

**NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
CENTRAL GULF OF ALASKA ROCKFISH PILOT PROGRAM
Council Motion
April 3, 2004**

PROBLEM STATEMENT

The present management structure of the CGOA rockfish fishery continues to exacerbate the race for fish with:

- Increased catching and processing capacity entering the fishery,
- Reduced economic viability of the historical harvesters (both catcher vessels and catcher processors) and processors,
- Decreased safety,
- Economic instability of the residential processor labor force,
- Reduced product value and utilization,
- Jeopardy to historical groundfish community stability,
- Limited ability to adapt to Magnuson-Stevens Act (MSA) requirements to minimize bycatch and protect habitat.

While the Council is formulating GOA comprehensive rationalization to address similar problems in other fisheries, a short-term solution is needed to stabilize the community of Kodiak. Kodiak has experienced multiple processing plant closures, its residential work force is at risk due to shorter and shorter processing seasons and the community fish tax revenues continue to decrease as fish prices and port landings decrease. Congress recognized these problems and directed the Secretary in consultation with the Council, to implement a pilot rockfish program. The fishing fleets have had little experience with cooperative fishery management and needs to begin the educational process. For the fishery to be rationalized all aspects of the economic portfolio of the fishery needs to be recognized. To stabilize the fishery economy all the historical players – harvesters (both catcher vessels and catcher processors) and processors need to be recognized in a meaningful way. The demonstration program is designed as a short-term two-year program for immediate economic relief until comprehensive GOA rationalization can be implemented.

Alternatives, Elements and Options

The Council recommends the following elements and options for the CGOA Rockfish Pilot program be included for analysis:

Set-asides:

Prior to allocation of catch history to the sectors, NMFS shall set aside:

- ICA: An Incidental Catch Allocation (ICA) of POP, Northern rockfish and pelagic shelf rockfish to meet the incidental catch needs of fisheries not included in the pilot program
- Entry Level Fishery: A percentage of POP, Northern rockfish and pelagic shelf rockfish for catcher vessels not eligible to participate in the program, as mandated in the Congressional language. For the first year of this program, this set-aside will be: a) 3% b) 4% c) 5% percent of each of these target rockfish species. If this amount is less than 5% and is taken in the first year, the set-aside will be increased to 5% in the second year.
 - Allocations shall be apportioned between fixed and mobile gear:
 1. 50/50
 2. proportional to the number of applications received for each gear type
 - The Council will develop an method for rolling over an allocation, in the event a sector is unable to harvest its allocation.

Entry-Level Fishery:

Catcher Vessel Participation:

Vessels that can participate in the Entry Level fishery are those vessels that did not qualify for the CGOA rockfish pilot program.

Processor Participation:

Processors who purchase and process the entry level rockfish quota must be non-qualified processors.

Fishery participation:

Before the beginning of each fishing year an application must be filed with NMFS by the interested vessel that includes a contract with a non-qualified processor for a market.

NMFS will determine:

- Whether limits need to be imposed on vessel participation
- If limits need to be imposed, determine the appropriate number of vessel that would be allowed to fish in the entry level fishery
- If more vessels apply then the fishery can support, a lottery will occur to determine the participants.
 Suboption: Equal shares distributions to the vessel applicants
- Entry permits are non-transferable and must be fished by the named vessel

Sector Definitions:

Option 1. Trawl catcher vessel

Option 2. Trawl catcher processor

A trawl catcher-processor is a trawl vessel that has a CP LLP license and that processes its catch on board.

Rationalized Areas

- History is allocated for the CGOA only (NMFS statistical areas 620 and 630)

Sector Allocations:

- Catch history is determined by the sector qualified catch in pounds as a proportion of the total qualified catch in pounds.
- Sector allocation is based on individual qualified vessel histories with the drop-2 provision at the vessel level.

Each sector is allocated catch history based on:

Option 1. The sum of all catch history of vessels in that sector for the years 1996-2002, drop two, whether the vessels earned a CGOA LLP endorsement or not.

Option 2. The sum of all catch history of vessels in that sector for which it earned a valid, permanent, fully transferable CGOA LLP endorsement, for the years 1996-2002 drop two.

Suboption: include history of vessels which hold a valid interim endorsement on implementation of the program

Target species:

- Qualified target species history is allocated based on retained catch (excluding meal)
- History will be allocated to each sector for POP, Northern rockfish and pelagic shelf rockfish caught in the CGOA while targeting any one of these species during the qualifying period, including incidental catch of these species caught while targeting another of these target rockfish species.

