

New England Fishery Management Council Groundfish Oversight Committee

Meeting Summary

June 12, 2013

The Groundfish Oversight Committee (Committee) met in Providence, RI. The Committee discussed recent work on Amendment 18 to the Multispecies Fishery Management Plan. Committee members present were Mr. Terry Stockwell (Chair), Mr. Tom Dempsey (Vice-Chair), Mr. Terry Alexander, Mr. David Goethel, Mr. Peter Kendall, Ms. Sue Murphy, Dr. David Pierce and Ms. Laura Ramsden. They were supported by Council Chairman Mr. Rip Cunningham, Groundfish Advisory Panel (GAP) Chair Bill Gerencer, staff members Dr. Jamie Cournane, Ms. Rachel Feeney, and Dr. Fiona Hogan (NEFMC), Mr. William Whitmore, Mr. Chad Demarest, and Mr. Mitch MacDonald, (NMFS NERO).

Discussions were guided by a presentation of Development of Amendment 18 to the Multispecies FMP, SSB draft report titled “Indicators of Fleet Diversity in the New England Groundfish Fishery”, SSB draft report titled “Trends in Groundfish Fishery Concentration, 2007-2013”, PDT memo regarding groundfish permit banks dated June 3, 2013, Goals and objectives of the Northeast Multispecies FMP, Groundfish Committee meeting summary dated January 24 – 25, 2013, Joint Groundfish Committee and Advisory Panel meeting summary dated March 6, 2013, Groundfish Committee meeting summary dated April 16 – 17, 2013, and a series of correspondence received by the New England Fishery Management Council.

PDT Amendment 18 Related Updates

Staff provided the Committee with an update on the development of Amendment 18 (A18) that included recent activity and PDT work. Staff provided some questions regarding the goals and objectives to guide the GAP discussions. Staff referenced a letter from the Regional Administrator (dated April 9, 2013) suggesting the Council narrow the focus of A18 to focus on accumulation caps to facilitate quick implementation of the Amendment. Staff provided the Committee with some guidelines on how to set goals and objectives; objectives are specific steps to achieve a particular goal. It was noted that if goals were revised in the general vein of what was originally scoped for then re-scoping would not be necessary. Staff presented a tentative timeline for A18 that would see implementation occur in 2015 but this was dependent on any revisions to goals and objectives.

The PDT discussed the potential revision of the goals and objectives and provided the Committee with some suggestions. Possible accumulation caps could include PSC, permits, ACE, landings, individual stocks, aggregate stocks, and could cap at the individual, business entity, or sector level. Implementing a cap would not turn the groundfish fishery into a limited access privilege program, as long as ACE is assigned to a sector and not individuals.

The PDT developed a questionnaire that was sent to all known permit banks within New England that was designed to determine if they’re fostering diversity; the PDT assumed that the context of this evaluation was in the absence of accumulation limits and fleet diversity. The definition of a public permit bank from A17 was used but no standard definition for a private permit bank was available; questionnaires were sent to both types of permit banks. Based on the responses, the PDT estimates the permit banks hold 95+ federal groundfish permits with 189+ vessels receiving ACE from the permit banks. Their missions are diverse and unique but permit banks want certain industry segments to remain viable. Some permit banks also provide business planning in addition to just distributing ACE; some

focus on or require collaborative research or have gear requirements. In terms of distribution, ACE has been distributed to diverse groups.

A Committee member requested a more detailed analysis of the permit banks; staff explained that the time frame to process the questionnaires was very short. Based on the responses, it seemed that the permit banks were fostering fleet diversity in an uncoordinated way. Some Committee members provided examples of permit banks helping fishermen catch fish in various states. The Council Chair was concerned about the expected implementation date of 2015 considering the uncertainty of what the fleet could look like in six months' time. From the questionnaires it appeared that fifty percent of vessels between ME and RI were served by permit banks. Further effort was required to collect more information regarding permit banks, e.g. what percentage of each stock they're controlling, to determine if they should be subject to accumulation limits. One Committee member considered lease prices to be an important issue that needed to be resolved immediately; actively fishing boats are finding it difficult to fish when the lease price is close to the landed price. Lease prices couldn't be controlled but the government could prevent excess profiteering.

