

Quotas down under

American fishermen get a firsthand look at New Zealand's management system

By Hoyt Childers

In 1986, New Zealand's Labor government introduced an individual transferable quota system to manage fisheries within its huge exclusive economic zone, one of the largest in the world at more than 4 million square kilometers (1.5 million square miles).

For 20 years, New Zealand's experiment has sparked robust debate within the U.S. fishing community. In March, Chris Dewees, a University of California-Davis faculty member and Sea Grant extension specialist who has observed and studied the system since its beginnings, took a group of Americans — including fishermen from New England, the Gulf of Mexico and the West Coast — to New Zealand for a firsthand look.

Among the fishermen, post-trip opinions on IFQs tend to be in shades of gray than rather than black and white. Supporters ponder some concerns, and opponents wonder whether, in some circumstances, individual fishing quotas might be the lesser of evils.

"I had the idea to take advantage of all my long-term contacts to let people observe it from firsthand," Dewees says. "The study tour was purely educational, not advocating anything."

To fund the seven-day tour, Dewees convinced California Sea Grant, the Gordon and Betty Moore Foundation, the Sand County Foundation and the Alex C.

Walker Foundation to donate \$133,000. Tour highlights included stops at most of the major fishing ports, meetings with corporate leadership, Maori fishing groups and Ministry of Fisheries officials plus some sight-seeing in stunning New Zealand seaside regions. Participants also had some unstructured time to poke around the docks and pubs.

Deweese succeeded admirably in maintaining neutrality throughout the tour, says Robert Baines, a South Thomaston, Maine, lobsterman.

"That trip was a real eye-opener," he says. "I couldn't tell you one way or another how Chris felt. It was a great experience. The people in New Zealand were wonderful."

Although the participants agree the tour itself was organized and executed masterfully, Baines, for one, doesn't believe he saw much that's adaptable to U.S. fisheries.

"The quota management system is a very well run system," he says. "It's great for the fish; it's great for the management;

it's great for the economy. It's horrible for the fishermen."

To be fair, when New Zealand implemented its quota management system — or QMS, as they call it — it was in response to crises. Dewees describes a "perfect storm" of political and economic conditions — a national economic crisis, government promotion of market-based systems and privatization, and an inshore fisheries crisis — that precipitated acceptance of the system in 1986.

New Zealand already had taken some of the most drastic steps before the QMS, Dewees says. The country already had stopped issuing new fishing permits and removed most part-timers from commercial fishing. Fishermen had to document at least \$10,000 or 80 percent of their annual income from fishing to qualify for a permit.

Initially, the government set individual quotas based on landings during the quali-

fying years of 1982-84. If total quotas were greater than the total allowable catch for a species, the government bought quota back from fishermen to meet the TAC.

The government owned the quota and assumed the risk, which proved to be very expensive, Dewees says.

"They switched to proportional quotas by the early 1990s, switched the risk to the private sector," he says.

While the fisheries ministry initially limited consolidation of quota ownership in any management zone to 10 to 35 percent, depending on species, some stakeholders successfully lobbied for increasing those limits.

Now 10 major companies control about 90 percent of the quotas; of those, four control about 72 percent. And the consolidation appears to be continuing, Dewees says.

But the consolidation issue is more complex than such numbers might suggest, in part because of the recent resolution of historical fishing rights conflicts involving the native Maori.

"Many part-timers were Maoris," Dewees says. "They now own more than 50 percent of the quotas due to settlements related to the Treaty of Waitangi." Maoris are also now among the biggest corporate players.

All major commercial species are managed within the QMS, and more are being added.

"I think it's over 90 species now," Dewees says. "The government's trying to



Fresh fish is on display at a market in coastal Auckland. The city of 1.3 million is home to a third of New Zealand's population.





PHOTOS BY JOHN STUMBOS, UNIVERSITY OF CALIFORNIA-DAVIS

A quota-company-owned scallop barge collects and disperses seed in Golden Bay off Nelson, New Zealand's largest port.

bring everything into it, including albacore tuna."

