

# **SECTORAL QUOTA MANAGEMENT GROUP – APPLICATION FORM GUIDANCE**

## **Introduction**

The application form has been designed to gather the relevant information required to assist Marine Scotland (a Directorate of the Scottish Government) on deciding whether to approve or decline an application for sectoral Quota Management Group (“**QMG**”) status.

The form contains six sections which must all be completed. Please provide detailed responses to all questions. Failure to provide sufficient information may result in the form being returned which will delay the decision making process.

## **What are sectoral QMGs?**

Under current administrative arrangements, sectoral quota management rights and responsibilities are largely devolved to Fish Producer Organisations (“**POs**”) recognised under the EU Regulation No 1379/2013 on the common organisations of the markets in fishery and aquaculture products. Marine Scotland is running a trial which will establish sectoral groups, other than POs recognised under EU legislation, and grant them sectoral quota management responsibilities in Scotland. This trial will also help inform future policy and possible outcomes of the Future of Fisheries Management Initiative.

In creating sectoral QMGs, Marine Scotland seeks to:

- Ensure that QMGs manage the quota allocated to them in line with Scottish Government objectives.
- Ensure there is accountability and transparency in the utilisation of the quota allocated to QMGs.
- Gain a greater understanding of how quota, a national asset, allocated to private entities is utilised.

To obtain sectoral QMG status, the applicant needs to demonstrate that the organisation:

- Has sufficient expertise for the management of fishing opportunities (Section 3 of the application form).
- Is sufficiently economically active in specified area(s) (Section 4 of the application form).
- Has internal governance arrangements, processes and systems in place for the allocation of quota to vessels and for monitoring uptake of quota in order to ensure effective quota management (Section 5 of the application form).

- Contributes to the achievement of Scottish Government objectives (Section 6).

### Queries

If you have any queries, please contact Marine Scotland's Access to Sea Fisheries team on [QM Gmailbox@gov.scot](mailto:QM Gmailbox@gov.scot)

### Visits by Marine Scotland staff

Prospective candidates should note that Marine Scotland officials would expect to conduct at least one visit to registered offices or principle places of business as part of the application process before QMG recognition is granted.

## **Section 1: Organisation details**

In this section, the applicant is required to provide:

- 1.1 The full name of the legal entity applying for sectoral QMG status.
- 1.2 Details of the registered office or principal place of business of the legal entity applying for QMG status. This **must** be in Scotland.
- 1.3 If available, a website address/or social media pages attributable to the organisation.
- 1.4 Sectoral QMG status is only available to legal entities. Please confirm the legal status (including associated registered company number). Please also submit all constitutive documents, including Certificate of Incorporation or Certificate of Registration.
- 1.5 Please provide details of legal entities with a controlling interest in the organisation. For example, if the organisation is a subsidiary, please provide details of the parent company. Please include registered number, full name, address and country for those legal entities.
- 1.6 Please set out how the organisation will be funded. For example, will the owners of vessels administered by the organisation pay a levy on landings? Please set out relevant details.
- 1.7 Please set out the name of the main contact.
- 1.8 The job title or designation of the main contact. Please provide a brief job description for the main contact.
- 1.9 Full address and postcode of the main contact (if different to 1.2).
- 1.10 Telephone number of the main contact.
- 1.11 Email address of the main contact.
- 1.12 Please provide a copy of the register of members and officers.

## **Section 2: Details of vessels administered by the sectoral QMG and fishing opportunities**

In this section we want to get a detailed understanding of the vessels to be administered by the QMG and if the organisations seeks to operate a dummy licence details of why a dummy licence is thought necessary and details of legal entities which would be named beneficiaries of FQA units on the dummy licence.

2.1 Please complete the table providing the relevant details for **all** vessels to be administered by the QMG.

### **Please note:**

- