

# **Update:**

# Development of Amendment 18 to the Multispecies FMP

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Groundfish Committee Report  
NEFMC meeting  
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# Outline

- Overview of recent activity
- Reconsidering A18 goals and objectives
- A18 timeline
- Recent PDT work
- Advisory Panel recommendations



# Recent activity

<b>Mar. 6</b>	<b>Joint Groundfish Committee/AP meeting</b> <ul style="list-style-type: none"><li>• Interest in revisiting goals and objectives.</li><li>• Developed data analysis “wish list.”</li></ul>
<b>Apr. 8</b>	<b>RA letter</b> <ul style="list-style-type: none"><li>• Narrow scope to just accumulation limits.</li></ul>
<b>Jun. 10</b>	<b>Groundfish Advisory Panel meeting</b> <ul style="list-style-type: none"><li>• PDT reports on analytical work to date.</li><li>• Passed 8 motions re. A18, including new goals.</li></ul>
<b>Jun. 12</b>	<b>Groundfish Committee meeting</b> <ul style="list-style-type: none"><li>• PDT reports on analytical work to date.</li><li>• GAP recommendations.</li><li>• Passed 6 motions re. A18, including new goals.</li></ul>



# Purpose (existing)

*As outlined in the NOI for the action, published December 21, 2011 (emphasis added).*

“This action is necessary to provide analytical support for an amendment to the Northeast Multispecies Fishery Management Plan (FMP) examining potential rules to reduce the likelihood that groundfish permit holders will acquire or control excessive shares of fishing privileges in the fishery and that over-consolidation will occur within the fleet.”



# Need (existing)

*As outlined in the NOI for the action, published December 21, 2011 (emphasis added).*

“Currently, there are no specific controls on the excessive accumulation or control of fishing privileges in the multispecies fishery. There is concern that the low catch limits, in conjunction with expanded sector management, will lead to excessive consolidation and lack of diversity in the groundfish fleet. Likewise, there is concern regarding consolidation and diversity in the groundfish fleet as stocks rebuild and acceptable biological catches (ABCs) increase.”



# A18 goals (existing)

*As approved by the NEFMC June 2010.*

1. “Maintain inshore and offshore fleets;
2. “To the extent possible, maintain a diverse groundfish fishery, including different gear types, vessel sizes, geographic locations, and levels of participation;
3. “Maintain a balance in the geographic distribution of permits to protect fishing communities and the infrastructure they provide; and
4. “Prohibit any person or government entity from acquiring or controlling excessive access to the resource, though in order to prevent extraction of disproportionate economic rents from other permit holders.”



# A18 objectives (existing)

*As outlined in the scoping document, approved by the NEFMC September 28, 2011.*

1. “To consider the establishment of accumulation caps for the groundfish fishery; and
2. “To consider issues associated with fleet diversity in the multispecies fishery.”



# Reconsidering these statements

As written, do these statements articulate the purpose, need, goals and objectives that the Council envisions?

## Consider:

- Generally, objectives (specific steps) support achieving a particular goal (desired outcome).
- FMP actions do not require having both goals and objectives.
- Balance between setting too many goals/objectives and maintaining focus for the action.
- Whether rescoping would be necessary and how that impacts the timeline.





# TENTATIVE\* timeline

2013	June	NEFMC settles on goals/objectives.
	July-Dec.	Develop measures.
2014	Jan.	NEFMC approves range of alternatives to be analyzed in DEIS.
	Apr.	NEFMC approves DEIS with range of alternatives.
	Jun.-Jul.	NMFS and EPA accept DEIS. NOA issued.
	Jul.-Aug.	45-day public comment period.
	Sept.	NEFMC votes on final EIS.
	Nov.-Dec.	NMFS review, deeming of proposed regulations, 60-day public comment period.
2015	Jan.-Mar.	EIS review, cont.
	TBD	Implementation.

*\*Depends on the extent of the action and timing with Habitat Omnibus Amendment, FY14 specifications, revising rebuilding programs, and other Council actions.*



# Recent PDT work

- Dialogue on
  - Revising goals and objectives
  - Feasibility of accumulation limit options
- Preliminary review/analysis of
  - Permit banks
  - Trends in fishery diversity and concentration
  - Including ACE trading to net revenue estimates



# Suggestions

*Is this language any more palatable?*

“The goal of the Amendment is to limit the concentration of quota to:

1. Ensure access to a reasonable number of fishery participants.
2. Prevent market control and price-fixing by a small number of fishery participants.”



# Suggestions

*Is this language any more palatable?*

“Goals:

1. Prohibit any person, organization or government entity from acquiring or controlling excessive shares of fishery access privileges, in order to prevent:
  - (a) extraction of disproportionate economic rents from other fishery participants; and
  - (b) strategic manipulation of fishery access privilege and/or asset values to the detriment of fishery participants.
2. Increase transparency in fishery access privilege lease markets in order to better understand and detect the behaviors identified in (1).
3. Promote a dynamic fishery with entry opportunities for fisherman and vessels.”



