



New England Fishery Management Council

50 WATER STREET | NEWBURYPORT, MASSACHUSETTS 01950 | PHONE 978 465 0492 | FAX 978 465 3116
C.M. "Rip" Cunningham, Jr., *Chairman* | Thomas A. Nies, *Executive Director*

MEMORANDUM

DATE: June 3, 2013
TO: Groundfish Oversight Committee
FROM: Groundfish Plan Development Team
SUBJECT: Groundfish permit banks

At the March 6, 2013 joint meeting of the Groundfish Oversight Committee (Committee) and Groundfish Advisory Panel, a list of data analysis that would inform the development of Amendment 18 was brainstormed. This included a request to review the performance of both NOAA-sponsored, state-operated permit banks and private permit banks now operating in New England (see meeting summary). The PDT has inferred that the Committee is primarily asking:

*In the absence of accumulation limits and fleet diversity measures today,
how are permit banks helping foster diversity in the fishery?*

This memo provides some preliminary answers. In the past few weeks, Council staff developed a brief and voluntary questionnaire, which was then reviewed by and sent on behalf of the Committee Chairman to representatives of permit banks with Federal Northeast Multispecies permits. The representatives were asked to provide short responses. All questionnaires received by June 3 are appended and some emerging themes are summarized here. While there are many interesting aspects and impacts of permit banks, the PDT recommends using this information, at least in the near-term, to help solidify how the Council wants to proceed in developing Amendment 18.

What are permit banks?

Public: Amendment 17 to the Multispecies FMP defined a NOAA-sponsored, state-operated permit bank as a: "partnership between NOAA and one or more states in which Federal grant funds are used by the state(s) to establish a bank of Federal fishing vessel permits and to obtain Federal fishing vessel permits so that the fishing access privileges associated with those permits may be allocated by the state(s) to qualifying commercial fishermen and sectors according to criteria to which NOAA and the state(s) have agreed." These permit banks are "subject to U.S. Department of Commerce regulations regarding program income, such that any revenue generated by the permit banks may only be used to defray the program costs of operating the permit bank, or must be returned to the Federal Government to reduce the amount of the initial grant award."

For FY2011, there were no official state-operated permit banks, because Amendment 17 had not been finalized. In FY2011, the State of Maine had permits enrolled in a sector. For FY2012, there are two state-operated permit banks, in Maine and New Hampshire.

Private: There is no standard definition of “private permit bank,” though this term has generally been used to refer to organizations with non-profit status (e.g., 501(c)3) that hold Federal Northeast Multispecies Permits. The existing regulations do not distinguish between private permit banks and commercial business entities that lease ACE. All must enroll permits in sectors to receive the Annual Catch Entitlement (ACE) allocation (state-operated permit banks excepted). Perhaps “non-profit permit banks” may be a more accurate term to draw the distinction with commercial entities, but the convention is used here.

Which permit banks were queried? For this memo, the state-operated permit banks and the non-profit organizations holding permits were queried. For some, their primary focus is to acquire and hold permits to provide allocation to active fishermen (e.g., Gloucester Fishing Community Preservation Fund). For others, operating the permit bank is just one of a suite of activities for the organization (e.g., Island Institute). Questionnaires were sent to the following nine permit banks (the list was reviewed for completeness by a few stakeholders):

State-operated:

- State of Maine Permit Bank
- State of New Hampshire Permit Bank

Private:

- Boston Sustainable Fishing Community Preservation Fund, Inc.
- Cape Cod Fisheries Trust
- Gloucester Fishing Community Preservation Fund
- The Nature Conservancy/Island Institute Community Permit Bank
- Penobscot East Permit Bank
- South Shore Fishing Community Preservation Fund
- XI NEFS Permit Bank

Responses:

To date, 6 questionnaires were returned, from 1 state-operated and 5 private permit banks. Response was voluntary. Due to time constraints of completing this memo, respondents were given about a two-week window of time to supply the requested information. The Nature Conservancy and Island Institute own permits individually, but manage them cooperatively and have complementary though slightly different goals. These organizations decided to submit a joint response.

Some Emerging Themes:

Summarized below are some aspects of the permit banks that may be of interest to the Committee. Please refer to the appended response forms for more detail.

Origins: Permit banks have formed primarily in response to concerns and evidence that the catch share management system poses challenges for smaller-scale fishing businesses to remain viable. The Gloucester Fishing Community Preservation Fund and the Cape Cod Fisheries Trust were launched, in 2007 and 2008, respectively, while the fishery was still managed under the Days-at-Sea system. The State of Maine Permit Bank enrolled in a sector in FY2011, but

through Amendment 17, became eligible as a state-operated permit bank to hold ACE as a distinct entity for FY2012. The State of New Hampshire Permit Bank appears to be the most recent, becoming operational in FY2012.

Mission: Each permit bank has a unique mission, but they generally exist to help provide fishing opportunities for specific segments of the industry (e.g., specific ports, gear types, vessel sizes), with a larger aim of providing stability for the industry and fishing communities. Some permit banks also specifically assist new entrants to the fishery or provide business planning services (e.g., Cape Cod Fisheries Trust). The Nature Conservancy/Island Institute Community Permit Bank lease ACE to vessels of all sizes, gear types and ports, with a focus on supporting collaborative research or gear configurations that are more selective than required.

Permits: In total, the permit banks own more than 95 Federal Northeast Multispecies Permits. The state-operated permit banks have acquired permits primarily using federal dollars. Non-profit organizations have financed permits through grants and loans. Most permit banks hold just multispecies permits, though a few (e.g. Cape Cod Fisheries Trust) hold permits in and lease quota for other fisheries (scallop and surf clam).

Annual Catch Entitlement (ACE) Distribution: For the private permit banks, ACE is distributed according to the mission of each organization. Some banks are established to lease ACE to fishermen in a particular sector, community, or state. For others, a set group has priority for the ACE, but if unused by the priority group, then the ACE is distributed on the open market. Some permit banks offer an equal share of ACE to all qualifying participants (e.g., NEFS XI Permit Bank). Others identify needs through informal networks (e.g., Penobscot East Permit Bank) or more structured application processes (e.g., Cape Cod Fisheries Trust). Though the private permit banks have their permits enrolled in specific sectors, the ACE does not necessarily get leased solely to members of that sector. Most permit banks lease ACE to individual fishermen, but some transfer ACE to the sectors in which qualifying fishermen are enrolled (e.g., Gloucester Fishing Community Preservation Fund).

Participation: In total, the permit banks reported leasing ACE used by at least 170 sector vessels, though duplicates are unknown. Across all the permit banks, ACE is distributed to a diverse range of groundfish sector members in terms of gear types, vessel sizes, and fishing ports. However, the focus for most of the permit banks is on providing opportunity for smaller vessels. Some permit banks have maximum vessel length restrictions (e.g., $\leq 55'$ for the State of Maine Permit Bank) for ACE recipients. Others lease solely to owner-operators (e.g., Cape Cod Fisheries Trust).

ACE Leasing Price: Lease price determinations vary across the permit banks, but for the most part, ACE is offered to eligible buyers at prices lower than market value. Some sectors set the price at a certain percentage below market (e.g., the Penobscot East Permit Bank), while for others, prices reflect the value needed to cover administrative costs or repay loans used to purchase permits (e.g., NEFS XI Permit Bank). Helping fishermen afford quota is an important goal for many of the permit banks.

ACE Usage: Rates of groundfish ACE leased out by the permit banks has varied with the specific allocation portfolio and demands for quota within target segments of the industry. The questionnaire responses to not report ACE usage consistently, but stocks such as hake, pollock, and the Gulf of Maine stocks such as cod, haddock, and winter and yellowtail flounder have

generally high lease rates. Not all permit banks track landings, but for those which do, the vast majority (80-100%) of the distributed ACE was landed, particularly Gulf of Maine cod, hake and pollock.

Industry Reliance: A key question is how reliant fishermen are on permit banks to keep their fishing businesses viable. This question was not asked directly of the permit banks, as it may be better answered by the lessees themselves. However, the permit banks have indicated that the ACE obtained through permit banks has been important. The State of Maine Permit Bank is aware of some participants who use the revenue from permit bank ACE landings as capital to enter the open leasing market. Fishermen have been able to harvest more of the allocation associated with their own permits by using permit bank ACE for the low-allocation “choke” stocks.

