NOAA FISHERIES SERVICE
Northeast Fisheries Science Center
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

2011 vessel level leasing impacts

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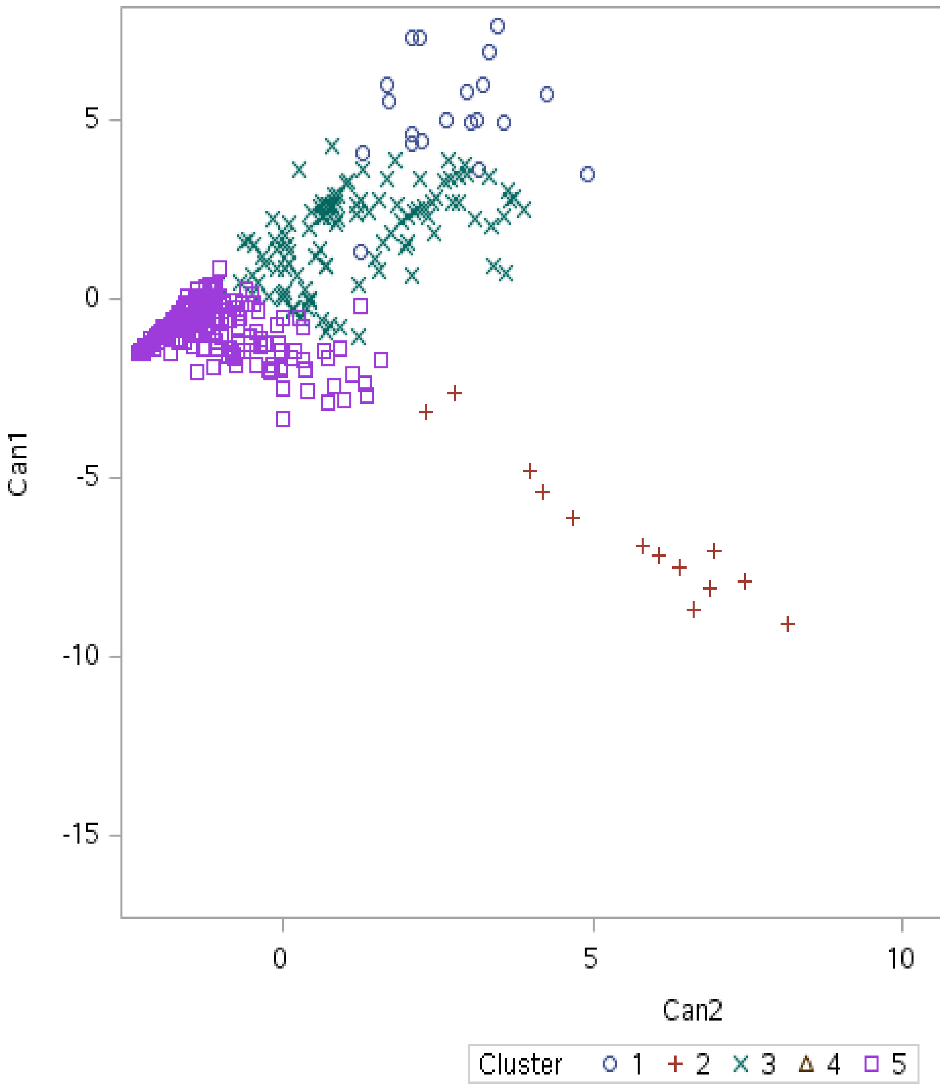
Leasing between ownership groups involved $10.8 mil in FY 2011.

Framework:

- Quota leases are transfers between industry participants (noting that Sector lease fees are a cost)
- Ability to lease increases revenues for both lessees and lessors—*in a competitive market, everyone gains from trade*
- Price paid for leasing in quota is equal to the price obtained when leasing out quota…when PSC is converted into landings a lease payment is foregone—*whether you lease in quota or fail to lease it out, the cost is the same*
- Largest true cost from leasing may be the costs associated with the market not adequately matching buyers and sellers



VESSEL LEVEL IMPACTS

Cluster analysis used to group vessels by fishing practices

Clusters based on:

- pounds of groundfish and non-groundfish landed
- number of crew
- trip duration
- gear

Four fishing clusters emerged

CLUSTER A – 21 VESSELS

Representative fishing vessel

- Dragger
- ME and MA homeport
- 80ft, 800 VHP
- Six-day trips
- 4-5 crew
- 1mil+ lbs of fish/year, 87% groundfish
- $1.5mil / year gross revenues

CLUSTER B – 107 VESSELS

Representative fishing vessel

- Dragger
- ME, MA, RI, CT, NY, NC homeport
- 68ft, 525 VHP
- Five-day trips
- 3-4 crew
- 400-500K lbs of fish/year, 70% groundfish
- $500K / year gross revenues

CLUSTER C – 15 VESSELS

Representative fishing vessel

- Gillnetter (some draggers)
- MA, RI homeport
- 45ft, 340 VHP
- 1-day trips
- 3 crew
- 900K lbs of fish/year, 4% groundfish
- $300K / year gross revenues

CLUSTER D – 229 VESSELS

Representative fishing vessel

- Gillnetter or dragger
- ME, NH, MA, RI, NY, NJ homeport
- 45ft, 340 VHP
- 1-day trips
- 2 crew
- 110K lbs of fish/year, 50% groundfish
- $125K / year gross revenues

Three non-fishing clusters:

