

**Consideration of a**  
**South Atlantic Snapper Grouper Fishery**  
**Limited Access Privilege (LAP) Program**

**Frequently Asked Questions**

*March 2007*

**What is a limited access privilege (LAP) program?**

- Limited access privileges are harvest privileges held by individuals, communities, and/or regional fishing associations, as defined by the reauthorized Magnuson Stevens Act (2007).
- Individual fishing quota (IFQ) programs are a type of limited access privilege (LAP) program, which provide individual fishermen or corporations the exclusive privilege to harvest a certain percentage of the commercial quota of a fishery.
- Most limited access privilege programs enable this exclusive harvest privilege to be bought and sold in the marketplace.
- Market-based fishery management programs have received increasing recognition over the last few decades as an effective way to better align the amount of fishing capacity in a fishery with the amount of fish that may be taken by fishers, or the commercial quota.
- A priority of the Bush Administration outlined in the Ocean Action Plan is to double the number of limited access privilege (LAP) programs by the year 2010.

**What is fishing capacity and why is it important?**

- Fishing capacity is the ability of a fishing vessel or fleet of vessels to catch fish, and is generally measured by the number of vessels in a fleet, the size of each vessel, the technical efficiency of each vessel, and the time each vessel spends fishing.
- Fisheries with excess capacity are overcapitalized, meaning more time and money are invested in fishing capacity than is necessary to harvest the commercial quota.
- Over-investing improves fishermen's ability to compete with each other for their share of the commercial quota, but it also reduces the efficiency and profitability of fishery operations as a whole.

**Why are limited access privilege (LAP) programs better than conventional fishery management tools in managing fishing capacity?**

- Limited access privilege programs compensate inefficient, unprofitable fishermen for exiting the fishery by enabling them to sell or lease their limited access

- privileges to more efficient, profitable fishermen. Unlike permits, limited access privileges can be sold or leased in small amounts to various buyers.
- By ensuring each program participant the opportunity to harvest a specific amount of the TAC each year, fishermen don't have to be concerned that the rest of the fleet will harvest the commercial quota before they are able to take their "fair share". Instead, they can better predict what their landings will be and they can focus on how to make those landings most marketable.
  - Conventional fishery management programs, even those that limit access to a fishery, do not provide the same degree of compensation to those fishermen who choose to exit the fishery because limited access permits are not as valuable as exclusive harvest privileges. As a result, fishermen often remain in fisheries managed under conventional management programs even when profits are low.

### **Have LAP programs been tried and tested?**

- LAP programs, primarily IFQ programs, have been used worldwide since the late 1970s.
- Canada, New Zealand, and Iceland are a few of the countries that have significant experience with IFQ programs.
- IFQ programs implemented in the United States include:
  - The Mid-Atlantic surf clam and ocean quahog IFQ (1990);
  - The South Atlantic wreckfish IFQ (1992);
  - The Alaskan halibut and North Pacific sablefish IFQ (1995); and
  - The Bering Sea/Aleutian Island crab rationalization program (2005).
- A number of regional fishery management councils are currently developing IFQ proposals for additional U.S. fisheries.
- Also, some U.S. fisheries are managed under community quota, a type of LAP, and cooperatives. For example,
  - The Western Alaska community Development Quota Program allocates a portion of the TAC of all federally managed Bering Sea and Aleutian Island fisheries to eligible communities in Western Alaska to use for community and economic development;
  - The Pacific Whiting and Bering Sea Pollack Cooperatives allocate a portion of the Pacific whiting and Bering Sea Pollack TACs, respectively, to defined gear groups or sectors; and
  - The Gulf of Alaska rockfish pilot program permits harvesters to form voluntary cooperatives and receive an exclusive harvest privilege to groundfish species in the Central Gulf of Alaska.

### **How would South Atlantic commercial snapper grouper fishery management change under an IFQ program?**

- An IFQ program would eliminate restrictive trip limitations, and provide program participants the flexibility to take their share of the commercial quota during times that are best suited to their individual business operations and strategies.
- Fishermen would be required to cover their catch with quota. This might involve purchases of quota or trading quota with other fishermen.
- An IFQ program could eliminate discards by requiring 100% retention.

