Draft Addendum XVIII

Reductions in Fishing Capacity for LCMA 2 and 3

Review for Public Comment

May 2012

Purpose

- The American Lobster Board voted to scale the SNE fishery to the size of the resource
  - including an option that would result in a minimum reduction in traps fished by 25%
- The working group altered this language from traps fished to traps ALLOCATED
- The Board should consider this language change

Purpose

- The addendum proposes a consolidation program for LCMA 2 and 3 to address latent effort and reductions in traps allocated
- For trap limits to be effective in reducing harvest and rebuilding the stock,
  - Without addressing latent effort from the fishery any effort to consolidate the fishery will be undermined
  - Latent effort should be addressed to prevent this effort from coming back into the fishery as the stock grows

Background

- In 2007 LCMA 2 allocation program was implemented

- In 2003 LCMA 3 allocation program was implemented
  - Addendum I reduced traps on a sliding scale
  - Trap allocations were reduced in by 5% in 2007 and 2008 and 2.5% in 2009 and 2010

Trap Allocations

- Trap allocations are the only aspect of the current regulations that provide a mechanism to allow consolidation
- The industry will need to right size itself to the available resource in SNE,
  - This is about 50 % of its historic level according to the last assessment.

Trap Banking

- Proposed to provide flexibility and predictability to plan and scale business to the future fishery

- Could reduce the administrative burden for the management agencies and industry by purchasing large number of traps in a single transaction

Controlled Growth

- Limits the rate of trap increases that may result from the implementation of trap transferability,
- Intended to allow an entity to annually move traps from their trap bank account, and add them to their allocation of active traps per year at a predictable rate

Proposed Management Options For LCMA 2

Initial Trap Reduction

- Option 1: Status Quo: no action
- Option 2: 25% reduction in trap allocation in year one (LCMT preferred)
  - → Reduce from the allocation give in 2007 (by states) and allocation given by NMFS (forth coming rule making)
  - → Also reduce any other allocation that was obtained by permit holder
  - → Transfers would not occur prior to the 25% cut

Active Trap Reductions

- Annual Trap reduction
- Option 1: Status quo, no action
- Option 2: 5% reduction in trap allocation per year for 5 years, totaling 25% (LCMT preferred)
  - Assessed on active and banked trap allocations

Trap Allocation Transfers LCMA 2

- Entities may transfer full or partial allocations of qualified traps from one owner to another

- Partial Transfers of a Multi LCMA Trap Allocation
  - Option 1: Status quo: must choose single LCMA to fish multi-LCMA transferred traps, privileges for other LCMAs forfeited
  - Option 2: May fish any LCMA that the transferred multi-LCMA traps had history in but bound by the most restrictive rule

Trap Allocation Transfers LCMA 2

- Full Business Transfers
  - Option 1: May fish any LCMA that the transferred multi-LCMA traps had history in but bound by the most restrictive rule
  - Option 2: Status quo: must choose single LCMA to fish multi-LCMA transferred traps, privileges for other LCMAs forfeited

Trap Allocation Banking

- Trap allocation that is owned but may not be fished and are held in a banking account
- Option 1: Status quo, no action
- Option 2: Up to 800 traps can be banked by an individual or corporation at a give time (LCMT preferred)
  - Banked account is by LCMA
  - Traps can not be fished until activated by the allocating agency.
  - Traps are subject to annual reductions

Ownership Cap

- ownership cap is the max number of traps an entity may own in a LCMA (combination of individual allocated traps (active traps) and banked traps)
  - Option 1: Status Quo: Limits the number of permits to 2 with the exception to those that had more than 2 before 2003 (Ad. VII)
  - Option 2: Entity could not won more than 1600 traps (800 active and 800 banked), LCMT preferred

Controlled Growth

- Controlled growth prohibits excessive consolidation of industry

- Option 1: Status Quo: No limits on growth
- Option 2: A max of 400 traps could be moved per year (LCMT preferred)
- Option 3: A max of 800 traps could be moved per year

Transfer Tax

- Current transfer tax in LCMA 2 is 10% for all transfers
- Proposing to change the method a tax is approved, not the tax itself
  - Option 1: Status quo, changes made through addendum or amendment process
  - Option 2: Changes made through Board action
    - →Only adjust between 5-20%
    - →Only adjust on an annual basis for the following fishing year

Proposed Management Tools

Proposed Changes for LCMA 3

- Annual Trap Reductions
  - Trap allocation would be reduced from the current (2012) permit trap allocation
  - Reductions would be on both active and banked traps
  - Option 1: Status quo, no action
  - Option 2: 2.5% reduction of trap allocation per year for 10 years (LCMT preferred)
  - Option 3: 5% reduction of trap allocation per year for 5 years