Concerns to convey to the Council: No common themes emerged from responses to the last question about concerns that the Council should be aware of. A state-operated permit bank would like to work with the Council to enable more efficient operational practices. A private permit bank is concerned about low stock abundances and their spatial distribution. Another is concerned about permit banks purchasing permits outside their geographic region. Regarding the potential for accumulation limits through Amendment 18, one private permit bank urges that the Council to consider the roll that permit banks are aiming to have for the fishery, enabling the ongoing participation of a wide-range of fishermen. Another suggested creating a distinct category of private/community permit banks and that reporting requirements should be more consistent and transparent.

Further Information:

The state-operated permit banks will be submitting their FY2012 annual reports to NMFS on August 1, which will be available to the public. The private permit banks are not required to report to NMFS beyond what may be required in the confidential sector annual reports. Upon request of the Committee, the PDT could query the permit banks further or representatives could be invited to give presentations at future meetings on specific areas of interest.

Permit Bank Name: State of Maine Permit Bank
Primary Contact: Trisha De Graaf

When/how did the permit bank originate?

The Maine Department of Marine Resources (DMR) received a total of \$2,999,999 from the National Atmospheric and Oceanographic Administration's (NOAA) National Marine Fisheries Service (NMFS) to fund the establishment of the Maine Permit Bank Program (MPBP).

What is the mission of the permit bank?

Over the past two decades, Maine has experienced a significant decline in its historic groundfishery. Maine's groundfish fleet and landings have been reduced by approximately two thirds in count of fishermen and volume of fish landed. The remaining vessels are located almost exclusively in Western Maine, and the associated shore-side infrastructure and industries are in danger of disappearing permanently, threatening Maine's coastal, resource-based cultural heritage. Although a transition to catch-share management through the implementation of Amendment 16 offered promising economic benefits to some fishermen in New England, it has threatened to exacerbate the decline in Maine's rural fishing communities where employment opportunities are hard to come by. Catch limits for many fish stocks have been set at extremely low levels as they continue to recover, as required by the rebuilding goals implemented through Amendment 13, which has the potential to lead to the consolidation of fishing allocations and fishing permits to larger vessels. Barriers to small-boat fishermen, such as a demand for capital to lease fishing allocations to remain viable and the complete loss of access to the groundfish resource threaten to decrease the overall diversity of Maine's groundfish fleet, employment opportunities, as well as the loss of fishery infrastructure. Therefore, the purpose of the MPBP is to assist Maine's small scale fishermen ($\leq 55'$ vessels) as required by the Memorandum of Agreement (MOA) between the DMR and the NOAA's NMFS. These permits are being used to provide immediate and long term benefits to Maine's groundfish industry by supplementing and maintaining continued access to groundfish stocks and fishing privileges, as discounted groundfish stock allocations are made available to Maine's groundfish fleet on an annual basis.

How many permits does the permit bank own today?

Between May 1, 2010 and May 15, 2012, DMR utilized the majority of the funds provided to establish the MPBP (\$2,938,098.02; Table 1) to purchase a total of eleven Federal Northeast Multispecies Permits through two Request for Proposal (RFP) processes. A few General Category Scallop permits are owned as well, and the associated quota is leased to reduce administrative costs.

Northeast Groundfish Permit Bank Questionnaire
State of Maine Permit Bank

May 2013

NA10NMF4540021 - Permits Purchase for Maine Permit Bank Program								
MRI#	OLD Permit #	NEW Permit #	F/V Name	Hull ID	Seller	State Share	Grant Share	Total Cost
90	221378	151206	STAR DUST II	ME172AP	Lawrence Tamilio	\$0.00	\$120,000.00	\$120,000.00
132	150689	150689	WYATT	ME158GH	Robert Bracy	\$0.00	\$67,000.00	\$67,000.00
1432	212583	148879	J-SIX	ME171ZK	Stephen M. Joyce	\$0.00	\$24,500.00	\$24,500.00
156	230390	151202	AMESBURY SKIFF	ME6882G	Timothy Eddy	\$0.00	\$102,000.00	\$102,000.00
351	147366	151209	RED HERRING	ME172GL	Mark Davis	\$0.00	\$232,000.00	\$232,000.00
377	250716	151212	NICOLE LEIGH II	ME9178R	Dana Hammond II	\$0.00	\$350,000.00	\$350,000.00
226	151109	151109	ROCKY	ME144SF	Jeffry Lozier	\$0.00	\$284,000.00	\$284,000.00
154	230353	151373	BROWNELL	ME144SA	Storm Lobster Corp.	\$0.00	\$995,000.00	\$995,000.00
1164	149925	149925	UNNAMED	ME17LSX	James Odlin	\$0.00	\$495,000.00	\$495,000.00
1490	115998	151383	DAVID & JENNA III	ME17NAP	John L. Greenleaf	\$1,470.48	\$168,598.02	\$170,068.50
2219	149556	149556	MELANEE D	ME682GG	David Osier	\$0.00	\$100,000.00	\$100,000.00

Table 1. Eleven permit which were purchased for the Maine Permit Bank Program (MPBP).

For the 2013 Fishing Year (FY2013), the MPBP has a total of 917,370 lbs. of groundfish Annual Catch Entitlement (ACE) to offer to Maine's groundfishing fleet (Table 2).

FY2013 Maine Permit Bank Holdings												
MRI	90	132	154	156	351	377	1164	1432	1490	2219	2226	TOTAL
Permit #	151206	150689	151373	151202	151209	151212	149925	1E+05	151383	149556	151109	FY2013
Vessel Names	STAR DUST II	WYATT	BROWNELL	AMESBURY SKIFF	RED HERRING	NICOLE LEIGH II	UNNAME D	J-SIX	DAVID & JENNA III	MELANEE D	ROCKY	
GB Cod E	0	0	1	0	24	0	208	0	0	0	38	271
GB Cod W	0	0	18	0	442	0	3,879	0	0	0	710	5,050
GOM Cod	1,770	612	7,544	1,489	1,646	1,186	991	517	2,781	1,089	1,393	21,018
GB Had E	1	0	0	0	642	1	2,629	1	0	0	398	3,671
GB Had W	4	0	0	0	3,835	5	15,720	5	0	0	2,377	21,945
GOM Had	10	3	226	87	137	66	3,118	6	426	70	467	4,617
G YT	0	0	0	0	0	0	35	0	0	0	0	35
S YT	0	0	0	1	0	0	386	0	14	0	0	401
GOM YT	1,599	0	1	66	387	1	5	1	859	425	13	3,356
Plaice	395	13	82	2,520	1,648	14,280	12,602	1	2,039	2,855	23	36,459
Witch	79	1	11	455	72	3,916	4,299	0	565	355	23	9,776
GB WF	0	1	0	3	0	0	8	0	5	0	0	17
GOM WF	4,282	0	1	87	433	4	0	0	1,116	767	7	6,696
Red	0	239	71,453	477	2,060	2,137	86,196	583	106	2,906	17,369	183,526
Hake	8	1,210	56,542	290	8,920	5,203	48,358	63	14	1,247	18,367	140,222
Pollock	25	6,523	294,760	353	42,165	4,183	38,270	1,168	780	1,799	89,802	479,828
SNE/MA WF	0	0	0	3	0	0	386	0	1	0	91	481
TOTAL	8,174	8,602	430,640	5,829	62,413	30,981	217,091	2,344	8,707	11,513	131,077	917,370

Table 2. FY2013 Annual Catch Entitlement (ACE) associated with the 11 Federal Multispecies Permits in the MPBP.

Does the permit bank restrict who can lease the ACE? If so, what are they (e.g. vessel size, home or landing port, sector membership, etc.)?

ACE associated with the 11 permits is leased out to small-scale ($\leq 55'$) active members of one of the Maine-based Sectors (Sustainable Harvest Sector, Port Clyde Sector and Northeast Coastal Communities Sector), as described by the following terms and conditions set forth in Section IV of the MOA between the NMFS and the DMR dated April 2013, that specifically pertain to the transfer of MPBP ACE to Sectors with participating members. In order to qualify, a permit holder must meet the following criteria:

- *Owns and materially participates in the operation of a fishing vessel permitted to fish in the Federal limited access Northeast multispecies fishery;*
- *Has, for the current fishing year and at least the preceding 3 fishing years, no record of substantial Federal permit sanctions or major violations of any Federal fishing regulations; and*
- *Is permitted to participate in the Federal limited access Northeast multispecies fishery;*
- *Has at least 1,000 lb of documented groundfish landings in at least one of the prior three fishing years;*
- *Is not more than 55 feet in registered length overall, according to the vessel baseline specifications as documented in the NMFS vessel permit database at the time the lease application is submitted; and*
- *Is based in and lands fish transferred from the Permit Bank within the State of Maine.*

What is the selection process for distributing ACE? How is leasing price determined?

