

October 9, 2011

To: Anne Hawkins, NEFSMC staff

Re: Sector "Lessons Learned" workshop plan

Feedback from NEFS X Board of Directors

1. The unique bond and camaraderie among the South Shore fleet provided a foundation on which to work in unity: this fact was the smoothest portion of the FY 2010 experience. FY 2010 sector implementation created an unfortunate economic situation for the commercial ground-fishing families on the South Shore.

Sector implementation created a significant amount of stress and distress among X NEFS, Inc. Members as you are likely aware. The allocation formulas utilized by NEFMC and NMFS resulted in ridiculously low PSC's for NEFS X Members resulting in economics prohibitive to the day boat fleet. Businesses were strapped from the outset with inadequate allocations. Access to capital is limited in these small businesses. With limited allocations, active Members were unable to generate the necessary cash flow required to lease ACE in order to continue harvesting at a level that would be sustainable.

2. The most significant (Top 5) problems X NEFS, Inc FY 2010

Problems were entirely related to the necessity to adapt to sectors. It will be interesting to learn what the NEFMC leadership considered to be the Top 5 from your perspective.

The suddenness of implementation (the reality that with May 1, 2010 a whole new system would hit like a tornado) without conveyance of clear and concise mechanisms from the NERO and NEFMC relative to successful adaptation was the most obvious flaw in the system. The alienation of the industry by past actions of both Agency and Council and the lack of understanding of the perils and traps of the sector system were clearly evident to this sector manager. The breach of trust and the Agency's policy to ignore concerns of industry were clear. While the RA claimed (post-partum) that there were multiple meetings prior to May 2010 for sector management preparation, it is a fact that managers for NEFS sectors were not hired until April or May 2010. The agency knew this and if the agency did not understand this then this is evident proof that the sense what is happening on the ground is radically missing at NERO. Fishermen were unsure of the details that would be required to orchestrate successful adaptation.

The scramble to organize operations of NEFS X in April 2010 without clear direction from the sector leadership or any direct communication with NMFS or NEFMC to the sector manager was the most evident challenge to the manager. How would the sectors be expected to hire a manager when there were no funds available or set aside to achieve this necessity? Certainly, some sectors had the assistance of NGO's at the expense of less connected sectors. There still is no dependable mechanism to pay a sector manager even in October 2011. If it were not for the sub-award grants issued through WHOI/CINAR/NMFS/GMRI, there would be no funds to pay for the sector manager. Certainly sector managers are performing multiple tasks which depend upon initiative and an acute willingness to take on responsibilities undefined in the hiring

process. How that happened and who is accountable for allowing that to happen is one example of the lack of considerations of all variables in the sector implementation dynamic. The thoroughness required for success and stability for wholesomeness throughout the entire management system is deterred by politics. To understand what is happening on the ground is critical to the success of any system or entity. To ignore and/or simply create a subset of expectations is unacceptable. This reality, the blue smoke, is marring the system still today. Why did the agency or the Council not have a sense for what was happening on the docks and in the meeting rooms of stakeholders in May of 2010? Here we are in October 2011 and this same question remains unanswered. This detachment and the building of an insulator framework between the super-managers (NOAA/NMFS/NERO and the NEFMC) and the stakeholders is the most obvious flaw in the Northeast Fisheries management dynamic.

3.

a. The NEFS X fleet has reduced to only 19 "active" vessels in FY 2010. We expected 29 active vessels. Inadequate allocation coupled with additional expense to the business entity owners relative to Membership dues and landing fees placed inordinate strains on cash flow and resulting in diminished profits. These impacts will take decades from which to recover as several vessel operations were left with miniscule allocation.

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.

h. Socio-economic impacts! Families were distressed and businesses were immediately placed in jeopardy from limited access opportunities. Vessels remained tied to the docks. Vessels were sold. Fishermen lost businesses, homes and vessels. Several fishermen became psychologically paralyzed with the shock of the impacts from the new management regimen. Yet NOAA/NERO/NEFMC just let the chips fall where they may. And the propaganda campaign launched by EDF that everything was just peachy was disgusting to witness.

i. Those who have adapted have done so at great expense. Those who were unable to capitalize and adapt also have paid a great expense.

