

# NORTHEAST SEAFOOD COALITION

16 March 2007

RE: What the Points System Is and What It Is Not

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NSC greatly appreciates the opportunity to present and discuss the Point System proposal submitted to the New England Council. As you may know, there is tremendous interest within the New England groundfish community in this proposal and the Council has voted to move forward with its further development and analysis as part of the Amendment 16 process.

In addition to other materials we have provided, there follows a discussion of 'what the Points System is and what it is not'. After you have had a chance to review the NSC Proposal to the Council and some of the basic background documents, we hope this will facilitate our discussions and a more in-depth understanding of this proposal.

- The Points System is a method of converting all current limited access DAS permit baselines resulting from Amendment 5 and Amendment 13 into a common currency access unit.
- It is not intended to be a reallocation of the fishery but rather a conversion from incompatible allocation units that do not provide adequate species specific controls into units of access that can be measured and controlled commensurate with the biological impacts of individual fishing operations.
- Receiving an allocation of points is analogous to receiving an allocation of days at sea in that, regardless of the number of points one receives, there is no possibility of determining any percentage or poundage of any stock or the fishery as whole at any point in time that any number of points represents.
  - In fact, this improvement sets up the reality that receiving a higher allocation of points does not represent a greater allocation of pounds or access. Depending upon how one spends their points, it is entirely realistic and contemplated that there will be many cases where lower point allocations result in higher landings and values than some vessels with higher points allocations.
  - With this in mind, it should be clear that the Points System is not an IFQ or an LAPP as these terms are defined in MSRA 06. In order to be either an IFQ or a LAPP, a limited access program must involve allocating fish in unit/s that represent a percentage (IFQ) or portion (LAPP) of the total allowable catch of the fishery.
- The Points System utilizes output controls on a fleet-wide level. This is done by inputting ACLs to a computer model that uses algorithms responding to landings / catch trajectories by **altering the rate of allocation unit expenditure on a stock by stock basis.**

- The Points System does not rely upon fleet behavioral predictions to achieve biological goals. The points system relies upon a purely mathematical approach that responds to catch trajectories by altering the rate of loss of allocation.
- Although the method for setting Initial Biological Point Values will utilize past data relative to stock ranges, past fleet percent of utility, catchability, fleet demographics, etc. to arrive at a neutral risk initial point value setting, the real time landings / catch monitoring and short interval adjustment periods will quickly adjust BPVs to reconcile initial settings with actual trajectories.
- In practice, the consequence of fleet behavior has little bearing on the biological impacts of the plan and instead, poses a range of economic results that will be commensurate with the industry's ability to fish selectively and utilize higher BPV stocks to leverage low BPV stocks. Therefore, achieving OY is discretionary to individual stakeholders / permit holders and should be defensible from a social science / NEPA standpoint. See mathematical considerations for supporting statements.

## **Mathematical & Practical Considerations**

- There is a finite universe of points that can be expended on the stock complex. It is the total points allocated to the fleet.
- Each point can only be spent once. This means that every point that is used to land any species is a point that is no longer available to spend on another.
- The concern expressed by some that “everyone will go out and catch cod before the BPV increases in time to prevent an overage” can only be supported if the following were true:
  1. That those intending to do such a thing have control over a sufficient number of points to legally land such high volumes of cod. Using the NSC strawman approach to setting initial BPVs on cod would mean that 50% of the fleet points would have to be committed to directed cod fishing just to ACHIEVE the TAC.
  2. That the fleet will suddenly forego targeting of other stocks-- or would have the ability to avoid the bycatch of any other stocks-- regardless of the fact that their initial BPVs are lower than cod.
  3. That the fleet is willing to commit financial suicide by selling purely cod as cod prices plummet and prices for every other species skyrocket, while cod BPVs strip points allocations at a far higher rate than other stocks being INTENTIONALLY avoided.
  4. That the new closed market economy that this system will create will be ignored by the majority of the points holders.
  5. That the majority of the points holders will choose to expend their points on cod instead of leasing points to vessels that can not only achieve a greater economic return

on those same points but could afford to pay the lessor an amount approaching his net economic return had he chosen to use them on cod.

6. That vessels could afford to lease points to spend on cod when they will be competing with vessels seeking to secure points to target lower BPV stocks.
- The reality is that many fishermen will be targeting the stocks they always target which means that a substantial percentage of points allocations will be held and expended on traditional catch mixes of a variety of stocks. The mathematical result is less points available to be spent on other stocks. This reality serves to mitigate potential effort on any given stock of concern.
  - Each species has a biological limitation as to the extent to which it can be found, caught and landed at a rate that is economically viable.
    - For example: When there was no trip limit on GB yellowtail-- and prior to the Settlement Agreement DAS reductions (when total available DAS were 140,000 plus and used DAS at near 70,000)-- the fleet landed approximately 3,500 metric tons. At that time, the stock was believed to be at or near Bmsy. Simply setting a BPV lower does not increase catchability and abundance. Therefore, the biological limitations are a constraint that must be considered.
  - The Points System should not be subjected to a standard that assumes that all of the points MAY be used to target any given stock. To be comparable, the DAS system would have to assume that all of the allocated DAS MAY get used on one stock. We do not assume this to be so because we know that it isn't. A similar consideration should be given to the analysis of the Points System.