

**North Pacific Fishery Management Council  
Gulf of Alaska Rationalization Motion  
April 2006**

The Council accepts staff's suggested changes concerning antitrust considerations as outlined in the discussion paper.

Sections **L-1** through **L-9**, under Alternatives 2 and 3 are replaced, in total, with the following options:

**L-1. Transferability - Leasing**

**Alternative 2**

For Hook and Line (HAL) catcher vessels

Apply leasing limitation inside and outside of cooperatives

Leasing of QS is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as "hired skipper" requirement in halibut/sablefish program.

Option 1. Allow leasing of up to (5%,10%, 15%, 20%) of CV QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.

For Hook and Line (HAL) CPs

Allow leasing of CP QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.

**Alternative 3**

Leasing of history is defined as the use of the resulting annual allocation by a person who is not the holder of the underlying history on any vessel and use of that annual allocation by an individual designated by the history holder on a vessel which the history holder owns less than 20% -- same as "hired skipper" requirement in halibut/sablefish program.

For Hook and Line (HAL) catcher vessels

Option 2. Allow leasing of up to (5%,10%, 15%, 20%) of CV primary species history, but only to individuals and entities eligible to receive history by transfer.

For Hook and Line (HAL) catcher processors

Allow leasing of CP history, but only to individuals and entities eligible to receive history by transfer.

**L-2. Share Use – Owner-on-board**

**Alternative 2**

For Hook and Line (HAL) catcher vessels

Apply owner-on-board requirements inside and outside of cooperatives

(80%, 85%, 90%, 95%) of the fixed gear primary species quota shares initially issued to fishers/harvesters would be designated as "owner on board."

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares. This exemption applies only to those initially issued quota shares.

In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of 3 years out of any 10 year period.

### **L-3. Excessive share caps – individual caps on use and holdings**

#### **Alternative 2 and 3**

History holdings of a co-op member shall be capped at:

- Option 1. .5% of the history by area and primary species
- Option 2. 1% of the history by area and primary species (Pacific cod and WGOA deep water flatfish)
- Option 3. 3% of the history by area and primary species (Pacific cod and WGOA deep water flatfish)
- Option 4. 5% of the history by area and primary species
- Option 5. 20% of the history by area and primary species
- Option 6. 30% of the history by area and primary species
- Option 7. no cap

Allocations to original issues would be grandfathered at the original level of history.

#### **CP history conversion to CV history**

CP history and annual allocations converted to CV history and annual allocations will count toward CV caps

Caps will be applied to prohibit acquisition of history in excess of the cap. Conversion of CP history or annual allocations to CV history or annual allocations alone will not require a CP history holder or cooperative to divest CP history and annual allocations for exceeding CP caps.

### **L-4. Excessive share caps – vessel use caps**

#### **Alternative 2 and 3**

##### **Individual vessel use cap**

Vessel use caps on harvest shares harvested on any given vessel shall be set at

- i. 100%
- ii. 150%
- iii. 200%

the individual use cap for each primary species and area. Initial issues that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.

### **L-5. Excessive share caps – vertical integration caps**

#### **Alternatives 2A High and 2B High**

Harvest shares initial recipients with more than 10% limited threshold ownership by licensed processors are capped at 115-150% of initial allocation of harvest CV shares by primary species and area.

#### **Alternative 2C**

Up to 30% of CV shares shall be designated as “CVP” shares and eligible to be held by processors and CV recipients.

#### **Alternative 3**

Any processor holdings of history, using the 10% limited threshold rule, are capped at:

- Option 1. initial allocation of harvest CV and CP shares by primary species and area
- Option 2. 115%-150% of initial allocation of CV history by primary species and area
- Option 3. 115%-150% of initial allocation of CP history by primary species and area
- Option 4. no cap

### **L-6. Excessive share caps – cooperative use caps**

#### **Alternative 2 and 3**

Control of history or use of annual allocations by a co-op shall be capped at:

- Option 1. 15% by primary species and area (Pacific cod and WGOA flatfish).
- Option 2. 25% by primary species and area
- Option 3. 45% by primary species and area
- Option 4. no cap

## **L-7. Block Program**

### **Alternative 2 & 3**

Preserving entry level opportunities for Pacific cod

Holders of High Producer (unblocked) QS can not acquire additional Low producer (blocked) QS (no divestment required)

All initially allocated Low producer shares will be blocked shares

Initial allocations of blocked shares will be allocated as blocks of or less than a specific size.

- *For example: If a Low Producer issuant receives an initial allocation of 115,000 lbs and if the Council establishes maximum block size to be 20,000 lbs the initial issuant would receive five (5) 20,000 blocks and one (1) 15,000 lb block.*

Blocked shares can be combined into larger blocks up to:

1. 10,000 lbs
  2. 20,000 lbs
  3. 30,000 lbs
  4. Other limit to be determined after analysis describes the impacts of this option
- Suboption. Low producer harvest shares earned as a bycatch in the halibut sablefish ITQ program would be exempt from the block program and will be issued as unblocked shares

Eligible participants would be allowed to hold a maximum of:

Option 1 1 block

Option 2 2 blocks

Option 3 3 blocks

Suboption for all options in this section:

- Original issuants are eligible to hold any number of originally issued blocks, but may not acquire more than the allowable limit.

