



Scallop Advisory Panel Meeting

September 15, 2009

Warwick, RI

AP Members in attendance: Scott Bailey, Ron Enoksen, James Fletcher, James Gutkowski, Peter Hughes, William Wells (Chair), Kirk Larson, Bob Maxwell, Gib Brogan, Bob Keese, Michael Marchetti

NEFMC Staff: Deirdre Boelke, Jess Melgey, Demet Haksever

Approximately 30 people were in the audience.

It was the first meeting for Scott Bailey and Peter Hughes who were recently appointed to the AP.

PURPOSE OF MEETING

- Review Amendment 15 DEIS alternatives and analyses.
- Identify preferred alternatives for the Scallop Committee to consider.
- Provide input on development of Framework 21.

REVIEW OF AMENDMENT 15 MEASURES UNDER CONSIDERATION

Council Staff reviewed the major measures under consideration in the current Amendment. The primary goal of Scallop Amendment 15 is to consider alternatives to comply with new requirements of the reauthorized Magnuson-Stevens Conservation and Management Act, specifically implementing annual catch limits (ACLs). In addition, this action is considering alternatives to address excess capacity in the limited access scallop fishery with leasing and permit stacking alternatives. Lastly, this action is considering a number of alternatives to adjust several aspects of the overall scallop management program such as revising the overfishing definition, specific adjustments to the general category management program, a specific alternative to address EFH closures on Georges Bank, adjustments to the current scallop research set-aside program, and changing the scallop fishing year start date from March 1 to May 1.

YELLOWTAIL FLOUNDER ACCOUNTABILITY MEASURES FOR THE YT SUB-ACL

There was general dislike of all YT AM options. An AP member mentioned that the GC fishery cannot fish until June 15th in area 561, so if the opening date changes they could potentially be closed out of the area completely. Another AP member spoke out against the measures in regard to their potential to create a derby fishery and penalize fishermen in the Mid-Atlantic for the fishing behavior of guys on Georges Bank. Allowing fishermen to land YT would produce better data. One advisor argued that with YT AMs the Council may want to consider allowing all IFQ to be rolled over in case an area closes because of YT. Another potential help would be to increase the potential for IFQ rollover for boats.

Next the AP discussed changing the opening date of access areas. The rationale has been that June 15th is after the peak spawning time for yellowtail flounder, and late enough in the year to minimize safety issues for smaller boats. This is a research priority but recent proposals have not been funded. If you require scallop vessels to retain yellowtail catch, you reduce bycatch but this still causes problems in terms of ACLs.

Regarding the June 15th access area opening date, it was stated that June 15 was identified as the time during the end of spawning aggregations, whereas now the issue is minimizing YT catch, not necessarily spawning impacts. Opening GB access areas earlier has been discussed as a solution to reduce YT catch. Fishermen once again said to tell the industry to change their fishing behavior to avoid bycatch, but most if not all of those measures are not enforceable.

The general consensus of the AP and the audience was that the 'least offensive' YT options were 1A and 4. Most felt like the options offered would cause them to be penalized for other fishermen's behavior and some suggested allocating YT by boat or 'sector' to reduce bycatch and induce responsible fishing behavior. It was noted that this would likely involve increased (to as much as 100%) observer coverage, but the advisors seemed more supportive of move coverage if it meant more access. One suggestion was to close an area when most YT was caught and then only open it to vessels that agreed to take an observer. An observer provider in the audience noted that 100 % coverage may be possible if trips are spread across a year, but not in times of high fishery activity. Current coverage is 10%, so we are talking about a drastic increase.

Consensus statement: AP does not support any of the YT AMs alternatives. More individually based allocation of YT would be more preferable.

Motion 1: Gutowski/Maxwell

Identify Alternative 4 as the least offensive of the ones in the document (individual maximum of DAS and percent of IFQ that can be used in a stock area). Supports consideration of trading DAS and IFQ by area. Support exploring future actions to allocate YT to individuals, sectors, or changing the opening date of June 15 to something earlier that would reduce YT catch.

