



New England Fishery Management Council

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Testimony Before the Honorable John Kerry Field Hearing of the U.S. Senate Committee on Commerce, Science, and Transportation October 3, 2011, Boston, MA

Good morning Senator Kerry and other members of the New England Congressional delegation. On behalf of the New England Fishery Management Council, I am pleased to respond to your invitation and hope that I can be helpful to you and the other members of the Committee, as well as any members of the fishing community who are present at this hearing.

Before I begin, I would like to offer a few details about my background. I have served on the Council since 2004 and was just recently elected Chairman. I was elected to the Vice Chair position for each of the last five years. During this same period I chaired the Council's Northeast Multispecies or Groundfish Committee, which includes the timeframe in which the Council adopted the catch shares program known as sectors. I was the former owner, publisher and editor-in-chief of *Salt Water Sportsman*, the world's largest sport fishing magazine, with approximately four million readers. I am privileged to have made a living by advocating for our region's valuable marine fisheries while also enjoying many years of recreational fishing.

I have stated this before, but I believe it is worth repeating to this committee. With 18 voting members on the New England Fishery Council, there often are 18 different opinions about the problems we face and their solutions. As a result, my comments may not represent the opinion of any individual member or the official position of the Council, but I will try to convey the sense of the Council as a body in this testimony and in my answers to any questions you might have.

I would like to talk about several broad topics today:

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- 1) The report authored by Preston Pate and the Touchstone Consulting Group titled *A Review of the New England Fishery Management Process*;
- 2) My views about the first year of sector management in the New England groundfish fishery with some comments about relatively recent and future Council actions; and
- 3) Issues identified by members of Congress, including the inability of vessels to harvest the groundfish annual catch limits.

Touchstone Report - Many of the challenges and needed improvements detailed in the report have already been discussed among the leadership of NOAA's Fisheries Service in Gloucester, the Northeast Fisheries Science Center in Woods Hole and the Fishery Management Council.

During our talks, the Council agreed to take the lead on:

- Improving communication and collaboration with stakeholders, including redesigning Council and other meetings to facilitate this outcome;
- Creating a regional vision and strategic plan that will incorporate collaboration with all stakeholders and set a future direction for the fishery, more on that in a moment; and
- Designing a cost-effective performance management system to track the progress of decisions, capture lessons learned and incorporate best practices.

Based on work completed over the summer, the full Council approved a series of actions that will accomplish these initiatives: 1) holding additional, less formal types of meetings to promote a more productive dialogue between the Council and the fishing industry; 2) establishing an ad hoc committee of stakeholders to advise the Council and its staff about the most effective types of outreach; 3) possibly convening listening sessions at which stakeholders will have an opportunity to query Council members about fisheries management issues rather than vice-versa; 4) simplifying and coordinating communications with the National Marine Service; 5) developing a vision and strategic plan with a core structure that evolves from an ecosystems-based approach to fisheries management; and finally 6) developing and implementing a system to track and evaluate the development and effectiveness of the Council's decisions, as well as document "lessons learned."

Remarks About the First Year of “Sectors” - I would like to discuss several of the findings in NOAA’s recently released social and economic report, some, but not all of which have been covered by the media. First, we know the analysis that formed the basis of the report did not include all key data. Additional work scheduled to be released later in the fall will likely present a more complete and useful picture.

Second, we also know that fewer days fishing has meant substantial savings in operating costs and benefits from reduced habitat impacts.

Third, many of the changes that occurred between the earlier years analyzed and 2010 reflect trends that have been documented since 2007. I believe it is clear that consolidation began well before the implementation of sectors. Other changes include declines in the number of active vessels and crew and a gradually increasing concentration of revenues among top earning vessels. On the other hand, we also see that the most recent trends include increases in total revenues for vessels with limited access groundfish permits (generally full-time active vessels), as a result of increased prices for both groundfish and non-groundfish species. The new system has allowed a redirection of fishing effort, or fishing pressure, onto robust stocks.

While some of the findings are of concern, I would like to put them in context. You may recall that until May 2010, the much-derided groundfish days-at sea program was in effect for three out of the four years evaluated in the report. Limited fishing days resulted in measurable stock rebuilding, but the program made it difficult for many businesses to remain economically viable.

In addition to limits on the number of available days to fish, there were restrictions on the quantities of fish that could be harvested (daily or trip limits), the mesh sizes in fishing nets, the sizes of fish that could be caught, closed areas and a myriad of other rules, depending on gear type as well as the areas and species harvested. Most were mandated inefficiencies.

With implementation of the new program, many of the old rules were eliminated. Under sectors

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fishermen could better respond to market conditions, weather concerns and reduce wasteful discards. With greater flexibility, sector members could avoid any “race to fish,” a circumstance that frequently produces a temporary oversupply in the marketplace, resulting in lower prices to fish harvesters. The increased economic performance in terms of higher revenues per unit of effort by sector vessels noted in the economic report may be reflection of some of the benefits of sector management.

Even so, the Council remains concerned about the problems confronted by many New England groundfish fishermen. According to the NOAA economic report, the total groundfish catch, which includes cod, haddock and various flounders, was down to about 58 million pounds last year. Landings had ranged from 64 to 72 million pounds annually between 2007 and 2009.