Transfer Tax

Transfer Tax Amount

- Option 1: Status Quo, Conservation tax of 20% is for partial transfers and 10% is assessed on full business sales

- Option 2: Conservation tax of 10% is assessed on and transfer (full or partial) (LCMT Preferred)

Transfer Tax

Adopting a Transfer tax

- Option 1: Status quo, changes made through addendum or amendment process
- Option 2: Changes made through Board action
  - Only adjust between 5-20%
  - Only adjust on an annual basis for the following fishing year

Trap Allocation Transfers LCMA 3

- Entities may transfer full or partial allocations of qualified traps from one owner to another

- Partial Transfers of a Multi LCMA Trap Allocation
  - Option 1: Status quo: must choose single LCMA to fish multi-LCMA transferred traps, privileges for other LCMAs forfeited
  - Option 2: May fish any LCMA that the transferred multi-LCMA traps had history in but bound by the most restrictive rule

Trap Allocation Transfers LCMA 3

- Full Business Transfers
  - Option 1: May fish any LCMA that the transferred multi-LCMA traps had history in but bound by the most restrictive rule
  - Option 2: Status quo: must choose single LCMA to fish multi-LCMA transferred traps, privileges for other LCMAs forfeited

LCMA 3 Designation

Proposes to split LCMA 3 into 3 designations

- GOM, GBK and SNE

➢ Option 1: Status quo, no designation

➢ Option 2: Annually designate one of the 3 areas to fish for the year

- Part of the permit renewal process
- Can change area from year-to-year
- Bound by the most restrictive rule for the area they designate

Trap and Permit Cap on Ownership

Proposing several types of restraints on ownership to inhibit the excessive consolidation of industry. Including:

- a cap on the number of individual active traps a single permit may fish,
- a cap on the number of traps a single permit may fish and own, and
- a cap on the aggregate number of federal permit and traps a entity/ company may own.

Trap Cap

- Option 1: status quo, trap cap is 2000 traps
- Option 2: As specified in table on pg 11
  - Assumes that NOAA Fisheries will implement a 2000 trap cap in proposed federal rules and cut allocated traps by 25 % , as proposed in section 3.2.1 of this addendum).
  - NOAA Fisheries adopts a lower trap cap for LCMA 3 or different trap cut, the schedule will be adjusted accordingly.

Trap Cap

Year	GBK/GOM	SNE
2012	2000	2000
2013	1950	1950
2014	1901	1901
2015	1853	1853
2016	1807	1807
2017	1762	1800
2018	1718	1800
2019	1675	1800
2020	1633	1800
2021	1592	1800
2022	1552	1800
2023	1513	1800

Ownership Cap

- Option 1: Status quo no ownerships cap
- Option 2: Ownership Cap as proposed in table on pg 12
  - Assumes that NOAA Fisheries will implement a 2000 trap cap in proposed federal rules and cut allocated traps by 25 % , as proposed in section 3.2.1 of this addendum).
  - NOAA Fisheries adopts a lower trap cap for LCMA 3 or different trap cut, the schedule will be adjusted accordingly.

Ownership Cap

Date	Maximum
2012	2396
2013	2336
2014	2277
2015	2220
2016	2165
2017	2111
2018	2058
2019	2007
2020	1956
2021	1907
2022	1859
2023	1800

Aggregate Ownership Cap

- Option 1: no single company or individual may own or share ownership of more than 5 LCMA 3 permits, if more than 5 prior to Dec 2003 may be retained
- Option 2: no single company or individual may own, or share ownership of, more than 5 qualified LCMA 3 permits and can not own >5 times the individual ownership cap of traps
  - Any entity that owns more than the aggregate cap at the time of implementation retain the overage. However all transfers of traps after the implementation date are subject to the cap

Aggregate Ownership Cap

- Addition to the document

- Under Option 2: **If this option were adopted, the Board would recommend that NOAA Fisheries establish a control date for the number of permits or taps a single company or individual may own, or share ownership of for LMCA 3.**

Aggregate Ownership Cap

Year	GOM/GBK	SNE
2012	10,000	10,000
2013	9,750	9,750
2014	9,505	9,505
2015	9,265	9,265
2016	9,035	9,035
2017	8,810	9,000
2018	8,590	9,000
2019	8,375	9,000
2020	8,165	9,000
2021	7,960	9,000
2022	7,760	9,000
2023	7,565	9,000

Trap Banking

- Option 1: Status quo, no banking permitted
- Option 2: Up to 396 traps can be banked
- Option 3: Up to 900 traps can be banked
- Option 4: Up to 2396 trap can be banked (equal to the max ownership cap) (LCMT preferred)

Controlled Growth

- Option 1: Status quo, no action
- Option 2: A max of 100 traps could be moved per year (LCMT preferred)
- Option 3: A max of 200 traps could be moved per year
  - provision would be effective in the same year that NOAA Fisheries implements transferability,
  - A full transfer of all qualified and banked traps will be exempt from the controlled growth provision.

