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BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON COMMERCE, JUSTICE, SCIENCE, AND RELATED
AGENCIES

March 22, 2012

Chairman Wolf, Ranking Member Fattah, and Members of the Subcommittee, thank you for this opportunity to appear before you to discuss the Presidents 2013 Budget as it relates to NOAA's catch share program, [the] Pacific Coast Groundfish Trawl Rationalization Program.¹

I also want to express my appreciation for the opportunity to say thank you for your commitment and dedication in 2012 in bringing success to the Program and in recognizing the fisheries historic relevance as well as its future promise of sustainability and economic recovery of the West Coast groundfish fishery.

There has been hard work and many accomplishments achieved at every level. From the individual fishermen, from whom I've witnessed the most impressive, innovative and collaborative work in maintaining forward progress in achieving economic growth while managing and reducing catch events of overfished species through the development of unique arrangements with strategic conservation partners. To National Marine Fisheries Service and Pacific Fisheries Management Council for its tireless efforts in responding to emerging needs of industry, and from NOAA with its clear goal to help create more jobs in fishing communities through the rebuilding of fish stocks along with the promotion of sustainable fishery practices. Dr. Lubchenco's hands-on approach and community outreach proved very effective in identifying key challenges facing industry in the first year of implementation.²

Fishermen still however face many challenges in this new program. The most critical issues remain to be (1) effective management of over-fished species, (2) finding efficiencies in managing costs while achieving monitoring goals, and (3) involuntary consolidation of smaller fishing operations.

¹ Amendments 20 (Trawl Rationalization) and 21 (Insector Allocation) and tailing amendments to the Pacific Coast Groundfish Fishery Management Plan, codified at 50 C.F.R. Part 660.

² August, 2011 Morro Bay, California - Dr. Lubchenco met with partnership identifying specific issues and actions that our partnership and NOAA could take to achieve successes in the program.

Challenges in the First Year

Over Fished Species (OFS): The management of overfished species (OFS) presents one of the biggest obstacles to the success of the new West Coast groundfish catch share management structure not only because the low supply of OFS constrains individual fishermen's harvest plans, but also because OFS are not entirely predictable and fishermen could unintentionally harvest their respective annual allocations for one or more of the OFS. Furthermore, large "lightning strike" catch events of OFS have the potential to prematurely shut down the fishery.

Managing Costs /Achieving Monitoring Goals: Managing costs in the new program is a major concern and requires a collective and innovative approach to identifying alternative methods of monitoring in order to find efficiencies and costs savings necessary for feasibility. The economic challenge fishermen face include the rising cost of operating expenses \$4/5 diesel prices, 5% buyback loan, 3% cost recovery, and the increasing responsibility for observer coverage. In 2011, the cost of an at sea observer was \$365 per day. In 2012, the cost rose to \$420 per day with the added cost of air/land travel expenses. Industry is currently on a 3 year roll out for government transitional funding at 90%, 50%, 0% at which time observer costs will be borne entirely by the individual fishermen and costs could be nearing \$500 per day.

Access to Online Fish Management Data: We have identified that the management of high volumes of complex fisheries data is one of the largest constraints impeding the effective operation of new collective arrangements within the IFQ fishery. Access to and management of fisheries data is integral to the ability of individual permit holders and collective groups to make informed decisions designed to meet their fishery management objectives. Simplified access to this information would allow collective groups to track collective quota use, map locations of OFS events and alert cooperative members for future trips. Collective access to online quota data is fundamental to understanding and collectively managing the risk of catching OFS.

Currently, the fisheries data, including catch composition data from fish tickets and observer data are available to permit holders on the NOAA IFQ web application at <https://www.webapps.nwfsc.noaa.gov/ifq/>; however, this current system is inefficient. Under the current system, a collective organization must first request the credentials of each permit-holding member and then using the credentials the collective organization's manager must separately download data files for each trip and subsequently upload these files the collective group's database. This method is insecure, inefficient, and costly because it requires the sharing of credentials and the manual downloading and uploading of each individual permit holder's data. In addition, this process potentially increases the number of circumstances where data could be mistakenly altered.

Involuntary Consolidation: The accumulation of all the cost currently tied to the catch share program is well over 8% and that's before any bills or salaries are paid out. Industry cannot bare these costs without substantial consolidation occurring. The additional costs placed on the

industry will have significant consequences on smaller scale fishery operations. When smaller operations find they can no longer afford the burdensome costs, they will be forced to consider leasing their quota pounds or selling their permit or quota shares to the highest bidder – most likely to larger scale operations from outside areas thereby decreasing local harvest landings and weakening infrastructure. The unintended consequence of involuntary consolidation can cause wide-scale collapse of small fishing port communities particularly the already vulnerable ports along California's coast.

Successes in the First Year

Fisherman Working Together: In the first year of the catch share program, we saw unprecedented cooperation and collaboration among fishery stakeholder. In this new West Coast groundfish IFQ management structure, fishermen are increasingly working together in groups, or collective arrangements, sharing information and knowledge in order to address the most critical issues facing the fishery. Collective arrangements are forming to better address overfished species (OFS) management through the development of OFS risk pools with the purpose of collectively managing, avoiding and rebuilding overfished species while increasing revenue by maximizing harvests of target. OFS risk pools are now established or emerging in Ilwaco, Washington, Fort Bragg, California, the Central Coast of California, and within both the shoreside and offshore whiting fisheries.

