

Crossover Proposal

At the April 2007 meeting the North Pacific Fishery Management Council will be considering catch control measures for the guided sport halibut fleet that are expected to be in place for the 2008 season. These catch control options include bag limit reductions, minimum size limits, annual limits, slot limits and season closures. The goal of the catch controls is to restrict guided sport harvest to the Guideline Harvest Level (GHL) until superseded by a long term plan. The Council is also considering converting the GHL to a hard allocation that is expressed as a percent of the combined guided sport/setline quota.

Several proposals have been suggested to transfer QS from the commercial sector to the guided sport sector. Some use new taxes or halibut stamps to fund the transfer. While providing some relief to the immediate allocation issues, these types of proposal will require legislative action on either the State or Federal level. They may also cause market distortions increasing the cost of entry level shares, and because of difficulties starting and stopping taxation programs as catch limits and demand fluctuate, they may prevent market forces from balancing consumer demand with recreational harvest.

The crossover proposal allows guided sport operators to use commercial QS they already own, or to purchase and lease additional commercial QS. It was developed as an affordable, market based approach to allow charter businesses to provide guided sport clients additional fishing opportunities above and beyond the limits imposed by the Council to restrain harvest to the GHL. The crossover proposal is based on private businesses making contractual agreements and does not require legislative action creating new federal or state tax programs. **Crossover shares would only be used to cover halibut retained by guided sport clients in excess of the bag limit imposed by the Council, but not to exceed a maximum daily bag limit of 2 fish.** Such a program would: 1) allow guided sport operators to meet client demand; 2) minimize the social and economic impacts of necessary harvest controls; 3) allow guided sport operators to market a predictable recreational experience; 4) provide a limited “compensated reallocation” of quota from the setline sector to the guided sport sector; 5) allow market forces to determine the optimum distribution of quota between sectors and 6) build capacity in monitoring and enforcement.

Several provisions of the current halibut IFQ program make it unworkable for guided sport operations to use setline quota share under existing regulations. These provisions, among others, include the qualified buyer provision, no leasing restriction, owner on board provision, the 3 hour prior notice for landings, and the need for certified scales. A comparison of guided sport license holders with a list of commercial QS holders indicates that guided sport businesses currently own some 300,000 to 400,000 lbs of commercial QS in each area, 2C and 3A. This QS could be immediately available for use if landing and ownership regulations were changed.

The crossover proposal seeks to address the existing roadblocks and thereby facilitate guided sport access to a limited amount of setline quota while still respecting critical aspects of the setline halibut IFQ fishery—e.g., preserving an entry level and maintaining a diverse, primarily owner-operated fleet. To respect these aspects but allow halibut IFQ to “crossover” to the guided sport sector, the following elements and options of a regulatory package are proposed:

(Note: these elements and options are largely extracted from the Council’s charter 2001 IFQ program. Options different from that program are highlighted in **bold**.)

Step 1. Convert the GHL to a % based allocation which floats with abundance.

- See Council list of options.

Step 2. Amend existing halibut IFQ regulations to allow transferability between sectors:

1. **Persons holding a guided sport business license (GSBL) from the State may purchase or lease commercial halibut IFQ for use in the guided sport halibut fishery. GSBL holders would be exempt from the sea time requirement for transfer of commercial IFQ.**
 - a. **Leased commercial quota share blocks may be split to allow transfer of smaller IFQ amounts to the charter sector - split blocks retain original designations.**
2. **GSBL holders may request NMFS/RAM designate shares they own or have written lease agreements for as Guided Angler Shares (GAS shares). GA shares are exempt from landing and use restrictions associated with commercial IFQ when used in the guided sport halibut fishery.**
 - a. **All GA shares would retain their original designations and revert back when the lease expires or they are sold.**
 - b. **Block limits would apply to GA quota shares in GS fishery—i.e., Guided sport operators would be limited to three blocks in an area, or one block and unblocked shares of purchased quota share.**
3. **GAS shares** would be issued in numbers of fish (based on average weight determined by ADF&G) to allow current fishing practices to continue.
4. **GAS share leasing provisions**
 - a. 20% of a **GSBL holder's** annual IFQ **from GA shares** is leasable within the charter sector.
 - b. Leasing is defined as the use of **GA share** IFQ on a vessel in which the owner of the QS has less than a 50% ownership interest.
 - c. 10% of a **GSBL holder's** annual IFQ **from GA shares** may be leased to the commercial sector.
 - d. **10% of a commercial fisherman's quota share, by area may be leased on an annual basis to a GSBL holder and converted to GA shares.**
5. **GS share use provisions**
 - a. use cap for charter QS owners only of 1 percent of combined QS units in Area 2C and ½ percent of combined QS units in Area 3A (for all entities, individually and collectively)
 - b. use caps for charter QS owners only of ½ percent of combined QS units for combined Areas 2C and 3A (for all entities, individually and collectively)
6. **Other provisions-**
 - a. GA shares may not be used to exceed the maximum 2 fish bag limit established by the IPHC.
 - b. 10% underage provision of total **GA share** IFQs (i.e., 10% of a person's annual IFQ may be carried over to the following season.)
 - c. Halibut harvested aboard a charter vessel continues to be the property of the angler who caught the halibut provided the charter owner possesses sufficient IFQ.
 - d. **A GSBL holder may request NMFS RAM convert his GA shares back to their original designation at any time and harvest them in compliance with the commercial IFQ regulations.**

- e. IFQs are an access privilege, not an ownership right. They may be revoked or limited at any time in accordance with the North Pacific Halibut Act as well as the Magnuson-Stevens Act, and other federal laws.

Step 3. Monitoring and enforcement issue. In 2003, NMFS contracted with Wostman & Associates to design a data collection program compatible with guided sport operations yet robust enough to monitor a share based management plan. **This system is based on logbooks and telephone or internet call in and reporting of numbers of fish. This system was designed to balance the needs of enforcement with the technology available to charter operators. In addition to the approach outlined in the study:**

- **GA shares would only be used to cover halibut retained by charter clients in excess of the bag/possession/slot limit size imposed by the Council.**
- **GA share landing requirements would be based on the system developed by NMFS for the charter IFQ program.**
- **GA share halibut landed in this manner may not be sold into commerce - i.e., all sport regulations remain in effect.**
- **Charter operators landing GA shares on private property (e.g., lodges) would be required to allow ADFG samplers/enforcement personnel access to the point of landing.**
- **Remaining implementation issues would be addressed by a stakeholder group.**

Step 4. Provide finance assistance using existing programs

- **Modify IFQ loan program to allow guided sport operators to qualify for federal loans to lease or purchase quota**