

October 11 2011

Paul Howard, Director
NEFMC
50 Water St.
Newburyport, MA 01950

Dear Paul,

This letter responds to your request of August 30 for our impressions of sector performance during FY2010.

Q: What ran smoothly in your sector?

1. Catch reporting: Vessels and dealers were required to report catch and landings data to sector within 24 hours of offloading. We had little difficulty achieving this deadline. Our dealers were particularly supportive in helping our members and this sector in meeting our reporting deadlines.
2. ACE Trading: We found that ACE traded fluidly within and outside of the sector. All sectors had some sort of right-of-first refusal provisions; after a bumpy start we found this did not pose a significant barrier to inter-sector trading. Sector managers developed an informal, effective communications system to keep all parties abreast of ACE availability and needs. We found the market effectively allocated stocks to those sectors most able to use it.

At the start of the year, the value of a given stock was completely unknown, but halfway through the fishing year, we were able to cite rather precise current market prices for most stocks. We believe prices were generally overvalued under the first year of sector management, as fishermen were uncertain of their ACE needs and ability to avoid choke stocks. This year, we find ACE acquisition prices have markedly declined.

3. NMFS Communications: The NMFS worked to ensure sectors had quick access to the agency for questions and concerns. Each sector was assigned a primary staff point of contact. Sector manager teleconferences were held first weekly, tapering to monthly as the learning curve flattened. We found the NMFS adaptive and as generally helpful as they could be in this transition.
4. Dockside monitoring: Our dockside monitoring contractor exceeded the 50% coverage level. We had few problems with missed offloads, data reporting was prompt and thorough, and we found no significant difference between dealer and monitor weights.

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

We didn't encounter five operational problems worth noting; here are two:

1. Data reconciliation: Essentially, the NMFS and the sectors maintain a duplicate set of books. This was wise under a new management regime, but reconciliation of those books didn't start until nearly the end of the fishing year. The NMFS and the sectors alike discovered data and programmatic errors such as duplication of dealer records, false trips with catch assigned to them, landings corrections which were not transmitted to the NMFS and/or the sectors, and other problems.

For FY2011, the NMFS has already started reconciliation with the sectors; we believe the datasets will be far more precise moving forward.

On a related note, sector management requires catch data reporting closer to real-time than the DAS system. We found that though our dealers reported to us in a timely manner, the NMFS' databases were nowhere near as up to date. Anecdotally, the NMFS reported significant and recurring dealer reporting deadline compliance problems. Their databases are also out-of-date because of the challenges of keeping up with paper-based FVTR reporting.

Until these problems are solved, neither the government nor sectors will be able to rely on the NMFS' databases for catch monitoring adequate for ensuring sector catches remain within limits.

2. At Sea Monitor & Observer Data: Many of our fishermen expressed serious concerns about the accuracy of observer data. They believed the observers routinely overestimated discard weights, and were not diligent about weighing every pound of discards possible. They noted some are less inclined to venture on deck in inclement or cold weather; though captains are sympathetic, the issue is that the observer then turns to estimated rather than actual discards, with attendant accuracy concerns. (We note captains may occasionally forbid an observer from going on deck, for safety concerns.)

They were particularly dismissive of the 'volumetric' method of estimating discards. They believed the volume sampled was routinely not representative of the entire load, either because of (a) the nature of the way fish spread as they are dumped on deck, or (b) lack of factoring the relative weights of a given volume of fish (e.g., a basket of monkfish weighs far more than a basket of redfish). This method's credibility would benefit from thorough, published field testing.

Captains were regularly surprised at the amount or type of discards that had been attributed to a trip, to the point that some installed photocopiers on

vessels, to copy each page of the observer's logs, and others decided they needed to reconcile discards after each set, to ensure that discrepancies were addressed immediately (they found that some observers were very reluctant to sit down and review monitoring data once the vessel had arrived in port).

As a result, the sector spent an inordinate amount of time examining and attempting to reconcile discard data.

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

1. Eliminate or reduce the requirement for industry to pay for at-sea monitoring. The NEFMC implemented this mandate in Amendment 16, then attempted to reverse itself in Framework 45 but was rebuffed by the NMFS. In the short term, the fishery is burdened with increased costs (e.g. sector management overhead, ACE acquisition), but flat revenues. Until sectors demonstrate their promise of improved economics, unfunded mandates should not be imposed on the fleet.

In the long term, discard monitoring standards and practices bear a fundamental change. At October 5's Groundfish Committee meeting, NMFS stated that an ideal observer coverage level for discard estimation (one that would produce a CV of 0.30 across all strata) was about 90% - even if the groundfishery required full retention. Under that standard, at \$675 per day, the total cost of sector monitoring would have exceeded \$11 million in FY2010. These figures are nonsensical.

2. Reduce closed area and gear restrictions. Many of the restrictions were implemented as part of an input-control system. Under sectors, they are one of the most significant barriers to achieving OY.
3. Increase the amount of ACE which can be carried forward to the next FY. The current limit is 10%; an increased amount would be particularly helpful in increasing the potential to harvest OY and reducing ACE prices for fishermen. We request an increase to 20%, which seems to approximate practices in some other significant global fisheries.¹

Sincerely,



Hank Soule

¹ *Catch-quota balancing in multispecies individual fishing quotas*, Sanchirico et. al, Marine Policy 30 (2006) 767-785