Responses to Scoping Questions for Limited Access Scallop Leasing
The Scallopers Campaign
June 27, 2022

In your opinion...

1. Is a leasing program needed in the LA fishery? Yes. Leasing will:

   ➢ Provide vessel owners with significant operational flexibility to efficiently manage their vessels – flexibility they are not currently afforded.
   ➢ Provide fishermen with flexibility to grow their business in smaller investment increments, making growth more attainable for smaller operators.
   ➢ Help vessel owners avoid losses (unfished DAS and AA trips) when a vessel is unable to fish. That allocation could be leased to another vessel.
   ➢ Improve crew safety, as crew will not have to move from vessel to vessel and the vessels remaining in the fleet will be newer, safer boats.
   ➢ Increase more effective utilization of vessels and avoid long, non-fishing layovers.
   ➢ Provide significant environmental benefits and reduce GHG emissions.
   ➢ Make the fleet more resilient to fluctuations in allocations and prices.
   ➢ Reduce port congestion through reduction of vessels idled by limited fishing opportunities.

2. What issues in the scallop fishery would a leasing program address?

   ➢ Loss of fishing time due to vessel inability to fish.
   ➢ Excess fishing capacity: leasing will allow the fleet to right-size, more closely matching fishing capacity with resource availability.
   ➢ Leasing will reduce port congestion.
   ➢ Leasing will reduce the need to rotate crew and equipment from vessel to vessel, improving safety across the fishery.

3. What are the benefits and/or drawbacks of a leasing program?

   ➢ Leasing is projected to reduce fuel consumption of the fleet by 1 million gallons of fuel per year, mostly from reduced consumption on non-fishing days.
   ➢ Leasing is projected to reduce annual CO\textsuperscript{2} emissions by over 11,000 metric tons.
Leasing will bring the Scallop FMP in closer alignment with National Standard 5. NS 5 requires conservation and management measures to consider efficiency in the utilization of fishery resources. As NOAA regulations state, ‘efficiency in terms of aggregate costs then becomes a conservation objective, where “conservation” constitutes wise use of all resources involved in the fishery, not just fish stocks.’ (50 CFR Sec. 600.330)

A leasing program consistent with the Scallopers Campaign principles would ensure that other fisheries are not impacted and that vessel permits would retain their individual identity (thus maintaining the current number of permits).

Additionally, such a leasing program would not change current fishing behavior. In other words, the same number of scallops will be landed and the same number of trips will be made, albeit with fewer vessels.

4. Are there other approaches or tools the Council should consider that would provide flexibility?

While there are other tools that could provide more flexibility (ITQs, stacking permits, etc.), leasing has broad support across the fleet (nearly 70%) and brings the LA fishery more in line with the General Category fishery.

As long as the one-boat-one-permit policy remains, the lack of flexibility will remain a critical issue.

Who/What would be affected by a leasing program...?

1. How could a leasing program affect the scallop resource?

Under the Scallopers Campaign principles, a leasing program would be conservation neutral; the same number of scallops would be harvested than if there were no leasing.

It is expected that the number of active LA scallop boats will be reduced, meaning that there will be fewer vessels active in the fishery, but with more fishing opportunities than today.

2. How could a leasing program affect permit holders?

Permit holders would have the ability to reduce the idle time for their vessels, reduce fuel costs, and improve safety for their captains and crews.

We would expect the value of permits to increase with the resulting increased flexibility.

Permit holders could lease all or part of their allocation, eliminating the possibility of losing DAS or AA trips due to vessel or crew failure.

3. How could a leasing program affect shoreside businesses?

Since there will be the same number of fishing trips under leasing, we would expect the same amount of ice, food, fuel etc. to be used (only on fewer and newer vessels).

Vessel maintenance activity will increase since the remaining vessels will be fishing much more and require more maintenance than they do now.
4. How could a leasing program affect captains and crews?

➢ We do not project any significant impact on the number of crew or captains.
➢ As confirmed by the Scallopers Campaign 2020 survey of vessel owners, most crew work on two vessels during the year, some on three, and a few on just one. Leasing would keep them on the water for the same amount of time, maintaining or even increasing their earnings.
➢ With vessel owners eliminating some of their oldest vessels, we expect crew and captains to be working on newer and safer boats.
➢ Under leasing, crews and captains would not need to switch vessels to secure added fishing opportunities.
➢ Vessels that lease in quota may bear a lease cost. As is done under the RSA program, the cost of the lease will likely be taken off the top of the settlement. While vessel owners, captains, and crew are likely to share the cost of securing additional fishing opportunities, as in the RSA program, this would allow them to receive additional income for fishing they would not have access to without leasing.
➢ When vessel owners lease DAS or AA trips to themselves, supporters of the Scallopers Campaign do not expect any lease cost.

5. How would a leasing program affect the environment?

➢ The 2021 analysis done by Northern Economics, Inc. indicates that under a leasing program modeled after the Scallopers Campaign principles, the LA scallop fleet is projected to burn 1.13 million fewer gallons, resulting in 11,548 fewer metric tons of CO² emissions, each year.
➢ Assuming adoption of the Scallopers Campaign principles, the impacts of leasing on the environment – scallops, physical environment, etc. – would be neutral.

