

Draft Work Plan for the Scallop LAGC IFQ Five Year Review

1.0 Scope of the Scallop LAGC IFQ Review

MSA § 303A (c)(1)(G) requires a detailed review 5 years after the implementation of the Program “determining progress in meeting the goals of the program and this Act, and any necessary modification of the program to meet those goals...”. In other words, the IFQ review should address both the goals of the program as specified in Amendment 11 as well as the general goals of the MSA including those related to limited access privileges as follows:

- 1) Primary goal of the IFQ program (Amend.11) was to control capacity and mortality in the general category scallop fishery to prevent overfishing of the scallop resource. Furthermore, the Council intent also included a desire to preserve the ability for vessels to participate in the general category fishery at different levels with a vision of a fleet “made up of relatively small vessels, with possession limits to maintain the historical character of this fleet and provide opportunities to various participants including vessels from smaller coastal communities. “ The goals and objectives from Amendment 11 are attached at the end of this document, as well as the vision statement.
- 2) The MSA National Standards require that “all management actions achieve the greatest overall benefit to the Nation, particularly with respect to food production and recreational opportunities, and that any allocation of fishing privileges be fair and equitable and reasonably calculated to promote conservation”. The goals of the LAPPs as specified in MSA § 303A (c)(1)(A) to (F) include: reducing over-capacity, promoting safety, fishery conservation and management, and social and economic benefits. Furthermore, Section 301(a)(4) indicates that allocation of fishing privileges should be “carried out in such manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges.”

Based on these standards, NOAA catch share policy indicated that the five-year performance report should address the following criteria:

1. The report should review if the allocations (or the IFQ program) resulted in the greatest overall benefit to the Nation, including the evaluation of biological, economic and social criteria in such decision making.
2. Performance measures may include “how fishery stocks responded to management; what were the impacts on fishing communities, participation and entry into the fishery; what happened to prices, revenues and profits; and how recreational fishery access and participation rates changed after program initiation”.
3. Performance measures need to be linked back to the initial objectives in a FMP. This means that it should performance report should address “if the specific goals of IFQ program as stated in Amendment 11 are met”.

Questions IFQ report should address

In accordance with those goals specified in (1) and (2) and the NOAA catch share policy, the LAGC IFQ report should address the following questions if the IFQ program has:

- 1) Controlled or reduced capacity?
- 2) Controlled mortality and promoted fishery conservation and management?
- 3) Preserved the ability for vessels to participate in the general category fishery at different levels?
- 4) Promoted fishing safety and enforcement?
- 5) Resulted in the greatest overall benefit to the Nation, including the evaluation of biological, economic and social criteria in such decision making.
- 6) Prevented excessive shares?

Although the focus of the report will be on the Scallop LAGC IFQ fishery, a general background including the LA, LAGC-incidentals and LAGC-NGOM fishery could be included with a discussion of the interactions of those fisheries and how they are interrelated to the overall goals of the Scallop FMP.

2.0 Work Plan

A technical work group was identified in February 2016 with members of Council staff, NEFSC SSB, and GARFO staff. The list of participants is below in Table 1. The work group has developed a draft outline with the scope and planned analyses for the PDT, AP, and Cmte to review in March. Several in-person and conference calls will be planned between February and June to develop a draft report. The draft will be presented to the PDT, AP, Committee and Council in June, and a more final report again in September. In addition, a draft will likely be presented to the SSC at some point as well. This schedule may adjust if additional analyses are included beyond what is already described in the draft table of contents in Section 3.0.

Table 1 – Technical work group for LAGC IFQ Five Year Review

Agency	Name	Role
NEFMC	Deirdre Boelke	Primary point of contact for NEFMC , Present and communicate review with AP/Cmte/Council, Overall document preparation
NEFMC	Demet Haksever	Lead analyst on several parts of review
NEFMC	Jonathan Peros	Support with analysis, review and presentation of results
NMFS, NEFSC	Eric Thunberg	Primary point of contact for NEFSC
NMFS, NEFSC	Matt Cutler	Lead analyst on several parts of review
NMFS, NEFSC	Greg Ardini	Lead analyst on several parts of review
NMFS, GARFO	Travis Ford	Primary point of contact for GARFO
NMFS, GARFO	Shannah Jaburek	Lead analyst on several parts of review
NMFS, GARFO	Ben Galuardi	Develop several databases needed for this review, Lead analyst on several parts of review

There are other staff members at NEFSC that are responsible for analysis and support of this review including: Min-Yang Lee, Lisa Colburn, Tammy Murphy, Andrew Kitts, and John Walden.