Vote: 1:3:6, motion failed

Consensus statement:

Do not support Alternative #1 (option A) or Alternative 4, but some sort of hybrid that is more individually based to support better fishing practices is something that we support. Option 1A is good because it is in-season and would not close an entire stock area. Endorse that vessels should be able to trade area specific DAS/IFQ if an individual maximum is implemented.

The only other issue the AP reached consensus on related to the ACL section of A15 is the buffer for management uncertainty for the general category fleet. **By consensus support for Option 1 for gen cat buffer of 0%. (page 46).**

MEASURES TO ADDRESS EXCESS CAPACITY IN THE LIMITED ACCESS FISHERY

The AP did not have time to address every aspect of this section but tried to cover the more controversial topics (de-stacking and leasing from CPH). The group discussed whether to identify No Action or the stacking and leasing alternatives as preferred for sometime. A motion was made, but it failed. **The AP has no preference in regards to the alternatives under consideration to address excess capacity in the limited access fishery.**

Motion 2: Enoksen/Hughes:

In favor of stacking and leasing for this fishery in the future, recommend both be identified as preferred over No Action.

Vote: 2:3:5, motion fails

The AP Chair conducted an informal survey of ports along the coast to get a feeling for how many people are considering stacking/leasing if approved. Overall he found that some supported stacking and leasing and some did not, but if it was approved about 10-20% would consider it in the first few years. Several members of the audience spoke regarding the motion before it was voted.

A member of the audience representing 51 owners with 85 vessels stated that they do not support stacking and feel that stacking threatens their future business. They fear an increase in efficiency for OA DAS. The group feels that a change that involves some of the participants will be paid for by all of the participants. Consolidation should not be allowed because it will alter the structure of the fishery permanently and he cited part of the social impact literature review as an overview of the potential negative impacts.

In general, the multi-boat owners favored stacking based on its voluntary nature and proposed adjustments that would account for increased efficiency. One owner stated that 80% of the fleet is multiple-boat owners so the majority should rule. This group stated that they just want to be more efficient in their businesses.

Single boat owners in the audience generally felt that stacking will affect single boat owners and get rid of the American Dream. They said the system is fine as it is so get rid of the stacking option. The industry will be run by a few large corporations if stacking passes.

Fishing Power Adjustments

While the AP did not have a preferred alternative for stacking/leasing, they did support the use of a fishing power adjustment if stacking/leasing is adopted.

Regarding the range for the second mortality adjustment, several panel members favored extending the range for consideration. Audience members spoke out against the committee changing the range from 7-11% down to 5-11%. Upper limits were given as 50%, 20%, and 15-16%. The range of 7-11% in the motion below failed because several supported something higher, but a subsequent motion was never made.

Motion 3: Hughes/Enoksen: Establish range to be what the PDT recommended, 7-11%.

Vote: 3:3, Chair votes to break tie 3:4; motion fails.

The question of whether de-stacking should be allowed was discussed. An AP member stated that he favors the ability to de-stack because it maintains vessel history.

Motion 4: Enoksen/Hughes: Identify the option to make de-stacking available as preferred.

Vote 5:1:4, motion carries.

Several questions were raised about de-stacking including what happens with stacked permit – does it go back to original allocation or stacked allocation? Audience members against stacking were also against keeping the de-stacking option. Questions were brought forward regarding de-stacking in regards to other permits besides scallop that will need to be raised with the Cmte. The timelines for stacking need to be clarified, currently only the leasing timelines are clear. Stacking of multiple other permits needs to be addressed – i.e. stacking two boats with monkfish permits. These things will be confronted by the Cmte tomorrow.

Leasing

Does the AP want to take a stand on allowing leasing from vessels in CPH? There are currently no vessels in CPH so this is not currently an issue, but could be in the future. One advisor commented that allowing leasing from CPH does help with hardship issues if a vessel sinks half way through the year.

Motion 5: Larson/Fletcher: Make the preferred alternative to allow leasing from vessels in CPH.

