



IFQ Committee REPORT

Sept 28, 2023; online meeting

The IFQ Committee met to provide recommendations on the IFQ Program Review workplan.

Committee Members in attendance:

Karla Bush, *chair*
Craig Evans
Jeff Farvour

Jeff Kauffman
Linda Kozak
Peggy Parker

Buck Laukitis
Michael Offerman
Erik Velsko

Members absent: Dave Fraser, Natasha Hayden, Shawn McManus, and Jeff Peterson

Others in attendance:

Sarah Marrinan
Maria Davis
Megan O'Neil
Brian Brown
Brian Garber-Yonts

Marcus Hartley
Bob Alverson
Mike Pearson
Jim Johnson

Tom Meyer
Alicia Miller
Malcolm Milne
Julien Lartigue

The Chair opened the meeting with approval of the agenda and introductions.

IFQ Program Review workplan

Marcus Hartley (Northern Economics) presented the workplan for the IFQ Program Review. Mr. Hartley noted that this is the first review of the IFQ Program since the 2016 Review which was considered very well done but rather lengthy and extremely detailed. The primary goal of the 2024 IFQ Program Review will be to reformat the report to: facilitate a focus on the major elements of the program; and highlight its conclusions and findings, while still meeting the requirements and needs of the Magnuson-Stevens Act, NOAA Fisheries Policies, and the NPMFC. The Program Review will be split into two component parts. The first component will be a written report which will contain high level overviews of the halibut and sablefish IFQ Programs, summary data and conclusions focusing on the stated program objectives as well as changes to the IFQ programs since 2015. This report will include a relatively small number of figures and tables. The second component will be an appendix that will only be available online and will contain the detailed analysis with tables and figures for all issues and topics. The section headings and the order in which they appear in the 2024 IFQ Program Review will closely follow that of the 2016 IFQ Program

Review and will include the following sections:

1. Background Information
 - 1.1 Introduction
 - 1.2 Description of Management
 - 1.2.1 Management prior to the IFQ Program
 - 1.2.2 Description of the IFQ Program
 - 1.2.2.1 Initial Allocation
 - 1.2.2.2 QS Ownership Caps and IFQ Use Provisions
 - 1.2.2.3 Transferability of QS and IFQs
2. Analytical Section
 - 2.1 Annual Catch limits in the Alaska Sablefish and Halibut Fishery
 - 2.2 Initial Allocation Process
 - 2.3 Harvest flexibility, Capacity and Consolidation
 - 2.3.1 Harvest flexibility
 - 2.3.1.1 Fishing Seasons and harvest timing
 - 2.3.1.2 Total harvests and Overage/Underage Provisions and Limits
 - 2.3.2 Gear Conflicts
 - 2.3.3 Allocation Conflicts
 - 2.3.4 Product Wholesomeness and Markets
 - 2.3.5 Fleet Diversity and Diversification
 - 2.3.6 Harvest Capacity
 - 2.4 Crewmember and Processor Impacts
 - 2.4.1 Crewmember Impacts
 - 2.4.2 Processor impacts
 - 2.5 Owner-Operated Characteristics of The Fleet
 - 2.6 Entry Opportunities and Transferability of QS and IFQ
 - 2.6.1 Entry into the Sablefish and Halibut Fisheries
 - 2.6.2 Transferability of QS
 - 2.7 Community Impacts

Alicia Miller (NMFS AKRO) proposed the following list of topics and administrative issues that the agency would like to include in the IFQ Program Review:

- Transfer Eligibility Certificate Minimum Age Policy
- Estate planning and beneficiary issues (planning and impacts of 3 year limitation of beneficiary provision)
- Administration of transfer provisions including a description of transfer requests not covered by existing provisions.
- Timing considerations for overage and underage calculations and resulting year-to-year carryover
- IFQ medical transfer provision and impacts of 2023 final rule to modify the medical transfer provision
- Requests for IFQ only transfers to be returned to the QS holder.
- Requests for transfer of IFQ received by transfer (sublease)
- Administrative challenges due to extended season dates (reporting deadlines, and cost recovery)
- Quota Share Lien Registry

These are the issues that the agency has identified to date that will be included in the management, monitoring and enforcement section, although additional issues may arise. This section will include an explanation of how the agency has been dealing with these issues and in some cases identify potential alternative approaches that the Council may choose to evaluate.

Sarah Marrinan (NPFMC staff) presented an infographic outlining the process of NPFMC Program Reviews and emphasized that the purpose of reviewing the workplan is to provide input on the scope and content of what Mr. Hartley has proposed in his workplan. Helpful feedback at this stage includes identifying topics that the Committee agrees should be included in the review, topics that may not require attention in the review, or any additional issues that the Committee feels should be added. The next step in the process will be to draft the program review which will come back for Committee review sometime in 2024 prior to being finalized. Program reviews are informational documents, rather than action documents, therefore any potential actions that may arise through the program review process will move on a separate track through the normal Council process.

