholders:

Option 1. Elected by majority of other group representatives A-D

- a. Nominated by any nonprofit organization
- b. Nominated by any organization
- c. Any individual

Option 2. Elected by majority of member organizations of stakeholders group (E).

- a. Groups are selected by representatives A-D
 - b. Group types are designated i.e. School Board, Conservation, Processing workers, GOA QS owners
 - c. To be determined by CIFT Articles of Incorporation
 - d. To be determined by CIFT By-Laws
- Note: Groups B and C may be combined to one (BC) if only one class of communities exist in CIFT region

F) CP stakeholders are elected by a majority of CP QS owners

Issue 5. Fee Assessment

Option 1. CIFT may charge only a reasonable fee to cover cost of administering the proposal process. They may not lease, sell or charge royalties for their right to IFQ or Co-op catch history.

- a. Fixed fee to enter into contract
- b. Fixed fee to enter into a contract and fee collected with RAM fee based on Ex-vessel gross and passed through to CIFT.
- c. Fixed fee to enter into contract and fee collected by CIFT based on x % of the RAM fee charged to QS holders. X% will be determined to cover costs.
- d. To be determined by CIFT By-Laws

Option 2. Each CIFT must be a non-profit and have no ownership interest in any vessels or processing plants participating in the program.

Issue 6. Distribution of CIFT shares to QS share holder -- the intent is that the criteria developed by each sector shall focus on mitigating eimpacts directly associated with changes due to the QS program and other regional needs

Option 1. Governing Body Sectors (A, B, C, D as designated in Option 4 above) will be allocated X % of the CIFT to prioritize the criteria for issuing the CIFT IFQs.

		(A)	or	(B)	
Processors	(A)	16.6%		20.0%	of CIFT IFQ
Community Large	(B)	25.0%		20.0%	
Community Small	(C)	25.0%		20.0%	
Crews	(D)	16.6%		20.0%	
General	(E)	16.8%		20.0%	
TOTAL		100%		100.0%	OF CIFT IFQ

Option 2. CP CIFT

CP rep	25%
CIFT rep	25%
Crew	25%
General	25%

Option 3. General (E) percentage of CIFT IFQ criteria will be developed by:

- a. Governing body (A-E as above)
- b. By group as determined in Option 4 E

Option 4. CIFT IFQ criteria will be developed by governing body as outlined in By-Laws.

Issue 7. Allocation Procedure

Option 1. Year 1 CIFT would determine criteria for distribution for year 2. Any QS holder that signs a contract to meet objectives of the CIFT will be granted CIFT IFQ for year 1. RAM will receive from CIFT authorization to include with its distribution of IFQ to qualified QS holders CIFT IFQ for year 1.

Year (n) the entities that meet the criteria set in the previous year's contract (n-1) will be eligible to receive CIFT IFQ for year n. RAM will receive from CIFT authorization to include with its distribution of IFQ to qualified QS holders CIFT IFQ for the next year. etc.

For those that have not completed their fishing season and documented their fulfillment of the contract terms by 15 November a subsequent distribution will be made by 1 March of the year the IFQ is valid. All documentation will be due no later than 15 January following the contract year.

Option 2. Contracts for IFQ are 2 years duration for performance and IFQ eligibility

Option 3. A 1 year delay between completion of contract and the Year the CIFT IFQ would be transferred i.e. contract year n CIFT IFQ distribution for year n+2.

Option 4 CIFT will use standard transfer process for IFQ.

Issue 8. QS acquisition:

CIFTs can purchase QS to increase the pool of IFQ it has to distribute to eligible QS holders.

Option 1. Debt Retirement for purchased QS

- a. Fees amortized over all IFQ distributed
- b. Fees amortized over IFQ corresponding to acquired QS (this may require a different criteria for distribution of these IFQ)

Option 2. The IFQ resulting from QS would have to meet CIFT requirements.

Option 3. The IFQ resulting from QS would not have to meet CIFT requirements.

Issue 9. Dispute Resolution

- a. Binding Arbitration procedure as part of contract
- b. Internal review with binding arbitration as appeal
- c. As per By-Laws
- d. Litigation

Issue 10. Oversight

The Board of Directors will have the responsibility of the corporation and file a report with the State of Alaska for oversight and final approval by the Council.

Oversight reports will be filed:

- a. Every year
- b. Every 2 years
- c. Every 3 Years
- d. Years 1,2,3 and every 2 years subsequently

Issue 11. Transfers of QS and IFQ

Option 1. QS initially issued to CIFT are non-transferable

Option 2. Shares purchased by CIFT

- a. Are non-transferable
- b. Are non-transferable after debt related mortgage is retired
- c. Is fully transferable
- d. As per By-Laws

Option 3. Rights to receive CIFT IFQ will follow QS

- a. All contract rights will be coupled to QS for future CIFT IFQ eligibility
- b. Rights to receive CIFT IFQ are severable from QS and are transferable

Option 3. Community Fisheries Quota (CFQ)

Issue 1. Administrative Entity

Option 1. Gulf wide administrative entity

Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)

Alternative 1. No Action	Alternative 2. Harvest Share Program harvester only					Alternative 3. Harvest Share Program harvester with closed class of processors			Alternative 4. Harvest Share Program harvesters and processors	
	Subalternative 1. Harvest Share program	Subalternative 2. Cooperative Insert Catcher/Processor sector allocation options		Subalternative 3. Sector allocation w/cooperatives Catcher/Processor sector allocation options		Subalternative 1. Harvest Share program	Subalternative 2. Cooperative Insert Catcher/Processor sector allocation options		Subalternative 1. Cooperative	Subalternative 2. Cooperative Insert C/P sector allocation options
		Voluntary	Mandatory	Single Sector	Multiple Sector		Voluntary	Mandatory		
	Harvester share allocations issued to individuals under a quota share program with deliveries to any processor.	Harvester shares initially issued to individuals; then to cooperative if joining one. Harvesters may choose to form a voluntary co-op. Co-ops may be required to associate with a processor. Without a co-op, individual shares fished under a quota share program with deliveries to any processor.	Harvester shares initially issued to a cooperative. Co-ops may be required to associate with a processor. If an eligible harvester chooses not to join a co-op, he may/not be issued individual shares; it could either be a share-based or open access fishery.	Combined eligible fishing history for the entire sector (C/P, CV) allocated in aggregate to a single Co-op. Complete sector consensus is necessary in order to avoid a "race for fish" with sector members unwilling to co-op. Should work well for small groups that have great affinity and can achieve a consensus to form a single cooperative.	Combined eligible fishing history for the sector members who elect to form a co-op is allocated in aggregate to specific co-op. Should work well for small groups that have great affinity. Disparate groups can form co-ops.	Harvester share allocations initially issued to individuals. Harvesters are required to deliver a specific percentage of individual shares to a qualified processor.	Harvester shares initially issued to individuals; then to cooperative if joining one. Harvesters may choose to form a voluntary co-op. Co-ops may be required to associate with a qualified processor. All harvesters are required to deliver a specific percentage of individual shares to a qualified processor.	Harvester shares initially issued to a cooperative. Co-ops may be required to associate with a qualified processor. If an eligible harvester chooses not to join a co-op, he may/not be issued individual shares; it could either be a share-based or open access fishery. A specific percentage of shares issued to a co-op may be required for delivery to a qualified processor.	Harvester shares initially issued to individuals; then to cooperative if joining one. Harvesters may choose to form a voluntary co-op. Co-ops may be required to associate with a qualified processor.	Harvester shares initially issued to a cooperative. Processor shares issues to processors. Harvester co-ops may be required to associate with a qualified processor. An open access fishery would be problematic.
Program Model:	Halibut/sablefish QS		American Fisheries Act cooperative					American Fisheries Act cooperative	BSAI crab rationalization program	
Shares awarded to:	individual harvesters	individual harvesters initially; allocations would be reassigned to a co-op under a voluntary program	a mandatory co-op that an individual must join to fish his share; no individual allocations	individual harvesters and then maybe to a voluntary sector co-op; or a sector co-op under a mandatory co-op program	Same as at left; multiple co-ops per sector (CV, CP) or across sectors would be allowed.	Same as Alternative 2, Subalternative 1	Same as Alternative 2, Subalternative 2 (voluntary) except harvesters must deliver to qualified processor	Same as Alternative 2, Subalternative 2 (mandatory) except harvesters must deliver to a qualified processor	Same as Alt. 2+3, Subalt. 1, except initial shares also made to qualified processors, and voluntary co-ops may occur between qualified harvesters and a processor	Same as Alternative 4 (Subalternative 1), except mandatory co-ops would occur between harvesters and a processor

