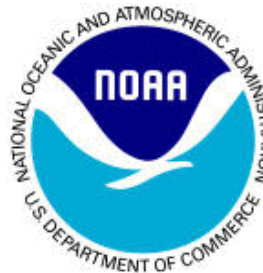


# Allocation Review Policy and Triggers

**Discussion paper**

**August 2018**



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## 1. Introduction

The allocation of fishery resources between competing user groups constitutes one of the most challenging management responsibilities of the Gulf of Mexico Fishery Management Council (Council). To assist Councils in their efforts to review existing fisheries allocations and reallocate resources, NMFS, in conjunction with the Council Coordination Committee (CCC) developed a Fisheries Allocation Review Policy (NMFS Policy Directive 01-119) and associated procedural directives addressing criteria for initiating allocation reviews (NMFS Procedural Directive 01-119-01) and recommended practices and factors to consider when reviewing and making allocation decisions (NMFS Procedural Directive 01-119-02). This document is prepared to support the Council's initial discussion of the allocation review policy and review triggers.

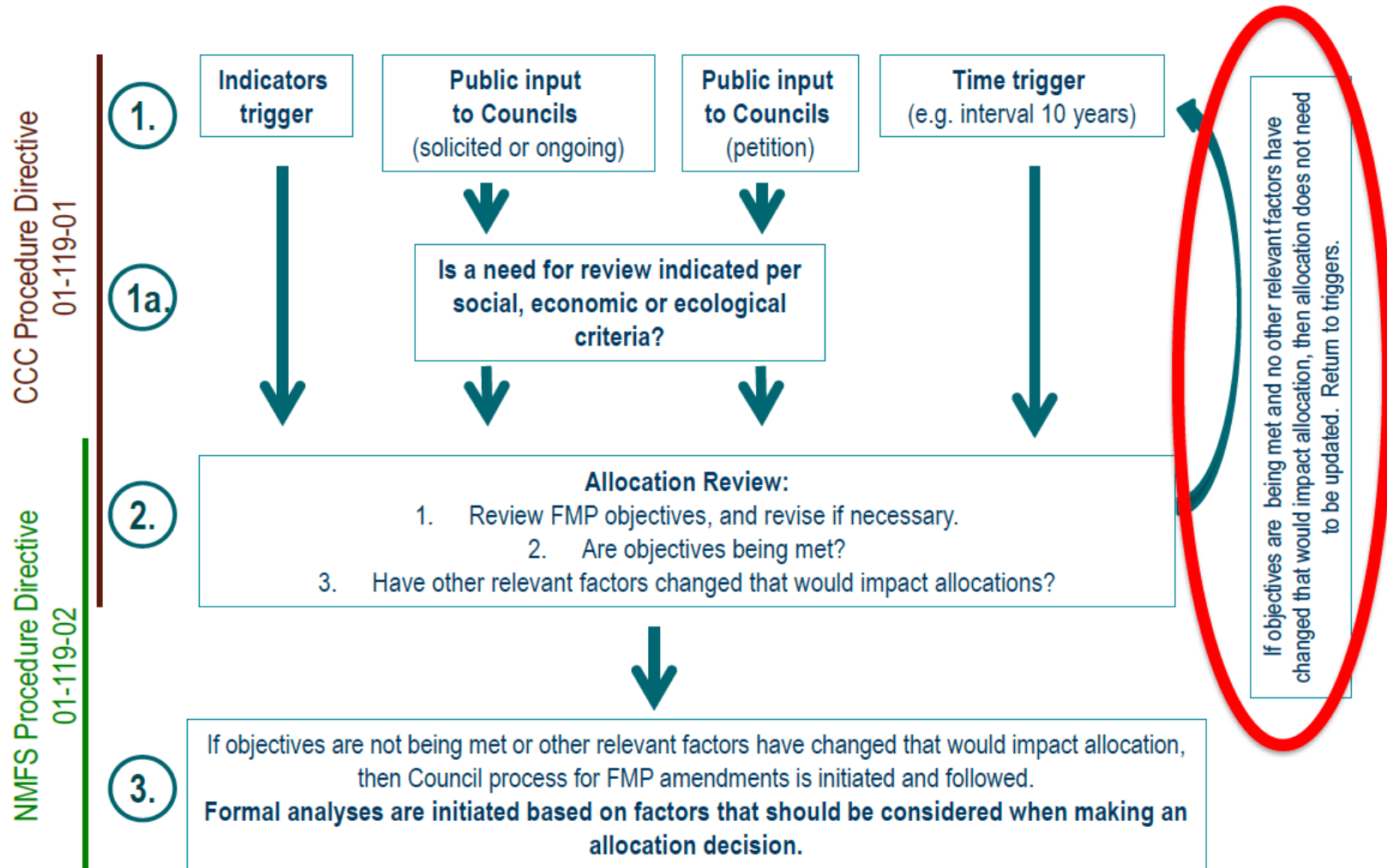
## 2. Fisheries Allocation Review Policy

In the Allocation Review Policy (policy), a fishery allocation (or “allocation” or “assignment” of fishing privileges) is defined by NMFS as a “direct and deliberate distribution of the opportunity to participate in a fishery among identifiable, discrete user groups or individuals.” 50 CFR 600.10; *see also* National Standard 4 Guidelines, 50 CFR 600.325(c)(1) (further describing the scope of this definition and providing examples of allocations of fishing privileges under National Standard 4). Because the policy covers only allocations that distribute specific quantities to identifiable, discrete user groups or individuals, the scope of allocations covered by this policy is narrower than the scope of allocations under the National Standard 4 guidelines.

The policy provides an iterative process that would assist fishery management councils in the periodic evaluation of fisheries allocations. The policy recommends the use of adaptive management in fisheries allocation reviews. Adaptive management is defined as the on-going process of evaluating if management objectives have been met and adjusting management strategies in response. The process includes periodical re-evaluation and updating of the management goals and objectives to ensure they are relevant to current conditions and needs.

The policy delineates authorities and responsibilities of Fisheries Management Councils and NMFS Regional Offices and Science Centers. Fishery Management Councils are responsible for selecting the criteria for initiating fisheries allocations reviews, i.e., for establishing the review triggers for each fishery management plan including fisheries allocations. Triggers suggested include time-based, public interest-based and, indicator-based criteria. For indicator-based criteria, Councils must lay out the process to follow for assessing whether the trigger is met. The policy also recommends Councils identify their allocation review triggers within three years of the finalization of the policy (by August 2019) or as soon as practicable. NMFS Regional Offices and Science Centers will support the Councils in their efforts to identify triggers for their fisheries and are expected to assist Councils conduct allocation reviews as needed. The iterative allocation review process is illustrated in Figure 1.

# Steps in Adaptive Management of Allocations



**Figure 1.** Steps in adaptive management of allocations – (Fisheries Allocation Review Policy. NMFS Policy Directive 011-19)

The adaptive management approach recommended for allocation reviews is an iterative process that includes the following three steps:

**Step One:** A trigger is met. There are three main categories of triggers: public input, time, or indicator-based. For example, a significant change in landings (e.g., an increase/decrease greater than one to two standard deviations within a three-year timeframe, etc.) may be identified as an indicator-based trigger for initiating a review of an allocation decision. If the trigger is indicator-based, or time-based, then proceed immediately to step 2: fisheries allocation review. If the trigger is based on public input to the Councils, then a check for changes in social, ecological, or economic criteria is required (step 1a in Figure 1) to ensure assessment of the fisheries allocation is an appropriate use of Council resources. At this stage, in depth analyses are not required.

**Step Two:** Fisheries Allocation Review. Councils should complete a review of the fisheries allocation in question. This review will assist the Councils in determining whether or not the development and evaluation of allocation options is warranted, and is not, in and of itself, a trigger to initiate an FMP amendment (or framework adjustment, if appropriate) to consider alternative allocations. This step is discussed in more detail in the CCC triggers document (Procedural Directive 01-119-01) and overlaps with the NMFS fisheries allocation factors document (Procedural Directive 01-119-02). The review should consider the FMP objectives along with other relevant factors that have changed and may be important to the fisheries allocation. Relevant factors are described in the NMFS fisheries allocation factors document (Procedural Directive 01-119-02). At this stage, in depth analyses are not required; however, to ensure transparency, a clear articulation of how the objectives are or are not being met, and a clear rationale on relevant factors considered should be included in the record. This fisheries allocation review informs whether or not a consideration of new allocation alternatives is warranted.

**Step Three:** Evaluation of Fisheries Allocation Options for an FMP amendment<sup>4</sup>. Based on step two, if a Council decides that development of allocation options is warranted, a Council will proceed with formal analyses, and follow its amendment process for identifying alternatives, soliciting public input, etc. If the Council determines that the FMP objectives are not up-to-date, then the Council should discuss, evaluate, and if necessary, revise the objectives<sup>5</sup>. During the identification of alternatives, Councils should consider the factors in the Procedural Directive 01-119-02. All of the factors do not need to be analyzed for each fisheries allocation decision. If a factor is not relevant for a given decision, no formal analysis for that factor is needed; however, the record should clearly document the rationale for that determination.

### 3. Criteria for Initiating Allocation Reviews

Within three years of the implementation of the policy, i.e., by August 2019, (or as soon as practicable), the Councils have to determine allocation review triggers for fisheries subject to the policy. The review policy and its supporting documents discuss three types of triggers:

1) public interest-based triggers; 2) time-based triggers; and 3) indicator-based triggers. Use of public interest or time-based criteria for triggering allocation review is not mutually exclusive to

ongoing formal and informal evaluation of fishery performance and outcomes. This section provides excerpts from the procedural directive on allocation review triggers (NMFS Procedural Directive 01-119-01).

### 3.1. Public interest-based criteria

If a council develops effective indicator or time-based allocation review mechanisms, then a public-interest review trigger mechanism may not be necessary. However, if those review mechanisms are not established, or if they are not responsive to changing conditions within a fishery, then a public-interest review mechanism could be used to trigger an allocation review.

The U.S. regional fishery management council system is transparent and open to public input throughout the process. Councils implement extensive work plans throughout the year, and manage some regulatory initiatives, including plan amendments, over the span of several years. Managing to meet the councils' statutory requirements and other competing priorities requires effective planning, which typically includes an annual priority-setting process. Ideally, public input on the need to review a specific fishery allocation would feed into this process to enable an orderly consideration of the question, in the context of competing priorities and organizational resources. This guidance addresses the solicitation or consideration of statements of public interest at three different levels within the regional fishery management council process:

1. Ongoing public input on fishery performance
2. Solicitation of public comment regarding allocation review
3. Formal initiatives

#### Ongoing public input on fishery performance

As noted above, the council process is open, transparent, and offers frequent opportunities for public comment and input. This dynamic establishes a feedback loop between the council and the public in regard to both the specific issues under the council's consideration and broader indicators of fishery performance. Given the extent to which the impacts of allocation decisions are associated by the public (both through direct observation and perception) with fishery performance, public interest in allocation review is likely to be expressed at many points within the council process and in reference to a variety of fisheries management issues.