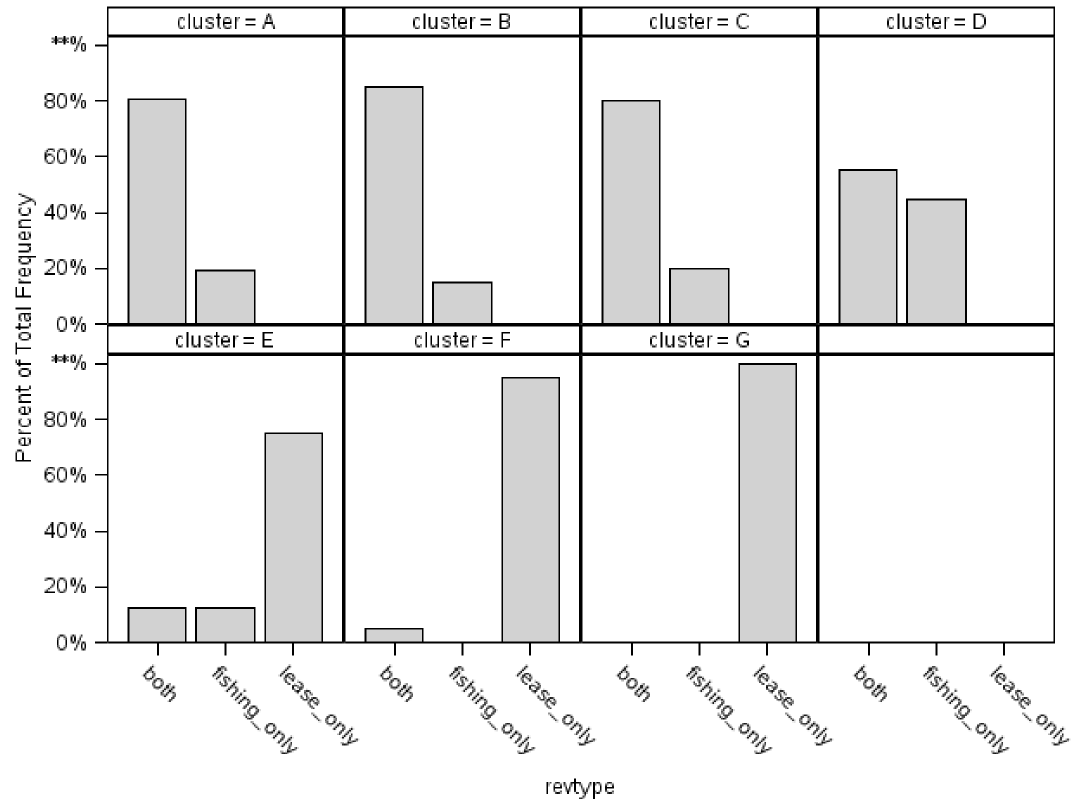
(E) State-run permit banks – *eight permits*

(F) Private permit banks or NGO owners – *39 permits*

(G) Privately-owned permits not fishing but generating revenues from leasing – *345 permits*

764 permits belonging to unique ownership groups produced revenues from either fishing or leasing in 2011

Cluster	BOTH	FISHING ONLY	LEASING ONLY
A	17	4	0
B	91	16	0
C	12	3	0
D	127	102	0
E	1	1	6
F	2	0	37
G	0	0	345
		Total: 764 permits	



Cluster	n	mean revenue from leasing quota	mean cost from leasing quota	mean net quota lease cost as pct of fishing revenue
A	21	$ 6,018	$ 127,785	8.0%
B	107	$ 11,047	$ 45,359	6.9%
C	15	$ 10,493	$ 2,819	-2.7%
D	229	$ 3,338	$ 14,196	8.8%
E	8	$ 28,151	$ 0	0.0%
F	39	$ 22,146	$ 0	0.0%
G	345	$ 21,320	$ 0	0.0%

Cluster	n	mean LEN	mean VHP	mean CREW PER TRIP	mean TRIP DURATION (hrs)	mean NON GFISH LBS	mean GFISH LBS	mean GROSS FISHING REVENUE	mean QUOTA REVENUE	mean QUOTA COST
A	21	80	792	4.4	151.0	185,962	1,193,354	$ 1,516,700	$ 6,018	$ 127,785
B	107	69	535	3.7	123.4	115,627	293,647	$ 499,472	$ 11,047	$ 45,359
C	15	45	340	2.9	11.2	897,910	29,941	$ 283,927	$ 10,493	$ 2,819
D	229	44	344	2.2	15.5	56,183	58,784	$ 124,073	$ 3,338	$ 14,196
E	39	11	14	0.0	0.0	-	-	$ -	$ 28,151	$ -
F	8	15	56	0.0	0.0	-	-	$ -	$ 22,146	$ -
G	345	34	249	0.0	0.0	-	-	$ -	$ 21,320	$ -

Bottom line

- Interpret with caution—*tracing quota to the permit (MRI) level is an inexact science*
- 345 permit holders--outside of permit banks--generated revenues from leasing and not fishing (*mean permit holder made ~ $18K in FY 2011*)
- Comparison of gross revenues to net leasing costs is misleading for most vessels in three of the four clusters—*without leasing those revenues would not have been obtained*

Parting thoughts

- All sectors voluntarily reporting owner-level quota leases in end-of-year reports
- Ability to trace vessel-level effects of leasing will improve, but still on annual time-step
- Estimates predicated on lease price model, does not capture true price variation