Draft GOA Groundfish Rationalization SEIS Outline

March 26, 2003

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1.2 Purpose and Need for Action	
1.2.1 Federal Action	
1.2.2 Action Area	
1.3 Public Participation (includes short description of NEPA)	
1.4.1 Notice of Intent and Scoping methodology	
1.4.2 Public Participation	
1.4.3 Tribal Consultation	
1.4 Coordination with Other Agencies	
1.5.1 Alaska Department of Fish and Game	
1.5.2 United States Fish and Wildlife Service	
1.5.3 United States Coast Guard	
1.5 Relationship of this action to other federal laws and actions (MSA, NEPA/PSEIS, Consolidated Appropriations Act, etc.)	
1.6 Document Organization	
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2.1.2 Affected gear types	
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2.3 Alternative 2: Harvester Quota Share Program	
2.3.1 Subalternative 1. QS Allocation	
2.3.1.1 Common elements for Alternatives 2-4 and their subalternatives	
2.3.1.1 Qualifying Periods	
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2.3.1.3 Target Species Rationalization Plan	
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2.3.1.6 Underutilized Species	
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 - 2.3.2.1 Unique elements for Alternative 3 Subalternative 3
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 - 2.4.1.1 Unique elements for all Alternative 4 subalternatives
 - 2.4.1.1.1 Eligible Processors
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 - 2.4.1.1.3 Processor QS qualifying periods
 - 2.4.1.1.4 Distribution of Processor QS
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 - 2.4.1.1.6 Processor QS Use Caps
 - 2.4.2 Subalternative 2 Harvester and Processor QS allocation with cooperative
 - 2.4.2.1 Unique elements for Alternative 3 Subalternative 3
 - 2.4.2.1.1 Closed processor class cooperatives
- 2.5 Alternatives considered and rejected
- 2.6 Future actions/Trailing amendments (includes fee and loan program, PSC species management, community protection)

Chapter 3 Affected Environment (Referencing PSEIS Affected Environment Chapter) Diana Stram (lead)

- 3.1 Approach and Methods
- 3.2 Identification of Effects, Events, and Actions
- 3.3 Biological Conditions
 - 3.3.1 Target Groundfish Species
 - 3.3.2 Prohibited Species
 - 3.3.3 Forage Species
 - 3.3.4 Non-Target Species
 - 3.3.5 Non-Specified Species
 - 3.3.6 Threatened and Endangered Species
 - 3.3.7 Essential Fish Habitat
 - 3.3.8 Seabirds
 - 3.3.9 Marine Mammals
 - 3.3.10 Ecosystem Considerations
- 3.4 Social and Economic Conditions
 - 3.4.1 History of the GOA groundfish fisheries
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 - 3.4.3 Harvesting Sector Profiles
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 - 3.4.5.1 General groundfish resource use in communities
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NPFMC Contractor

Chapter 4 Environmental and Economic Consequences of the Alternatives

4.1 Methodology for analysis

- 4.1.1 Structure of analysis of alternatives **NPFMC Contractor**
- 4.1.2 Direct, Indirect, and Cumulative Impact Analysis

4.2 Description of the Predicted effects of the alternatives on GOA groundfish fisheries practices

- 4.2.1 Fleet composition and fishing practices (*vessels, skippers, crew, owners*)
- 4.2.2 Processing practices (*shore-based, floaters, Cps*)
- 4.2.3 Changes to Federal management **Glenn Merrill**
 - 4.2.3.1 Alternative 1
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4.2.4 Changes to State of Alaska groundfish fisheries **State of Alaska**

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- 4.2.4.2 Parallel groundfish fisheries **State of Alaska/Glenn Merrill**
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4.3 Biological Impact Analysis

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 - 4.3.1.4 Alternative 4
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- 4.3.2 Prohibited Species **Jane DiCosimo/AFSC**
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- 4.3.3 Forage Species **Jane DiCosimo/AFSC**
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- 4.3.4 Non-Target **Jane DiCosimo/AFSC**
 - 4.3.4.1 Alternative 1
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 - 4.3.4.5 Summary of comparison of the effects of the alternatives
- 4.3.5 Non-Specified Species **Jane DiCosimo/AFSC**

- 4.3.5.1 Alternative 1
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- 4.3.5.4 Alternative 4
- 4.3.5.5 Summary of comparison of the effects of the alternatives
- 4.3.6 Threatened and Endangered Species **Bill Wilson/Glenn Merrill/AFSC**
 - 4.3.6.1 Alternative 1
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 - 4.3.6.5 Summary of comparison of the effects of the alternatives
- 4.3.7 Essential Fish Habitat **Glenn Merrill/NMFS**
 - 4.3.7.1 Alternative 1
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 - 4.3.7.5 Summary of comparison of the effects of the alternatives
- 4.3.8 Seabirds **Bill Wilson/Glenn Merrill/AFSC**
 - 4.3.8.1 Alternative 1
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- 4.3.9 Marine Mammals **Bill Wilson/Glenn Merrill/AFSC**
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- 4.3.10 Ecosystem Considerations **Jane DiCosimo/AFSC**
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- 4.4 Economic and Socioeconomic Impact Analysis **NPFMC Contractor/**
 - 4.4.1 Efficiency and capacity of the harvest sector **Mark Fina/**
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 - 4.4.2 Efficiency and capacity of the processing sector **Elaine Dinneford/**
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Glenn Merrill/NMFS

Jane DiCosimo/NPFMC Contractor

Chapter 5: List of Preparers

Jane DiCosimo

- 5.1 SEIS Steering Committee
- 5.2 Project leaders
- 5.3 Contributors
- 5.4 Consultant contributors

Chapter 6: List of Agencies, organizations, and persons to whom copies of the statement are sent **Jane DiCosimo**

Chapter 7: Literature cited

All

Appendix 1: Regulatory Impact Review (RIR)/Initial Regulatory Flexibility Analysis (IRFA) **NPFMC Contractor/
Mark Fina**

Appendix 2: Social Impact Assessment

NPFMC Contractor/Nicole Kimball

Outline for the GOA Rationalization for the RIR/RFA

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Impact of Alternatives (Processing Sector)

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Section 303(a)(9) - Fisheries Impact Statement

E.O. 12866 Conclusion

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V. REFERENCES

VI. AGENCIES AND INDIVIDUALS CONSULTED

VII. PREPARERS

From UFMA
To Dave Benton NPFMC/Anchorage

 907-486-8362
 907271-2817

Wed, Mar 26, 2003

9:56 PM

AGENDA C-1
APRIL 2003
Supplemental



United Fishermen's Marketing Association, Inc.

P.O. Box 1035 Kodiak, Alaska 99615

Telephone 486-3453

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March 26, 2003

Ms. David Benton, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, AK 99501

Re: C-1, Gulf of Alaska Groundfish Rationalization

Dear David,

As the Council develops the Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis (EA/RIR/IRFA) for Gulf of Alaska (GOA) Groundfish Rationalization, the United Fishermen's Marketing Association, Inc. (UFMA) respectfully request that the EA/RIR/IRFA include a complete and detailed accounting and review of the circumstances that occurred with respect to the conduct of the commercial fishery for Central Gulf of Alaska (CGOA) p. cod during 2002.

The regulations that implement Steller Sea Lion (SSL) protection measures in the CGOA govern the CGOA p. cod commercial harvest, and are designed to avoid the likelihood that the groundfish fisheries will jeopardize the continued existence of the western distinct population segment of SSL, or adversely modify critical habitat. These regulations apportion the commercial harvest of CGOA p. cod to an "A Season", and to a "B Season", whereby 60 percent of the CGOA p. cod TAC is apportioned to the "A Season", and 40 percent of the CGOA p. cod TAC is apportioned to the "B Season".