"Most New Zealanders seem to be happy with the conservation side of it," Dewees says. "The Ministry of Fisheries claims that about 80 percent [of species] are rebuilt."

For the touring American fishermen, the essential question seems to be, "At what cost?" Some fear that individual quota systems could destroy the small-boat, independent owner-operators who form the cultural if not economic backbone of the U.S. fishing industry.

Others, like Gulf of Mexico red snapper fishermen David Krebs and Donnie Waters, believe an individual quota system's benefits — the power of ownership and insulation from politics-driven management, relief from a dangerous derby fishery and the ability to plan ahead — far outweigh the risks.

The Gulf of Mexico red snapper IFQ is now a done deal, effective Jan. 1. To Krebs and Waters, it looks like a bridge to a fishing future that otherwise might not exist.

"The biggest thing we have to realize, if we don't do something, we won't be doing anything," Krebs says.

Waters believes that the red snapper IFQ, in practice, will convince skeptics.

"The rest of the reef fisheries will be anxious to go to it," he says. "I would eventually like to see the whole reef fish complex go under an IFQ system."

The red snapper fishery meets most of

the criteria (a single species, limited number of participants, one primary gear type) that John Annala, former chief scientist for the New Zealand Ministry of Fisheries, identifies for an IFQ-appropriate fishery.

Annala, since 2004 the chief scientific officer for the Gulf of Maine Research Institute in Portland, Maine, worked for three decades in New Zealand, the last nine years as a chief scientist of the Ministry of Fisheries. He witnessed firsthand the birth and evolution of New Zealand's QMS.

Annala says individual quota systems can work to the advantage of both fishermen and the resource — if carefully tailored where appropriate.

"IFQs are just one of a number of tools," he says. "People managing the fishery should have as many tools as possible. I advocate its use in areas where it is appropriate."

The red snapper fishery also meets another of Annala's criteria — industry support. In the final referendum on the red snapper program earlier this year, Class 1 license holders who were qualified to vote approved the program by a 106-34 ballot

Maine lobsterman Robert Baines (left), Chris Dewees of California Sea Grant and Texas shrimp Philip Lara in discussion.

first five years, shares can be transferred only to persons or vessels with commercial reef fish permits. Though it appears ownership will be capped at about 8 percent per individual under restrictions in the IFQ amendment, after five years any U.S. citizen or permanent legal resident will be eligible to buy shares. Who will control the red snapper fishery then? The Class 1 skippers? Seafood dealers? Investors who might or might not even be U.S. citizens? Environmentalists? Charter boat owners or wealthy sport fishermen?

Gulf of Mexico red snapper fishermen hope they can maintain control of their destiny within the structure of the IFQ, but politics demanded a more open-ended resolution to the ownership question than many of them wanted. And that's the kind

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SOUTH THOMASTON, MAINE, LOBSTERMAN, ON QUOTA MANAGEMENT

margin. When weighted to account for a fisherman's harvest history, the approval margin was 87 to 13 percent.

Perhaps that all-important industry support is the real key to the individual quota issue. For the fishermen who oppose individual quota systems, and even for some who support them, losing control of the fishery seems to be the chief — and very plausible — concern.

Even in the gulf red snapper IFQ — which the fishermen conceived and designed — the question of who controls the shares has been left more or less open. For the

Group leader Chris Dewees (left) and Jan Margeson of the Cape Cod Commercial Hook Fishermen’s Association.

of loose end that worries Hampton, N.H., groundfish fisherman David Goethel, based on what he saw in New Zealand.

"The biggest thing that struck me was how fast the consolidation occurred," Goethel says. "They thought they were well-positioned going into this... Nobody was prepared for the amount of capital that flowed into the fishery. Coming from New England and having a tradition of small-boat fisheries, that scares me to death."

Like Baines, Goethel says Dewees and the Sea Grant people remained impressively neutral on the tour and allowed participants ample opportunity to do their own research on such issues.