For FY2013, each qualifying participant has the ability to “draw down” on their equal share of the total allocation once a month and need only pay for what they require. Of the overall 917,370 lbs. available, each participant will have a total of 32,763 lbs. made available to them at the beginning of the fishing year. Individual stock allocation prices are set to ensure that the MPBP will meet a revenue recovery goal of approximately \$50,000 per year to cover administration costs of the program. As the program transitions from a pilot to a fully-fledged program, the intent is to work with the Sector managers to streamline the program to keep administrative costs at a minimum while being able to offer our allocations at the lowest price possible to the MPBP participants. Price premiums are placed on highly sought after stocks (GOM Cod, GOM Haddock, White Hake) to ensure that the bulk of the cost recovery goal is achieved, while other stocks are deeply discounted to ensure they are fully utilized.

Describe to whom the ACE has been distributed (e.g. numbers of fishermen, ports, vessel sizes).

Over the past two years (FY2011 & 2012), the MPBP has assisted a total pool of 21 participants, the majority of which fish either out of Portland or Port Clyde (Table 3). For FY2013, the permit bank anticipates that it will assist at least 28 vessels whom have expressed an interest in participating and meet the qualifying criteria.

ALL MPBP PARTICIPANTS - FY2011 & FY2012									
#	Sector	MRI #	Permit #	Vessel Name	LOA	First	Last Name	Gear	Year
1	PCCGS	222	240081	NORTH STAR	42.4	Vincent	Balzano	Trawl	2011
2	PCCGS	286	240636	HIGH ROLLER	40.0	Steven	Benner	Trawl	2011 & 12
3	PCCGS	2341	242844	SAFE HAVEN	42.0	Bryan	Bichrest	Net	2011 & 12
4	PCCGS	383	250387	ELLA CHRISTINE	45.0	Randy	Cushman	Trawl	2011 & 12
5	PCCGS	130	212165	FREEBIRD	37.7	Brian	Durant	Net	2011 & 12
6	PCCGS	1642	231459	JULIE ANN	38.0	Tad	Miller	Trawl	2011 & 12
7	PCCGS	1823	139950	PRETENDER	38.0	Mitchell	Nunan	Net	2011 & 12
8	PCCGS	2358	250527	MARIA & DOROTHY	43.9	Robert	Odlin	Net	2011 & 12
9	PCCGS	78	220685	GRETCHEN MARIE	36.0	Brian	Pearce	Both	2011 & 12
10	PCCGS	163	230524	JEANNE C	36.0	Kelo	Pinkham	Trawl	2011 & 12
11	NCCS	1663	231803	LOOK OUT	38.0	Russel	Brewer	Hook	2011 & 12
12	NCCS	47953	212916	RITA B	25.0	Ed	Snell	Hook	2011 & 12
13	PCCGS	2273	220363	SARAH GALE	38.1	Russell	Daggett	Net	2011 & 12
14	PCCGS	1835	140344	THERESA IRENE III	42.0	Tom	Casamassa	Both	2011 & 12
15	PCCGS	97	221740	HAYLEY ANN	42.0	Joe	Nickerson	Trawl	2011 & 12
16	PCCGS	1815	242777	PAMELA GRACE	40.0	Troy	Bichrest	Net	2012
17	PCCGS	1864	114793	ENDEAVOR	35.0	Dale	Martel	Net	2012
18	PCCGS	290	147517	HANNAH JO	35.0	Knoep	Nieuwkerk	Net	2012
19	SHS	16	114846	MARIE ANN	35.0	Craig	Durant	Net	2012
20	SHS	1881	250716	NOICOLE LEIGH	44.0	Dana	Hammond	Drag	2012
21	SHS	2453	118724	RACHEL T	43.0	Terry	Alexander	Net	2012

Table 3. Total pool of participants of the MPBP from both FY2011 and FY2012.

What percentage of distributed ACE has been landed? Has that percentage changed through time?

In the first year of operation (FY2011), the MPBP leased out a total of 133,729 lbs. of 180,416 lbs. available; 106,684 lbs. or ~80% of that was landed (Figure 4). In FY2012, preliminary information indicates that of the 703,924 lbs. leased out, 634,633 lbs. or ~90% may have been landed.

MPBP ACE LEASED & LANDED BY FISHING YEAR								
STOCK	FY2011				FY2012			
	TOTAL ACE	LEASED	LANDED (lbs.)	LANDED (%)	TOTAL ACE	LEASED	LANDED (lbs.)	LANDED (%)
GB Cod	1,108	0	0		13,546	13,069	0	0%
GOM Cod	42,055	42,055	38,098	91%	93,492	52,982	50,923	96%
GB Had W	5,287	0	0		26,818	14,150	0	0%
GOM Had	1,302	1,302	1,021	78%	16,124	3,755	2,010	54%
G YT	2	0	0		112	44	0	0%
S YT	1	0	0		535	17	0	0%
GOM YT	4,043	4,043	22	1%	7,345	760	368	48%
Plaice	41,287	1,000	498	50%	84,169	23,844	11,474	48%
Witch	9,166	9,166	6,798	74%	23,207	16,630	15,863	95%
GB WF	2	0	0		16	10	0	0%
GOM WF	1,065	1,065	37	3%	6,707	1,590	912	57%
Red	4,091	4,091	2,144	52%	150,797	19,592	11,735	60%
Hake	12,124	12,124	11,008	91%	119,570	102,309	101,808	100%
Pollock	58,883	58,883	47,058	80%	469,339	468,241	439,540	94%
TOTAL	180,416	133,729	106,684	80%	1,011,731	703,924	634,633	90%

Table 4. Total allocations, lbs. leased and landed for the first two year of the MPBPs operations.

What have been the most important social and economic impacts of the permit bank?

The overall goal to supplement and retain fishing and employment opportunities to small-boat fishermen in rural fishing communities has begun to be accomplished by establishing the pilot MPBP in 2010, which over the past two years has been transitioning to a fully-fledged program. 11 Federal Multispecies permits have been purchased, thus securing continued access to fishery resources for local, small-scale fishermen from fishing communities along the coast of Maine which will assist in maintaining a diverse groundfish fleet throughout New England.

As required by all MPBP participants that wish to utilize the fishing privileges associated with the acquired permits, a contract must be signed by their Sector manager that stipulates that only those qualified members that adhere to federal and state regulations are able to participate. By incentivizing industry participants with discounted ACE, the goal of creating and protecting sustainable local fisheries has been achieved, which aims to ensure that coastal communities are resilient and can continue to prosper into the future.

For a majority of participants in the MPBP, particularly those with little to no base allocation, the ACE provided allows them to undertake their first few fishing trips of the year. With income generated from these initial trips, participants are then able to go out on the open market to purchase ACE with which to undertake subsequent fishing trips in the season. Also, for fishermen with allocations of healthier stocks but not highly sought after limiting stocks, MPBP ACE can be used to cover discards while fishermen pursue the healthier stocks, ensuring that the majority of their allocations can be landed. Therefore, the MPBP can be viewed as a catalyst to kick-start to the season with or to unlock otherwise stranded healthier stock allocations due to limiting species required for discards. With the flexibility provided in the “draw down” system, individuals need only pay for what they need, ensuring that all the ACE on their permits can be landed as the MPBP provides allocations for these limiting stocks.

Overall, the MPBP has assisted in mitigating some of the potential effects of fishing effort consolidations on small small-scale fishermen and rural fishing communities along the coast of Maine by making available discounted stock allocations compared to the open market, ensuring that fishing businesses remain viable as stocks rebuild.

Are there any challenges or concerns about the permit bank that the New England Fishery Management Council should be aware of? Please explain.

The MPBP continues to evolve to a fully fledge program and intends to refine and streamline operations as it wishes to offer ACE as cost effectively as possible, while recovering enough funds to administer the program. As efficiencies are identified, revisions to the Federal Multispecies Fisheries Management Plan may be necessary, as all federally funded state-operated permit banks have been included in the FMP through Amendment 17. Therefore, any future changes may require a Framework in order to achieve these efficiencies and the New England Fishery Management Council’s assistance would be greatly appreciated.

Cape Cod Fisheries Trust

Paul Parker, Director Cape Cod Fisheries Trust

When/how did the permit bank originate?