An in-person meeting of the technical working group was held on March 3, 2016 at GARFO to identify roles and responsibilities and develop a draft list of potential analysis items. It was discussed that the first critical step is getting several key databases together. Another meeting or conference call will be scheduled to review analysis, likely in late April/May 2016.

3.0 Initial ideas for analyses

Council staff will take the lead on items highlighted in grey, and SSB will take the lead on items highlighted in yellow. PDT – what can we do with items in green? Other ideas?

1. Has the IFQ program controlled mortality / stabilized capacity?

Evaluate changes in capacity including the changes in participation compared to the years prior to IFQ implementation (2007-2009).

Section 3.3.3, 3.3.4, 3.3.18 of the IFQ report will be updated.

- a. Changes in the number of active permits and permits with CPH
- b. Number of permanently transferred permits (from market study and ownership consolidation)
- c. Changes in the fishing capacity of the active boats measured by HP, GRT, Length, and crew, and number of vessels weighted by HP, GRT etc.
- d. Changes in landings per boat and per owner standardized by the changes in total quota.
- e. Changes in effort, hours fished, LPUE and number of trips
- f. Other technical analyses (multi-productivity changes, LOWE index etc.). SSB measured technical productivity through 2012, could be updated through 2014.

2. Has the IFQ program controlled mortality and promoted fishery conservation and management?

Section 3.2 of the 3-year IFQ review report will be updated.

- a. Catch and associated fishing mortality from the IFQ fishery – PDT?
- b. Bycatch – PDT?
- c. Landings per unit effort - PDT
- d. Area swept
- e. Spatial considerations – Have fished areas and intensity changed – SSB has been looking at changes in geographical distribution of GC scallop IFQ landings ports. PDT has developed GIS maps with annual LAGC VMS data.
- f. SSB has also been looking at differences in scallop discarding behavior – highgrading patterns on LAGC vessels compared to LA fishery (Lou C).

3. Has the IFQ program preserved the ability for vessels to participate in the general category fishery at different levels?

Analyze changes in the diversity of the IFQ fishery and on fishing communities using the following performance indicators.

Sections 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.10, 3.3.15 of the 3-year IFQ report.

- a. Distribution of landings, revenues and quota by poundage groups and the number of vessels in each group.
- b. Distribution of landings, revenues and quota by vessel size groups and the number of vessels in each group.

- c. Distribution of landings, revenues and quota by vessels according to the leasing activity (lease-in, lease out, no lease).
- d. Changes in landings per boat and per owner standardized by the changes in total quota. Or a quadrant analysis showing cumulative distribution of landings by vessels by four quadrants. Also addresses the diversity of the fleet.
- e. Distribution of ownership of active vessels and inactive vessels
- f. Changes in the distribution of revenues and GINI coefficients
- g. Changes in the ownership of quota by active and inactive vessel owners – level of ownership consolidation – Herfindahl index.
- h. Changes in geographic diversity
- i. Changes in dependency on the scallop fishery by active vessels
- j. Changes in species diversity
- k. Incidental fishery as it relates to preservation of diversity
- l. NGOM component – should identify way to summarize this component as well
- m. Tables for RFA may have a lot of these data in them already
- n. Social network analysis – IFQ trading networks (may be able to look at ownership networks)

4. **Has the IFQ program promoted fishing safety and enforcement?**

Section 3.4 of the 3-year IFQ report

- a. Has the catch share program had an effect on risk-taking behavior? LAGC fishery will be compared to LA fishery and other fisheries in the region, as well as other catch share programs in other parts of the country
- b. Measure of Enforcement– need to brainstorm ideas, one potential idea would be to evaluate trip length from access areas and landings per trip – use observer data to estimate catch rate – project how fast vessels from that area would catch trip limit and then compare to actual fishery data. How else can we evaluate if this program is being monitored and enforced effectively?

