

Proceedings of the 2010 Kodiak ComFish Panel on Catch Share Programs in Alaska

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Background

On April 17, at the 2010 Kodiak ComFish event, the Alaska Sea Grant Marine Advisory Program (MAP), in partnership with the Kodiak Chamber of Commerce and Laine Welch of Alaska Fish Radio, convened a panel of individuals with a range of interests and involvement in federally implemented catch share programs in Alaska. The purpose of the panel was to explore the impacts of catch share programs from the fishing communities, fishermen, and fishing crew perspectives.

Catch share programs apply to fisheries management systems that assign specific portions of the available catch to a defined set of participants. Catch share systems contrast with other management systems that are less limiting to participants and do not assign specific allocation of catch. Catch share programs have been found to reduce the number of commercial fisheries fatalities and casualties, increase the cost of entry, improve fisheries management, reduce bycatch of nontargeted species, improve the value of the fishery, consolidate fleets, change port delivery patterns, and increase the out-flight of access to fisheries resources from rural fishing communities. Each of these impacts varies in intensity, and is influenced by program design and other factors beyond catch share programs.

Alaska leads the nation in establishing catch share programs. Alaska's North Pacific Fishery Management Council (NPFMC) first developed and approved the Community Development Quota (CDQ) Program in 1992, and continued with the halibut and sablefish Individual Fishing Quota (IFQ) program (1992), Bering Sea and Aleutian Island Crab Rationalization Program (2004), Gulf of Alaska Rockfish Pilot Program (2006), and the Bering Sea non-pollock groundfish catcher processor cooperative program, known as Amendment 80 (2006). Alaska is also home of the American Fisheries Act Pollock Conservation Cooperative Program (1999), a catch share program authorized by Congress.

In recent months, the U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA), issued a draft national catch

share policy. The draft policy supports development of catch share programs by the nation's federal fisheries management councils. If approved by a regional fisheries management council, a catch share program would be implemented by the National Marine Fisheries Service (NMFS), a branch of NOAA. The National Sea Grant College Program, also within NOAA, would serve as educator and extension provider according to the draft policy.

The Panel

The panel format included questions to panel members by the moderator, followed by question and answer sessions between panel members.

Shawn Dochtermann, long-time Alaska fisherman, Crewman's Association executive director, Alaska Jig Association member

Duncan Fields, Kodiak resident, salmon harvester, since 1996 worked with and represented small rural communities, NPFMC current member

Mark Fina, NPFMC economist

Terry Haines, Kodiak City Council member, working deckhand, Southwest Alaska Municipal Conference board member

Glenn Merrill, Alaska Region NMFS catch share coordinator

Glenn Haight (moderator), Alaska Sea Grant MAP fisheries business specialist

Merrill opened with a general discussion about catch shares. "Catch shares" is a tool that can address fisheries management issues related to overfishing, bycatch, safety, and value. A catch share program involves portioning out the available catch to participants, rather than conducting a derby style fishery. A major challenge is the initial apportioning of the catch. NOAA's draft catch share policy is an umbrella policy tool that provides guidance to the fishery management councils. The policy does not mandate implementation, but provides an overview of existing experiences with catch shares for councils to consider if they decide to implement catch share programs.

Catch Share Benefits

Haight led with the question, “What are three good things about catch shares?” Panel responses focused on a number of common impacts from catch share programs. Fina pointed to improvements in safety, value, and seafood product quality. Haines offered improvements in fisheries management and value. Fields offered an improved ability to “business plan,” and a shift in the bargaining power from processor to fisherman (although admittedly not so “good” if you are the processor). Merrill mentioned that fleets can coordinate better because they are no longer competing directly. Fina followed up by discussing improvements in bycatch management.

Panel Remark Summary (Benefits)

Several comments from different panel members are included in the following.

- **Safety.** Holding catch shares provides fishermen with the ability to fish when it best suits them. This allows them not to fish during bad weather, delay fishing to fix mechanical problems that might otherwise put them in greater jeopardy, and not push operators to the point of physical exhaustion from fishing too many hours.
- **Fish value.** Catch shares spread out fishing effort by harvesters over the season. Harvesters are able to coordinate better with their markets to provide fish in a more timely manner. This can improve value.
- **Seafood quality.** In a derby fishery, hyper-fishing leads to huge loads of fish plugging nets and squeezed into holds. Catch shares remove the “rush” and allows time for better handling of seafood.
- **Fisheries management/bycatch reduction.** Spreading out the harvesting effort makes it easier for managers to track activity and harvest levels. Individual liability for overages allows for more precise management and harvest accountability. Providing a private resource at little or no cost to the harvester avails an opportunity for fisheries managers to put tighter limits on bycatch species, increase observer coverage, and implement other fisheries monitoring measures.
- **Business planning.** With more certain harvest levels and timing, fishermen can better plan their business activity. This allows for improvements in cash flow, reduction of expensive debt, and investments and harvests in other fisheries.
- **Shifting bargaining power.** With greater control of harvest amounts and timing, catch shares can shift bargaining power from processors to fishermen, leading to greater value for fishermen.