Any person may hold:

Option 1 One block and any amount of unblocked shares

Option 2 Two blocks and any amount of unblocked shares

Option 3 Three blocks and any amount of unblocked shares

## **L-8. Overage Provisions**

### **Alternative 2 and 3**

A 7 day grace period after an overage occurs for the owner to lease sufficient IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overages and fines.

Overages up to 10% of the last trip will be allowed with rollover provisions for underages up to 10% of harvest shares (or IFQ).

Overages would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

## **L-9. Retention of halibut out of season**

### **Alternative 2 and 3**

Halibut incidentally caught may be retained outside the halibut season from Jan. 1 to start of commercial fishery. Any person retaining halibut must have adequate halibut IFQ to cover the landing. Retention is limited to (range 10-20%) of primary species.

Option 1: In all GOA areas.

Option 2: Limited to Areas 3A, 3B, and 4A.

The Council requests that staff notify the IPHC concerning these provisions.

Under **G-11**, Individual allocations – Secondary Species, the suboption under option 1 is replaced with the following language:

Division of catch history would be determined in Option 1 above between gear types upon implementation of the program. Secondary species may be allocated to individuals or cooperatives for

one gear type (i.e., trawl) with other gear types maintaining status quo management (i.e., species managed with MRAs, where fisheries status changes from bycatch to prohibited once the gear type's quota allocation is reached).

The Council accepts staff's editorial changes throughout the document.

Under **G-22**, Alternative 3, the paragraph starting with "In the event GH is regionalized..." is stricken.

The Council gives notice to the public that it intends to develop a range of skipper/crew provisions to be integrated into the Gulf Rationalization Alternatives document.

The Council recommends consideration of the following list of possible objectives for skipper and crew provisions:

- 1) promote and sustain stable skipper and crew employment levels
- 2) establish skipper and crew share holdings
- 3) compensate skippers and crew that lose employment as a result of consolidation
- 4) maintain current level of negotiating leverage for future skippers and crew
- 5) ensure current (or experienced) skippers and crew receive priority in future employment in the fisheries;
- 6) ensure a portion of the quota pool is held by active skippers and crew.

The Council recommends that the following list alternatives and program elements as a starting point for development of additional Skipper and Crew Provisions to complement the current provisions already included in the Gulf Rationalization Alternatives document.

### **Alternative 1**

#### **Allocation of Quota to Skippers and Crew**

1. Skipper and Crew Quota Allocation Program Elements
  - a. Shares to be allocated based on:
    - i. Species
      1. Primary
      2. Secondary
    - ii. Gear type
    - iii. Portion of total pool
  - b. Division of allocated shares between skippers and crew:
    - i. Eligibility for an initial allocation (may differ for skippers and crew)
    - ii. Criteria for allocation of shares (may differ for skippers and crew)
  - c. Use requirements
    - i. Owner on board
  - d. Eligibility to receive by transfer
    - i. Active participation
  - e. Provisions governing leases
    - i. Hardships

### **Alternative 2**

#### **Establish a Skipper and Crew License Program**

1. Skipper/Crew License program Elements
  - a. Sectors subject to the license system
    - i. Gear type
    - ii. Vessel type

- b. License eligibility for initial entrants on implementation
    - i. Skippers
    - ii. Crew
  - c. License eligibility for new entrants after implementation
    - i. Skippers
    - ii. Crew
2. Percent of catch subject to Licensed Skipper or Crew requirement:
- a. Species
    - i. Primary
    - ii. Secondary
  - b. Level of application for:
    - i. Cooperatives
    - ii. Share holder
    - iii. vessel

Under **T-1**, delete the paragraph starting with “All initial issueses...” and in the following paragraph, change “owner on board” to “trawl QS/GH”.

**Placeholder options**

The Council intends to accept public input concerning the potential development of the following alternatives for analysis:

Limited duration harvesting quota shares

Duration of initially allocated shares of variable lengths

Expiration/reissuance of shares on staggered, cyclical basis

Processor linkages that expire on a graduated basis over a limited number of years

Community linkages, rather than processor linkages, for single- processor communities or regions

Subalternatives for formation and dissolution of processor linkages:

Linkage based on the processor to whom the harvester delivered the most groundfish poundage (all species combined)

Linkage based on the processor to whom the harvester delivered the most poundage by species (Pacific cod, pollock, other species possibly at different processors)

Linkage based on recent groundfish deliveries of any amount, above a minimum threshold (harvester’s choice of processor)

No processor linkages