Public permit banks report on their activities annually, typically in August, and the reports are available to the public. Private permit banks don't have the same reporting requirements and their reports are not made public. Staff was waiting until the public reports were available to bring that information to the Committee.

NMFS SSB (SSB) staff presented a summary of two papers regarding indicators of fleet diversity in the New England Groundfish Fishery and trends in groundfish fishery concentration from 2007 – 2013. The first paper used ecological indicators as a representation of diversity in the groundfish fishery. The analysis applied ecological theory to the fishery by considering each combination of vessels size, homeport, etc. as a species and measured fleet diversity using the Shannon Index and the Simpson's Index. Each index has its own caveats, e.g. the Simpson's index down weights the rarer species. A total of 920 species were traced throughout the time period. The fleet diversity indicators for all active groundfish permits reduced from 75 and 115 in 1994 to 62 and 95 in 2011 for the Simpson's Effective Diversity and Shannon Effective Diversity respectively. The analysis indicates that despite vessels leaving the fleet, diversity was retained. The trend in decreasing diversity changed after 2008; it became less steep. Even as vessels and unique combinations of species are lost the representation is becoming more even. The Shannon Index suggests an uptick for vessel sizes over 75 ft. starting in 2008, a decline in the 50 – 75 vessel size range and a potential decline in the less than 50 ft. size class but that class is generally trendless. Distribution has grown more even; the rare species have increased in their share or the dominant species have declined in their share. Species richness has remained constant.

A Committee member was uncomfortable with the ecological diversity indices used in the analysis, which was supported by a number of published papers. SSB staff considered that despite the size of the fleet declining, the number of grids or species stayed relatively constant indicating the fishery wasn't being put into a box. SSB staff did not directly try to estimate the level of consolidation that may have occurred in vessels that landed fifty percent of their income from groundfish but it could be estimate; the analysis includes vessels that land one pound of groundfish or more. More analysis investigating ACE and ownership will be conducted by the SSB branch but an analysis of the diversity of ACE is not currently planned. It seemed unlikely that the number of permits changing hands was going to be significant in the near future; instead ACE should be focused on. There was some confusion about the expectation of maintaining so many active vessels when there are not enough fish for everyone.

SSB staff presented trends in groundfish fishery concentration from 2007 – 2013. An important caveat to this analysis is that it is currently not possible to track permits once they enter the CPH category; this is an administrative issue. It is difficult to draw firm conclusions from the analysis because some of the

trends may be due to permits moving into the CPH category. The 2013 data is also incomplete. Ownership was defined more restrictively than in the sector year end reports; ownership groups were defined as unique combinations of owners associated with a single business. The number of MRIs remained constant until 2010, after which a steady decline was noted; it is difficult to conclude this declining trend isn't resulting from more permits entering the CPH program. PSC share held at the individual and owner group's aggregated PSC has remained largely constant throughout the time series examined; aggregated PSC has increased from approximately two percent in 2007 to approximately ten percent in 2013.

If CPH data were included they would change the observed trends; at this point it is hard to tell if the observed trend is more related to permits entering the CPH program and not to owner consolidation. The number of permits entering the CPH program is increasing; inclusion of those permits would improve the analysis.

