

# Informal consultation on proposals for allocating Fixed Quota Allocation units to 10m-and-under licences in the English Fleet.

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## Vision for the English Fleet

Our vision is for 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.

## Consultation intention and proposals

The fishing quotas for English 10 metre and under fleet (U10m) are currently managed by the Marine Management Organisation (MMO) as a pool (U10m pool). MMO set monthly catch limits for each quota species; that is the maximum that each vessel in the U10m pool could catch and varies on a month to month basis.

The intention of this informal consultation is to develop proposals for a voluntary measure to give licence-holders in England's U10m fishing fleet the option to receive an allocation of Fixed Quota Allocation (FQAs) units and, for management purposes, to move out of the U10m vessel pool. This is to improve certainty in business planning and fishing opportunity available to fishermen with U10m vessels, whether this is through leaving the pool or remaining in a realigned pool.

This consultation has a supporting document titled "Methodology for Informal Consultation U10m FQA allocation". This document goes through six decisions that need to be made for creating a methodology (*Decisions A-F*), each with a series of options for these decisions. We are seeking feedback on this methodology, asking stakeholders to say which decisions they prefer and to justify their answers, whilst simultaneously evaluating support for the proposal as a complete concept.

## What are the benefits of this proposal?

The Ramsgate Pilot<sup>1</sup> showed a range of benefits for licence-holders moving out of the U10m fleet pool (managed by the MMO) to get their own quota. Participants enjoyed greater autonomy over the management of their quota, greater certainty over what quota they are entitled to fish over the course of the year, flexibility over when they fished, and easier/cheaper access to swapped quota.

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<sup>1</sup> For the purposes of this pilot, a group of fishermen from the U10m pool received quota for a year and were also given responsibility for managing their fishing activity to ensure that they did not exceed their annual quota allocation.

Under the existing management arrangement, there is an upper limit for quota species which each vessel can fish against each month. This can mean that in 'good' months, a vessels catch is restricted – meaning that they are unable to make up for any 'bad months' where catches are lower.

Allocation of FQAs/quota to individual licence holders in the U10m pool would mean that fishermen have confidence about what they can catch over the course of a year and when they can catch it. Currently, the higher catching U10m vessels often lease quota at the start of the year in case they land a valuable catch which would cause them to exceed their monthly catch limit. An annual allocation would mean that these decisions could be taken at a later point in the year, or may not be required at all.

This would allow fishermen who want to take more responsibility for managing their fishing to do so and give them greater certainty, flexibility and control over their catches, potentially leading to a higher value of catches each year, fewer days at sea, less need to lease quota and lower fuel costs.

There may be some cost savings to the MMO, who would be directly managing a smaller group if some licence-holders choose to leave the pool. This may include fewer swaps made by the MMO and lower enforcement costs. No work has yet been carried out to consider the magnitude of these savings, if any.

## Proposal timescale

This informal consultation will be open for responses until Tuesday 16 September 2014. Following this, we will analyse the results and provide a summary of responses in the autumn.

If the proposals go ahead, we envisage that the FQA entitlement of each licence will have been calculated from the beginning of 2015.

There would not be a single date for vessels leaving the pool; as a voluntary measure, licence-holders will be able to make their decision in their own time.

## Principles underpinning methodology

Data on fishing activity will be taken from a fixed time period: a three year period from 2010 to 2012 is a possible option since there is full data for the period and, with the exception of the Ramsgate Pilot, no schemes or projects skew the data for or against particular licences. The required data is the reported catch for each licence against every stock for which the MMO holds FQAs (i.e. data from the Registration of Buyers and Sellers (RBS) database). This is recorded on a month-by-month basis.

These figures will then be capped at the monthly catch limit, as allocated by the MMO each month during the period. Leased quota will not be included in the calculations. Illegally caught fish over the monthly catch limit will also not be accepted. Any licence

catching above the monthly catch limit will have their catch reported as the catch limit; any licence catching below the limit (including no catch) will not have their reported catch changed. The total catch of the pool for each stock will be the sum of all licences' catch after they have been capped.

