

MEMORANDUM

TO: Council, SSC and AP Members
FROM: Clarence G. Pautzke
Executive Director
DATE: April 9, 1996
SUBJECT: DSR License Limitation Program

ESTIMATED TIME
4 HOURS
(for all D-1 items)

ACTION REQUIRED

Define alternatives for DSR License Limitation Program.

BACKGROUND

Item D-1(c)(1) contains a groundfish proposal to develop a license limitation program for the Southeast Alaska demersal shelf rockfish fishery submitted by industry in November 1994. Sufficient time has lapsed to warrant a reexamination of the list of proposed elements and options in the industry proposal and for the Council to revisit the issue and offer guidance to the analysts, particularly on the qualifying criteria and the transferability of licenses. ADF&G staff will prepare the analysis and report back to the Council later this year.

GROUND FISH FISHERY MANAGEMENT PLAN AMENDMENT PROPOSAL North Pacific Fishery Management Council

Name of Proposer: Sitka Rockfish Work Group

Date: 11/11/94

Address: Box 2826
Sitka, AK 99835

Telephone: (907) 747-6024

Fishery Management Plan: GOA Groundfish

Brief Statement of Proposal: License limitation program for Southeast Alaska Demersal Shelf Rockfish Fishery

Objectives of Proposal (What is the problem?): The Southeast Demersal Shelf Rockfish (DSR) fishery has been carefully managed by the State of Alaska with trip limits, and trimester quota apportionments. These measures were implemented at the request of DSR fishermen to maintain the socioeconomic framework of the fishery and to enhance market opportunities. These measures served to control effort, enabling ADF&G to achieve management goals. However, indications are that implementation of the sablefish/halibut QS program will cause a dramatic increase in effort. Given that the quota available to the directed fishery is extremely limited, this additional effort will compromise management goals and displace historic users. For these reasons, Sitka rockfish fishermen have developed a license limited entry proposal for the DSR fishery (see attachment 1). Before developing the proposal, the rockfish work group identified the following future management goals:

1. Maintain the health of the DSR resource
2. Preserve the directed DSR fishery
3. Protect traditional participants and maintain the small boat nature of fleet
4. Prevent the DSR fishery from becoming a derby
5. Enhance safety
6. Enhance market opportunities

Need and Justification for Council Action: (Why can't the problem be resolved through other channels?) DSR fishermen have exhausted the State's traditional management tools in an effort to protect the resource and to maintain the integrity of the directed fishery. Limiting entry is the obvious next step. Current State limited entry laws do not allow an effective limited entry program to be created for this fishery. Since the Council has both the authority to limit entry in this fishery and the flexibility to design an effective program, work group members are requesting Council action.

Foreseeable impacts of Proposal: (Who wins, who loses?) The proposed license program will preclude prospective entry into the DSR fishery, preventing a wasteful rockfish "derby" from developing. Limiting the number of participants will ensure that harvest guidelines continue to be met, but not exceeded. Precluding prospective entry will also ensure that the historic DSR fishermen will not be displaced. For these reasons, both the resource and the traditional fishermen will benefit. A short-term loss will be imposed on new entrants, since the license program will increase the cost of entry to the fishery. This increased cost will be off-set to some degree by the enhanced stability afforded by the limited entry program.

Are there alternative solutions? If so what are they, and why do you consider your proposal the best way of solving the problem? As stated above, DSR fishermen have made full use of available traditional management tools to protect the resource and to preserve the socioeconomic characteristics of the directed fishery. Current State limited entry laws do not allow an effective limited entry program to be created for this fishery (under State law, the number of licenses issued can be no less than the number of fishermen participating in the fishery during the year of greatest effort; for the DSR fishery this would license over 300 fishermen, five times more than currently participate) IFQs were deemed unworkable at this time for a number of reasons, including the importance of evaluating the sablefish/halibut QS program before expanding it, the difficulties associated with fishing IFQs for a high mortality species, and the still undetermined bycatch needs of the halibut QS fishery.

Supportive Data and Other Information: what data are available and where can they be found? Both CFEC and ADF&G have data on this fishery. Data provided by ADF&G aided work group members in developing the qualifying criteria for the proposed license program (see attachment 2). This data base could be used in preparing the EA for the DSR license limited entry plan.

