

Scallop Plan Team Report

December 3, 2013

Meeting conducted by teleconference

Anchorage, Alaska.

Plan Team members present: Diana Stram (NPFMC) co-chair, Gregg Rosenkranz (ADF&G Kodiak)-co-chair, Scott Miller (NMFS Juneau), Peggy Murphy (NMFS Juneau), Rich Gustafson (ADF&G), Jie Zheng (ADF&G), Ryan Burt (ADF&G), Quinn Smith (ADF&G),

Plan Team members absent: Brad Harris (APU)

Public and agency personnel participating: Jim Stone (Alaska Scallop Association), Karla Bush (ADF&G), Mark Stichert (ADF&G), Scott Kelley (ADF&G), Bruce Weyhrauch, Heather Fitch (ADF&G), Melissa Good (ADF&G), Kurt Iverson (CFEC), Ben Brown (CFEC), Craig Farrington (CFEC), Tom Meyer (NOAA GC), Jan Rumble (ADF&G), Ken Goldman (ADF&G), Elisa Russ (ADF&G), Chris Russ (ADF&G), Rich Gustafson (ADF&G), Chris Siddon (ADF&G), Wayne Donaldson (ADF&G), Marsha Spafard (ADF&G), Trent Hartill (ADF&G), Tom Minio (F/V Provider), Josh Adkins (F/V Provider), Bill Harrington (F/V Kilkenney), Brandan Harrington (F/V Kilkenney)

OVERVIEW OF DISCUSSION

The Scallop Plan Team met by teleconference Tuesday December 3rd, 2013 to review and comment on the ADF&G proposed state management plan for scallops in state waters. Diana Stram (NPFMC) chaired the meeting. Call-in locations were Anchorage, Juneau, Douglas, Kodiak, Homer, and Dutch Harbor. Proposal 369 (attached), submitted by ADF&G to the Board of Fisheries, was provided to participants in advance of the meeting.

The Team received an overview of the State's proposed state waters management plan from Wayne Donaldson. This proposal focuses only on areas where there is active fishing in state waters; therefore, it the Yakutat, Prince William Sound, Kodiak, and Dutch Harbor registration areas. He noted that this plan represents a starting point for the development of a state waters fishery management plan, and is focused on what the department would need to manage scallop fishing in state waters in the absence of a vessel based limited entry system. This plan does not supersede any existing regulations; rather, it works in conjunction with them. The BOF will review this proposal at their January 2014 meeting in Kodiak. At that time the BOF could develop a new plan, pass the proposed plan, modify the proposed plan or take no action.

The plan proposes a number of management measures including pre-registration of vessels, a pre-registration period, a CFEC interim-use permit, provisions for management inside and outside state waters, a 12 hour notice for change in registration area, fish tickets by registration area, daily reporting, activated VMS, and trip limits. The plan is designed to respond to the potential for increased fishing effort in state waters. Previously state and federal waters have been managed as a single management unit given the characteristics of the scallop beds and the close association of the state vessel based limited entry system and the Federal license limitation program. Beginning in 2014 however all state waters will be open access to all vessels barring any action to limit vessel size by the BOF or other limited entry action by the legislature.

The proposed plan requires preseason registration requirements to ascertain the anticipated effort in state waters annually. This allows for the establishment of appropriate management actions dependent on effort as well as pre-season planning for observer training and deployment. VMS would be required to enforce

boundary lines. Sections (c) and (d) of the proposal lay out the requirements for a valid CFEC interim-use permit (section (d)) and preseason registration requirements by area (section (c)). Once the preseason registration deadline has passed (April 1) the department will evaluate the number of expected participants by area in order to structure area-specific management measures. Proposed management measures are scaled to three classes of management actions dependent on expected effort:

Scenario 1: Effort is expected to be similar to past effort in an area, then the area will be managed with a single GHL, vessel registration and crab bycatch limits (where applicable) in state and federal waters combined (Status Quo).