Unfortunately, the SSL protection measures have imposed a disproportional negative impact on the p. cod pot fishery in the CGOA when compared to other gear types, and the inability to adhere to the purpose and design of the temporal dispersion and rate of removals of p. cod in the CGOA, as intended in the regulations, has exacerbated this impact. The actual conduct of the commercial fishery for p. cod in the CGOA during 2002 indicates that the seasonal apportionment objectives of the regulations that govern CGOA p. cod removals were not met, and resulted in a significant reallocation of p. cod between gear types that would not otherwise have occurred had the seasonal apportionment objectives of the regulations been achieved. This reallocation has significant negative impact on the standing of p. cod pot vessels with respect to the determination of individual harvesting rights in the context of GOA Groundfish Rationalization, and is reason enough to consider the exclusion of 2002 from consideration as an

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indicator of historical participation for purposes of allocating harvesting rights with respect to GOA Groundfish Rationalization.

While the CGOA p. cod A Season harvest should have been limited to 60 percent of the CGOA p. cod TAC (~13,387 mt), in fact, approximately 67 percent (~15,453 mt) was harvested. While the regulations direct that 40 percent of the CGOC p. cod TAC (~8,924 mt) should be harvested during the B Season, in fact, approximately 90 percent of the CGOA p. cod TAC (~20,167 mt) was harvested before the B season began (September 1, 2002), and only 7.4 percent (~1,651 mt) was actually taken during the B Season. Of significant note is that approximately 21 percent (~4,714 mt) of the CGOA p. cod TAC was taken as bycatch between the A and B Seasons, primarily by trawl gear (~4,595 mt), and approximately 2,303 mt of p. cod was discarded. Moreover, after the close of the B Season, approximately 4.3 percent of the CGOA p. cod TAC (~957 mt) was harvested, primarily by trawl gear (~950 mt), and approximately 655 mt of p. cod was discarded.

Every effort has been made to ensure that the above accounting is accurate; the figures were provided by NMFS in early December, 2002, in response to a request from us. Any omissions or misrepresentations are inadvertent. Nevertheless, we suggest that these figures should be confirmed, and that a detailed quantitative and qualitative portrayal of the conduct of the 2002 CGOA p. cod fishery be included in the EA/RIR/IRFA for GOA Groundfish Rationalization.

Attached to this comment is a document that we distributed as part of our testimony with respect to Agenda Item D- 1(e), "2002 GOA Specifications", during the December, 2002, Council meeting.

Thank you for your consideration of our comments with respect to this issue.

Sincerely,



Jeffrey R. Stephan

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Central Gulf of Alaska (CGOA) Pacific cod (p. cod) issues for consideration
2002 GOA Specifications D- 1(e)

Utilization of Central GOA (CGOA) Inshore (IS) p. cod TAC (IS p. cod TAC = .80 X CGOA p. coc TAC) (in metric tons)									
Season	IS TAC	catch trawl	catch pot	catch h&l	catch jig	catch total	catch as % of IS TAC	regulatory % of IS TAC	discards
A	13,387.00	8,051.80	2,094.60	5,302.40	4.20	15,453.00	69	60	??
A-B		4,595.60		145.80	<.1	4,714.40	21		2303.00
B	8,924.00	39.00	578.70	1,033.50	<.1	1,651.20	7.4	40	??
>B		950.40		6.80	0.00	957.20	4.3		655.00
Totals	22,311.00	13,636.80	2,673.30	6,488.50	<4.4	22,802.80	101.7		>3175.00

Some characteristics of 2002 removals of CGOA IS p. cod:

- A Season harvest of CGOA Inshore (IS) p. cod = ~69% of CGOA IS p. cod TAC (regulatory target is 60%)
- B Season harvest of CGOA IS p. cod = ~7.4% of CGOA IS p. cod TAC (regulatory target is 40%)
- Trawl Bycatch of CGOA p. cod between the A and B Seasons = ~21% of CGOA IS p. cod TAC (no regulatory target for p. cod between A and B Seasons)
- ~90% of the CGOA IS p. cod TAC was taken prior to the start of the B Season (regulatory target for the B Season is 40%)
- Trawl discards of 2002 CGOA p. cod = >3,100 mt (i.e., >14% of CGOA IS p. cod TAC and actual harvest)
- Trawl discards of 2001 CGOA p. cod = ~1,600 mt
- "Topping Off" with p. cod may be occurring in the CGOA directed trawl fishery for the "Shallow Water Flatfish" complex

Some possible solutions and management measures for managing removals of CGOA IS p. cod during 2003 and beyond:

- Inseason management measures ????
- minimize opportunities that may exist for "topping off"
- Adjust Maximum Retainable Bycatch (MRB) between the A and B Seasons of CGOA p. cod in the CGOA shallow water flatfish target fishery to less than 20% (to 5%, or to a "natural" rate)
- Allocate an allowable (i.e., natural rate) bycatch amount "off the top" of the CGOA IS p. cod TAC for those trawl fisheries that occur between the A and B Seasons

Submitted by Jeff Stephan, United Fishermen's Marketing Association, Inc.

PUBLIC TESTIMONY SIGN-UP SHEET FOR AGENDA ITEM C-1 Gulf Ratz.

PLEASE SIGN ON THE NEXT BLANK LINE.
LINES LEFT BLANK WILL BE DELETED.

	NAME	AFFILIATION
1.	GLEN CARROLL	SELF
2.	Craig Cochran	NA T.C.
3.	STOIAN IANKOV	GOA. FISHERMAN
4.	Matt Hegge	GCA Fisherman UFMA
5.	Joe Sullivan	Mundt Mac Gregor for city of Kodiak
6.	Kurt Cochran	GOA FISHERMAN
7.	Beth Stewart	AEB
8.	Susan Robinson	Fishermen's Finest
9.	Lori Swanson	Groundfish Forum
10.	Dorothy Childers	AMCC
11.	Julie Benny	AGPB
12.	GERRY MERRIGAN	PROWLER FISHERIES / SELF
13.	Jeff Stephan	UFMA
14.	Jetty Bingen	F/U Jeppoh
15.	Jack Hill	F/U Rutt v Roddy
16.	Charlie Johnson	F/U Iren H
17.	Phon Smith	NPCA
18.	Chuck McCallum	CSA
19.	Teressa Kandianis	Kodiak Fish Company
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C-1
Dorothy Childers

To: NPFMC
Fr: Dorothy Childers
Dt: April, 2003

Re: Recommendation for re-organizing description of Element 11. Review and Evaluation

Option 1. "Drop-through" system

Evaluate the results of the program based on GOA rationalization objectives and make adjustments to the program using the following system (adapted from an Australian system reviewed in "Sharing the Fish"):

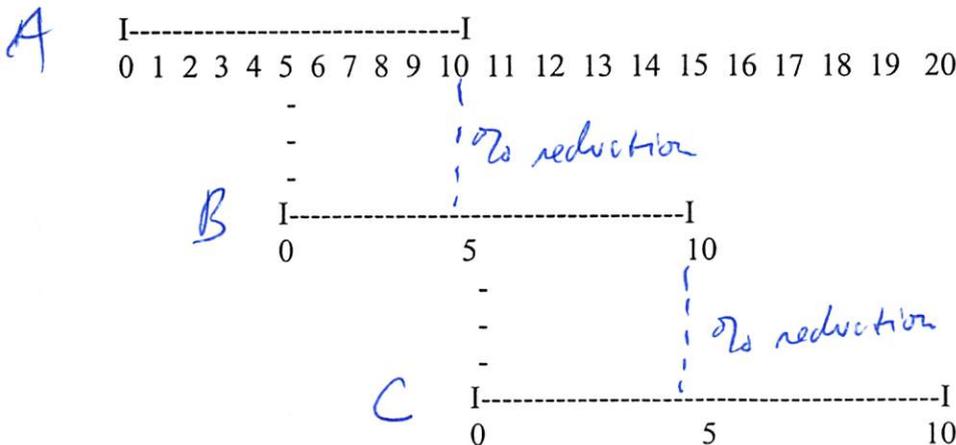
Initially allocated quota shares are issued as Series A shares. Series A shares are available each year for:

- Sub-option 1. 5
- Sub-option 2. 7
- Sub-option 3. 10
- Sub-option 4. 20 years

At the 3, 5, 7, 10 year mark, there would be an evaluation of the program's performance compared to the program objectives. If the evaluation identifies changes needed in the program to better achieve the objectives, those changes are made. Quota shares "drop through" to become Series B shares with use privileges extended for another term.