This feedback loop of ongoing public comment is a valuable opportunity for the public to express interest in allocation review, and for the council to gauge how effectively allocation objectives are being met. It also serves as an opportunity for the council to understand and evaluate the extent to which allocation lies at the root of fisheries management challenges, and the need to initiate allocation review may be indicated through this process.

#### Solicitation of public comment regarding allocation review

Councils may choose to engage in allocation review "scoping discussions" with stakeholders and other interested parties. Unlike the collection of feedback through ongoing public comment described above, this process is deliberate and specifically targets public input on the need for

allocation review. Councils rely on outreach and information-gathering mechanisms to achieve public input including the solicitation of written comments, scoping discussion at council meetings, and port meetings and other community engagement strategies.

One of the benefits of this approach to consideration of triggering allocation review is that it is focused directly on the allocation and the necessity for potential review rather than on the secondary and tertiary impacts of the allocation. An additional benefit to this strategy is the council's ability to dictate a schedule. While more demanding of time and resources than identification of allocation review triggers in the course of ongoing public comment, the process for soliciting, receiving, and considering public input can be designed by the council and scheduled in a manner that does not conflict with other council initiatives and priorities.

When considering the solicitation of public input regarding allocation review, councils should be aware of, and sensitive to, the expectations among stakeholders that could develop as a result of the council indicating interest. The council should carefully consider its ability (resources and capacity) and willingness to follow through with an allocation review if warranted before reaching out to the community for focused input.

#### Formal petition mechanism

The first two approaches to gathering, evaluating, and responding to public input are already possible within the current regional fishery management council system. In both cases, the decision to initiate the review would rest with the council. A stronger public interest review mechanism could include a provision for a stakeholder request or petition requesting review, together with a requirement for a Council to initiate an allocation review within a reasonable period of time. Such a provision would have more potential to impose a cost on a council's established work plan and priorities but would provide another mechanism to ensure that allocations receive due consideration in response to public concern. If such a mechanism is established, it may be appropriate to incorporate indicator-based criteria to establish a minimum threshold for initiating review.

Any petition-based review process should establish requirements that identify specific conditions or outcomes upon which such requests may be based. In addition, councils should include establishment of guidelines for petitions. While a council has discretion to determine whether or not to move forward with an allocation review as per the requirements it establishes under a petition-based process, it should at least respond to the *request* for a review under this process. This response could be as simple as a letter to the petitioner(s), explaining the council's rationale for its decision (e.g., petition did not meet conditions for consideration, lack of standing by petitioners, etc.).

### **3.2. Time-based criteria**

The establishment of a time-based trigger has figured prominently in recent discussions regarding allocation review, including provisions for periodic allocation review in several MSA re-authorization drafts. In several respects periodic allocation review on a set schedule is the most simple and straightforward criterion for triggering an allocation review; the approach is



unambiguous and less vulnerable to political and council dynamics. That said, the attributes of simplicity and the mandate of a strict schedule render time-based criteria less sensitive to other council priorities and the availability of time and resources to conduct an allocation review.

Time-based triggers for initiating allocation review might be most suitable for those fisheries or FMPs where the conflict among sectors or stakeholder groups make the decision to simply initiate a review so contentious that use of alternative criteria is infeasible. In such a situation, a fixed schedule ensures that periodic reviews occur regardless of political dynamics or specific fishery outcomes. Given the inflexible nature of time-based triggers, however, it is recommended that they be used only in those situations where the benefit of certainty outweighs the costs of inflexibility.

The inflexible nature of time-based triggers can impact both the work and effectiveness of the council as well as the outcomes of the allocation process itself. As noted above, fixed, time-based triggers for review may conflict with other council priorities. To the extent that those priorities include consideration of actions to mitigate significant social, economic, or conservation concerns, adherence to a fixed review schedule may prevent a council from achieving significant and beneficial management outcomes while achieving at best marginal improvements through allocation review. Given the fact that there is potentially no relationship between the pace at which fishery performance evolves and a fixed schedule for allocation review, use of such a trigger creates the potential of a significant expenditure of council time and resources with little need for review or likely improvement in fishery performance.

Time-based triggers for review may impede stability in subject fisheries. To the extent that reviews are conducted on a regularly scheduled basis, there is an incentive for sectors receiving allocations to continuously employ operational and political tactics to improve their allocation at the next review. The assurance of a “new” allocation review may as well encourage speculative entry into subject fisheries. When considering the adoption of a time-based review trigger, care should be taken to identify if and to what extent the process is likely to be manipulated or “gamed”, and measures to minimize that activity should be considered.

The selection of review intervals using time-based triggers should be informed by fishery characteristics, data availability, and council resources. Newly developed or rapidly changing fisheries may warrant more frequent review, while established fisheries with stable participation and performance can likely be reviewed less frequently. Whether following an initial allocation or a re-allocation, the timing of further review should accommodate the collection and analysis of a data series from which meaningful and accurate review and analysis can be achieved. The five-year initial review and subsequent reviews every (up to) seven years of limited access privilege programs (LAPPs) as required under Section 303A of the MSA may indicate a desirable minimum interval between reviews. Similarly, the 10-year durability of LAPP permits may suggest a maximum interval for time-based review triggers.

### **3.3. Indicator-based criteria**

The MSA requires that fisheries be managed for Optimum Yield (OY), which is Maximum Sustainable Yield (MSY) as reduced by relevant social, economic and ecological factors. In

defining OY, the NS1 guidance provides that these factors should be “quantified and reviewed in historical, short term and long term contexts.” Furthermore, it recommends that each FMP should contain a mechanism for periodic review of the OY specification, in order to respond to changing conditions in the fishery. In establishing indicator-based metrics for review of allocations – whether among sectors (e.g., commercial, recreational, for-hire, gear, international, etc.), within a sector (e.g., among catch share recipients), or for purposes such as bycatch accounting –it is logical to apply similar parameters to an allocation review as to an OY review, particularly if the goals and objectives of an FMP specifically address these items. In support of such an approach, the NS4 guidance states that allocation decisions should be “rationally” linked to attaining OY, and/or to the objectives of an FMP. It follows that selection of indicator-based criteria to trigger an allocation review should inherently be linked to those same objectives. In the interest of public transparency and clarity, councils may even consider establishing an objective that is specific to allocation within an FMP.

A time component is inherent in any indicator-based criteria for review of allocations, whether explicitly included (e.g., achieving a desired economic efficiency within XX years) or not. Evaluating a criterion used in establishing an allocation, particularly if it requires the addition of ensuing years of data to a quantitative analysis, indirectly applies a timeframe for review.

There are several categories of indicator-based criteria to consider as triggers for initiating review of allocations, all stemming from the definition of OY: social, economic and ecological. Ideally, the rationale for an initial allocation decision would consider a mix of criteria from all categories, although data limitations may preclude quantitative consideration. This could impact the ability to set an objective, specific review trigger for a particular criterion.

It follows that use of several criteria, either singly or in combination, and across multiple categories, may be optimal when using indicator-based criteria as a trigger for an allocation review. For example, a council may select one social, one ecological and one economic criterion as indicators, and define the “trigger” for review as any two of the three criteria meeting predetermined limits. This clearly defines the minimum threshold to trigger an allocation review. Taking this example to Step 2, consideration of allocation alternatives may occur if the selected indicators meet established limits within a particular timeframe, effectively combining indicator- and time-based triggers in order to ensure an adaptive management approach. As noted above, it may be difficult to set measurable values as triggers for indicator-based criteria, and use of quantitative thresholds is likely to be more the exception than the norm. In such cases, qualitative triggers should be considered to ensure that FMP goals and objectives are addressed.

In selecting indicator-based criteria, it is important to recognize there are factors that are not in and of themselves measurable metrics for a particular criterion or set of criteria; however, they may impact selected criteria and thus influence the “triggering” of a review. These factors may include acquisition of new data, natural disasters, etc. that are not necessarily measurable on their own, but can impact measurable criteria from any of the three categories.

Finally, while there is overlap in the discussion of indicator-based criteria in this document with the NMFS guidance document, the purpose of the two documents is different. The latter

document refers to the indicators below as “factors” (in addition to many others) to be considered by councils in the context of establishing initial allocations, or if a re-allocation action is undertaken. The CCC document discusses their use as one of three possible types of triggers for an allocation review. While some overlap is inevitable, the context in which that overlap occurs is important.

### Economic Criteria

While the quality and quantity of fisheries economic information has improved over the years, there may be instances in which a disparity exists in the available data for one or more industry sectors, user groups or communities impacted by an allocation decision. This should be explicitly noted and accounted for should quantitative economic criteria be selected by councils as a trigger for allocation review. Because economic outcomes are often closely tied to social outcomes, links between economic and social triggers should also be acknowledged (Jepson and Colburn 2013).

The NS5 regulations prohibit the establishment of allocations for economic purposes alone, however, economic efficiency “shall” be considered where practicable. Multiple economic tools are available to assist in establishing indicator-based triggers for review: cost-benefit analysis, economic impact analysis, and economic efficiency (Edwards 1990; Plummer et al. 2012). However, public understanding of the differences between and proper use of these tools is often limited<sup>1</sup>. Whatever the economic triggers for allocation review, it will be of utmost important to explain the tool(s) used in plain language that stakeholders can understand. Although not all sectors of the public may agree with the criteria or trigger value, public understanding of the tool is critical to its acceptance as a means of informing both an initial allocation decision and its subsequent review. Failure to achieve a desired economic efficiency within a particular timeframe, and unanticipated or greater than anticipated/analyzed costs (e.g., outside of a certain error level) are examples of triggers for initiating a review of allocation decisions.

### Social Criteria

As noted above, social and economic impacts are often linked, and changes in social criteria may lead to changes in economic criteria and vice versa. National Standard 8 requires that management measures account for social and economic impacts to communities, as well as provide for “sustained participation.” This is defined in the NS8 guidelines as “continued access” to the resource, depending on resource condition.

A number of studies and technical memoranda have been published detailing the development and measurement of social metrics such as community resilience, vulnerability and well-being. Jepson and Colburn (2013) describe categories of indices --social, gentrification, fishing dependence-- that can be used to estimate social impacts of management decisions at the community level. Councils may choose to select several indices among the above categories or

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<sup>1</sup> For example, constituents often cite the results of economic impact analyses as justification for allocation of resources to a particular user group. However, the peer-reviewed economic literature clearly states that cost-benefit analyses, not economic impact analysis, are the appropriate tool for informing allocation decisions.

an entire category of indices as indicator-based criteria to trigger an allocation review. The methods used in Jepson and Colburn provide a quantifiable means of tracking the potential social impacts of an allocation decision. As alluded to earlier, setting a minimum threshold (e.g., a 0.5 standard deviation change in a social index score, etc.) or a timeframe (e.g., every three or five years) for undertaking a review of selected criteria will ensure that a fishery is not in a constant state of “allocation flux,” again illustrating the inter-relationship of the various criteria discussed in this document. While councils may lack a quantitative means of developing social criteria, use of public-interest based criteria may provide a means for doing so (e.g., public input regarding loss of processing capacity or tackle shops in a community), or for establishing qualitative criteria.