# Accumulation limit feasibility

## Possible caps:

- What?
  - Permits, PSC, ACE, landings, individual stocks, aggregate stocks
- Who?
  - Individual, business entity, sector

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Initial feedback from General Counsel is that all of the above are feasible from a legal standpoint. Implementing a cap would not, on its own, trigger turning program into a LAPP.



# Preliminary permit banks review

## **Primary question:**

In the absence of accumulation limits and fleet diversity measures today, how are permit banks helping foster diversity in the fishery?

## **Rapid Qualitative Inquiry:**

- Brief, voluntary questionnaire
- Sent on ~May 15 on behalf of Committee Chair to representatives of 10 permit banks.
- Responses collated and summarized into a June 5 PDT memo.



# Preliminary permit banks review

## How were “permit banks” defined here?

- **Public.** Used definition from Amendment 17
  - NOAA-sponsored, state-operated.
  - Obtains Federal permits to allocate fishing privileges to qualifying entities.
- **Private.** No standard definition
  - Term generally used to refer to non-profit organizations that hold fishing permits.
  - No regulatory distinction between a private permit bank and a commercial entity that leases ACE.

# Preliminary permit banks review

## Which permit banks were queried?

- **Public**

1. New Hampshire State Permit Bank
2. State of Maine Permit Bank

- **Private**

1. Boston Sustainable Fishing Community Preservation Fund, Inc.
2. Cape Cod Fisheries Trust
3. Gloucester Fishing Community Preservation Fund
4. Island Institute
5. The Nature Conservancy
6. NEFS XI Permit Bank
7. Penobscot East Permit Bank
8. South Shore Fishing Community Preservation Fund

*The Nature Conservancy/Island Institute  
Community Permit Bank*

7 questionnaires returned as of June 5 (78% response rate).





# Preliminary permit banks review

Permit Bank	Geographic focus	Federal GF Permits (#)	Vessels receiving ACE (#)	Vessel sizes	
Public {	SMPB	Maine	11*	21+	≤ 55'
	NHSPB	New Hampshire	4	19	≤ 45'
Private {	BSFCPF	Boston?	n.d.	n.d.	n.d.
	CCFT	Cape Cod	24*	29+	no limit (≤ 50')
	GFCPF	Gloucester	49	71	no limit
	NEFS XI	NH (primarily)	2	22	no limit (≤ 50')
	PEPB	ME (primarily)	2	10+	no limit (≤ 60')
	SSFCPF	South shore?	n.d.	n.d.	n.d.
	TNC/II	No limit	3	15+	no limit
	<b>Total:</b>	<b>New England</b>	<b>95+</b>	<b>189+**</b>	<b>all sizes</b>

\*also holds scallop and/or surf clam permit(s)

\*\*duplicates likely



# Preliminary permit banks review

## **Public permit banks FY2013 ACE:**

- Collectively, permit banks hold 0.7% of ACE fishery-wide.
- Greatest holdings are of pollock (1.8%).

*(Source: Northeast Regional Bulletin, 6/11/2013)*

## **ACE Price:** - generally distributed below market

- Fixed percent below market (CCFT, GFCPF, PEPB).
- Value needed to cover administrative costs/repay loans (SMPB, NEFS XI, TNC/II).
- Distributed at no cost (SNHPB, TNC/II).

## **Industry Reliance:**

- Some use revenue as capital to enter the lease market.
- Lease “choke” stocks to use more of their own quota.
- Better answered by industry participants?



# Preliminary permit banks review

## **Preliminary conclusion:**

Collectively, permit banks are fostering fleet diversity due to the diversity of industry segments that they support individually.

## **For more information:**

- A more extensive, independent inquiry may be warranted.
- Public permit bank FY2012 annual reports due Aug. 1.
- Could invite representatives to future Cte/Council meetings.



# Preliminary permit banks review

## Concerns:

- Public
  - May need Council action to enable more efficient operations.
  - Administrative challenges with permit ownership.
- Private
  - Low stock abundances and their spatial distribution.
  - PBs purchasing permits outside their region.
  - Would PBs be subject to accumulation limits through A18? Consider their aims for the fishery.
  - There should be a distinct category for private PBs.
  - There should be more consistent and transparent reporting requirements across all PBs.



# Fleet diversity & ownership concentration

*DRAFT* NEFSC Social Science Branch reports presented at the June 10 and 12 GAP and OS meetings:

- *“Indicators of Fleet Diversity in the New England Groundfish Fishery” (1994-2011)*
- *“Trends in Groundfish Fishery Concentration, 2007-2013”*



# Fleet diversity

- Measured fleet diversity by tracking “species” of fishermen, 1994-2011
- “Species” defined by:
  - Gear (trawl, gillnet, longline, handline, other)
  - Vessel size (<30’, 30-49’, 50-74’, 75+’)
  - Primary landing port county (23 counties)
  - Primary statistical areas fished (inshore, offshore)

*CAVEAT: The number of species drives the analysis, not how dependent the fishermen have been on groundfish.*



# Fleet diversity

## Measured diversity with several tools:

- Species Richness (number of species present)
- Simpson's Index (sensitive to species' abundance)
- Shannon Index (sensitive to rare species)
- Effective Diversity (# of species in equal abundance at an index value)
- Gini Coefficient (index concentration)