**What are the expected benefits of an IFQ program for the South Atlantic commercial snapper grouper fishery?**

- Allowing IFQ program participants to decide when to take their share of the commercial snapper grouper quota is expected to:
  - Increase fishery efficiency and profitability by enabling fishermen to reduce their operating costs to a level that maximizes their earnings (i.e., fishermen will no longer need to make more trips to make more money. Instead, they will be able to decrease the number of trips and increase their landings per trip.)
  - Reduce discards by reducing regulatory discards
  - Increase annual landings in the long term due to decreased discards
  - Increase financial stability due to the ability of fishermen to plan their fishing
- Allowing IFQ to be transferable helps fishermen maximize their profitability by giving fishermen the ability to sell/lease quota they do not use and provides fishermen with compensation if they should decide to leave the fishery.

**What are the expected drawbacks of an IFQ program for the South Atlantic commercial snapper grouper fishery?**

- Transition to a different method of management will require some changes for snapper grouper fishermen. The transition will likely require some getting used which will likely take time, effort, and perhaps some financial expenditure. Many IFQ programs attempt to ease this transition with dissemination of educational materials. The program designers also typically attempt to make the program as simple and flexible as possible in order to ease transition and keep administrative costs low.
- The ability for fishermen to transfer quota enables redistribution of harvest privileges. While redistribution will likely have some beneficial aspects, some people will see the re-distribution of quota share and quota pounds as a negative occurrence in some circumstances.
- Decrease in the number of participants.

**What is the difference between IFQ share and IFQ pounds?**

- An **IFQ share** is the percentage of the commercial quota assigned to each eligible IFQ shareholder at the start of the program. The amount of the IFQ share allocated to each IFQ shareholder would not change unless the IFQ shareholder sells all or a portion of his or her IFQ share or purchases additional IFQ shares from another IFQ shareholder.
- **IFQ pounds** are the actual poundage the IFQ shareholder is ensured at the start of each year. Mathematically, the IFQ pounds are the IFQ share multiplied by the commercial quota [or what is commonly called the Total Allowable Catch (TAC) in IFQ programs].

**How will initial allocation work? Who will be eligible to participate? Will there be an appeals process? How will the limited access privilege program be monitored and enforced? How will accidental overages of fish landings be addressed? How will the limited access privilege program prevent one or more commercial snapper grouper permit holders from purchasing all the available limited access privilege shares and monopolizing the fishery? Who will pay the cost recovery fee?**

These questions have yet to be answered. With regard to limited access privilege programs, fishermen will play an integral part in the decision-making process. The Council has formed a Limited Access Privilege (LAP) Program Exploratory Workgroup consisting of snapper grouper commercial industry participants and other stakeholders to develop program design options for Council consideration. The LAP Exploratory Workgroup will discuss some of these questions in public meetings. Additional materials will be made available to the LAP Program Exploratory Workgroup and to the public regarding each of these issues.

The public meeting times and dates will be posted on the Council website. Tentative meeting dates are as follows:

| <b>Meeting Dates and Times in 2007</b>                            | <b>Meeting Locations</b>       |
|---|--------------------------------|
| April 24 <sup>th</sup> at 1pm – April 26 <sup>th</sup> at 3pm     | Charleston, SC                 |
| June 12 <sup>th</sup> at 1pm – June 13 <sup>th</sup> at 3pm       | Key West, FL                   |
| August 1 <sup>st</sup> at 1pm – August 2 <sup>nd</sup> at 3pm     | North Charleston, SC           |
| During the week of September 17-21, 2007                          | North Myrtle Beach, SC         |
| October 16 <sup>th</sup> at 1pm – October 17 <sup>th</sup> at 3pm | North Charleston, SC           |
| During the week of December 3-7, 2007                             | Atlantic Beach, North Carolina |

**How can I learn more about the commercial snapper grouper Limited Access Privilege (LAP) program under consideration?**

- The SAFMC website has additional information about Limited Access Privilege (LAP) programs:  
<http://www.safmc.net/SocioEconomic/LimitedAccessPrivileges/tabid/486/Default.aspx>

Meeting notices, announcements, briefing book material, and additional LAP information will be posted on the Council’s website (<http://www.safmc.net>).

Kate Quigley, Staff Economist for the SAFMC, can be reached at the Council office (843-571-4366) with questions about the Limited Access Privilege (LAP) program under consideration.