

**Issues Paper: Reconsidering Multiple Sector Enrollment Policy – 1/16/08**

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**Advantages**

The primary benefit of allowing vessels to join different sectors in different fisheries is that such policy could multiply any benefits of single sector management, such as economic efficiency, flexibility and self-designed regulatory regimes. In other words, if a single sector management program results in more efficient use of capital in one fishery, vessels that participate in more than one fishery could realize those benefits from all fisheries in which they participate. Likewise, if the regulatory burden on a vessel is lower under a sector management program, it follows that allowing that vessel to participate in more than one sector would further reduce that burden. From a fishery manager's perspective, expanded efficiency in use of capital may reduce excess capacity, if some vessels are retired as a result. Expanded use of sectors, through a policy allowing vessels to participate in more than one sector, increase the likelihood that more excess capacity would be retired.

**Disadvantages**

The primary disadvantage to allowing multiple sector participation is the complexity such a policy would bring to the allocation, administration, monitoring and enforcement of the sector programs. At this time only two, narrowly focused sectors have been implemented, and for a relatively short time. As the Council considers expanding the use of sector management to other fisheries and other FMPs, it needs to address, and is addressing a number of idiosyncratic issues and questions. Allowing vessels to participate in multiple sectors in the same year raises a whole new set of issues and questions beyond those that exist in single-fishery sector development. The following discussion raises many of the issues and questions, and highlights the complexity of expanding the sector management approach to cover multiple sector participation, which is the principal disadvantage to adopting such a policy at this time. These are not necessarily "show-stoppers", that is, unanswerable questions, or issues that cannot be resolved, but they are matters that need to be addressed before adopting a wholesale change in policy.

If vessels are allowed to be in sectors in more than one fishery, allocating and accounting for incidental catch where the two fisheries overlap will be necessary. For example, if a vessel brings to a groundfish sector, a groundfish history that includes any groundfish caught incidentally in the herring fishery, how would that history be divided up? Does the groundfish incidental catch in the herring fishery count against that vessel's groundfish sector allocation, potentially closing the groundfish sector, even for other sector vessels that do not fish in the herring fishery? Can a portion of a vessel's historical directed catch of groundfish count toward the incidental catch of groundfish that the vessel is bringing to the herring sector, and the other portion of that catch be counted as its contribution to the allocation to its groundfish sector?

This problem is even more complicated in fisheries where there is greater overlap of incidental catch, such as scallops/yellowtail, scallops/monkfish, groundfish/monkfish, or groundfish/general category scallops, all of which could potentially have sectors, with vessels participating in more than one. So, if a vessel historically fished in both a groundfish fishery and a monkfish fishery, and caught groundfish while fishing for monkfish, and vice versa, and thus has a landings history of both (as both incidental and

directed catch), how would that history be divided between the two sectors? Who will divide that vessel's overall catch history among multiple sectors that all have an often-substantial incidental catch of each other's target species? Assuming that question can be resolved, once the allocation is made, and the vessel then participates in both sectors, how is the catch of groundfish and monkfish accounted for (against the two sectors' allocations)? What happens if there is monkfish remaining in the incidental catch allocated to the groundfish sector, at the same time the monkfish sector has reached its catch limit? What if a vessel wants to bring groundfish catch history to a groundfish directed sector, as well as to a monkfish and a herring sector, where there are also groundfish incidental catch?

Furthermore, the catch history could have been generated by different gears with different selectivity patterns, e.g. herring mid-water trawls gear and groundfish nets. One question this raises is whether the catch is equivalent and can be reapportioned between two or more sectors? In other words, should a vessel be able to use less selective gear to catch, and land a species for which the history was generated with a more selective gear because it participates in sectors in both fisheries? If so, the need to monitor bycatch more closely becomes greater, and the impact on fishing mortality of a given allocated poundage of catch will change.

If different FMPs adopt different baseline periods for their sector programs, and there is species overlap, would there be a conflict between incidental catch and directed catch allocations across the different sector programs for those species? Since the overall sector allocation of directed and incidental catch is based on the contributions of individual member vessels, each vessel's history will be different for the different baseline periods, and it is unclear which baseline catch would take precedence in the multiple allocation process. This is further complicated in situations where multiple sector participation overlaps the jurisdictions of two Councils. A mechanism should be established that allows the resolution of cross-jurisdictional issues and questions (either between FMPs or between different Councils), before multiple sector participation is allowed.

A final complicating factor is how to deal with different fishing years and the allocating and accounting of overlapping species. In the scallop/groundfish fishery should the yellowtail allocated to the scallop fishery starting in March 1, come out of the yellowtail TAC for the groundfish fishing year which does not begin until May 1 or the previous groundfish fishing year? This may not be a significant question, and easily resolvable, but should be considered before the multiple sector policy is changed.