Using this information, each licence's proportion of the total catch can be calculated by dividing the licence catch by the total catch. As we would allocate only FQAs equivalent to the quota allocated to the pool by the MMO (swaps, gifts, and other processes that might have increased the final amount of quota allocated to the pool would not be included), these proportions will then be multiplied by the number of FQAs being distributed. This may result in a non-whole number.

FQAs cannot be fractions, so to correct this we need to round the figures. The first option is to round the figures to their nearest whole number. This would retain consistency across all quota allocations, where FQAs are comparable between all vessels of all sizes. For some stocks, the total number of FQAs allocated after this may go over the total number available, for others this may go under. In these cases, rounding all species to the nearest 0.5FQA will allow an extra level of rounding. As previously, FQAs cannot be decimals. By rounding down every allocation we will arrive at a whole number which does not take the total number of FQAs over the limit.

The aim is to find a rounding option that ensures that the total allocation of FQAs is closest to the total available, without going over this limit. This will be selected for each stock, and the corresponding number of FQAs allocated to each licence. Only allocating the FQAs equivalent to the quota actually used by the pool for each stock would provide an accurate and fair representation of how licences performed as part of the pool. Allocating "unused" quota to licences would inflate FQAs over catch of the stock in question and would disadvantage licences remaining in the pool that would otherwise see the benefits of the banking/swapping.

Additional quota is available to the pool from gifts of quota, economic link requirements, underpinning, and other similar methods. No further quota will be offered to licences leaving the pool. Allocating FQAs should stick to the following General Principle: If the MMO does not hold the FQAs, the equivalent quota cannot be allocated to licences on a permanent basis. This quota should remain with the pool. This will avoid the need for continued management of licence holders who have left the pool managed by the MMO.

# Consultation questions

These questions refer to the methodology described in the document entitled “Methodology for Informal Consultation U10m FQA allocation”

These questions are also included as a separate document, with a text box for answering each question.

## **1. Decision A. Define the time period for collecting data**

Which option do you prefer – 1, 2, 3, 4, 5, or 6? Please justify your response.

If you do not think any of the options are workable, please indicate this and explain your reason.

## **2. Decision B. Define the “catch” attributed to each licence**

Which option do you prefer – 1, 2, or 3? Please justify your response.

If you do not think any of the options are workable, please indicate this and explain your reason.

## **3. Decision C. Define the total catch for the pool**

Which option do you prefer – 1, 2, or 3? Please justify your response.

If you do not think any of the options are workable, please indicate this and explain your reason.

## **4. Decision D. Defining what is to be allocated**

Which option do you prefer – 1, 2, 3, or 4? Please justify your response.

If you do not think any of the options are workable, please indicate this and explain your reason.

## **5. Licence rules if U10m licences are allocated FQA units**

If FQAs are to be allocated, should normal licence rules apply, or should additional restrictions be introduced to protect the U10m fleet? Please justify your response.

## **6. Decision E. Define the quantities to be allocated (part 1)**

Which option do you prefer – 1, 2, 3, or 4? Please justify your response.

## **7. If you do not think any of the options are workable, please indicate this and explain your reason. Decision F. Define the quantities to be allocated (part 2)**

Which option do you prefer – 1, 2, 3, or 4? Please justify your response.

If you do not think any of the options are workable, please indicate this and explain your reason.

## **8. Proposal to allocate FQAs to U10m licences**

Do you agree with the proposal to allocate FQAs/quota to U10m licences – Yes or No? Please justify your response.

## **9. Re-joining the U10 m pool**

Should fishermen who receive FQAs/quota and leave the pool be allowed to return to it? Please justify your response. Please, describe any conditions that should apply should fishermen are allowed to re-join the pool.

