



## New England Fishery Management Council

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### MEMORANDUM

**DATE:** June 4, 2010  
**TO:** Groundfish Oversight Committee  
**FROM:** Groundfish Plan Development Team (PDT)  
**SUBJECT:** **PDT Conference Call, May 24, 2010**

1. The PDT held a conference call to plan analyses to support Committee activities this year, including Framework 45, consideration of accumulation limits or ownership caps, and a review of the GOM rolling closure provisions for sectors. The PDT also discussed a tabled Council motion that suggests modifying the treatment of GOM winter flounder; this motion is expected to be revisited at the June Council meeting. Participants included Tom Nies and Anne Hawkins (NEFMC), Eric Thunberg and Paul Nitschke (NEFSC), Tom Warren, Jennifer Anderson, and Doug Christel (NERO), Steve Correia (Mass. DMF), Kohl Kanwit (Maine DMR), and Dan Holland (GMRI).

2. Much of the call was focused on planning PDT activities. This memo advises the Committee on PDT plans.

#### **Accumulation Limits/Ownership Caps in the Multispecies Fishery**

3. The PDT reviewed a draft of an outline for a white paper on accumulation limits and ownership caps. The outline, as modified by the PDT's discussion, is attached (enclosure (1)). The first part of the paper will attempt to characterize the fishery as it exists at the start of FY 2010, with comparisons to recent years. Much of this information will be extracted from recent management actions.

4. During the discussion of the outline, the PDT identified several questions for the Committee; answers to these questions will help the PDT provide the analyses the Committee requires. One general issue is what time frame does the Committee want used for the baseline information?

- What does the Committee mean by “**ownership interest**”? As an example, do they mean a person that has a controlling interest in a permit or an interest at any level? If a series of permits are owned by relatives (father/son, brother/sister, etc.), does that constitute a single owner?

- What does the Committee mean by “**fleet diversity**”? What categories does the Committee want to see examined? For example, gear and vessel size are probably of interest. But what element of geographic location is of interest (state, landing port, homeport, etc.)?
- Does the Committee have different concerns for common pool and sector vessels? Or is the Committee considering this as one issue for the fleet as a whole?

5. The Council motion on this issue directs the white paper to identify potential measures and an initial analysis of the range of outcomes of those measures. In order to accomplish this task, the PDT needs direction on what problem the Committee is trying to solve. A clear problem statement is needed to focus measure development. For example, answers to the following questions may lead to very different measures:

- Is the Committee concerned that an owner or sector may acquire sufficient access to the resource to exercise market power over the control of prices?
- Is the Committee concerned that an owner or sector may acquire sufficient access to the resource to extract excessive economic rents from other permit holders by controlling species with low ACLs?
- Is the Committee concerned that efficient operators may drive less efficient operators from the fishery?
- Is the cap to be designed to allow for only full-time groundfish fishermen? Or part-time groundfish fishermen?
- Is there a concern over geographic distribution of landings, or is the concern only about a geographic distribution of permit holder access?

PDT members noted that limits designed to address some of these issues may be unusual (at least when compared to recent management measures) and may raise legal and policy issues. As an example: any limit that controls the geographic distribution of landings would inhibit the ability of permit holders to land fish wherever they want; a cap that limits the amount of access that each state can hold may limit a permit holders ability to sell a vessel/permit.

6. In order to explore various accumulation limits, the PDT discussed an analysis of the numbers of vessels that can be supported by the available catch (present and/or future). Such an analysis could be extremely complex, since the mix of vessels, dependency on groundfish, and cost structure of those vessels all influence the total. Nevertheless, a simple version will be attempted as it may inform the design of an accumulation limit.

7. The PDT identified numerous other fisheries that may have accumulation limits and will include a summary of those limits. The summary will attempt to address:

- What is the limit?
- How was the limit determined?
- How was the limit implemented?
- What were the effects of implementation?

## **Framework 45**

8. The PDT planned analytic work for FW 45, which will consider changing the GB yellowtail flounder rebuilding strategy, a new pollock ABC (if warranted by the new assessment), FY 2011 US/CA area TACs, and General Category scallop dredge fishery changes.

