

**Limited Access Privilege (LAP)
Programs and Potential
Application to the South
Atlantic Snapper-Grouper
Fishery**

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Purpose of this Presentation

- Provide background on Limited Access Privileges (LAP).
- Provide you with a description of benefits and drawbacks of LAPs/IFQs.
- Give you a sense of what a multispecies LAP/IFQ might look like and how it might affect the SG fishery.

Why Individual Quota Based Management?

- Fishermen have a greater incentive to become involved in management of the resource
- Greater harvesting flexibility
- Greater financial stability
- SG – Decrease vessel numbers and increase profitability

Terminology – LAP/DAP Definition

Limited Access Privilege (LAP)
Programs or Dedicated Access
Privilege (DAP) Programs definition

Fishery management program whereby an individual fisherman, community, or other entity is granted the privilege to catch a specified portion of the Total Allowable Catch (TAC).

Types of LAP/DAP Programs

Limited Access Privilege (**LAP**) Programs
or Dedicated Access Privilege (**DAP**)
Programs include:

- individual fishing quotas
- community quotas
- quota allocated to a regional fishery association/cooperative

IFQ Definition

- An Individual Fishing Quota (IFQ) grants an individual the privilege to catch a specified portion of the Total Allowable Catch (TAC).
 - **Quota Share** – percentage of the commercial quota that is allocated to an individual
 - **Annual Pounds** – Quota Share * commercial quota

Community Quota Definition

- General term usually used to describe allocation of quota to a non-profit group representing a town or a group of towns.
 - Community quota has been used in the Alaska halibut and sablefish fisheries and the Alaska Bering Sea crab fisheries.

Regional Fishing Associations/ Cooperatives Definition

- Group of fishermen or fishing companies that coordinates input usage, harvest, or marketing services through private agreements for the benefit of its members.
 - Example: 1) The Pacific Whiting Conservation Cooperative 2) Cape Cod Hook Sector

General LAP/IFQ characteristics

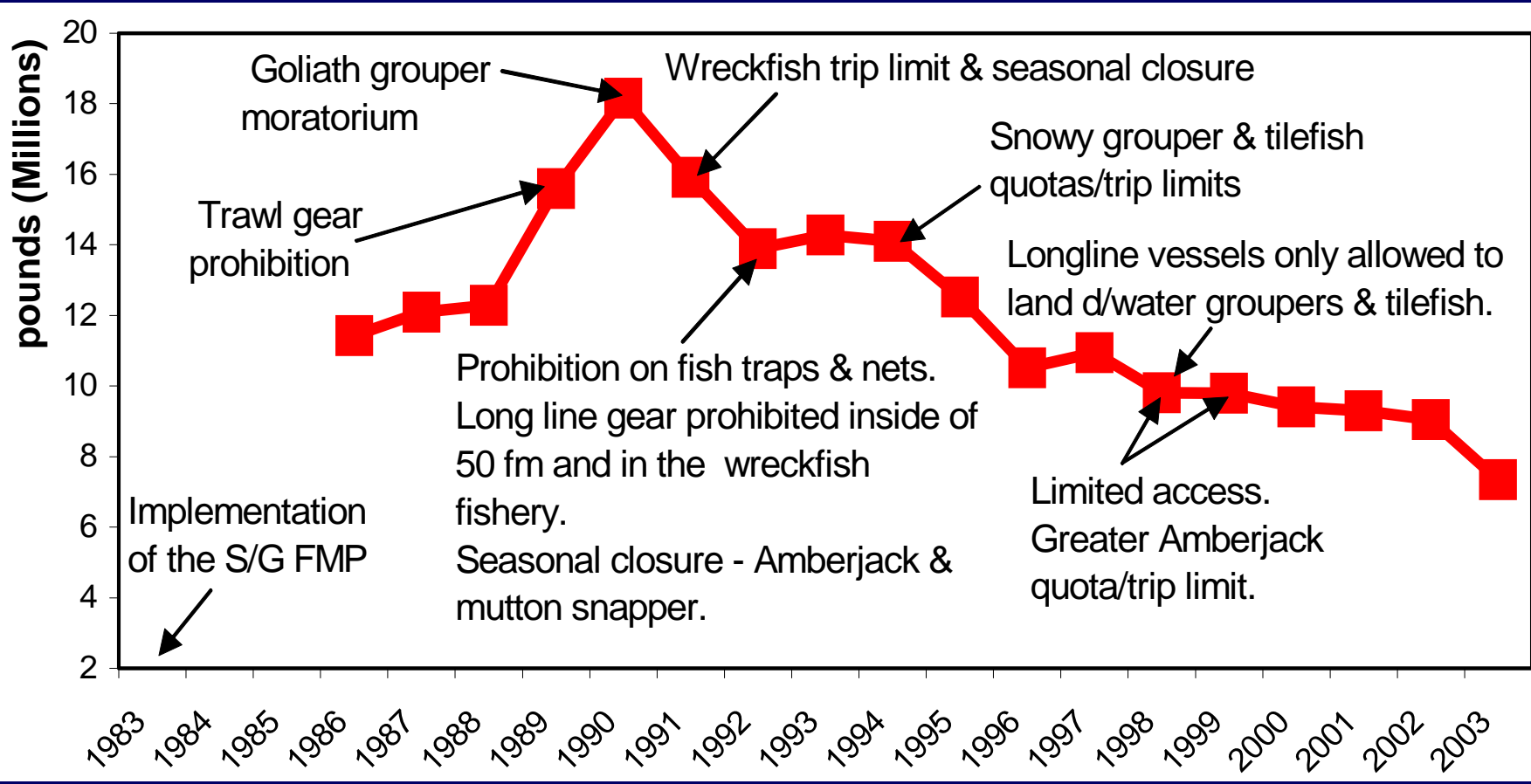
- Commercial fishery under consideration at this time
- Sector allocations to be completed prior to IFQ implementation
- Commercial Quota goes up? Pounds go up
- Commercial Quota goes down? Pounds go down