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 must become a prioritized avenue and is of prime significance to the salvation of abundant commerce. The cushion of “management and scientific uncertainty” is a sham. The fact that a significant percentage of the Northeast Fisheries allocation is designated to the recreational sector is unacceptable and an absolute disgrace in light of the fact that the management uncertainty and scientific uncertainty is a blatant admission by those facilitators at the agency and Council level who have supported the sector framework and have engendered its implementation.

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

Sincerely,

Jim Reardon , Sector manager, X NEFS, Inc.

Sector manager note/addendum :

4. One critical question for you which nobody seems to ask: How can the agency (NOAA/NMFS/NERO/NESC/SSC and Council consider itself as managing the ecosystem (EBM) by tracking the commercial vessels via satellites, VTRs, permits, discard rates calculated to 12 decimal places, weekly reports, issue reports, ACE reports, annual reports, ASM, NEFOP and so on and so forth, etc.) in a microscopic manner for the commercial portion (62%) of the Northeast Fisheries groundfish allocation while on the other hand 38% of the Northeast Fisheries groundfish allocation is designated to the recreational sector with NO DATA recorded! Please pardon if my percentages are imperfect but I believe you get the drift. Recreational vessels and surf casters are fishing without licenses on the South Shore and coming from anyplace in the world on any day of the year and many casual fishers do not even know what species they are landing nor are most of the free fishers aware that regulations exist. Does this make sense to you? Discard rates for sector ACE were calculated to the twelfth decimal place (.000000000001) during the FY 2010 data reconciliation process with NMFS. Discard rates are based upon “the best-dressed accurate estimate from limited data on very expensive observed trips”. Then this best-dressed accurate estimate is extrapolated as an assumption. Meanwhile, the recreational and charter vessels were landing thousands of pounds of groundfish daily from Spring to Fall on the public boat ramps of Quincy, Weymouth, Hingham, Hull, Cohasset, Scituate, Marshfield, Duxbury, Kingston, Plymouth and Sandwich, all South Shore ports.

This is the most obvious and glaring reasoning fallacy evident to me as I look at this whole dynamic. It is the first ACL distribution assumption and is absolutely not logical. ACE deductions for assumed discards and the resultant need for active vessels to pay cash for leasing ACE which is not landed is absolutely ludicrous especially since recreational vessels are allowed to fish at will for the most part. No country in the world, take Canada as a prime example, has developed a successful fisheries management system without first and foremost curtailing licentious fishing practices such as witnessed in the unaccounted landings of the recreational sector of the Northeast. Granting the allocation loosely defined as recreational to the commercial sector would offer substantial informational data and would eliminate massive amounts of scientific and management uncertainty.

In my opinion, it is a disgrace and a mockery to have the recreational fishery represented so significantly at the Council level and especially since at this critical moment in the Northeast Fisheries dynamic and complex. The democratic process is today, unfortunately not only imperfect but impure as well. The spheres of influence and the insider information and use of that information in non-transparent means

is a mockery to the honest stakeholders who are not privy to the shenanigans at work behind the scenes and the policy agendas generated by organizations such as PEW, Lenfast et.al. and the agendas of control of the resources for purposes of energy exploration and exploitation of the already ecologically distressed ecosystems. NROC and the NOC are even more dangerous to the health of Northeast Fisheries unless those who have integrity take hold of the sensors and work for the health of the America we are losing.

The greatest tragedy is that the Department of Commerce and the administrators in Washington DC through the actions of Jane Lubchenko and the NERO RA have turned their backs on decent, hard-working Americans. While more bureaucrats were hired at NERO and NGO's hired more people to service the industry, NEFS X Fishermen struggled to figure out how it would possibly survive the demands of the sector system.

We ask you to seek mechanisms to fund the sectors other than drawing from fish landings already distraught by inflation. The Kennedy-Saltonstall funds should be directed toward keeping fishing communities viable and thriving so that our American heritage is preserved. Let there be light!

A Fisheries Management Act for the Northeast responsive to the present and scientific realities with regard to the multiple variables and considerations would be a common sense remedy to the stagnancy and out of tune machinations of the bramble-bushed MSA. 1976 was a long time ago. 2011 and beyond requires adaptive mastery and systems engineering of unprecedented proportions. Let's work together to create the means of abundance for all.