#### Can Principles Defuse Allocation Fights Between Commercial and Recreational Fishermen?

Julie Morris, New College of Florida Fisheries Forum, Monterey, September 2010



## MSAR Says

What does this MSA language mean to you and your fisheries?

... such allocation shall be (A) fair and equitable to all such fishermen; (B) reasonably calculated to promote conservation; and (C) carried out in such manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges.

#### **Red Snapper Allocation**

- Commercial 51%
- Recreational 49%



# **Red Grouper Allocation**

- Commercial 76%
- Recreational 24%

# **Gag Grouper Allocation**

dP

- Commercial 39%
- Recreational 61%

#### Current push to reallocate:

- ABC/TAC is reduced by equal % to end overfishing
- Recreational anglers argue that they should receive increased % of TAC.
  - Their economic impact is greater
  - Recreational angler are true conservationists
  - 0
- Era of market fishing should end

# Current push to reallocate

- Commercial fisherman oppose shifts in allocation
  - Satisfied with current allocation
  - Focused on better commercial management using IFQ's for Reef Fish
  - Concerned that excessive recreational harvests will undermine rebuilding

# Current push to reallocate

- Florida and Texas Commissions favor moving more allocation to recreation
- Both sectors intrigued by market mechanisms to set allocation
- Recreation sector insists on reallocation before commercial IFQ implementation
   For-Hire wants to subdivide recreational allocation

#### Allocation Decision in RF 30B

- Amendment 30B links accountability to allocations
- Shallow water grouper allocations were set in 1990, based on 2 years of historic landings.

• 1990 allocations never revised. Equal % reductions based on previous 5 years of landings led to indirect shifts.

# Alternatives for 30B Allocations

Reset to 1990 allocations

- Gag 65% Rec 35% Comm
- Red 23% Rec 77% Comm
- Base on 5 recent years (2000-05)?
  - Gag 59% Rec 41% Comm
  - Red 24% Rec 76% Comm
- Base on longest period of landings (1986-2005)
  - Gag 61% Rec 39% Comm
    - Red 24% Rec 76% Comm

# **Ad Hoc Allocation Committee**

 Agreed to set *interim* allocations for red and gag grouper based on 1986-2005.

 Longest record smoothed bumps caused by management changes and data errors

Created Ad Hoc Allocation Committee

# **Committee Charge**

Charge: To study and develop consistent guidelines and principles for establishing allocations between recreational and commercial sectors in our FMPs. Engage expertise from SSC and SEP and incorporate requirements of National Standard 4 and other applicable law and rules.

#### **Committee Process**

- Started with abstract of MSA and National Standard text on allocation
  - Distilled a set of principles
  - Adopted guidelines

### **Allocation Principles**

- B) allocation <u>shall</u>:
- 1-be fair and equitable to fishermen and fishing sectors;
  - (i) fairness <u>should</u> be considered for indirect changes in allocation
  - (ii) any harvest restrictions or recovery benefits be allocated fairly and equitably among sectors
- 2- promote conservation
  - (i)connected to the achievement of OY
  - (ii)furtherance of a legitimate FMP objective
  - (iii)promotes a rational, more easily managed use

# **Allocation Principles**

- C) <u>shall</u> consider efficient utilization of fishery resources but:
  - 1- <u>should not</u> just redistribute gains and burdens without an increase in efficiency
  - 2- prohibit measures that have economic allocation as its sole purpose

## **Allocation Principles**

- E) Any fishery management plan, ... for the red snapper fishery <u>shall</u> contain conservation and management measures that:
  - 1- establish separate quotas for recreational fishing (including charter fishing) and commercial fishing.
  - 2- prohibit a sector (i.e., recreational or commercial) from retaining red snapper for the remainder of the season, when it reaches its quota.
  - 3- ensure that the recreational and commercial quotas reflect allocation among sectors and do not reflect harvests in excess of allocations.



• 1. All allocations and reallocations must be consistent with the Gulf of Mexico Fishery Management Council's principles for allocation.



2. An approved Council motion constitutes the only appropriate means for requesting the initiation of allocation or reallocation of a fishery resource. The motion should clearly specify the basis for, purpose and objectives of the request for (re)allocation.

3. The Council should conduct a comprehensive review of allocations within the individual FMPs at intervals of no less than five years.



• 4. Following an approved Council motion to initiate an allocation or reallocation, the Council will suggest methods to be used for determining the new allocation. Methods suggested must be consistent with the purpose and objectives included in the motion requesting the initiation of allocation or reallocation.

• 5. Changes in allocation of a fishery resource may, to the extent practicable, account for projected future socio-economic and demographic trends that are expected to impact the fishery.

6. Indirect changes in allocation, i.e., shifts in allocation resulting from management measures, should be avoided or minimized to the extent possible.



# **Allocation Methods**

- Market auction, cross sector quota purchases
  - Catch historical landings
  - Socioeconomic net benefits, economic impact, social impact/fishing community



# Net Benefits to the Nation

• The net benefits to the nation are the sum of the consumer surplus and the producer surplus.



# Socioeconomic Skirmishes

- Net Benefits analysis by SEFSC for Red Grouper
- Recreational interest groups calculate economic impact
- Net Benefits analysis of grouper commissioned by CCA

# **Economic Methods to Allocate**

Net Benefits to the Nation (NB)

- Private Recreational NB calculated as consumer surplus (CS)
- CS = willingness to pay actual cost.
- The more the fishing trip costs, the smaller the consumer surplus
  CS For Hire + CS Private Rec

# **Economic Methods to Allocate**

- Commercial and Charter/For Hire NB calculated as producer surplus
- PS = net revenue (revenue from selling fish - costs of producing fish)

# Equimarginal Principle

 Total economic value is maximized when the marginal value gained by increasing the allocation to one sector is equal to the marginal value lost by decreasing the allocation to the other sector.

# Efficiency of Red Grouper Allocation

- NMFS study concluded that the allocation of red grouper is correct.
  - NOAA Technical Memorandum NMFS-SEFSC-576

# Gentner Report Commissioned by CCA

- Used Willingness to Pay and equimarginal principle to conclude that 100% of grouper should be allocated to recreational sector.
- Reviewers concluded the policy recommendation was flawed and not supported by the analyses

# Economic Impact Method

- Input/output analyses measures the change in the regional economy in terms of income, employment and output.
- However MSA requires us to look for net benefits to the nation, not to maximize regional impacts.

# **Recreational Sector Separation**

- Charter/For Hire sector pushing for an separate allocation and accountability measures from private recreational
- Private recreational sector opposes separate allocations and accountability measures
- Allocation guidelines may provide guidance

## **Management Certainty**

- MSAR emphasizes sector accountability
  - ACL's and ACT's need to buffer for management uncertainty
  - Recreational management has greater uncertainty
  - Problematic to shift harvest allocation toward the sector with greater uncertainty

# Value of Allocation Principles

- What did we gain?
  - Where did we fall short?
  - How will it be used in the future?