Finally, for many communities, social change can be closely linked to ecological change (i.e., a sudden harvest moratorium as a result of a stock assessment; Jepson and Colburn 2013). While ecological criteria for allocation review are addressed in the following section, this relationship is worth noting as it further demonstrates that the categories of indicator-based criteria do not exist independent of one another.

### Ecological Criteria

Ecological criteria may be considered some of the most self-evident criteria for triggering an allocation review. Changes in fishery status resulting from a stock assessment, undocumented sources of mortality (fishing or otherwise), increases in discards, and changes in species distribution and food web dynamics are all examples of factors that may influence an allocation review. However, as noted previously, not all of these factors are necessarily measurable, indicator-based metrics that the councils have any control over. Measureable criteria that could be considered are failure to end overfishing within a specified timeframe, failure to achieve or rebuild to a certain level of abundance, a significant increase in discard mortality from a particular sector, significant changes in landings (e.g., an increase/decrease greater than one to two standard deviations within a three-year timeframe, etc.). As with social metrics, public interest based criteria may at least provide a means of establish qualitative ecological criteria (e.g., anecdotal evidence of changes in distribution, discards, size of fish, etc.).

## **4. Fisheries Allocations in the Gulf of Mexico**

The identification of the fisheries allocations that would be subject to review under the guidelines set by the allocation review policy constitutes a prerequisite to implementing the policy in the Gulf of Mexico. Current fisheries allocations that may be subject to review according to the policy are discussed in this section.

The Council has apportioned (or is considering the allocation of) fisheries resources between various user groups, including:

- (a) allocations between the commercial and recreational sectors;
- (b) allocations within the recreational sector, i.e., between the federal for-hire and the private angling components;
- (c) jurisdictional apportionments between the Gulf and South Atlantic; and,
- (d) allocations between the five states in the Gulf of Mexico.

Table 1 lists the current recreational and commercial allocations for reef fish and coastal migratory (CMP) species. Amendments that established the allocations and their year of implementation are also provided.

**Table 1.** Commercial and Recreational Allocations in the Gulf of Mexico.

Stock	Allocation (%)		Amendment (year of implementation)
	Commercial	Recreational	
Red Snapper	51%	49%	Reef Fish Amendment 1 (1989)
Gag	39%	61%	Reef Fish Amendment 30B (2008)
Black grouper	73%	27%	Generic ACL/AM Amendment (2012)
Red grouper	76%	24%	Reef Fish Amendment 30B (2008)
Gray triggerfish	21%	79%	Reef Fish Amendment 30A (2008)
Greater amberjack	27%	73%	Reef Fish Amendment 30A (2008)
King mackerel Gulf group	32%	68%	CMP Amendment 2 (1987)
Spanish mackerel Gulf group	57%	43%	CMP Amendment 2 (1987)

The Council has recently reviewed the red snapper allocation, developed and submitted an amendment (Reef Fish Amendment 28) to modify the commercial/recreational allocation. However, following a legal challenge to the Council's proposed reallocation, the Court vacated Amendment 28.

In 2015, the Council allocated the red snapper recreational annual catch limit (ACL) between the federal for-hire and the private angling components. Reef Fish Amendment 40 allocated 42.3% and 57.7% of the recreational red snapper ACL to the federal for-hire and private angling components, respectively.

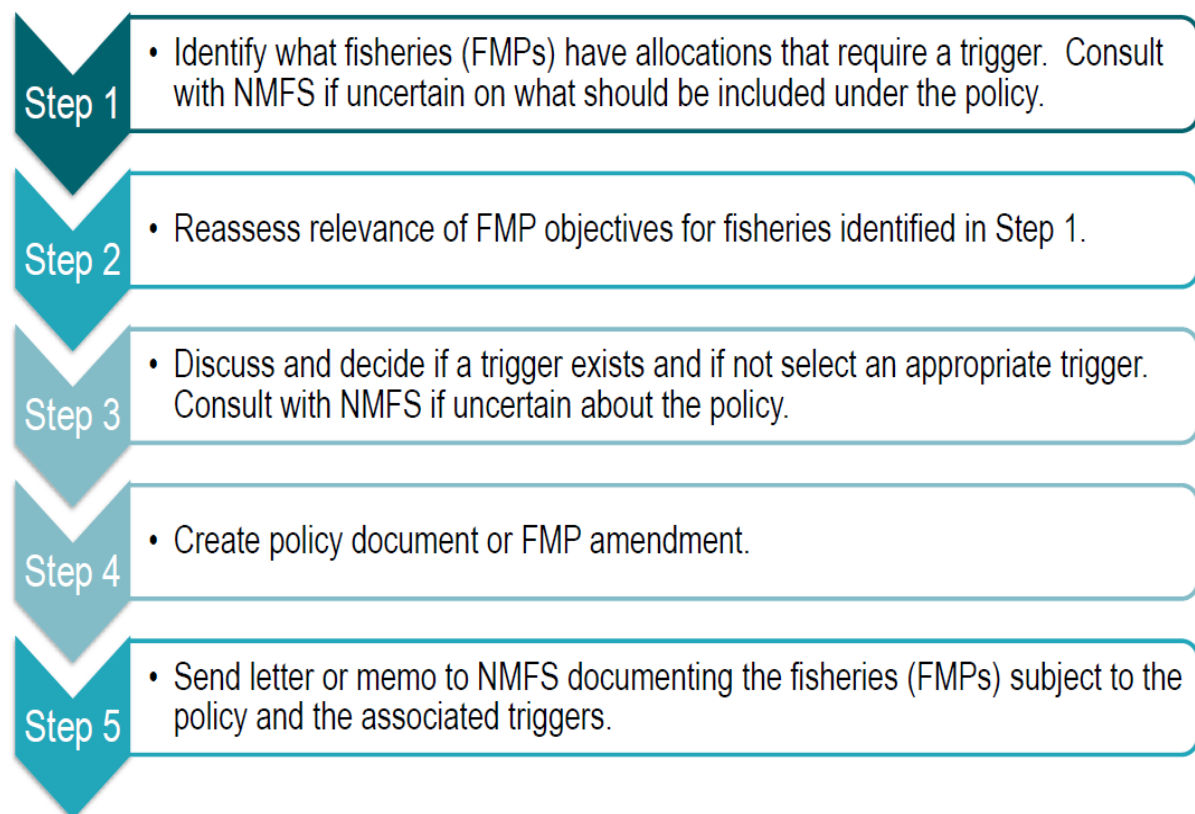
In 2012, the Generic Annual Catch Limit/Accountability Measures Amendment apportioned black grouper, yellowtail snapper and mutton snapper between the Gulf of Mexico and the South Atlantic as follows:

- 47% of the black grouper acceptable biological catch (ABC) to the South Atlantic and 53% to the Gulf of Mexico;
- 75% of the yellowtail snapper ABC to the South Atlantic and 25% to the Gulf of Mexico; and,
- 82% of the mutton snapper ABC to the South Atlantic and 18% to the Gulf of Mexico.

The Council is currently developing an amendment that would allocate the recreational red snapper ACL between the five Gulf states (Reef Fish Amendment 50). The Council has not yet selected a preferred allocation alternative.

## 5. Next Steps

Steps the Council should follow to implement the review policy are detailed in Figure 2. After the Council's initial review and discussion of the allocation review policy and associated procedural guidelines, the Council would determine the fisheries allocations subject to the policy and evaluate and if necessary revise the objectives of the corresponding FMPs. It is noted that a red snapper reallocation Amendment to Reef Fish FMP currently in development includes a discussion on the evaluation of the goals and objectives of the reef fish FMP.



**Figure 2.** Steps the Councils should follow to implement the allocation review policy. (Allocation Policy Implementation. NOAA Fisheries Council Coordinating Committee; May 2018NMFS).

The evaluation and possible revisions of the goals and objectives of the FMPs are followed by a discussion and identification of allocation review triggers. As needed, the Council can request NMFS' assistance in this process. The Council would weight pros and cons of each type of triggers before selecting triggers suitable to its needs. Table 2, lists key benefits and drawbacks of the three types of triggers considered in the review policy.

**Table 2.** Benefits and drawbacks of the three types of allocation review triggers

Trigger Criteria	Description	PROs	CONs
<b>Public Interest-based</b>	Allows the public to request reviews through: 1) ongoing input, 2) solicitation by Council for input, or 3) by formal petition.	Most responsive to perceived or slight changes in fishery performance. Council can determine a schedule for solicitation of input.	Sets up public expectations. Vulnerable to political or council dynamics (reviews might never happen, or occur frequently causing fishery instability and increased staff workload).
<b>Time-based</b>	Requires periodic allocation review; Directive suggests every 7-10 years.	Simple and unambiguous. Not vulnerable to political or council dynamics.	Not sensitive to competing Council priorities for staff time and meeting agendas.
<b>Indicator-based</b>	Requires an allocation review when indicator thresholds are met. Indicator criteria can be a mix of economic, social, or environmental criteria or data.	Reviews are not conducted until thresholds are hit.	Relatively complicated to develop indicators and thresholds. Requires continual monitoring of quantitative and qualitative

Source: NPFMC Allocation Review Discussion paper. <https://tinyurl.com/AllocationReview0617>

Once the review triggers are identified, the Council has to determine the appropriate implementation method for its allocation review process. The review policy affords Councils ample flexibility in this determination. The Council could develop a regulatory action such as a plan amendment or elect to draft a policy document outlining its allocation review process. Finally, the Council would send a letter or memo indicating fisheries subject to the policy, its review process and selected triggers.

For the Gulf Council, the allocation review discussion scheduled during the August 2018 constitutes an introduction to the policy and its associated criteria for initiating reviews. The identification of Gulf fisheries subject to the policy and the selection of review triggers and of the method of implementation of the Council's review process are expected to be determined during subsequent Council meetings.



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## Appendix A

Appendix A includes four documents:

- A1. Fisheries Allocation Review Policy
- A2. Criteria for Initiating Allocation Reviews
- A3. Allocation Policy Implementation. NOAA Fisheries. CCC May 2018.
- A4. Fishery Allocation Reviews: NPFMC Actions. CCC May 2018.

<b><i>NATIONAL MARINE FISHERIES SERVICE POLICY DIRECTIVE 01-119</i></b> February 23, 2017	
Fisheries Management	
<b><i>FISHERIES ALLOCATION REVIEW POLICY</i></b>	
<b>NOTICE:</b> This publication is available at: <a href="http://www.nmfs.noaa.gov/op/pds/index.html">http://www.nmfs.noaa.gov/op/pds/index.html</a>	
<b>Author name:</b> F/SF (W. Morrison)	<b>Certified by:</b> F/SF (Acting Director, Emily Menashes)
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<b><i>SUMMARY OF REVISIONS:</i></b> This revises the initial 01-119 directive (July 2016).	