Public Comment

After staff presentations, the Committee received public comment from three individuals: Bob Alverson (Fishing Vessel Owners Association), Heather McCarty (Central Bering Sea Fishermen's Association) and Malcolm Milne (North Pacific Fisheries Association).

One commenter referred to medical transfers and the need to increase the flexibility for transfer recipients to either transfer IFQ back to the original holder or to someone else if unexpected circumstances arise that would otherwise strand the IFQ for the season. To assess the prevalence of this issue, the commenter recommended including available data in the program review regarding transfers that were not harvested, or the number of requests from transfer recipients to re-transfer IFQ.

One testifier commented that information in the program review characterizing buyers should separate those that are actual processors and those that are vessels traveling out of the State of Alaska to deliver fish and are required to have a registered processors permit. Processor and buyer consolidation is an important issue to address in the program review and accurately reporting the number of shore based processors is important to identify this trend. Additionally, one goal of the owner-operator requirements of the IFQ Program was to separate ownership of harvesting privileges from processors. This rationale for the owner operated fleet is often lost and should be included in the review as it has been successful in maintaining a fishery where fishers compete against fishers for future fishing rights and do not have to compete against processors or other entities.

One commenter noted that the Covid years were skewed, and it is important to include proper caveats surrounding data for those years. Additionally, including information regarding the ages of QS holders would be helpful to document how the fleet is aging.

Committee Discussion and Recommendations

The Committee discussion focused on specific issues that should be highlighted and data that should be included in the IFQ Program Review. Some Committee members brought up potential action issues regarding lack of processing capacity and re-transferring IFQ, however there was agreement that identifying actions at this stage was premature and the Committee should meet at a later date, after the Program Review draft has been completed to discuss proposals for new actions.

The following issues were raised or highlighted by Committee members relative to the IFQ Program Review workplan:

- **Data during Covid**-The Committee urged caution when analyzing data that includes Covid years as those years may be anomalous to many of the trends in the fishery. It is important to provide context and caveat these data, particularly in regard to leasing data because leasing requirements were relaxed during those years.
- **Initial issues**-Some members requested the inclusion of information on initial issues that are individual vs non-individual entities. To the extent information is available, it would be useful to identify changes that have occurred for individuals versus corporations.
- **Owner operator issues**- Several members highlighted an interest in issues related to owner operators and the importance of specifying the definition that is being used to appropriately identify the changes in how people are participating in the fishery. Specifically, if data are available to distinguish individuals who own a vessel and are actively fishing, and those who own quota but no longer operate a vessel. Information regarding 1st generation and 2nd generation QS holders would also be useful to inform the relative amount of QS owned by those required to be on board.
- **Access challenges**- The Committee discussed the importance of including available data to characterize entry level challenges, the migration of QS out of communities, differences in participation in urban and rural communities as well as those within and outside the State of Alaska, trends in age of participants and QS holders, and difficulties in financing entry.
- **IFQ “transfer-back” issues**- Committee members supported NMFS including information on Requests for IFQ only transfers to be returned to the QS holder, highlighting experiences with the lack of flexibility for these transfers particularly related to medical transfers.
- **Processor trends**-The Committee highlighted the importance of breaking out processor data to clearly demonstrate the consolidation that has occurred and how this has affected fishery operations such as TAC utilization rates and landings patterns.
- **Biological considerations**- Some Committee members expressed interest in including information in the biological section on other sources of halibut removals (including bycatch of halibut).
- **Relative abundance of IFQ species**-The Committee recognized the differing trends in TAC and landings of sablefish and halibut and emphasized the importance in displaying these contrasting trends relative to each other.

Other business

The Committee discussed its current membership and supported checking in with latent members who have not attended recent meetings to ensure continued interest from all members, and agreed that solicitation of new members may be warranted. Some Committee members specifically identified the need to include representation from both Bering Sea and Gulf of Alaska communities, fishery operations of differing scales, younger, second-generation fishermen and newer entrants, as well as those with experience fishing in Areas 4B and 4CD. The Committee chair will work with staff, members and the Council chair to determine the appropriate scope of a potential solicitation for new members. The Committee also discussed the merits of drafting Committee Terms of Reference, however there was general agreement that the Committee has functioned well without them, and this process would require additional, unnecessary work.

The next IFQ Committee meeting will be held to review the draft IFQ Program Review and potentially the Area 4 Vessel Caps agenda item prior to these items being reviewed by the Council (likely at the April meeting). The Committee agreed that if a meeting is held during the fishing season, an option for remote attendance is very helpful to increase the attendance of members who actively participate in the fishery.