



New England Fishery Management Council

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MEMORANDUM

DATE: October 9, 2012
TO: Monkfish Oversight Committee
FROM: Phil Haring
SUBJECT: **Amendment 6 NEFMC/NERO staff meeting – ITQ questions**

On October 2nd, I met with NERO staff, Doug Christel and Mike Pentony, to continue development of the ITQ alternatives for Amendment 6. While we have identified a number of specific elements to be included, including those that came out of the Amendment 5 deliberations, our discussion focused on several broader issues that need to be resolved in order to complete the package. The PDT, therefore, seeks your clarification or agreement on these items at the next meeting.

First, **does the Committee concur with the PDT presumption that the ITQ system will only address monkfish landings, not discards?** Currently, in setting specifications for the DAS system, monkfish discards, as estimated by the most recent stock assessment, are deducted from the ACT up front. Including monkfish discards into an ITQ system could significantly increase management and monitoring cost, complexity, and administration, particularly in regards to the operation of other Northeast fisheries that encounter monkfish, such as the Atlantic sea scallop fishery.

Second, **does the Committee agree that the ITQ system will be developed to manage only monkfish landings in the directed fishery, while retaining management of the incidental catch in all other fisheries under the system of incidental catch limits?** For the purpose of this approach, directed landings could be considered to be those on trips that exceed the applicable incidental trip limit, or those on a monkfish DAS. If all vessels were required to acquire quota to land incidentally caught monkfish, discards would likely increase and monitoring would become more costly. One of the four goals of the original FMP remains “to allow the traditional incidental catch of monkfish to occur.” Allowing vessels in other fisheries to land incidentally caught monkfish, rather than discard it, is consistent with National Standard 9, which requires FMPs to minimize bycatch (discards) to the extent practicable. Under this approach, the Monkfish FMP would continue to allow the incidental landings under various fishery-specific possession limits, and distribute the remaining directed fishery share of allowable landings as ITQ shares rather than as currently, with DAS and trip limits. As with the current DAS system, the portion of the monkfish ACT available to the directed fishery would be calculated after accounting for the incidental catch and discards.

On the one hand, there may be some advantages to including both directed and incidental landings under the monkfish ITQ program, as follows:

- There could be greater control over all sources of monkfish landings in all fisheries, rather than just the directed fishery;
- Fishermen that currently do not qualify for an initial allocation, including those that do not qualify for a limited access monkfish permit, could potentially increase their monkfish landings by acquiring additional quota;
- Broader application of the ITQ system to include both directed and incidental catch creates a level playing field for all fishermen landing monkfish, since each must acquire quota;
- And, all sources of fishing mortality would be accounted for under the quota system in a more timely way.

On the other hand, there are several disadvantages to including incidental landings in the monkfish ITQ program:

- It would create the potential to shut down or reduce optimum yield in other fisheries that encounter monkfish, in direct conflict with the original goal of the FMP to allow for the traditional incidental catch of monkfish to occur;
- Depending on the initial allocation criteria adopted, there would be increased operational costs associated with purchasing monkfish quota for vessels that incidentally catch monkfish in other fisheries;
- If all vessels are required to use ITQ for incidental catch, and those vessel are using gear that is less selective than that used in the directed fishery, there could be an impact that is contrary to one of the FMP goals, to prevent increased fishing on immature fish, and fishing mortality rates could increase for a given weight of landed fish;
- This would likely increase discards of monkfish across all fisheries, particularly by those that initially are allocated relatively small shares of the ITQ and choose not to supplement those allocations by acquiring additional ITQ. Any resulting monkfish discards would be in conflict with Objective 1 of Amendment 6 to reduce the ratio of discards to pounds landed; and
- The pool of vessels to be allocated monkfish ITQ would expand significantly from only those with limited access monkfish permits (held firm since 2000) to include all those with the open-access Category E permit, or anyone else with any history of landing monkfish.

The next issue can be distilled into three fundamental questions: **(1) who can get an initial allocation? (2) Who can hold ITQ quota shares? and, (3) Who can land monkfish under ITQ allocations?** I will delve into these questions below.