Scenario 2: Effort in state waters is expected to substantially increase over previous years to a point where the area would then need different management in state versus federal waters. This would necessitate that registration, GHLs, and crab bycatch limits are specified separately in state and federal waters within each area.

Scenario 3: Effort in state waters is expected to be very high compared with previous years. Under this circumstance the state may not have the appropriate tools to manage such a fishery in state waters and would likely close state waters to scallop fishing in that area.

The team members, ADF&G staff and members of the industry discussed several components of the plan and potential issues with plan implementation. These concerns were centered around the following: registration (CFEC permits and preseason-registration), notification requirements for moving between state and federal waters, establishment of GHLs and crab bycatch limits between state and federal waters, trip limits and potential for overcapitalization and localized depletion. A summary of discussion by issue is listed below.

Registration

CFEC interim-use permit is necessary prior to ADF&G preseason registration. Interim-use permits will be issued in two classes for state and federal waters. Within those categories the permits will be broken out by $>$ and $\leq 80'$ vessel length. Fees for permits are as follows, Federal waters \$3,000 ($> 80'$), \$525 ($\leq 80'$); State waters \$450 ($> 80'$), \$75 ($\leq 80'$). CFEC staff noted that while two permits are now necessary there is no longer a need to renew the previous CFEC vessel limited entry permit as the program will have expired. Registration would then be required for each registration area in which a vessel intends to fish. The registration deadline would be April 1. This would allow sufficient time before the fishery opens on July 1 for ADF&G to assess management needs and observer training requirements. Team members noted that no documentation is required with the interim-use permit on the vessel ownership, size or capacity. ADF&G staff indicated that this information would likely be required for pre-registration.

Notification for fishing in state versus federal waters.

The team discussed the 12 hour notification requirement in the proposed plan (section (f)). Team members and industry commented that both the timing and the fish ticket requirements could be problematic. The timing requirement is to allow the state sufficient time to evaluate relative catch levels for managing the fishery. However, industry noted that without the ability to predict how their catch rates on one side of the bed will be this could be highly inefficient if trip limits are also used as a management measure. If they finished fishing in 3 hours they would need to wait an additional 9 hours before moving to the other side of the state/federal line to continue fishing. Team members expressed concern for the

potential for vessels to have to stand down on the grounds during waiting periods. This could potentially expose vessels and crew to severe weather and could raise vessel safety issues. Team members also expressed concern that waiting periods combined with trip limits could cause some operators to abort trips due to economic issues.

Owners of non-freezing vessels noted that the fish ticket requirement (a fish ticket must be filled out prior to switching from state-federal) is problematic on smaller vessels as the vessel does not know their exact weight caught until the scallops are offloaded. Thus any vessel that doesn't process (i.e. freeze) at sea will be hampered by this restriction. Discussion centered around the possibility of redefining this to be based upon reported weight instead of fish ticket weight as a proxy for official catch record for management purposes. Catch could be delineated on board from each area for fish ticket processing and exact catch weight determined later upon offload.

GHLs and crab bycatch limits in state versus federal waters:

Management of separate GHLs and crab bycatch limits in state versus federal waters was noted to be problematic. The team expressed concern regarding the potential for differential harvest and localized depletion on scallop beds which cross the state-federal boundary line. ADF&G staff noted that observer data, harvest data, and Westward region bottom trawl survey data (used to set crab bycatch limits) would be evaluated to estimate the relative proportion of scallop harvest and crab bycatch in state and federal waters and these evaluations would be used to inform the GHL-setting process should separate management in some areas be necessary. There is considerable uncertainty with establishing boundaries for harvest and crab bycatch in this manner, however. Central region staff noted that due to their surveys they have the data to provide separate estimates for harvest (GHL's) and crab bycatch in both state and federal waters if necessary. It was also noted that the state's procedures for closure of miscellaneous shellfish registration areas (5 ACC 38.035) are included in the proposed plan by reference. These procedures detail the factors fishery managers consider in closing an area or part of an area to a fishery to avoid jeopardizing the health of the species.