- Different years may be used for determining the history of each of the three rockfish species.
- Full retention of the target rockfish species required

Secondary species:

- Secondary species history is allocated based on
 - a) total catch
 - b) retained catch
 while targeting the primary rockfish species listed above.
- History will be allocated to each sector for sablefish, shortraker/rougheye rockfish, thornyheads and Pacific cod.
 - Option 1. Participants must retain all allocated secondary species and stop fishing when cap is reached.
 - Option 2. Pacific cod history will be managed by MRA for vessels that fish on the offshore pcod quota
- All non-allocated secondary species will be managed by MRA, as in the current regime. This includes Arrowtooth flounder, deep water flatfish, shallow water flatfish, flathead sole, rex sole, pollock, other species, atka mackerel and other rockfish.
- Secondary species allocations will be based on:
 - 1) Catch by sector of the secondary species caught while targeting rockfish divided by the catch of secondary species by all sectors over the qualifying period. The calculated percentage is multiplied by the secondary species quota for that fishery year and allocated to each sector in the pilot program. (analyze total and retained catch)
 - 2) Percentage of catch by sector of the secondary species within the rockfish target fisheries divided by the total number of years in the qualifying period. The calculated percentage is multiplied by the secondary species quota for that fishery year and allocated to each sector in the pilot program. (analyze total and retained catch)

Prohibited species (halibut mortality):

- Allocation to the pilot program will be based on historic average usage, calculated by dividing the total number of metric tons of halibut mortality in the CGOA rockfish target fisheries during the years '96-'02 by the number of years (7). This allocation will be divided between sectors based on:
 - 1) The actual usage of each sector
 - 2). The relative amount of target rockfish species allocated to each sector.

Allocation from Sector to Vessel

- Within each sector, history will be assigned to LLP holders with CGOA endorsement that qualify for a sector under the 'sector allocations' above. The allocations will be to the current owner of the LLP of the vessel which earned the history.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e., moratorium qualification or LLP license) of an LLP qualifying vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. (Only one catch history per LLP license.)

Persons who have purchased an LLP, with a CGOA endorsement to remain in the fishery may obtain a distribution of harvest share on the history of either the vessel on which the LLP is based or on which the LLP is used, not both. License transfers for purposes of combining LLPs must have occurred by April 2, 2004.

Target species:

Each LLP holder will receive an allocation of history equivalent to their proportion of the total of the sector qualifying history.

Secondary species:

Each LLP holder will receive an allocation of sector history proportional to their allocation of target rockfish history

PSC (halibut mortality)

- Each LLP holder will receive an allocation of halibut mortality equivalent to their proportion of the sector rockfish history

Allocations of secondary species:

- 1) Must be fished in conjunction with the primary species allocations.
(Compliance monitored at offload)
- 2) May be fished independently of the primary species allocations.

Co-op provisions

Duration of cooperative agreements is 2 years, with the pilot rockfish program expiring at the end of two years or when Comprehensive GOA rationalization is implemented.

For all sectors

- The co-op membership agreement and the Contract will be filed with the RAM Division. The Contract must contain a fishing plan for the harvest of all co-op fish.
- Co-op members shall internally allocate and manage the co-op's allocation per the Contract.
- Subject to any harvesting caps that may be adopted, allocated history may be transferred and consolidated within the co-op to the extent permitted under the Contract.
- The Contract must have a monitoring program. Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of rockfish species, secondary species and PSC mortality, as may be adjusted by inter-co-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement.
- Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original agreement.
- Co-ops will report annually to the Council as per AFA.

CP sector:

History is allocated to the current owner of the LLP of the vessel that earned the history.

- Owners may fish their allocation independently if the LLP has a CGOA endorsement, or may enter into a cooperative arrangement with other owners.
- More than one co-op may form within the sector
- Any number of eligible LLPs may form a co-op
- Allocations may be transferred between co-ops of at least:
 - Option 1: two LLPs
 - Option 2: three LLPs

CV sector:

- Voluntary co-ops may form between eligible harvesters in association with processors.
- Catcher vessel co-ops must be associated with an eligible processor.
- An eligible processor is a processing facility that has purchased 250 MT of aggregate Pacific Ocean Perch, Northern Rockfish, and Pelagic Shelf rockfish harvest per year, for 3 years, from 1996 to 2001.
- A harvester is eligible to join a cooperative in association with the processing facility to which the harvester delivered the most pounds of the three rockfish species combined during the year's 1996–2001 drop 1 year (processor chooses the year to drop, same year for all LLPs)
- Harvesters may elect not to join a co-op, and continue to fish in an LLP/Open Access fishery during the two-year pilot program. Those LLPs that opt out of the cooperative portion of the pilot program will be penalized 0 to 20% of their historical share. The penalty share will be left with the LLP's associated cooperative. The LLP's remaining share will be fished in an open access fishery environment and must be delivered to one of the qualified processors.
- If a processing facility has closed down and another processing facility has acquired that processing history through purchase, the history belongs to the facility that purchased that history. That history must remain in the community that it was generated in.
- The harvesters that enter into a co-op membership agreement shall be the members of the co-op. The processor will be an associate of the cooperative but will not be a cooperative member.
- A pre-season Contract between eligible, willing harvesters in association with a processor is a pre-requisite to a cooperative receiving an allocation of Historical Shares.
- Co-op membership agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations except as permitted by general antitrust law.
- Processors are limited to 1 co-op per plant.
- Catcher vessel cooperatives are required to have at least:
 - a) 50-75 percent of the eligible Harvest Share for each co-op associated with its processor
 - b) Any number of eligible harvesters (allows single person co-op)
- Co-ops may engage in inter-Cooperative transfers (leases) of historical shares during the 2-year co-op period to other Cooperatives with agreement of the associated qualified processor.