"I think I got a fair picture of what was going on," he says. "We were all leery of a dog-and-pony show, but that isn't what we got."

"We went down on the docks... We couldn't find anybody who owned enough quota so he could just fish the way he wanted to fish," he says. "They weren't happy with it, but they felt they could finish their careers."

He also noticed a disturbing reluctance



to talk among fishermen who fished corporation-owned quotas.

"They were reticent; they obviously didn't want to bite the hand that fed them," he says. "The vast majority of the people, they work for the company store."

Goethel says he talked to fishermen who had seen the social and economic fabric of their fishing communities fray and then tear under competition for shares and the need for ever-larger amounts of capital.

"They fed on each other, and then bigger people came and fed on them," he says. "We asked the people at the ministry about that, and they said, 'We don't have fishing communities; we have communities with fishing in them.'"

But as Goethel sees the New England groundfish fleet ponder reduced days at sea and yet another round of effort-reduction buyouts, he fears the only options left are a choice of evils, and numbered among those will be individual quotas.

"Which kind of poison do you want to swallow?" he asks. "Do you want to be shot, do you want to be hung, do you want to be stabbed?"

Fort Bragg, Calif.-based fisherman Tommy Ancona also worries about the fate of independents, but he believes individual transferable quotas will work for his trawl fleet.

"I'm a proponent of ITQs," he says. "It was exciting to see how that worked. I really got a lot out of it. I learned what not to do."

"We went out on our own and stayed in the country another week, got a chance to talk to some of the fishermen themselves," he says. "There wasn't one independent fisherman we talked to who was happy with the ITQ system. They were essentially sharecroppers."

"We're trying not to let that happen. One thing you want to do is maintain the fabric of the fishery."

Jan S. Margeson, the Brewster, Mass.-based president of the Cape Cod Commercial Hook Fishermen's Association, is one fisherman who actually changed his mind on individual quotas.

"When I came back I was against the quota," he says. "But since I have come back and seen what is happening here, I have reversed my thinking."

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Mixed blessings

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He, too, is concerned about the effect ownership consolidation had on fishing communities in New Zealand.

"They just used a broad-based approach, virtually eliminated not only fishermen but whole towns," he says. "It consolidated all the fish into the hands of a few."

But Margeson thinks individual quotas are coming, given the problems in cod and other fisheries.

"Fishery stocks are still declining," he said. "I think the quota is inevitable; I think everything is headed for a quota." He also sees more sacrifice ahead. "I don't see how you could get there without instituting the severe cuts they did," he says. "Stand firm with the cutoff date and let it fly. It's happening anyway is the sad reality."

Margeson's position seems to be increasingly common these days. In struggling fisheries, fishermen are beginning to see some kind of individual quota system as triage that might save the life of the patient — the fishery — and with it the more dedicated, skilled — and perhaps lucky — professionals.

Texas shrimper Philip Lara is among a group of shrimpers working with Texas Parks and Wildlife to create a pilot program for the inshore shrimp fishery there.

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"I believe this is still the way to go, but I believe the way they went about doing it ain't gonna fly in this country," he says. "Don't allow big industry to hire lobbyists to go and [change ownership limits]."

For fishermen or fishing communities contemplating individual quota systems, how can they secure the advantages of ownership without the unfortunate — from an American viewpoint — consequences of the New Zealand system? How do you get from here to there without losing your birthright?

Obviously, 90 percent corporate ownership, 90 percent exports and a very low level of domestic seafood consumption — all apparent consequences or attributes of the New Zealand system — would be economically and politically unacceptable here.

First, make sure the fishermen are on board, Annala says.

"Make sure you have the support of the industry," he says. "Also ensure that com-

pliance systems will be adequate. Also be aware of the cost and possible unintended consequences."

The ownership issues are paramount, Dewees says. "The two vital questions are who should be allowed to own quota and how much should they be allowed to aggregate, how much should they be allowed to own," he says.