## **Discussion**

The proposal to modify the sector policy and allow vessels to participate in more than one sector program in the same year raises a number of questions that will require substantial deliberation and analysis to answer. Failing to address these questions significantly increases the risk that sector management will fail in its entirety due to the inability of the management system to track individual the activity of hundreds of vessels, each with its own set of applicable rules and allocations, depending on which combination of sectors they participate in. It may be more beneficial for the Council to give single-sector management programs more time to prove successful and efficacious across a range of fisheries before considering opening opportunities for multiple-sector

participation. To broadly change the policy and allow every possible combination of sector participation simultaneously will likely be problematic.

Incidental catch and species overlap across fisheries presents one of the most problematic aspects of multiple sector activity. Incidental catch of a species managed under an FMP other than the one governing the fishery where that incidental catch occurs, either results in bycatch (recorded or unrecorded), or in landings, depending on the governing FMPs, market conditions or other factors. This situation of overlapping catch would not change if vessels were allowed to be in multiple sectors, but it raises the need for additional regulations to control and govern the allocation and monitoring of that catch, particularly when the sector rules (gear requirements, seasonality, closed area exemptions, etc.) differ. This has the potential to minimize one of the advantages of sector management, that is reducing the regulatory burden on vessels. Allowing vessels to be in multiple sectors requires more explicit and detailed allocation and accounting of the overlapping incidental catch and bycatch for each vessel, adding to the complexity of managing the fisheries, and the costs associated with monitoring, enforcement, and administration.

### **Summary**

These are the questions raised in the previous discussion:

- If a vessel brings to a sector, a history that includes fish caught incidentally in another fishery, how would that history be divided up?
- Does the incidental catch (of, say, species A) in one sector fishery (for, say, species B) count against that vessel's Species A Sector allocation, potentially closing that Species A Sector, even for other sector vessels?
- Can a portion of a vessel's historical directed catch of one species count toward the incidental catch history that the vessel is bringing to the second sector, and the other portion of that catch be counted as its contribution to the allocation to its groundfish sector? In other words, is a vessel's entire landings history of a species (both directed in one fishery, and incidental in another fishery) lumped together and redistributable to either sector as that vessel chooses, or does the directed catch history and incidental catch history remain separate in the allocation to the two sectors?
- Who will divide that vessel's overall catch history (incidental and directed, multiple species) among multiple sectors that all have an often-substantial incidental catch of each other's target species? Will the Council establish appropriate rules, or is it up to individual vessels to decide?
- In the example of monkfish and groundfish sectors, where there is substantial overlap in the catch of the two species in the respective fisheries, and assuming the previous question of allocating catch history to more than one sector can be resolved, once the allocation is made, and the vessel then participates in both sectors, how is the catch of groundfish and monkfish accounted for (against the two sectors' allocations)? What happens if there is monkfish remaining in the incidental catch allocated to the groundfish sector, at the same time the monkfish sector has reached its catch limit?
- Is the catch of a species in two different gear types (e.g. groundfish in a directed trawl net, and incidentally caught in a mid-water trawl net) equivalent? Can that catch be reapportioned between two or more sectors regardless of the gear used in

establishing the catch history? In other words, should a vessel be able to use less selective gear to catch, and land a species for which the history was generated with a more selective gear because it participates in sectors in both fisheries?

- If different FMPs adopt different baseline periods for their sector programs, and there is species overlap, would there be a conflict between incidental catch and directed catch allocations across the different sector programs for those species?
- How is the allocation of an incidentally caught species made to a sector that operates in a fishery with a different fishing year?

The significant shift in management philosophy from top-down, fleet-wide, input controls, to allocation and sector programs based on individual vessel histories creates a number of questions and issues that must be addressed for the programs to succeed. As with any strategic shift in management policy, many questions and issues are unanticipated and do not arise until after the programs are implemented. Implementing such programs incrementally, increases the likelihood of program success because the issues can be dealt with individually as they arise. Allowing, as a matter of overall policy, vessels to participate in multiple sectors at the same time as those sectors are still being developed, risks the entire approach getting bogged down in complexities, and will compound the burden and cost of allocating the resources, and monitoring, administering and enforcing the fishery programs.

Based on the preceding considerations, there are three options for the Council to consider at this time. First, the Council could retain the current policy and postpone a decision about multiple sector participation until it has more experience with single-sector management in a variety of fisheries. Second, it could identify two FMPs where it would develop sectors and allow vessels to participate in a sector in each. And, third, it could simply eliminate the policy restricting multiple sector participation, and let vessels enroll in whichever sector they qualify for, subject only to any restrictions that are imposed by the sector management plans. Of course, any policy position adopted by the Council is open to review and reconsideration by future Councils as circumstances warrant.