**1. Introduction**

The National Marine Fisheries Service (NMFS) and the Council Coordination Committee (CCC) have discussed what type and/or level of guidance is needed for fisheries allocation decision-making as well as what factors should be considered. In May 2014, the CCC voted to split the tasks of writing the guidance into two sections. The CCC tasked a subcommittee (the CCC allocation working group) with drafting guidance on *when* to make fisheries allocation decisions and NMFS was asked to draft guidance on *what factors* should be considered when making fisheries allocation decisions. Both groups agreed that answers to these questions should be based on the concept of adaptive management and thus should be tied to fishery management plan (FMP) and fisheries allocation objectives. In June 2015, the CCC agreed that NMFS would create a policy on fisheries allocation (this document) that would explain how the CCC trigger document (Procedural Directive 01-119-01) and the NMFS fisheries allocation factors document (Procedural Directive 01-119-02) complement each other. These guidance documents do not modify or supersede any guidance associated with the National Standards, other provisions of the Magnuson-Stevens Fishery Conservation and Management Act (MSA) or other applicable laws; rather, they are intended to help the Councils and NOAA review and update allocations under the MSA.

**2. Objective**

The objective of this policy is to briefly describe the fisheries allocation review process collaboratively developed by the National Oceanic and Atmospheric Administration's (NOAA) National Marine Fisheries Service (NMFS) Office of Sustainable Fisheries and the

CCC (see Figure 1). This policy will provide a mechanism to ensure fisheries allocations are periodically evaluated to remain relevant to current conditions. In addition, it will improve transparency and minimize conflict for a process that is often controversial.

***Use of adaptive management*** - The allocation of fishing access should follow an adaptive management process. Adaptive Management is the on-going process of evaluating if management objectives have been met and adjusting management strategies in response. This process includes periodic re-evaluation and updating of the management goals and objectives to ensure they are relevant to current conditions and needs.

### **3. Authorities and Responsibilities**

This policy directive establishes the following authorities and responsibilities. Regional Fishery Management Councils (Councils)<sup>1</sup> will be responsible for determining what triggers are applicable for each of their fishery management plans (FMPs) that contain a fisheries allocation, including allocations across jurisdictions (e.g., state, regional), across sectors (e.g., commercial, recreational, tribal, research), and within sectors (e.g., individual fishermen, gear types)<sup>2</sup>. These triggers should be identified within three years (or as soon as practicable) from the finalization of this policy. When identifying triggers, if the trigger is indicator-based, councils must also clarify their process for periodically determining if a trigger has been met. The process could be part of already existing analysis which resides in annual or periodic reports (i.e., 5/7 year catch share reviews, stock assessments, economics of the US). Councils will determine the appropriate method to identify triggers, such as a policy document or an FMP amendment.

NMFS Regional Administrators and Science Center Directors will be responsible for engaging with the Councils to support the development of triggers and thresholds for each FMP. If a trigger or threshold is hit, NMFS Regional Administrators and Science Center Directors will support the Councils' review of the relevant fisheries allocation decision.

The recommended three step process is briefly described below and diagramed in Figure 1.

**Step One:** A trigger is met. There are three main categories of triggers: public input, time, or indicator-based. For example, a significant change in landings (e.g., an increase/decrease greater than one to two standard deviations within a three-year timeframe, etc.) may be identified as an indicator-based trigger for initiating a review of an allocation decision. Triggers are discussed in more detail in the CCC trigger document (Procedural Directive 01-119-01). If the trigger is indicator-based, or time-based, then proceed immediately to step 2: fisheries allocation review. If the trigger is based on public input to the Councils, then a check for changes in social, ecological, or economic criteria is required (step 1a in Figure 1) to ensure assessment of the fisheries allocation is an appropriate use of Council resources. At this stage, in depth analyses are not required.

<sup>1</sup> Includes Atlantic High Migratory Species Secretarial actions.

<sup>2</sup> See CCC trigger document (Procedural Directive 01-119-01) for a detailed description of triggers.

**Step Two:** Fisheries Allocation Review. Councils should complete a review of the fisheries allocation in question. This review will assist the Councils in determining whether or not the development and evaluation of allocation options is warranted, and is not, in and of itself, a trigger to initiate an FMP amendment (or framework adjustment, if appropriate) to consider alternative allocations. This step is discussed in more detail in the CCC triggers document (Procedural Directive 01-119-01) and overlaps with the NMFS fisheries allocation factors document (Procedural Directive 01-119-02). The review should consider the FMP objectives<sup>3</sup> along with other relevant factors that have changed and may be important to the fisheries allocation. Relevant factors are described in the NMFS fisheries allocation factors document (Procedural Directive 01-119-02). At this stage, in depth analyses are not required; however, to ensure transparency, a clear articulation of how the objectives are or are not being met, and a clear rationale on relevant factors considered should be included in the record. This fisheries allocation review informs whether or not a consideration of new allocation alternatives is warranted.

**Step Three:** Evaluation of Fisheries Allocation Options for an FMP amendment<sup>4</sup>. Based on step two, if a Council decides that development of allocation options is warranted, a Council will proceed with formal analyses, and follow its amendment process for identifying alternatives, soliciting public input, etc. If the Council determines that the FMP objectives are not up-to-date, then the Council should discuss, evaluate, and if necessary, revise the objectives<sup>5</sup>. During the identification of alternatives, Councils should consider the factors in the Procedural Directive 01-119-02. All of the factors do not need to be analyzed for each fisheries allocation decision. If a factor is not relevant for a given decision, no formal analysis for that factor is needed; however, the record should clearly document the rationale for that determination.

#### 4. **Definitions**

**Adaptive Management** is the on-going process of evaluating if management objectives have been met and adjusting management strategies in response.

**Fisheries Allocation** (or “allocation” or “assignment” of fishing privileges) is defined by NMFS as a “direct and deliberate distribution of the opportunity to participate in a fishery among identifiable, discrete user groups or individuals.” 50 CFR 600.10; *see also* National Standard 4 Guidelines, 50 CFR 600.325(c)(1) (further describing the scope of this definition and providing examples of allocations of fishing privileges under National Standard 4)<sup>6</sup>. The scope of allocations covered by this Policy is narrower than the scope of allocations under the National Standard 4 guidelines. This Policy covers only allocations that distribute specific quantities to identifiable, discrete user groups or individuals. This is true regardless of how the discrete user groups or individuals are managed under the FMP.

<sup>3</sup> As noted in the CCC triggers document (PD 01-119-01): “recommendations... are based on the assumption that a Council’s management goals and objectives ... are relevant and/or contemporary at the time of consideration for triggering an allocation review, of conducting an allocation review, and of taking a reallocation action.”

<sup>4</sup> A framework adjustment, if appropriate, could also be used.

<sup>5</sup> Councils can choose to update FMP objectives at the same time they are evaluating fishery allocation options.

<sup>6</sup> [www.nmfs.noaa.gov/sfa/laws\\_policies/national\\_standards/documents/national\\_standard\\_4\\_cfr.pdf](http://www.nmfs.noaa.gov/sfa/laws_policies/national_standards/documents/national_standard_4_cfr.pdf)

**Fisheries Allocation Review** is the evaluation that leads to the decision of whether or not the development and evaluation of allocation options is warranted, but is not, in and of itself, an implicit trigger to consider alternative allocations.

**Evaluation of Fisheries Allocation Options for an FMP amendment** – if the allocation review determines a reallocation may be warranted then the full analysis and evaluation of allocation options should be initiated. The goal will be an FMP amendment (or framework adjustment) that either updates the allocation or retains the status quo.

5. **Measuring Effectiveness**

Three years after the publication of this policy, NMFS will work with the Councils to determine whether or not trigger mechanisms have been established for FMPs that contain a fisheries allocation. For those fisheries without a trigger, NMFS will work with the Councils to identify as soon as practicable the appropriate trigger(s). Once a Council confirms a trigger has been met, NMFS will work with the Council to support and advance the review and analysis.

6. **References**

Two Procedural directives will be issued and revised as needed to implement this policy.

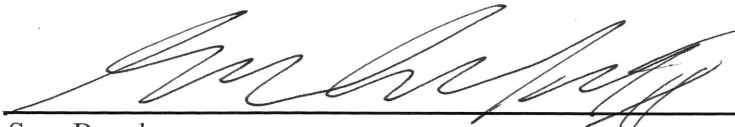
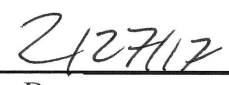
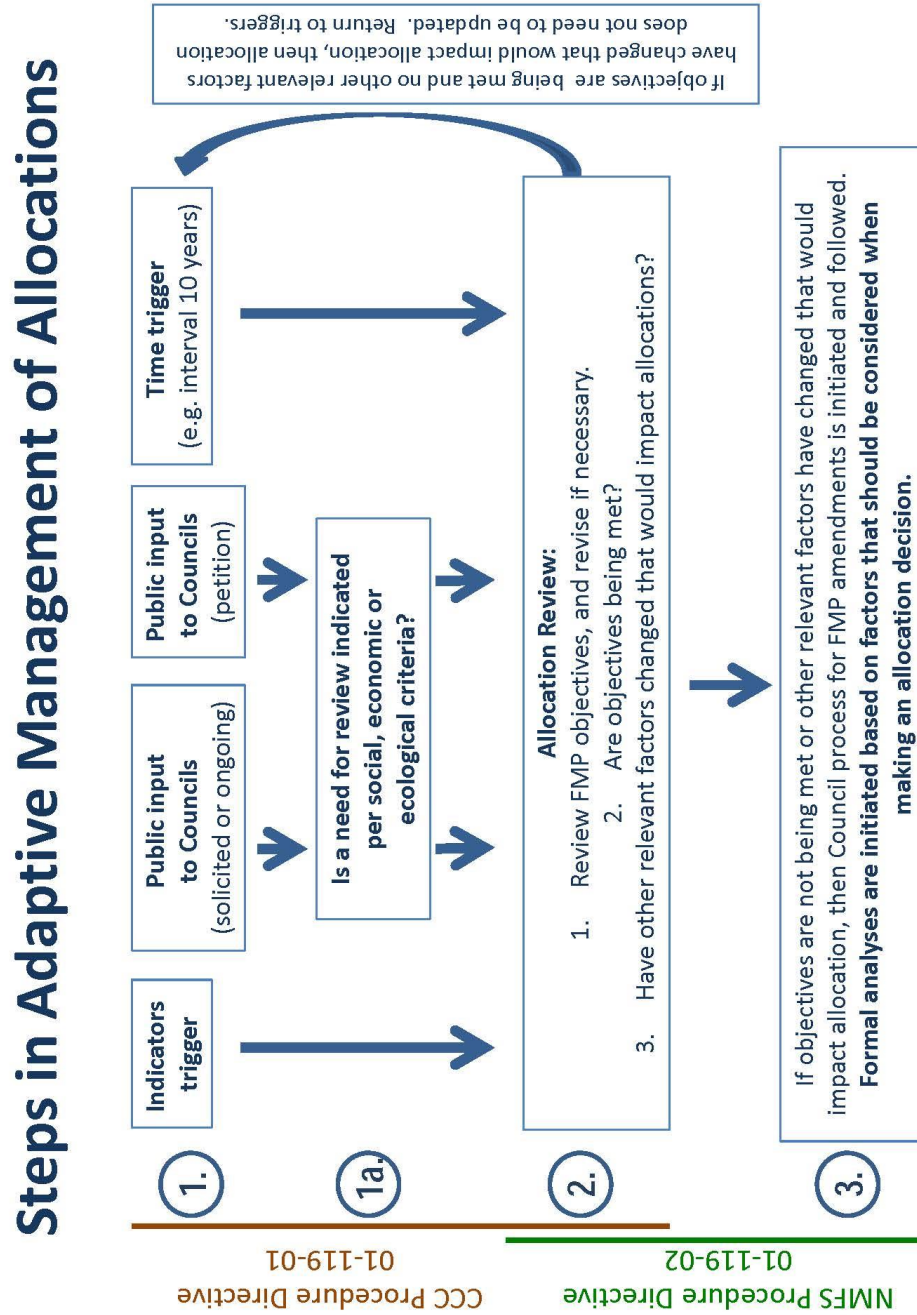
	