Signature:

Jay Skordahl, rockfish work group



DSR LICENSE PROGRAM

November 10, 1994

Demersal shelf rockfish (DSR) fishermen met in Sitka last Fall to develop a management plan for their fishery. Goals identified at the meeting by this "rockfish work group" were to:

- 1) Maintain the health of the DSR resource
- 2) Preserve the directed DSR fishery without constraining the halibut IFQ fishery
- 3) Prevent the DSR fishery from becoming a derby
- 4) Prevent traditional participants and small boats from being displaced
- 5) Enhance market opportunities
- 6) Enhance safety

With these goals in mind the work group developed several management proposals to present to the Board of Fisheries (Board) and the North Pacific Fishery Management Council (Council). Among the changes recommended by the work group and ultimately adopted by the Board were: 1) changes in the seasonal apportionment of the DSR quota; 2) changes in the DSR bycatch regulations to prevent the halibut IFQ fishery from eliminating the directed DSR fishery; 3) implementation of trip limits in the East Yakutat area; and 4) reduction in the size of the Southeast outside trip limit.

After numerous meetings throughout the Winter and Spring, work group members concluded that a limited entry program would be necessary to achieve the goals outlined above. At the last Spring work group meeting, members reviewed various limited entry options. After learning that the State could not legally restrict a limited entry program for the DSR fishery to less than 300+ licenses, work group members focused on the federal system--i.e., the Council. The Council has regulatory authority over DSR and has the flexibility to design a license program tailored to each fishery. The Council is also in the process of designing a license limited entry system for groundfish fisheries in the North Pacific and Bering Sea. The work group determined that the Council offered the most likely avenue for timely implementation of an effective license program for DSR. Before moving ahead with a license program, however, the work group elected to solicit comments from rockfish fishermen throughout Southeast. At the work group's request, ALFA prepared a summary of the limited entry options considered by the Sitka fishermen and mailed it to all rockfish permit card holders for comment.

On November 9, the rockfish work group met again to identify specific elements of a license limited entry plan for the DSR fishery. The work group strove to define the traditional character of the DSR fishery and to develop elements that would preserve this character. The specific elements selected by the work group and the supporting rationale are as follows:

ELEMENTS AND OPTIONS OF THE PROPOSED DSR LICENSE LIMITED ENTRY PLAN

Nature of licenses:

* A single license shall be issued for the combined Southern, Central, Northern and East Yakutat Outside management districts. The work group recommends combining the outside districts under a single license since most DSR fishermen traditionally fish more than one area. The inside areas are omitted because the Council does not have jurisdiction over State waters.

* Licenses shall be issued to the the person who owned the vessel when qualifying landings were made except where a qualified lease existed. This provision is consistent with the sablefish and halibut QS plan. Licenses would be issued to the individual who has demonstrated a commitment to the fishery by investing in a vessel or assuming the responsibility of leasing one.

* Licenses shall be issued to individuals and may be purchased only by individuals. Leasing of licenses is prohibited. License holders must be on-board during harvesting and landing operations. The work group believes that the current owner-operated nature of the fleet is a fundamental characteristic of the DSR fishery. Therefore, in order to maintain the character of the fleet and to prevent speculative investment in licenses by corporations or absentee owners, leasing of licenses should be prohibited.

Vessel size classes:

* Licenses shall be specific to three vessel size classes. These size classes shall be vessels less than 35'; vessels 35' to 55'; and vessels 55' and greater. Licenses shall not be transferable across these size classes. Work group members recognize that the DSR fishery has historically been prosecuted with small to mid-size vessels (32' to 48'). Size classes are necessary to preserve the character of the fleet, to prevent migration of licenses, and to prevent overcapitalization. The work group choose to deviate from the halibut vessel size classes in order to separate the high capacity "limit seiners" from the smaller boat fleet. Work group members consider this seperation critical to retaining the socioeconomic profile of the DSR fishery.

Qualifying criteria: Before deciding on the qualifying criteria for a license, work group members reviewed preliminary information provided by ADF&G on effort trends. This information indicated that approximately 40 to 80 vessels participate in the DSR fishery in any given year and that the turn-over rate is high, with a relatively small number (12 to 30 vessels) remaining in the fishery for more than three years. In order to capture this characteristic, the work group developed a program with both transferable and non-transferable licenses. The transferable licenses would go to fishermen with both historic dependance and recent participation in the DSR fishery. Non-transferable licenses would be issued to active fishermen with a demonstrated historic interest in the fishery and/or current participants with a multi-year commitment to the DSR fishery. The specific qualifying years selected by the work group are:

Transferable Licenses:

* Transferable licenses shall be issued to vessel owners or qualified lease holders who have legal DSR landings on a "Y" or "M" card in at least three (3) of the five (5) years between January 1, 1990 and December 31, 1994.

Options to include:

- A) No minimum poundage per landing
- B) A 1,000 lbs per year minimum

Non-Transferable Licenses:

*Non-transferable licenses shall be issued to vessel owners or qualified lease holders who have a legal landing of DSR on a "Y" or "M" card in:

1) At least two (2) years between 1990 and 1994.