## **10. The current impact on your business**

Please provide us with evidence of the costs and benefits for your business of the current quota management system. Where possible, please include estimated financial and non-financial costs and benefits you may encounter.

## **11. The potential impact on your business**

How would the costs and benefits for your business change if these proposals were introduced? Where possible, please include estimated financial and non-financial costs and benefits you may encounter.

**12. Fishermen with U10M licences only: Likelihood of taking FQAs**

If you are an under-10 m fishing licence holder, would you be interested in receiving FQAs/quota and leaving the pool? Please explain your answer and what factors would be most important to your decision.

**13. Producer organisations only: Accepting U10m licence holders into a producer organisation**

If you represent a producer organisation (PO), would you be interested in having fishermen with U10m licences joining your PO? Would you do anything different to enable or support their membership? Please explain your response.

**14. Any other comments you would like to make**

If you would like to make any other comments about this proposal and the methodology but you feel your comments don't fit within the previous questions, please take this opportunity to make them here.



## Background: How were existing FQA units allocated?

FQAs formally came into operation in January 1999 and are used to allocate fish quota to the different industry groups. These units, with one or two exceptions, reflect the track record of catches made by fishing vessels during the reference period 1994 to 1996. For vessels over 10 metres the units are associated with individual fishing licences and normally move with the licence when it is transferred or aggregated onto another vessel.

For vessels under 10 metres there is a single block of units based on the aggregated activity of that part of the fleet during the 1994 to 1996 reference period. The reason for that was paucity of information on fishing track records for individual under 10 metre vessels during this period.

As a result, annual quota is allocated to the U10m fleet as a pool. The quota is currently managed by the MMO, who set monthly catch limits for each quota stock and make quota swaps on behalf of the pool as a whole. All vessels within this pool are entitled to catch up to this limit each month, regardless of their size and power. These monthly catch limits can vary significantly throughout the year. Some of the higher catching vessels in the pool regularly lease additional quota.

## Background: 2011 Consultation on Domestic Fisheries Management Reform

One of the main proposals set out in the 2011 consultation was the allocation of FQAs to individual fishermen with under 10m vessels based on their licence track record, using Registration of Buyers and Sellers (RBS) data from 2007-2010 inclusive.

The majority of responses were against the introduction of FQAs for under 10m vessels. Of those that specifically answered the question regarding the introduction of FQA for under 10m vessels, 55% of them were from the under 10m fleet. Of the negative responses received, 34% were from under 10m vessels, 19% were from fishing representative organisations, 2% from POs, 4% from the general public, and 4% from Non Departmental Public Bodies (NDPBs) and 2% from Government Organisations such as local councils. A further 35% of responses supported the introduction of FQAs for under 10m vessels.

Of those who responded negatively, there was concern expressed about the proposed reference period for determining track record as a basis for FQA allocations. Many suggested that the reference period of 2007-2010 was not indicative of levels of fishing that the under 10m sector was capable of, nor was it sufficient quota for many to be able to make a living. This period coincided with the capping of licences and the introduction of monthly catch limits. The accuracy of RBS data was also questioned with suggestions that a mechanism would be needed to allow landings that may not have been registered under RBS to count against track record.

Of those that supported the proposal for the introduction of FQAs for under 10m vessels (35%), 20% were under 10m vessels, 4% were fishing representative organisations, 5% were from POs, 4% from NDPBs and 2% from Government Organisations.

In summary, the majority of fishermen with under 10m vessels did not support the introduction of FQAs, however the majority of PO members were in support. The general feeling at the meetings Defra held with fishermen around the coast was similar, in that the majority of attendees (who were largely fishermen with under 10m) were opposed to the introduction of FQAs.

There was some support for the introduction of FQAs, with these respondents liking the increased flexibility that it would give them, compared to monthly catch limits that are set currently by the MMO. They explained that having the flexibility of being able to choose when to catch their allocations was advantageous to small businesses, as this could help keep operating costs down and allow them to fish when market prices were higher.



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