

COUNCIL MOTION – JUNE 2007

Compensated Reallocation between Commercial and Charter Sectors in Areas 2C and 3A

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 between the commercial sector and the charter sector

Element 1: Holder of Quota Share, Method of Funding and Revenue Stream

Element 1.1: Federal – common pool

- A. Method of Funding
 - option 1. loan
 - option 2. buyout program
- B. Revenue Stream
 - option 1. halibut charter stamp
 - option 2. moratorium permit fee
 - option 3. self-assessment fee
 - suboption 1. fee is based on number of clients
 - suboption 2. fee is based on number of fish

Element 1.2: State of Alaska – common pool

- A. Method of Funding
 - option 1. loan
 - option 2. bonding
- B. Revenue Stream
 - option 1. charter stamp
 - option 2. sportfishing license surcharge
 - option 3. business license fee/surcharge or limited entry permit holder
 - suboption 1. fee is based on number of clients
 - suboption 2. fee is based on number of fish

Element 1.3: Regional private non-profit associations – common pool

- A. Method of Funding
 - option 1. loan
- B. Revenue Stream
 - option 1. self-assessment
 - Suboption 1. fee is based on number of clients
 - Suboption 2. fee is based on number of fish

Element 1.4: Individual - private (A moratorium permit would be required unless the moratorium is not in place, in which case a Guided Sportfish Business License would be required instead.)

- A. Method of Funding
 - option 1. loan programs
 - option 2. private funding

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.

Element 2: Restrictions on transferability of commercial quota share by charter sector, with grandfather clause to exempt current participants in excess of proposed limits

Element 2.1: Limits on transferability

The percentages are based on the combined commercial and charter catch limit.

A percentage of the combined commercial and charter catch limit will be available for transfer between sectors.

- Option 1: 10 percent
- Option 2: 15 percent
- Option 3: 20 percent
- Option 4: 25 percent

Element 2.2: Limits on purchase

A. entities purchasing for a common pool:

- Option 1. limited annually to a percentage (30-50%) of the average amount of QS transferred during the previous five years.
- Option 2. Restrictions on vessel class sizes/blocked and unblocked/ blocks above and below sweep-up levels to leave entry size blocks available for the commercial market and to leave some larger blocks available for an individual trying to increase their poundage.

(These options are not intended to be mutually exclusive.)

B. individual: subject to the current ownership cap and block restrictions associated with commercial quota share

Element 2.3: Limits on leasing

A. Common Pool:

The common pool may only lease 0-15% of holdings back to the commercial sector.

B. Individual charter operators:

- Option 1. an individual may not hold 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)
- Option 2. an individual may not hold 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.)
- Option 3. charter operators may lease up to 10% of their QS back to commercial sector

C. Individual commercial fishermen:

- i. 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 GAF¹ on an individual basis, or to a common pool.
- ii. 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 from the same vessel during the same day.

¹ * GAF = Guided Angler Fish (This is used only as a charter unit of measurement for commercial quota share converted to charter use and is not indicative) of a particular long term solution.)

** indicates changes made by the AP to the Halibut Stakeholder recommendations

Element 3: Implementation Issues

1. These qualifying entities may purchase commercial QS and request NMFS to issue annual IFQs generated by these shares as Guided Angler Fish (GAF*).
2. 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.
3. 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).
4. Subleasing of GAF would be prohibited.
5. 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.
6. Unused GAF may 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.
7. All compensated reallocation would be voluntary based using willing seller and willing buyer.
 - Option: A pro-rata reduction with compensation. A pro rata reduction would not decrease the number of QS held by an individual; rather, it would decrease the size of the total commercial pool from which IFQs are annually calculated. The effect would be similar to how a decrease in abundance affects annual calculation of IFQs, except that quota share holders would be compensated for the resultant poundage reduction of their IFQs.
 - Option: exempt category D QS from voluntary and involuntary pro-rata reduction with compensation
8. Guided angler fish derived from commercial QS may not be sold into commerce, i.e., all sport regulations remain in effect.
9. Guided angler fish derived from commercial QS may not be used to harvest fish in excess of the non-guided sport bag limit on any given day.
10. 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.