

Northeast Multispecies Capacity Reduction Program

Public Meeting Text Analysis

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Introduction

The following is a brief analysis of the ten Northeast Multispecies Capacity Reduction Program public meetings. This text analysis attempts to summarize overarching concerns and themes from each meeting and provide insight into the range of opinions associated with different aspects of the Buyout proposal. Data collected from these meetings is compiled and summarized by meeting region, beginning with general impressions and overarching concerns followed by a brief overview of each meeting. It is important to note that the following analysis has been synthesized from comments transcribed at these meetings and in order to gain an in-depth understanding of the sentiments expressed meeting summaries should be consulted. Each meeting had varying attendance, and the summaries presented here should not be considered reflective of the entire region.

Region 1: Maine and New Hampshire - Rockland/Portland/Portsmouth

General impressions and overarching concerns

A similar concern shared by participants at each meeting was how a 30% reduction in capacity would be reflected in the number of permits and boats reduced, and the amount of active effort vs. latent effort that would be removed. Individuals at these meetings supported the idea of a tax free lump-sum payment and/or depositing the payment into an IRA type account. Participants shared concern over the dates chosen by the committee for determining the capacity estimation number and the years proposed for averaging revenues to determine the payment for non-groundfish federal permits. The opinion was made clear by some who attended these meetings that the final capacity reduction alternative should allow fisherman to keep non-multispecies permits and state permits. The catch history multiplier and the C-DAS program generated a varied range of feedback between these three meetings.

Rockland

Audience members asked the committee how many DAS permits would be removed and what the fleet would look like with a 30% reduction in capacity with a \$100 million dollar loan. One participant suggested that 30% could be removed for less money. A second issue of concern was how state shrimp permits would be treated if an alternative that would require the surrender of both state and federal permits was put forth by the committee. It was suggested that a permit holder be allowed to choose to keep one non-groundfish permit as opposed to surrendering all. Many at this meeting shared the opinion that the loan should be tax and interest free. One participant indicated that there should be a program for the reintroduction of C-DAS during the repayment period. The final issue of concern expressed was the selection of dates for averaging revenues as part of the capacity estimation formula.

Portland

Meeting participants in Portland generally thought that the catch history multiplier is a good idea and should be included in the capacity formula. The suggestion was made that the committee consider a maximum amount of capacity for reduction. There was also a concern regarding what would happen with a general category scallop permits with Alternatives 2 and 3. People at this meeting demonstrated a level of skepticism regarding the differences in dates utilized by the committee for determining capacity estimation and the payout of other permits.

Portsmouth

There was a large range in opinion regarding the catch history multiplier, such that a handful of individuals thought it should be included in the capacity estimation equation, while others saw it as a reward for killing fish and indicated it is not in anyway related to determining capacity. Providing permit holders with information to determine what a fair market bid may look like, was supported by a few individuals, while everyone indicated that if the payment was free from capital gains tax or could be placed in and IRA, the Buyout would see support from the industry. Regarding the mailing of data relevant to the calculation of bids, there was a level of skepticism surrounding the data used by the NMFS. Finally, there was a range of opinion on a preferred alternative, although it appeared as though many seemed to be keen on the idea of being able to keep something after surrendering a groundfish permit, although others expressed concern with effort shift.

Region 2: Massachusetts and Rhode Island – Gloucester/Scituate/Chatham/New Bedford/Narragansett

General impressions and overarching concerns

Seemingly negative at the outset, after the information session some Gloucester meeting participants vocalized support for the Buyout. Chatham was outwardly negative; while the few who did attend the Scituate meeting were supportive of a Buyout. Those in attendance in Scituate were most concerned with effort creeping back into the groundfish fishery during the repayment period. In New Bedford there were few opinions either for or against the Buyout. The discussion in Narragansett was subdued compared to previous meetings, however a handful of people expressed they would not support any alternative that would result in the redirection of effort into any fishery. At each meeting individuals commented on the 30% minimum capacity reduction goal, the voting process, and the capital gains tax.

Gloucester

Participants demonstrated concern regarding the future of DAS leasing, as well as how future management decisions and access allocation schemes may undermine the Buyout, indicating that future allocation would have to continue to be based on DAS. Regarding the catch history multiplier, there was a range of opinion. Some expressed support for the idea but felt many fishermen were at a disadvantage due to the years chosen by the committee, while others interpreted it as a reward. A handful of individuals at the meeting liked the idea of the committee providing permit holders with a range of expected bids from permit holders with similar capacity for comparative purposes. Many at this meeting supported the pursuit of having the payment exempt from capital gains tax. There was no dominating opinion on the alternatives or options and there was noticeable mixed support for the buyout.

Scituate

A concern shared by fishermen in attendance was with effort coming back into the fishery either through C-DAS or by future Council decisions. A second shared comment was that it would be

beneficial to fishermen if the payout could be tax free or placed in IRA. It was indicated that any alternative that would redirect effort would not be supported, especially into the squid fishery.

Chatham

An overall negative opinion towards the buyout was demonstrated in Chatham. Generally speaking the sentiment was that the program would only be effective if it could remove latent capacity as well as active capacity. It was the feeling of some that the government should buyout latent capacity and the industry should then focus on active capacity. There were varying opinions on the length of the loan and how the repayment schedule should be determined given uncertainty in the data. A grace period during low revenue years was suggested, as was the idea that the committee provide information to bidders so fair, educated bids can be made. Other concerns communicated addressed the industry defaulting on the loan and how bluefin tuna permits and accompanying history would be addressed. There was a certain level of skepticism regarding the amount of money required to purchase other permits as well as the methods that will be used to chose which alternative will go forward. A handful of members indicated that they believed only those who are going to remain in the fishery should have the opportunity to vote in the final referendum.

