

## **Catcher Processor Gulf Bycatch Incentive Program**

The catcher processor sector has developed this paper in response to the Council's request for stake holder input concerning an appropriate bycatch incentive program in the Gulf of Alaska trawl fisheries. The paper represents the discussions within the sector of possible measures to include in a program. The sector has **not** reached a consensus on these issues. The paper is intended only to show the Council the scope of discussions and the general program structure that the sector believes may beneficially address its bycatch concerns.

### **Rationale for the program structure - regulatory bycatch measures and cooperative bycatch measures**

The Council has clearly indicated that performance-based PSC avoidance measures will be a component of any Gulf trawl bycatch program. The Council has suggested that performance based measures should be administered at the individual vessel level to ensure that all participants undertake efforts to avoid PSC. While the use of individual performance based measures can create effective incentives, if poorly designed, they may not achieve broader objectives. In the development of a performance based program, the Council should take care to avoid creation of individual incentives that might result in poorer PSC performance overall.

Two concerns with individual performance measures should be considered. First, the measures should not deter vessels from sharing information across a fleet to achieve the PSC avoidance. Since the actions to avoid PSC may change over time with fishing conditions (such as hotspots and target concentrations), it is important not only that a fleet share information, but that it develop means for timely information sharing. Measures that create an incentive to withhold bycatch information from others could lead to poorer bycatch performance. While performance-based measures can lead to improved PSC performance, in some cases individual competition arising from those measures can impede the development of PSC improvements leading to poorer overall PSC performance.

Similarly, measures should create an incentive for development of technologies (such as excluders) for PSC avoidance. Past practices have demonstrated that the development of new technologies are most likely if undertaken at the fleet level where costs can be dispersed across several vessels. Given the potential for individual performance based measures to lessen incentives for sharing costs and information to avoid PSC, the Council should consider developing a program that mitigates these effects.

A carefully developed cooperative program can overcome these incentives, while maintaining a meaningful vessel level performance based component. Such a program structure needs to have a fleet level incentive for information sharing that outweighs any disincentive created by the vessel level performance measures. Cooperative programs also have an inherent benefit for information sharing by creating an institutional structure for undertaking that sharing. A program could be developed that rewards cooperative members collectively for acceptable bycatch performance. A cooperative bycatch performance incentive could be created by either an inseason or annual reward for acceptable PSC performance. Such a provision could be a bonus for acceptable PSC performance that is shared pro rata by all cooperative members. An individual performance measure could be imbedded in that structure by giving the best performing individuals a slightly larger share of the cooperative's reward. For example, some percentage of the cooperative's reward could be allocated based on vessel performance. This

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performance based incentive would need to be large enough to be meaningful, but small enough not to overshadow the incentive for information sharing.

Using a cooperative structure has an added benefit in that it is flexible. Gulf fisheries are currently a series of overlapping target fisheries. Under a new cooperative structure, it is anticipated that target fishery seasons will be extended, with more overlaps. In addition, PSC avoidance capability is likely to change under the revised program. Relying on a cooperative to set and administer individual incentive provisions is more likely to result in an acceptable incentive structure, since changes in that structure can be made based on experience without regulatory action. Given the lack of experience administering individual performance measures, it is possible that the first effort to define such a measure could be less than perfect. Allowing a cooperative to negotiate and administer the measure would allow for rapid correction of any such errors.

Cooperative administration also can encourage experimentation needed for PSC avoidance developments. PSC avoidance often requires some trial-and-error. At the simplest level, a vessel may do a single tow to determine PSC rates at a particular time and location. Exempting this test tow from a reward system (or at least establishing a system that does not discourage it, is likely necessary to penalize it) is a necessary component of any effective reward system. Regulations establishing penalties and rewards cannot possibly identify this type of experimentation and address the disincentive for their use that may arise from general rules that reward performance.

