

Science, Service, Stewardship



Design and Use of Catch Shares under the Magnuson-Stevens Act

**NOAA
FISHERIES
SERVICE**

Council Member Training
November 2011



Outline of Presentation

- Fisheries management/catch shares context
- Magnuson-Stevens Act & Terminology
- NOAA Policy & Implementation



Key Learning Objectives

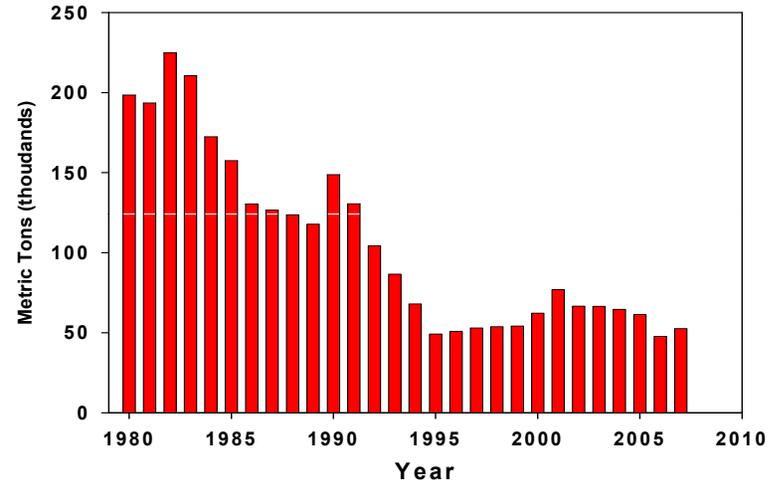
- Describe the Magnuson-Stevens Act Limited Access Privilege Program provisions
- Explain the guiding principles in the NOAA Catch Share Policy



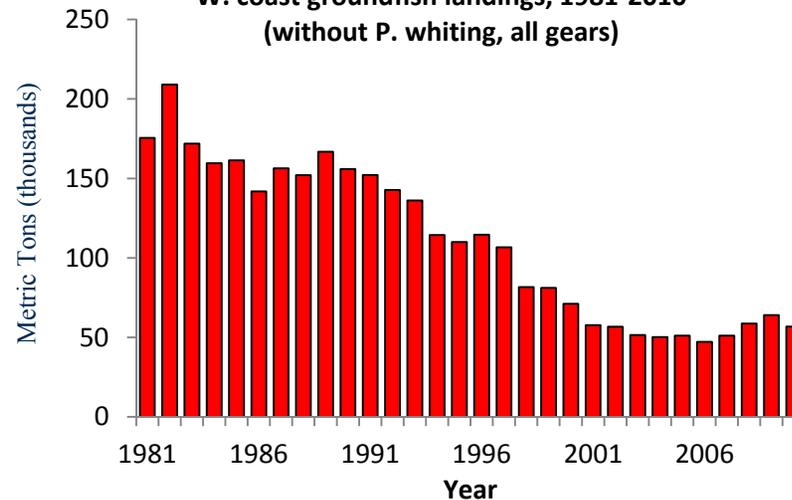
Fisheries Trends

- ❑ Over time, the landings of many stocks have declined, some significantly
- ❑ Current management programs (quotas, limited access, etc) have stopped further declines but have not rebuilt many stocks to ensure sustainable fisheries.

New England Groundfish Catches
All Stocks (includes discards)



W. coast groundfish landings, 1981-2010
(without P. whiting, all gears)





Fisheries Management Trends

Pre-1976 Magnuson-Stevens Act

Open access, race-for-fish, common property, foreign fleets

1976 Magnuson-Stevens Act

End foreign fishing, domestic fleet expansion, command and control management (quotas, effort, seasons, areas)

1996 Sustainable Fisheries Act

Control expansion, limited access

2006 Magnuson-Stevens Act Reauthorization

End overfishing, rebuild stocks, reduce overcapacity, limited access privilege programs



Current Fisheries Management Challenges

Competition among fishermen under a common quota can cause a number of problems:

- A race to catch as much fish as fast as possible leading to overcapitalization – too many boats, too few fish
- No incentive to reduce bycatch
- Seasonal gluts of fish in markets
- Fishermen go out in unsafe conditions



2006 Revisions to Magnuson-Stevens Act

Section 302(a)(15)

Establish a mechanism for specifying annual catch limits in the plan ...such that overfishing does not occur in the fishery

Section 303A – Limited Access Privileges

(a) General

(b) No Creation of Right, Title or Interest

(c) Requirements for Limited Access Privileges

Fishing communities

Regional fishery associations

Participation

Allocation

Program initiation (referendum)

Transferability

(d) Royalties

(e) Cost Recovery

(f) Characteristics (renewal/revocation)

(g) Assisted Purchase

(h) Existing Programs

(i) Transition Rules





What is a Catch Share?