Recently Implemented Amendments and Amendments Under Consideration

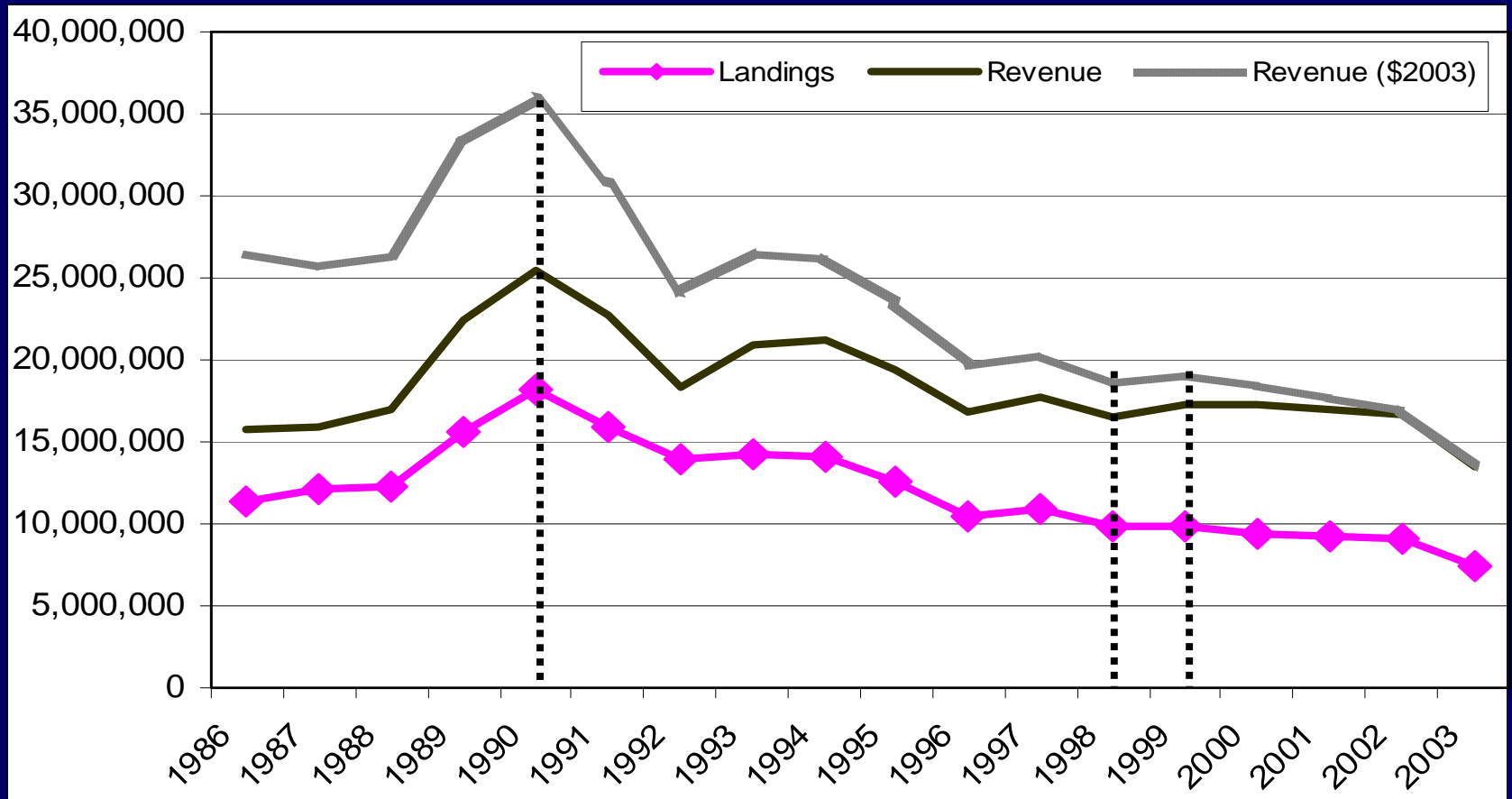
- **Amendment 13C**
 - Short-term, cumulative losses - 12.3% to 18.1%, affects 313 to 324 vessels
 - Long-term sustainability improvements
- **Amendment 14** – Marine Protected Areas
- **Amendment 15** - Rebuilding timeframes and schedules, removal of “two for one” permit transfer under certain circumstances
- **Amendment 16** - Seeks to improve economic situation in snapper grouper fishery

Current Fishery Status

- Landings are declining; Costs are increasing.
- The fishery will continue to be restricted for some time but the fishery needs to become more profitable to survive.
- The timeline to accomplish this is likely very short.