CP Transfer provisions

CP historical shares may be transferred (leased) within co-ops and between co-ops with at least:

Option 1: two LLPs each (with CGOA endorsements)

Option 2: three LLPs each (with CGOA endorsements)

Sector Transfer provisions

CP historical shares may be leased to CV cooperatives. CV historical shares may not be leased to CP cooperatives.

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

Co-op harvest use caps

CV co-ops:

Control of harvest share by a CV co-op shall be capped at:

Option 1. 30% of aggregate POP, Northern Rockfish and PSR for the CV sector

Option 2. 40% of aggregate POP, Northern Rockfish and PSR for the CV sector

Option 3. 50% of aggregate POP, Northern Rockfish and PSR for the CV sector

Option 4. No cap

CPs:

Control of harvest share by a CP shall be capped at:

- Option 1: 50% of aggregate POP, Northern Rockfish and PSR for the CP sector
- Option 2: 60% of aggregate POP, Northern Rockfish and PSR for the CP sector
- Option 3: 75% of aggregate POP, Northern Rockfish and PSR for the CP sector
- Option 4: No cap

Eligible CPs will be grandfathered at the current level

Shoreside processor use caps

Shoreside processors shall be capped at the entity level.

No processor shall process more than:

- Option 1. 30% of aggregate POP, Northern Rockfish and PSR for the CV sector
- Option 2. 40% of aggregate POP, Northern Rockfish and PSR for the CV sector
- Option 3. 50% of aggregate POP, Northern Rockfish and PSR for the CV sector
- Option 4. No cap

Eligible Processors will be grandfathered.

Program Review.

Program review the first and second year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters, processors and communities. Conservation benefits of the program would also be accessed.

Sideboards

Opt out provision: Qualifying LLPs may choose to opt out of the program on an annual basis. The history of these LLPs will stay with the sector. LLPs which opt out of the program will not be sideboarded in other fisheries if their allocation is less than a) xx b)xx c)xx d)xx (a series of appropriate numbers provided by staff based on catch distribution).

Exemptions from sideboards:

Vessels with rockfish allocations less than the following percentages are exempt from sideboards:
a) xx b)xx c)xx d)xx (a series of appropriate numbers provided by staff based on catch distribution).

- o Allocations may not be leased

Qualifying LLPs which participate in the CGOA rockfish pilot program are limited, in July, in the following fisheries:

CGOA flatfish (all), AI POP, BSAI other flatfish, BSAI yellowfin sole, BSAI pacific cod, WGOA rockfish, WYAK rockfish

1) To fisheries in which the LLP participated in July from 1996 to 2002 for:

- a) Any one year
- b) Any two years
- c) Any four years
- d) Any six years

2) To

- 1. maximum percentage
- 2. average percentage

of

- 1. total catch
- 2. retained catch

by target, and PSC by target (BSAI) or deep or shallow water complex (GOA) during the month of July in any one year from 1996-2002

As a separate option, the CP sector could choose to fish its sector allocation under the current management regime, with the rockfish fishery starting on July 1st.

Additionally, the Council requests the following:

- Vessels (by name) that made landings in the CGOA target rockfish fishery from 1996-2002 with current endorsement status
- Estimates of TH and RE/SR incidental catch requirements in the sablefish, halibut and pcod LL fisheries. The Council recommends using observer and IPHC data
- Natural divisions in the level of history awarded within each sector (i.e. between vessels with minimal, moderate and high participation)
- For the following fisheries: GOA flatfish (all), AI POP, BSAI other flatfish, BSAI yellowfin sole, BSAI pacific cod, WGOA rockfish, WYAK rockfish:
 - Participation patterns in these fisheries during the month of July by LLP holders who will receive allocations
 - Percentage of total catch, by species complex, in the month of July for each year 96-02 by sector
 - GOA: Deep complex=rex sole, deep water flatfish, arrowtooth flounder
 - Shallow complex=shallow water flatfish, flathead sole
 - BSAI: Other flatfish=rocksole, flathead sole, arrowtooth flounder, Alaska plaice, other flatfish
- Before this program can be renewed beyond the 2 year pilot period, the issue of use/ownership caps must be brought back to the Council to consider company and vessel caps.

Inclusion of a third alternative for analysis (status quo is first alternative, elements and options above define second alternative)

The Council directed staff to revise the elements and options as necessary to define a third alternative that is a harvester cooperative program that includes a license limitation program for processors. This third alternative will rely on the elements and options above (including those that define processor eligibility) to the extent practicable.