A quota share holder may choose not to accept the changes, but there would be a 10-20% reduction in that quota share and it would continue at the lesser amount for the next term.

Example for a series of 10-year terms



(over →)

The review would be based in quantitative goals where they exist or qualitative expectations consistent with program objectives.

If the Council wants to phase in particular elements into the program, the drop through system allows time for industry to prepare or adjust to those changes.

Option 2. Review/Evaluation plus sunset

Evaluate the results of the program based on GOA rationalization objectives and make/address adjustments to the program as needed. The program would sunset unless the Council completed the review and made/addressed necessary changes 6 months prior to the sunset date.

- Suboption 1. 5 years after the program is implemented
- Suboption 2. 7 years after the program is implemented
- Suboption 3. 10 years after the program is implemented

Management Council, 2130 SW Fifth Avenue, Suite 224, Portland, OR 97201, October 1994.

26. Freeman, K., Is Alaska groundfish overcapitalized? *Pacific Fishing*, 9(3) (1988) 42-8.
27. Amendment 6 (Limited Entry) to the Fishery Management Plan for Pacific Coast Groundfish. Pacific Fishery Management Council, 2130 SW Fifth Avenue, Suite 224, Portland, OR 97201, January 1992.
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31. Draft Amendment 8 (Fixed Gear Sablefish Individual Quotas) to the Pacific Coast Groundfish Fishery Management Plan. Pacific Fishery Management Council, 2130 SW Fifth Avenue, Suite 224, Portland, OR 97201, January 1994.
32. Letter Establishing Appointment to the Individual Quota Industry Committee. Pacific Fishery Management Council, 2130 SW Fifth Avenue, Suite 224, Portland, OR 97201, 3 August 1992.
33. Seger, J., personal communication, 1995.
34. Public Testimony on Draft Amendment 8 (Fixed Gear Sablefish Individual Quotas) to the Pacific Coast Groundfish Fishery Management Plan. Pacific Fishery Management Council, 2130 SW Fifth Avenue, Suite 224, Portland, OR 97201, July & October 1994.
35. Council News, 18(5) (1994). Pacific Fishery Management Council, 2130 SW Fifth Avenue, Suite 224, Portland, OR 97201.



SEE "DROP THROUGH" P. 52

The design of fishing-right systems—the New South Wales experience

Michael D. Young

CSIRO Division of Wildlife and Ecology, PO Box 84, Lyneham, Canberra, Australia

ABSTRACT

The Australian state of New South Wales (NSW) recently passed legislation to introduce a fishery-share system. It is similar in general form and purpose to the 'ITQ' or individual transferable quota fishery management systems found in New Zealand, Iceland, Australia, Canada and other countries but has special design features, including the allotment of shares for 'fisheries' that include many different species. The system is designed to give fishers security within the context of an adaptive resource management system designed to ensure that fishery use is sustainable and consistent with social objectives as they change through time. The system's conceptual framework is of relevance to other fisheries and also many other industries that use natural resources. Consistent with periodically revised management plans, rights to harvest specific amounts of fish or to use certain classes of boats and gear are issued in proportion to the number of shares held in each fishery (fishery being flexibly defined by region and habitat, with or without further specification by gear-type, species group or single species). The management plan might, for example, specify a relationship between number of shares and size of boat or net. Any quotas are allocated in proportion to the number of shares held. Subject to compliance with periodically reviewed share conditions, rights are perpetual and give each fisher a direct financial interest in the future of the fishery. Shares are mortgageable and fully transferable. Driven by the management plan, structural adjustment is delegated to the market and individual fishers. A dual property-right structure is used to minimize transfer costs, and encourage self-enforcement and compliance. The institutional arrangements used to administer the system and periodically revise system parameters give commercial fishers, in consultation with recreational fishers, considerable control over their destiny. Management costs

will be recovered via a range of direct charges. The legislation provides the option of a return to the community to be collected via the periodic sale of a proportion of each shareholding. If this option is adopted, it will force the rapid formation of a 'mature share market', reduce entry and oligopoly problems, automatically collect the economic rent embodied in the fishery in an efficient apolitical manner, and also provide transparent information on the status of each fishery and the performance of its resource managers. Copyright © 1996 Elsevier Science Ltd.

1. INTRODUCTION

The design of fishing-right systems is still an art. Of all the systems that have been tried, none can be claimed to be fully effective in conserving and promoting the efficient and equitable exploitation of fish stocks. This paper reports on the concepts, experiences and observations derived whilst designing, from first principles, a share-based fishery management system for those fisheries managed by the Australian State of New South Wales (NSW). It was developed by a Working Group† comprising officers from NSW Fisheries, the NSW Cabinet Office, the Commonwealth Scientific Industrial Research Organization and NSW Treasury. One of the key ideas embodied in the system is the recommendation that principles used to guide corporations can be applied to fisheries. Essentially, each qualifying fisher is given a bundle of shares in all the species of fish in a fishery. As set out in a periodically revised management plan, shareholders are entitled to a share of any gear restrictions and quotas in the fishery. A special kind of limited entry fishery is created: entry into the fishery or expansion is only possible by acquiring shares from existing shareholders. As far as I am aware, this is the first time a corporate-like structure has been used to manage a fishery. The idea, however, has been proposed independently.²

The legislation resulting from the Working Group's recommendations, a totally new Fishery Management Act for NSW, passed through Parliament in May 1994 and was proclaimed into law on 16 January

† The Working Group's chair generally acknowledges the author as the architect of the framework developed by the group. Many of the principles derive from Young.¹ The Working Group consisted of the Chief Executive Officer of NSW Fisheries, a Deputy Secretary for NSW Treasury, the Secretary to the NSW Cabinet Office and the author of this paper. The Secretary to the group, who prepared drafts of the various reports, was a line manager within NSW Fisheries.

1995.³ NSW Fisheries, the government department responsible for the state's fisheries, is now in the process of implementing the new framework. Since proclamation of the Act, there has been a change in government with a consequence that implementation of the Act is on a slower schedule than would be the case if the government which developed the Act was still in power. Nevertheless, implementation is proceeding in a step-wise manner with priority being given to single species fisheries.

2. NSW FISHERIES

In the NSW fisheries over 100 species are sold for commercial purposes but more than half are caught in small amounts, less than 100 tonnes per year. For many species, less than 5 tonnes per annum is sold commercially. For some nearshore and estuarine species, over 50% of the catch is recreational. While State law makes sale of fish caught by recreational fishers illegal, there is a considerable black market. The coast is over 1000 km in length, and extends from 28°S to 37°S.

The previous NSW fishery management system was based on annual fishing licenses, renewed by custom every year. The annual license framework created uncertainty as there was no guarantee of renewal and license conditions were often changed in what appeared to be an *ad hoc* manner. Regulations were reactionary in nature and generally implemented or modified each time a problem emerged. Fishers argued that this encouraged people to find ways to make a quick profit and cheat the system. In 1994, there were approximately 2100 licensed fishers in NSW who operated around 3300 boats. Eighty per cent of boats are less than 8 m in length. No new boat licenses have been issued since 1984 and boat replacement has generally been on a meter for meter basis. In 1990, foreshadowing a transition to an individually transferable quota system such as the one described here, the Minister announced a freeze on the issue of new licenses and the rule that any future quota allocation would be based on catch history between 1987 and 1990. Nevertheless, a few aspiring people found ways to enter the industry. During this time several attempts were made to reform administrative arrangements.

Processes such as the one described in this paper also create uncertainty. The less predictable the direction of change, the less total investment in the industry is. The remainder of this paper discusses the

new management system from the perspective of the considerations and issues that drove the working group to recommend it.