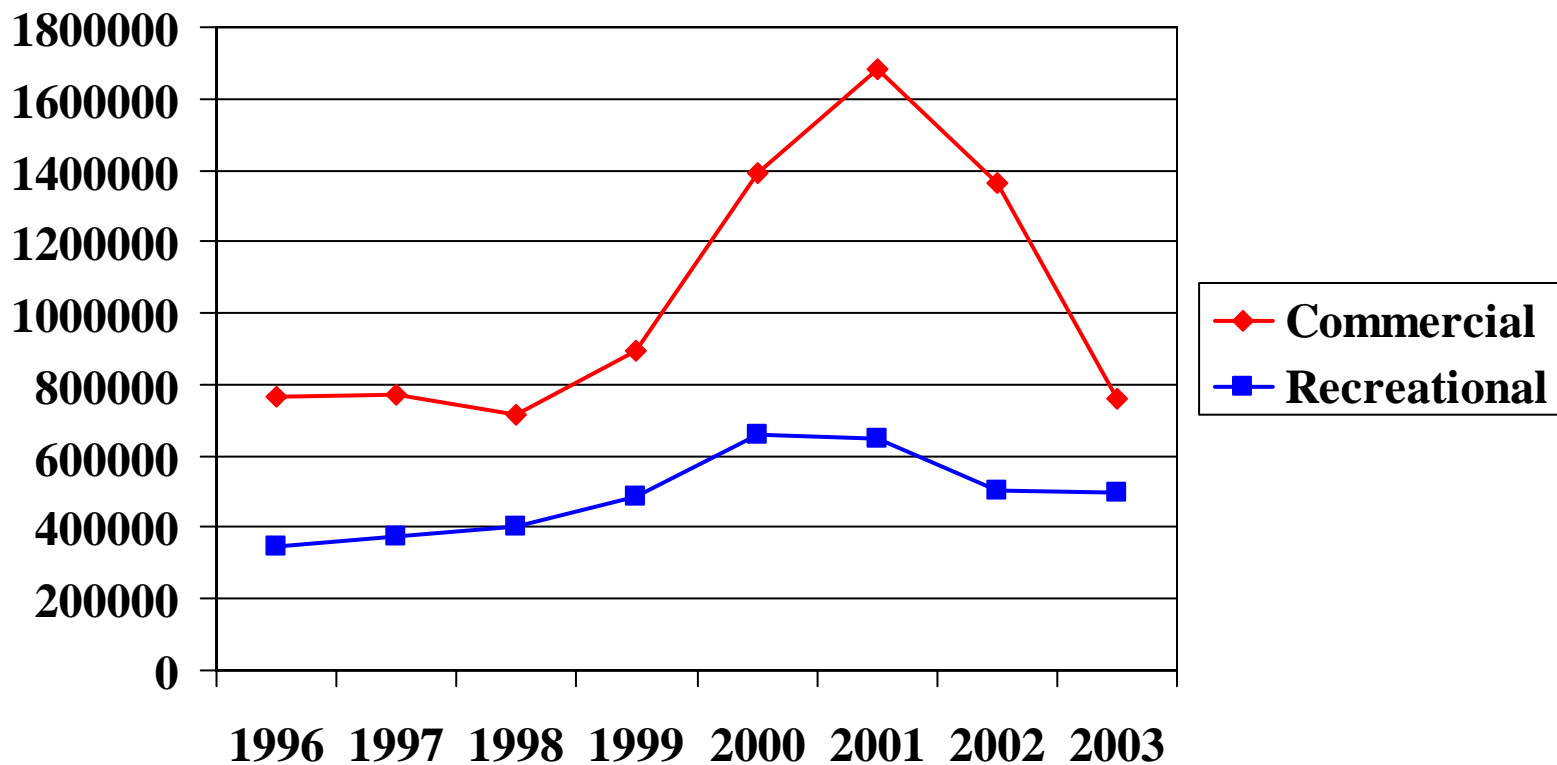


Major events in the regulatory history of the snapper grouper fishery superimposed on total snapper grouper landings during the period 1983-2003.