Sam Rauch	Date
Acting Assistant Administrator of NOAA Fisheries	

Figure 1.



## Appendix A-2

Department of Commerce \* National Oceanic & Atmospheric Administration \* National Marine Fisheries Service

### ***NATIONAL MARINE FISHERIES SERVICE PROCEDURAL DIRECTIVE 01-119-01***

***July 27, 2016***

#### ***Fisheries Management***

#### ***Criteria for Initiating Fisheries Allocation Reviews. Council Coordinating Committee Allocation Workgroup Guidance Document.***

**NOTICE:** This publication is available at: <http://www.nmfs.noaa.gov/op/pds/index.html>

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#### ***SUMMARY OF REVISIONS:***

Signed \_\_\_\_\_

Alan Risenhoover

Director, Office of Sustainable Fisheries

### **Criteria for Initiating Fisheries Allocation Reviews Council Coordinating Committee Allocation Workgroup Guidance Document Approved by the CCC June 24, 2015**

#### **Introductory Comments**

Fishery allocations can occur at a variety of levels: among countries, communities, sectors within a fishery, gear types within a sector, across seasons, and among individual participants. While allocations between commercial and recreational sectors often figure prominently in fisheries allocations, this guidance document is intended to apply to any type of allocation review. Regional Fishery Management Councils (councils) may consider. This Council Coordination Committee (CCC) working group report explores several potential mechanisms for allocation reviews, including criteria based on fishery indicators, time, or public interest. Although the alternatives are not mutually exclusive, the effective implementation of one alternative may ameliorate the need for others.

U.S. marine fisheries and the human interactions with those fisheries are dynamic. Populations in U.S. coastal shoreline counties increased by 34.8 million from 1970 through 2010 ([stateofthecoast.noaa.gov](http://stateofthecoast.noaa.gov)). Despite the dynamic nature of these interactions, fisheries allocations are difficult to review and amend.



At the same time, demands for fishery allocation reviews have been increasing. Consider that the ten highest priority recommended actions to improve saltwater recreational fisheries management at the 2014 NMFS Recreational Fisheries Summit included two council-related priorities relevant to the review of allocations: 1) Achieving more equitable council representation and 2) Readjust recreational and commercial allocations.

A number of factors contribute to the challenges in allocation review. Allocation reviews are demanding with respect to the technical work necessary to analyze complex social and economic tradeoffs associated with existing or prospective allocations. In addition, while fishery resources are public trust resources, allocation discussions are inherently politically challenging since they are viewed in zero-sum terms by stakeholders. Despite these challenges, careful consideration of allocation decisions is necessary to meet the mandates of the Magnuson Stevens Fishery Conservation and Management Act (MSA).

The MSA defines optimum yield as “the amount of fish which—  
“(A) will provide the greatest overall benefit to the Nation, particularly with respect to food production and recreational opportunities,...” Allocation is immediately relevant to achieving optimum yield.

Allocation review mechanisms should provide transparent processes for adequate reviews of allocations to ensure that U.S. fisheries are managed to achieve National Standard 1. While the demographic composition of some regional councils closely mirrors that of the commercial and recreational fisheries within a specific region, some councils do not have significant recreational representation among their political appointees. Asymmetrical council compositions further underscore the need for well-defined and transparent processes to ensure fairness and responsiveness to the issue of allocation.

Regardless of the mechanism ultimately used to trigger an allocation review, councils may benefit from developing and maintaining a prioritized schedule for review of allocation issues. Such an effort could provide for a more orderly consideration of this topic and help manage expectations among stakeholders and managers.

In order to address the above issues the CCC Allocation Working Group proposes a protocol based on adaptive management consisting of three separate steps: (a) Triggering an allocation review; (b) the allocation review; (c) and if deemed necessary by the review, a reallocation action to amend the FMP. Critical aspects are the decision threshold for initiating an allocation review and the subsequent reallocation action. The focus of the CCC working group’s exploration is the first of those steps – triggering an allocation review. Therefore, the remainder of this document is organized as follows:

#### A. Adaptive Management

1. Introduction
2. Goals and objectives of the allocation decision as criteria for triggering allocation review



3. Defining the management action for potential review
4. Monitoring the achievement of management goals and objectives and the effects of the allocation
5. Evaluating the achievement of management goals and objectives and the impacts of the allocation
6. Adapting in response to evaluation and learning
7. Reconsidering management goals and objectives
- B. Definitions
  1. Statement of Purpose
  2. What are the steps involved in adaptive management of allocation decisions?
  3. What is an allocation review?
  4. What is a reallocation action?
- C. Three approaches to triggering allocation reviews
  1. Public interest-based criteria
    - a. Ongoing public input on fishery performance
    - b. Solicitation of public input on fishery performance
    - c. Formal petitions
  2. Time-based criteria
  3. Indicator-based criteria
    - a. Economic criteria
    - b. Social criteria
    - c. Ecological criteria

## **Adaptive Management**

### **Introduction**

The concept of adaptive management –evaluating successful attainment of management objectives and adjusting strategies in response – has been thoroughly explored in natural resource management literature. While the discussion of requiring a review of allocation decisions by councils has emerged more recently, it is one that contemplates an adaptive approach to one of the most challenging and controversial aspects of federal fisheries management. This section characterizes important considerations in identifying the need to review allocation decisions in the context of adaptive management and its process components.

The working group notes the importance of a common understanding regarding what is meant by “review.” To this end, the working group clarifies that “review” is the evaluation described in the preceding paragraph that leads to the decision of whether or not the development and analysis of new alternatives is warranted, and is not, in and of itself, an implicit trigger to consider new alternatives. Instead, the identification of purpose and need for an action and the development of action alternatives (re-allocation) should occur in response to allocation review findings that a re-allocation is warranted.

### **Establishment of management goals and objectives**

The foundation of the active adaptive management process described in this section is the articulation of management goals and objectives upon which management measures

are based, monitoring is designed and implemented, and analysis is focused. This assumes, however, that the goals and objectives on which the original allocation decision was based remain relevant and that ecological, social, and economic conditions do not indicate consideration of different goals and objectives.

A council should consider the contemporary relevance of previously stated goals and objectives and revise its goals and objectives for the fishery and the allocation as appropriate. New goals and objectives or significant revisions to existing ones may necessitate an allocation review, even if those identified at the time of the original action have been met.

It should be made very clear that updating and maintaining contemporary fishery management plan objectives is essential and will likely require considerable effort. The selection of the proper management objectives is critical because they are the “indicators” that are to be used when ascertaining that the current allocation is appropriate. This is important for two reasons. First, it will ensure that the proper criteria are used to judge success and it will narrow the range of inquiry that staff will have to focus on to support the decision. To be specific, the material in both the CCC document and the NMFS document on possible indicators to consider will be very useful in framing the discussion on the selection of management objectives but they should not be viewed as a mandatory list of needed research. The research should focus on the indicators relevant to the selected fishery including its management objectives.

### **Goals and objectives of the allocation decision as criteria for triggering allocation review**

Clearly articulated goals and objectives for an allocation action as informed by broader FMP goals and objectives are the foundation upon which to base allocation decisions and serve as essential criteria for evaluating whether or not a review of such decisions is warranted. The original record of a council decision should therefore be closely examined and thoroughly understood by a council considering an allocation review, as should any expression of expected outcomes (improvements or changes in the social, economic, and ecological performance of the fishery) resulting from the allocation. To the extent that the original record does not include a description of expected outcomes of the allocation decision, the council should consider identifying potential outcomes that logically flow from the action for use as criteria in reviewing the need for an allocation review.

It is important to note that a council’s goals and objectives associated with an allocation decision may reach beyond the simple intent to make an orderly division of access to the resource and could reflect or reinforce broader management objectives as detailed in an FMP. Management objectives could include issues such as achievement of optimum yield, maintaining equity among states, providing for the sustained participation of coastal communities, etc. that can be addressed through allocation.

## **Defining the management action for potential review**

When considering the need for allocation review it is important to clearly identify the action or actions that represent the “allocation decision.” In some cases this may be straightforward, as with an action that allocates percentages of a resource to two or more long-established fishery sectors.

More often it is the case that allocation actions include multiple decision points —rather than a single, well-defined action – such as identifying and defining specific fishery users or sectors, limiting access to other fisheries by allocation recipients, managing effects of incidental bycatch on other sectors or fisheries, and other measures intended to support implementation of the allocation and mitigate unintended impacts. In these instances, councils should carefully consider the scope of decision elements that comprise the “allocation” for which a review is being considered. A failure to address the appropriate scope of management components and to ensure that the set of included decision elements represent “the allocation” could result in misguided conclusions regarding the need to review an allocation.

Impacts and outcomes of allocation decisions can be observed at a variety of levels within the fishery, from individual participants, to subsets of participants and stakeholders, to sectors, communities, states, etc. For purposes of establishing indicator and public interest-based criteria for allocation review, careful attention should be given to the scope of consideration or standing; triggering review of an entire allocation decision in response to an isolated or small-scale challenge may prove destabilizing to a fishery at large.

Many management actions have, indirectly, some allocative impacts and effects. Closure of near shore fishing grounds to protect habitat may, for example, constrain access to a fishery by small vessels while favoring access by larger vessels capable of fishing further from shore. While such outcomes should come under review by councils and may warrant a management response, these indirect effects are not the focus of this document.