In common with many other of the world's fisheries, fish stocks in NSW have been declining, recreational fishing pressure is increasing, existing license provisions encourage the use of inefficient gear and technology, and incomes from fishing are low. In addition, the regulatory regime prevented investment in the gear and equipment necessary for efficient exploitation of the available stock, and a large black market in fish existed. There was widespread political dissatisfaction with various governments' inability to manage the state's fisheries in anything other than a reactionary and crisis management style. The challenge was to find a mechanism that would solve as many problems as possible.

3. THE NEED FOR AN ADAPTIVE MANAGEMENT STRUCTURE

A key factor influencing the Working Group's deliberations was recognition of the fact that knowledge about fishery systems is far from perfect. Moreover, any system is likely to stimulate the development of new technology and price changes. In short, ecological surprise, new technology and new information must be expected. Hence, any well-designed management system will include a set of procedures that facilitate the efficient and equitable adaptation of existing conditions and management strategies. Given these considerations, the Group decided to recommend a formal review process that sought to maximize opportunities to keep fishing within efficient, equitable and sustainable limits. The term 'adaptive management' is now used to refer to the design of management regimes to respond to the problems of ignorance and uncertainty.⁴

In the new NSW system, by forcing periodic review – irrespective of political, economic or social circumstances – adaptive management is encouraged. Adaptive management simplifies system design. Each decision is made with the knowledge that it can be improved and that the people affected by it expect this to happen. Managers seek to learn from their actions and experiments.

4. A FISHERY-SHARE SYSTEM

An issue common to all property-right systems is the question of the security of the rights or privileges involved. Should a pure limited-access fishery be built and should compensation be payable if rights are

cancelled? A guaranteed right to exclusive access provides fishers with a strong incentive to conserve fish habitat and encourage the rational management of fish stocks. Most individual transferable quota regimes are for single species; accordingly, they do not encourage fishers to recognize the interdependence of species. Moreover, it is arguable that they neither create a strong sense of industry responsibility for the state of a fishery nor encourage participation in the management process. Weighing these and other considerations, the NSW system grants each fisher a guaranteed opportunity and compensable right to a proportional share of all the commercial opportunities in the fisheries they use. The term 'share' is used intentionally to stress the idea that each shareholder owns a legally enforceable share of each fishery's commercial opportunities. The legislation establishes a 'core property right' as a legally transferable entitlement to a proportional share of all the commercial fishing opportunities associated with the fishery.

Wherever possible, corporate-like administrative structures are used as these are well understood by fishers. Effectively, each person is given a guaranteed share of the opportunity set out in a periodically revised management plan for the species that comprise the fishery. Formally, each fisher is entitled to a share of any allocation of quota and gear or input restriction in proportion to the number of shares they hold. If they want to use a larger boat or bigger net, then they must buy shares from people already in the fishery. Similarly, allocation of any quota is in proportion to the number of shares held. The corporatised structure enables reference to corporate management experiences and enables both input and output controls to be varied equitably without affecting resource security.

4.1. Rights to species or fisheries?

In other parts of Australia and in many other countries, those who advocate secure, exclusive fishing rights usually recommend introduction of individually tradable quotas for valuable species and transferable input controls for less valuable species and species whose populations cannot be predicted with confidence. In all cases, however, it is the interactions between a large number of fish and their habitats which need to be managed. By vesting rights in a fishery rather than specific species or gear, the linkage between the resource and its users is maximized. Industry is forced to consider the impact of their practices on each species and the differing effects of each practice on the habitat as a whole.

Under the new legislation, fisheries are to be defined first by region

and habitat type, and, where appropriate, by species or gear. In all cases, the unit of management is the biological resource, and there is no expectation that the system will ever extend to include the processing industry. It is expected that many fishers would own shares in several fisheries. An advantage of the share approach is that, with reference to company law, it is conceptually simple to merge fisheries and/or split one fishery into two separate fisheries. An estuary fishery, for example, can easily be split into a general and a prawn trawl fishery. The process followed is similar to that used to divide a company into two separate entities.

Because fishers hold a secure right, share value is linked to the expected future value of a fishery. Each fisher has a proportional stake in the future of the fishery and a tangible incentive to ensure it is a good one. As with any company or cooperative, share values rise with fish stocks, fish prices and technological improvements. If the value of the fishery declines, so do share values. Conversely, if effort is reduced in an attempt to increase future stocks, share values will rise. Economic reward is offered for a management focus on the future as well as the present.

An added advantage of the share structure is that the by-catch problems which plague many species-based quota systems are internalized. The management plan and its associated conditions apply to all fish caught. In fisheries where quotas apply, every fish must be reconciled against a quota. Moreover, it is possible for fishery managers to experiment with quotas and introduce them on a trial basis. If quotas do not achieve a significant improvement, the share system facilitates a simple and honorable return to a management system based solely on input controls, area restrictions and seasonal restrictions.

4.2. Management plans

Management by fishery rather than by species facilitates the integration of fishery management with the property-right system. In effect, management plans are used to identify the goals for each fishery, the conditions under which it can be exploited, and the period and process for review and revision of the plans. Management conditions are then attached to fishery shares in the same way that conditions are attached to a license or lease. The status of the management plan is raised to one of a legally enforceable instrument rather than that of an advisory document. A plan, for example, might require that a person using a 10 m boat hold at least 45 300 shares in the fishery and be limited to a net of a certain size and type. It may also require catch records to be

maintained in a specific manner and specify penalties for breaches of these conditions.

This mechanism, in combination with assurance that the shareholders' rights are perpetual, subject to agreed upon conditions of review and compliance, forces a strategic approach to fishery management. The management planning process is linked to the property right; opportunities to change the rules that govern commercial fishing are limited to those offered through periodic revision of the plan. Reactionary management is precluded for all but emergency conditions such as an oil spill. In contrast to past practice in Australia, administrators cannot change license conditions on an individual basis. Any new condition applies either to everyone or to no one. The new framework removes the opportunity to make a special exception enabling a fisher to use, for example, a larger engine than other shareholders are entitled to use. Within any review period, all aspirations for larger or smaller boats are left to the market place. As distinct from previous political practice where entry and expansion were partially but not totally limited, under this framework entry is totally limited. However, decisions about which fishers expand their operations and which leave are devolved to the market place.

In NSW, for large volume, long-living species and high-value species, a mixed quota-input control system is anticipated, but for most of the 100 species in NSW this will be too expensive because the cost of developing quotas for most species would be prohibitive and the results are likely to be of questionable scientific validity. The number of shares necessary to operate a boat of differing length, engine size, etc., will be specified through a series of look-up tables.

4.3. Investment versus options to change: the review process

An important design principle in the new NSW fishery-management regime, besides the definition of fishery, is the periodic review mentioned above. From the perspective of a fisher, while strictly limited entry and tradable shares increase investment security, the review process creates an expectation of change which encourages investment immediately after each review is completed but discourages investment at other times. When change is imminent the most likely profit-maximizing strategy may be one of waiting until the new plan is in place.

Influenced by public perceptions that resource management plans are best revised every five years, the NSW Working Group recommended a five-year review period. With 15 fisheries within a state, this would

require the preparation of three fishery management plans per year. If 18 separate fisheries were anticipated in the design phase, the Working Group would have probably recommended a six-year review period. Uncertainty is reduced further by executing fishery reviews in rotation. This means that fishers can watch the general pattern of change and predict the direction of change with greater confidence.

4.4. Protecting the investment: the adaptive drop-through mechanism

A third and particularly innovative design feature of the NSW fishery management regime proposed by the Working Group is the use of a 'drop-through' mechanism. At each review virtually the entire management system can be modified. Unfortunately, any periodic review process is open to abuse. Undesirable and inequitable changes can be forced on an industry. This problem also exists in Australia's grazing industry where rangelands are leased for grazing purposes. It is overcome by giving pastoralists a term lease that is renewable at a time well before expiry of the lease.¹ Pastoralists are given the periodic choice between continuing under their old lease until it expires or 'dropping through' to a new lease for a new term and new conditions. This mechanism gives them investment security and the power to ensure that the costs of transition to any new management regime are not too onerous.