Annual Review

- Performance review on an annual basis for LMCA 2 and 3 due on July 1
  - Number of traps Fished
  - Number of traps transferred
  - The rate of transfer
  - Maximum number of traps fished
  - Degree of consolidation

Compliance and Recommendation to NOAA Fisheries

- If the existing lobster management program is revised by approval of this draft addendum, the American Lobster Management Board will designate dates by which states will be required to implement the addendum.

- Determine measures, if approved, that should be recommended to NOAA Fisheries for implementation in Federal waters.

Terms of Reference

TORs for the 2014 Lobster Stock Assessment and Peer Review

May 2012

Draft TOR for 2014 Stock Assessment

TOR 1

- **Collect and evaluate available data sources**
  - **Provide descriptions of each data source**
  - **Discuss data strengths and weaknesses and their potential effects on the assessment.**
  - **Justify inclusion or elimination of each data source.**
  - **Explore improved methods for calculating catch-at-length matrix.**
  - **Describe calculation or standardization of abundance indices.**

TOR 2

- **Use University of Maine Model (UMM) to estimate population parameters for each stock unit and analyze model performance**
  - **Modify UMM for new data sources, explore estimation of growth parameters, and estimate uncertainty.**
  - **Evaluate stability of model. Perform and present model diagnostics.**
  - **Perform sensitivity analyses to examine implications of important model assumptions, including but not limited to growth and natural mortality.**

TOR 2 Continued

- **Use UMM to estimate population parameters for each stock unit and analyze model performance**
  - **Explain model strengths and limitations.**
  - **Justify choice of CVs, effective sample sizes, or likelihood weighting schemes.**
  - **State assumptions made and explain the likely effects of assumption violations on synthesis of input data and model outputs.**
  - **Conduct projections assuming uncertainty in current and future conditions for all stocks. Compare projections retrospectively with updated data.**

TOR 3 and 4

- **Develop simple, empirical, indicator-based trend analyses of reference abundance and effective exploitation for stocks and sub-stock areas.**

- **Update the current fishing mortality and abundance biological reference points. If possible, develop alternative MSY-based reference points or proxies that may account for changing productivity regimes.**

TOR 5 and 6

- **Characterize uncertainty of model estimates, reference points, and stock status.**

- **Perform retrospective analyses, assess magnitude and direction of retrospective patterns detected, and discuss implications of any observed retrospective pattern for uncertainty in population parameters and reference points.**

TOR 7 and 8

- **Report stock status as related to current overfishing and overfished reference points (both current and any alternative recommended reference points). Include simple description of the historical and current condition of the stock in layman's terms.**

