

TO: MULTISPECIES CAPACITY REDUCTION COMMITTEE  
FROM: CHRIS MEANEY  
SUBJECT: CHATHAM MASSACHUSETTS PUBLIC MEETING  
DATE: July 3, 2006,

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This is a brief overview of the public meeting held in Chatham M.A. at the Chatham High School Thursday June 29, 2006.

Staff members present were David Borden, Chad Demarest, and Chris Meaney. John Papalardo represented the Capacity Reduction Committee. There were 30 individuals in attendance of which approximately 20 were fishermen.

The meeting began shortly after 5pm with a welcome and overview of the Capacity Reduction Program. A brief power point presentation highlighted the details of the proposed Buyout and was followed by a discussion period.

There was a good deal of participation during the discussion session. Audience members presented their comments, which, in general, demonstrated a degree of skepticism towards the program which had not been voiced so loudly at other meetings. In addition to their comments, many of those in attendance presented new ideas for the committee to address. Below is a synthesis of participant suggestions, concerns, and support regarding the Buyout proposal.

- It was put forth that the loan repayment time be extended resulting in a lower repayment fee and less burden on those that remain in the fishery. It was also suggested that this may decrease pressure on the stocks affording them a longer time to rebuild.
- One attendee suggested that the committee consider a grace period (a few years) before fisherman would have to pay the fee on landings made on DAS.
- A participant indicated that he was in favor of depositing the lump sum payment into an IRA or similar type account. Furthermore, the participant suggested that the committee explore the possibility of mandating payment be placed in an IRA account for Alternative 1 and Alternative 3 (those where only groundfish permits are surrendered). The individual suggested that this may prevent fisherman from taking the payment and redirecting it into other fisheries.
- The sentiment was expressed that the revenue projections are not realistic. The audience member indicated that fishermen appear to be concerned with downward trends in revenues, noting that their short term outlook is negative, contrary to the published projections.
- It was suggested that the committee provide each permit holder an amortization sheet that would clearly depict what a permit holder could expect to pay over the course of a 30 year loan.

- An audience member asked if the committee had considered the repercussions of the impacts on an individual fisherman if the industry defaults on the loan early in the repayment schedule.
- A member of the audience asked if it would be possible for fisherman to determine how bids stack up against one another. He indicated that it would be helpful for permit holders to be educated on the characteristics of the fleet such as the number of boats with similar size, before bids are placed. It was also indicated that the greater amount of knowledge that can be shared with permit holders to facilitate decision making would result in a great deal of respect for the program
- A comment was made that without management changes all the program will do is buy latency. An opinion expressed by many was that if only latent permits are bought out the program will be ineffective.
- It was suggested that the committee present a graph to permit holders depicting revenues from 1994-2006. This additional revenue trend information may provide individuals with a greater understanding of the condition of the fishery, and allow them to better evaluate for themselves if they think the buyout will produce benefits.
- Has the committee determined how much money Congress will have to allocate in addition to the loan in order to buyout permits other than multispecies permits?
- An individual asked who will be responsible for staffing the program during the thirty year repayment process.
- Regarding the timeline and referendum, as participant asked for clarification on whom exactly will determine which alternative goes forward.
- A participant expressed his opinion to the audience and to the representative of the committee that Alternative 2 or 3 will be the most expensive for a given amount of capacity reduction.
- A member of the audience asked if the committee had considered what would happen to his Bluefin Tuna permit and its history with the proposed buyout. The participant also questioned why the 2003-2005 years were chosen for the surrender of other permits, and why these years differ from those chosen for determining groundfish revenues. The suggestion was made to the committee that they consider similar time periods for the Alternatives and Options.
- An individual asked how a 30% reduction in capacity would be reflected in the types and sizes of boats that may be removed. There was concern that large draggers would not be removed by this program and that certain fishing ports may be affected more than others.

- A member of the audience indicated there may be difficulty getting support for the Buyout from permit holders with larger fishing vessels. He speculated that larger boats will be more resilient to tightening regulations as compared to smaller boats, and will elect not to pay for the buyout of smaller vessels because regulations will force smaller vessels out of the fishery without a thirty year coast to the larger vessels.
- Has the committee evaluated the potential prohibitive effects that the tax may have for those who wish to enter the fishery in years to come? It was suggested that the committee consider a relief program for a person who may wish to enter the fishery 10 years into the future.
- A meeting participant suggested the committee consider a two step collaborative approach to reducing capacity in the groundfish fishery. With the two step approach, the federal government would first provide the necessary funds to remove latent capacity from the fishery. During the second step, the industry would then be tasked with removing active capacity from the fishery.
- It was noted that changes in management need to coincide with a buyout. One member of the audience suggested this Buyout be packaged with management changes such as quotas.
- A member of the audience suggested to the committee they consider a revenue target that would trigger the repayment of the loan. For years with gross revenues below some target, fisherman would not be required to pay a fee. The member of the audience speculated that this approach would also pressure Congress to pressure fishery managers to do a better job.
- The concern was expressed that those who remain in the fishery will end up paying for latency that would otherwise fall to the wayside given time. The feeling was expressed that the timing of this Buyout maybe too early, and the audience member suggested that the committee revisit the Buyout in three years time when there might be a greater opportunity to reduce more capacity for the amount of money allocated after regulations force some fishermen out of the fishery.
- It was suggested that the committee consider a maximum capacity reduction for vessel size class.
- The comment was made that the reason for the negative sentiments from the Chatham area were because people see the Buyout as drawing the Sector fisherman back into a DAS-based regulatory program that they fundamentally disagree with.
- A participant suggested to the committee that for the final referendum, only the ones who will remain in the fishery vote for the implementation of the program.