From my perspective, the situation may have less to do with sectors than is assumed when viewed in the context of the health of our groundfish stocks. More than half of the 20 stocks in the groundfish complex are still overfished and therefore subject to strict rebuilding programs. Stocks are still required to be rebuilt as quickly as possible and within a period not to exceed 10 years, with few exceptions, according to the reauthorized Magnuson-Stevens Act.

While sector management has remedied some problems in the fishery, others have emerged. As a step toward making improvements, the Council has scheduled a two-day workshop in late October to hear directly from the 17 sector managers and their members about the performance of the sector system and recommended changes that would help their businesses. The Council hopes to include any practicable solutions in a follow-up groundfish action in 2012.

We also are aware that paying for monitoring may be out of reach for the average fishermen. Although the Council is not constituted to fund such programs, it has supported a new and hopefully constructive dialogue that will help resolve this very critical problem.

Fears concerning the loss of fleet diversity and fleet consolidation have been expressed by many

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from within and outside the industry. Heeding those concerns, the Council has agreed to develop measures that will address both accumulation limits and fleet diversity. The Council also may create other incentives to maintain diversity and fishery infrastructure.

I am also aware of additional issues that merit attention. Senator Kerry, I realize that you, along with Congressmen Frank and Keating, are concerned about the unused groundfish quota from fishing year 2010 that otherwise might be rolled over into the next fishing year. Some additional information about the existing measure might be useful.

The Council knows that carry-over provisions are common in other catch-share systems around the country and adopted a measure that limits the New England groundfish fleet to 10 percent of the allocations. This amount is in the mid-range of carry-over percentages that are included in other catch share programs that were reviewed by the Council.

The Council is willing to revisit the issue, but must carefully examine the associated problem of increasing the risk of overfishing. As with any roll-over, the same number of fish may or may not be available in the following year, either because of natural mortality, potential over-harvesting or discarding. These possibilities are of particular concern with respect to the stocks in rebuilding programs. Nonetheless, the Council has already put the issue on the table, recognizing that carry-overs increase flexibility for fishermen and reduce potentially dangerous fishing practices such as a rush to catch all the available fish at the end of the year.

I also realize that our New England Senators have advised the Service and Council of their concerns about the NOAA-funded, state-operated permit banks. The Council agrees that it is essential to ensure that outcomes match their intended purpose --- to preserve fishing opportunities for small, owner-operated fishing operations in New England communities that might otherwise be struggling with the transition to the groundfish sector catch-share program.

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At its Council meeting in June, concerns were raised that these permit banks could affect the market for groundfish permits. To enhance coordination with these entities, the Council has requested that state-operated permit banks come to the Council for approval prior to using funds other than those provided by NOAA.

Groundfish Annual Catch Limits - The Council has received comments to the effect that groundfish boats have had very limited success in harvesting the annual catch limits (ACLs) of the 20 Council-managed groundfish stocks. The biggest impediment is the potential to exceed the catch limits for some stocks, often referred to as “choke stocks,” before fishermen can catch the ACLs for other stocks.

This is a problem common to all multispecies fisheries throughout the world. In some cases, weaker stocks have low ACLs because they have been overfished and rebuilding is required. Others are simply smaller and less productive than those that have traditionally supported the New England groundfish fleet.

For example, in 2011 the ACL of Georges Bank yellowtail flounder, and to some extent cod, limited the fleet’s ability to catch the large ACL of Georges Bank haddock. The uncaught ACL of Georges Bank haddock accounted for 68% of the total ACL of all stocks not caught.

Also contributing substantially to the uncaught ACLs were redfish and pollock. To some extent the lack of markets and processing capacity limited the catch of redfish. As another example, the 2010 pollock ACL was about 36 million pounds, or more than twice the five-year average catch from 2005-2009. This very large increase, made available within a relatively short timeframe because of a revised stock assessment, made it unlikely that the vessels would catch all of the ACL under any circumstances. Added together, the uncaught pollock, Georges Bank haddock, and redfish accounted for 93% of the total uncaught ACLs of all stocks.

Another factor contributing to the large amount of uncaught fish may relate to the start-up

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aspects of the sector program. Under similar management systems that have been adopted in other fisheries, it has taken several years before the fleets land a high percentage of the available fish. The Council is keenly aware of this situation and will closely monitor progress toward reaching the groundfish ACLs. Current projections indicate that a higher percentage will be caught in this fishing year.

Conclusions – Summarizing some of my earlier comments, given the reductions in catch needed to meet the Magnuson-Stevens Act requirements under National Standard 1, sectors emerged as the best option to replace the days-at-sea management regime that was slowly strangling the New England groundfish industry.

This does not mean that the Council has lost sight of National Standard 8. It seems clear that one of the keys to sustaining fishing communities is to ensure the economic viability of our fishing fleets. Long-term success will not likely be achieved by simply raising fishing levels. New England fishermen have already lived through that expedient, but not very prudent course of action during the 1980s and early 90s.

Based on our experience, sound science and working collaboratively with fishermen, the Council is intent on continuing the important stock rebuilding accomplished to date and maintaining stocks at sustainable levels. We also intend to improve the groundfish sector management program. The Council and many fishermen are working hard right now to adjust to changing resource and economic conditions. The problems we all confront are difficult but not insurmountable.

Senator Kerry and members of the Massachusetts delegation, on behalf of the New England Council, I hope my comments are helpful to you as you continue to engage in discussions about the groundfish fishery. I am available now or in the future to answer any questions.