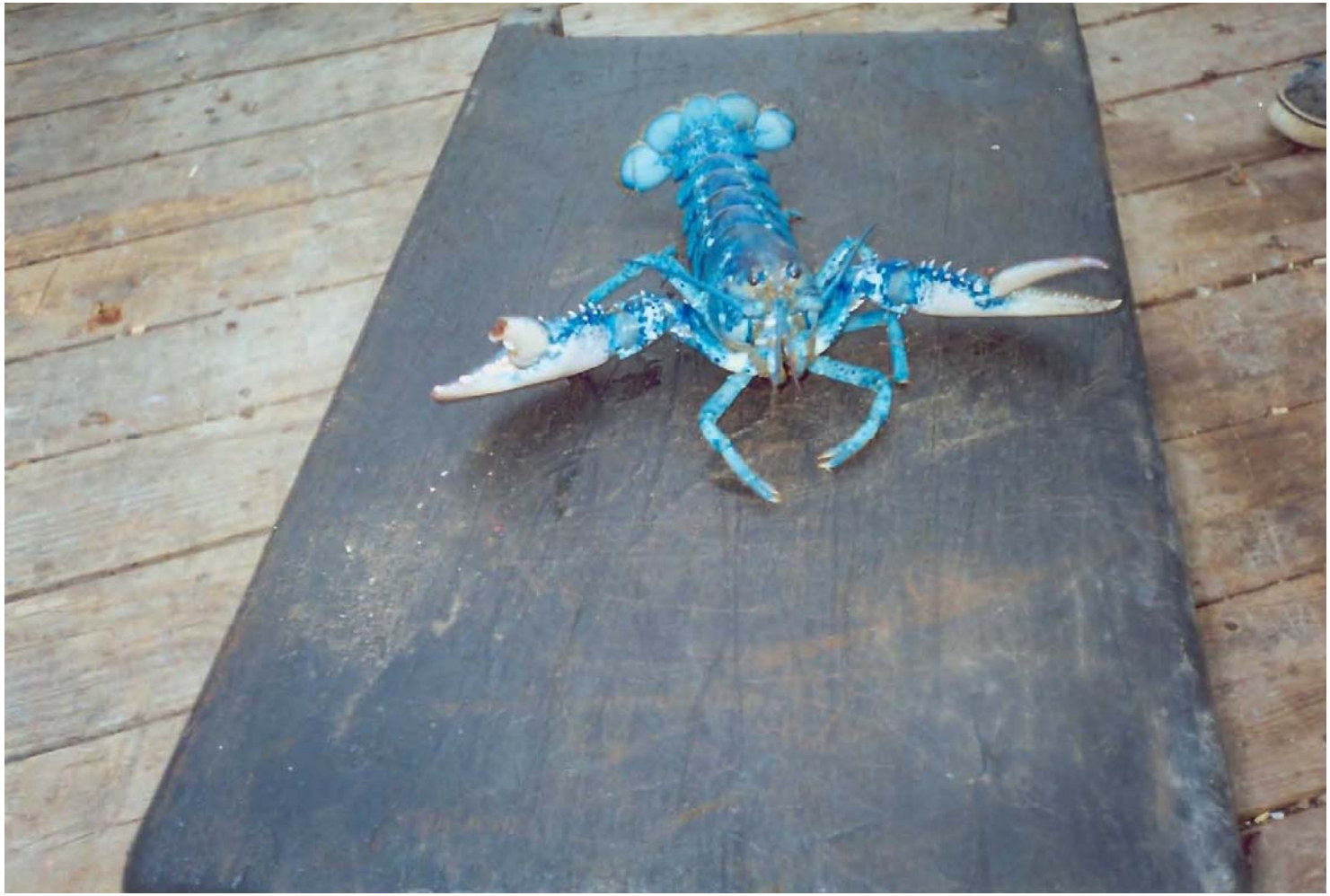
- **Address and incorporate to the extent possible recommendations from the 2009 Benchmark Peer Review and 2010 CIE review.**

TOR 9 and 10

- **Develop detailed short and long-term prioritized lists of recommendations for future research, data collection, and assessment methodology. Highlight improvements to be made by next benchmark review.**

- **Recommend timing of next benchmark assessment and intermediate updates, if necessary relative to biology and current management of the species.**

Draft TORs for Peer Review Panel



TOR 1

- **Evaluate thoroughness of data collection and presentation and treatment of fishery-dependent and fishery-independent data in the assessment, including the following but not limited to:**
  - **Consideration of data strengths and weaknesses**
  - **Justification for inclusion or elimination of available data sources,**
  - **Calculation of catch-at-length matrix**
  - **Calculation and/or standardization of abundance indices**

TOR 2

- **Evaluate the methods and models used to estimate population parameters and reference points for each stock unit, including but not limited to:**
  - **Use of available life history information to parameterize the model(s)**
  - **Model parameterization and specification**
  - **The choice and justification of the preferred model. Was the most appropriate model used given available data and life history of the species?**

TOR 3 and 4

- Evaluate the estimates of stock abundance and exploitation from the assessment for use in management. If necessary, specify alternative estimation methods.
- Evaluate the methods used to characterize uncertainty in estimated parameters. Were the implications of uncertainty in technical conclusions clearly stated?

TOR 5 and 6

- **Evaluate the diagnostic analyses performed, including but not limited to:**
  - **Sensitivity analyses to determine model stability and potential consequences of major model assumptions**
  - **Retrospective analysis**

- **Evaluate the preparation and interpretation of indicator-based analyses for stocks and sub-stock areas.**

TOR 7

- **Evaluate current and recommended reference points and methods used to calculate/estimate them. Recommend stock status determination from assessment or specify alternative methods.**

TOR 8

- **Review research, data collection, and assessment methodology recommendations provided by TC and make any additional recommendations warranted. Clearly prioritize activities needed to inform and maintain current assessment, and provide recommendations to improve reliability of future assessments.**

TOR 9 and 10

- **Review recommended timing of next benchmark assessment relative to life history and current management of the species.**

- **Prepare a Peer Review Panel TOR and Advisory Report summarizing the Panel's evaluation of the stock assessment and addressing each Peer Review TOR. Develop a list of tasks to be completed following the workshop. Complete and submit Report within 4 weeks of workshop.**