The Cape Cod Fisheries Trust started strategic planning in 2005 and launched in 2008. The program was created because fishermen on Cape Cod had concerns about small-scale, independent fishermen succeeding in catch share fisheries such as Scallop, Groundfish and Surf Clam. Many Cape Cod fishermen had learned about ITQs in places like Alaska, Iceland, New Zealand and British Columbia. In all of these places, our fishermen saw evidence that small-scale, independent fishermen would need community support to have stable and growing businesses.

Threats to our community were identified:

- Failure to prioritize social concerns & community stability
- Quota price appreciation & high lease costs
- Scarcity of available quota & difficulty finding quota to lease or buy
- Lack of financing to buy or lease quota
- Crew pay is cut or vessel maintenance deferred to afford quota lease or debt costs
- Fishermen get specialized instead of staying diversified. Specialized fishing businesses are less resilient and can be vulnerable to quota fluctuations in a single fishery.

In 2008, the Cape Cod Fisheries Trust started buying scallop IFQ and groundfish permits. In 2012, we bought surf clam quota. In order to finance the quota, the Trust has taken on over \$2M in debt from 5 different lenders. The Trust is a program of the CCCHFA which is a 501 (c)3 charitable non-profit organization.

The CCCHFA Board of Directors is comprised by five non-fishermen and fifteen fishermen that are active in the scallop, lobster, groundfish, monkfish, dogfish, skate, bluefin tuna, and striped bass fisheries. They work with staff to build policies that govern the management of the quotas. Committees are convened to assist with risk management, investment decisions, eligibility criteria, allocation structure and review of program impact.

A vitally important part of the Cape Cod Fisheries Trust program is how the CCCHFA collaborates with the Community Development Partnership. The CDP is a non-profit organization on Cape Cod that works to nurture a vibrant Lower Cape region by promoting environmental and economic sustainability, expanding opportunities for low- and moderate-income residents, and preserving the unique cultural and historic character. For decades, the CDP has delivered microfinance, affordable housing and economic development programming to Cape Cod residents. The CDP is instrumental in supporting the Cape Cod Fisheries Trust by helping fishermen with business plans and other technical assistance that fosters success in quota programs. For the Cape Cod Fisheries Trust, creating affordable lease opportunities is not the only measure of success. We work hard with Cape Cod fishermen to improve small business capacity, operations, and bankability. With professional support and the deployment of traditional economic development

strategies, the Trust is capable of helping small-scale, independent fishermen compete in a catch share fishery.

What is the mission of the permit bank?

Vision:

The Cape Cod Fisheries Trust supports stabilization and growth of Cape Cod fishing businesses. We lease out fishing quota to stimulate economic development and ensure long term profitability of the local fleet. The Trust is a model for community quota ownership and the program is fiscally sustainable.

Goal 1: Cape Cod fishing businesses are strengthened.

Goal 2: Cape Cod fishing resources are protected.

Goal 3: Fishing as a way of life is maintained on Cape Cod.

Goal 4: A sustainable community-based business model is developed.

Guiding principles for our lease activities are:

- Supporting future generations of fishermen
- Encouraging Diversification
- Providing Services for Business Improvement

Expected Outcomes

- Strong Cape Cod Fishing Economy
- Bankable fishing businesses
- Profits for Captains
- Fair compensation for local crew
- Diversified fishing businesses
- Sustainable fishing practices

How many permits does the permit bank own today?

The Cape Cod Fisheries Trust owns the following permits:

- 8 scallop permits
- 2 scallop / groundfish permits
- 22 groundfish permits
- 1 surf clam permit
- Other limited access permits (herring, lobster, monkfish, etc)

Does the permit bank restrict who can lease the ACE? If so, what are they (e.g. vessel size, home or landing port, sector membership, etc.)?

The Cape Cod Fisheries Trust works with fishermen within a fishery to determine appropriate eligibility criteria and allocation programming based on the characteristics of the fishery locally. We maintain the following eligibility criteria for scallop, groundfish and surf clam. Waivers may be granted for groundfish fishermen and are considered upon request.

1. Cape Cod Residency for Captains & Crew
2. Business Operations
 - a) Tax Compliance
 - b) Business Plan & Harvest Plan
 - c) Insurance
 - d) Coast Guard Safety Inspection
3. Vessel Operations
 - a) Own and operate vessel 100% of the time
 - b) Own vessel and qualifying permit
 - c) Comply with all applicable federal, state, and local environmental requirements
 - d) Share to crew to provide fair compensation
4. Participation
 - a) Participation at monthly and policy meetings
5. Prior lease compliance

In groundfish, all of the permits are enrolled in the Fixed Gear Sector.

What is the selection process for distributing ACE? How is leasing price determined?

Cape Cod Fisheries Trust leases quota at 50% of the market lease rate. In scallop, an annual appraisal is obtained from a qualified broker based on the prior year lease cost comparables and lease is set at 50% of the appraised price. In groundfish and surf clam, the market rates are appraised by staff at the beginning of the year and rates are set at 50% of market. In all programs, lease rates are set for the year and do not “float” with the day to day changes of the market.

We have clear eligibility criteria & application process to select businesses that meet our mission.

The selection process for distributing quota is constructed in consultation with the fishermen involved in the fishery, staff and our legal team. Since 2008, we have worked to be inclusive in our process of developing policies and we have been mindful of creating a structure that is both adaptive and responsive. We seek to be streamlined, transparent, current to fishermen needs and willing to change our programming to meet new challenges.

For scallop, the application process is an annual process that starts in the fall and is completed by mid-February. Allocation of scallop pounds is a highly competitive process based on a rigorous application which includes requirements similar to the process for accessing financing from a local bank. Pounds are awarded in 3 categories based on need and fishermen “graduate” through the categories as their business strengthens. The program is designed to assist fishermen as they stabilize and grow their business by diversifying into other fisheries, buy their own quota, invest in deferred maintenance or otherwise seek to meet their business goals.

For groundfish, the application process is a rolling application. Whereas scallop and surf clam are healthy fisheries that have proven more predictable in terms of catch and availability, groundfish programming has been more flexible by necessity. It has been very difficult to predict which quotas would be in demand, by which segments of the fleet and for what duration. As a result, we have used the following process and strategies.

Program Strategies:

- Risk Pool. The Trust creates a “risk pool” to support the bycatch needs of Cape Cod fishermen by providing an efficient, reliable and low cost source to access weak stocks or bycatch necessary to target groundfish, monkfish, skate, and dogfish.
- Maximize fishing opportunities to Cape Cod fishermen. The Trust seeks to keep usable fish quotas on Cape Cod whenever possible.
- Gear & fishing innovations grant program. The Trust is piloting feasibility of delivering cost assistance for fishermen seeking to improve groundfish quota utilization on Cape Cod by trying new fishing gears and/or new fishing seasons to target available groundfish or other quotas. Staff is receptive to proposals on a rolling basis.
- New entrants. The Trust makes groundfish quota available to new entrants that are launching groundfish, skate or dogfish businesses in the Sector system.

Policies:

- Prioritize active fishermen targeting groundfish (dependency on groundfish).
- Prioritize fishermen who exhibit leadership and participation in meetings and local organizations.
- Prioritize new entrants.
- Leased fish for lessees use. We prohibit Cape Cod fishermen from leasing in our quota at subsidized rates and then leasing it out for a profit.

Describe to whom the ACE has been distributed (e.g. numbers of fishermen, ports, vessel sizes).

	Groundfish			
	2010 (Actual)	2011 (Actual)	2012 (Actual)	2013 (Projected)
# of Cape Cod Vessels Served	29	24	16	20
# of Cape Cod Fishermen Served	61	62	44	50
Quota (lbs) distributed	535,000	950,000	411,000	600,000
ACE Allocated	2,700,000	2,500,000	2,600,000	2,400,000
% Caught	20%	38%	16%	25%
	Scallop			
# of Cape Cod Vessels Served	11	12	13	13
# of Cape Cod Fishermen Served	43	58	62	62
Quota (lbs) distributed	151,450	199,800	206,500	160,000
% Caught	100%	100%	100%	100%
	Total			
# of Cape Cod Vessels Served	40	36	39	33
# of Cape Cod Fishermen Served	104	120	106	112
Quota (lbs) distributed	686,450	1,149,800	617,500	760,000

Vessels served on Cape Cod use gillnets, jigs, longline, trawl, scallop dredge and clam dredge to harvest Trust quotas. The majority of the quota is leased to vessels under 50 feet although we do support larger Cape Cod vessels that meet the mission of the Trust and eligibility criteria. Vessels from Harwich, Chatham, Provincetown, Wellfleet and Sandwich participate in the program.

