

## New England Fishery Management Council

### FINAL SUMMARY

Monkfish Oversight Committee Meeting

Hotel Providence, Providence, RI

February 7, 2013

Committee members: Dempsey (chair-absent) Nolan (vice chair); NEFMC: M. Alexander, T. Alexander, McKenzie, Preble, Quinn (absent); MAFMC: Berg, Himchak, DiLernia; NMFS: Pentony; Staff: Kellogg (NEFMC), Armstrong (MAFMC), Martin (NOAA GC), Christel, Corbett (NMFS); Audience: J. Kaelin, R. LaRocca, K. Sullivan, T. Froelich, D. Frulla, M. Lambert, C. Etzel, Sr., C. Etzel, T. Platz, D. Borden

The purpose of the meeting was to review and possibly modify options for DAS leasing and DAS/ trip limit alternatives in the draft Amendment 6 document and to discuss the report of the January 9<sup>th</sup> Advisory Panel meeting.

#### **Amendment 6 DAS leasing options**

The meeting began with a review of the agenda and a presentation by a NMFS member of the Monkfish Plan Development Team on lessons learned from the Groundfish DAS leasing program. The major elements of the Groundfish program were:

- 1) Eligibility to participate
- 2) Permit limitations
- 3) Size/horsepower limitations
- 4) A DAS leasing cap
- 5) Limits on lease duration
- 6) Fishing history accounting (whether the fishing or landings history should accrue to the lessor or lessee)
- 7) Linkage with monkfish DAS
- 8) A sunset provision.

The lessons learned were:

- 1) A DAS leasing program can be designed to address several issues such as allowing the fleet more economic flexibility to adapt to changing regulations while preventing an increase in fishing mortality and preserving the character of the fleet.
- 2) Preventing CPH participation is not effective.
- 3) Permit restrictions help control effort shifts.
- 4) Fishing history accounting can help alleviate concerns over future allocation decisions.
- 5) A sunset provision is likely unnecessary.
- 6) The effectiveness of the program depends on existence/effectiveness of a DAS transfer program.

The report reached the following conclusions:

- 1) The number of DAS leased and vessels participating increased over time.
- 2) The price paid per DAS generally increased over time.
- 3) Prices varied by port.

- 4) DAS shifted from inactive to active ports/states (southern ports to northern for groundfish).
- 5) Leasing may not be conservation neutral (effort and mortality likely increased on Gulf of Maine stocks).

Finally, the report made the following recommendations in terms of how to proceed with Amendment 6.

- 1) Determine the purpose(s) of the leasing program.
- 2) Decide if a DAS transfer program is necessary.
- 3) Develop measures to address the purpose(s) of leasing:
  - a) efficiency
  - b) controlling latent effort
  - c) controlling effort shifts.
- 4) Ensure conservation neutrality by allowing or restricting leasing between specific permit categories or management areas, and by applying upgrade restrictions, if necessary.

Committee members identified many issues that should be considered in further developing alternatives for a monkfish leasing program. They included:

- 1) Concern over the lack of different objectives for leasing in the two management areas and concern that not catching the quota in the Northern Management Area (NMA) is possibly due to poor stock conditions.
- 2) Vessels in the NMA don't have the flexibility they need to catch their quota but in the Southern Management Area (SMA) people like the status quo because the trip limits spread the catch over the year and maintain a higher price. They might support including leasing in the document as an option, but there also would have to be a no-action alternative for the SMA.
- 3) One reason why boats in the NMA are not catching the quota is because they have to shift away from monkfish when they reach the 300-pound trip limit but it is not economical for larger vessels to fish on monkfish-only DAS and they are saved for late in the year to use in the deep water when catching hakes.
- 4) Most New Jersey fishermen see no need for and strongly oppose DAS leasing.
- 5) It would be better for the committee to state that a leasing program is specific to an area with different options in different areas, if appropriate. Under only a single leasing option, if the SMA continues under DAS, the NMA boats would get increased access to the SMA and that would lead to a reduction in trip limits and DAS available per boat.
- 6) Under the alternative currently if vessels had 40 groundfish DAS and 20 monkfish-only DAS, boats could be allowed to lease monkfish-only DAS, but it is not clear how they could use them. If there is a desire to have DAS leasing only in the NMA it should be added to the document. The document needs to say how to treat vessels that fish in both areas on the same trip. The section on DAS transfer is not specific enough to be able to restrict DAS leasing to only one area; it was designed to deal with effort shifts between the north and south.
- 7) It would be possible to address the needs of multiple boat owners through options to a leasing program for the SMA only.
- 8) There is a pool of 17,000 DAS that can get leased and 3,200 are enough to catch the quota. If all those are leased we might be down to only 5 DAS. On Long Island there are a lot of groundfish boats. The latent effort will significantly increase the amount of catch the plan has to address how the latent effort it will affect both areas

- 9) Stacking permits creates an uneven playing field for people who have a simple business plan based on having only one boat.

