



Top 10 Questions and Answers on Limited Access Privileges (LAPs)

1) What are Limited Access Privileges (LAPs)? How do they work?

Limited access privileges (LAPs) are harvest privileges for a portion of the total allowable catch (TAC) issued for a period of not more than ten years, which will be automatically renewed, unless revoked, limited, or modified. There are three types of LAPs: individual fishing quota (IFQ), community quota, and quota held by regional fishery associations (RFAs). If fishery management councils choose to use LAPs, they can use one, two, or all three types of LAPs programs.

The Magnuson-Stevens Reauthorization Act of 2006 (MSRA of 2006) describes the use of LAPs by stating that they:

- 1) shall be considered a permit;
- 2) may be revoked, limited, or modified at any time;
- 3) shall not confer any right of compensation;
- 4) shall not create any right, title, interest in or to any fish before fish is harvested; and
- 5) shall be considered a grant of permission to the holder to engage in activities permitted by limited access privileges.

Among other things, the MSRA of 2006 states that LAPs must assist in rebuilding if the fishery is overfished and/or under a rebuilding plan; contribute to reducing overcapacity (if the fishery is overcapitalized); and promote safety, fishery conservation and management, and social and economic benefits.

2) How do LAPs differ from IFQs/ITQs?

There are three types of LAPs:

1. Individual Fishing Quota (IFQ)/ Individual Transferable Quota (ITQ)
2. Community Quota
3. Regional Fishing Association

Therefore, LAP is a broader term than IFQ/ITQ¹:

- “LAP” refers to allocation of fishing privileges to individuals, communities, and regional fishing associations and is the terminology used in the MSRA of 2006.
- “IFQ/ITQ” refers to individuals or entities and is the terminology used in the MSA.
- For detailed explanations, see *Definitions: Limited Access Privileges (LAPs)* fact sheet

3) Why are they being considered for the South Atlantic Snapper Grouper fishery?

BACKGROUND:

In July 1997, the South Atlantic Fishery Management Council approved Amendment 8 to the Snapper Grouper Fishery Management Plan. Amendment 8 established:

- A limited entry system for the snapper grouper fishery and
- A requirement whereby someone interested in buying a snapper grouper permit was required to purchase two permits and retire one in an effort to decrease the number of permits in the fishery (Often called the “two for one” program).

CHANGES IN THE FISHERY:

Since the first full year after implementation (1999) of the “two for one” program, permit numbers have decreased about 40%. The Council has expressed concern that the rate of this decrease is not sufficient to re-establish economic viability in the fishery nor to prevent overfishing. More recently, ecological occurrences and regulatory requirements have decreased the ability of fishermen to maintain profitability in the South Atlantic

¹ When transferable, individual fishing quota (IFQ) is called individual transferable quota (ITQ).

Snapper Grouper fishery. Management options that enable fishermen increased flexibility may help increase individual profitability. Options that enable a reduction in fleet size are expected to increase total fleet profitability while also reducing overall fishing mortality. With these goals in mind, the Council is considering use of LAP programs including individual fishing quotas (IFQs) for the South Atlantic Snapper Grouper fishery. In the South Atlantic snapper grouper fishery, a limited access privilege would be a harvest privilege for a portion of the commercial quota.

4) Why was the LAP Program Exploratory Workgroup formed?

Who is on the LAP Workgroup?

The LAP Program Exploratory Workgroup (LAP Workgroup) was formed by the Council in March 2007 to gather information about:

- 1) What the commercial snapper grouper fishery thinks the possible benefits and drawbacks of a LAP might be;
- 2) The preferences of the commercial snapper grouper fishery participants regarding a LAP program; and
- 3) How a LAP program might be structured.

The LAP Workgroup consists of:

- 11 commercial fishermen and fish house owners or their representatives, one recreational fisherman, and one environmental organization representative as voting members; and as non-voting members, 3 Sea Grant personnel and 2 NMFS staff.
- The fishermen represent hook and line, longline, pot and dive gear groups. There is one limited commercial snapper grouper permit (225 lb) owner.
- All four states are represented on the LAP Workgroup with 3 voting representatives from North Carolina, 3 from South Carolina, 2 from Georgia, and 4 from Florida. Two of the Florida voting representatives reside in the Florida Keys.
- Member profiles can be viewed online at:
<http://www.safmc.net/SocioEconomic/LimitedAccessPrivileges/LAPPEXploratoryWorkgroupProfiles/tabid/531/Default.aspx>

5) If approved by the Council for use in the commercial snapper grouper fishery, how would LAPs affect me?