What percentage of distributed ACE has been landed? Has that percentage changed through time?

Since its inception, 100% of the scallop quota has been caught every year. In 2012, the surf clam program was just getting started but the Trust will catch 100% in 2013 and for the foreseeable future.

Utilization of groundfish ACE has ranged from 16-38% from 2010-12. Excluding redfish and GB haddock, utilization has ranged 23-56%. Conditions in the groundfish fishery are highly variable, unpredictable and chaotic. Fish availability and catch dropped notably from 2011-12 and many fishermen are concerned that poor conditions are persistent in 2013.

What have been the most important social and economic impacts of the permit bank?

The Trust has been working since its inception to implement an efficient and effective system of impact assessment. Impact assessment is a critical element to effective program management. Collection of data and analysis of measures of success enable the Trust to adjust the program in real time to meet the mission. A complete section on our impact assessment methods, goals, expressions of our goals and sample indicators are found below in Appendix A.

Economic Impacts:

- Provides more affordable leasing opportunities.
- Supports fishing employment
- Supports scallop, groundfish and clam landings on Cape Cod
- Improves bankability and access to credit
- Assists businesses to maintain diversified fishery access
- Provides business planning and technical assistance
- Improves business capacity
- Community Development Partnership has launched Revolving Loan Funds in scallop and groundfish (with MA DMF)

Social Impacts

- Supports a viable fleet on Cape Cod
- Brings fishermen together through monthly meetings and other processes
- The Trust pays annual Sector fees and may increase support in the future (as necessary)

Conservation Impact:

- Provides funding for scientific research
 - SMAST study of groundfish bycatch in general category scallop fleet
 - Surf Clam EFP under consideration
 - The Nature Conservancy Halibut tagging EFP and program
- Supports fishermen targeting strong stocks while avoiding weak stocks
- Pinger program

Are there any challenges or concerns about the permit bank that the New England Fishery Management Council should be aware of? Please explain.

APPENDIX A

IMPACT ASSESSMENT

Our evaluation framework has evolved in the past 18 months to include the data that should be collected and analyzed to best comprehend the Trust's impact.

Below, we present the current draft indicators in each of our four goal areas: economic, conservation, community, and sustainable organization. Once baseline data is collected and analyzed, CCF's next step is to refine and finalize the indicators based on our analysis, and set short- (3- to 4-year), intermediate- (6- to 7-year) and long-term (10-year) targets for each indicator. Target setting is a critical part of the evaluation process: without targets to assess progress against, an organization is working towards an ideal – and likely unachievable – state rather than a concrete result, linked to a theory or assumption about how change will occur, and constrained by available resources and time.

Goal 1: Economic: Cape Cod fishing businesses are strengthened.

Expression of Economic Goal #1: Fishermen increase business competitiveness and strengthen business operations.

- Can afford to live on Cape Cod
- Earn a good living
- Are competitive in the quota marketplace
- Maintain diversified fishing opportunities
- Are compliant with tax, safety and environmental regulations.
- Are adequately insured
- Can access capital to run their business.

Expression of Economic Goal #2: Cape Cod experiences economic expansion

- Fishing fleet has healthy number of vessels.
- Catch is increased.
- Catch value is increased.

Goal 2: Cape Cod fishing resources are protected.

Expression of Goal #1: Fishing practices minimize environmental impact

- Quota compliance
- Improve catch reporting
- Decrease bycatch on target, non-target and unusable fish species
- Decrease protected species bycatch

Expression of Goal #2: Fishing data is more reliable, accessible and actionable in real time.

- Adherence to monitoring requirements.
- Availability of real-time catch data.
- Difference between observed and unobserved trips decreases.

Goal 3: Fishing as a way of life is maintained on Cape Cod.

Expression of Goal #1: Fishery maintains a healthy, diverse, and sustainable demographic.

- Average age of captains & crew.
- Demographic diversity of fishermen.
- Fishing opportunities do not migrate off Cape Cod
- Full time jobs generated
- Part time jobs generated
- # of owner-operator, independent fishing businesses on Cape Cod

Expression of Goal #2: A strong community of fishermen is working together

- Participation in CCFHFA mtgs, programs, and activities.
- Trust enhancing fishermen working together to address opportunities and threats in management.

Goal 4: A sustainable community-based business model is developed.

Expression of Goal #1: The CCFT is financially healthy.

- Value of the quota and debt
- Net Leasing Income
- Quota portfolio quality
- Risk Assessment

Expression of Goal #2: The Trust is responsive in serving local fishermen.

- Fishermen reporting that the Trust is transparent.
- Fishermen reporting that the Trust serves local fishermen.
- Fishermen reporting that the Trust allocates with transparent process
- Fishermen reporting improved quality of life.

Expression of Goal #3: New permit banks are established and increasing.

- # Permit Banks in New England
- # of Fishermen benefitting from permit banks

Permit Bank Name: Gloucester Fishing Community Preservation Fund

Primary Contact: Vito Giacalone, Director GFCPF

When/how did the permit bank originate?

In 2006, two separate but simultaneous projects proposed the construction of deepwater Liquefied Natural Gas (LNG) ports in Massachusetts Bay. The deepwater ports were planned in areas seven and thirteen miles from Gloucester harbor, in a patch of ocean that had been fished for generations by small day-boat draggers. In the immediate sense, the construction of these terminals would severely impact the individual inshore fishermen who had come to rely on these fishing grounds. More significantly, the proposed deepwater LNG terminals would have far-reaching cumulative impacts in the larger context of the increasingly restrictive federal and state regulations governing the northeast fisheries.

At the time these LNG Terminals were proposed, the Days at Sea regulations were scheduled to intensify under Framework 42. Set to go into effect on November 22, 2006, fishing days would be counted on a two-to-one basis for vessels utilizing a vast area in the Gulf of Maine that essentially “trapped” the nearly 80 inshore Gloucester vessels within this double counting area. The new policy would have disproportionate impacts on the inshore day-boat fleet and threatened to put many fishermen who were already operating on the mere edge of profitability out of business for good.

The port infrastructure was especially vulnerable because a substantial portion of Gloucester volume was generated by large numbers of day boats. If the fleet trapped inside differential counting area sold their permits to communities that were not impacted by differential counting, the possibility existed that the port infrastructure could fail as well.

Such an economic collapse would have far-reaching consequences for the shore-side infrastructure and businesses that rely on this fishing fleet.

Largely as a result of comments submitted by Vito Giacalone—a third generation Gloucester fisherman and member of the Gloucester Fishermen Association during the permitting process of the LNG terminals, the permit bank was funded through mitigation that the Massachusetts DEP required the companies pay as a condition of their permits.

The funds were to capitalize a non-profit community “permit bank” to ensure that the Gloucester fleet would have a fighting chance of staying afloat. This permit bank would be tasked with buying federal fishing permits that became available in the open market and to lease the desperately needed Days At Sea allocated to each of these permits to local fishermen at a nominal administrative fee. It was envisioned that this community permit bank would become an enduring asset to the local fishing industry through this crisis and into the future. With the ultimate goal of strengthening and preserving Gloucester’s fishing community, the need was to secure the essential Days At Sea and to capitalize on an otherwise negative situation in order to provide much needed stability and security for Gloucester’s future.

GFCPF received funding in the summer of 2007 and purchased the most of the 49 permits in 2007, 2008.

What is the mission of the permit bank?

The Gloucester Fishing Community Preservation Fund (GFCPF) is a 501(c)(3) nonprofit organization invested in preserving and strengthening the independent family-owned fishing businesses engaged in the Northeast Multispecies groundfishery and other ancillary fisheries out of the historic hub-port of Gloucester, Massachusetts.

The stated purposes in GFCPF bylaws:

The corporation is organized exclusively for charitable, educational and scientific purposes permitted under Section 501(c)(3) of the Internal Revenue Code, including, without limitation: preserving and promoting awareness of Gloucester's fisheries, heritage, and the fabric of the Gloucester community; protecting and enhancing the Port of Gloucester and the Port's infrastructure; and, in order to aid disadvantaged fishermen, serving as a central repository and exchange for the distribution of limited access, multi-species fishing privileges and permits for fishing vessels based in Gloucester. The corporation may, as permitted by law, engage in any and all activities in furtherance of, related to, or incidental to these purposes which may lawfully be carried on by a corporation formed under Chapter 180 of the General Laws of Massachusetts and which are not inconsistent with the corporation's qualification as an organization described in Section 501(c)(3) of the Internal Revenue Code or corresponding section of any future tax code.