## **Monitoring the achievement of management goals and objectives and the effects of the allocation**

Active adaptive management requires the design and use of monitoring systems that will collect data useful for evaluating the outcomes of management decisions. The quantity and quality of data available for analysis to inform the review of an allocation decision should be carefully assessed and is an important criterion for triggering an allocation review; it is challenging at best to evaluate the achievement of management goals and objectives without reliable data from the fishery and communities. To the extent that existing data collection programs are not contributing to the monitoring of allocation decision outcomes and impacts, efforts should be made to design and implement an effective monitoring system.

## **Evaluating the achievement of management goals and objectives and the impacts of the allocation**

In the multi-step process described in this document, this evaluation is achieved through the consideration of indicators to trigger an allocation review and, if indicated, the allocation review itself. Evaluating the extent to which allocation and broader FMP goals and objectives have been met through an allocation's implementation and ecological, social, and economic impacts associated with the action is the critical component of an adaptive approach to management and of any consideration of the need for allocation review. It is the process through which a council might identify the need to initiate a formal review of an allocation decision or find that implementation of an allocation was successful in meeting its goals and did not result in unanticipated negative impacts.

## **Adapting in response to evaluation and learning**

This component of active adaptive management would be the potential result of an allocation review and would therefore occur only if previous analytical steps indicated the need for such a review. It represents the consideration of reallocation alternatives when indicated by an allocation review.

**It is important to note that the recommendations contained herein are based on the assumption that a council's management goals and objectives as related to an FMP, specific management actions, or otherwise, are subject to periodic review and adaptation and are relevant and/or contemporary at the time of consideration for triggering an allocation review, of conducting an allocation review, and of taking a reallocation action.**

## **Definitions**

### **Statement of purpose:**

In order to keep to keep allocation policy and decisions responsive to social, economic, and ecological change it is necessary to consider those policies and decisions from time to time.

### **What are the steps involved in adaptive management of allocation decisions?**

Adaptive management of allocation decisions is a sequence of up to three steps consisting of (a) triggering an allocation review according to time-based, public interest-based, or indicator-based criteria; (b) an allocation review; and (c) if the results of the review so indicate, an reallocation action. The working group addressed (a), the criteria for triggering an allocation review.

## **What is an allocation review?**

An allocation review is a structured review of current allocations based on adaptive management (i.e., evaluating successful attainment of management objectives) to determine if further action is required. The purpose is to determine if current management objectives are being achieved through the existing allocation, with the caveat that management objectives are up to date and address the relevant operational, economic, social and ecological aspects of the fishery, including new and expected changes in such things as climate, demography, technology, etc. If it is determined that minimum threshold criteria for meeting management objectives are not being achieved under the existing allocation, then a Reallocation Action should be initiated and new allocation alternatives identified. Otherwise, no further action is required until an allocation review is triggered once again.

## **What is a reallocation action?**

A reallocation action is a formal procedure to amend a FMP to allow for a reallocation of access to fishery resources that follows normal amendment procedures such as scoping, developing a statement of purpose and need for action, developing alternatives (one of which is a no action alternative), assessing the effects of implementing different alternatives, and selecting a preferred alternative.

## **Three approaches to triggering allocation reviews**

This document identifies considerations associated with the design and application of three types of allocation review triggers: 1) public interest-based triggers; 2) time-based triggers; and 3) indicator-based triggers. It is important to note that while this document offers guidance on what aspects of fishery indicators might be considered in triggering an allocation review, monitoring, evaluating, and responding to fishery performance is foundational to adaptive management and the council process. Use of public interest or time-based criteria for triggering allocation review is not mutually exclusive to ongoing formal and informal evaluation of fishery performance and outcomes. This points out as well some inter-relatedness among review trigger criteria options. For example, some forms of public interest criteria are driven and informed by the public's perception of fishery performance.

It is unlikely that one type of criterion serves as the best allocation review trigger for all fisheries. Councils should carefully consider the attributes, dynamics, and relationships of and among various trigger criteria and choose approaches that best fit a specific fishery. Councils may choose to establish different criteria at the species, fishery, or FMP level. This includes species that are managed internationally, but for which a council may have authority for a domestic quota allocation. When applying time-based criteria to a number of fisheries, intervals between reviews of specific allocations may reflect prioritization for review based on specific fishery attributes where the size, variability, or inter-sector dynamics of a fishery may indicate more or less frequent review.

It should be noted that in some instances review trigger criteria are complementary. This is a particularly important dynamic when considering the use of some public interest-based trigger criteria. When considering the use of ongoing or council initiated public comment, the elements identified in the indicator-based criteria may be useful in the council's determination of need of an allocation review.

Within three years of the issuance of this guidance, or as soon as practicable, it is recommended that councils establish transparent criteria for triggering allocation review for all fisheries that have allocations between sectors (e.g. commercial, recreational, for-hire, gear-specific, international, etc.) In the case of fisheries managed under catch shares, councils may choose not to review allocations made to individual fishery participants, but rather consider review of allocations between sectors.

In addition to determining the trigger or triggers that a council will use for initiating review of specific allocations, councils should also develop a structured and transparent process by which allocation reviews will be conducted, including consideration of current council priorities, other actions under deliberation, and available resources.

## Steps in the Adaptive Management of Allocations

May 29, 2015

Trigger basis		Timing	Decision Criteria	Outcome	Source of Guidance	Comments
Step 1: What triggers an allocation review?						
Public interest	Ongoing public input on fishery performance	Ongoing – decision to initiate review may occur at any time	See indicators – is review indicated?	If indicated, allocation review initiated. If not, continue Step 1.	CCC Working Group Paper	From a timing standpoint, this approach is similar to status quo.
	Solicitation of public comment regarding allocation review	Ongoing – decision to solicit public comment may occur at any time	See indicators – is review indicated?	If indicated, allocation review initiated. If not, continue Step 1.	CCC Working Group Paper	Public comment regarding the need for allocation review may be triggered by early indicators that FMP or management objectives are not being met.
	Public interest: Formal petitions	Ongoing – public may submit petition at any time	Does public petition have standing?	Public petition with standing may trigger review.	CCC Working Group Paper	This approach requires an allocation review without consideration of timing or indicators.
Time		Specific time intervals (7 -10 years)	None – response to scheduled review non-discretionary	Allocation review automatically triggered	CCC Working Group Paper	This approach requires an allocation review without consideration of indicators.
Indicators		Ongoing – Indicators may be evaluated at any time	Is review indicated per social, economic, or ecological criteria?	If indicated, allocation review triggered. If not, continue Step 1.	CCC Working Group Paper	From an evaluation standpoint, this approach is similar to status quo.
Step 2: Allocation Review: Is consideration of new allocation alternatives justified?						
See above		See above	Are the FMP and allocation objectives still relevant? Are they being met? What's changed?	If objectives not being met, then a reallocation is initiated	NMFS Working Group Paper	It is assumed that that a council's management goals and objectives are current at the time of consideration for triggering an allocation review, of conducting an allocation review, and of taking a reallocation action.
				If objectives are relevant and are being achieved, then no further action. Continue Step 1.		
Step 3: Initiating consideration of new allocation alternatives: should there be a reallocation and what needs to be considered?						
Conclusion through allocation review that reallocation is warranted		See above	What alternatives will meet FMP and allocation objectives?	Selection of a preferred alternative	NMFS Working Group Paper	

## **Public interest-based criteria**

If a council develops effective indicator or time-based allocation review mechanisms, then a public-interest review trigger mechanism may not be necessary. However, if those review mechanisms are not established, or if they are not responsive to changing conditions within a fishery, then a public-interest review mechanism could be used to trigger an allocation review.

The U.S. regional fishery management council system is transparent and open to public input throughout the process. Councils implement extensive work plans throughout the year, and manage some regulatory initiatives, including plan amendments, over the span of several years. Managing to meet the councils' statutory requirements and other competing priorities requires effective planning, which typically includes an annual priority-setting process. Ideally, public input on the need to review a specific fishery allocation would feed into this process to enable an orderly consideration of the question, in the context of competing priorities and organizational resources.

This guidance addresses the solicitation or consideration of statements of public interest at three different levels within the regional fishery management council process:

1. Ongoing public input on fishery performance
2. Solicitation of public comment regarding allocation review
3. Formal initiatives

### **Ongoing public input on fishery performance**

As noted above, the council process is open, transparent, and offers frequent opportunities for public comment and input. This dynamic establishes a feedback loop between the council and the public in regard to both the specific issues under the council's consideration and broader indicators of fishery performance. Given the extent to which the impacts of allocation decisions are associated by the public (both through direct observation and perception) with fishery performance, public interest in allocation review is likely to be expressed at many points within the council process and in reference to a variety of fisheries management issues.

This feedback loop of ongoing public comment is a valuable opportunity for the public to express interest in allocation review, and for the council to gauge how effectively allocation objectives are being met. It also serves as an opportunity for the council to understand and evaluate the extent to which allocation lies at the root of fisheries management challenges, and the need to initiate allocation review may be indicated through this process.

### **Solicitation of public comment regarding allocation review**

Councils may choose to engage in allocation review "scoping discussions" with stakeholders and other interested parties. Unlike the collection of feedback through ongoing public comment described above, this process is deliberate and specifically



targets public input on the need for allocation review. Councils rely on outreach and information-gathering mechanisms to achieve public input including the solicitation of written comments, scoping discussion at council meetings, and port meetings and other community engagement strategies.

One of the benefits of this approach to consideration of triggering allocation review is that it is focused directly on the allocation and the necessity for potential review rather than on the secondary and tertiary impacts of the allocation. An additional benefit to this strategy is the council's ability to dictate a schedule. While more demanding of time and resources than identification of allocation review triggers in the course of ongoing public comment, the process for soliciting, receiving, and considering public input can be designed by the council and scheduled in a manner that does not conflict with other council initiatives and priorities.

When considering the solicitation of public input regarding allocation review, councils should be aware of, and sensitive to, the expectations among stakeholders that could develop as a result of the council indicating interest. The council should carefully consider its ability (resources and capacity) and willingness to follow through with an allocation review if warranted before reaching out to the community for focused input.

### **Formal petition mechanism**

The first two approaches to gathering, evaluating, and responding to public input are already possible within the current regional fishery management council system. In both cases, the decision to initiate the review would rest with the council. A stronger public-interest review mechanism could include a provision for a stakeholder request or petition requesting review, together with a requirement for a Council to initiate an allocation review within a reasonable period of time. Such a provision would have more potential to impose a cost on a council's established work plan and priorities but would provide another mechanism to ensure that allocations receive due consideration in response to public concern. If such a mechanism is established, it may be appropriate to incorporate indicator-based criteria to establish a minimum threshold for initiating review.