The answer to the first question, “**who can get an initial allocation?**”, in some ways depends on how we resolve the previous issue (all landings or just directed landings under ITQ management). We have heard a range of ideas on this question from members of the public, the advisory panel and other stakeholders. These range from “all limited access permit holders”, to “all limited access vessels with monkfish landings”, to “all vessels active in the directed fishery (i.e., used monkfish DAS or had landings per trip in excess of the applicable incidental limit)”. If the Committee wishes to design an ITQ program such that all monkfish landings would require

ITQ shares, then the initial allocation must also involve a much broader group, including open access permits with landings history. If, on the other hand, we consider that the ITQ system will apply only to the directed fishery, then the answer to the question of eligibility would be that only vessels eligible to participate in the directed fishery, that is, only limited access permit holders would be eligible for an initial allocation.

Therefore, there are four alternative approaches for determining eligibility for an initial allocation of ITQ shares (“**who is eligible**”), in order from broadest to narrowest:

1. All permit holders, both limited access and open access;
2. Only limited access permits regardless of monkfish landings history
3. Limited access permits with monkfish landings, either directed or incidental, and
4. Limited access permits with directed landings (landings on a DAS, and/or landings in excess of the applicable incidental limit). This latter alternative better aligns with the concept that the ITQ management system will only apply to the directed fishery while allowing the traditional incidental fishery to continue, consistent with the original FMP goal.

Please note that this is a different question from the determination of *how much* the initial ITQ allocation would be, and from the question of who might obtain ITQ shares following the initial allocation. The criteria used to determine who would be allocated an initial ITQ share may be completely different from the criteria used to calculate the amount of monkfish that each permit’s ITQ share represents. That is, it is possible that the amendment could propose the narrowest criteria (directed landings only in a specified period) in order to be eligible for an initial allocation of monkfish ITQ, but then use a different time period of landings history to actually determine those allocations, or, they could use the same period.

The next question is “**who can hold ITQ shares?**” The answer to this question will provide the basis for much of the details of the management system, such as, ownership caps and transferability restrictions. The basic questions here are:

- Once the initial allocations of monkfish ITQ are made, to what degree (if any) can the monkfish ITQ allocations be severed from limited access monkfish permits?
- Will an entity be required to hold a limited access monkfish permit in order to be able to hold (or lease, or purchase) monkfish ITQ?

The most restrictive approach, as in the limited access general category scallop ITQ, is that only limited access monkfish permit holders can be allocated, hold, lease, or purchase monkfish ITQ. In the least restrictive approach, similar to the Atlantic surfclam and ocean quahog ITQ fishery, any entity can hold, lease, or purchase monkfish ITQ.

Some of the secondary questions in this vein are:

1. In the middle, would lay questions, such as, does a quota shareholder have to also be a limited access permit holder?
2. Does that permit have to be associated with a vessel or be active in some fishery, or can the permit be in CPH?
3. Can private investors, NGO’s, state agencies or other entities, such as restaurant or supermarket chains, who do not necessarily hold vessel permits purchase quota from initial allocation recipients and then hold or lease out that quota? Also, note that any

accumulation limits adopted as part of the ITQ program would apply to the entities that are identified in the answer to this question.

Once you determine who can hold ITQ shares, the final fundamental question, at this point, is, **“who can land ITQ fish?”** Some people have proposed that once the initial ITQ is allocated, and regardless of who holds it, it does not matter who lands it, as long as there is sufficient quota to cover those landings. On the other hand, some have argued that there needs to be some restrictions on which vessels have access to the ITQ fish to preserve the community dependence and diversity in the fishery, including but not limited to vessels that have limited access monkfish permits. Presumably, to be consistent with to FMP goal of preventing increased fishing on immature fish, there would be some gear selectivity standards that would apply to the ITQ segment of the fishery, regardless of how broadly the landing allowance is adopted, but that needs to be explicitly stated.

While the PDT will continue to develop a range of ITQ options, I think it is important for the committee to answer the questions laid out above, so we can better describe the alternatives, and eliminate those that do not apply based on the answers to these fundamental questions.