

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
Motion for Compensated Reallocation between Commercial and Charter Sectors in Areas 2C and 3A
April 6, 2007
Staff Comments

Problem Statement

The absence of a hard allocation between the longline and the charter halibut sectors has resulted in conflicts between sectors and tensions in coastal communities dependent on the halibut resource. Unless a mechanism for transfer between sectors is established, the existing environment of instability and conflict will continue. The Council seeks to address this instability while balancing the needs of all who depend on the halibut resource for food, sport, or livelihood.

Action 2. Implement measures to allow compensated reallocation from the commercial charter sector to the charter halibut sector

ELEMENTS 1, 2, 3, 5 AND 6 ADDRESS COMPENSATED REALLOCATION

Element 1 Entity/Structures to provide for compensated reallocation WHO FUNDS IT

Option 1. government - common pool

Suboption 1. state

Suboption 2. federal

Option 2. regional (2C or 3A) private non-profit (PNP) charter associations/entities - common pool

Option 3. individual - private

Suboption 1. persons holding a sport fishing guide business license from the state

Suboption 2. persons holding a guided sport halibut moratorium license (upon implementation)

Element 2 Method for Purchase/Lease WHO ADMINISTERS THE INITIAL FUNDING

Option 1. state – common pool

Suboption 1. loan

Suboption 2. bonding

Option 2. federal – common pool

Suboption 1. loan

Suboption 2. buyout program (similar to SE seine buyback program)

Option 3. regional private non-profit – common pool

Suboption 1. loan

Suboption 2. commercial bond

Option 4. individual - private

Suboption 1. loan

Element 3 Revenue Stream WHO PAYS DOWN THE LOAN/BOND

Non-self assessment revenue streams will be for a defined period and end after the loan or bond is paid off, i.e. continuous open-ended revenue streams are to be avoided.

There needs to be a link between the charter business operators and the cost of increasing the charter pool. (If the charter business operators do not experience the cost of increasing the charter pool, there will not be a feedback loop to balance the market system.)

Option 1. state

- Suboption 1. charter stamp
- Suboption 2. self-assessment
 - option 1. fee is based on number of clients
 - option 2. fee is based on number of fish
- Suboption 3. business license fee/surcharge
- Option 2. federal
 - Suboption 1. federal halibut stamp
 - Suboption 2. moratorium permit fee
 - Suboption 3. self-assessment
 - option 1. Fee is based on number of clients
 - option 2. Fee is based on number of fish
- Option 3. regional private non-profit – self assessment
 - Suboption 1. fee is based on number of clients
 - Suboption 2. fee is based on number of fish

Element 4 Sector Floor Ranges ADDRESSES MINIMUM ALLOCATION TO EACH SECTOR; SHOULD THIS BE IN ELEMENT 1 ANALYSIS?

The percentages are based on the combined commercial and charter catch limit. These are intended to establish a minimum amount that will always be available to each sector.

- A. commercial: 60 – 75%
- B. charter:
 - 2C: 12 – 16%
 - 3A: 13 – 15%

Note: These ranges should not be construed as endorsement of allocation ranges.

Element 5 Restrictions on transferability of commercial quota share USE AND LEASE CAPS

- Option 1. Limits on purchase
 - A. entities purchasing for a common pool:
 - Suboption 1. limited annually to a percentage of the amount of QS transferred during the previous year
 - option 1. during the first 3 years: 30 – 50%
 - option 2. after the first 3 years: 20 – 50%
 - Suboption 2. limitation would be based on block size. Block size restrictions may vary based on vessel size class
 - (These suboptions are not intended to be mutually exclusive.)
 - B. individual: subject to the current ownership cap and block restrictions associated with commercial quota share
- Option 2. Limits on leasing
 - A. individual:
 - Suboption 1. an individual may not own or control more than the amount equal to the current setline ownership cap converted to the number of fish in each area (currently 1% of the setline catch limit in 2C or ½% in 3A)
 - Suboption 2. an individual may not own or control more than 2,000, 5,000, or 10,000 fish. (Note: examine this as a percentage of the catch limit once allocations are established.)

Element 6 Mechanics for converting commercial quota share into Guided Angler Fish (GAF)
IMPLEMENTATION ISSUES

1. An entity must meet the eligibility requirement under element 2 to participate in the Guided Angler Fish (GAF) program. (i.e., an entity must have a sport fishing guide business license and/or a halibut moratorium license, or be a designated charter association/entity or branch of the government, to participate in the GAF program.)
2. These qualifying entities may purchase commercial QS and request NMFS ~~the~~to issue annual IFQs generated by these shares as Guided Angler Fish.
3. Qualified entities harvesting GAF while participating in the guided sport halibut fishery are exempt from landing and use restrictions associated with commercial IFQ fishery, but subject to the landing and use provisions detailed below.
4. GAF would be issued in numbers of fish. The conversion between annual IFQ and GAF would be based on average weight of halibut landed in each region's charter halibut fishery (2C or 3A) during the previous year as determined by ADF&G. The long-term plan may require further conversion to some other form (e.g., angler days).
5. Commercial fishermen who do not hold a sport fishing guide business license and/or moratorium permit may lease up to 10% of their annual IFQs for use as GAF.
6. Commercial fishermen who hold QS and a sport fishing guide business license and/or a halibut moratorium license may convert all or a portion of their commercial QS to GAF on a yearly basis if they own and fish it themselves on their own vessel. Commercial and charter fishing may not be conducted during the same trip.
7. Subleasing of GAF would be prohibited.
8. GAF holders may request NMFS convert unused GAF into IFQ pounds for harvest in compliance with commercial fishing regulations provided the GAF holder qualifies under the commercial IFQ regulations.
9. Unused GAF would revert back to pounds of IFQ at the end of the year and be subject to the underage provisions applicable to their underlying commercial QS.
10. All compensated reallocation would be voluntary based using willing seller and willing buyer.
Suboption. Pro-rata reduction and compensation.
11. Guided angler fish derived from commercial QS may not be sold into commerce, i.e., all sport regulations remain in effect.
12. Guided angler fish derived from commercial QS may not be used to harvest fish in excess of a 2 fish total bag limit on any given day.