Any petition-based review process should establish requirements that identify specific conditions or outcomes upon which such requests may be based. In addition, councils should include establishment of guidelines for petitions. While a council has discretion to determine whether or not to move forward with an allocation review as per the requirements it establishes under a petition-based process, it should at least respond to the *request* for a review under this process. This response could be as simple as a letter to the petitioner(s), explaining the council's rationale for its decision (e.g., petition did not meet conditions for consideration, lack of standing by petitioners, etc).

### **Time-based criteria**

Establishment of a time-based trigger has figured prominently in recent discussions regarding allocation review, including provisions for periodic allocation review in

several MSA re-authorization drafts. In several respects periodic allocation review on a set schedule is the most simple and straightforward criterion for triggering an allocation review; the approach is unambiguous and less vulnerable to political and council dynamics. That said, the attributes of simplicity and the mandate of a strict schedule render time-based criteria less sensitive to other council priorities and the availability of time and resources to conduct an allocation review.

Time-based triggers for initiating allocation review might be most suitable for those fisheries or FMPs where the conflict among sectors or stakeholder groups make the decision to simply initiate a review so contentious that use of alternative criteria is infeasible. In such a situation, a fixed schedule ensures that periodic reviews occur regardless of political dynamics or specific fishery outcomes. Given the inflexible nature of time-based triggers, however, it is recommended that they be used only in those situations where the benefit of certainty outweighs the costs of inflexibility.

The inflexible nature of time-based triggers can impact both the work and effectiveness of the council as well as the outcomes of the allocation process itself. As noted above, fixed, time-based triggers for review may conflict with other council priorities. To the extent that those priorities include consideration of actions to mitigate significant social, economic, or conservation concerns, adherence to a fixed review schedule may prevent a council from achieving significant and beneficial management outcomes while achieving at best marginal improvements through allocation review. Given the fact that there is potentially no relationship between the pace at which fishery performance evolves and a fixed schedule for allocation review, use of such a trigger creates the potential of a significant expenditure of council time and resources with little need for review or likely improvement in fishery performance.

Time-based triggers for review may impede stability in subject fisheries. To the extent that reviews are conducted on a regularly scheduled basis, there is an incentive for sectors receiving allocations to continuously employ operational and political tactics to improve their allocation at the next review. The assurance of a “new” allocation review may as well encourage speculative entry into subject fisheries. When considering the adoption of a time-based review trigger, care should be taken to identify if and to what extent the process is likely to be manipulated or “gamed”, and measures to minimize that activity should be considered.

The selection of review intervals using time-based triggers should be informed by fishery characteristics, data availability, and council resources. Newly developed or rapidly changing fisheries may warrant more frequent review, while established fisheries with stable participation and performance can likely be reviewed less frequently. Whether following an initial allocation or a re-allocation, the timing of further review should accommodate the collection and analysis of a data series from which meaningful and accurate review and analysis can be achieved. The five-year initial review and subsequent reviews every (up to) seven years of limited access privilege programs (LAPPs) as required under Section 303A of the MSA may indicate a desirable minimum interval between reviews. Similarly, the 10-year durability of LAPP permits may suggest a maximum interval for time-based review triggers.

## Indicator-based criteria

The MSA requires that fisheries be managed for Optimum Yield (OY), which is Maximum Sustainable Yield (MSY) as reduced by relevant social, economic and ecological factors. In defining OY, the NS1 guidance provides that these factors should be “quantified and reviewed in historical, short term and long term contexts.” Furthermore, it recommends that each FMP should contain a mechanism for periodic review of the OY specification, in order to respond to changing conditions in the fishery. In establishing indicator-based metrics for review of allocations – whether among sectors (e.g., commercial, recreational, for-hire, gear, international, etc.), within a sector (e.g., among catch share recipients), or for purposes such as bycatch accounting – it is logical to apply similar parameters to an allocation review as to an OY review, particularly if the goals and objectives of an FMP specifically address these items. In support of such an approach, the NS4 guidance states that allocation decisions should be “rationally” linked to attaining OY, and/or to the objectives of an FMP. It follows that selection of indicator-based criteria to trigger an allocation review should inherently be linked to those same objectives. In the interest of public transparency and clarity, councils may even consider establishing an objective that is specific to allocation within an FMP.

A time component is inherent in any indicator-based criteria for review of allocations, whether explicitly included (e.g., achieving a desired economic efficiency within XX years) or not. Evaluating a criterion used in establishing an allocation, particularly if it requires the addition of ensuing years of data to a quantitative analysis, indirectly applies a timeframe for review.

There are several categories of indicator-based criteria to consider as triggers for initiating review of allocations, all stemming from the definition of OY: social, economic and ecological. Ideally, the rationale for an initial allocation decision would consider a mix of criteria from all categories, although data limitations may preclude quantitative consideration. This could impact the ability to set an objective, specific review trigger for a particular criterion.

It follows that use of several criteria, either singly or in combination, and across multiple categories, may be optimal when using indicator-based criteria as a trigger for an allocation review. For example, a council may select one social, one ecological and one economic criterion as indicators, and define the “trigger” for review as any two of the three criteria meeting predetermined limits. This clearly defines the minimum threshold to trigger an allocation review. Taking this example to Step 2 (as per Table 1), consideration of allocation alternatives may occur if the selected indicators meet established limits within a particular timeframe, effectively combining indicator- and time-based triggers in order to ensure an adaptive management approach. As noted above, it may be difficult to set measurable values as triggers for indicator-based criteria, and use of quantitative thresholds is likely to be more the exception than the norm. In such cases, qualitative triggers should be considered to ensure that FMP goals and objectives are addressed.

In selecting indicator-based criteria, it is important to recognize there are factors that are not in and of themselves measurable metrics for a particular criterion or set of criteria; however, they may impact selected criteria and thus influence the “triggering” of a review. These factors may include acquisition of new data, natural disasters, etc. that are not necessarily measurable on their own, but can impact measurable criteria from any of the three categories.

Finally, while there is overlap in the discussion of indicator-based criteria in this document with the NMFS guidance document, the purpose of the two documents is different. The latter document refers to the indicators below as “factors” (in addition to many others) to be considered by councils in the context of establishing initial allocations, or if a re-allocation action is undertaken. The CCC document discusses their use as one of three possible types of triggers for an allocation review. While some overlap is inevitable, the context in which that overlap occurs is important.

### **Economic Criteria**

While the quality and quantity of fisheries economic information has improved over the years, there may be instances in which a disparity exists in the available data for one or more industry sectors, user groups or communities impacted by an allocation decision. This should be explicitly noted and accounted for should quantitative economic criteria be selected by councils as a trigger for allocation review. Because economic outcomes are often closely tied to social outcomes, links between economic and social triggers should also be acknowledged (Jepson and Colburn 2013).

The NS5 regulations prohibit the establishment of allocations for economic purposes alone, however, economic efficiency “shall” be considered where practicable. Multiple economic tools are available to assist in establishing indicator-based triggers for review: cost-benefit analysis, economic impact analysis, and economic efficiency (Edwards 1990; Plummer et al. 2012). However, public understanding of the differences between and proper use of these tools is often limited<sup>1</sup>. Whatever the economic triggers for allocation review, it will be of utmost important to explain the tool(s) used in plain language that stakeholders can understand. Although not all sectors of the public may agree with the criteria or trigger value, public understanding of the tool is critical to its acceptance as a means of informing both an initial allocation decision and its subsequent review. Failure to achieve a desired economic efficiency within a particular timeframe, and unanticipated or greater than anticipated/analyzed costs (e.g., outside of a certain error level) are examples of triggers for initiating a review of allocation decisions.

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<sup>1</sup> For example, constituents often cite the results of economic impact analyses as justification for allocation of resources to a particular user group. However, the peer-reviewed economic literature clearly states that cost-benefit analyses, not economic impact analysis, are the appropriate tool for informing allocation decisions.

## **Social Criteria**

As noted above, social and economic impacts are often linked, and changes in social criteria may lead to changes in economic criteria and vice versa. National Standard 8 requires that management measures account for social and economic impacts to communities, as well as provide for “sustained participation.” This is defined in the NS8 guidelines as “continued access” to the resource, depending on resource condition.

A number of studies and technical memoranda have been published detailing the development and measurement of social metrics such as community resilience, vulnerability and well-being. Jepson and Colburn (2013) describe categories of indices - social, gentrification, fishing dependence-- that can be used to estimate social impacts of management decisions at the community level. Councils may choose to select several indices among the above categories or an entire category of indices as indicator-based criteria to trigger an allocation review. The methods used in Jepson and Colburn provide a quantifiable means of tracking the potential social impacts of an allocation decision. As alluded to earlier, setting a minimum threshold (e.g., a 0.5 standard deviation change in a social index score, etc.) or a timeframe (e.g., every three or five years) for undertaking a review of selected criteria will ensure that a fishery is not in a constant state of “allocation flux,” again illustrating the inter-relationship of the various criteria discussed in this document. While councils may lack a quantitative means of developing social criteria, use of public-interest based criteria may provide a means for doing so (e.g., public input regarding loss of processing capacity or tackle shops in a community), or for establishing qualitative criteria.

Finally, for many communities, social change can be closely linked to ecological change (i.e. a sudden harvest moratorium as a result of a stock assessment; Jepson and Colburn 2013). While ecological criteria for allocation review are addressed in the following section, this relationship is worth noting as it further demonstrates that the categories of indicator-based criteria do not exist independent of one another.

## **Ecological Criteria**

Ecological criteria may be considered some of the most self-evident criteria for triggering an allocation review. Changes in fishery status resulting from a stock assessment, undocumented sources of mortality (fishing or otherwise), increases in discards, changes in species distribution and food web dynamics are all examples of factors that may influence an allocation review. However, as noted previously, not all of these factors are necessarily measurable, indicator-based metrics that the councils have any control over. Measureable criteria that could be considered are failure to end overfishing within a specified timeframe, failure to achieve or rebuild to a certain level of abundance, a significant increase in discard mortality from a particular sector, significant changes in landings (e.g., an increase/decrease greater than one to two standard deviations within a three-year timeframe, etc.). As with social metrics, public-interest based criteria may at least provide a means of establish qualitative ecological criteria (e.g., anecdotal evidence of changes in distribution, discards, size of fish, etc.).

**References**

Edwards, Steven F. 1990. An Economics Guide to Allocation of Fish Stocks Between Commercial and Recreational Fisheries. U.S. Dept. of Commerce, NOAA Technical Report NMFS 94, 29 p.

Jepson, Michael and Lisa L. Colburn 2013. Development of Social Indicators of Fishing Community Vulnerability and Resilience in the U.S. Southeast and Northeast Regions. U.S. Dept. of Commerce., NOAA Technical Memorandum NMFS-F/SPO-129, 64 p.

Plummer, M.L., W. Morrison, and E. Steiner. 2012. Allocation of fishery harvests under the Magnuson-Stevens Fishery Conservation and Management Act: Principles and practice. U.S. Dept. Commerce, NOAA Tech. Memo. NMFS-NWFSC-115, 84 p.