Recognizing the merits of such an approach, the Working Group recommended a similar drop-through mechanism to be implemented by issuing 10-year fishery shares with a guaranteed offer of renewal every five years. Those who choose not to accept the new plan would be able to continue to operate under old plan conditions until their shares expire. If they chose not to drop-through, but to accept the new management conditions later, however, 15% of their shareholding would be surrendered for public sale as a penalty (see Fig. 1). On expiry of the original 10-year right, drop-through with a 15% loss is automatic.

The reason for recommending this drop-through mechanism was to protect fishers from radical changes to the relationship between shares and entitlements to use gear without careful consultation with them. This 10-year share with an offer of renewal every 5 years, constrained by the opportunity to delay drop through at the cost of 15% of shares means that fishers have considerable negotiating power. Politically, it would mean that if the expected cost of the proposed change were greater than 15% of share value the shareholders would have the

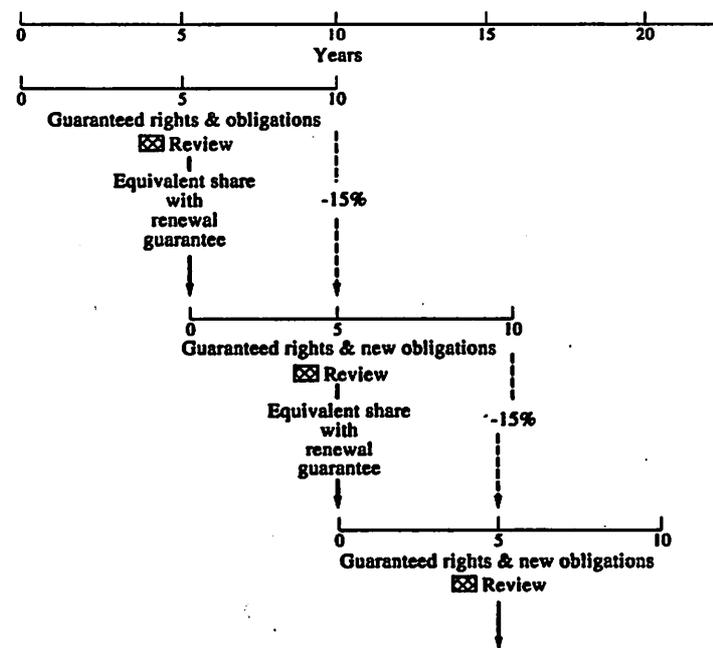


Fig. 1. Framework recommended by Working Group for all NSW fisheries.

option of rejecting the current plan. Draconian or inequitable changes cannot be forced upon them because in such circumstances they would be expected to choose to remain with their old share and set of conditions.

The Working Group also recommended that if a new management plan could not be finalized within any 5-year period, at the end of the 5th year each shareholder would automatically have the shares replaced with a new set of 10-year shares under the terms and conditions of the current management plan. During the final stages of passage of the Act through Parliament, however, fishers and the Department argued for a system where all could be forced to change to a new management system irrespective of the consequences of doing so. Consequently, the final legislation implies that a 5-year review period is optimal but makes it possible for it to take up to 10 years. The Act, however, does allow implementation according to the model recommended by the Working Group (see Fig. 1).

4.5. Administrative efficiency

Formalizing the management review process also offers administrative efficiencies for all involved in the review process. Administrators know precisely when information will be needed. Researchers know many years in advance when their conclusions must be ready and can structure their schedules accordingly. Similarly, lobby groups know when to begin attempting to influence ministers and the public.

The Act provides that if any provision in a management plan is inconsistent with any other fishing regulation then the management plan prevails. Consequently, the details underlying the institutional arrangements underpinning the Act are critical to its success. Formalization of the review process and constraint of the review period facilitate more community and industry involvement in the review process than has previously been the case in NSW.

While the draft legislation was being debated in parliament, almost all discussion focused on the consultation and decision-making processes that surround each review. All participants in the debate appeared to understand the share system and virtually all amendments sought to specify the role of industry, recreational representatives and each fishery's Management Advisory Committee (MAC). As a result of these calls for a much more bottom-up and participatory approach, the Act was changed to ensure that such procedures would be followed. Co-management arrangements, where responsibility for decision-making is shared among the commercial industry, recreational fishers and administrators, is now a real possibility. Oversight is left with the Minister but it is possible for a duly elected MAC to take over responsibility for a fishery and manage it in a manner similar to that of a company board acting on behalf of its shareholders.

4.6. Stewardship and maximizing the value of each fishery

As with some other limited-access fisheries, a key consideration in designing the NSW fishery share system was a desire to give each fisher a tangible interest in building an ecologically sustainable future for the industry. Conceptually, the greater the value of fishery shares, the more fishers can be expected to pay attention to the long-term consequences of fishing practice.

In the NSW system, share value is enhanced in four ways. First, fishery shares are mortgageable in the same way that a title to land is

mortgageable. Secondly, shares can only be withdrawn by the government by paying full compensation. (Quotas, however, can be set to zero.) Thirdly, a centralized share registration system is established so that any person can quickly identify who a shareholder is, what conditions apply to each shareholding, and what mortgage or other encumbrances are associated with them. Modelled on Australia's Torrens Title registration system, this arrangement means that mortgages and other such arrangements are valid only if they are recorded on the register. Similarly, transfers are valid only if they are recorded on the title. As discussed below, this arrangement reduces the shareholder cost of registering a mortgage and facilitates the use of shares for a return to the community and share forfeiture as a penalty mechanism (see below). Within the constraints set by the above framework, share value and hence respect for the fishery are further increased by making shares fully transferable. Fourthly, to reduce transaction costs for both administrators and fishers, a dual property-right system is introduced by formally separating the long-term entitlement to receive a share of permitted inputs into the fishery from any quota allocation.

4.7. A dual property-right system: the distinction between shares and quota allocations

Many property-right systems, including those used for fishing in Australia, combine two separate entitlements: the rights to receive annual allocations with fixed allocations that are valid only for a specific time period, i.e. the right to be in a fishery includes the right to a certain amount of a quota in a fishing season. In such a system, if a person wishes to temporarily transfer an annual allocation to another person they must do this by leasing that allocation *and* their entitlement to receive future allocations to another person.

For example, transfer of 50 tonnes of fish in 1997 would be implemented by leasing the quota to another person for that year. The costs of preparing the documents required are significant, and hence small volume trades are rare.

In an attempt to reduce the costs of temporary transfers, the NSW fishery share system establishes a dual property-right system that makes a clearer distinction between shares (the long-term interest) and specific quota allocations. Quota allocations are freely tradable and managed under a separate system from that for shares. Fishers can trade an annual allocation without having to make the arrangements necessary to lease a valuable capital asset.

In the early stages of the NSW system, annual quota allocation

trades will be registered at no cost to industry. If the system works as planned, the allocation registration system will resemble the framework used by banks to transfer money between checking accounts. The costs of a trade will be low and allocation trades common.

If the dual property-right system functions as planned, it will provide an incentive for self-enforcement by industry. Amongst other things, those who wish to sell annual allocations can be expected to try to force fishers without an allocation to buy allocation rather than sell fish on the black market.

4.8. Quota setting

To avoid political problems associated with quota setting, it is planned to use a Total Allowable Catch Setting and Review Committee to set all quotas, designed so that political interference with their decisions is minimized. The Committee comprises an independent chair, an economist, an independent scientist and one person experienced in fisheries management. The Minister may guide the institutional process to be followed but may not change any allocation set by the Committee. The process is independent and the committee is structured to force consideration of socio-economic as well as biological information, and to encourage the committee to draw upon industry experience as well as scientific evidence. The Minister may appoint other people to the Committee.

4.9. Avoiding the problems of oligopolies, small numbers, a mature market and transparent information: zero-revenue auctions

A problem common to fisheries that involve only a small number of operators is that participants tend to be averse to permanent share trades because once they sell them they may not be able to buy them back again. This is a problem because the property-right market has insufficient players to create the volume of trades necessary to obtain the efficiency characteristics of markets with many buyers and sellers.