Vote: 5:2:2, motion passes.

MINOR ADJUSTMENTS TO THE LAGC MANAGEMENT PROGRAM

IFQ Rollover

Does the AP have a preferred alternative on the provision to allow IFQ rollover? The rollover amount is up to 15%. An AP member asked why it has to be limited to 15%. He would like to be able to roll over whatever you have (up to 100%). Staff clarified that the intent of the alternative is to help guys out if they are in a bind at the end of the fishing year.

Motion 6: Marchetti/Fletcher: Include a new alternative that would allow IFQ rollover of up to 100%.

Discussion: One advisor asked, “won’t this lead to more management uncertainty?” Another advisor explained that 15% was chosen based on what was consistent with other rollover provisions. Several AP members voiced the desire to keep it at 15%. Motion retracted. **By consensus, the AP will support the highest IFQ rollover that will not increase the management uncertainty buffer for the LAGC fleet.**

Possession limits

Motion 7: Larson/Fletcher: Identify the preferred alternative to be no action (possession limit stays at 400 lbs).

Vote: 7:3:1, motion carries.

Most gen cat fishermen agreed but some had different reasoning. They want to keep it a small boat fishery. An AP member feels that a higher possession limit would make the fishery more efficient (gave the value of 600 lbs). Another AP member agreed and said 600-700 was a reasonable value based on fuel prices and steam time.

An audience member said that he does not see the difference between stacking in the LA fishery and increasing trip limits in the LAGC fishery. Another audience member noted that raising the possession limit will change the dynamics of the fishery and it should stay as is. This was echoed by much of the audience; saying that these issues are not a priority and too many things are changing at once. If you're going to increase it, there must be other considerations taken into account, including yellowtail. It was noted that ET observer coverage problems need to be addressed on top of many other issues besides increasing limit.

Community Fishing Associations

The alternative exists to establish a process for formation of Community Fishing Associations. The Committee requested AP input on the alternative developed to date. An AP member asked if there are specific people already interested in funding such ventures. Concern was voiced over participants buying up quota and not harvesting it. An AP member said it sounded complicated and there should be more time for the issues to be fleshed out. It was noted that currently you can buy a permit as a community, so why is the alternative necessary?

One audience member felt like the wish to form CFAs is a picture of what could happen in the LA fishery with stacking – the GC fishery is trying to backpedal under the fears that there will be monopolies under IFQs. Asking banks to invest in fisheries turns fishermen into “tenant farmers.”

A general category fisherman who is in support of CFAs said they are about keeping the fishery small. It will serve as a stepping stone to allow people to lease quota until they afford to buy it. He agrees that fishermen do not want to be sharecroppers, but this is a way to allow them to move up. Thinks it's a good option for new entrants/young fishermen who do not have a lot of capital as long as proper guidelines are in place. Thinks there is rationale for a higher value than 5% quota cap, but 20% may be extravagant. It is not currently limited to owner/operators so the AP should make it clear that that is desired if that's how they feel.

One AP member asked if this issue could be dealt with outside of the Amendment. Thinks some small communities could be helped by this, but wonders if this is the time. Staff responded that it is required in an amendment, not a framework, and these are conducted less often.

Several AP members felt that the topic needs more discussion and now may not be the time.

Motion 8: Gutowski/Maxwell: AP supports consideration of a CFA, but wishes to table it for a future amendment.

Vote: 7:4:0, motion carries

Minority opinion voiced: There are people that need help now, sees no reason to table it because it is an important issue now.

One AP member wanted to discuss the NGOM TAC and whether it can be allocated to the GC fishery if no one else is going to harvest it (add to IFQ). It was noted that the 70K lbs comes from catch history alone; not based on an assessment of that area. It is not like the scallops were counted, allocated, and not fished, so shifting NGOM TAC to the IFQ program is not appropriate.