How many permits does the permit bank own today?

GFCPF owns 49 limited access Northeast Multi Species permits (49 distinct MRI's)

Does the permit bank restrict who can lease the ACE? If so, what are they (e.g. vessel size, home or landing port, sector membership, etc.)?

Yes. The qualifying criteria utilize a December 2006 baseline which is the date the MEPA certificate announced the mitigation funding. This was the criteria used during the DAS system. 2007-2009.

At that time, to qualify, the vessels had to:

1. *Prior to December 1, 2006 (the date the MEPA Certificate was published) your vessel had a permanent berth in the Port of Gloucester and your vessel continues to have a permanent berth in Gloucester.*
2. *You normally land all of your groundfish in Gloucester and will continue to do so while participating in this program. (vessels that have traditionally fished monkfish in SNE and operated seasonally in other ports as transients may be excepted)*
3. *Your vessel normally conducts ship maintenance and repairs within the port of Gloucester.*
4. *Your vessel operation engages in regular commerce with local ice, fuel, gear and food suppliers.*
5. *Your vessel claimed Gloucester as the Primary Landing Port prior to December 1, 2006 and continues presently.*
6. *The vessel owner prior to December 1, 2006 was a Massachusetts Corporation or a Massachusetts resident.*

What is the selection process for distributing ACE? How is leasing price determined?

See response above.

Virtually all Qualified fishermen are now members of sectors NEFS II and NEFS III. Only two initially qualified vessels are members of another sector. Since 2010, GFCPF interacts with and utilizes the sovereign governance structure of the NEFS II and III board of directors. These two boards serve as quasi advisory boards to GFCPF.

Since GFCPF is enrolled as a member of the Lease Only sector NEFS IV, all ACE transactions are at the Inter Sector level.

GFCPF does not transfer ACE to individual fishermen but instead, to the sector entities in which the qualified fishermen are enrolled.

Through consultation with both sector boards, the sector managers and the board of GFCPF, prices are set on leased ACE. The last two years we have used 50% of market value as the index.

Describe to whom the ACE has been distributed (e.g. numbers of fishermen, ports, vessel sizes).

Through NEFS IV and Inter-Sector trades on SIMM, GFCPF ACE has been utilized by up to 71 sector vessels in each of 2010, 2011 and 2012. All of these vessels declare Gloucester MA, as their primary landing port.

These vessels range from 30' to 89'

Since the vast majority of Gloucester based vessels continue to be independently owned, single vessel fishing businesses, 68 distinct owners / individuals benefit from GFCPF ACE.

Most of the vessels are small, day boat vessels which results in an average crew size of three. Considering crew movement and turnover, it is likely that an average of 250 fishermen benefit each year.

ACE accepted by members that originated from GFCPF is restricted to be used by the vessel that leased the fish. Sub-leasing for any margin is prohibited. Fish for fish exchange is encouraged among members.

What percentage of distributed ACE has been landed? Has that percentage changed through time?

GFCPF sector ACE allocation has been between 8.5 and 10.5 million pounds 2010-2013 with 2013 the lowest due to ACL reductions.

Since GB Haddock, Pollock and Redfish account for between 65 and 80 percent of the total ACE held by GFCPF, the utility numbers would be misleading. For this reason, a better look would be to separate those stocks from the more needed stocks like cod, flounder and hake. From this perspective, the sectors have accepted approximately 85 % of those species and approximately 25% of the GB Haddock, Pollock and redfish.

The fishery is extremely dynamic both ecological and regulatory. For this reason, we never know what next month will bring let alone next year. Trends are very difficult to track. A diversified ACE portfolio is critical. Today's target stock is tomorrow's bycatch / choke and visa versa.

What have been the most important social and economic impacts of the permit bank?

GFCPF came on line just in time to prevent massive loss of permits and economic viability that would have resulted from FW42 differential DAS counting in 2007. In 2008 we conducted a survey that was 96% responded to. An overwhelming positive response was the general result but many participants credited the existence of this permit bank not only for their survival of the immediate regulatory crisis but to their optimism for their chances of continuing in the fishery into the future.

Today, GFCPF provides support to two Gloucester based active sectors who in turn, provide low cost ACE to their members in an effort to allow more of them to remain viable.

Since the active sectors do all of the intra-sector distributions and collections, GFCPF allows the sectors to retain a portion of the lease proceeds to allow them to offset some of their administrative costs. This translates into a lessened burden on the fishing members to sustain the sector admin costs.

Are there any challenges or concerns about the permit bank that the New England Fishery Management Council should be aware of? Please explain.

GFCPF is a member of a lease only sector. All of our transactions are public and on SIMM. We submit an annual sector operations plan, file weekly quota reports and submit a Sector Annual Report as required by all sectors. We must meet all roster, EA and filing submissions and deadlines that all NE sectors must meet.

Amendment 17 created NOAA sponsored / State Operated Permit banks and exempted them from virtually all of these requirements. Perhaps the NEFMC could consider creating some parity in this area? Our opinion is that the reporting and filing requirements provide transparency and fairness to the active fishermen sectors that operate in the same permit and ACE market that all permit banks do.

Private / community permit banks can play a vital role in preserving fishing communities and promoting key objectives to improving the business prospects of viable, small, independent fishing businesses.

Perhaps the NEFMC could consider creating distinct regulatory space for community based, non-profit, private permit banks that meet certain criteria as developed through the council process to achieve fishery goals and objectives.

Permit Bank Name: The Nature Conservancy/Island Institute Community Permit Bank
Primary Contact: Geoffrey Smith (TNC), Nick Battista (II)

When/how did the permit bank originate?

The Nature Conservancy (TNC) and Island Institute (II) began discussing the concept of a Community Permit Bank in 2007. Both organizations shared long-term conservation goals related to rebuilding depleted groundfish populations in New England. However, they also recognized that the increasingly strict regulations aimed at preventing overfishing and rebuilding groundfish were having profound effects on fishing communities up and down the coast. TNC and II were particularly concerned about the steady migration of fishing permits out of the state of Maine, and the decline in the number of fishermen participating in collaborative research projects due to new regulations requiring fishermen to use their days at sea when participating in research projects.

After careful consideration and extensive outreach to industry partners, The Nature Conservancy and Island Institute formally launched the Community Permit Bank initiative in 2009. The two groups jointly purchased a federal groundfish permit and began using the associated Annual Catch Entitlement (ACE) to support collaborative research projects with Maine fishermen. The long-term goal of the initiative is to contribute to the ongoing efforts to restore ecological resilience in the Gulf of Maine and the economic viability of its' coastal communities. Since that time, we have been active members of the Maine Coast Community Sector (formerly the Port Clyde Community Groundfish Sector) since its inception and have purchased two more permits which we continue manage cooperatively today.

What is the mission of the permit bank?

The mission of The Nature Conservancy/Island Institute Community Permit Bank (TNC/II CPB) is to strategically utilize the ACE we have acquired to support the development of more sustainable fishing practices and to support Maine fishermen during the difficult transition to the catch share management system. In establishing the permit bank, TNC and II identified four overarching goals for the project:

- 1) supporting collaborative research projects with fishermen to develop more selective gear;
- 2) providing tangible economic incentives for fishermen to adopt more sustainable fishing practices;
- 3) securing long-term access to the fishery for smaller businesses and traditional fishing ports in the Gulf of Maine; and
- 4) rebuilding depleted groundfish populations and improving ecosystem resilience in the Gulf of Maine.

In addition, we identified conservation, community, and industry objectives for the project, including:

Conservation Objectives – Improve the resilience of the Gulf of Maine marine ecosystem by developing and promoting more sustainable groundfish harvesting methods, improving protections for sensitive marine habitats, and conducting research on gear modification in order to reduce wasteful bycatch and discard of non-target species;

Community Objectives – Preserve local fishing heritage, provide access to new entrants into the fishery, sustain the contributions of the fishing industry to local communities, and promote fishermen and community stewardship of marine resources;

Fishing Industry Objectives – Cooperate with fishing industry members committed to advancing more sustainable fishing practices and secure long-term access to the fishery so they can benefit economically from more sustainable fishing practices that increase system productivity.

How many permits does the permit bank own today?

Three

Does the permit bank restrict who can lease the ACE? If so, what are they (e.g. vessel size, home or landing port, sector membership, etc.)?