Catch share is an umbrella term used to describe fishery management programs that allocate a specific portion of the total allowable catch to individuals, cooperatives, communities, or other eligible entities.

The recipient of a catch share is directly accountable to stop fishing when its exclusive share or allocation is reached.

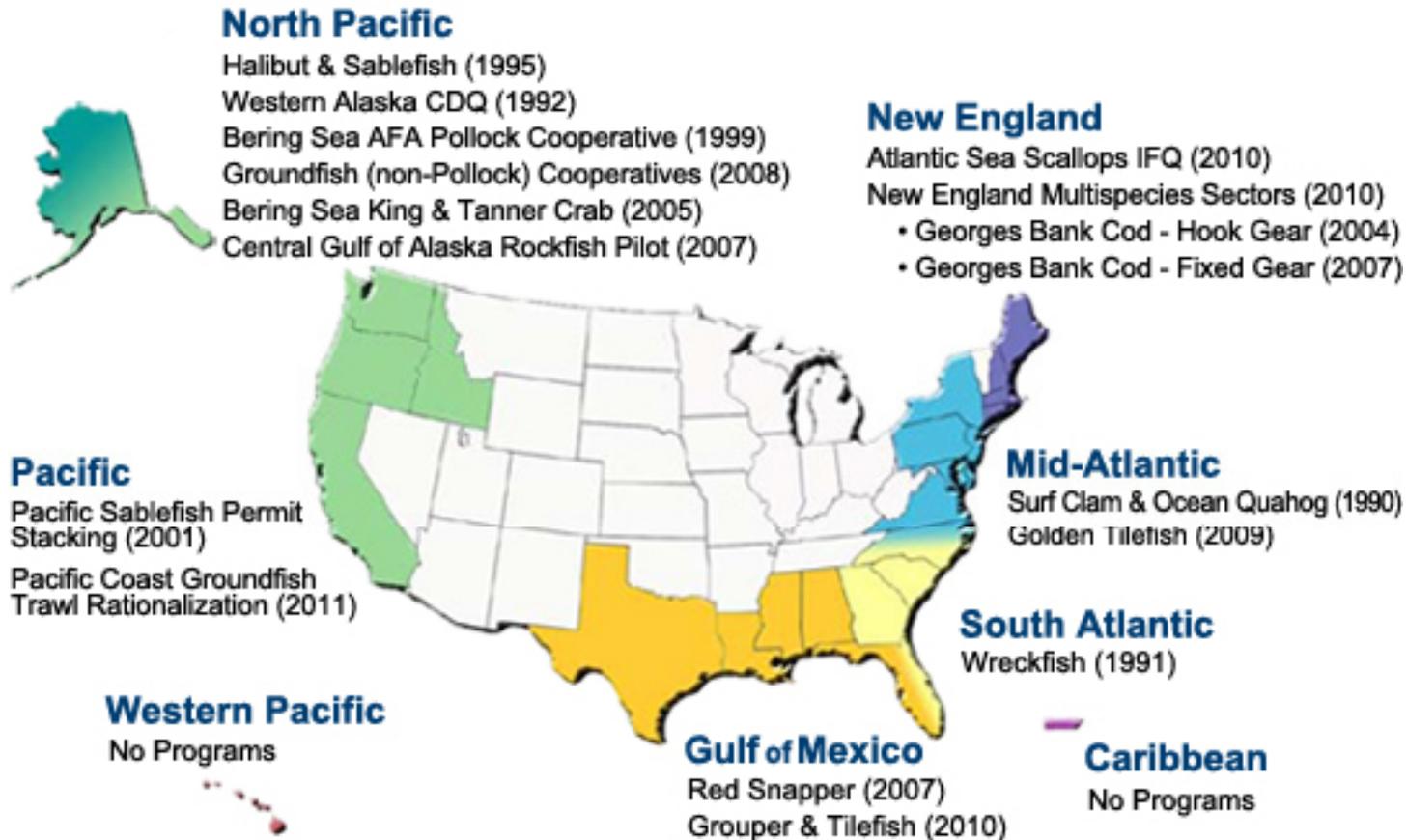


Catch Shares can include:

