

October 17, 2011

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Mr. Howard:

Please find below responses to the Council's request for information in advance of the scheduled NEFMC sector workshop.

**What ran smoothly in your sector?**

With a brand new program in place, I feel everyone involved in NEFS IX made such a great effort through such an immense learning process. So much of this new system was unknown to captains, fishermen, vessel owners, sector managers, and NMFS. However, with the resources provided, all were able to overcome a very abrupt start to a system that in my opinion could have used another year of development/tweaking before actual implementation.

**What are the top five problems your sector encountered that impeded operations from running smoothly?**

1. GB yellowtail reduction mid-year. This mid-year reduction in George's Bank yellowtail caused many problems between members within the sector and between members in different sectors due to trades which had already occurred. It was negligent on NMFS' part to not have looked at the effects this reduction could pose on sectors as businesses which had already done deals for this stock based on numbers provided at the beginning of the year.

It is understandable that as science changes we too must make modifications to our allowable catch however, there are complications that these changes cause and this was not something that I believe was considered by NMFS. Decisions that are made so abruptly carry major implications within a sector and issues such as these must be considered when taking action.

2. The delay in final numbers for year-end reconciliation. As sector managers, we not only need to be on top of our numbers for our sector as a whole but we also need to provide numbers to our members. We were unable to get needed information from NMFS in a timely fashion, which made it incredibly difficult for me as a manager to

assist my members with navigating this new system. The final year end numbers took a significant amount of time to be produced, well into the new fishing year. Deadlines set by NMFS themselves were not met. This past fishing year's numbers were still being compiled 3 months into the new current fishing year. My hope is that for this current fishing year we are able to "close the books" in a much more timely fashion.

3. Annual report guidance given far too late: Numerous attempts were made to gain some knowledge, prior to the start of FY 2010 and throughout the fishing year, regarding what information would be needed to complete the FY 2010 Annual Report. With a new system in place, exactly what information would be requested at year end should have been spelled out prior to the start of the fishing year so that managers and their members could be prepared to complete this Amendment 16 requirement. With a new system in place, new people in new positions, more information should have made available far in advance. At the end of the fishing year, it is far too late to state that you need more detailed information of events that took place in the past 12 months.
4. Year end reconciliation process: In my opinion, this process began far too late in the fishing year. Managers began receiving orphans and missing VTR information more than half way through the fishing year furthermore we were informed of 'imputed trips' that would impact our final numbers weeks before the close of the fishing year. The problems with data were not identified until more than half way through the fishing year. Issues such as these should have been distributed in a timely fashion which would have allowed for much smoother year end reconciliation. All the weight that was being deducted in each sector for imputed trips should have been a topic between managers and their NMFS handlers far sooner than the last quarter of the fishing year. A more proactive approach to this process is essential.
5. 10% rollover of unused ACE: Amendment 16 enabled sectors to carry up to 10 percent of unused ACE forward into the next fishing year, with the exception of Georges Bank Yellowtail. The transition to the sector management system has greatly altered fishing behavior and business practices learned through the DAS system. Sectors, and their respective members, are still learning how to operate effectively given the ACE constricts imposed by the allocation methodology, modified business practices and financial shortfalls. One mechanism that will provide much needed transitional flexibility is the ability of a Sector to carry over a

larger percentage of unused ACE from one fishing year to the next, taking into consideration ACL requirements and the biology of a given stock.

**What potential modifications to the FMP do you think would be helpful for sector operations?**

Revisiting the percentage allowable to be carried over into the next fishing year would be very beneficial to Sectors and their membership's success, understandably this includes keeping biology of a stock and ACL requirements in mind.

Changes to stocks should take place at the beginning of the fishing year. Mid-year decreases in stocks make it very difficult for, Sectors and their members to adequately develop business strategies that include harvesting and leasing of Sector ACE. Looking at all angles of mid-year implementations would be greatly appreciated.

Year end reconciliation was an unorganized process last year and began far too late into the fishing year. A more proactive approach to the process this year will make both parties able to begin focusing on the current year's activity unlike this past year when 2010 activity was still being looked at 3 months into the new fishing year. Overall, being proactive and looking at things before hand rather than later is my suggestion.

A major concern for industry presently is incurring costs for ASM in the near future. Vessels will not be able to incur these costs and since this new program took off the ground NMFS has wanted those in industry to believe they were trying to work with them. At this point, members of industry are letting you know that with the prices of fuel, purchasing quota, sector fees, etc., another cost cannot be absorbed especially that of \$500-\$600 daily. Funding for this program needs to be revisited because this will be a major blow to industry and has great potential to be the demise of many in the industry.

Revisiting the rolling closures and closed areas is also another modification which needs to be visited. Many of the closures in place today are artifacts of the old effort control system which attempted to control fishing mortality through the imposition of various inefficiencies on the fishery including time-area closures. The Council has now chosen to replace that management strategy with one that uses output controls over fishing mortality with a fundamental objective of increasing the fishery's efficiency and utilization of OY. Many of the existing closures greatly hinder fishermen's ability to access and harvest their available allocation of stocks that are

predominantly located within their boundaries. Preserving these closures has needlessly and harmfully undermined a core objective of the new sector system. Future habitat areas under consideration in the Habitat Amendment should be discrete, targeted areas that take into consideration where fishermen catch their allocation for example Northern Georges and the Channel.

Sincerely,

Stephanie Rafael, Sector Manager  
Northeast Fishery Sector IX