- A) No Minimum
- B) 1,000 lbs/year minimum

OR

2) At least five (5) years between January 1, 1984 and December 31, 1994 with at least one (1) landing between Jan. 1, 1992 and Dec. 31, 1994.

- A) No minimum
- B) 1,000 lbs/year minimum

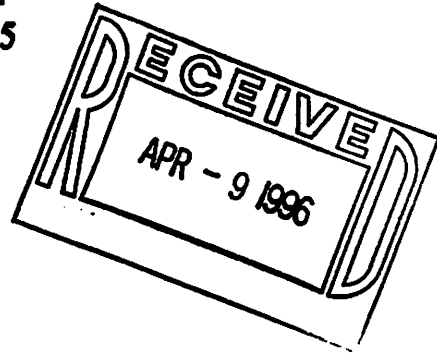
Number of permits that would qualify by number of years participated and total pounds of DSR landed for years specified Southeast Outside District excuding East Yakutat Subdistrict.

Total pounds for qualifying years	1992-1994		1991-1993		1991-1994	
	1 or more years	2 or more years	1 or more years	2 or more years	2 or more years	3 or more years
>00	154	46	175	56	66	27
>2000	92		98		61	
>5000	57	39	63	43	53	26
>10000	38	31	38	31	39	21
>15000	24	24	25	24	30	18
>20000	19	19	21	21	24	15
>30000	10	10	14	14	14	12

Gary Egerton
P. O. Box 3094
Sitka AK. 99835
F/V Swan

April 8 96

North Pacific Fishery Management Council
605 West 4th Ave.
Anchorage AK. 99501-2252
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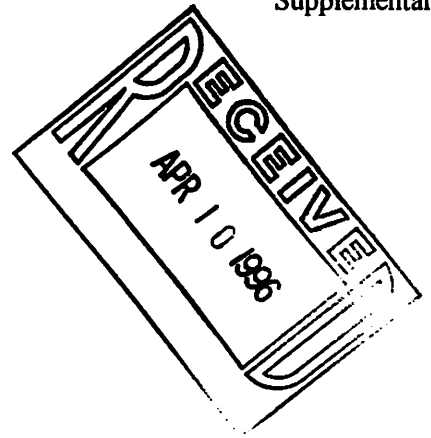
Dear Council:

This letter is to state my support for the DSR limitation plan that is being proposed by the rockfish work group from Sitka. This is a generous plan which includes present participation of anyone who made an honest effort in this fishery.

I strongly oppose the plan to set aside 50% of the DSR quota for open access. This plan is being proposed by one of the individuals who fought so hard to implement the IFQ program. IFQ's are the very reason we need to limit the DSR fishery because they did not include present participation. Now this plan will include future participation in a very small fishery which a few people rely on to make a living. I never heard an argument for 50% of the halibut and sablefish for open access. Since IFQ's are in place, the Dominoes must fall. There is no reasonable choice but to implement a limited access plan for the entire DSR quota. Limited Entry Works! The salmon troll fishery has proven that. It is very possible if not probable to gross the amount of a permit in one season.

Sincerely, Gary Egerton F/V Swan

A handwritten signature in cursive script that reads 'Gary Egerton'.



Mr. Richard Lauber, Chairman
Dr. Clarence G. Pautzke, Executive Director
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

Dear Chairman Lauber:

Re: Demersal Shelf Rockfish License Limitation Plan

The Sitka Rockfish Workgroup met five times over the winter of 95-96 to continue working on a limited access plan for the Demersal Shelf Rockfish fishery, thirty one (31) individuals participated in one or more meetings. Since our original proposal submitted to you in 1994, we have had new participants enter this fishery and our new proposal reflects the current participants as well as historical users of this fishery.

One conceptual difference from our original 1994 proposal, is a concern for including an entry level aspect to this program. The value of the "Block Proposal" in the halibut and sablefish IFQ program is evident and necessary to provide entry level into new management plans.

This concept led the workgroup to a two tier license limitation plan as follows:

NOTE: Landings of DSR during halibut opening dates have been excluded.

1 (a) Anyone landing a minimum of 3,000 lbs. in any of the three (3) qualifying years 1994, 1995 and up to 3-15-96 will receive a DSR license.

1 (b) Those persons who landed a minimum of 3,000 lbs. in two (2) of the three (3) years under 1(a) will receive a transferable DSR license. Those landing a minimum of 3000 lbs. in one (1) year only under 1(a) would receive a non-transferable DSR license.