- ✓ **Individual Fishing Quota**
- ✓ Individual Transferable Quota (Not defined in MSA)
- ✓ Dedicated Access Privilege (Not defined in MSA)
- ✓ **Limited Access Privilege**
- ✓ **Limited Access System**
- ✓ **Fishing Community** allocation
- ✓ **Regional Fishery Association** allocation
- ✓ Sector allocation (Not defined in MSA)
- ✓ Community Fishing Association (Not defined in MSA)



Current Catch Share Programs





Examples of U.S. Catch Shares

<http://www.nmfs.noaa.gov/catchshares>

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Catch Share Spotlight No. 10

Georges Bank Cod Fixed Gear Sector



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Vital Stats
First year: 2006
Type of Catch Share Program: Sector Allocation
Management units: The Georges Bank Cod Fixed Gear Sector, with operations within the Hook Sector Area as defined under 50 CFR 648.87.
Vessels / Gear types: 28 participating fishermen in 2006. Vessels use sink gillnets, bottom longline (tub trawls), and rod and reel.

Available Trend Data
Season length:
Before Program: Variable
After Program: Year-long. One twelfth of the Sector's cod quota is allocated to each month of the fishing year that is not landed during a month is rolled over into the next month.
Ex-vessel value:
Before Program (2003): ~ \$110M entire groundfish fishery
After Program (2007): ~ \$900,000 (entire groundfish fishery 2003 value). Sector allocation was 10.7% of the GB cod fishery.
Consolidation:
 One vessel in 2006, 16 in 2007, 28 vessels in 2008 (11 vessels).
Stock status:
Before Program (2003): Overfishing: YES; Overfished: YES
After Program (2008): Overfishing: YES; Overfished: YES
 However, in 2008 the Fixed Gear Sector only caught 4% of the Sector's quota and the sector is not engaged in overfishing.

Nature of Harvest Privilege
Eligibility: To qualify for membership in the Sector, each vessel must have a limited access Northeast (NE) multispecies permit with a binding contract that commits their vessels and permits for duration of the fishing year.
Duration: Open-ended. Annual Operations Plan must be approved after consultation with New England Council. Council program through the Council process. NMFS can withdraw a vessel from the program through the Council. Membership can be terminated after consultation with the Council. Membership can be transferred to other participating vessels and/or permits, provided the given prior written consent to such transfer or lease.
Accumulation: A vessel may not lease in more DAS than the vessel's permanent consolidation of DAS can occur through the program.

For more information on the Georges Bank Cod Fixed Gear Sector:
<http://www.nmfs.noaa.gov/ifq/ifq10.html>

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Catch Share Spotlight No. 1

Alaska IFQ Halibut and Sablefish Program



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Vital Stats
First year: 1995
Type of Catch Share Program: IFQ and CDQ for halibut and sablefish.
Management units: Multiple area and vessel categories for sablefish and halibut.
Vessels / Gear types: Longline catcher and catcher/processor vessels. Also pots for sablefish.

Available Trend Data
Season length:
Before Program: Less than a week
After Program: More than 8 months
Ex-vessel value:

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Catch Share Spotlight No. 6

Gulf of Mexico Red Snapper IFQ



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Vital Stats
First year: 2007
Type of Catch Share Program: IFQ
Management units: Gulf Red Snapper.
Vessels / Gear types: Bottom longlines, handlines, and bottom trawls

Available Trend Data
Season length:
Before Program: ~77 days
After Program: Year-round
Ex-vessel value:
Before Program (2004): ~\$10 million; ~\$3.15/lb
After Program (2008): \$8.3 million (decrease due to quota reduction); \$3.69/lb (worth \$3.24/lb in 2004 value)
Consolidation:
Beginning of Program (2007): 546 IFQ permits
After Program (2008): 466 IFQ permits (14.8% reduction)
Stock status:
Before Program (2004): Overfishing: YES; Overfished: YES