#### **A80 CP Trawl Co-op management measures for PSC**

- ***Possible performance standards and incentives currently under discussion***
  - A80 CP co-op sets performance standards for PSC rates based on actual fishing conditions, past history, and achievability by target fishery (*see halibut rate and mortality Tables in Chapter 4 from Amendment 95 EA for example*) – used for implementing individual performance rewards
  - Incentive measures (*in development*)
  - CPs receive pro-rata share of halibut and salmon, under co-op mgmt., based on agreed upon formula (*TBD*)
  - Possible A80/Rockfish Program cost recovery payments tied to PSC usage (inverse relationship)
- ***Cooperative communication***
  - Monitor PSC by vessel, fishery, time and area
  - Daily call-in to discuss PSC, ongoing communication on grounds
  - Information sharing between sectors, coops
  - Seastate program monitors vessels' fishing locations and bycatch data, and disseminates daily (as in whiting fishery)
- ***Reporting to the Council***
  - Annual Report to Council, detailing bycatch avoidance measures and progress (similar to Seastate presentation on whiting )

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- Cooperatives to inform Council on measures taken to date and what's in the pipeline, ie salmon excluders, BS and GOA halibut excluder)
- **Possible PSC measures**
  - Chinook:
    - 200% observer coverage
    - Video monitoring in factory
    - whole haul instead of basket sampling
    - Seashare program participation
    - genetic sampling for Auke Bay lab
    - use of cameras on headrope and/or along body of net to see where salmon is with respect to water column
    - NMFS cooperative research program on salmon excluder panels
    - Industry experimentation with salmon flaps and panels
    - Voluntary stand downs
  - Halibut
    - 200% observer coverage
    - Basket sampling
    - Ongoing use and refinement of excluder devices and gear modification
    - EFP for Deck sorting to reduce mortality
    - Cameras on headrope and intermediate
    - Test tows
    - Spread out effort (avoid chumming in halibut)
- **Gear Development**
  - Continue trawl gear modifications presently in use to reduce bycatch
  - Continue to investigate new gear modifications, camera systems, EM
  - EFP for Halibut Deck Sorting program
  - NMFS cooperative research program on salmon excluders

NMFS Regulatory management changes necessary to reduce footprint, bring greater efficiency to harvesting for resultant reduction in halibut take and mortality

- **Hard cap allocations between sectors**
- **Allocate halibut to each co-op as one aggregate amount: not divided into either SW or DW; not divided into 5 seasonal apportionments; not divided between WGOA or CGOA**
  - *Rationale: Captains can fish when target is most aggregated, ie rex sole in the end of April or May, to reduce halibut (conversely may avoid fishing rex sole in May to avoid Chinook)*
- **Enforce MRAs on trip to trip/offload to offload basis**
  - *Rationale: When marketable species which are on MRA "bycatch status" are caught before there is adequate basis species, the amt in excess of the allowable MRA is discarded. However, the vessel will "top off" at the end of the trip to catch that same marketable species. This results in the Captain towing twice in the same area, to catch*

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*an amt of fish that has been 1) discarded previously in the trip and 2) doubles PSC catch because the same tow is made twice for one total amt of fish.*

- **Allow Deck sorting in the Gulf fisheries where feasible**
  - *Rationale: getting halibut off the deck within 20 minutes greatly reduces the mortality. Catcher vessels sort at sea, and have lower mortality as a result. Afford same benefit to CPs (and to the resource). Decreased halibut mortality allows greater arrowtooth harvest which helps to better achieve OY and removes more arrowtooth from the GOA biomass so that halibut have less competition for food.*

### **Catcher processor program structure**

Catcher processor sector members have actively participated in the industry stakeholder discussions with the shoreside sector. The following provisions, elements, and options are patterned after the stakeholder group's submission to the Council to aid in integrating the provisions into a single document in the future. The format, presentation, or absence of competing options for a provision should not be interpreted as suggesting that the sector has reached consensus on any provision.

### **Sector allocations**

Pollock (620/630) – The target fishery shall be prosecuted exclusively by the inshore sector with an ICA set aside for the offshore sector as currently defined by Amendment 23 – offshore sector is regulated through the current MRAs.