How an LAP will affect fishermen in the South Atlantic commercial snapper grouper fishery depends on several factors including:

- 1) Other upcoming regulatory actions (Amendments 15 and 16, for example) that will take place regardless of whether an LAP is implemented;
- 2) Sector allocation (between commercial and recreational); and
- 3) Specific details that make up the design of the LAP.

Some of the details that are being considered by the LAP Workgroup and that are expected to have major impacts of the future of fishermen's fishing ability include:

- Eligibility for participation in an LAP;
- How initial allocation of quota might be distributed; and
- Such details as species to be included in an LAP, whether the LAP quota is transferable and any monitoring requirements that might be put in place.

As of yet, the LAP Workgroup is still learning about the various options for each of these design details. See the most recent draft of the LAP Program Exploratory Working Document and some of the proposed options at <http://www.safmc.net/SocioEconomic/LimitedAccessPrivileges/ExploratoryLAPWorkgroupMeeting/tabid/495/Default.aspx> under the October briefing book materials.

6) What is the timeframe for this program?

The LAP Workgroup will have two more meetings before the end of 2007 and possibly two additional meetings in early 2008. The Workgroup will then provide the Council with a final document outlining their discussions and preferences regarding a LAP program in March 2008. The timeline and goals/objectives from that point forward consists of three phases:

PHASE I – January 2007 through June 2008:	PHASE II – January 2008 through December 2008:	PHASE III – July 2008 through June 2009:
<ul style="list-style-type: none"> ▪ Development of a draft scoping document 	<p>Discussion, development, and approval of:</p> <ul style="list-style-type: none"> ▪ Alternatives for analysis; ▪ A draft amendment; and ▪ Preferred alternatives if the Council decides to use a limited access privilege program. <p>The end result of Phase II will be a final amendment sent to the Secretary of Commerce for review and implementation.</p>	<p>Discussion and development of a plan for implementation of a limited access privilege program (or alternative), if a limited access privilege program alternative is approved by the Council. This task will primarily be conducted by NMFS staff.</p>

7) What are the possible benefits and possible drawbacks of an LAP?

Some of the major possible **BENEFITS** identified by the LAP Workgroup are:

CONSERVATION:

- Reduction of bycatch mortality if “full retention” is implemented and/or size limits are decreased or eliminated as part of a LAP
- Decrease in the likelihood of commercial quota overages
- Improvement in data quality

SOCIAL:

- Increase in “professionalization” of the fleet
- Possible consolidation of harvest and processing activities in certain communities

ECONOMIC:

- Elimination of trip limits would enable more harvest timing flexibility
- Elimination or reduction of size limits might benefit harvesters by decreasing time spent fishing
- Increased flexibility due to divisibility of harvest privileges compared to permits. This would enable leasing of privileges due to hardship, etc.
- Possible long-term increase in access to capital (through banking facilities) due to increased profitability and financial and management stability
- Possible improved operational efficiency of vessels
- Improved profitability of the fleet as a whole due to consolidation of the fleet
- Simplification of management complexity in the long-term
- Increased economic stability which creates an incentive for fishermen to become vested in the fishery perhaps more heavily than other options

Some of the major possible **DRAWBACKS** identified by the LAP Workgroup are:

CONSERVATION:

- Elimination or reduction of size limits may decrease reproductive capacity of the stocks

ECONOMIC:

- Elimination or reduction of size limits might result in landings that cannot be sold
- Possible decrease in reward for hard work due to elimination of trip limits which allows fishermen to make as many trips as they want until the commercial quota is met
- Possible increase in short-term management complexity
- Increased costs of monitoring
- Increase in enforcement costs for states without a Joint Enforcement Agreement
- Possible increase in federal and state enforcement costs due to increased Full Time Employee (FTE) requirements
- Possible increase in costs associated with decrease in the ability to do back to back trips due to hailing in requirements and landings timing allowances

ECONOMIC - continued

- Possible business impacts (dealers, etc.) due to change in seasonality of landings. A certain amount of landings are required throughout the year to keep fish houses operational. There might also be a loss of flexibility for the dealer/fish house due to permanence of initial allocation.
- Possible impacts to fishermen of initial allocation if historical landings were hindered by adverse circumstances
- Inability to increase landings when needed without purchasing more share or pounds
- Full retention may have economic downside and may not be needed since several of the species have good survival rates

SOCIAL:

- Possible decrease in crew employment
- Possible consolidation of harvest and processing activities in certain communities
- Possible community impacts (dealers, etc.) due to change in seasonality of landings

8) What are the alternatives to an LAP program?