IMPLAN MODEL INPUTS

The Scallop Committee requested that the AP review assumptions and results of the IMPLAN model – impacts on shoreside businesses. They discussed assumptions about changes in insurance costs, maintenance costs, employment, and how many vessels folks think are potentially going to stack if approved to help identify a more “realistic” level of stacking in the short term.

- *Insurance:* The model assumes that insurance costs will decline 25% after permit stacking. Some folks said they thought a 25% reduction is a little high because P&I will likely double. However, an audience member stated that his insurance company does not impart rates based on days fished, so he thought that his insurance would be the same whether he fished twice as much or not – closer to a 50% reduction in costs. Another said that insurance companies need business too, thinks they will capitalize on stacking and rates will go up. Chairman asked several audience members to call their insurance brokers and ask outright what will happen under consolidation.
- *Maintenance:* The model assumes that these costs will decline 25%; the advisors agreed with this estimate. Some speakers argued that 50% or greater is more accurate.
- *Vessel improvements:* The model assumes these costs will decline by 50%. One advisor argued that permits are going to be stacked on nicer, newer boats, which won't need a lot of improvements. Some voiced that 50% may be too high.
- *Crew sharing/ Employment:* The model assumes that $\frac{3}{4}$ of vessels currently share crew. The advisors went around the table and audience on this issue and overall this assumption seems reasonable. Several use about 2 crew for 3 vessels (66% crew sharing), overall range of speakers from 50-75%, with a few people that go 1:1 (no crew sharing).
- *Cost to keep vessel tied to dock:* Model assumes that it costs 25,000 a year to keep a vessel tied to the dock (no fishing if all scallop effort leased out or if permit was stacked with another vessel. Advisors explained the specific costs that would still remain: dockage, insurance (\$8K), electric, security. One AP member's experience is ~\$25K but this doesn't include dockage which could run an additional ~\$3-4K.
- *Percentage of boats that will stack:* The Committee requested that the AP discuss a “realistic or probable” amount of stacking expected to occur so that the EIS could evaluate likely impacts of stacking. One AP member thought that by year three maybe 25%, first year may not even make double digits. Another advisor suggested looking at clam fishery data. Some audience members think people are preparing now and it will be much higher. However others pointed out that there is risk associated with stacking; the fishery would likely consolidate considerably, but slowly because difficult to get rid of vessels. It will cost a lot to get started so big companies won't do it all at once.

ISSUES RELATED TO FRAMEWORK 21

Great South Channel Closure: the AP is on the record as opposing the closure from the last AP meeting in June. One member is in favor of closure, thinks it will double the yield from that area.

EFH: It was asked if EFH areas in CA1 were resolved and vessels regain more access in that area would that alleviate concern about closing the area in the Channel. Answer is no; there is still significant concern about YT AMs and closing more area is too risky.

OTHER BUSINESS

AP members mentioned splitting bycatch between LA and GC fleets. Staff explained the GF FMP does not care who it goes to, but input from NMFS has been that it would be extremely difficult if not impossible to monitor such a small percentage (5%).

Can leasing smaller units of IFQ be frameworkable? Can we, under FW21 make a provision so that GC quota can be leased in parts, i.e. incrementally, percentage, etc? Staff explained that this came up at the last Committee meeting but it was not included for consideration. **By consensus, the AP suggests that the Committee consider allowing LAGC vessels to lease their quota in smaller units than their full allocation (minimum size for a unit would be 800 lbs).**

One advisor commented that the Committee should request that the PDT evaluate the impacts of larger dredge rings. The AP did not concur.

AP members were disappointed in observer coverage running out, some want to impose a 200 lb/day limit for all boats in all areas to stretch coverage for the year. Alternatively they would suggest raising the set-aside TAC. **By consensus: concern has been expressed about how the observer program was administered this year. AP would like the opportunity to provide input on potential solutions if necessary. For example, reduce compensation or increase set-aside as potential options.**

Motion 9: Larsen/Fletcher: Recommend that NMFS set observer set-aside at 200 lbs in access areas so that compensation lasts longer.

Vote: 9:1:0, motion passes.