The permit bank does not restrict who it leases ACE to. The permit banks' primary focus has been to work collaboratively with fishermen in the Maine Coastal Community Sector MCCS). Two of the three permits owned by the permit bank were purchased from members of that sector who decided to exit the groundfish fishery, and both organizations were key players in supporting initial development and ongoing operations of the sector. Over the past three years, we have leased ACE to more than ten different sector members and worked with nine sector fishermen in collaborative research projects.

However, the permit bank does not work exclusively with members of the MCCS, and it does not have any explicit restrictions on who it leases ACE to. In fact, over the past three years, the permit bank has leased ACE to sectors/fishermen in Maine, New Hampshire and Massachusetts and to vessels ranging from under forty feet and over eighty feet.

What is the selection process for distributing ACE? How is leasing price determined?

TNC and II have worked closely with the MCCS sector manager, Board of Directors, and sector fishermen to develop leasing guidelines for the permit bank. These guidelines were designed to advance the goals and objectives of the permit bank, while also being practical for participating fishermen. Generally speaking, the permit bank developed three separate but complementary categories for ACE distribution.

Category 1: ACE is distributed to fishermen participating in collaborative research projects (gear testing, ecological studies, etc.). ACE in this category is provided at no cost.

Category 2: ACE is distributed to fishermen who utilize gear configurations that exceed minimal regulatory requirements (i.e., 7' mesh as opposed 6.5") and/or to fishermen who are moving towards more sustainable business practices. ACE in this category is provided at or about 50% of Fair Market Value

Category 3: ACE is distributed to fishermen deploying standard fishing practices and gear. ACE in this category is provided at or about 80-90% of Fair Market Value.

While these three categories are generally used to guide ACE distribution decisions, representatives of TNC and II have the discretion to make ACE distribution decisions in a way that best advances the goals and objectives of the permit bank. Decisions regarding relative ACE distribution among the three categories are made by representatives from TNC and II after close

consultation with the Sector Manager and Sector fishermen. Fair Market Value rates are determined in cooperation with the Sector Manager based upon consideration of a variety of factors, including 1) ex-vessel prices by species, 2) ACE utilization by sector members and the broader fleet, and 3) comparable ACE trades between other sectors in the region.

Describe to whom the ACE has been distributed (e.g. numbers of fishermen, ports, vessel sizes).

The TNC/II Community Permit Bank has distributed ACE to more than ten active fishermen in the Maine Coast Community Groundfish Sector in each of the past two years, representing over half of the active fishermen in the sector. Fishermen using trawls, gillnets, and hook and line fishing gears from ports including Kennebunk, Saco, Portland, Cundy’s Harbor, Boothbay Harbor, and Port Clyde have all directly benefitted from the permit bank. The permit bank has also directly supported at least nine fishermen’s participation in collaborative research projects over the past three years, ranging from cod-end selectivity trials to modified gillnets designed to avoid cod to building trawl nest from fine-diameter twine to reduce fuel consumption. In addition to this direct work with M CCS fishermen, the permit bank has also leased ACE to a number of fishermen in other New England sectors, including the Sustainable Harvest Sector, Fixed Gear Sector, and NEFS Sectors II, VI, and XI.

	FY 2010	FY 2011	FY 2012
# of Fishermen	6	10+ *	10+ **
# of Vessels	6	10+ *	10+ **
# of Ports	3	6	8
ACE Distributed	23,800	162,000	191,300
ACE allocated	91,600	587,500	588,500
% ACE distributed	26%	28%	33%

*Leases to 10 PCCGS fishermen, plus leases to FGS and NEFS 2

** Leases to 10 PCCGS fishermen, plus leases to FGS, NEFS II, NEFS XI, NEFS VI, and SHS

What percentage of distributed ACE has been landed? Has that percentage changed through time?

ACE utilization by the TNC/II Community Permit Bank has ranged between 25-35% over the past three years. Utilization rates have varied considerably by species and have been affected by a variety of external factors in the fishery, including stock status, the availability of fish to actually catch, and the demand for quota within the M CCS and beyond. In its’ three years of operation, the permit bank has utilized upwards of 90% of its ACE for select stocks every year. For example in 2010, nearly all GOM cod ACE was utilized. In 2011 and 2012 nearly all white hake ACE was utilized and the permit bank traded with other sectors to acquire additional hake ACE to meet demand within the M CCS. During the same time period, however, less than 5% of the ACE for redfish and dabs was utilized.

In addition to the factors influencing ACE utilization mentioned above, the TNC/II Community Permit Bank also faces challenges associated with the timing of ACE trades. As described

earlier, the primary focus of the permit bank is to work collaboratively with members of the M CCS. Often times, the permit bank holds off on making ACE trades outside of the sector early in the fishing year in order to ensure it has ACE available for M CCS fishermen later in the fishing year when they have caught their own allocations. This often results in the permit bank holding ACE until a time of year when the leasing market has softened and lessors are difficult to identify. Despite these challenges, the permit bank has seen its utilization rates increase every year since its inception and is confident that trend will continue in the future.

What have been the most important social and economic impacts of the permit bank?

TNC and II are developing an evaluation framework to help measure the impact of its permit banking initiative over time. This framework articulates the Vision, Outcomes, and Goals of the permit bank and identifies measurable indicators against which progress toward those goals can be evaluated. A summary of the evaluation framework is attached as a reference for the Council and others.

Since its inception in 2009, the TNC/II Community Permit Bank Initiative has delivered a number of positive social, economic, and conservation outcomes, including the following:

Social

- Assisting traditional fishing communities through the transition to catch shares by providing access to affordable quota and opportunities to participate in collaborative research projects.
- Helping to build a shared sense of identity between sector members and facilitating conversations about the responsible use of valuable choke stocks to target other species.
- Demonstrating that conservation groups and fishing organizations can collaborate effectively in pursuit of shared goals.

Economic

- Making over 375,000 pounds of additional quota available to New England fishermen at affordable rates.
- Increasing landings volumes at the Portland Fish Exchange and Port Clyde Fresh Catch by leveraging ACE leases on constraining stocks to allow additional fishing opportunities on healthier stocks.
- Providing additional economic opportunities for gear suppliers, net builders, and research institutions through our collaborative research initiative.
- Providing business planning and other professional services to sector fishermen to improve sustainability of their fishing businesses.

Conservation

- Supporting development of more selective fishing gear (both trawl and gillnet) that allows fishermen to target healthier stocks while reducing bycatch of constraining stocks and juvenile fish.
- Demonstrating economic and environmental benefits of reducing fuel consumption by constructing trawl nets with finer-diameter twine.
- Supporting completion of energy audits on sector vessels to identify opportunities for fuel savings and improved profitability.

Are there any challenges or concerns about the permit bank that the New England Fishery Management Council should be aware of? Please explain.

The Nature Conservancy and Island Institute have not encountered any specific challenges or concerns warranting immediate Council attention. Like any other permit holder in the region, we were required to either join an existing sector or form a sector of our own in order to deploy acquired ACE in advance of our mission. And like other permit holders, our permit bank initiative may be impacted by measures currently being considered in Amendment 18, most notably development of accumulation limits.

We are committed to working closely with the Council on the development of Amendment 18. To the extent the Amendment considers management measures specific to permit banks, we urge the Council to recognize the unique role permit banks are attempting to play in the fishery. Each permit bank has its own mission, financing and governance structure, and quota deployment strategy. However, they all share common goals of sustaining the ongoing participation of fishermen by providing affordable access to ACE. In the case of TNC and II, supporting collaborative research and improving on-the-water conservation are also high priorities. While permit banks follow the same rules individual permit holders, they have been explicitly created advance broader community goals. This unique role should not be underestimated or overlooked in the Amendment 18 process.

DRAFT Permit Bank Evaluation Framework

Vision

Robust fish populations and productive marine habitats ensure the ecological resilience of the Gulf of Maine ecosystem and the economic vitality of the fishing communities that depend on it.

Outcomes

1 Groundfish populations are restored to levels sufficient to play their historical ecological role in the marine system.

2 Key near-shore and offshore marine habitats support a healthy ecosystem.

3 Fishing businesses and communities are thriving economically through sustainable harvest of GOM resources.

Goals

1 Conservation

Commercial fishery management and practices minimize overfishing, wasteful bycatch and habitat damage.

2 Economic

Fishing businesses increase profitability through market-based, ecologically sustainable solutions.

3 Social

Local, independent fishermen maintain fishing as a way of life. The GOM commercial fishing industry is a leader in promoting accountability and long-term sustainability.

