

JANUARY 9, 2006

NOTES

Attendees: Maggie Raymond, Vito Giacalone, Frank Blount, John Pappalardo, Jackie Odell, David Borden, Joe Orlando, Phil Ruhle, Barbara Stevenson

General Comments:

- It was recommended that a person from the committee give an update to NE Council at the next meeting in Portland ME.
- A participant noted that each permit owner would have to determine whether the formula for the capacity reduction worked for them or not. The committee was not conscientiously making the formula more advantageous for one group/ person over another.
- The committee reviewed the pros and cons/strength and weaknesses over the two strawman proposals that had been received to date. It was recommended that anyone who may have an additional proposal or ideas to submit these before the next meeting. Two strawman proposals, Barbara Stevenson and Vito Giacalone's draft proposal, had been received to date.

Vito's Strawman Discussion:

The following questions were raised for Vito's proposal.

- 1) Should the "formula" percentage include vessel horse power (hp) & length? How would the formula be used? It was recommended that permit holders be polled to see if they would be interested.
- 2) Complexity? It was noted it was good to have a formula to let a permit owner know what he could get, how their permit would be evaluated.
- 3) The 4 tiers were questioned, should they be equal or relative to vessel of the same size?
- 4) Freezing question. The committee reviewed the discussion pertaining to other fisheries from the prior meeting. It was raised whether the strawman would be focusing on just groundfish or other fisheries as well. A few committee members raised concerns and expressed their belief that the program should be left simple. A few committee members also spoke of their understanding that the ad-hoc committee has agreed to just buyback groundfish permits and to let other fisheries address their own capacity issues.
- 5) A general comment was made regarding the purpose of the buyout. Whether the objective was to remove as much DAS or participants out of the fishery as possible with the least money possible. In other words, what is the buyout trying to accomplish?
- 6) The multipliers used in Vito's proposal were questioned. It was recommended that the multipliers be looked at more closely to address the different pools, one pool of mention was the SNE groundfish permits with their various endorsements v. a full groundfish permit.
- 7) It was questioned whether this type of system would be first come first serve or would consider still consider a reverse bid?

- The committee discussed inactive v. active permits and which area they were from. It was recommended that the monies / loan received be broken down into tiers, 1) C DAS, low bid / reverse bid 2) Mixed permits (DAS + endorsements) 3) Full groundfish permits. A committee member noted that it was important to break down the part-time v. full-time groundfish permit holder, don't want to only buy full-time active.

Pros/ Cons Raised between Barbara and Vito's Strawman proposals:

- Bids, blind or open formula used.
- Capacity removal, blind to gear types and vessel sizes.
- Consideration of other fisheries.

Strawman Discussion:

- The committee has many questions regarding A (DAS) v. B (DAS), and effective effort in the groundfish fishery.
- It was noted that the committee needed to review the usage of DAS.
- A committee member noted that if a C DAS permit holder wanted to keep their C DAS, not allow them to be bought, then they should have to pay into the buyout.
- The committee discussed their intent of the buyout should be to buy as many DAS as it could; however, the question remains how much of the monies should be allocated to the respective tiers. It was recommended that the capacity reduction should consider the 3 vessel classes NMFS uses for length. i.e. (1) 0-49, (2) 50-70, (3) 71 + . The buyout should consider a maximum that would be removed from these categories.
- One participant noted that certain vessel categories already have less vessels and that there is already a lack of opportunity to harvest the GB haddock. Therefore, the buyout should not just remove effort from one category.
- It was recommended that a goal be set on the number of DAS a buyout would remove from the fishery. Someone noted that the capacity was only a present issue this could drastically change in the future when the stocks are rebuilt. Therefore one consideration is to remove capacity by the 2008 benchmark assessment, to relieve future restrictions on the fishery.
- A few participants noted that "a day was not a day". That there was a need to reduce some serious capacity in the fishery or those that will be left in the fishery will not receive the benefit they should. They will be left paying the loan and with more restrictions.
- The concept of a "point system" was discussed. In addition to considering fishing effort, a point system could also consider (monetarily) a minimum v. maximum amount. It was noted that Vito's formula could easily be turned into revenue, which would be important when considering how much effort (capacity) was going to be removed for a certain amount of money.
- A participant noted that the buyout should buy at "mid-point", that the formula should be structured around the removal of 12,000 A DAS.
- Committee members noted that a public strategy needs to be designed.
- Committee members recommended that Vito revisit and revise his "catch history bonus" on page 2 of his proposal. It was also noted that the catch history needs to consider post Amendment 13 modifications, such as B DAS or leasing.

- Committee members discussed vessel scrapping again. It was recommended that someone call Mike Grable, NMFS financial services, to ask what the least restrictive (DAS v. vessels) path, most flexible way to deal with vessels and endorsements.
- A committee member recommended that “packages” be considered for persons who have multiple permits and vessels.