Pacific cod (CG) Allocations as currently defined and managed for trawl CP and CV sectors for Western/Central Pacific cod by Amendment 83

CGOA rockfish – Primary, Secondary, PSQ allocations as currently defined by Amendment 88 (the rockfish program)

### **CGOA Flatfish**

Option 1: No allocation

Option 2: Allocate rex sole, arrowtooth, and/or deepwater flatfish (as defined in the TAC sheet) based on:

- a) Sector total catch/trawl total catch (allocates entire TAC)
- b) Sector total catch/ABC (allocates only a portion of the TAC),
- c) Arrowtooth as total/abc

Under either option, sector catch is the trawl catch of eligible LLPs that apply for sector under the program. For CP LLPs that apply for the inshore sector, any catch of the vessel (including catch processed onboard) will count toward the LLP's allocation. For CP LLPs that apply for the offshore sector, only catch that is processed onboard will count toward the LLP's allocation.

Based on sector catches from:

Option 1: 2010-2012

Option 2: 2008-2012

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Option 3: 2003-2012

Option 4: 1998-2004

### WGOA rockfish

Option 1: No allocation

Option 2: Allocate Pacific ocean perch, northern rockfish, and dusky rockfish to the offshore sector based on A80 sideboards for Pacific ocean perch and northern rockfish with the remainder allocated to the inshore. For dusky rockfish recalculate A80 sideboard based on catches of dusky alone. Black rockfish, blue rockfish, and dark dusky, yelloweye, and widow rockfish were removed from pelagic shelf rockfish complex since implementation of the sideboards and are now managed by the State of Alaska.

### WYak rockfish

Option 1: No allocation

Option 2: Allocate Pacific ocean perch, northern rockfish, and dusky rockfish to the offshore sector based on A80 sideboards for Pacific ocean perch and northern rockfish with the remainder allocated to the inshore. For dusky rockfish recalculate A80 sideboard based on catches of dusky only, since black rockfish, blue rockfish, and dark dusky rockfish were removed from pelagic shelf rockfish complex and are now managed by the State of Alaska

Sablefish - (excluding CGOA rockfish program sablefish allocation)

Long-nose skate

Big skate

Other species could be allocated after consideration of data and circumstances.

## 2 Sector PSC Apportionments

### 3.1 Halibut

The annual PSC limit will be apportioned between the following sectors and areas:

Offshore sector Gulfwide

Allocations to each sector/area will be based on relative historical PSC usage from:

Option 1: 2010-2012

Option 2: 2008-2012

Option 3: 2003-2012

Option 4: 1998-2004

Option 5: Allocation to the offshore sector will be based on the Amendment 80 sideboards, plus the history of any qualifying vessel the history of which is not included in the Amendment 80 sideboard.

### 3.2 Chinook

Apportionment to the inshore and offshore sectors will be based on the current apportionment to the pollock fishery and Council's June 2013 motion.

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A review of Amendment 80 and Central Gulf rockfish program sideboards may be appropriate.

### **Catcher processor cooperative program**

#### Eligible catcher processors

Those A80 vessels, and their replacement vessels, defined by Column A of Table 31 CFR part 679, and the LLP currently issued to them.

#### Allocation of groundfish history and apportionment of PSC limits within the catcher processor sector

Target species:

All allocations from the Central Gulf rockfish program will be maintained (including primary, secondary and PSC).

For distribution of allocations within the catcher processor sector other allocated target species, catch history is based on total catch during the qualifying period, with each eligible license receiving history based on catch of the vessel it is assigned to relative to the total catch of all vessels in the sector. All history will be attributed to the LLP license identified by the vessel owner at the time of implementation. To assign history to a license, that license must have gear, operation type, and area endorsements permitting that history.

Allow offload to offload MRA management for certain species when on bycatch status, to minimize regulatory discards:

Options: pollock, cod, other non-allocated species as determined

Note: Cod management needs special consideration because of the small allocation to the sector.

#### Halibut PSC:

Apportionment of halibut to LLP licenses under the Central Gulf rockfish program will continue as prescribed by that program.

The remainder of the sector's PSC will be apportioned within the sector to the following target species:

Pacific cod

Rex sole

Arrowtooth flounder

WGOA and WYAK rockfish

(A complete list of species should be developed after examining PSC usage and rates)

based on the average use of halibut PSC in each target species within the CP sector from the years \_\_\_\_\_, expressed as a percent of the total halibut PSC allocation to the sector (i.e., same general allocation system used for A80).