Based on the ownership definition used in the analysis, it could be very easy to divide permits amongst a group, e.g. family members, to remain below any limit on the number of permits. A cap on usage is different to an ownership cap; an ownership cap doesn't necessarily inhibit or affect concentration of use of quota. The analysis doesn't show trends in usage but an analysis of the distribution of landings can be completed. There was some support for tracking user consolidation; what happens to the ACE and not the ownership was considered to be important. Use consolidation could drive many boats out of the business to the point where they're forced to lease all their fish. SSB staff considered an analysis of landings would be the best way to examine use consolidation; 2012 data were just becoming available so it would take some time to complete that analysis. How use is defined could affect the interpretation of the analysis. The lease system was considered essential for the viability of the fleet because it allowed transfer to other fishermen, which was vital in a time of such low ACLs but it would be useful if ACE could be tracked. A Committee member suggested the Committee review the scallop regulations that cap ownership at five percent.

GAP Report

The GAP chair reported on the series of motions made by the GAP at their June 10, 2013 meeting. The GAP discussed revising the goals and objectives for A18 and opted to revise them to include a positive, forward looking way to proceed. Sectors are compiling a list of what they have already done to achieve the goals, which should be available shortly. It was unclear at the Committee whether the potential revision in goals and objectives would require re-scoping; NOAA General Counsel was expected to provide guidance on this at the June Council meeting. A GAP member clarified that the GAP didn't think there should be any constraints on leasing and at this time was unaware of any plans for a self-imposed restraint by sectors to that would restrict where leased fish were caught. One of the GAP recommendations would allow a multispecies groundfish permit to be split off from another linked permit in the hope that it would create a more cost effective mechanism for someone to enter the groundfish fishery. There was some concern that this idea would require re-scoping and involve changes across a number of fishery management plans. The Committee was informed that an omnibus amendment to simplify vessel baseline, upgrade and replacement restrictions was underway between the NEFMC and Mid-Atlantic Fishery Management Councils and had been given to the Agency to develop. There was concern with adding permit splitting into A18 because that would delay the timeline.

The assumed discard rate was considered to be urgent by the GAP because the discards boats were being charged did not make sense considering where fishing was occurring. A peer review of the process was scheduled for the fall; it was being organized by the NERO Analysis and Program Support Division and the industry would likely be invited to participate. Sector managers are allowed to distribute the discard rate amongst sector members; this was considered to be a huge undertaking for sector managers by

industry. The assumed discard rate was thought to create paper fish that were also considered to negatively impact stock assessments.

A letter resolving the eastern US Canada reporting issue was expected from the Regional Administrator before the June 2013 Council meeting.

SSB staff provided an overview of economic rent for the Committee. Economic rent can be described as the value it takes to compensate for costs of producing above a specified profit margin. There are different types of rent and various ways to maximize rent were outlined.

Motion: Move to recommend the Council replace existing A18 goals with the following from the GAP motion 1 from June 10, 2013.

1. *Promote a diverse groundfish fishery, including different gear types, vessel sizes, geographic locations, and levels of participation through sectors and permit banks.*
2. *Enhance sector management to effectively engage industry to achieve management goals and improve data quality*
3. *Promote resilience and stability of fishing businesses by encouraging diversification, quota utilization and capital investment."*

(Mr. Dempsey/Mr. Alexander)

Rationale: The intent is to replace the existing goals with the numbered goals recommended by the GAP.

The second goal was thought to be a little vague but the maker of the motion thought that it was important to enhance, expand and empower sectors to achieve a wider range of our management goals. Sectors were already trying to promote fleet diversity and encourage new entrants however they couldn't pick and choose fleet diversity within its group; it could only enhance within itself. There was some concern that the three goals weren't actually saying anything.

Motion to amend: to add the following 3 goals

1. Prohibit any person, organization or government entity from acquiring or controlling excessive shares of fishery access privileges, in order to prevent:
 - (a) extraction of disproportionate economic rents from other fishery participants; and
 - (b) strategic manipulation of fishery access privilege and/or asset values to the detriment of fishery participants.
2. Increase transparency in fishery access privilege lease markets in order to better understand and detect the behaviors identified in (1).
3. Promote a dynamic fishery with entry opportunities for fisherman and vessels."