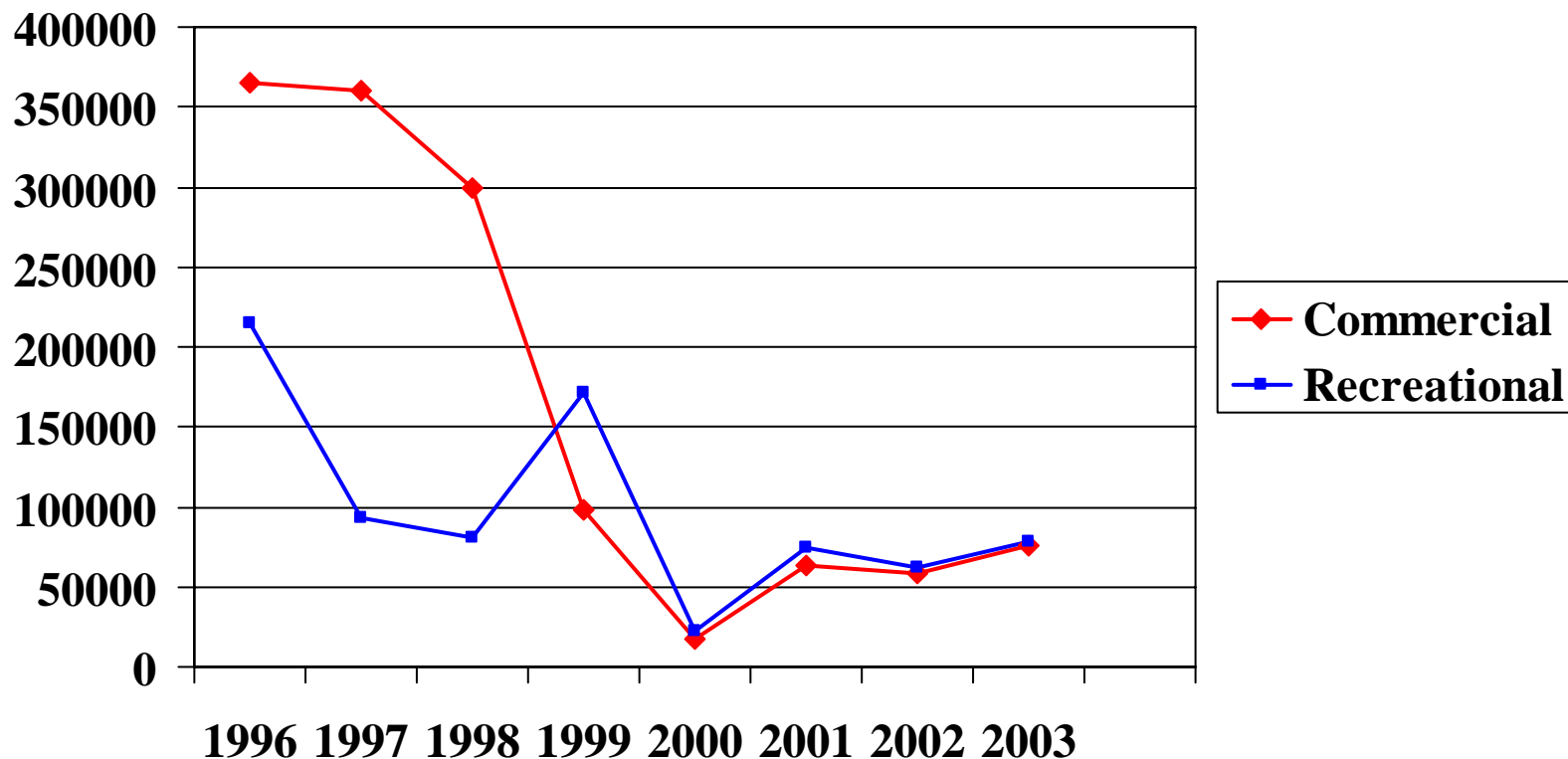


Trends in dockside landings and nominal and real ex-vessel revenue for all snapper grouper species in the South Atlantic region during 1986-2003. Florida landings include all of Monroe County.

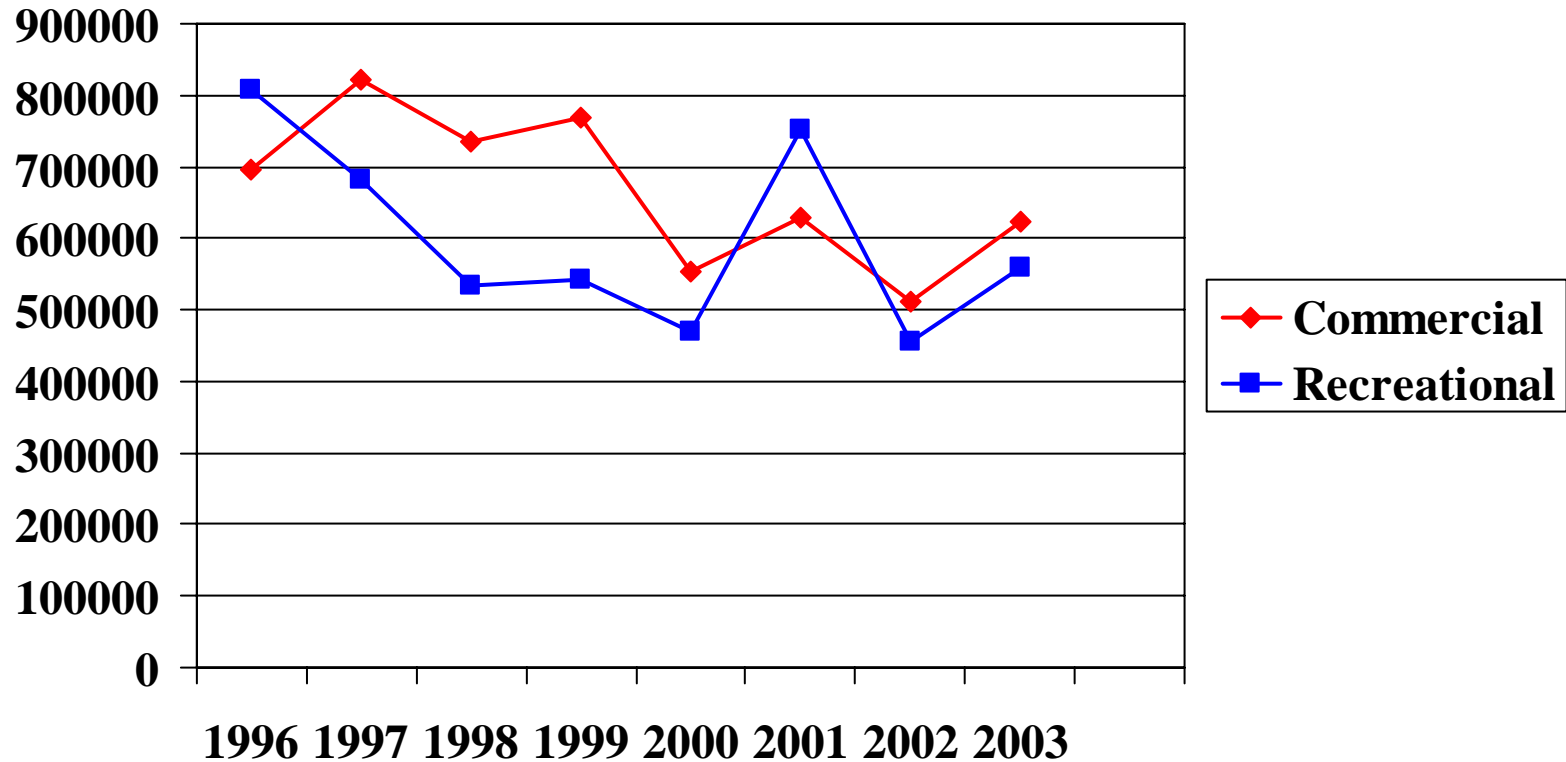
Commercial and Recreational Landings Over Time – Vermilion Snapper



