## Public Comment: Funding Options for the N.C. Division of Marine Fisheries At-Sea Observer Program



All public comment received by DMF staff. Due: November 1, 2013 at 5:00pm.

From: Major Hooper < mjr\_hoop@yahoo.com> Date: September 24, 2013, 3:17:16 PM EDT

To: "Chris.Batsavage@ncdenr.gov" < Chris.Batsavage@ncdenr.gov>

**Subject: Funding for Observers** 

Hey Chris Batsavage,

In an effort to fund programs to increase data on fisheries, it seems the adversarial nature of the recreational/commercial fishermen v. DMF relationship is exacerbated by funding of observer programs solely on the backs of commercial fishermen, through license fee increases.

An alternative might be to offer incentives to take observers out using those fees; pay fishermen to take observers. Also, take a portion of DMF "enforcement" funds (generated by licensing fees or other appropriations) and apply it to scientific data collection, rather than oppressing fishermen. Fishermen want a healthy fishery and are willing to participate, when they are not penalized for doing so and a portion of the fees for licenses are returned to them as incentives for participating in the scientific process that can help restore their livelihood. It would reduce the adversarial aspect of managing the fisheries for its greatest health and naturally productive returns.

A program of reporting catches, by recreational fishermen, could provide additional data input if this segment of fishing people were not also so afraid of the "fish cops." Online reporting (maybe an app?) of fishery catches (by camera-phone) could be rewarded with prizes/discounts at State facilities like Roanoke Island Festival Park or Jennette's Pier, tickets to the Lost Colony Outdoor Theater or other private business sponsors of fishing that brings so many tourist industry dollars to NC (greater rewards for documented live releases of various species).

On the spot communications is now possible, to a great degree, between fishermen and fishery scientists. Everyone involved in fishing has a valuable role in fisheries management and the top-down enforcement methodology is a failure.

There are "bad apples" among all parties but the opening of honest lines of communication requires a reduction in animus and that requires the elimination of (most) enforcement penalties. Positive reinforcement is the greatest tool for growth in relationships and it is undermined by feigned positivity that is oppression in disguise, as is the current tact.

Science and fishing go hand in hand when they are treated with parity, monetarily and socially, empowering and granting dignity to all parties and providing encouragement to promote a healthy, sustainable fishery. So, programs designed to encourage rather than penalize are going to succeed more often.

The problems of polluting will become more evident, by the data, as the science is incorporated into commercial and recreational fishing and provide the factual basis for applying pressures (previously foisted on fishermen) on the criminality of polluters destroying fisheries for personal gain or to evade social responsibilities to preserve fishery ecosystems (like the Aurora phosphate mines, county landfills, forest management and restoration, upstream construction and unrestricted commercial and residential sale/applications of herbicides and pesticides). Positive reinforcement strategies are needed in this fishery affecting area as well.

Thank you for your public service,

Major Hooper Commercial Fisherman BS Communications and Broadcasting ECU '03 From: Charles Peele [mailto:cepeele46@gmail.com]
Sent: Thursday, October 03, 2013 1:47 PM

**To:** Batsavage, Chris **Subject:** Observer funding

Sounds like a federal responsibility to me. Where I live the NPS owns every bird and turtle in the ocean and sound. They do not flounders yet.

From: Gregory Judy <gwjudy50@yahoo.com> Date: October 7, 2013 at 7:56:32 AM EDT

To: "chris.batsavage@ncdenr.gov" <chris.batsavage@ncdenr.gov>, Katy West

<<u>katy.west@ncdenr.gov</u>> **Subject: observer funding** 

**Reply-To:** Gregory Judy <gwjudy50@yahoo.com>

Can the state levy a surcharge on ocean front properties based on county property tax records? It seems fair that those responsible for habitat loss and alteration, along with the other negative influences of beach front development should help bear the cost for turtle recovery. Even a modest 1/10 of 1% should produce mor4 than enough revenue to fund the observer program.

From: Gaither Midgette [mailto:gaithermidgette@yahoo.com]

Sent: Saturday, October 19, 2013 6:47 AM

To: Batsavage, Chris

Subject: I oppose the observer program funding. They have took spot fishing and sea mullet fishing away from us because you can't set within 150 yrd of the beach because I might catch a dolphin never caught one but I might. So there goes those fisheries that we ...