(Mr. Goethel/Dr. Pierce)

The Agency is looking into releasing lease information received from sectors provided confidentiality can be maintained. The motion to amend was made to increase transparency, help sectors and clearly define goal and objectives. There was some hesitance to add additional goals because of fear of potential management alternatives that might result from them and that it might tie the hands of the amendment. The first goal was considered similar to National Standard 4 (NS 4). A Committee member clarified that no one was opposed to transparency.

Some public comment included:

- Aaron Dority, Penobscot East Resource Center – I vote against the motion to change the goals and objectives because it seemed to me that the single biggest change between the old goals and objectives and the new proposed ones were that they removed any mention of accumulation caps and I was concerned that would push us down a different path that would potentially require us to go back out to scoping again because it substantially changed the direction of the amendment. I understand that the focus, the discussion is around higher level objectives but I think that needs to be explicitly mentioned because it seems like it's a fundamental piece of A18 particularly since the Regional Administrator has now placed additional emphasis on that and it's a priority of the Agency. I appreciate Mr. Alexander's suggestion that number 4 should be included from the original goals so either way, if you go with number 4 from original goals or you go with the new goals that you have here I think that having them more comprehensive and a little bit more explicit makes a lot more sense because it does provide greater clarity as you move forward.
- Vito Giacalone, Northeast Seafood Coalition – One of the concerns that we had about these types of goals is they're basically saying upfront that there's an issue and a problem and we have to do a certain action in a certain direction sort of like. There's some really subjective stuff up there. What's extraction of disproportionate? What's disproportionate? Our concern has never been about big people getting bigger. Everyone thinks that's a problem if that's happening, as Mr. Demarest's demonstration this morning showed since 2007 that's not happening in this fishery. We've been saying that all along; the data said that this morning. We have a fishery in trouble right now and all we're trying to do is focus resources. I think it's problematic to say any of us think that this is big against the little because that's not what this is about. We have no control on ACL reductions this Committee had to watch 77% taken out of one stock, 90% away from another. How do you begin to approach this when you start to put these numbers on there? It doesn't mean it's not a valid thing to attempt but that's pretty explicit up there and you would have to attach or modify any goal that talks about or an objective that talks about placing these types of caps on people is to also link that to the potential change in ACLs. Otherwise you could create a total disaster right up front. Perfect example is nobody can get any more than 5% more next week we have an 80% reduction then what do you do, go into A19 to undo it? We're not saying you can't attempt these things but I think if you're going to be that explicit in the goals you should be just as explicit in what you're also concerned about causing, unintended results. How do you cap people from being able to be made whole? That's been our concern; it's not to protect people from getting huge. That's not what we're looking to do but the data showed you this morning that that's not happening. I don't know why this needs to appear to be so controversial. Those of us that are nervous about this are worried that we're going to spend all of our Council resources going down a road that's going to try to put a number and then not be able to control the amount of changes in ACLs. I think you have to link the two.

The motion to amend **failed** on a show of hands (3/5/0).

Motion to amend: to add existing goal to “prohibit any person or government entity to acquiring or controlling excessive access to the resource, to prevent extraction of disproportionate economic rents from other permit holders” to the following list of goals

1. *Promote a diverse groundfish fishery, including different gear types, vessel sizes, geographic locations, and levels of participation through sectors and permit banks.*
2. *Enhance sector management to effectively engage industry to achieve management goals and improve data quality*

3. *Promote resilience and stability of fishing businesses by encouraging diversification, quota utilization and capital investment.*”

(Dr. Pierce/Mr. Alexander)

A preference to include caps in the management alternatives was expressed but some Committee members were uncomfortable with including it in the goals.