2 Options proposed for qualifications for upper and lower tier licenses. These tiers are proposed at, 5000 lb. trip limit license and 2,500 lb. trip limit license, for the area of Southeast Alaska and a 10,000 lb. trip limit license and 5,000 lb. trip limit license for East Yakutat regulatory area. A DSR license would allow one to fish any DSR regulatory area at their designated tier.

2 (a) Those qualifying under 1(a) who had a combined total of landings at 40,000 lbs. or more from 1991 thru 3-15-96 would receive an upper tier DSR license. Those landing less than 40,000 lbs. From 1991 thru 3-15-96 would receive a lower tier license.

2(b) Those qualifying under 1(a) who landed a minimum of 8,000 lbs. in any one of the qualifying years 1994, 1995 or 1996 would receive an upper tier DSR license. Those landing less than 8,000 lbs. in 1994, 1995 or 1996 who qualified under 1(a) would receive a lower tier DSR license.

2c Those qualifying under 1(a) who landed a minimum of 3,000 lbs. in three of the years

1991 thru 3-15-96 would receive an upper tier DSR license. Those qualifying under 1(a) who landed a minimum of 3,000 lbs. In just one or two years between 1991 thru 3-15-96 would receive a lower tier DSR license.

The workgroup discussed the concept of allowing the lower tier license holders to work up to the upper tier incrementally through participation, for example if a lower tier license holder made a minimum landing of 3,000 lbs. In 1997 his license for 1998 would increase by 500 lbs or some set increment. However if and when he sold his license it would revert back to the lower tier license.

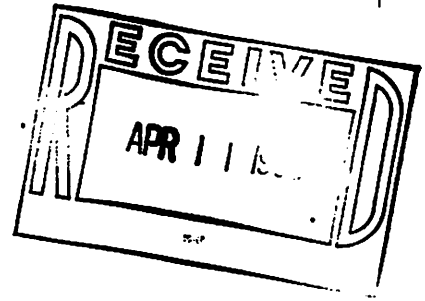
Although everyone seemed to like the idea of working up instead of buying up, there were those who pointed out that by dangling a carrot you will encourage increasing and maximizing effort which could lead us in the direction of derby style fishing. As the lower tier licenses worked their way up the upper tier licenses may work down through shortened seasons.

Thank you for your consideration of our proposal.

Jay Skordahl, Chairman Sitka Rockfish Workgroup
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Jay Skordahl

North Pacific Fisheries Management Council
Richard B. Lauber, Chairman
Clarence G. Pautzke, Executive Director
605 West 4th Avenue
Anchorage, Alaska 99501-2252



Dear Chairman Lauber:

This letter is in support of the Sitka Rockfish Workgroup's proposal for Demersal Shelf Rockfish License Limitation.

We are two of the original rockfish workgroup members from 1993 and have attended most all meetings of the group since it was formed. It has become evident that the trip limits currently in place are not working as there is increased participation and shortened seasons, what was once a slow paced fishery has become a derby the first week of January. Those of us who have relied on this fishery and it's four to six month long season (Oct thru March) to provide an income are now fishing a ten to twenty day season. The worst fear is that this fishery could become unmanageable due to over participation and be closed to a directed fishery and become a bycatch only fishery during the halibut and sablefish IFQ season.

We support a two tier license program, with a license going to anyone meeting the qualifications specified under 1(a) and 2(a) of the Sitka Rockfish Workgroup proposal, which gives a transferable license to anyone landing a minimum of 3000 lbs. during any of the three qualifying years and who had a combined total of landings of 40,000 lbs. or more during the period from 1991 thru March 15, 1996.

Having transferable and nontransferable DSR licenses would enable those with transferable licenses as a result of their historic participation move up into the halibut and sablefish IFQ fisheries and out of what some call an entry level fishery, thereby making the licenses available to new entrants into the DSR fishery. Having some of the licenses nontransferable would ensure that participation in the DSR fishery is by those having a economic dependence on the fishery, not those who might have been prospecting for a saleable permit/license.

The quota for this fishery is relatively small, for 1996 approximately 800,000 metric tons for all of Southeast Alaska and the Fairweather grounds. ADF&G needs to be able to closely monitor catches and close areas on short notice and having a limited entry system in place would allow them to estimate the numbers of both participating vessels and catch. The 1996 quota is almost double the 1995 quota, and we have no projection of the 1997 quota.

Some of the historic and the current participants of the DSR fishery received little to no halibut or sablefish IFQ's and are heavily dependent of the DSR fishery, this is not just a allocation issue but also an issue of the stability of the resource. This fishery could easily become a bycatch only fishery.

Thank you for your consideration of the proposal by the Sitka Rockfish Workgroup.

Gilbert & Betsy Knutson
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