From: Gaither Midgette < gaithermidgette@yahoo.com >

**Date:** October 24, 2013 at 8:52:19 PM EDT

To: "<a href="mailto:chris.batsavage@ncdenr.gov">chris.batsavage@ncdenr.gov</a>>

**Subject: Observer program finding** 

Sorry Chris you didn't get my whole email I'm better at fishing than computers. I was saying we have a dolphin take permit but we can't set along the beach that takes care of spot and sea mullet fishing 2 fisheries we counted on from time to time! At some point we need to get something back . I under stand better than anyone increases everything I buy today is double what it was 10 yrs ago fuel gear everything know is not the time to increase licenses or permits increase our fish limits give us back some fisheries that have been taking away and then we'll talk it's like a fellow fisherman at the meeting told me "they want us to pay more to do less"!!! Please pass this on to your boss thanks Chris I know y'all have a job to do but think about us from time to time thanks fr your time .

From: Bob [mailto:rjlorenz@ec.rr.com]
Sent: Tuesday, October 15, 2013 7:59 PM

**To:** Batsavage, Chris

**Subject:** Written Comment: Observer Funding

## Hello Chris:

I have attached formal written and personal comments on methods to potentially procure funds for observers.

It is essentially an idea list more for longer term innovative solutions that would take time, good planning, and superior justification to get effected.

I took the liberty of adding personal opinion – so you will know where I stand on the issue or how I see things in reality.

I have been thinking of these things for a while and felt I would present them shortly to Dee Lupton, as the potential fiscal initiatives may be best placed for research and consideration through the Deputy Director's office.

Then here comes an opportunity to present ideas through you - so I took the time to immediately work the thoughts out as a composition.

I will leave further distribution within DMF up to you.

Thank you for the opportunity to comment and for your review of the attached letter. A signed hard copy is in the mail.

I am likely to attend the October 24 public comment session in Wilmington, but only to observe and listen to others.

Regards.

**Bob Lorenz** 

Robert J. Lorenz 1509 Meridian Terrace Wilmington, NC 28411

Phone: 910-232-4755 Email: rjlorenz@ec.rr.com

October 15, 2013

North Carolina Division of Marine Fisheries Attn: Chris Batsavage, Protected Resources Section Chief P.O. Box 769 Morehead City, NC 28557

Subject: Observer Program Funding

Dear Mr. Batsavage:

Thank you for the opportunity to comment and provide ideas on funding observers to assure compliance to applicable regulations for protected species during engagement of recreational and commercial fishing.

Funding should come through applicable licenses, taxes, or fees charged to the specific participating user group for the observers necessary for the specific fishing activity.

For recreational fishing, the funding solution is simple and readily available. Allocate money from the Coastal Recreational Fishing License (CFRL) Fund. Recreational fisherman should endorse this funding option if assured the money would be spent only for validated incremental cost to observe pure recreational fishing activity. You may need legislative assistance to address a potential glitch within the CRFL statute. The General Assembly incorporated language that disallows the use of CFRL funds for enforcement activities. The use of Marine Patrol for observing could be construed as enforcement and open the Division of Marine Fisheries (DMF) to legal challenge if CFRL money is allocated to Marine Patrol. Note that the exclusion of CRFL funds for enforcement activities was a concession to commercial fishing interests and was actually against the wishes of recreational fisherman who lobbied for the CFRL. You will likely receive no push back from recreational fisherman or their interests.

Funding observers for commercial fishing is more complex and will require more innovation, pain, and in fact a form of welfare. Operations such as commercial gill netting of flounder do not stand up on their own economically. Paying 1 million dollars or more to support a 2.5 million dollar fishing business, through required observation, is absurd to a businessman. Observing gill net fishing for effect on protected species is a "compliance cost". I know of no business upon which the cost of compliance to regulations comes to 40 percent of gross revenue for the product sold. A business operating with such a cost structure in a free market is assured to become bankrupt. Simply finding funds for ever increasing costs to observe commercial fishing operations is a joke without concurrent effort to significantly raise the gross revenue of the fishery. Raising the price fisherman receive at the dock is a necessary strategic objective for DMF and should be pursued on an interagency level within the state – perhaps by participation with the NC Department of Agriculture.

Recognize that to maintain and support commercial fishing operations, such as inshore gill netting, basically requires a form of welfare. The commercial fisherman, DMF, state and the public must accept this reality. The operations will not stand up to business economic scrutiny. In the foreseeable future they will continue to operate at a net loss when all costs to all stakeholders, participants, agencies, and citizens are summed up.

As a compassionate state and society, we offer assistance to various trades, jobholders, and citizens through economic welfare. We offer unemployment payments to displaced workers. Subsidies and tax credits are provided to certain businesses to continue operating, even if economically not viable, so as to continue a source of jobs or economic development. If a commercial fisherman is considered as a "job holder or labor", then an economic solution to help them could lie within the jurisdiction of the NC Department of Labor. The Department of Labor could be approached to consider if commercial fisherman can be considered "labor" and commercial fishing a "job". If a labor and/or jobs criteria is met, an allocation of funds for observers, from the Department of Labor, could assure this form of employment can continue for those currently plying the trade, and meet the charter of that state agency.