That's the real trick, says Ancona, who is helping hammer out an acceptable IFQ plan for the West Coast trawl fishery. How do you draft a plan that can't be changed to allow ownership consolidation later?

"Somebody down the road can change it," he says. "In my mind, you would have to draft caps on quota, caps on ownership, so somewhere down the road there would be somewhat of a reference... why we did this," he says.

Annala says the risk will always be there.

"You can attempt to design a system that will protect small quota holders, but there are always ways of getting around



that," he says. "You always face that."

Krebs, one of the leaders in the red snapper IFQ movement, wasn't always an IFQ proponent.

"Ten years ago I would have said this is America and you have a right to work," he says. But now he's willing to take a chance, even if it means having to revisit the ownership issue in five years.

"Anything that happens is going to be better than what we have now," he says.

For fishermen in a growing number of U.S. fisheries, Krebs' admonition probably bears repeating.

"Start positioning yourself so you are in the fight." **NF**

Hoyt Childers is National Fisherman's Gulf/South Atlantic bureau chief.

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maneuvers the Gloria J into position to haul. The first net is non-productive: it contains an oyster, a sook (female hard crab), a gizzard shad and a striped bass.

Net after net, crabs, gizzard shad, spot, bluefish, menhaden, croaker and striped bass come to the surface — but

no sturgeon. All fish are entered in the logbook.

"We've been averaging a sturgeon a day and I don't think we are going to get skunked today," Place says optimistically.

By the seventh net, there is still no sturgeon. "It doesn't look good," says Trice. But at the very end of the last

George Trice releases a fish from the Gloria J's holding net. Some 600 sturgeon have been caught in the research fishery.

net, Trice speaks up excitedly, "Here we go! We got one!"

A small sturgeon comes over the stern. Place inserts a tag in the sturgeon's dorsal promising reward from the government for the next fisherman who lands it.

The fish also gets an electronic identification tag with a number they will use to identify it for the rest of its life

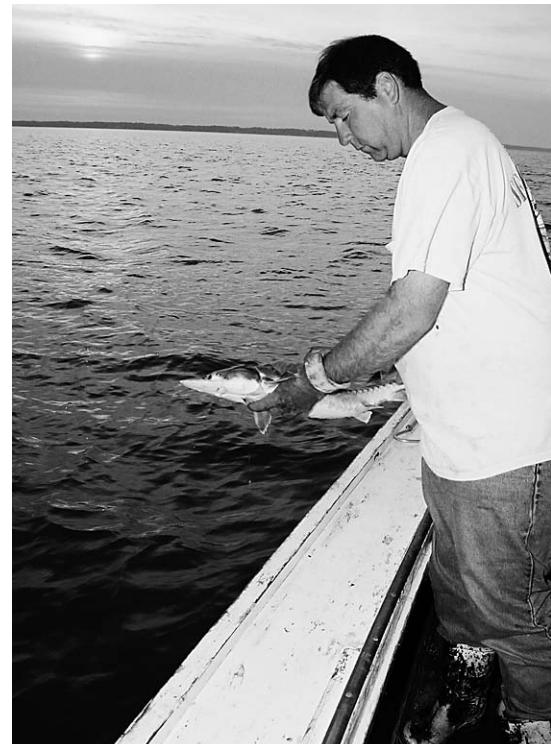
Place measures the fish and while he is at it takes the water temperature using a thermometer on a fishing rod. He snips a piece out of the tail and puts the fish into a holding tank.

As the Gloria J and her crew head home, Moore jokes, "It wouldn't have been a good sign of our know how, if we hadn't caught a sturgeon on the day a *National Fisherman* reporter was on board."

The captured sturgeon floats on its



Virginia waterman Jimmy Moore has been working Chesapeake Bay for most of his 59 years. He's fished for oysters and finfish and is known for his knowledge of the James River bottom.



back in a container. Little does it know that data collected from the ancient formation of its armored body may well determine the future of sturgeon on Chesapeake Bay. **NF**

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