## Appendix A-3



**NOAA**  
**FISHERIES**

# Allocation Policy Implementation

2018 CCC Meeting  
Sitka, Alaska

# What Does the Policy Say?

- Triggers should be identified by August 2019 (or as soon as practicable).
- Councils will determine the appropriate method to identify triggers, such as a policy document or an FMP amendment.
- The process to identify triggers could be part of already existing analysis, which resides in annual or periodic reports (e.g., 5/7 year catch share reviews, stock assessments).
- If a trigger is indicator-based, councils must also clarify their process for periodically determining if a trigger has been met.





# Recommend Steps Councils Should Follow

## Step 1

- Identify what fisheries (FMPs) have allocations that require a trigger. Consult with NMFS if uncertain on what should be included under the policy.

## Step 2

- Reassess relevance of FMP objectives for fisheries identified in Step 1.

## Step 3

- Discuss and decide if a trigger exists and if not select an appropriate trigger. Consult with NMFS if uncertain about the policy.

## Step 4

- Create policy document or FMP amendment.

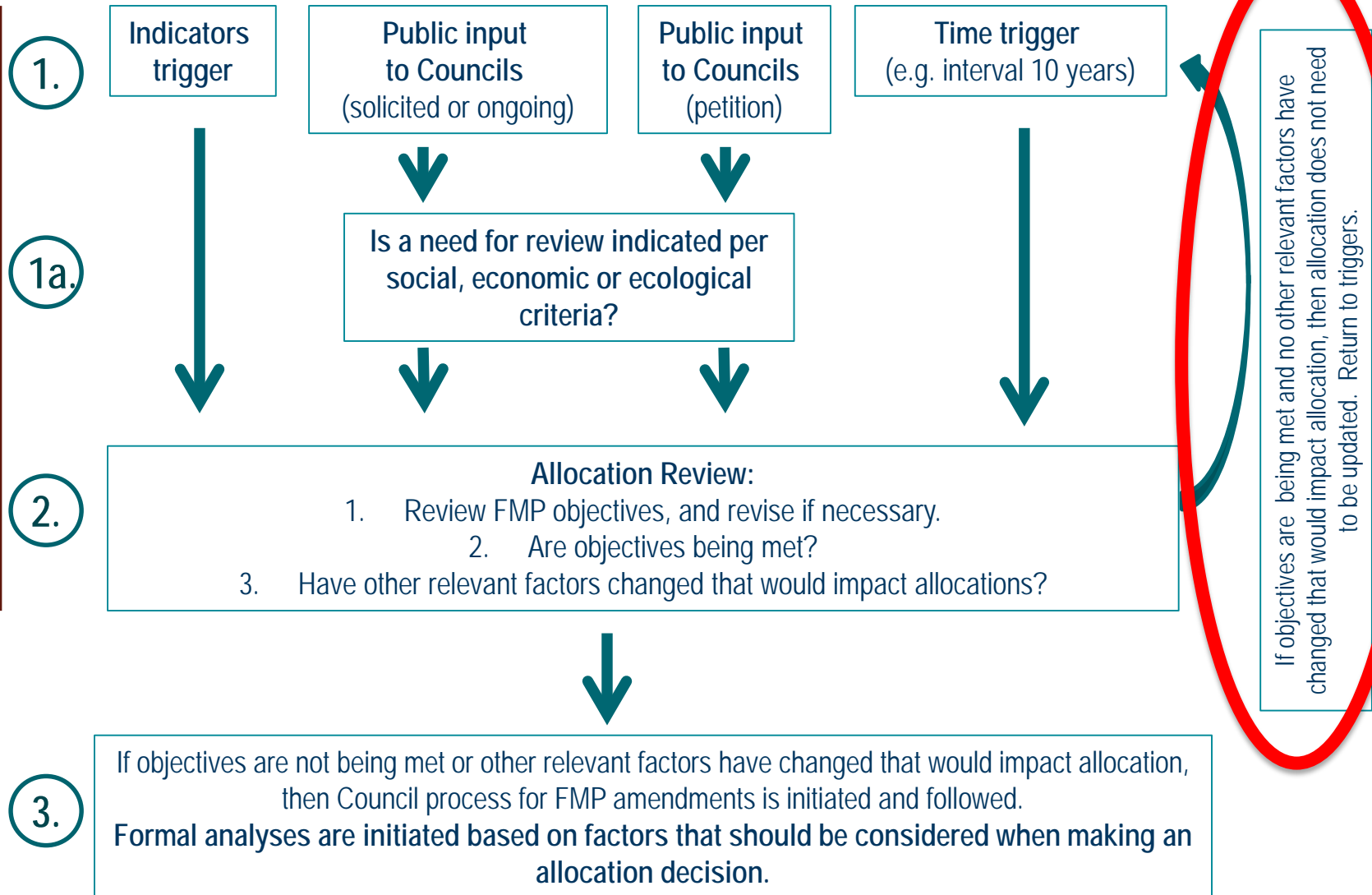
## Step 5

- Send letter or memo to NMFS documenting the fisheries (FMPs) subject to the policy and the associated triggers.

# Steps in Adaptive Management of Allocations

CCC Procedure Directive  
01-119-01

NMFS Procedure Directive  
01-119-02



# Questions?





# Fishery Allocation Reviews: NPFMC Actions

Report to CCC - May 2018

David Withereff  
North Pacific Fishery Management Council





# Timeline of Steps Taken

- June 2017 - Council reviews discussion paper prepared by staff; decides on: 1) allocations subject to the policy, and 2) review triggers
- October 2017 – Council approves a schedule for allocation reviews, and makes its first allocation review (integrated into the Central GOA Rockfish LAPP Program Review)





# Discussion Paper

<https://tinyurl.com/AllocationReview0617>


- Background on the policy and types of review triggers
- Discussion of applicable NPFMC allocations
- Pros and cons of different types of triggers for review
- Findings/recommendations for consideration





# Fisheries Allocation Definition

## Narrows universe of possible allocations

A photograph showing a fisherman on the deck of a boat, holding a large, flat fish (likely a halibut) over the water. The sun is reflecting off the water's surface, creating a bright, shimmering effect. The fisherman is wearing a brown jacket and a white shirt. The boat's edge is visible in the foreground.

Fisheries Allocation is defined by NMFS as a “direct and deliberate distribution of the opportunity to participate in a fishery among identifiable, discrete user groups or individuals.”

# Applicable NPFMC Allocations

Allocation		Established by	LAPP ?	Program Review
American Fisheries Act		Congress	Yes	2017
Aleutian Islands Pollock		Congress	Yes	2017
BSAI Crab Rationalization		Congress	Yes	2016
Community Development Quota		Congress	NA	
Amendment 80		Council	Yes	2015
Halibut / Sablefish IFQ		Council	Yes	2016
Central Gulf of Alaska Rockfish		Council	Yes	2017
GOA Pacific Cod Sector Allocation		Council	No	
BSAI Pacific Cod Sector Allocation		Council	No	
Halibut Catch Sharing Plan		Council	No	



# Types of Triggers

Trigger Criteria	Description	PROs	CONs
<b>Public Interest-based</b>	Allows the public to request reviews through: 1) ongoing input, 2) solicitation by Council for input, or 3) by formal petition.	Most responsive to perceived or slight changes in fishery performance. Council can determine schedule for solicitation of input.	Sets up public expectations. Vulnerable to political or council dynamics (reviews might never happen, or occur frequently causing fishery instability and increased staff workload).
<b>Time-based</b>	Requires periodic allocation review; Directive suggests every 7-10 years.	Simple and unambiguous. Not vulnerable to political or council dynamics.	Not sensitive to competing Council priorities for staff time and meeting agendas.
<b>Indicator-based</b>	Requires an allocation review when indicator thresholds are met. Indicator criteria can be a mix of economic, social, or environmental criteria or data.	Reviews are not conducted until thresholds are hit.	Relatively complicated to develop indicators and thresholds. Requires continual monitoring of quantitative and qualitative thresholds.

# Findings

- Ten allocation programs appear to be subject to the policy: all LAPP programs (w/CDQ exempt) and 3 allocations:
  - 1) GOA Pacific cod Allocation,
  - 2) BSAI Pacific Cod Allocation, and
  - 3) the Halibut Catch Sharing Plan.

This is also the NMFS AKRO and HQ recommendation.
- All future LAPP program reviews could include an evaluation of goals and objectives with respect to the allocations, and comply with the fisheries allocation review policy.





# Findings continued

- A 10 year time-based trigger for the 3 non-LAPP allocations is the most straightforward approach to ensure periodic allocation reviews, noting that:
  - The public can request an allocation prior to the established 10 year frequency.



# Council Policy

“The Council identifies three non-LAPP allocations (the Halibut Catch Sharing Plan and the GOA and BSAI Cod Allocations), and LAPPs as subject to the allocation policy directive. The CDQ allocation is not subject to this review. The Council adopts the LAPP review process for meeting the allocation review policy with the necessary modifications to the LAPP review recommended by staff. **The Council adopts the 10-year timeframe as the primary trigger criteria for review for non-LAPP allocations, and the existing Council public input process as the secondary trigger criteria for review.** The Council will specify its approach to allocation review at final action for any future allocation decisions.”



# Schedule for Reviews

Allocation	Last Review	Next Scheduled Review
American Fisheries Act	2017	2024
Aleutian Islands Pollock	2017	2024
BSAI Crab Rationalization	2016	2023
Community Development Quota	2012 (State)	2022
Amendment 80	2015	2022
Halibut / Sablefish IFQ	2016	2023
Central Gulf of Alaska Rockfish	2017	2024
GOA Pacific Cod Sector Allocation	Am 83 Implemented in 2012	2020
BSAI Pacific Cod Sector Allocation	Am 85 Implemented in 2008	2019
Halibut Catch Sharing Plan	Implemented in 2014	2021





# First Allocation Review

## Central GOA Rockfish LAPP

- <https://tinyurl.com/CGOARockfish1017>
- Chapter 18 evaluates the allocations relative to the objectives; review of ecological, economic, and social factors. Added 7 pages to 155 page LAPP review analysis.
- SSC perplexed by procedural directive 01-119-02 that specifies expansive analytical requirements, but policy directive states in-depth analysis not required at step 2.



PD -02: "Analyses should be completed at the finest scale possible, given available data and models."  
PD – 01: "At this stage, in depth analyses are not required."



# Lessons Learned

- Work closely with NMFS to determine allocations subject to the policy.
- Carefully consider the tradeoffs of trigger types, while ensuring periodic review of allocations.
- Integrate allocation reviews into LAPP reviews for efficiency.
- Need to resolve the disconnect between procedural directive on relevant factors and methodology for reviews (PD 01-119-02) with wording that in-depth analyses are not required at Allocation Review stage.