New Bedford

In New Bedford there were few opinions either for or against the Buyout, and generally speaking participants wanted to know how their monkfish permits would be affected, why certain years were chosen, how the bid ranking system and voting were intended to work, and the details of the C-DAS permit program. It was indicated that C-DAS should be allowed to participate in the buyout of other federal permits. Addressing the repayment fee, it was speculated that if the fee were to begin mid-fishing year there would be an incentive to fish a disproportionate number of DAS prior to the fees inception. Regarding voting, it was indicated the first referendum should ask if a permit holder anticipates placing a bid, and that the number of votes per permit should be proportional to capacity not DAS.

Narragansett

In general the discussion period was short. Some of the issues leading the discussion were how the committee intended to present the prospectus for a vote during the first referendum (one alternative with an option or allow permit holders to decide what goes ahead), a shared interest in a tax free payout, and the effect of the 30% capacity reduction. Some participants indicated that Alternative 2 would be the only acceptable alternative.

Region 3: New York and New Jersey – Montauk and Point Pleasant

General impressions and overarching concerns

Generally speaking permit holders at these meetings were most concerned with effort shift into other fisheries. The majority of people supported Alternative 2. Also occupying the discussion was the payment to buyout other permits and the necessary funding necessary to implement it. Participants also expressed interested in the voting process.

Montauk

When asked which proposed alternative people would most likely vote for, one person supported Alternative 1, twelve individuals supported Alternative two, and the remainder did not provide an opinion. It was clear from this meeting that there should be no effort shift as a result of the Buyout. There was not a wide range of opinion on the catch history multiplier; rather one individual indicated the capacity estimation formula should include a catch history multiplier that is more heavily weighted towards those with high catch history. Concern was expressed regarding the bidding process and the data used. Some in the audience suggested C-DAS not be given a vote, however C-DAS only permit holders in the audience indicated support for the program when the discussion had ended. A good portion of the meeting focused on the payment for non-groundfish permits, the types of permits listed in the prospectus and the payment cap. Other issues discussed were the referenda, particularly a minimum return for votes, and a tax free payment.

Point Pleasant

Out the few fishermen present, opinions on the proposed alternatives were mixed. Two individuals indicated they supported Alternative 2, and one of these two also indicated he would be in favor of Alternative 3 as well. One member of the audience indicated that he supported Alternative 1, and the remaining attendee did not provide an opinion. Discussion surrounded the redirection of effort and the payment for federal non-groundfish permits. Participants also indicated the committee should consider capital construction funds, increasing the multipliers for other federal fishery permits and that C-DAS permits should not be allowed back into the fishery if they wait out the 30 year repayment period.

Conclusion

Meeting participants demonstrated a wide range of opinions regarding the proposed Buyout. Overall, it is difficult to characterize the level of support for a Buyout from these public meetings.

Aside from numerous comments regarding past and current fishery management, there were a handful of issues where there were shared opinions or concerns in each region and across regions. The 30% capacity reduction minimum was most frequently discussed. Many participants questioned the effect a 30% reduction in capacity would have on the actual number of DAS, the amount of latency and active effort that would be removed, and the types of vessels that would most likely participate. Three related issues supported at each meeting were the potential for tax exempt payouts, the possibility of depositing payments into IRA accounts, and the issue of capital construction funds. Other themes shared at a majority of the meetings were the provision of fleet wide information during the bidding process and skepticism in the dates chosen for the capacity estimation formula and for the non-groundfish permit payout.

Between regions and within regions existed a large range of opinion regarding a preferred capacity reduction alternative. Generally speaking, participants from Region 1 and 2 appeared to support Alternatives that would allow them to retain their other federal permits, with the exception of fishermen in Rhode Island and Scituate. Those in Rhode Island, Scituate, and Region 3 indicated that no effort redirection would be acceptable, and generally supported

Alternative 2. There was also a wide range of opinion within regions regarding the inclusion of a catch history multiplier in the capacity estimation formula. Some supported the multiplier while others indicated it should be removed from the equation.

Opinions on the C-DAS permit program varied. Concerns ranged from the allocation of votes to preventing C-DAS permit holders from re-entering the fishery and as well as concerns over the future of leasing. Some at the meetings indicated that the program was a good idea and indicated that they would participate should the Buyout be implemented.

An issue garnering a wide range of comment and opinion was the removal of non-groundfish permits. Comments varied by region on how certain non-groundfish permits are addressed by the proposed buyout, focusing predominantly on monkfish, lobster, state shrimp permits, squid, and bluefin tuna. At the southern meetings it was evident that the payment for other permits is an important factor. Many indicated that the 1.5 multiplier is too low and should be raised, and suggested that allocated funds be guaranteed prior to the bidding process.

No conclusions can be made from these meetings pertaining to the options for the disposition of vessels, very few opinions were provided. The information provided in this summary in combination with the input provided by participants reflected in meeting summaries will be a valuable asset used by the Capacity Reduction Committee for the development of the final Buyout proposal.