One means of deepening 'shallow' rights markets – those with few buyers and sellers – is to introduce 'zero-revenue auctions'. Under such an arrangement, each shareholder is required to offer a proportion of their shares up for sale and then decide whether or not to buy them back or accept the price offered. This means that the volume of trades in a year will always be significant even if the majority of shares are bought back by the people who already own them.

If existing shareholders buy back their shares, no revenue changes

hands and, to avoid capital gains tax liability, the shares are deemed to have been passed in at the owner's reserve price. If the highest price offered is greater than the owner's reserve price, the shareholder receives that money and the rights pass to the highest bidder.

Zero-revenue auctions allow people to place as high a reserve price as they like but forces them to assess the value of their existing rights and how much they would be prepared to pay for any new rights that might become available. From a government perspective, the auction produces no revenue and, hence, is called a zero-revenue auction. The purpose of a zero-revenue auction is firstly to guarantee people the opportunity to enter the industry by establishing a regular chance for them to try to buy shares; secondly to create a mature market for shares as quickly as possible and thereby establish the credibility of the share system; thirdly to speed the rate of structural adjustment; and fourthly to reduce opportunities to form and maintain local monopolies and/or oligopolies that can function only if new entrants can be excluded.

Besides the above market advantages, zero-revenue auctions provide a transparent indication of industry assessment of the skill with which a fishery is being administered. Product price considerations aside, if stocks are improving share values will rise. Conversely, if share values are falling and fish prices are constant, the industry is telling administrators that they are failing in their duty.

4.10. A return to the community

Rather than just recommending zero-revenue auctions, the Working Group recommended that fishers, in return for security of fishery rights, should pay a return to the community. They proposed that this be achieved by retaining some of the revenue from each auction. It would be inappropriate to call the process a 'zero-revenue auction' as some revenue would return to the community. Nevertheless, it would retain all the market deepening benefits of that process. Moreover, the process would make it expensive for shareholders to overvalue their shares.

Following Canadian Forestry experience,⁵ the Working Group recommended that an annual return to the community mechanism be introduced. This would be implemented by requiring all shareholders to offer a proportion of their shareholding for tender and either bid to buy this (relatively small) proportion back or let that portion go to the highest bidder. The revenue collected from this process would be returned to consolidated or general revenue (where conceptually it would be used subsequently for community purposes). As such a

mechanism is politically sensitive, Parliament decided to leave choice on the implementation of this option to Cabinet. Consequently, the Act allows the Minister to introduce a return to the community but does not require him to do so.

Nevertheless, the Working Group recommended that the rate used should be the same as that which applies for crown land leases in NSW. As that rate is 2.5% of the unimproved value of each lease, they recommended that fishers should be required to either pay the value of 2.5% of their shares to the community or surrender 2.5% of their shares to whoever wishes to acquire them. The other mechanisms available are a levy on the gross value of fish sold or a more general license fee.

As is their right, many fishers object to the size of this percentage levy because it will substantially reduce the value of their shares. Other fishers object to this system because they would prefer to pay as they go, in proportion to the gross value of their catch, rather than having to pay a high community return when, for example, harvests are reduced to increase the expected size of future catches. That is, they would prefer to pay a lot when they run down the fishery and little when they build it up (if they ever do). A third group of fishers argues that the idea of periodically losing a proportion of their shares violates the secure nature of the fishery share system.

The main counter arguments are that a community return or zero-revenue auction makes all fishers extremely aware of the impact of present day practice on future prospects and builds the contestable market processes necessary for the realization of the theoretical benefits of transferable input and output controls to be realized. An added advantage is that it uses a market process to assess and collect economic rent at little political or administrative cost to government.

In addition to the above options, the Act provides for a transition to full recovery of the costs of administering the commercial side of each fishery. As yet, however, no government has proposed to collect a similar amount from recreational fishers.

4.11. Enforcement

Emphasis throughout the system is on the development and use of strong incentives for industry-based self-enforcement. Generally, this is achieved by pursuing mechanisms that increase the value of shares, minimize compliance costs and, through consultation, maximize a sense of ownership of the system. As an added incentive for compliance, fishers are only required to declare what they have caught and may

land fish without an allocation. When this occurs they may buy allocation after they have landed and sold their catch. By making this recommendation, the Working Group assumed that those who lacked an allocation would be more inclined to land the fish they caught and less inclined to 'high grade' - or select for the more valuable sizes and species of fish, discarding the rest. Where subsequent acquisition of an allocation proves impossible within the same allocation period, the market value of the fish must be surrendered to the management authority. In most fisheries some carry forward will be allowed.

Within Australia, threats of license forfeiture are common but actual license forfeiture is rare. When threats fail, the most common form of penalty is a fine. Introduction of a share system, however, enables a new type of penalty to be used. Under such systems, fines can be supplemented by a mechanism whereby shares are forfeited in proportion to the size of the offence. Amongst other things, this links the size of the offence to its market value. The possibility that fishers may avoid this mechanism by placing their shares in a holding company is avoided by requiring a minimum number of shares to be assigned to each boat. It is the responsibility of the person who assigns these shares to the boat to ensure that the captain and crew comply with conditions that attach to these shares.

Under this proposed enforcement mechanism, rights and fishery management obligations are coupled. This further raises the incentive for compliance: each fisher's shareholding takes on the character of a security deposit or bond. Providing that fishers comply with conditions expressed in the management plan and attached to their shares there is no problem. If they choose to cheat the system, however, their right to continue to fish and the interests of their mortgagees are placed at risk. The feedback loops are obvious. Investors and bank managers have an incentive to ensure compliance. A bias towards owner-operator arrangements is added to the system. Moreover, if the value of the fishery rises then so does the size of the penalty that must be paid.

4.12. Ownership controls

Although a minimum number of shares may need to be attached to each boat, there is no restriction on who may own them. For political reasons, however, no more than 5% of the shares in any fishery may be held in one interest without consent from the Minister. Fishers fear that full transferability of all shares could result in rapid foreign or large company investment in what has traditionally been an owner-operator industry.

5. STARTING UP

The final and perhaps most difficult challenge is to move from the present system, which is full of inconsistencies, to the proposed framework. The Working Group, recognizing a prior Ministerial commitment to allocate rights in proportion to recent catch, recommended that fishers should be allocated shares in proportion to the gross value of their declared catch in the best three of four years between 1987 and 1990. The Act, however, leaves the final allocation and the most appropriate way to allocate shares to an interim management committee. In many cases, it is expected that catch in more recent years will be recognized. Global experience, however, would suggest that unless most fishers are grandfathered into the new system the proposal will not be politically acceptable.

A key part of the Working Group's success in convincing industry and conservation groups to support its recommendations was the way it documented its proposals in a simple booklet,⁶ sent two copies of this booklet to each licensed fisher and then organized a series of public forums along the coast of NSW to explain the proposed system. Forums typically attracted 200–300 people.

6. CONCLUDING COMMENTS

The key elements of the NSW system proposed include a highly adaptive management structure, mechanisms with strong incentives for bottom-up forms of community management, a focus on ecosystem functions and strong incentives for astute administrative practice. I believe that the system is generally applicable to most fisheries and most other forms of resource use. Moreover, the share framework is readily adapted to rights to irrigate, rights to take timber from native forests, rights to emit greenhouse gases, and rights to dispose of industrial waste.⁷

A final warning is necessary. The package presented by the Working Group contains the full spectrum of innovations available in the design of property-right systems. As such it offers opportunity for a 'win-win' transition to the new system. Some elements, such as rights to full compensation and registered mortgages, are particularly valuable and unusual in marine fisheries regimes. Once these are introduced, fishers will be much less inclined to accept further change in management systems.

ACKNOWLEDGEMENT

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GOA quotas awards for rationalization

Species Grouping	Limiting factor	Examples	Allocation	GOA element
Open for directed fishing	Quota	Pollock Pacific cod Pacific Ocean Perch Northern Rockfish	Vessel Catch History	Element 3
Open for directed fishing	Halibut bycatch	Shallow Flatfish Deep Flatfish Arrowtooth Flounder Flathead sole	Vessel Catch History	Element 6
Bycatch status only	Quota	Trawl - Sablefish Other slope rockfish Shortraker/Rougheye Thornyhead rockfish Atka Mackerel	Fleet average catch by target	Element 4
PSC Halibut Mortality			Fleet average bycatch rate by target	Element 5

*Julie
C-1
Borwick
AK Groundfish
Data Bank*

Intital Allocation

Harvest Quota

PSC Halibut allotment

Bycatch Quota allotment

Decision point which allocation scheme works is whether vessels will race for the bycatch species

Whether QS management can be implemented instead of MRB management

--bundle by individual vessel or cooperative

--Status Quo management MRB - common catch pool

Example 1.