Species Richness:	Number of species		% change
	FY1994	FY2011	total/per year
All active groundfish permits:	228	190	-17% / -1.0%
All active LA groundfish permits:	194	140	-27% / -1.5%
All active LA groundfish permits w/ GF landings:	166	85	-48% / -2.7%



# Fleet diversity

## Preliminary conclusions:

- 30 fishermen species persisted through the time series.
- From 1994-2001, the rate of species decline averaged 1%/year, but increased to 4.5%/year from 2002-2011 as fleet size shrank.
- Since 2008, rate of fleet size decline has outpaced rate of fishermen species decline.
- So, there is declining diversity, but the fishery hasn't redistributed to favor a particular niche, with two exceptions:
  - Since 2005, drop in proportion of Maine-based species.
  - In 2009, slight uptick in proportion of large vessel species.





# Ownership/holdings concentration

## Metrics:

- Permits/MRIs owned
- PSC held (individual stock and stock-wide)
- Shares of ACE held by sectors

### *CAVEATS:*

- 1. Certified Permit History (CPH) permits not included in the dataset.
  - a. 100+ enrolled in sectors, incl. ~30 in permit banks.*
  - b. 27% of GOM cod in CPH permits.**
- 2. Fundamental differences in the database, pre- and post-2010.*
- 3. Ownership definitions matter and may yield different results.*



# Ownership/holdings concentration

## With those caveats:

- Largest individual MRIs are assigned ~1.1% of all PSC.
- GB and GOM winter flounder and redfish are the most concentrated (8%, 6%, 4.5%, respectively for largest MRI holders).
- GOM cod is the least concentrated stock.
- Trend towards increased concentration from 2007-2010, stable from 2010-2013.

<b>PSC Share:</b>	<b>FY2007</b>	<b>FY2013</b>
Top 5 ownership groups	8%	~21%
Median ownership group	0.5%	0.5%



# GAP Motion 1 (9/1/0)

## “Amendment 18

### **Goals to support a forward-looking management approach.**

The primary objective of the goals for Amendment 18 is to prioritize and advance industry leadership and participation in achieving federal management goals. Sectors and permit banks are maturing as a valid mechanism to formally interface with industry groups. They are uniquely suited to manage/facilitate the regional application of the necessary and built-in flexibility of national rules and guidance. The goals of Amendment 18 will be best approached from the most local level with Council and NOAA oversight.”



## GAP Motion 1 cont. (9/1/0)

1. “Promote a diverse groundfish fishery, including different gear types, vessel sizes, geographic locations, and levels of participation through sectors and permit banks.
2. “Enhance sector management to effectively engage industry to achieve management goals and improve data quality.
3. “Promote resilience and stability of fishing businesses by encouraging diversification, quota utilization and capital investment.”



## GAP Motion 2 (6/3/0)

“The GAP makes the following recommendations regarding Amendment 18:

1. “Conduct an analysis of an ownership cap on multispecies permits. Any ownership cap should not disenfranchise current owners.
2. “Do not impose restraints on the flow of allocation trades or leases between individuals, sectors, and/or vessel classes.
3. “In fisheries with high bycatch of groundfish, including State waters fisheries, allocate sub ACLs of groundfish and establish AMs.
4. “Allow entire groundfish allocation to be split off from other permits.
5. “Revise upgrade restrictions to allow permits to be placed on larger, safer platforms to increase vessel range in response to ACL volatility.”



## GAP Motion 3 (5/2/3)

“Any analysis and consideration of ownership caps in the multispecies fishery must take into account the full range of potential ACL reductions, current and future, to ensure such caps do not prevent businesses from remaining viable.”



## GAP Motion 4 (7/0/3)

“Develop mechanisms for flexibility in any cap concepts in order to address unintended obstacles to profitability – survival of fishing businesses that may result from ACL reductions.”



## GAP Motion 5 (10/0/0)

“To request Council staff assess and provide examples of US solutions that provide access to capital for individuals, new entrants, sectors and community entities, e.g. halibut new entrant finance program called Community Quota Entities, NMFS fishery obligation fund financing for quota.”





## GAP Motion 6 (8/2/0)

“The GAP recognizes the following as an urgent issue that need to be addressed:

“The GOM/GB haddock spillover problem - that is, the extreme difference between the ACLs for each stock, and the strong potential for GB haddock spillover to cause an overrun of GOM ACL.”



## GAP Motion 7 (5/1/4)

“The GAP recognizes the following as an urgent issue that need to be addressed:

“Return the eastern US/CA reporting to statistical areas as has been the practice since Amendment 16, but is not currently in place.”



## GAP Motion 8 (10/0/0)

“The GAP recognizes the following as an urgent issue that need to be addressed:

“Address the problem of assumed discards especially on stocks with very low ACLs - that is assumed discards are being applied at the sector level, and vessels that don't ever encounter certain species (e.g. GOM YT are charged discards if they fish anywhere in the Gulf of Maine). Potential solutions to explore are full retention of allocated groundfish species, or area specific discard rates.”