Risk Pool – Innovative Approach to Managing Overfished Species: The collaborative efforts in 2011 between fishermen in the Central Coast of California and Fort Bragg, California with The Nature Conservancy as their strategic partner resulted in the creation of the Fort Bragg/Central Coast Risk Pool Agreement in which overfished species quota is shared among the two fishing association.

As part of the agreement, each participating association in the Risk Pool agrees to pool and share their OFS quota pounds, develop a region specific fishing plans that outlines specific spatial fishing plans by gear type (trawl, fixed gear and Scottish seine) that utilized the best available fishermen's knowledge and conservation planning efforts to minimize the chances to encounter OFS while maximizing the harvest of target. This group includes 13 vessels along central and northern California from CCSGA and FBGA ranging between ports from Port San Luis (Avila) up to Fort Bragg, CA, including 5 trawl vessels, 7 fixed gear vessels (3 longline, 3 pot/trap), and 1 Scottish seine vessel.

Since implementing the Risk Pool and Regional Fishing Plans, participating fishermen immediately reduced the risk of being put out of business by an accidental encounter with overfished species (OFS). Through careful planning and improved communications, fishermen have successfully decreased encounters with OFS, and improved access to target species. The arrangements have contributed to a sustainable year-round fishery by helping fishermen avoid OFS hot spots through spatial planning, standardized mapping, increased communication, and

innovative near real-time catch account through eCatch, a web-based application developed by TNC and used with an iPad that functions as an electronic replica of the State's [California] paper log book.

Members of this Risk Pool collectively kept their usage of pooled quota of OFS to 2% helping rebuild these important species' populations, while the West Coast fleet caught over 30% of its annual quota of OFS. This outcome is an example of how cooperative fishery management, taking place at the community level can help fishery participants and conservation interests improve fishery management. These types of collective arrangements such as risk pool hold enormous promise for stabilizing fishery activity in smaller scale fishing port communities.

Managing Observer Costs: Cost effective monitoring through the development and use of monitoring alternatives such as electronic monitoring, are vital to finding cost efficiencies in the observer program. The Fort Bragg Groundfish Association, the Central Coast Sustainable Groundfish Association, and The Nature Conservancy together as a combined effort to represent industry and conservation perspectives, has submitted a proposal brief to NMFS to help with the development and design of an appropriate Electronic Monitoring program it plans to pilot in the next coming months. We are looking forward to working with NMFS, fishery regulators and enforcement, and any other key stakeholders to address concerns from all groups to help build an effective EM program that would be in full compliance with existing regulations under the IFQ. in regulatory flexibility for fishery stakeholders to work together in collective groups through the creation of overfished species risk pools and funding for these models, simplified access of fishery management data for collective groups to track and manage OFS and target quota use, and spatial mapping of OFS events, and continued funding support for PFMC to work on emerging issues from year one, and finally, the need to modify the schedule for observer reimbursement to better enable more cost effective innovations to be place

Simplified Access to Online Fish Management Data: Working in collective groups is becoming the standard in this IFQ management structure. Our partnership supports the work NMFS has done to develop their systems to make data available online and it has certainly facilitated a smoother transition to this new management approach. Although the development of these new systems has allowed the IFQ fishery to progress, participants from across the fishing industry have joined together and are seeking to collaborate with NMFS to further improve the way data are accessed from these systems and ensure the success of the IFQ fishery.

A solution to this problem that would allow for collective institutions to operate effectively over the longer term is comprised of two critical components: (1) permit holders retain full control of their personal and confidential data but are given the option to grant collective organizations (e.g. co-ops or risk pools) access to those data, and (2) collective groups gain automated access to multiple member accounts rather than having to download and upload data at the individual trip level to increase the efficiency and timeliness of data accessibility and acquisition. Streamlining data accessibility and providing access to multiple accounts will improve cost efficiencies and

ensure data accuracy cutting out the intermediary steps of downloading and uploading individual files that are currently carried out by risk pool or cooperative managers.

Consolidation: Success of this program cannot entirely be measured until the full weight of implementation is felt by industry, and while industry is working at record speed to find solutions, time is working against it. Insufficient transition time and resources to carry the program out of infancy, may prove fatal to the long term success of the program.

We strongly believe that outcome can be avoided. In order to give the fishermen and the program overall the best chance for long term success, it is important to provide more adequate transition time and the necessary resources to carefully and thoughtfully identify the solutions and carry out implementation. It's important to recognize the need not to place too much burden on the fleet this early in the program and in do so will allow industry to work through challenges:

- To find a way to feasibly extend transitional funding for observers for a longer period (5 rather than 3 years) and not require fleet to cover 50% of observer costs next year. Maybe 20 or 25% would be more appropriate.
- This will allow the following to occur without the added pressure of simultaneous consolidation due to burdensome costs:
 - Electronic Monitoring studies to occur and to come on line to reduce costs
 - Petrale to rebuild giving the fleet a better chance to cover increasing costs
 - Reallocation process of window (which has come off the OFS list) that will increase catch for species that co-occur with it
 - Reallocation process of Whiting (resulting from litigation)
 - Modification of regulations that restrain flexibility
 - Simplified data management access for collective groups managing OFS

Conclusion

Industry Stakeholders and Administration are working in unison to respond to the emerging issues and changes in the IFQ fishery. The level of funding for NOAA in the 2013 budget is vital to maintain current and additional functions within this new and highly complex management system.

I would like to close by again thanking you for this opportunity to discuss fishery priorities in the Pacific Coast Groundfish Trawl Rationalization Program. Your previous and current investments have paid off well in the first year of the program and with your continued investment, the program will have the best chance to transition into a successfully catch share management system achieving the goals of the program.

I am happy to answer any questions you may have.