

#1/B

**Monkfish Catch Share Allocation**  
**And ITO referendum Proposal**  
**Rev. 6/4/09**

**Objectives**

**Biological**

- Sustainable management of monkfish (accounting for open access (bycatch) and limited access fisheries).
- Minimize discarding (by eliminating trip limits in the directed fishery)

**Economic**

- Allow full utilization of monkfish resource (optimum yield)
- Allow consolidation so that vessels are economically viable
- Acknowledge investments of time and capital in the fishery

**Social**

- Maintain the existing structure of the fleet (pyramid structure of large-medium-small vessels; open access and limited access)
- Allow individuals to operate vessels under safe weather conditions
- Allow fleet consolidation so that:
  - Full-time vessels can provide full-time jobs to crewmembers
  - All vessels can secure enough income to operate safely (e.g. maintenance, safety equipment & training).

**Initial catch share allocation:**

The initial allocation between open access and limited access vessels will be as follows:

- **Open access share**

The cumulative stock specific landings<sup>1</sup> by open access vessels during the qualification period will be calculated. This value will be divided by the total stock specific landings of all permit holders during the qualification period to arrive at a percentage that will be designated as “open access share”.

- **Limited access share**

The remaining percentage of stock-specific landings during the qualification period, after calculating the open access share, will be designated as the “limited access share” in the form of an individual transferable quota (ITQ) or potential sector contribution (PSC).

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<sup>1</sup> When calculating landings, landed weight will be converted to live weight. This is necessary so that landings of different products (dressed or whole) are evaluated on a consistent basis.

Qualification period:

NFMA: Fishing years 1999<sup>2</sup>-2008<sup>3</sup>

SFMA only: Option 1: Fishing years 1999-2008

Option 2: Fishing years 2003-2008

Option 3: Fishing years 2005-2008

**Limited access catch share converted to ITQ or PSC**

ITQs and/or PSC are defined as the fixed percentage of the limited access share of the total allowable catch (TAC) denominated in shares equal to 1 millionth of the total. At the beginning of the fishing year, each ITQ share generates annual catch entitlement (ACE) equal to 1 millionth of the limited access percentage of the total allowable catch.

In order to allocate an ITQ or PSC to limited access permits, the permit history for each permit must be calculated.

Qualification and Allocation – Category A, B, C and D limited access permits

- Stock specific landings history<sup>4</sup> of each limited access permit (A, B, C, and D) during the qualification period will be calculated. Landings history will be based on the information in the NMFS commercial dealer database and vessel trip reports (VTRs) for stock specific landings. For each permit, landings will be summed over the qualification period. This value will be divided by the total stock specific landings for all A, B, C and D permits during the qualification period to derive each permit's fixed percentage of the limited access share. The permit holder would then be allocated this percentage of the overall ITQ shares for the A,B,C and D permit categories.

Qualification period

NFMA: Fishing years 1999<sup>5</sup>-2008<sup>6</sup>

SFMA only: Option 1: Fishing years 1999-2008

Option 2: Fishing years 2003-2008

Option 3: Fishing years 2005-2008

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<sup>2</sup> 1999 is the initial year of the monkfish FMP, and the beginning of mandatory reporting for monkfish vessels (i.e. beyond reporting requirements in other fisheries).

<sup>3</sup> Intent is to capture the longest timeframe practicable.

<sup>4</sup> The allocation of ITQ shares based on historical landings is considered to be an equitable way to recognize both present and historical participants in the fishery, as required by the Magnuson-Stevens Act (section 303(b)(6)). Landings history has been used to establish initial quota allocation for ITQ programs in the U.S. and around the world and stakeholders perceive it as a fair measure of participation in the fishery.

<sup>5</sup> 1999 is the initial year of the monkfish FMP, and the beginning of mandatory reporting for monkfish vessels (i.e. beyond reporting requirements in other fisheries).