Trawl rockfish

Traget Species	Harvest Quota	PSC Halibut	trawl-sablefn	Shortrker	
				rougheye	thornyhd
Pacific Ocean Perch	X	X	X	MRB	MRB
Northern Rockfish	X	X	X	MRB	MRB
Pelagic Shelf Rockfish	X	X	X	MRB	MRB

Example 2.

H&L Pacific cod

Traget Species	Harvest Quota	PSC Halibut	Shortrker		
			rougheye	thornyhd	Other species
Pacific cod	X	X	X	X	MRB

Flatfish that would not be allocated to historical users
Open Access Pool

Area	Species	Allocation #1	Allocation #2	Allocation #3
CGOA	Arrowtooth	46301	86213	82869
CGOA	Deep Flats	2042	2042	1875
CGOA	Flathead sole	11595	14408	14080
CGOA	Shallow Flats	8843	10433	8941
CGOA	Rex Sole	3152	3152	2525
West Yak	Arrowtooth	22331	24025	23976
West Yak	Deep Flats	1124	1124	1095
West Yak	Flathead sole	1440	1440	1440
West Yak	Shallow Flats	790	790	790
West Yak	Rex Sole	1540	1540	1540
WGOA	Arrowtooth	3869	10358	8827
WGOA	Deep Flats	262	262	257
WGOA	Flathead sole	5939	7889	7739
WGOA	Shallow Flats	18613	19303	19251
WGOA	Rex Sole	796	796	687
All areas	All Species	128637	183775	175894

Table 2. Allocation amounts in MT based on the three options in the GOA framework

Area	Species	future TAC	Allocation		
			#1	#2	#3
CGOA	Arrowtooth	99590	53289	13377	16721
CGOA	Deep Flats	2710	668	668	835
CGOA	Flathead sole	15720	4125	1312	1640
CGOA	Shallow Flats	16400	7557	5967	7459
CGOA	Rex Sole	5660	2508	2508	3135
West Yak	Arrowtooth	24220	1889	195	244
West Yak	Deep Flats	1240	116	116	145
West Yak	Flathead sole	1440	0	0	0
West Yak	Shallow Flats	790	0	0	0
West Yak	Rex Sole	1540	0	0	0
WGOA	Arrowtooth	16480	12611	6122	7653
WGOA	Deep Flats	280	18	18	23
WGOA	Flathead sole	8490	2551	601	751
WGOA	Shallow Flats	19510	897	207	259
WGOA	Rex Sole	1230	434	434	543
All areas	All Species	215300	86663	31525	39406

Usage of flatfish

Table 1. Actual catch, TAC and quota information for flatfish in the GOA for the 2001 fishery

Area	Species	Cum cat	TAC	% of TAC	ABC
CGOA	Arrowtooth	13377	25000	53.51%	99590
CGOA	Deep Flats	668	2710	24.65%	2710
CGOA	Flathead sole	1312	5000	26.24%	15720
CGOA	Shallow Flats	5967	12950	46.08%	16400
CGOA	Rex Sole	2508	5660	44.31%	5660
West Yak	Arrowtooth	195	2500	7.80%	24220
West Yak	Deep Flats	116	1240	9.35%	1240
West Yak	Flathead sole	0	1440	0.00%	1440
West Yak	Shallow Flats	0	790	0.00%	790
West Yak	Rex Sole	0	1540	0.00%	1540
WGOA	Arrowtooth	6122	8000	76.53%	16480
WGOA	Deep Flats	18	280	6.43%	280
WGOA	Flathead sole	601	2000	30.05%	8490
WGOA	Shallow Flats	207	4500	4.60%	19510
WGOA	Rex Sole	434	1230	35.28%	1230
All areas	All Species	31525	74840	n/a	215300

A.P. MOTION

I MOVE THAT A NEW STAND-ALONE ALTERNATIVE 5 BE ADDED, TO PROVIDE ANALYSIS OF SECTOR ALLOCATIONS WITH COOPS FOR CV'S AND CP'S (SEE WRITTEN AND ORAL TESTIMONY BY SUSAN ROBINSON AND THORN SMITH).

DISCUSSION

THE PURPOSE OF THIS PROPOSAL IS TO PROVIDE A SIMPLE AND CLEAR BOOKEND, SEPARATE FROM THE OTHER ALTERNATIVES.

IT REFLECTS CURRENT EFFORTS BY THE IR/IU COMMITTEE AND INDUSTRY TO RATIONALIZE NON-POULOCK GROUND FISH FISHERIES IN THE BSAI. IT MAY BE THE MOST PRACTICAL WAY TO RATIONALIZE IN THE GOM. NMFS MAY NOT BE ABLE TO IMPLEMENT A COMPLEX GULF RATIONALIZATION PROGRAM.

THE CP SECTOR HAS REQUESTED THIS STAND-ALONE ALTERNATIVE SINCE NOVEMBER OF 2002, IN RESPONSE TO THE GULF RATIONALIZATION COMMITTEE. THE CV SECTOR WISHES TO BE INCLUDED IN THIS ANALYSIS. (JOE CHILDERS)

Fig. 2

C-1
Joe Childers
WGOAF

Gulf of Alaska Inshore Cod Harvest (1995-2002)
Sector Analysis

Year	CGOA Harvest (mt)						WGOA Harvest (mt)					
	Trawl	Fixed	Inshore CP	H&L	Pot	Total	Trawl	Fixed	Inshore CP	H&L	Pot	Total
1995	23657	17696	3414	4710	12986	41353	11017	7596	5840	5193	2403	18613
1996	26712	15501	3394	5318	10183	42213	12300	5567	4138	3904	1663	17867
1997	29238	14168	1780	6508	7660	43406	18530	4465	3986	3461	1004	22995
1998	23282	14749	1944	6040	8709	38031	14714	4936	3468	3314	1622	19650
1999	20830	20098	1581	6657	13441	40928	15048	5150	4559	3989	1161	20198
2000	12223	18033	832	6607	11426	30256	11819	8126	4270	3740	4386	19945
2001	15955	9300	874	5744	3556	25255	6656	5805	4184	3820	1985	12461
2002	13672	9063	408	6498	2565	22735	5339	9449	5320	5218	4231	14788

Year	CGOA Harvest (%)						WGOA Harvest (%)					
	Trawl	Fixed	Inshore CP	H&L	Pot	Total	Trawl	Fixed	Inshore CP	H&L	Pot	Total
1995	57.2%	42.8%	8.3%	11.4%	31.4%	100.0%	59.2%	40.8%	31.4%	27.9%	12.9%	100.0%
1996	63.3%	36.7%	8.0%	12.6%	24.1%	100.0%	68.8%	31.2%	23.2%	21.9%	9.3%	100.0%
1997	67.4%	32.6%	4.1%	15.0%	17.6%	100.0%	80.6%	19.4%	17.3%	15.1%	4.4%	100.0%
1998	61.2%	38.8%	5.1%	15.9%	22.9%	100.0%	74.9%	25.1%	17.6%	16.9%	8.3%	100.0%
1999	50.9%	49.1%	3.9%	16.3%	32.8%	100.0%	74.5%	25.5%	22.6%	19.7%	5.7%	100.0%
2000	40.4%	59.6%	2.7%	21.8%	37.8%	100.0%	59.3%	40.7%	21.4%	18.8%	22.0%	100.0%
2001	63.2%	36.8%	3.5%	22.7%	14.1%	100.0%	53.4%	46.6%	33.6%	30.7%	15.9%	100.0%
2002	60.1%	39.9%	1.8%	28.6%	11.3%	100.0%	36.1%	63.9%	36.0%	35.3%	28.6%	100.0%