Some public comment included:

- Maggie Raymond, Associated Fisheries of Maine: I’m confused about this whole subject because we did consider in A16 accumulation limits and decided that we didn’t need them so why do we need to reconsider them? We met that legal obligation for this catch share program that we have otherwise how could A16 have been passed? So why do we have to do it again? Do you have any idea of how many serious problems there are that we have to deal with in this fishery that have nothing to do with who owns what? This assumed discard rate on its own is the single most important thing you should be talking about today, not this. We have looked at this. I don’t understand how A16 could have ever been passed.
- Dick Allen, Environmental Defense Fund – We generally support the idea of accumulation limits but have a lot of trouble figuring out exactly what they would do and how they would meet the objectives of the Council. The wording of this seems to be particularly troublesome. In order to prevent extraction of disproportionate economic rent from other permit holders that seems so open to argument and confusion not only what is economic rent or what’s disproportionate economic rent and how people with a large share would actually use that large share in order to extract disproportionate economic rents. The economic rents are generated as Mr. Demarest explained by the scarcity of the resource and whoever has the resource is going to be in a position to collect those economic rents. Just because you happen to end up because the ACLs were reduced dramatically and you end up with a very scarce and valuable resource and you’re collecting a lot of economic rent from having control of that it’s disproportionate almost by definition because different people get different allocations. I just don’t know how you’d ever operationalize any rules that would make that do what you wanted it to do. I think it’s troublesome the way it’s worded.

The motion to amend **failed** on a show of hands (3/5/0).

The main motion **carried** on a show of hands (6/2/0).

Motion: The Committee recommends that the PDT develop an option for ownership cap that would limit multispecies permit ownership by any individual or entity to 5 percent of the total of the limited access permits issued. This option should grandfather ownership levels to the individual or entity ownership level that exists prior to the control date.

(Mr. Alexander/Mr. Kendall)

The strategy appears to be working for the scallop industry but it was recognized that the percent may change dependent on the PDT analysis. Permit banks were intentionally omitted from the motion but was expected to be dealt with in a subsequent motion. The motion was modified to clarify that intent.

Motion as friendly amended: The committee recommends that the PDT develop an option for ownership cap that would limit multispecies permit ownership by any individual or entity with the exception of permit banks to 5 percent of the total of the limited access permits issued. This

option should grandfather ownership levels to the individual or entity ownership level that exists prior to the control date.

(Mr. Alexander/Mr. Kendall)

The five percent was intended to be of the total permits excluding permit banks in this motion. A Committee member was more focused on leasing and utilization caps.

Motion to substitute: to have the PDT review the Northern economics environmental defense fund (EDF) funded paper “Designing measures to limit accumulation of fishing privileges in the northeast multispecies fishery” to determine if its recommended approaches for limiting accumulation of permits and PSC and for use of ACE on vessels would help the Council achieve A18 goals and objectives (Dr. Pierce/Mr. Goethel)

The paper in the motion was recommended as it provided ideas on how to deal with accumulation caps. The PDT would need a full day’s meeting to discuss the report; it was not possible to put it on the agenda for the June 17th 2013 PDT conference call. There was some concern about the paper’s focus on west coast ITQs; application in the northeast might be limited as there is no way to split up PSC or ACE. Committee members were more willing to support the motion to substitute as a standalone motion. The Committee was informed that there were 1475 limited access vessel groundfish permits and five percent of that would be 74 permits.

Some public comment included:

- Maggie Raymond – I support the original motion, although I’m not sure I would do something different for the permit banks but I’ll wait for that potential motion to come up. What troubles me about this idea of sending this report to the PDT to read and recommend approaches from it as Mr. Alexander said these approaches that are in this report, they all apply to an ITQ fishery, which we don’t have. Furthermore, that the Committee or Council would take the advice of EDF on how this fishery should look as opposed to how the industry thinks it should look is just crazy.
- Chad Demarest – Hopefully this falls under the category of insanely obvious but a permit is not a permit in the groundfish fishery the access privilege that each permit has in the scallop permit is more or less equivalent they have the same number of days, closed area access trips, etc. The amount of PSC held on a particular permit is widely variable and I was going to run the query real quick to see if you could capture 99% of any particular stock with 75 permits but I would guess that you could get pretty close for a couple of stocks so just think about what the purpose of the alternatives or options would be in crafting these sorts of things. With regard to the motion on the table I would hope that the PDT would be free to consult other sources as well.