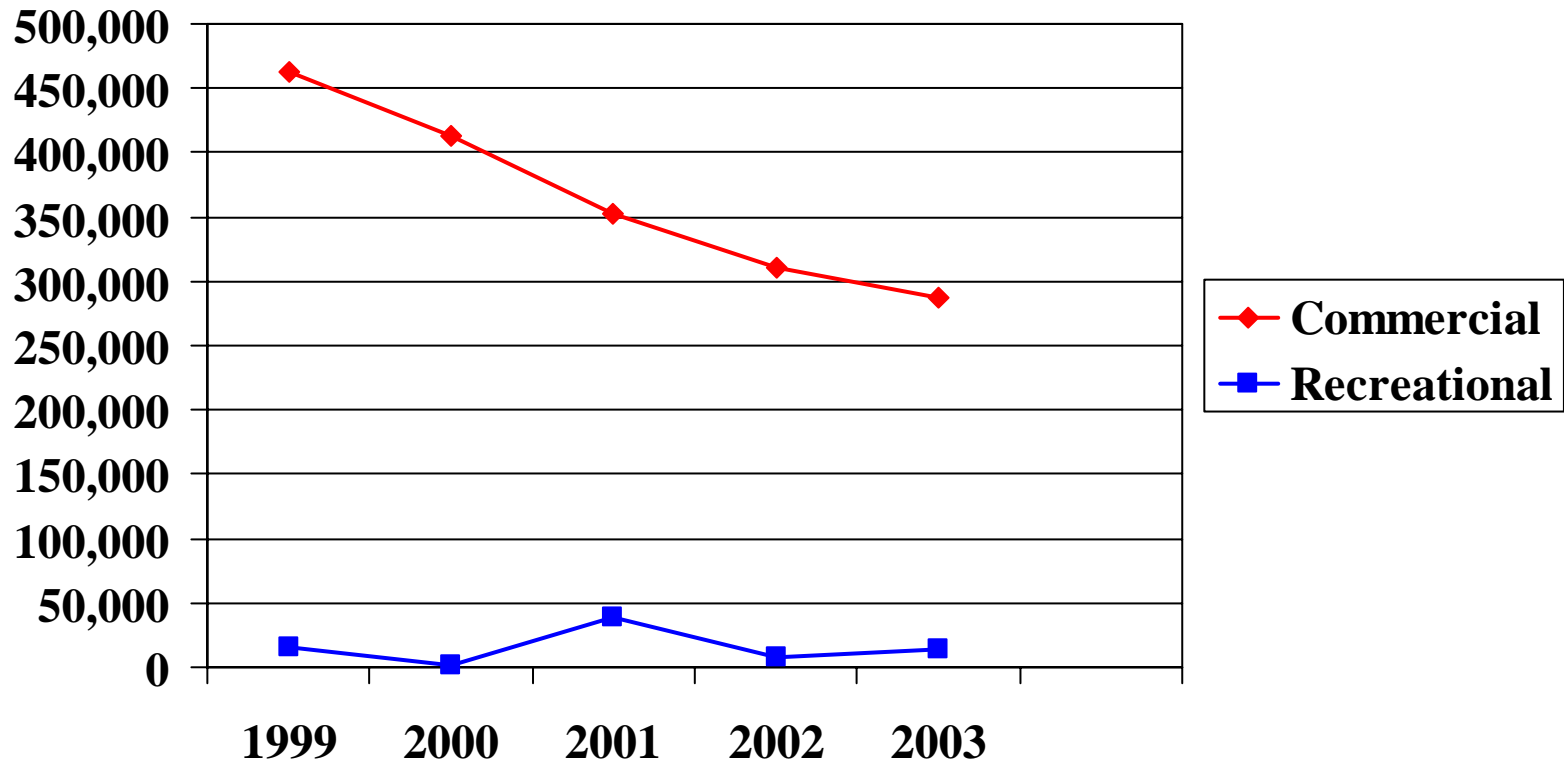
Commercial and Recreational Landings Over Time – Red Porgy