5. **Has the IFQ program resulted in the greatest overall benefit to the Nation, including the evaluation of biological, economic and social criteria in such decision making?**

Evaluate overall economic and social benefits to the nation (as required by NOAA Catch policy, MSA National standards) using the following performance indicators:

- a. Changes in overall landings, prices, revenues, costs and producer benefits (surplus) for the IFQ fleet: Assess if the program reduced the overall costs of fishing leading to higher net revenues for the IFQ fleet (Sections 3.3.2 & 3.3.9 from 3-year IFQ report).
- b. Changes in productivity (Section 3.3.12 of 3-year IFQ report).
- c. Changes in profits (Section 3.3.11 of 3-year IFQ report).

- d. Changes in the crew income and employment (Section 3.3.13 of 3-year IFQ report).
- e. Changes in quota transfers and leasing: Impacts of transferability on efficiency, revenues, distribution of revenues (Section 3.3.12 of 3-year IFQ report)
- f. The changes in the lease and quota prices - reflect the changes in the economic benefits (Section 3.3.5 and Section 3.3.6.2 of 3-year IFQ report).
- g. The impacts of leasing and leasing costs on the profits, and bank loans and debt if data is available (Section 3.3.10 and 3.3.11 address revenues and profits, but no info on bank loans).
- h. Regional and community impacts: Examine impacts on regional revenues, income and employment depending on the data availability and time constraints (IMPLAN model?)
- i. Cost recovery and tax revenues (Section 3.5.5 of 3-year IFQ report).
- j. Impact of co-ops on lease and transfer prices – test if the theory is showing.
- k. Evaluation of crew and owner perceptions – analysis of scallop data compared to other fisheries in the region

6. **Has the IFQ program prevented excessive shares?**

Section 2.13 and various sections of 3.3 provide information and analyses; however, market power needs to be analyzed as indicated in item 'c' below.

- a. Describe the existing caps and address the monitoring system to prevent owners exceeding these caps.
- b. Evaluate the equity/distributional impacts of existing caps
- c. Examine if those caps have resulted in the creation of market power in the IFQ fishery using HHI and/or other technical analyses.
- d. Spatial considerations

Goals and objectives

The primary goal is to control capacity and mortality in the general category scallop fishery.

Since 1999, there has been considerable growth in fishing effort and landings by vessels with general category permits, primarily as a result of resource recovery and higher scallop prices. This additional effort is likely a contributing factor to why the FMP has been exceeding the fishing mortality targets. Without additional controls on the general category fishery, there is a great deal of uncertainty with respect to potential fishing mortality from this component of the scallop fishery, thus the potential for overfishing is increased. Therefore, this amendment is considering a range of measures to control fishing mortality by this component of the fishery, improving the ability of this plan to prevent overfishing of the scallop resource.

Objectives of Amendment 11

In order to achieve the first goal described in Amendment 11 above the Council identified the following list of objectives:

1. Allocate a portion of the total available scallop harvest to the general category scallop fishery.
2. Establish criteria to qualify a number of vessels for a limited entry general category permit.
3. Develop measures to prevent the limited entry general category fishery from exceeding their allocation.
4. Develop measures to address incidental catch of scallops while fishing for other species.

Vision Statement

The overall intent of this action is to stabilize capacity and prevent overfishing from the general category fishery, and in doing so, the Council's vision of this general category fleet from this point forward is to **maintain the diverse nature and flexibility within this component of the scallop fleet**. Specifically, the Council intends to consider measures that will control mortality from this component of the fleet, but **preserve the ability for vessels to participate in the general category fishery at different levels**. This Council recognizes **the importance of this component of the fishery for small fishing communities, as a component of overall catch for some individual vessel owners, and the value this "dayboat" scallop product has in the scallop market**. Overall, the Councils' vision of the general category fishery after Amendment 11 is implemented is **a fleet made up of relatively small vessels, with possession limits to maintain the historical character of this fleet and provide opportunities to various participants including vessels from smaller coastal communities**.