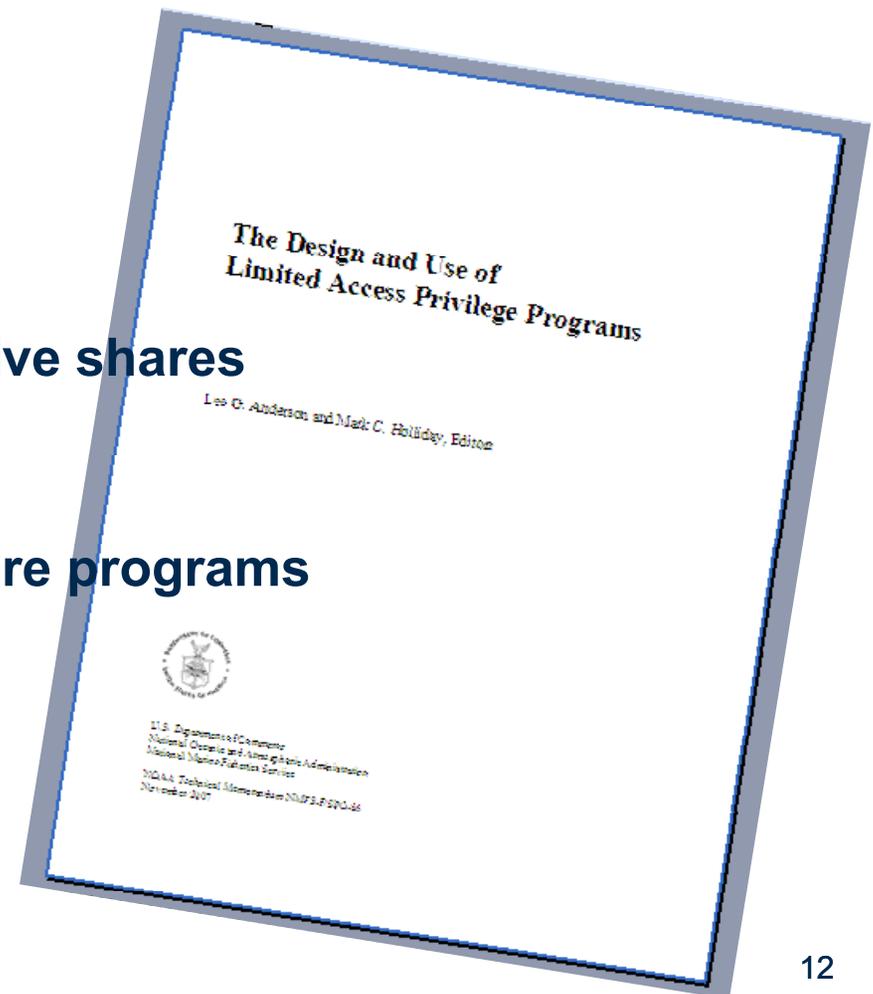
Designing a Catch Share Program

Nature of the harvest privilege

- Duration**
- Eligibility**
- Transferability**
- Accumulation limit/Excessive shares**
- Allocation procedures**

Management elements of catch share programs

- Catch Monitoring**
- Enforcement**
- Cost recovery**
- Resource rent**
- Program performance**





Development of NOAA's Catch Share Policy

- June 2009 – Formation of the Catch Shares Task Force
- 18 Participants:
 - 10 NOAA participants
 - 8 Regional Council participants (recreational & commercial sectors)
- December 2009 - NOAA released a draft policy on the use of catch share programs in fishery management plans.
- Over 4 months NOAA sought broad input on the draft policy via the web, email, public meetings, workshops and stakeholder conference calls.



Final Catch Share Policy Statement

To achieve long-term ecological and economic sustainability of the Nation's fishery resources and fishing communities:

NOAA encourages the consideration and adoption of catch shares wherever appropriate in fishery management and ecosystem plans and amendments, and will support the design, implementation, and monitoring of catch share programs.



CATCH SHARE POLICY GUIDING PRINCIPLES

1. Specify management goals

All fishery management programs should identify specific measurable goals for management.