The motion to substitute **failed** on a show of hand (1/6/1).

NOAA General Counsel confirmed that the maker of the motion intended to specifically refer to confirmation of permit history, consistent with the scallop regulations. It wasn’t immediately evident at the meeting whether any entity owned more than 74 permits and whether the grandfather part of the motion was even needed but it was retained just in case. The percentage for the cap could also be changed at the Council meeting; the Committee was putting this forward with little background data available such as the maximum number of permits owned by an individual or entity. This approach was considered to be feasible in a short timeline; splitting any PSC from permits might have to be addressed in an additional management action.

Some public comment included:

- Dick Allen – I just had a question about whether there’s a definition of a permit bank other than the state operated permit banks. If you’re going to exclude permit banks then you’re going to need to define what it is. Can I just call myself a permit bank? It seems it will be an issue.

The main motion **carried** on a show of hands (8/0/0).

Motion: to have the PDT review the Northern economics environmental defense fund (EDF) funded paper “Designing measures to limit accumulation of fishing privileges in the northeast multispecies fishery” to determine if its recommended approaches for limiting accumulation of permits and PSC and for use of ACE on vessels would help the Council achieve A18 goals and objectives (Dr. Pierce/Mr. Goethel)

Some public comment on the motion included:

- Dick Allen – I just wanted to correct what I think is a little bit of a misperception about what the report does in terms of EDF trying to say what the industry should look like. Certainly they were not trying to say what the industry should look like they were just trying to be helpful to the council in reviewing all the possible things that you might be able to consider that might be applicable in how you would address your A18 goals. It says nothing about what you should end up with or how the industry should look.

The motion **carried** on a show of hands (7/0/0).

Staff requested clarification that the motion that revised the goals of A18 also removed the existing objectives. That was intended by the maker of the motion but it was not evident to all Committee members. NOAA General Counsel suggested stating that in a separate motion.

Motion: to strike the existing A18 objectives as recommended by the GAP (Mr. Dempsey/Mr. Kendall)

Motion to substitute: The objectives for A18 Motion:

1. Prevent an individual(s), corporation(s), or other entity from:
 - a. Acquiring market power for the control of groundfish fishing privileges and prices and
 - b. Preventing others from having equitable opportunities to participate in the multispecies groundfish fishery
 2. Prevent disadvantaging crews, small owner-operators and fishing communities.
- (Dr. Pierce/Mr. Goethel)

It was unclear how A18 could achieve the proposed objectives; an analysis could be completed but how they could be implemented was not immediately evident. Despite a lack of support for the motion, the maker thought it was important to address concerns outlined in various forms of communications regarding the impact on crew. One Committee member considered increased allocation to be the solution to any current issues affecting industry members as opposed to the proposed objectives. The Committee’s attention was drawn to a correspondence received by the Council on June 3, 2013 that proposed limiting lease price; the cost of leasing was generally thought to be passed onto the crews. The Committee member wanted the PDT to examine the lease market and generate possible solutions to help industry out with the cost of leasing.

Some public comment on the motion included:

- Dick Allen – I just wanted to offer to the Committee, I've developed a couple of tools, one is the lease price calculator that can determine what maximum lease price that somebody might be able to pay dependent on the criteria that you want to end up with, whether it's the crew makes their opportunity costs, what they could make somewhere else or anything else you want to put in it. You can kind of lay out the numbers and see what the impact of say a lease price, share system, things like that. I've also created a model that looks at, say, on an annual basis how all of these things fit together and how the crew, the owners, the quota holders share up in the economic rent from the fishery and if you're thinking about the crews it's really the boat owner who establishes the crews' sharing arrangement now. It's one thing to say the boat can't afford the lease costs but there's an implication there that the crews pay and that they can pay well that's not entirely clear. If you're going to delve into some of these things like disadvantaging crews then I think you're going to have to look at what's the appropriate crew sharing arrangement between the boat owner and the crews it seems to get away from what you were trying to accomplish with A18 but I'd be happy to sit down with the Committee or anybody on the Committee and run through some of these tools that I've developed to help me for one understand how all these things fit together and their impacts on the different components of the fishery.
- Vito Giacalone – In our experience when we hear from a lot of people complain about the lease market they don't complain about transparency but they do complain that it's awful expensive to get the fish they need but that's a supply and demand function. Fishermen are subjected to enormous volatility in fish price at the dock, we can't control that either. That would be nice to control but there is one place where the managers have control over both of these things, lease price is directly connected to the supply and demand, if you lower the ACL radically you are increasing the lease price. That's an automatic; it happens every time. You got plenty of Georges Bank (GB) winter flounder available right now that we're selling for 65 cents. If there was an increase in GB winter flounder that's not a windfall for the guys who own it, it goes down to a quarter. GOM cod leased for \$1 then \$1.25 then it went for \$1.50 when we had an 8000 mt ACL. Of course nobody was talking about people paying \$1.50 for cod it's an 8000 mt ACL there must be a lot of cod out there, I wasn't hearing anybody say that then but now that they catch 60% suddenly there must be no cod. You could control, if you could figure out a way in an amendment to stabilize management response on ACLs, if there was some legal and scientific mechanism to do that you could control this valid concern that Mr. Goethel has that I don't know how we could possibly do it legally within the constraints of a free market. Fish prices and lease prices will stabilize if you could stabilize the ACLs.

The motion to substitute **failed** on a show of hands (3/4/0).

The main motion **carried** on a show of hands (4/3/0).

Motion: To task the PDT to develop alt to establishing appropriate permit caps for permit banks commensurate with their value in protecting diverse fishery access and supporting the goals of this amendment (Mr. Dempsey/Mr. Alexander).

Rationale: The intent of the motion was to analyze how to set an appropriate cap for permit banks, for all the same reasons for setting caps for individuals that they serve a large number of diverse local businesses. The cap would be applied individually on the amount a permit bank could acquire. One way to do that might be in some way scaled to the community being served but that's a design decision. This is for individual entities to get a cap. Maybe there would be some attempt to scale them to the community served or the number of vessels served.

Some public comment on the motion included:

- Maggie Raymond – I obviously supported the idea in the goals that the permit banks could help promote or protect diverse fishery access but I don't understand how you would place a value on it? Are you talking about individual permit banks that each would be evaluated regarding their value of protecting diversity or are you talking about the whole suite of permit banks. You have some permit banks and I think all the permit banks have some kind of limitation on who can access that fish, it's either people in the community people with a certain gear types, or certain vessel size. Those kinds of restrictions do not actually promote or encourage diversity; they promote or encourage single gear types for example. Where's the diversity in a single gear type? Where's the diversity in just saying we're only going to allow access to this allocation by people who live in say Chatham, MA? They're sort of they're almost the opposite of diversity in that they specifically limit who can access that fish. We have a huge amount of people in the fishery who have absolutely no access at all to these permit banks because of the way they structured their goals so I just don't see how you would evaluate their value in protecting diverse fishery access when they're specifically not diverse so having said that I don't understand why, I think it's just simpler and cleaner to keep them all under the same cap.
- Vito Giacalone – I could support this motion because it's looking for the PDT to develop alternatives. In general permit banks are playing in the same market and fishery that all the active fishermen are and that's potentially a vital role, and a positive role and it can have a negative effect so certainly I would go on record that if there are caps in the fishery then I think permit banks should also have caps. Now whether those caps are exactly the same as they would be for an individual fishing entity and you connected that either in general or individually on the value that they provide to the fishery in the goals of the fishery in general, that's if you're looking to preserve diverse communities and diverse infrastructures then you're going to need a diverse group of permit banks and one size fits all might not work. Just in general I want to say we would support in a fishery that ends up having caps you shouldn't have unlimited entities roaming around whether they're private or state operated.
- Dick Allen – I would question the cost and benefit of delving into the need to define permit banks and then figure out commensurate with their value whether they should be treated differently and whether if you just said that essentially permit banks providing similar services as private quota holders who are in the least market. They may have different guidelines and motives; we don't even know the motives of individuals in the lease market. To say there's some additional benefit by having a different cap for something that we will define as a permit bank and figure out why they provide some different value I question whether it's worth the time and effort that you will put in to figure out some different cap rather than saying you want to get something done and apply the same cap to the permit banks and if down the road if we figure out there's some reason why they're hampered. They've been operating for 2 or 3 years now without being defined, without having a cap I question whether opening up the can of worms is worth it.
- Ben Martens – I'm heavily in favor of this motion. We took a vote to change the goals of A18 to work within sectors and permit banks to try and address the diversity issues and if we're not going to start figuring out what a permit bank is and their value in protecting diversity within the fishery and acknowledge that they might need a separate cap then an individual within the fishery I think that really undermines some of the things we were trying to do early through changing and shifting the goals. This is the right way to go and I hope you guys will move this forward.

This analysis was not considered to greatly impact the A18 timeline. It was difficult to be specific without knowing what percentage of permits was held by permit banks; once those data were available then an

appropriate percentage could be identified. This motion indicated that the Committee did not want uncapped entities but the five percent proposed in a previous motion may not be appropriate for permit banks. The need for a permit bank definition was highlighted. The motion also didn't assume that all permit banks have equal value at protecting diverse fishery access. A potential approach for the PDT was suggested; the PDT could consider some scaling of a cap commensurate with the number of vessels or the service but examination of other approaches was encouraged.

Motion as friendly amended: To task the PDT to develop regulatory definition for permit banks as well as alternatives to establish appropriate permit caps for permit banks commensurate with their value in protecting diverse fishery access and supporting the goals of this amendment (Mr. Dempsey/Mr. Alexander)

A17 defined state owned permit banks but did not provide a definition for private permit banks. Staff requested clarification on whether the cap would limit the number of permits an individual permit bank could own or would it be an aggregated cap across permit banks, e.g. if there was a 10% cap on individual permit banks then they could own up to 90% of the permits. The maker of the motion intended this motion to examine individual caps for individually organized permit banks.

Some public comment included:

- Maggie Raymond – If this motion passes, I hope you would not wait until next week but pass another motion that says in the event that this is undoable that we'll have the same cap for permit banks as we have for everyone else. I just point out that this motion mentions nothing about grandfathering, it mentions nothing about the control dates so if you want to include that since that was in the earlier motion for individuals. Again I think this is going to be really difficult to do and will very much slow things down. I think that this amendment in order to just get this accumulation cap done should just go through with the simple cap that applies to everyone and as much as I want all those other motions that the GAP recommended included in this amendment I would say let's stop there, let's get that done and then maybe we start another amendment to deal with some other issues. But again we have a lot of really critical things that need to be resolved in the fishery today and I'm afraid, despite agreeing with the some of the concept of it, it's just going to be really difficult to do and I can think of you know better things for us to be doing with your time.

The motion **carried** on a show of hands (7/0/0).

Motion: to request Council staff assess and provide examples of US solutions that provide access to capital for individuals, new entrants, sectors and community entities, e.g. halibut new entrant finance program called Community Quota Entities, NMFS fishery obligation fund financing for quota. (Mr. Dempsey/Mr. Goethel)

There was limited discussion of but general support for this motion.

The motion **carried** on a show of hands (7/0/0).

The meeting adjourned at 15:54.