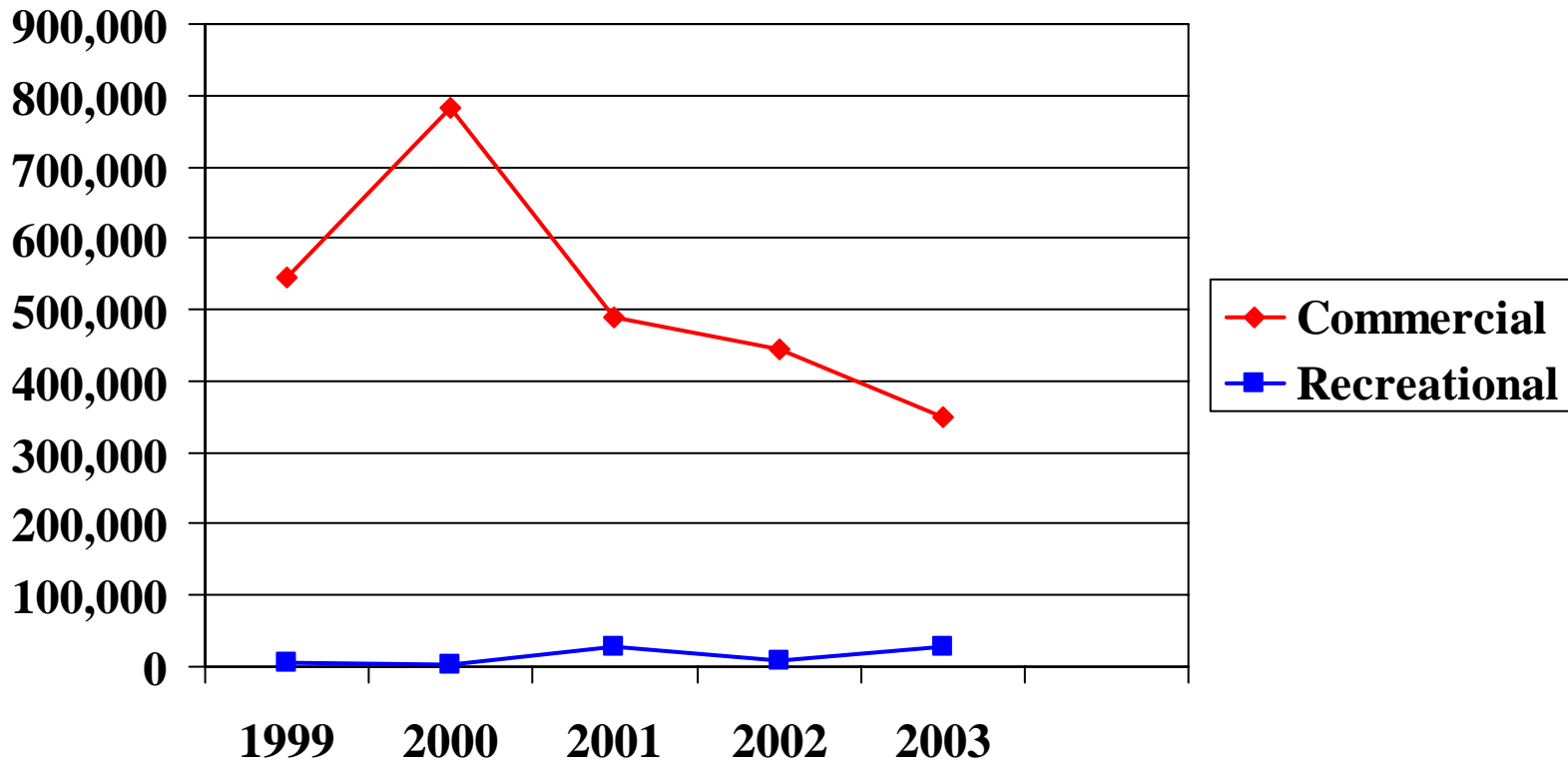
Commercial and Recreational Landings Over Time – Black Sea Bass



Commercial and Recreational Landings Over Time – Snowy Grouper



Commercial and Recreational Landings Over Time – Golden Tilefish



Typical First Step in Planning for Quota Management

- **Establish “hard allocations” between sectors**
 - Protects interests of both commercial and recreational sectors
 - Aids in long-term planning

Another Preliminary Step - Gather info about LAPs

- **What have other multispecies fisheries done?**
- How is this fishery similar to/different from those fisheries?
- Given the difference, can a multispecies IFQ work for this fishery?

What have other multispecies fisheries done?