Develop explicit management goals early in the management plan development process.



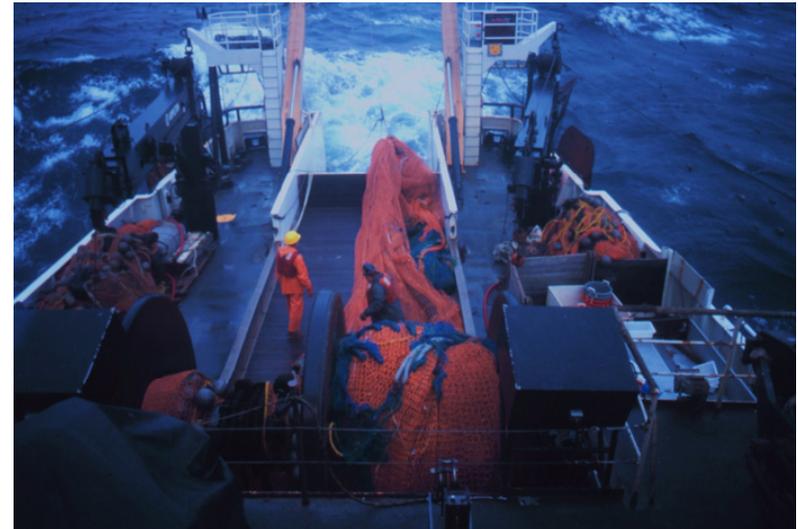


CATCH SHARE POLICY GUIDING PRINCIPLES

2. Allocations

Periodically revisit sector allocations on a regular basis, regardless of whether catch shares are the management tool of choice.

Consider a broad range of participation criteria to ensure the most fair and equitable catch share distribution for a given circumstance.





CATCH SHARE POLICY GUIDING PRINCIPLES

3. Transferability

- *Thoroughly assess the range of options and net benefits of allowing transferability of catch shares.*
 - *Quota share vs. quota pounds*
- *Ensure frequent and transparent public participation in the crafting of participation criteria, analysis of the trade-offs, and evaluation of the outcomes of transferability options.*
- *Don't impose too many constraints on transferability that would stifle the innovation and flexibility fishermen need to accommodate their competitive cost-efficient business decision making.*



CATCH SHARE POLICY GUIDING PRINCIPLES

3. Transferability (cont).

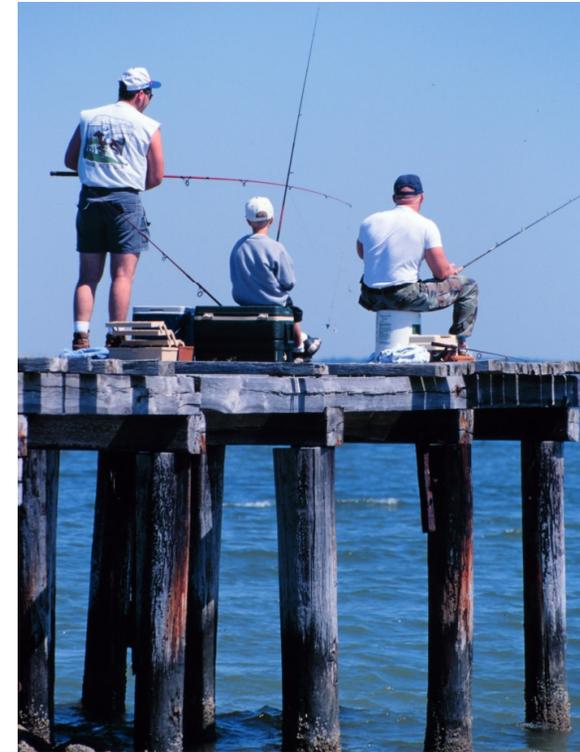
- *Develop written policies on duration & what happens to privileges upon the retirement, death, bankruptcy of the initial recipient.*
- *Establish a clear record linking management goals and objectives to any provisions limiting transferability such as “owner-on-board” “use it or lose it” or “active fishing entities” criteria.*
- *Design programs that help protect fishermen during transition periods, such as prohibiting sales or limiting the nature of transactions to leases in the initial year(s), as well as provide extensive outreach and training materials on conducting business in transferable privilege markets.*
- *Allow inter-sector transferability of catch share privileges to respond to changes in demand and promote future access opportunities.*