As a second potential, consider whether commercial fisherman and their operations are or can be classified as a small business. If the criteria for a business are met, maintaining and supporting inshore commercial fishing could fall within the objectives of the NC Department of Commerce. An argument could be made that provision of funds for federally required observation of inshore commercial fishing, provided for by the Department of Commerce, falls within that department's objective and requirement to promote and maintain small business activity within the state. Commercial fishing could be argued as providing business and economic activity within the more rural coastal areas of the state where free market business opportunities are limited.

I strongly suggest that DMF pursue the help and potential collaboration of both the Department of Labor and the Department of Commerce for innovative and cross-department solutions to the observer funding challenges. A. Bradley Ives, the Assistant Secretary of Natural Resources to whom DMF reports, should be asked to consider inter-department options and collaboration. He should be approached, as management, to help by providing leadership for DMF through communication with the other state departments on a need for a collaborative effort.

I also suggest two non-welfare potential sources of funds, but do not have as clear a vision for the entire mechanism, statutes, and departments required to execute. Consider a "tax" at the fish house on landing site of fisheries that require observers to maintain the fishing operation.

I suggest a 1% special "sales tax" on the retail price paid by consumers for such seafood sold as fresh - a premium market. The tax would be absorbed by the consumer and not the fisherman.

A second alternate or additional funding idea would be to levy a 10 to 20 cent per pound tax/fee, at the landing site or fish house for species commercially fished by mechanisms that require observation. A statute or tax law requirement would need to be constructed to assure that the tax or fee is additive after compensation is paid to the fisherman for the catch. The fish house or dealer would treat the tax/fee as a cumulative cost for the product, and would pass it on fully through the retail or distribution chain. With all fish house or dealers in the state being subject to the same tax/fee, on the same species, via the same assessment mechanism, would put all within the same economic condition for "fresh NC catch" with no competitive advantage to any single in-state operation. The goal toward eventually raising the market price of fresh wild caught NC fish would be enhanced. The NC Department of Agriculture would need to become increasingly aggressive to promote NC catch as premium product, worth a premium dollar, in order to make this vision and option a success.

Thank you, Chris, for the opportunity to present these thoughts and ideas for consideration. Please feel free to contact me or to meet for discussion and further development of any ideas this letter seeded. I volunteer to participate, as a citizen experienced in business, in any think tank or work group assembled to develop or expand these or any equivalent funding options.

Sincerely,

Robert J Lorenz

## Doug Guthrie phone comments 10/30/13

- Against charging \$100 (or any amount) for a gill net permit required by the Sea Turtle ITP
- \$100 fee is expensive for the gill net fishery compared to their landings and expenses
- Beach front property owners and beach tourism should also fund the Observer Program due to their impacts on sea turtles (ex. nesting, eggs, and hatchlings)
- Commercial beach fishermen have made provisions to protect sea turtles on the beach and are closely regulated
- Concerned that there was not as much public support for commercial fishermen when the Beasley Center sued the division for sea turtle interactions in gill nets as there has been for the proposed sea turtle critical habitat designations for Bogue Banks

Tom Roller Beaufort, NC

## Comments on Observer funding

As a full time working waterman, I have a right to provide comment on the observing program, because my for-hire registration fees are being allocated to help pay for the costs of the observing program.

I do not believe that the Division of Marine Fisheries and the state of North Carolina is adequately analyzing the economic importance of the commercial gill net fishery – in particular the large mesh fishery which is utilizing the majority of the observing funds. The state of North Carolina has not adequately addressed why these costs need to be drawn from anything other than the fisheries that require observers.

Observing is not a public service. Observing is nothing more than industry compliance. These compliance costs should not be required by any entity other than the exact fishery that requires them.

Requiring tax-payers and other marine industries to front these costs is not only subsidy but a perversion of the free-market economy and therefore artificially propping up an industry through subsidy.

It needs to be asked what other public services are not being provided due to the insistence in maintaining these gill net fisheries through direct subsidies.

Furthermore, the NCDMF can in no way accurately predict participation in individual gill net fisheries. The fisheries are of complete open-access and holders of SCFLs can move freely between fisheries. This fact should cast great doubt upon the NCDMF's ability to procure enough funding to maintain all regions and all fisheries. Furthermore, under the ITP, nothing can be done to increase effort to thus increase landings numbers. Furthermore, landings in the large mesh fishery should not be increased at the expense of the greatly more valuable recreational fisheries.

The NCDMF has failed to document the overall economic importance of these fisheries. This is evident in that all new license fee increases and permit costs will be needed to pay for the costs of one particular fishery. It is outrageous and unacceptable that license and permit fees from the for-hire sector, UDOC program. all other commercial fisheries, etc. will be ear-marked to pay for the compliance costs of one very controversial and financially small fishery.