<sup>6</sup> Intent is to capture the longest timeframe practicable

## Qualification and Allocation – Category H limited access permits

### Qualification period

Fishing years 2005-2008<sup>7</sup>

Stock specific landings history of each H permit during the qualification period will be calculated. Landings history will be based on the information in the NMFS commercial dealer database and VTRs. The average landings for each vessel during the 2005-2008 timeframe will be calculated, and this value will be added to the years within the selected SFMA timeframe for which category H permits would otherwise have zero landings. This value will be divided the landings by all SFMA permits during the qualification period to derive each permit's fixed percentage share of the limited access share. The permit holder would then be allocated this percentage of the overall ITQ shares of the SFMA stock specific allocation.

Under a catch share allocation system, the current restriction on area fished for Category H permits will be eliminated.

Category F permits – under a catch share allocation system, the existing Category F (offshore, SFMA) permit will no longer be necessary.

### Appeals

The items subject to appeal under the limited access catch share system would be initial eligibility for IFQ or PSC shares based on ownership of a category A, B, C, D or H permit, the accuracy of the amount of landings, and correct assignment of landings to the permit holder.

### Transferability (ITOs)

- Permit holders can make permanent and temporary transfers of ITQ's (subject to approval by NMFS). Transfers are made on a stock-specific basis.
- Permanent transfers are in ITQ shares as defined above.
- Within year transfers are carried out through buying and selling of ACE, which is expressed in live weights in terms of x pounds or x metric tons. ACE is valid for the current fishing year and cannot be carried forward except by the ITQ holder as described below.
- Transfers are not limited by gear type.

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<sup>7</sup> 2005 marks the implementation of the category H permit. This permit is restricted to the portion of the SFMA south of 38° 40' N latitude, and will continue to be restricted to that area under an ITQ or sector program.

## **Quota Overage / Underage**

- In the event of an overage, a permit has 30 days to acquire additional ACE to quota balance. Overages will be paid back in pounds, on a pound per pound basis. If additional ACE is not secured, the permit's ACE will be reduced by an amount equivalent to the overage, in the subsequent fishing year.
- ITQ holders can 'carry forward' ACE into the following year up to 20% of the permit's ACE allocation for that year for each stock area.

## **ITQ Referendum**

### **Voters**

- Holders of A, B, C, D, and H limited access permits on record on the date the ballot is mailed to permit holders.
- Captains (non-owners) that document 70% of their annual income came from commercial fishing as Captain of A,B,C,D, or H vessel for 5 consecutive years and earned a minimum of \$25,000 from the monkfish fishery for five consecutive years.
- No double voting by owner-operators.

### **Vote weighting process**

This vote weighting acknowledges that limited access permit holders qualified at differing levels <sup>8</sup>during the original qualification period, as well as acknowledging the differing financial interests of owners and hired captains.

#### **Option 1:**

Category A and C permit holders: 4 votes

Category B, D, and H permit holders: 2 votes

Captains: 1 vote

#### **Option 2:**

Category A and C permit holders: 4 votes

Category B, D, and H permit holders: 2 votes

Captains: 1/10th vote

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<sup>8</sup> Category A and C permits qualified at 50,000 lbs; Category B, D and H permits qualified at 7500 lbs.

### **Option 3:**

Category A and C permit holders: 4 votes

Category B, D, and H permit holders: 2 votes

Captains: 1/100th vote

### **Sector Provisions**

Sectors implemented under Amendment 5 will receive universal exemptions from the following provisions of the monkfish FMP.

- Days at Sea
- Trip/possession limits
- Any new input controls implemented in Amendment 5 (closures, gear restrictions, etc.)

### **Additional background information:**

In 2006, there were 765 monkfish limited access vessels, of which 348 were Category C permits holding limited access permits in either a Multispecies (60%) or Scallop (47%) fisheries, and 357 were Category D permits, primarily (99%) holding limited access Multispecies permits (Table 7). Overall, 74% of monkfish limited access permit holders also hold multispecies limited access permits.

The number of category E permits increased rapidly during the first few years of the FMP but has remained relatively steady since 2004, averaging 2,315 permits.<sup>9</sup>

Numbers of permits

Category A 14

Category B 39

Category C 348

Category D 357

Category H 7

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<sup>9</sup> New England Fishery Management Council, Monkfish Framework Adjustment 5, February 13, 2008.