- **Multispecies IFQs** - Iceland, New Zealand, Australia, British Columbia, Nova Scotia, Alaska groundfish and Pacific groundfish (in the works)
- **Community quota** – BC Groundfish Development Quota and AK Community Quota
- **Regional fishing associations/Cooperatives** - AK pollack, Pacific whiting, Cape Cod Hook Sector

Multispecies IFQ – BC Example

- Starting conditions
 - Groundfish fishery (about 80 species) with 100+ vessels (60-80 feet in length)
 - Trip limits (no derby fishery) – lots of discarding
 - Some species population levels considered too low
 - Overcapitalized fishery
 - Fresh product that competes with imports

Multispecies IFQ – BC example

- **Results** – 55 area stocks under quota/26 species under quota; currently ~80 vessels
 - Pros:
 - Quota concentration (smaller, more profitable fleet)
 - Increase in landings/catch due to full retention and quota based on catch (not landings)
 - Individual accountability enabled by 100% observer coverage
 - Individual harvest flexibility
 - Divisible asset to sell, lease

Multispecies IFQ – BC example

– Cons:

- Some not initially allocated quota that wanted to stay in fishery (ex: fishermen with very small annual landings and crew and skippers that didn't own a vessel)
- Relocation of processing and buying centers
- Observer requirements forced smaller vessels to exit the fishery by selling their quota

Preliminary Step – Gather info about LAPs and other management tools

- What have other multispecies fisheries done?
- **How is this fishery similar to/different from those fisheries?**
- Given the difference, can a multispecies IFQ work for this fishery?

How is this fishery similar to other multispecies IFQ fisheries pre-IFQ?

- Several latent permits
- Potential for increase in discards as regulations create more restrictions
- Few prospects for increasing ex-vessel value
- Several species in overfished/rebuilding status – Low OYs

How is this fishery different from other multispecies fisheries?

- Relatively smaller vessels
- Aggregate ex-vessel revenues lower than in some other fisheries - BC (~\$80 million), Pacific trawl (~\$60 million)
 - **What does this mean?**
 - Industry funded buyout unlikely
 - 100% observer coverage unlikely
 - **What are some least cost options then?**
 - Development of fishery associations/cooperatives
 - Implementation of low cost LAP

How have IFQs been used to make multispecies fisheries more profitable?

- ISSUE: Large number of latent permits that might become active in the fishery post-IFQ
 - Action: Industry funded buyout; Eligibility criteria (ex: use of more recent historical landings allocation); letting the market for quota work

How have IFQs been used to make multispecies fisheries more profitable?

- ISSUE: Relatively high discards due to low trip limits primarily (several species in overfished/rebuilding status)
 - Action: Eliminate trip limits for IFQ species; Full retention; Implement monitoring to enable individual accountability and tracking; Rollover provision; Precautionary fishing; Alternative fishing methods

How have IFQs been used to make multispecies fisheries more profitable?

- ISSUE: Ex-vessel value low → low profits
- Action: Increase landings through quota purchases; Focus on niche markets and special supply requests; cost savings through increased flexibility; lease out quota

Preliminary Step – Gather information about LAPs and other management tools

- What have other multispecies fisheries done?
- How is this fishery similar to/different from those fisheries?
- **Given the differences, can a multispecies IFQ work for this fishery?**

Possible Characteristics of a Multispecies IFQ for SG?

- Separate IFQ for as many species as possible
- Eligibility requirements
- Initial allocation
- Quota transferability
- Ownership cap
- Monitoring (video? partial observer coverage?)
- Full retention or *catch* subtracted from quota
- Real time tracking of catch or landings
- Tracking of quota usage, sale, purchase
- Overage and underage provisions

Possible characteristics of a low cost LAP

- Several species each under individual quota
- A smaller number of vessels in the fishery to spread amount of fish taken over a smaller group of individuals/entities. This could be encouraged in several ways:
 - Permit/Vessel buyout
 - Limit vessel numbers through eligibility requirements
 - Market for transferable quotas – people can buy and sell quota share → concentration of quota ownership – may not be fast enough
 - Relatively high quota ownership cap
 - Use or lose provision

Possible characteristics of a low cost LAP

- Easy ways to equate catch with quota pounds to help quota owners maximize landings and profitability
 - Implement a rollover provision
 - Provide information about development of fishing associations and cooperatives that can potentially be used to share quota
 - Develop low cost advertising venue

Possible characteristics of a low cost LAP

- **Low cost monitoring**
 - Full retention and video monitoring? The possibilities for this have not yet been evaluated. Electronic logbooks?
- **Low cost real-time transfer of data**
 - Electronic logbooks, web-based quota and landings transfers. The possibilities for this have not yet been evaluated.

Potential economic benefits to fishermen of an IFQ

- No more trip limits for IFQ species (increased harvesting flexibility)
- Divisible asset that can be sold, leased (retirement, hardship)
- Smaller number of vessels to compete against