9. The setting of ABCs by the SSC is supposed to be consistent with the level of risk that is acceptable to the Council. There has been little work done that helps the Council decide what level of risk is acceptable. In the past, the Groundfish PDT has compared the Net Present Value of different rebuilding strategies and showed the Council the “cost” of choosing one strategy over the other. But this approach does not place a value on the changes in the probability of successful rebuilding (or reduced risk of overfishing).

10. The PDT discussed developing a more formal approach that calculates a risk factor that is based on the probability of an adverse event coupled with the consequences of that event. In concept, this would allow quantification of the tradeoff between changes in catch and the change in the risk factor. This will be a multi-step process. Several PDT members will continue to pursue this idea and the Committee will be provided updates as this work progresses. The upcoming pollock assessment and possible re-setting of the pollock ABC later this summer may provide an opportunity to explore these issues with the Council and the SSC.

## **GOM Winter Flounder**

11. In June, the Council may reconsider a motion that recommends prohibiting sector vessels from possessing GOM winter flounder and not giving sectors an allocation of this stock. The purpose appears to be to treat this stock in a similar fashion to SNE/MA winter flounder.

12. The PDT considered this idea and noted the following benefits and weaknesses of the suggestion.

### **Benefits**

- Sector vessels would not be constrained by the low GOM winter flounder ACL

### **Weaknesses**

- Approach would raise concerns over AMs for an additional stock
- Removes any incentive for sector vessels to reduce catches of GOM winter flounder
- Eliminates winter flounder value for permits that have a history if this stock (but the tradeoff of increased access to other stocks may be more valuable)
- Vessels fishing multiple areas would have to fish GOM second
- Increases likelihood common pool vessels will have differential DAS AMs implemented as a result of an overage of the overall ACL

13. One way to improve this approach would be to implement a gear restricted area applicable to all sector vessels, but identifying a gear that would reduce winter flounder catches while allowing targeting of other flounders is problematic.

14. In sum, the PDT cautions that this proposal should be carefully considered before forwarding this recommendation to NMFS.

## **GOM Rolling Closures**

15. As time permits the PDT will attempt to review sector access to the GOM rolling closures over the summer and provide the Committee a report in early fall.

## Enclosure 1

### Draft Outline

#### Groundfish Diversity/Accumulation Limits White Paper

- **Background: Groundfish fleet diversity**
  - **Definitions of fleet diversity as used by other multispecies fisheries**
    - § *NAMA report; NEFSC catch share performance presentation; Northeast Consortium social science symposium proceedings; Economic analysis and social goals used by PFMC; Investigate into other regions*
  - **Outline of baselines for the northeast groundfish fishery**
    - § *Fleet characteristics: number of boats, sizes, landings and revenues, homeports, landing sites*
    - § *Ownership characteristics as available*
    - § *Sector characteristics: number and geography of members, PSC distributions, landings data if available*
- **Potential measures: Allocative effects and excessive control of fishing privileges**
  - **By persons that hold ownership interests in permits**
    - § *Description of designs for vessel usage limits and control limits; Problem with unknown ownership; possibility of grandfather clauses*
  - **Resulting from groundfish sector ACEs**
    - § *Could cap ACE in a sector or limit catch, possibly including leases*
  - **Examples of accumulation limits in other fisheries**
    - § *E.g. Pacific groundfish, Canadian groundfish, surf clam, red snapper, grouper, etc.*
- **Analysis as to range of outcomes**
  - **What fleet make-ups can be supported based on profitability**
  - **Diversity and ownership concentration analyses using biodiversity metrics**
  - **Market share considerations**
  - **Relating to:**
    - § **FMP's social objectives**
      - *These are very broad but we could compare to the fleet diversity points in section one; Perhaps note that none of these "relating to" categories provide any insight as to what consolidation/efficiency tradeoff is desirable in the fishery*
    - § **FMP's economic objectives**
      - *NEFSC work on market control*
    - § **Council sector management policy**
      - *Include stated goals of catch share management- to promote flexibility etc.*
    - § **National policy on catch share management**
    - § **Requirements of National Standard 4**
- **Summary/Conclusion**