**Motion:**

That the Committee develop an alternative to allow a DAS leasing program in the Northern Management Area only (Preble/Himchak, **motion passed 8-0**)

**Advisory Panel Issues**

The committee decided to discuss the report from the last Advisory Panel meeting because it might affect the discussion of other issues. The vice chair noted that the AP chair and vice-chair had resigned and the report was not final. As a result the committee agreed that it could not formally consider any of the recommendations in the report. The vice chair also stated that with the Committee Chair absent, the selection of an AP chair and appointment of new advisors would be postponed to the next committee meeting.

**Motion:**

That the Council staff person in attendance at an advisory panel meeting prepare the draft summary report for review and approval for accuracy by advisory panel members (Himchak/Berg, **motion passed 8-0**)

The Committee also agreed that the draft summary report should be reviewed and approved by the Advisory Panel.

**Amendment 6 DAS and trip limit alternatives**

Several committee members had concerns that the alternative to allow DAS to be carried over to the next fishing year would not be conservation neutral. Comments supporting a carryover provision were:

- 1) It would decrease vessel safety concerns by allowing vessels more flexibility to postpone fishing in bad weather or for other reasons that might lead to unsafe operations.
- 2) It would allow greater flexibility and efficiency in vessel operations in general.
- 3) Carryovers were limited to a fixed percentage of DAS and DAS are periodically adjusted.

A comment that the carryover alternative should apply only to the NMA led to a discussion about the need to have separate DAS leasing options for each of the northern and southern management areas.

**DAS Leasing Criteria**

The vice chair asked if there was anything in the document under 1.7 that anyone would like to discuss. After some committee discussion the vice chair suggested that criteria for determining leasable DAS might be the most important item to discuss and asked Mr. Platz and Mr. Froelich to describe their proposals.

Under Mr. Platz's proposal, the rebuilding timeframe of 1999-2008 would be the period used to determine number of leasable DAS. The number of DAS a boat fished in that period would be divided by the number of years (10) to determine the amount of DAS it could lease per year. For example if a boat fished 200 days in from 1999-2008, it would be able to lease 20 DAS per year.

The key provision to would prevent an increase in effort is that a boat would be that if a boat leased its DAS, then it could not fish its other allocated monkfish DAS in the same year. For example if a boat had 40 monkfish- DAS but only 20 DAS were leasable, the owner could lease the 20 leasable DAS but then the vessel could not fish the remaining 20 DAS; it would be done for the year. In other words, the owner would have to choose whether to fish up to 40 DAS or lease 20 DAS. This proposal would lock people into a level of effort under which Mr. Platz stated doubled the size of and rebuilt the stock. There would be a one-time allocation and every fisherman could then decide whether or not to lease his/her DAS or fish them. This also would allow a multiple boat owner to lease some of his DAS between boats and get rid of extra boats. This would not only decrease financial burden but it also would improve safety. Owners would be able maintain a single boat to a higher safety standard than multiple boats because of the increased efficiency.

Mr. Platz explained that he has a boat that fished only about 2/3 of its allocated DAS, but he would do better by leasing this amount than by fishing 100% of the DAS. This would relieve him of the problems and expense of keeping the extra boat. He stated that his plan not only would prevent an increase in DAS but would lower DAS use from current levels.

Mr. Froelich's plan had the following elements:

- Establish a DAS leasing program for the SFMA with a qualifying period using a tiered method in order to identify industry members and their level of past participation:
  - Tier 1 - vessels that used 90 - 100% of their DAS allocation from 2007- 2012
  - Tier 2 - vessels that 75 - 89% of their DAS allocation from 2007 - 2012
  - Tier 3 - vessels that who used 50 - 74% of their DAS allocation from 2007-2012
- A vessel leasing from Tier 1, 2 or 3 will have access to the high end qualifying percentage number.
  - Vessel A leasing leased a Tier 1 permit would be able to lease 100% of that year's DAS allocation.
  - Vessel B leasing a Tier 2 permit would be able to lease 89% of that year's DAS allocation. Vessel C leasing a Tier 3 permit would be able to lease 74% of that year's DAS allocation.
- If less than 50% of DAS were used from 2007-2012, those DAS cannot be leased even to another vessel owned by the same person. The goal of this alternative is to insure that latent permits will not be leased for the sake of creating more effort. Allowing latent permits to lease to active fisherman will only cause a reduction in DAS/trip limit in future years. The owners of those latent permits still would be allowed to use their permits, but they would not be allowed to lease them.

