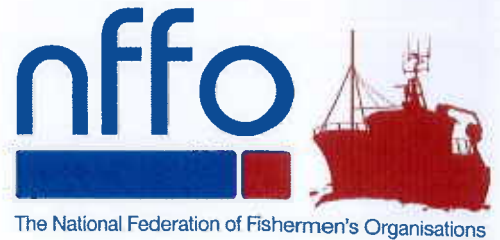


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## **Defra Consultation: Allocating FQA Units to U10m licences in the English 10m-and-under pool**

### **NFFO Response**

Defra has issued a two page consultation on allocating FQA units to under-10m vessels, **on a voluntary basis**, as a contribution to realising its vision for fishing as an economically and environmentally sustainable industry.

We want fishermen to be able to plan for the future with more certainty, take greater responsibility for their businesses and make the most of marketing, funding, and other growth opportunities. We want to maximise sustainable fishing opportunities whilst ensuring that quota is actively managed for the benefit of the fleet as a whole. We want to reduce the regulatory burden while ensuring a high degree of compliance with fisheries management measures. This will protect the viability of stocks while safeguarding and enhancing the marine ecosystem. DEFRA

Although not spelt out in the consultation paper, Defra's proposal is likely to be of most relevance to the 14% (160 vessels) of the under-10m fleet which catch around 70% of the under-10 pool allocations. Following the success of the Ramsgate pilot, in which under-10m vessels pooled their quotas and managed them on a group basis, (with underpinning support of a producer organisation) it is clear that Defra wishes to encourage this model of self-sufficiency and tailored, decentralised, pro-active quota management for under-10s. This approach has of course been successfully used by producer organisations the UK over-10m fleet for nearly 20 years.

For those vessels in the other parts of the under-10m fleet which require access to particular quota species on a more irregular or sporadic basis (in

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response to fluctuating fishing opportunities within their limited range of operation), the pool system continues to offer the most flexible arrangement. For those u10m vessels which wish to remain within the under-10m pool arrangement, under Defra's proposal this will continue to be an option.

### **Distribution Methodologies**

Defra outlines a possible distribution methodology.

1. A 3 year reference period of 2010 to 2012 is suggested
2. Catch data will be capped at the level of monthly allocations to exclude catches over the monthly limits, where for example leased quota has been used to cover additional catches
3. Each under-10m vessel licence will be offered a Fixed Quota Allocation for each stock, calculated on this basis. This could involve rounding to whole numbers

### **NFFO View**

We support the general thrust of the Defra proposal, which is in fact in line with the two strand approach to under-10m quota management we have advocated for some time. The higher-catching under-10s require a facility to manage quota to meet fishing opportunities on a similar basis to over-10m vessels. In pattern of operation, business outlook, and catching power, there is often little difference between this class of under-10 and vessels in the over-10 fleet. On the other hand, the pool arrangement works well for those under-10s who alter target species to meet fishing opportunities as they arise within their (limited) range of operation; and it is therefore right they should not be forced into taking the FQA option. This is where a voluntary approach is correct. Additionally, there may be some non-quota-species-oriented-under-10s who also wish to take advantage of operating under an FQA allocation, either on a group or individual basis, depending on circumstances. It is right that this should be an option too.

The governing principle in quota management for the under-10m fleet (irrespective whether this is done on a pool, producer organisation, group or individual vessel basis) should be to identify regional and stock specific quota pinch-points and address these as they arise. Vessels prepared to engage in proactive quota management will be in a better position to use unutilised quota in one species to address quota shortages in another.

### **Quota Distribution**

It is inevitable that each vessel operator will view his/her FQA allocation with a view to their own operation and will compare it with other vessels and groups of vessels. This will also be true of groups within the under-10 fleet. It will be a forlorn hope to seek to achieve consensus on quota distribution because each options carries different winners and losers. In a fishery in which quotas are intended to be a constraint on fishing mortality, but are also generally a constraint on earnings, it can be

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the tools used for data collection.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings of the research. The data shows a clear trend in the relationship between the variables being studied.

4. The fourth part of the document discusses the implications of the findings. It highlights the potential applications of the research in various fields and the need for further investigation in this area.

5. The fifth part of the document concludes the study. It summarizes the key findings and provides a final statement on the significance of the research. The authors express their gratitude to the funding agencies and the participants who made the study possible.

6. The sixth part of the document includes a list of references and a bibliography. It provides a comprehensive list of the sources used in the study, including books, articles, and online resources.