4 Effective Management

Laws, management structures and institutions support and incent sustainable fishing practices and management.

Outcome-Level Indicators

1 Groundfish populations are restored to levels sufficient to play their historical ecological role in the marine system.

1. Status of groundfish stock levels
2. Species attributes

2 Key near-shore and offshore marine habitats support a healthy ecosystem.

1. Status of key physical and/or biogenic habitats

3 Fishing businesses and communities are thriving economically through sustainable harvest of GOM resources.

1. Profitability of "sustainable fleet"

Goal-Level Indicators

1 Conservation

Commercial fishery management and practices minimize overfishing, wasteful bycatch and habitat damage.

1. Reduced impact of harmful fishing practices

2 Economic

Fishing businesses increase profitability through market-based, ecologically sustainable solutions.

1. Strong, financially resilient fishing businesses
2. Access to quota and resilience to downturns
3. Value of local product harvested with lower-impact gear

3 Social

Local, independent fishermen maintain fishing as a way of life. The GOM commercial fishing industry is a leader in promoting accountability and long-term sustainability.

1. Fishing opportunities and operations remain local
2. Industry cooperates and advocates for sustainable practices and policies

4 Effective Management

Laws, management structures and institutions support and incent sustainable fishing practices and management.

1. Adoption and implementation of sustainable management policies and regulations

Permit Bank Name: NEFS XI Permit Bank

Primary Contact: Joshua Wiersma

When/how did the permit bank originate?

It originated two years ago via a private loan to NEFS XI from the Community Economic Development Corp. of \$500,000. This was used to purchase two permits from New Hampshire fishermen.

What is the mission of the permit bank?

The mission is to support the local fishing community by keeping the catch history and ground fishing privileges of traditionally New Hampshire fishing permits here in New Hampshire, and to make the associated ACE available to NEFS XI and NEFS XII active sector members at below market rates. The permit bank supports our entire active member roster through the collective ownership of our two permits.

Additionally, New Hampshire fishermen have benefitted from the state-operated permit bank in New Hampshire and The Nature Conservancy permit bank.

How many permits does the permit bank own today?

The NEFS XI permit bank owns 2 permits.

Does the permit bank restrict who can lease the ACE? If so, what are they (e.g. vessel size, home or landing port, sector membership, etc.)?

The NEFS XI permit bank restricts ACE leasing to NEFS XI and XII active fishing vessels.

What is the selection process for distributing ACE? How is leasing price determined?

Lease price is only charged for Gulf of Maine cod, and it has been set at the rate which just pays back our loan liability for the two permits.

Describe to whom the ACE has been distributed (e.g. numbers of fishermen, ports, vessel sizes).

ACE has been distributed to 22 active vessels through five ports: Seabrook, Hampton, Rye harbor, Portsmouth harbor, and Portland, Maine.

What percentage of distributed ACE has been landed? Has that percentage changed through time?

All (100 %) of the distributed ACE has been landed.

What have been the most important social and economic impacts of the permit bank?

The permit bank has helped create access to fish, community awareness, and higher profits. In regards to community awareness, it is a way to educate the public about the true risk that fishing rights, access to local fish, and sustainable local infrastructure are fragile and can very easily be lost. The very existence of permit banks and the explanation of what a permit bank is should highlight these truths. This awareness should make local consumers want to become engaged in the fight to take back ownership and the long-term stewardship of our marine resources.

Are there any challenges or concerns about the permit bank that the New England Fishery Management Council should be aware of? Please explain.

Yes, I believe permit banks are a useful tool to help keep local permits local. Catch share management yields consolidation as a consequence, and some of it might be mitigated by permit banks. There are three types of permit banks: 1) Private permit banks external to the sector, 2) public permit banks external to the sector, and 3) private permit banks within a sector. These permit banks have slightly different missions. Some are focused on community and economic sustainability, some on conservation, and some on new entrants. Permit banks accomplish these missions differently, though. Some permit banks buy permits from outside of their sector or geographic region. Other permit banks only purchase permits from existing members of their community when they want to retire from fishing. I would caution against permit banks that target permits outside of the geographic region.

The permit bank is really a program of the sector. We enrolled our two permits in XI NEFS INC under the ownership of XI NEFS INC. Because the loan for these permits was made to the sector, and because the sector is collectively paying it back as a group, every active member of the sector has equal rights to the fish at a cost that just covers the permits cost. This is the best use of permit banks.

Permit Bank Name: Penobscot East Permit Bank

Primary Contact: Aaron Dority

When/how did the permit bank originate?

We purchased our first permit in 2009 under the Days At Sea system from a retired fisherman in Trenton, Maine, near Bar Harbor. All prior permit sales in this region for the past several years had eroded fishing rights from local communities because the groundfish stocks in eastern Maine were severely depleted since the early 1990's. Prior to the establishment of our permit bank, there was no capacity in the region to capture permits and retain them for future fishermen who wanted to diversify their business with access to groundfish.

What is the mission of the permit bank?

Penobscot East's permit bank serves our mission to secure a future for fishing communities in eastern Maine by ensuring access to the groundfish fishery for fishermen in communities along this coast using habitat-friendly fishing gear. The ACE from the permits is set aside to support both existing small boat fishing businesses as well as young, new entrant fishermen. The permits are currently enrolled in the Northeast Coastal Communities Sector.

How many permits does the permit bank own today?

We currently own two permits. We purchased our second permit from a Stonington fisherman in 2010 who had put the permit up for sale. Again, we were the only buyer available in this region.

Does the permit bank restrict who can lease the ACE? If so, what are they (e.g. vessel size, home or landing port, sector membership, etc.)?

We are currently unable to lease to eastern Maine groundfish fishermen because none currently exist because the local fish populations are extremely low. We provided some ACE during the first year of our Sentinel Survey Fishery, a cooperative research project using jig and longline gear to survey the region from Penobscot Bay to Grand Manan Channel. This program is now in its fourth year and we now operate under an LOA from the NMFS Regional Office, obviating the need for ACE on associated fishing trips.

We lease ACE to other Maine-based fishermen using any gear type, and to other fishermen in the Northeast Coastal Communities Sector who use jig and longline gear. We lease any remaining ACE not needed in our Sector or in other Maine sectors on the open market – available to all New England fishermen.

What is the selection process for distributing ACE? How is leasing price determined?

We first assess whether demand exists locally, and then within our sector in other regions, and finally elsewhere in Maine. This is simply done through informal phone or in-person conversations. We lease ACE within our sector at twenty percent below market value for fishermen who use hook gear.

Describe to whom the ACE has been distributed (e.g. numbers of fishermen, ports, vessel sizes).

We have distributed ACE to Northeast Coastal Communities Sector fishermen in Maine and Massachusetts who fish from vessels as small as 25 feet using jig gear. We also have leased to gillnetters and draggers in Port Clyde, Cundy's Harbor, Casco Bay and other ports along Maine's coast in the 35-60 foot range and we have leased to vessels of all size on the open market – vessels from any port in the region.

What percentage of distributed ACE has been landed? Has that percentage changed through time?

It's hard to tell how much ACE has been landed once it has been leased from our permit bank to a fisherman. However, I can say that we have leased out roughly 50 to 65 percent of our allocation annually for the past three years. We have the highest utilization rates on Gulf of Maine cod, and haddock, hake, winter flounder, and other valuable Gulf of Maine stocks. We have the lowest utilization rates for pollock, dabs and redfish. We do not hold appreciable amounts of Georges Bank stocks. Our permit bank lease trends match the fleet-wide trends.

What have been the most important social and economic impacts of the permit bank?

Our permit bank has supported Maine-based businesses in our sector and other sectors by providing cod and hake to continue to allow these fishermen to target relatively abundant stocks from Maine ports. We have also supported small boat fishermen in the Northeast Coastal Communities Sector who use jig and longline fishing gear, promoting the use of habitat-friendly gear. We have supported one young, new entrant fisherman over the past two years as he has developed his Maine-based fishing business. We have also supported sector fishermen with affordable access to quota, allowing them to compete for access on their directed stocks. Finally, in conjunction with other permit banks, we help to moderate the lease market and provide stability by refusing to drive up ACE lease prices.

Are there any challenges or concerns about the permit bank that the New England Fishery Management Council should be aware of? Please explain.

The single largest concern is the lack of fish in the water. Managers need to address the spatial distribution of our fish stocks, rather than simply addressing stock abundance over the broad stock areas.