6. If a leasing program is allowed, how could scallop vessels affect other fisheries?

➢ Under the Scallopers Campaign principles, scallop vessels that lease would not be allowed to increase their participation in any other fishery.
➢ We would expect that some of the excess fishing capacity (vessels) that exit the scallop fishery (with no fishing permits) could be purchased as replacement vessels in other fisheries, thus improving overall safety.

If a leasing program were developed....

1. What should the program consider?

➢ Over the last three years, the Scallopers Campaign has developed and advocated for a set of principles that outlines what a fair, efficient leasing program should consider and include.

2. What should the goals and objectives of the action be?
➢ Provide vessel owners with operational flexibility to efficiently manage their vessels and businesses.
➢ Eliminate excess fishing capacity in the scallop fishery.
➢ Increase safety for crews and captains.
➢ Provide a mechanism for vessel owners to move allocations from one vessel to another to avoid losing fishing opportunities.
➢ Develop a simple, straightforward leasing program that will work in the LA scallop fishery and be useful to vessel owners.
➢ Do no harm to other fisheries, including the NGOM and Gen Cat scallop sectors.
➢ Reduce carbon footprint and reduce GHG emissions within the LA fishery.

3. Should leasing be allowed for DAS and AA allocations or limited to one or the other?

➢ Yes, owners who want to lease both AA trips and DAS from one vessel to another should have the option to do so.
➢ Limiting leasing to just one or the other would prevent owners from eliminating excess fishing capacity because they would still need to retain and maintain the vessel to harvest the portion of the allocation that wasn’t leased.
➢ If leasing is limited to only DAS or AA trips, the leasing program would not be attractive to vessel owners; leasing would be very limited, and the operational flexibility being sought would be constrained.

4. Should there be limits on the amount of allocation a vessel can lease-in?

➢ Yes, no single vessel should be allowed to harvest more than two vessel allocations. There is no current need to lease in more than one full allocation.

5. Should temporary and permanent transfers of DAS and AA allocations be allowed in a leasing program?

➢ The Scallopers Campaign supports temporary leasing/transfers on an annual basis. We do not support permanent transfers as they are more like a sale.

6. Should the existing 5% ownership cap apply to allocations that are leased in by an entity? Should other caps be considered?

➢ Yes. To maintain the intent of the ownership cap and to ensure that leasing is not used as a mechanism to avoid the cap, the 5% cap should apply to leasing as well.
➢ No one entity should be allowed to own or lease more than 5% of the fishery, so for any entity that is currently at the 5% cap, they could not increase their allocation through leasing.
7. Should leasing only be allowed between vessels with similar baseline characteristics (i.e., length, HP, GT)?
   ➢ Yes. To simplify leasing, to make it useful to industry, and to maintain conservation neutrality, leasing should be limited to similar or smaller vessels (leasing down) to avoid the need for power and efficiency adjustments.

8. Should vessel power adjustments be considered for DAS leasing?
   ➢ No, a power adjustment overly complicates a leasing program and is hard to enforce. Leasing among similar or smaller vessels would eliminate the need for a power adjustment.

9. Should efficiency adjustments be considered for DAS leasing?
   ➢ No, efficiency adjustments should not be needed if permits retain their individual identities.
   ➢ By retaining their individual identity, vessel operators would not be able to mix and match allocations, meaning that fishing behavior is not expected to change. Vessels would be limited to fishing one permit at a time so trips could not be elongated due to leasing DAS.
   ➢ Efficiency adjustments have been considered necessary in the past because vessel operators could mix allocations of leased DAS and change fishing behavior. Under the Scallopers Campaign principles, that would not be the case.

10. Should leasing be allowed between different LA permit types (e.g., Should PT vessels be allowed to lease allocation to/from full-time vessels)?
    ➢ No, leasing must be limited to the same permit type to avoid any potential increase in harvest.

11. Are there other aspects of management that should be considered if a leasing program is developed? For example, vessel replacements, vessel baseline restrictions, monitoring, crew limits, AA trip limits etc.?
    ➢ Changes in other aspects of management are best left to the AP, the PDT, and the Scallop Committee to consider.
    ➢ We recommend monitoring the vessels that lease in DAS to ensure there is no increase in efficiency. Any needed adjustment in fleetwide fishing efficiency can be made through a framework action, as is the current practice.

12. Should a leasing program have conservation benefits? Yes! Under the Scallopers Campaign principles:
➢ A leasing program will generate significant conservation benefits in terms of reducing fuel use and CO\textsuperscript{2} emissions.

➢ Vessels that lease/transfer all allocations to another vessel will have all other associated permits frozen, eliminating latent or potential effort in those other fisheries. There should be no permit splitting.

➢ Fishing behavior would not change, meaning that the conservation benefits already incorporated in the scallop FMP and in the annual specifications ensure that the resource is healthy and not overfished. We do not project any of that to change because of leasing.

➢ Leasing would reduce the derby aspect that current fishing practices exert on AA trips. In turn, this will reduce non-harvest mortality on scallops.

➢ National Standard 5 requires that conservation and management measures consider efficiency in the utilization of fishery resources.

➢ Leasing will make the LA fishery more efficient, reduce overcapitalization, congestion, and economic waste – thereby conserving resources and delivering numerous net benefits to the nation.