Trip limits

Members of the industry commented that the proposed method of establishing trip limits based on weight/number of vessels is inequitable. Other measures of calculating trip limits such as maximum allowable fishing time in a day should be considered as well. The team expressed concern regarding the potential for the trip limits as proposed to exert a negative impact on existing operators. For example, under open access a small trip limit could be profitable for small vessels newly entering the fishery, while larger existing vessels may not be able to operate cost-effectively under small, weight based, trip limits. This could displace the larger vessels presently operating in the fishery, all of which are Alaska home ported at present.

Overcapacity and localized depletion:

The team discussed additional management measures that may be considered by the BOF in January such as the vessel size limitation (80') that was proposed previously. Members of the public and the Team noted that an increase in entry-level participants could represent a conservation concern for the resource and overcapitalization of the fishery. Industry participants further noted concerns that any increase in

state waters effort would exert a differential impact on state waters habitat. Even absent additional participants the lack of a vessel based license limitation program in state waters allows for increased participation from some federally licensed vessels that were not previously able to fish inside 3 miles.

Scallop Management in State Waters

The SPT has the following recommendations for the Council to consider in consultation with the BOF as they move forward in development of a state waters fishery management plan in January.

- 1- The SPT strongly recommends that any plan should maintain the continuation of 100% observer coverage requirements and mandatory VMS requirements to ensure adequate data reporting and enforcement of the fishery.
- 2- The SPT recommends that further consideration be given to the notification time frame and fish ticket provisions proposed under provision (f) noting that the current proposal could be inefficient for all operators as well as inequitable to catcher vessels that do not process at sea.
- 3- The SPT recommends that further consideration be given to the conservation concerns and potential for localized depletion when setting two different GHs and crab bycatch limits across the same bed.
- 4- The SPT reiterates concerns that were raised in the original analysis establishing the federal LLP that indicate "a total of about 6 or 7 vessels could participate full time in the Alaska statewide scallop fishery at the breakeven level. More vessels could participate at a breakeven level if ex-vessel prices for scallop, or current annual harvest levels increased." (NPFMC, 1999, EA RIR IREA for Amendment 4 to the Scallop EMP)¹. Currently harvests are significantly less but ex-vessel prices are considerably higher than was estimated for that break-even analysis in 1999 with the current number of vessels participating ranging from 3-5 since 2003/04.
- 5- The SPT further notes that many permit holders (both LLP and State vessel based permits) have not participated in recent years due most likely to the economics of the fishery². Any increase in fishery participants has the potential to economically disenfranchise current permit holders and historical fishery participants.

¹ Analysis at that time indicated that "it was estimated that about nine vessels would be able to operate full-time at the break even level, assuming total landings of 1.5 million pounds at \$6.02 per pound" and 6 vessels if scallop biomass declined from that level and or 7 vessels if crab bycatch limits are increased (due to increased crab biomass) and thus not constraining. (NPFMC, 1999). Fishery total revenue, under the breakeven analysis of 1.5 million pounds at \$6.02 per pound, was estimated to be approximately \$7.8 million. The 2012/13 harvest of approximately 417,000 pounds, with a value of \$10.63 per pound, generated approximately \$4.4 million in fishery total revenue. Thus, fishery total revenue has declined by \$3.39 million, or approximately by 43 percent. Thus, it is highly likely that considerably fewer vessels can "breakeven" under present conditions than indicated in the original analysis. While useful in consideration, it should be noted that this analysis (NPFMC 1999) is fairly dated (based upon fishing activities in 1995) and cost data collected at the time were largely provided in public testimony to the Council. Moreover, cost structures in the fishery may very likely have changed over the last 20 years.

² Note that other factors are involved in the current levels of participation including consolidation of permits under the voluntary cooperative, recent permit sales and resulting potential for re-entry into the fishery by those permits.