Mr. Froelich added that one reason for his choice of 2007-2012 for a qualifying period was that in beginning of the fishery there were a lot of loopholes that allowed vessels to record many trips because trips could be made in less than three hours.

#### **Motion:**

To add the two leasing proposals described by Ted Platz and Tim Froelich at today's meeting to the Amendment 6 draft document so they can be analyzed by the PDT (Preble /McKenzie, **motions passed 6-1-1**)

The Committee then discussed how leasing options might apply or differ between the southern and northern areas. Issues brought up in the discussion were:

- 1) The options included in the previous motion do not have to be restricted to only the SMA.
- 2) Leased DAS could be restricted by area. Southern DAS could be leased only in the south and northern DAS could be leased only in the north. For the northern area only active DAS should be allowed to be leased. In the north the boats primarily fish groundfish unlike in the south.
- 3) Regulations governing vessels permit transactions are universal. It is not possible to have differences for transferring monkfish vs. groundfish permits.
- 4) There could be different definitions of active DAS in the north and south, but if there are going to be different criteria for determining leasable DAS, the DAS could not be transferred between the areas.

The Committee also discussed whether the management of the fishery could be divided so the New England Council manages the fishery in the NMA and the Mid-Atlantic Council manages it in the SMA. Comments on this issue were:

- 1) NOAA General Counsel commented that NMFS first would have to decide whether monkfish comprise one or two stocks that conform to the management areas.
- 2) A committee member from the Mid-Atlantic commented that he would like to raise this issue at the next Mid-Atlantic Council meeting.
- 3) Fishermen from MA, RI and CT fish in the southern area but would not have adequate representation on the Mid-Atlantic Council.
- 4) There are large differences between the areas and there is no way of making people happy in both areas without splitting the FMP into two different plans.
- 5) The New England Council is thinking in terms of combining FMPs instead of creating more FMPs.
- 6) There were comments from the audience supporting the current DAS program in the SMA.

As a result of the discussion the committee passed the following motion made by Mr. M. Alexander and seconded by Mr. Preble by a vote of 5-1-2:

**Motion:**

That the committee restructure section 1. 7 [in the draft Amendment 6 document] according to the outline below:

1.7 Monkfish DAS Leasing

1.7.1 NMA

1.7.1.1 No Action

1.7.1.2 Allow DAS leasing

1.7.2 SMA

1.7.2.1 No Action

1.7.2.2 Allow DAS leasing

(M. Alexander/Preble, **motion passed 5-1-2**)

**Other issues**

Committee members had the following comments on several different issues:

- 1) In the north, vessels should be allowed to use, for example, four DAS worth of their monkfish allocation on seven groundfish DAS of fishing to increase their efficiency (i.e., match the number of monkfish DAS used to the landings, regardless of how many groundfish DAS are used on the trip).

- 2) It might make sense to have a separate section in the document that addresses the issue of conservation taxes so the Council could decide on an appropriate level (none, 50% or whatever) independently of other alternatives.
- 3) There was a conservation tax in the groundfish DAS transfer program (40% for A-DAS and 90% for C-DAS and later reduced to 20%). The result was that most all of the vessel leased rather than bought DAS. Groundfish also considered taxing DAS leases. The Groundfish PDT indicated that would be conservation neutral. However, the Council never adopted that because they wanted to facilitate, not hinder leasing and increased efficiency in the fishery.

The vice chair then reported that NOAA General Counsel had earlier advised the committee the boundary for H permits could be moved in a framework action and would not require an amendment. NOAA General Counsel further explained that the boundary could be moved in a framework as long as the Councils did not change more fundamental aspects of the H permit program, such as eligibility criteria. There was general agreement among committee members to consider moving the boundary in the upcoming framework that would include specifications for fishing years 2014-2016. Committee members decided that they would like to get input from the advisory panel before developing alternatives to the current boundary.

The meeting adjourned at about 3:30.