7. The seventh part of the document contains a list of appendices. These appendices provide additional information and data that are not included in the main body of the document. They include raw data, detailed calculations, and supplementary figures.

8. The eighth part of the document includes a list of figures and tables. These figures and tables are used to present the results of the study in a clear and concise manner. They include line graphs, bar charts, and data tables.

9. The ninth part of the document contains a list of abbreviations and a glossary. These lists provide definitions for the terms and symbols used throughout the document. They help to ensure that the document is easy to read and understand.

10. The tenth part of the document includes a list of acknowledgments. The authors thank the individuals and organizations that provided support and assistance during the course of the study. They also thank the reviewers for their helpful comments and suggestions.

11. The eleventh part of the document contains a list of footnotes and a list of references. These lists provide additional information and sources that are related to the study. They include references to other works in the field and to specific pages or sections of the document.

12. The twelfth part of the document includes a list of appendices. These appendices provide additional information and data that are not included in the main body of the document. They include raw data, detailed calculations, and supplementary figures.

expected that few will be completely satisfied with their portfolio of FQA allocations.

In these circumstances, it will be important for each individual recipient of notification of their FQA units to understand the following:

1. The amount of quota available in any given year, *or over the course of a year*, can vary significantly, depending on factors such as:
  - Underpinning
  - Economic link requirements
  - Leasing
  - Domestic swaps
  - International swaps
  - Gifts/transfers
  - Uptake

It will be important for each vessel to make a realistic assessment on the basis of its likely *year-end* quota position, rather than start of the year position or FQA units, in order to make a reasoned judgement about whether to take FQAs or remain within the pool. MMO/Defra could help to provide clarity by providing a range of case studies which make clear the risks and benefits of one option over another.

2. Decisions on whether to take the FQAs offered are likely to be made more difficult by the implementation of the landings obligation in demersal fisheries from 1<sup>st</sup> January 2016 onwards because the past may not prove to be a very reliable guide to the future.

### **Latent Capacity**

We assume that the voluntary offer to under-10s to manage their own quotas on the basis of FQAs is but one part of a wider strategy to put the under-10m fleet on a sustainable. Improving quota positions in the under-10m fleet (whether through increasing TACs or better quota management) is likely to act as an economic incentive to draw latent capacity into activity unless it is addressed beforehand. Increased fleet activity is undesirable from the point of view of the vessels already operating in the inshore fishery. Inshore grounds, especially those accessible to static gear are already under pressure from the sheer amount of gear deployed and it would not be helpful from conservation or quota management perspectives, to see any increase in fishing activity.

### **Specific Questions**

- **Do you think this proposal will be attractive?**

The answer to this question will vary dependent on the FQAs offered to each under-10m licence, in other words their individual track record. Beyond that will be the *perception* of what that will mean for the quota availability for each individual vessel. As is argued above, basic quota allocations given at the beginning of the year allocations can be supplemented during the year by effective quota management. The final quota available at the year-end can vary significantly from that available at the beginning of the year. The advantage of taking the offer of FQAs is



that quotas can be tailored to the needs of the individual vessel (or group of vessels.) It is likely to be the high-catching under-10s which benefit from this arrangement most but whether or not they take the step of accepting FQAs is likely to be closely related to their understanding of benefits and risks. It will be important for Government help with the quality of this risk assessment.

- **Will this proposal solve, or cause, any problems for you/your organisation/your members?**

Our members include both over and under 10m vessels in producer organisations, vessels in the over-10m non-sector, high-catching under-10m vessels as well as under-10m vessels who require access to quota species only on an irregular basis. The fact that the option to accept FQAs is voluntary, means that no one will be forced into an arrangement against their will. Perceptions of dissatisfaction with the new arrangements is likely to arise at group level where *any* distributive methodology will create new winners and losers.

Quota share disputes aside, the general approach as outlined in the paper has the capacity to be an important step forward in bringing effective quota management to the high catching component of the under-10m fleet.

- **Do you think the principles are sound and reasonable?**

The principles are sound and reasonable. Sound measures can, however, be spoiled by poor implementation. It will be important therefore to discuss thoroughly with representative organisations the detailed aspects of implementation and especially to make every effort to support individual vessel operators in their decision on whether or not to accept FQAs.

- **What other considerations/factors should be reflected in the methodology?**

Implications of the landings obligation.

I trust you find this helpful.

Yours faithfully



**Barrie Deas**  
**Chief Executive**