While alternatives to a LAP program have not yet been identified by the Council, since this occurs after scoping, the LAP Workgroup has discussed the following alternatives:

- **Status quo** - no LAP program and continue with current operations;
- **Distribution of transferable days at sea** - Transferable days at sea programs are currently used in New England; and
- **Other Program** where snapper grouper commercial fisherman would be required to identify two months of each year during which they will not fish in order to reduce total discards.

Other possible alternatives yet to be explored include the use of:

- **Cooperatives** - Cooperatives have been used in the Pacific hake trawl fishery.
- **Allocations to groups of commercial fishermen** - Allocations to groups of fishermen have been used in the Cape Cod hook sector.

Both could allow fishermen greater flexibility in making decisions about when to fish and could allow fishermen to work together to decrease costs.

9) What are the objectives and how do LAPs and other alternatives satisfy these objectives?

The overall goal of a possible LAP program is:

To refine a system whereby profitability, efficiency, fairness, and capacity of the commercial snapper grouper fishery are aligned with available yields from the South Atlantic ecosystem and which contribute to conserving healthy stocks and/or rebuilding overfished stocks consistent with the Snapper Grouper FMP and Magnuson-Steven Act.

Several objectives for a possible LAP program have been identified by the LAP Workgroup. The following objectives have yet to be prioritized by the LAP Workgroup.

1. Protect fisherman historically invested in the fishery and provide them with opportunities to continue harvesting in the fishery;
2. Enhance the viability of fishing for fishermen historical invested in the fishery;
3. Protect current crew employment in the fishery to the extent possible;
4. Ensure public access to the South Atlantic fishery supply;
5. Design a LAP that vests fishermen in the snapper grouper fishery and thereby increase conservation of the resource;
6. Ensure that all permit holders have an opportunity for participation in harvesting of LAP species;
7. Allow for data collection sufficient to evaluate the LAP program periodically;
8. Allow for regional differences in program design when necessary;

9. Allow for transferability of LAP shares and pounds between snapper grouper permit holders only;
10. Create mechanisms for new entry into the commercial fishery;
11. Protect participation of small scale fishermen and prevent monopolies;
12. Enhance financial stability for long-term business planning;
13. Encourage regulatory compliance;
14. Reduce regulatory complexity;
15. Eliminate discards through methods such as:
 - a. 100% retention;
 - b. Gear modification or development; and/or
 - c. Other methods
16. Provide the opportunity for a flexible and sustainable year round fishery for all participants;
17. Maintain commercial catch at or below the commercial quota;
18. Promote safe fishing operations;
19. Create mechanisms that foster improved relations between sectors, including environmentalists, commercial fishermen, fishery managers, and recreational fishermen;
20. Develop a multispecies LAP for the whole commercial snapper grouper fishery with the exclusion of wreckfish; and
21. Develop a mechanism that allows the marketplace to drive harvest strategies and product forms in order to maintain product continuity and increase total producer and consumer benefits from the fishery.

10) What does MSRA of 2006 say the Council has to do?

The MSRA of 2006 presents LAPs as a possible tool for fishery management. If a Council chooses to use LAPs for one of the fisheries in their jurisdiction, there are several requirements stated in the MSRA of 2006. For an overview of these requirements, see Section 1B of the LAP Action Plan posted at <http://www.safmc.net/Portals/6/SocioEcon/IFQs/LAPActionPlan.pdf>.

LAPP Workgroup Meeting Locations and Times

Meeting Dates and Times remaining in 2007	Meeting Locations
December 5 th at 8:30am – December 6 th at 3pm	Atlantic Beach, NC
Early 2008, 2 meetings, Dates/times TBA	Locations TBA

Note: For more information on hotel location for each of the meetings, please visit the South Atlantic Fishery Management Council's LAP webpage at:

<http://www.safmc.net/Portals/6/SocioEcon/IFQs/LAPP%20Workgroup%202007Schedule.pdf>

WHAT CAN YOU DO?

The Council and LAP Workgroup members encourage the fishing community to get involved in the decision making process. All meetings of the LAP workgroup are open to the public and participation in the discussions of the meetings is highly encouraged.

Contact Council staff or LAP Workgroup members to voice your comments and concerns or to find out more information about the next meeting.

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