- **Cooperation.** With fewer competitive pressures on the water, harvesters can work together to better target resources. This level of cooperation helps in times of possible management closures related to endangered species and bycatch concerns.

Panel Questions and Answers (Benefits)

Q. Fields: Why do catch shares seem to be the only thing people are talking about now, when traditionally many other tools, e.g., gear size and trip limits, were used to manage fisheries?

A. Fina: *Depending on objectives, many of those measures may be inferior to catch shares. It really depends on the goals.*

Q. Fields: NOAA’s draft catch share policy reads more like a directive than a guideline. How does that make you behave as a NMFS employee in the Alaska region?

A. Merrill: *The policy makes it clear that the councils are driving the decision to implement catch shares. The policy in part is an offering of Alaska’s experience to the rest of the country as it relates to catch shares.*

Q. Dochtermann: Would it be better for NOAA to put more teeth into the policy, like “owner-on-board” requirements and protecting compensation payments to crew, rather than providing a broad ability to issue quota that turns fishers into sharecroppers?

A. Merrill: *The policy is written broadly enough to not minimize a council’s ability to implement the type of catch share program that meets their needs.*

Q. Fina: If you could put one change through the existing IFQ program, what would it be?

A. Haines: *A proposal put forth by a gentleman in the audience, calling for a sunset of the “hired-skipper” provision in the IFQ program by 2012.*

A. Dochtermann: *Require any of the initial issuant of quota to either fish or sell within five years.*

Q. Haight: Have there been technological improvements in fisheries management and/or bycatch reduction that might be attributable to catch share programs?

A. Merrill: *There are several examples of fleet changes, including*

- *A cooperative catch share program in the Bering Sea head & gut fleet led to a 67% reduction in halibut bycatch, while increasing the amount of targeted species harvested.*
- *A Gulf of Alaska rockfish program implemented bycatch reduction gear in its fishery.*
- *The Pollock Conservation Cooperative communicates “rolling hotspots” to avoid areas of high bycatch.*
- *Fisheries management improves as increased observer coverage brings in more data.*

- *Participants are more understanding of management measures that keep the harvests strong, ushering in a greater level of cooperation with regulators.*

A. Fields: *Significant research dollars addressing fisheries management questions are coming from catch shareholders in recent years.*

Q. Dochtermann: Do you think that under the crab rationalization program participants were particularly concerned about a “race for history”?

A. Fina: *There was concern from some people that they needed to keep fishing to qualify for the program. Some operations were highly leveraged and needed to keep earning money during those years.*

Q. Haines: Isn't it true the Pollock Conservation Cooperative is putting research funds forth for something they own? Isn't it done to serve their own best interests and not the state's or the nation's?

A. Duncan: *The Pollock Conservation Cooperative does not legally own the pollock.*

A. Fina: *The Pollock Conservation Cooperative is funding projects in its best interest, but the research serves many objectives and benefits many other people.*

Q. Haines: It may not be ownership legally, but if catch shares can be bought and sold, and exchanged through proceedings like divorce and death, it starts to act like ownership. Has anyone ever had this right revoked?

A. Merrill: *There have been examples where quota was taken away because of egregious regulatory violations.*

A. Fina: *Given the way people rely on the quota for business purposes, i.e., take out long-term loans, collateralize operations, transfer shares and price shares, it begins to look a lot like a “right.” Care is needed when financial expectations are linked to the share. It may be unfair to remove shares once implemented.*

Catch Share Drawbacks

Haight asked, “What are three ‘not so good things’ about catch shares?” Merrill replied the initial allocation determination is hard. Once a program is operating, the cost of entry can be prohibitive. Catch shares change the status quo, which is painful in general. Fields found that catch shares create a series of casualties, including the “haves” and the “have nots”; exacerbate the plight of rural Alaska by further removal of access to resources; and shift deliveries away from traditional ports. Dochtermann said that catch shares lead to less owner operators, and shift value to non-fishermen. Haines thought that one of the biggest stakeholders, coastal fishing communities, are not involved in the discussion and are dislocated;

there aren't enough data to describe what is occurring; catch share programs force more catch share programs to be created; and once a program is initiated it is hard to stop. Fina concluded by saying that the initial allocation is very valuable and must be carefully considered.