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Each eligible license will then be assigned a share of the sector's available halibut PSC based on its catch of those target species equal to its proportion of the sector's qualified catch history of the target species. (Note – Halibut PSC apportionments may be made for targets that are not allocated under this program.)

Chinook PSC:

The sector's Chinook PSC will be apportioned within the sector to the following target species:

Central Gulf Rockfish (Pacific ocean perch, northern rockfish, and dusky rockfish) in the aggregate

Western Gulf rockfish (Pacific ocean perch, northern rockfish, and dusky rockfish) in the aggregate

Pacific cod

Rex sole

Arrowtooth flounder

(A complete list of species should be developed after examining PSC usage and rates)

based on the average use of Chinook PSC in each target species from the years \_\_\_\_, expressed as a percent of the total Chinook PSC allocation to the sector.

Each eligible license will then be assigned a share of the sector's available Chinook PSC based on its catch of those target species equal to its proportion of the sector's qualified catch history of the target species. (Note – Chinook PSC apportionments may be made for targets that are not allocated under this program.)

The PSC apportionments will not change from year to year (i.e., will not fluctuate annually with target TACs).

Catch history used for allocation and eligibility purposes will be legal and documented catch. For the catcher processor sector WPR data shall be used to determine catch.

Cooperative provisions for the catcher processor sector

No later than November 1 of each year, an application must be filed with NOAA fisheries by the cooperative with a membership list for the year.

In order to operate as a cooperative, membership must be comprised of:

At least \_\_\_\_ separate entities (using the 10% AFA rule) and

At least \_\_\_\_% of the eligible LLP licenses.

Annually, each cooperative will receive allocations of each allocated target species equal to its members' LLPs aggregate share of the sector's target species allocation.

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Annually, each cooperative will receive allocations of halibut and Chinook PSC equal to its members' LLPs aggregate share of the sector's halibut and Chinook PSC apportionments, respectively.

Annual allocations would be to the cooperative and will be transferable within the cooperative among its members without NOAA Fisheries approval.

Annual allocations to the cooperative will be transferable among Gulf catcher processor cooperatives.

Inter-cooperative transfers must be processed and approved by NOAA Fisheries.

The cooperative(s) would need to show evidence of binding private contracts and remedies for violations of contractual agreements would need to be provided to NOAA Fisheries. The cooperative would need to demonstrate adequate mechanism for monitoring and reporting prohibited species and groundfish catch. Participants in the cooperative would need to agree to abide by all cooperative rules and requirements. Cooperative members are jointly and severally responsible for cooperative vessels harvesting in the aggregate no more than their cooperative's allocation of target species and PSC mortality.

CP annual cooperative allocations may be transferred to CV cooperatives.

All transfers of annual cooperative allocations would be temporary, and history would revert to the original LLP at the beginning of the next year.

Permit post-delivery transfers of cooperative quota (annual allocations to cooperatives)

There would be no limits on the number or magnitude of post-delivery transfers. All post-delivery transfers must be completed by December 31st.

#### Catcher processor limited access fishery

The catcher processor limited access fishery is prosecuted by eligible catcher processor LLP participants who elect not to be in a cooperative.

Annually, the catcher processor limited access fishery will be allocated a share of the sector's allocation of each allocated target species equal the aggregate share of all LLPs that are not assigned to a cooperative.

Annually, the catcher processor limited access fishery will receive allocations of halibut and Chinook PSC equal to \_\_\_ percent of the aggregate share of the sector's halibut and Chinook PSC apportionments, respectively, of LLPs that are not assigned to a cooperative. Note: this provision is used to create an incentive for cooperative membership and participating in the PSC reduction measures required of cooperatives.

The catcher processor limited access fishery will be subject to all current regulations including all seasonal and deepwater/shallowwater complex fishery regulations and restrictions of the LLP and MRA limitations.

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All vessels participating in the Gulf catcher processor fisheries will need to have an eligible catcher processor LLP with the appropriate gear, operation type, and area endorsement assigned to the vessel at the time of fishing.

Permanent transfers of an eligible license and its associated catch history would be allowed. Eligible LLP licenses and their associated catch history and eligibility endorsements would not be separable or divisible.