Proposed FMAT Data Collection Protocol - Surfclam and Ocean Quahog

June 2013 Meeting
Background

Council Motions

- "Move to request that the agency develop a data collection program for the Surfclam/Ocean Quahog fishery under the authority in section 402A of the MSA."

and
"Move that the Council request that the SC/OQ FMAT (with selected additional members) ascertain what types of data are needed to monitor and regulate ownership and lease activity with respect to the selected S* cap [S* = excessive shares]."
## Timeline & Process

<table>
<thead>
<tr>
<th>Jan-2013</th>
<th>Feb-13</th>
<th>Mar-13</th>
<th>Apr - 13</th>
<th>May - 13</th>
<th>June - 13</th>
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</thead>
<tbody>
<tr>
<td>Data Collection FMAT Meet</td>
<td>Data Collection FMAT Meet moved to May</td>
<td>Data Collection FMAT Meet</td>
<td>AP Meeting to Review Data Collection Needs</td>
<td>Data Collection FMAT Meet</td>
<td>Cmte. Meet, then Council review Data Collection Needs</td>
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<td>Data Collection Needs submitted to NERO</td>
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<td>Nero works to implement Data Collection System by January 1, 2014</td>
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What do we know and what we do we need to know?

Do we currently have sufficient information on current ownership and control of the surfclam and ocean quahog allocation shares to assess S*? NO

- Service annually issues cage tags to the holder of the quota (see SC/OQ allocation reports)
- Service - Transfer Request Form - Transfer Report (Temporary & Permanent)
- Contract of quotes not conducted via formal lease?
What do we know and what we do we need to know?...

- Need information that would allow for transparency in ITQ ownership and control
  - Ideally, we need to know how much allocation an individual or entity owns and also how much they control through both long-term and short-term leases
What is currently collected / produced in the SC/OQ fisheries?

- Tag Owners forms are sent to holder/address on file
- Allocation transfer records (Temporary & Permanent)
- Mandatory reports; clam vessel and clam processor logbooks
Other IFQ fisheries

- Price paid for the transfer (Temporary & Permanent) - collected in the Tilefish, Halibut, Sablefish, Scallop (LAGC)

- Disclosure of all IFQ allocation interest - collected in the Tilefish, Halibut, Sablefish, Scallop (LAGC)
FMAT Recommendations

- Develop an Interest Declaration Form
- Additional elements be added to the existing ITQ Allocation or Cage Transfer Form

  ➢ Additional reporting requirements - keep it simple & efficient
Interest Declaration Form

- Required to establish ownership information for existing and new participants
- Elements to be collected are on pages 10 and 11 of the data collection document
- Ideally, ownership information would be requested prior to the start of the new fishing year as a condition for issuing cage tags
Interest Declaration Form . . .

Strengths:

1. Provides a comprehensive and transparent definition for ownership interest

2. Used in other IFQ fisheries
Interest Declaration Form . . .

- Weakness:
  1. Timing
  2. Banking/lending institutions may view this information collection as intrusive and burdensome . . . jeopardize relationships between borrowers and lenders
  3. Banks may not want to disclose loan information
Cage Transfer Forms

- Required to monitor transfers more efficiently
- Needed to monitor control through transfers
- Elements to be collected are on pages 12 and 13 of the data collection document
Cage Transfer Forms . . .

- Strengths:
  1. Would provide more effective monitoring of transactions by quota share holders
  2. Enables monitoring of how the tag numbers associated with an allocation are processed
  3. Enables tracking of tag number transfers between individuals or business
Weakness: Stakeholders may be reluctant to provide detailed business agreements. However, this information would be considered confidential under the MSA. Therefore, it could be used to monitor ownership concentration and control within NMFS, but detailed business agreements could not be publicly reported, except in aggregate form.
AP Comments

- 3 May Meeting (AP FPR)
- 10 May Meeting (FMAT with Industry Presence)
Comments out of AP Meeting . . .

- Tag Ownership - if bank is the owner (technically listed as the owner) they own the tags
- Price information (sale and lease) not required as price/bushel can be calculated
- Some AP members thought that the information presented to assess ownership and control of tags was adequate others thought that it would not accomplish task at hand
- Long term contracts. Why ask this question? May not get information
Comments out of AP meeting . . .

- How do you get at who is making the decisions about control of tags. . . daunting task
- Meaningless and huge expense, budget issues / limited resources (service)
- Not needed given that 50% harvested and many unused shares out here
- There are so many business relationships that it would be impossible to get all the wrinkles & nods
Comments out of AP Meeting . . .

- Concerns over major/minor shareholders (e.g., what if a hedge fund owns part of a bank?)

- Minority shareholders (number and %s) not needed if you have majority

- Ownership versus participants (legal issue)
Lending Relationships

- AP membership - concerned that the Interest Declaration Form could affect lending patterns
- Potential solutions
  - Central Registry for Limited Access Permits (lien registry)
  - The NMFS Alaska Regional Office is currently operating an informal lien registry
Lending Relationships

Potential solutions

- The FMAT discussed that a possibility would be to allow banking/lending institutions with ITQ ownership to be exempt from any additional reporting requirements, but to have the debtor associated with the bank loan fill out the declaration form.