CATCH SHARE POLICY GUIDING PRINCIPLES

4. Distinctions Among Sectors

- *No fishery or sector (e.g., commercial, recreational or subsistence) is obligated to adopt catch shares under the policy.*
- *Councils are free to decide where and when to adopt catch shares.*
- *Evaluate the effects of catch shares on all participants associated with a fishery.*
- *NOAA does not advocate the use of catch shares for private recreational anglers.*





CATCH SHARE GUIDING PRINCIPLES

4. Distinctions Among Sectors (cont.)

- *Endorse the obligatory submission of data, including social and economic data, in return for the private use of the public's fishery resources.*
- *Support design and implementation of catch share programs for the recreational charter and headboat sectors where appropriate.*
- *NOAA committed to working with any interested Council, state agency, and angling organizations on the development of new approaches for fishing access by recreational fishermen through appropriate inter-sector trading programs and/or catch share pools.*





CATCH SHARE POLICY GUIDING PRINCIPLES

5. Duration

Apply the LAPP review and duration principles and requirements to all catch share programs, and explicitly define the duration of their catch share program to reinforce the fact they are temporary privileges, not property granted in perpetuity.

6. Review Process

- *Establish relevant specific, measurable performance measures.*
- *Periodically review all catch share and non-catch share programs to ensure that management goals are tracked and appropriate steps taken to ensure a program is meeting its goals and objectives.*



CATCH SHARE POLICY GUIDING PRINCIPLES

7. Fishing Community Sustainability

- *Develop policies to promote the sustained participation of fishing communities and take advantage of the special community provisions in the MSA.*
- *NOAA will support community-based design and investment in Fishing Community and Regional Fishing Associations.*
- *Build capacity in fishing communities and help fishermen's/community groups to explore and organize catch share options.*
- *Seek public-private partnerships, and collaboration with state and local governments, regional economic development districts, public and private nonprofit organizations, and tribal entities to address fishing community sustainability.*



CATCH SHARE POLICY GUIDING PRINCIPLES

7. Fishing Community Sustainability (cont).

- *Councils and NOAA must be more proactive in seeking out community participation.*
- *Make use of the entire range of catch share design options and engage all the relevant stakeholders.*
- *Do not over-regulate community protections and preclude opportunities for innovation, improved efficiency and structural adjustments that fishermen, processors and related businesses need to remain competitive.*





CATCH SHARE POLICY GUIDING PRINCIPLES

8. Royalties

NOAA will assist Councils if and when they determine that it is in the public interest to collect royalties in connection with the initial or subsequent allocations in a limited access privilege program.

9. Cost Recovery

- *Compute and recover from participants only the incremental operating costs associated with LAPPs.*
- *Design the most efficient programs possible to minimize costs to the participants and the public.*



IMPLEMENTATION OF NOAA'S CATCH SHARE POLICY

NOAA will work with the Councils, recreational, commercial and other stakeholder groups to help them assess their options, understand the advantages and disadvantages of adopting a catch share program, and research areas that need further investigation.

Key Upcoming Tasks:

- Establish a referral network of catch share experts
- Develop a plan to advance common/compatible infrastructure and data needs (e.g., catch accounting, electronic reporting, etc.)
- Improve catch share literacy
 - Lessons learned products
 - Peer to peer discussions



IMPLEMENTATION OF NOAA'S CATCH SHARE POLICY CONT'D

Key Upcoming Tasks Cont'd:

- Develop guidance to address priority policy issues via technical workshops, FAQs, formal guidelines, and/or notice and comment rulemakings, as appropriate. Possible topics include:
 - Regional Fishing Associations and Fishing Communities
 - Performance monitoring/reviews
 - Cost recovery/royalties
 - Etc.



Catch Share Truisms

- ✓ There is no one size fits all catch share program; there is almost infinite design flexibility.
- ✓ Not all fisheries can/should be managed via catch shares.
- ✓ Catch share incentives stimulate fishing activities that keep costs as low as possible and produce the highest valued product.
- ✓ Learn from other programs, but design a unique catch share program that works for your specific fishery.

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QUESTIONS?