


MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke 
Executive Director

DATE: June 19, 1992

SUBJECT: Comprehensive Rationalization Program

ACTION REQUIRED

Initiate planning process to develop comprehensive rationalization program.

BACKGROUND

Need to Move Ahead

Presumably the Council will have made a final decision on the moratorium by the time we get to this agenda item. We will be sending the sablefish/halibut IFQ proposal to the Secretary in mid-July, and the inshore-offshore proposals will be submitted to the Secretary after the special, early August meeting. Now it's time to move ahead in the next phase of long range planning.

Parts 4 and 5 of the Council's action last June in approving the inshore-offshore amendment contained a commitment to proceed in developing a long-range plan to rationalize the fisheries. The Council stated:

Part 4. Other Alternatives to be Considered. Commencing immediately, the Council instructs its staff and the GOA and BSAI plan teams, with the assistance of the Alaska Fisheries Science Center, the Alaska Regional Office of the National Marine Fisheries Service, the Scientific and Statistical Committee and the Advisory Panel, to under the take the development of alternatives for the Council to consider to rationalize the GOA and BSAI groundfish crab fisheries under the respective FMPs. The following alternatives shall be included, but not limited to:

1. ITQs
2. License Limitation
3. Auction
4. Traditional Management Tools
 - a. Trip Limits
 - b. Area Registration
 - c. Quarterly; Semi-Annual or Tri-annual allocations
 - d. Gear quotas (hook and line, pots, etc.)
 - e. Time and area closures
 - f. Seasons
 - g. Daylight-only fishing

5. Continuation of inshore/offshore allocation
6. Implementation of community development quotas
7. No Action

Part 5. Duration. If by December 31, 1995, the Secretary of Commerce has not approved the FMP amendments developed under Part 4 above, the inshore/offshore and Western Alaska Community Development Quotas shall cease to be a part of the FMPs and the fisheries shall revert to the Olympic System."

Part 5 has been interpreted strictly in the inshore-offshore final rule and the regulations will expire December 31, 1995. Therefore, it would appear that the Council needs to have the follow-on comprehensive plan not only approved, but implemented, on January 1, 1996.

Dr. Knauss, in his March 4, 1992 letter approving parts of the inshore-offshore plan, urged the Council to come forward with a market driven system as rapidly as possible:

"I urge the Council to work as expeditiously as possible toward some other method of allocating fish than either the olympic system or direct government intervention. The olympic system's race to the quota contributed substantially to the problems of overcapitalization, preemption of one sector by another, bycatch and waste. It is not possible to build fences around all of the areas and industry sectors dependent on the wide variety of fish and have any semblance of a manageable fishery. Over the long term, a program that reduces the cutthroat competition of the olympic system and relies more on free market decisions, instead of government intervention, would seem to be the most viable alternative."

Schedule

While it may seem like 1996 is a ways out there in the distant future, it really is just around the corner as far as the regulatory process goes. If the Council decides to use a suite of traditional management tools as the basis for the comprehensive plan, those could be implemented rather quickly without much lead time. Essentially it would be business as usual in the annual management cycles. However, it may be more prudent for the Council to let the consideration of an IFQ system be the basis for setting a decision schedule over the next few years, because that management form would take the longest to implement.

Implementing IFQs for sablefish and halibut, for example, has become about a two-year process from time of approval by the Council. Part of that time is devoted not only to Secretarial review and establishing administrative machinery, but also to notifications and appeals. If we assume that about a year and a half is required for Secretarial approval and implementation of groundfish and/or crab IFQs (if that turns out to be the Council's preferred management tool), then the Council needs to approve the new program no later than June 1994. It might even be better to target April 1994 for a final decision to give ourselves some room for slippage.

Here's how we might get there:

1992

July - August	Staff works on qualitative analysis of options so Council can select the viable ones for quantitative analysis during 1993.
	Council establishes Planning Committee which will meet once or twice during the summer with analytical team.
September	Council approves qualitative analysis for public review.

1993

January	Council selects alternatives for in-depth quantitative analysis.
February -November	Team analysis and interaction with Council and Committee.
December	Preliminary presentation of results. Review by NMFS, Council family and industry.

1994

January	Council releases draft analysis for public review.
February-March	Public review.
April	Final decision.
May-July	Preparation for submission to Secretarial Review.
August-November	Secretarial review.
December	Secretarial decision.

1995

January-December	Establish administrative machinery; complete notifications and appeals procedures.
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1996

January 1	Implement new program.
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Planning Committee

I have suggested above that the Council establish a planning committee to interact with the analysts. This follows the pattern of the FOG and Fishery Planning Committees which provided a forum outside the environment of normal Council meetings, where much of the time both staff and Council members are too busy with other issues to concentrate solely on long range planning. Committee meetings also would give the industry a forum to track our progress and offer advice.

If the Council appoints a committee, the staff would work with them over the summer in developing the qualitative analysis, laying the foundation for the quantitative analysis, determining data needs, drafting a problem statement, and establishing the goals and objectives of potential solutions. Then during 1993, the committee would provide an excellent sounding board for the analysts as they work their way through the development of the quantitative analysis.

One other item that we need to discuss is whether or not to have a retreat as suggested by the SSC in April. If the Council does not have the inclination or time to hold a retreat outside our normal meeting schedule, the January 1993 meeting might do well for that purpose since the first meeting of the year usually has a lighter agenda than the rest.