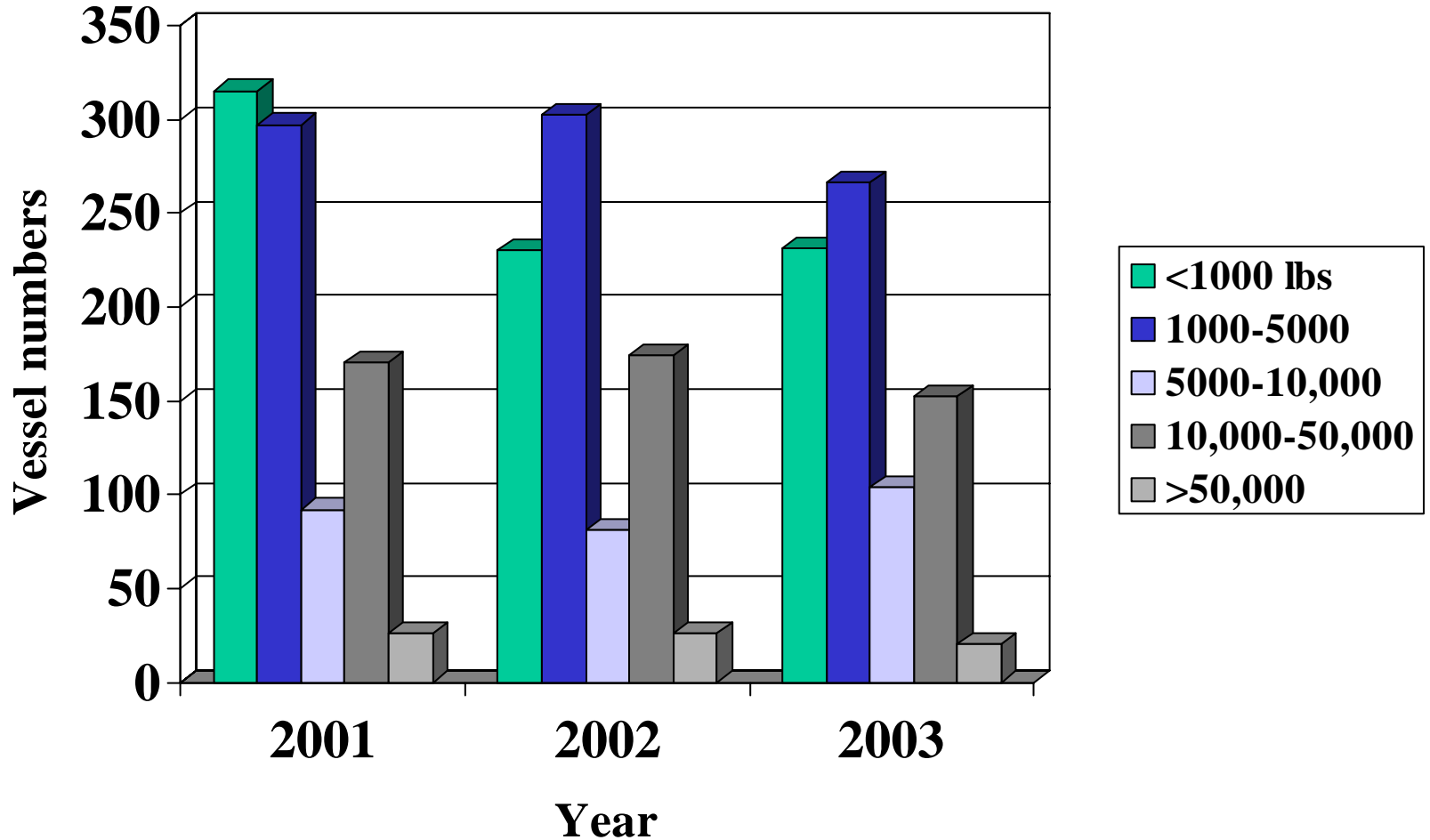
Potential economic benefits to management of a smaller number of vessels

- Administratively, much less expensive
 - More effective enforcement
 - Less monitoring equipment and personnel needed
 - Feasible quota and pounds tracking software and less personnel needed

Potential economic benefits to fishermen of a smaller number of vessels

- Increased average landings. No change in the number of vessels may result in no change in the current economic situation.

Vessels Fishing in SG Fishery



Vessels Fishing in SG Fishery

| | 2001 | 2002 | 2003 |
|-------------------|------|------|------|
| <1000 lbs | 315 | 230 | 231 |
| 1000-5000 lbs | 297 | 302 | 266 |
| 5000-10,000 lbs | 92 | 81 | 104 |
| 10,000-50,000 lbs | 170 | 174 | 152 |
| >50,000 lbs | 26 | 26 | 20 |

What about non-SG species that are not included under the IFQ?

- Established regulations as determined by the Council would continue to apply.

How could IFQs help my fishing business?

- Not restricted to a trip limit on a particular trip – can harvest allowable amount over shorter or longer period of time
- Quota can be sold or leased to others in times of hardship, retirement, for profit
- Greater financial planning security

What do I do if I catch vermilion after fulfilling my vermilion quota?

- In some other fisheries,
 - Can't go fishing w/o 1 lb of each quota species
 - If you exceed quota you have 30 days to cover it
 - Purchase vermilion quota through a broker
 - Purchase quota privately
 - Subtract vermilion catch from an individual's next year's annual pounds allocation (limit on how much can be subtracted) – “rollover allowance”

Example Allocation Options

- Average landings across several years
- Best 2 or 3 year's landings out of five
- Equal amounts of each species to everyone

Summary

- The fishery will continue to be restricted for some time but the fishery needs to become more profitable to survive.
- The timeline to accomplish this is likely very short.
- A few options to increase profitability may be worth exploring.

Possible Next Step

- Gather information about the different sub-sectors of the commercial fishery, their regional differences, and the ability of an IFQ to increase their profitability.
- Provide more information about specific multispecies IFQ design options to address issues raised by SG AP.
- Begin talking about what would work here.

Things to keep in mind...

- The fishery likely won't implement a perfect program. It will have to be adjusted again and again. So, building in flexibility is important.
- The important thing is to develop something that is better than the status quo.