

North Pacific Fishery Management Council

Dan Hull, Chairman
Chris Oliver, Executive Director
Telephone (907) 271-2809
www.npfmc.org



605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252
Fax (907) 271-2817

Recreational Quota Entity Committee Meeting

April 5, 2016
Anchorage, AK

Committee members in attendance: Andy Mezirow (Chairman), Richard Yamada, Ricky Gease, Bruce Gabrys, Martin Spargo, Duncan Fields, Russell Thomas, Steve MacLean (Council staff), Jonathan King (Northern Economics), Sarah Marrinan (Council staff)

Others in attendance: Tom Gemmell, Karla Bush, Samantha Weinstein, Ryan Makinster, Rachel Baker, Maura Sullivan, Julie Scheurer, Kurt Iverson

The North Pacific Fishery Management Council's Recreational Quota Entity Committee met on April 5, 2016 to review the second round of an Initial Review draft of the Halibut Charter Recreational Quota Entity RIR/IRFA/EA. The purpose of the meeting was to review the initial review draft, and provide comments to the Council. Council staff, Sarah Marrinan and acting Council staff, Jonathan King of Northern Economics presented the new analysis to the committee. The committee discussed elements and options in the current motion and provided comments for presentation to the Council.

The committee unanimously voted to remove **Alternative 3** from the analysis, requesting this additional element be moved to the discussion paper that is scheduled for further Council consideration.

With the removal of Alternative 3, the committee voted to recommend the release the analysis for Public Review. The vote passed 5/2 with Spargo and Gabrys voting against.

The committee walked through the rest of the elements and options of under consideration in order to ask questions of clarification, discuss perspectives, and identify consensus areas for recommendations.

Alternative 1

There were no comments on the no action alternative.

Alternative 2

Element 1, Options 1 and 2

The RQE committee discussed the need for two entities. An interest was expressed that 2C stakeholders should make 2C decisions, and 3A stakeholders make 3A decision. However, having

one entity would minimize administrative costs. The committee liked the structure of one RQE with two QS pools, and two sub-committees for decision-making.

Element 2, Option 1

Further analysis on **Alternative 2, Element 2, Option 1** is not supported by RQE committee.

Element 2, Option 2

A motion was made to recommend expanding the range of annual transfer restriction in **Alternative 2, Element 2, Option 2** from 1% - 5% to 0.5% - 5% of commercial QS units in each area. The motion failed 2/5, with Spargo and Gabrys voting in favor.

Those voting for this recommendation noted that this was a threshold previously raised in public testimony in order to slow the rate of QS purchase. Those voting against this recommendation commented that while the analysis provides an indication of the maximum amount of QS movement in a year under these prescriptive levels, in reality the availability of QS would likely constrain the annual purchasing ability of an RQE more than the maximum allowance. This group noted that an RQE may be uniquely situated to purchase larger transfer of QS as once, thus they would not want annual transfer restrictions to be less than the QS use caps.

It was clarified that, as written in the motion, annual transfer restrictions would not be cumulative if transfers did not occur in a given year. In other words, if the annual transfer restrictions were set at 1% of the total QS pool and only 0.5% of the QS pool was transferred in a year, the next year the annual transfer restrictions would still be set at 1% (rather than 1.5%).

Element 2, Option 3

The committee did not make any recommendations on **Alternative 2, Element 2, Option 3, Sub-option 1**.

Further analysis on **Alternative 2, Element 2, Option 3, Sub-option 2** is not supported by RQE committee.

Element 2, Option 4

The RQE committed did not make recommendations on **Alternative 2, Element 2, Option 4**. The committee discussed its interest in further public testimony on the merits of both sub-options under **Alternative 2, Element 2, Option 4**. Committee members highlighted the differing policy objectives in the design of the IFQ program for vessel class categories and the block program.

Element 3, Option 1

The committee recommends correcting the typographical error in the description of this option.

The RQE committee also recommends adding "...based on the percent of each class of QS purchased by the RQE" to the end of **Alternative 2, Element 3 Option 1, Sub-Option 2** for additional clarification.

There was no consensus among the RQE committee for a recommendation of the options of reallocation of surplus QS suggested under **Alternative 2, Element 3, Option 1**.

Element 4

The RQE committee recommends adding “education and outreach” to **Alternative 2, Element 4**.

Committee members discussed that using funds to address issues related to consumer/ angler education on threats to the halibut stock could contribute to a meaningful promotion of the resource with benefits across sectors.

The RQE committee also considered other options for the use of funds that are currently outside of the scope of the motion that could benefit the resource and the angler. It was noted that the main issue here is not to use these funds as ammunition against the commercial sector or with the sole intention of marketing charter fishing. The committee discussed turning this element on its head, and thinking of where funds should *not* be used. They requested additional public consideration of how this element could be specified to achieve that objective.

Element 5

The RQE committee had substantial discussion about the structure of a potential RQE. The committee recommended a structure of RQE 11 member board: 6 charter industry reps (three from each regulatory area), 1 commercial halibut QS holders from each regulatory area, the commissioner of ADF&G or a designee, 1 community representative from each area (not a holder of a CHP or commercial QS).

Appendix A

The RQE committee understands there is no mechanism currently in place to allow for the transfer of observer coverage fees that might be displaced from the program and other administrative costs that may be created. With the intention of the keeping the program cost neutral for other sectors, the committee identified a desire to have an RQE absorb these fees, if there is a way to make the fees collectable.

Appendix B

The RQE committee had different perspectives on the role of a cumulative transfer restriction between the GAF and RQE program. No consensus was reached on if this element should be incorporated into the program design.

Members that were in favor of including this element in the program design cited the potential for negative cumulative negative impacts on the commercial sector and support sectors based on the additional harvest opportunity leaving the sector. These committee members cited the ability for the GAF program to be adjusted to a place where it was more user-friendly and attractive as a transfer option, which may in turn grow the usage to a place where impacts were more substantial.

Those members not in favor of including this element felt there that there was a philosophical difference in the intent of two programs and in the programs’ probable interaction with the commercial sector. In addition, they felt that the *de minimis* use of the GAF program was not expected to change in the near future, and therefore was unlikely to increase the cumulative threat to the commercial harvesting sector. Some members identified the Council’s ability to revisit GAF restrictions if usage increased greatly.