It is evident that the NCDMF is placing undue importance and is spending massive amounts of staff time and budget on maintaining these small fisheries without any sort of economic analysis of actual landings compared to these compliance costs.

In the sea turtle and sturgeon ITP applications the NCDMF is hiding behind overall gill landing values in order to justify these fisheries importance. After years of studying and following these issues it is common knowledge that the states large mesh fisheries are top-heavy in certain management regions – Area A, B and, to a lesser degree, area C . Hiding behind overall landing numbers distracts from the ability of the state, and industry, to address other avenues for reducing these compliance costs.

The NCDMF and thus the MFC should be studying year-round/permanent management area closures in order to see if these costs can be reduced to adequate levels that can be maintained at an acceptable percentage of gross revenue.

During 2013, I attempted to investigate the values of the individual management areas. This is a very simple analysis – you compare the landings from the individual areas (this was easily provided to me by NCDMF staff) to the costs of observing each zone. When it came to the later - the division proved to be a roadblock in this endeavor.

The closest I was able to get to this answer was when I received this response in a May 9, 2013 email from Protected Resources Section Chief Chris Batsavage:

"The Division does not analyze the cost of the Observer Program, per zone"

Why wont the division answers a question that is as simple as taking the admitted trip cost number (\$585) and multiplying by the amount of trips in each zone?

The answer is simple – when compared to large mesh landings, Areas D1, D2 and E either cost more to observe (or nearly as much) as they generate in landings. Even so, it is questionable whether an industry can maintain its own compliance costs at an amount that is of such a high percentage of gross revenue. This is basic business and it appears that the NCDMF is not capable of such a basic analysis.

It is pertinent to ask if the NCDMF is hiding behind the landings value of Area B (Pamlico sound) to disguise the actual value of the large mesh fishery covered under the ITP. Failing to answer these basic cost questions represents a severe lack of transparency.

The division needs to immediately engage in an analysis of the individual gill net fisheries, per each regional zone, to study what needs to be closed on a financial basis. It needs to be addressed if money is being wasted keeping low-value regions open. I fail to understand why the NCDMF deems these gill net fisheries so important when it can't even procure any sort of financial and economic breakdown of the gill net industry. It would appear that actual economic importance of these fisheries is not adequately understood.

Furthermore, it should be addressed if this lack of economic analysis from the NCDMF has misled state officials and the legislature in regards to the actual importance of the gill net fisheries.

For example, I am a sole proprietor with no employees and my guiding business, that targets primarily estuarine state-managed species, generates more yearly revenue than the entire large mesh gill net fishery in the two regions (D1 and D2) that I fish in. I ask why the

gill net fishery is so important that it requires special legislation, special funding and thus must draw its compliance costs from my for-hire registration fees, among other non-gill-netting permits. Clearly this is not the best economic use of state natural resources.

I would also like to point out that my business does not require any observers, as I have never had an interaction with a sea turtle. This is also the case with many fisheries, both recreational and commercial.

I encourage the entire NCDMF staff to be a given a factual lesson in fisheries economics from a qualified individual. I would like to point out that the NOAA Fisheries economics of the United States 2011 report/paper states that, in North Carolina alone, recreational fishing has 8 times the economic impacts and supports 3.4 times the number of jobs. It appears these basic facts are not well understood by the NCDMF and a disproportionate amount of time and tax-payer money is being allocated to difficult-to-manage and low-value commercial fisheries.

Outside of the subsidies provided for gill netting compliance, the true beneficiary of maintaining the gill net fisheries, with no economic analysis, appears to be the NCDMF. The NCDMF protected resources department is hiring people at a rapid pace in 2013 including multiple full time observers, a biologist to train observers and even a full-time statistician. It needs to be asked how, in a time of historically tight budgets, that the NCDMF has been allowed to grow a very large new department without any sort of economic justification.

It needs to be addressed if these costs should be placed upon the industry to provide observing through private sector contracting services that is already well established for valuable commercial fisheries outside the state of North Carolina. It should be asked if the private sector can supply a more cost effective service than the NCDMF.

These issues are very troubling. It needs to be addressed if the policies of NCDMF leadership are providing for responsible government through responsible spending. It also needs to be addressed if the NCDMF leadership is trying to grow our coastal economy with a clear long-term vision. It is not my belief that this is being done when a disproportionate amount of time, tax-payer monies and other industry fees are being allocated to an expensive and controversial, high-impact fishery that is in the midst of a long-term decline. It needs to be addressed if the natural resources allocated to the gill net fishery are providing the greatest return to the state economy of North Carolina.