

October 9, 2011

To: Anne Hawkins, NEFSMC staff

Re: Sector "Lessons Learned" workshop plan

Feedback from NEFS VI Board of Director President Michael Walsh

1. Because of the BOD's individual business acumen and ability, the adaptation to sector management was managed as a business dilemma and adjustments were made out of necessity rather than choice. This transition caused a significant strain on resources and the independent nature of the existing enterprises. The consequences and troubles created in the transition to sectors from DAS could have been avoided if the agency and Council worked more openly and cooperatively with stakeholders.
2. The most significant problems were related to the necessity to adapt to sectors.
  - a. The NEFS VI fleet has reduced from 11 vessels in FY 2008-2009 to only 4 vessels in FY 2010 -2011 and at a great expense to the business entity owners creating strains on cash flow and resulting in diminished profits. These impacts will take decades from which to recover.
  - b. Historical investments and maintenance in fleet vessels conducted for future efficiency and effort utility became obsolete.
  - c. Significant amounts of money were required to form the sectors and permit-holders were forced to join forces with other sector Members and subject to the perils of corporate links. Incredible amounts of time and energy were required to adapt to sectors in the interest of protecting one's own independence. Legal and accounting fees for business planning spiked.
  - d. Together these created onerous distractions from fishing operations and management as well as mental stress as well as significant strain on business finances.
  - e. Reduction in fleet has obviously led to reduction in crew. Several jobs were lost and families were displaced.
  - f. The cost of operations due to the necessity to lease ACE has resulted in significant reductions in net profits as well as decreased share values to crew.
  - g. Membership costs and landing fees associated with the Operations Plans are nuances created by sector management. The sector Members cannot afford these fees and cannot afford to pay for its sector manager.
3. Suggested changes to the FMP include a significant increase in the OFL/ACL/ACE distribution. Stock assessments and enhancement of practical science responsive to the stakeholders should be a prioritized avenue and is of prime significance. The fact that 38% of the Northeast Fisheries allocation is designated to the recreational sector is unacceptable.

These are among the several issues NEFS VI Board of Directors see as pertinent discussion and action items. The Board Members are focusing on their business operations and these workshops are a distraction to their business activities but both Michael Walsh and Tory Bramante will likely be present at the upcoming workshop in Portland and their participation on panels is recommended and encouraged as they both will make valuable contributions and share valuable insights.

If you have questions or require further information please let us know.

Sincerely,

Jim Reardon , Sector manager, VI NEFS, Inc.