Panel Remark Summary (Drawbacks)

- **Initial allocation.** Determining the initial allocation of catch shares is based on a number of highly charged political decisions. Participants jockey for “position” within the debate and once the parameters for shares acquisition begin to form, individuals exploit their position therein. Winners of the initial allocation receive significant value from the public with no payment. The program design should consider impacts arising from an initial allocation that excludes persons who received some benefit from the fishery prior to implementation of catch shares.
- **Cost of entry.** Once a catch share program is under way, the cost of new entry can be expensive. This limits the number of new entrants that may get financing, and leads to a graying of the fleet.
- **Disparity in communities.** Receiving an initial allocation of quota puts a significant financial advantage into the owner's hands, placing other fishermen at a competitive disadvantage. This impacts investment abilities and general quality of life. In time, this disparity in wealth leads to problems within the communities.
- **Out-flight of resource from rural communities.** Catch share programs have exacerbated existing problems in rural communities. Quota holdings in rural communities since the beginning of the IFQ program show steady decline in ownership.
- **Impacts on communities.** Catch share programs redistribute fish deliveries to those ports that create the greater price advantage for buyers. To maintain deliveries, a community must remain competitive in areas of energy, transportation, and human resources. Communities must engage.
- **Shares promote absenteeism.** If catch share programs do not have “owner-operator” provisions (meaning the shareholder must be actively fishing) it is possible that absentee owners will accumulate greater wealth and be able to buy more quota. Absentee ownership may lead to less fisheries value to fishing communities.
- **Lack of data.** In Alaska's catch share programs, initially there was a lack of community-based economic data collected. That continues to be a problem. Furthermore, there is a lack of ongoing monitoring of some lease arrangements and impacts to communities.

- **The catch share domino effect.** It is suggested that establishing a catch share program in one fishery edges other fisheries toward establishing similar programs. Catch shares afford business advantages to those who have quota. These participants enjoy a more profitable fishery, thereby increasing their investment power into other fisheries. Meanwhile, former participants of new catch share programs that did not receive quota (“catch share refugees”) flood other nearby fisheries, putting competitive pressure on other fishermen. Participants in these other fisheries, seeing competitive forces from catch share and non-catch share recipients, seek similar programs to protect their interests. The theory that starting one catch share program inevitably leads to more is coined the “domino effect.”
- **A sun that never sets.** Many catch share programs are started with the notion that they may sunset or terminate. However, it is difficult to take away catch shares from businesses that have developed business plans based on those shares. Establishing a catch share program tends to set access to the resource in perpetuity.

Panel Questions and Answers (Drawbacks)

Q. Haines: During crab rationalization development there were people “fishing for history” [to qualify for shares] who might otherwise have simply drifted out of the business. Weren’t the crew on those boats during that time really subsidizing the boat owners, because the crew never received a portion of the catch share?

A. Fina: *A boat owner may continue to fish if it appears there will be an improvement in the fishery just down the road. Also there were some who were working to make debt payments and hoping things would get better. Regarding the question on whether crews were subsidizing boat owners at the time, it is an unfamiliar concept, but it appears crew were in a stronger position then, compared to the fewer jobs available now.*

Q. Dochtermann: With crab resource declines from 1966 through 2005, including years of no fishing, and without any “bailout,” why did crab rationalization need to occur?

A. Fina: *A buyback program was recommended before the crab rationalization program. Further, the thing to do would be to ask the individuals working during that time whether they felt they were doing very well. Just because someone is getting by does not mean the fishery was well managed.*

Q. Dochtermann: Should crew have been considered in crab rationalization by the NPFMC? And if so, should crew members have received similar protection in the program?

A. Fina: *The Magnuson-Stevens Fisheries Conservation and Management Act, and language in the National Standards Act about providing stability for businesses clearly, show that impacts on crew is a consideration. Crew jobs were (and are) a consideration under any fisheries program.*

Q. Fields: Due to catch share programs around the world, there has been a migration of ownership away from the waterfront. These programs are moving to absentee ownership. What are some of the tools in the toolbox that can inhibit shares from moving away from fishing communities?

A. Fina: *Some tools include*

- *“Owner on board requirements,” with actual participation with various thresholds of participation, time during the fishery, for a percentage of landings, etc.*
- *Impose vessel ownership requirements in fisheries, or alternatively require an owner to actively manage the fishing business. However, monitoring a management requirement begins to get a little fuzzy.*

Questions from the audience were not recorded.



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