

## **C-6 Charter Recreational Quota Entity**

**December 13, 2015 Council motion**

The Council approves the following changes to the purpose and need statement and alternatives and options, to be incorporated into another initial review draft analysis at a future meeting. The Council requests that staff include additional examples relative to the resulting timeframes for acquiring quota share that would meet incremental goals of the RQE to relax charter management measures given the effect of selecting limits under both Option 2 and Option 3 under Alternative 2, Element 2. The analysis should also evaluate the effects of transferring commercial IFQ shares to the charter sector on observer fee revenues, IFQ administrative fees, and other related expenses.

Staff should also evaluate the mechanics of a concept by which the Guided Angler Fish (GAF) limit is reduced in accordance with RQE quota holdings to meet a cumulative limit. [For example, under status quo, commercial QS holders in Area 2C can lease up to 10% of their IFQ as GAF. If the cumulative limit for RQE purchases of commercial quota was 15% of the Area 2C catcher vessel QS pool, then if by October 1 the RQE holds up to 5% of the Area 2C catcher vessel QS pool, the GAF limit remains at 10% for the upcoming year. If by October 1 the RQE holds 6% of the Area 2C catcher vessel QS pool, the GAF limit is reduced to 9% for the upcoming year. Any example could be used within the range of the cumulative limits under Element 2, Option 3.]

### **Purpose and Need Statement**

Alaska's guided halibut anglers have seen recent increases in regulatory restrictions due to declining halibut stocks and guided recreational allocations. A market-based mechanism for the guided halibut recreational sector may be an effective means to supplement their annual allocations. Allowing an RQE (Recreational Quota Entity) to hold a limited amount of commercial halibut QS on behalf of guided recreational halibut anglers under a "willing seller and willing buyer" approach may result in less restrictive annual harvest measures for guided recreational anglers in times of low halibut abundance, while complying with total halibut removals under the guided halibut catch limits determined by the International Pacific Halibut Commission. The guided recreational halibut allocation under the Halibut Catch Sharing Plan would be combined with the halibut quota share held by the RQE to determine the annually adjusted total guided halibut allocation. The total allocation would be the basis for the determination of appropriate management measures for the guided halibut sector each year. The intent is to consider such a mechanism without undermining the goals of the halibut IFQ Program or significant adverse impacts to other halibut sectors.

#### **Alternative 1. No Action**

#### **Alternative 2. Establish a Recreational Quota Entity (RQE) as a qualified non-profit entity to purchase and hold commercial halibut QS for use by the guided halibut sector**

##### **Element 1. Number of entities**

- Option 1. Two entities, one for each IPHC Regulatory Area 2C and 3A
- Option 2. One entity with two area quota pools, Area 2C and Area 3A

- Element 2. Restrictions on transfers. Two-way transfers are allowed. Quota class and block designation is retained if the quota is transferred back to the commercial sector. (Options below are not mutually exclusive)
- Option 1. No restrictions
  - Option 2. Annual limit on transfers to the RQE in each regulatory area (Area 2C and 3A) of 1% - 5% of commercial QS units in each area (2015)
  - Option 3. Total (cumulative) limit on amount held by RQE by regulatory area (Area 2C and 3A)
    - Sub-option 1. 5% - 20% of commercial QS units (2015)
    - Sub-option 2. 5% - 20% of each class of QS units (2015)
  - Option 4. Restrictions on RQE quota share purchases (in either or both areas)
    - Sub-option 1. Restrict purchase of D class quota share (limits selected under Option 2 and Option 3 are calculated excluding D class QS)
    - Sub-option 2. Restrict purchase of blocked QS by class that equates to ( $\leq$ 1,500 lbs or  $\leq$ 2,000 lbs in 2016 lbs)
- Element 3. Setting of annual charter management measures. Use RQE quota share holdings as of October 1 each year as the basis to estimate IFQ pounds to add to the estimated guided recreational allocation under the catch sharing plan for the upcoming year. This amount must be maintained for the following fishing year. This estimated combined allocation would be used to recommend the guided recreational harvest measures for the following year. The procedural process steps and timeline would remain unchanged.
- Option 1. If the RQE holdings provide a charter harvest opportunity greater than the unguided recreational bag limit in either area, NMFS would not issue annual IFQ in excess of the amount needed for the charter sector to obtain the unguided recreational bag limit to the RQE for that area. Unallocated RQE IFQ would be reallocated as follows:
    - Sub-option 1. Equally to all catcher vessel QS holders which hold not more than 1,500 to 3,000 pounds in 2016 pounds (by area, proportional to QS holdings)
    - Sub-option 2. Equally to all catcher vessel QS holders (by area, proportional to QS holdings)
    - Sub-option 3. CQE's actively participating in Area 2C/Area 3A
    - Sub-option 4. Unallocated RQE IFQ would not be allocated (left in the water)
- Element 4. Limit on use of RQE funds. RQE funds are limited in their use to acquisition of commercial halibut quota; acquisition of charter halibut permits; halibut conservation/research; promotion of the halibut resource; and administrative costs.

Element 5. RQE Organizational Structure. The RQE shall consist of a board of seven people and shall include the following: 4 CHP holders, 1 commercial halibut quota share holder, 1 community representative (not a holder of a CHP or commercial QS), and Commissioner of Alaska Department of Fish and Game, or designee.

Option 1. A representative of the Alaska Department of Revenue shall sit as an ex-officio member of the RQE board.

Option 2. RQE board terms shall be for [Options: 3 or 5 years].

Option 3. The RQE shall hold no less than two board meetings annually.

Option 4. The RQE shall file an annual report detailing RQE activities during the prior year.

Alternative 3. RQE purchase of charter halibut permits. The RQE shall be limited in the purchase of charter halibut permits to [options: 10% - 30%] of the permits in each area.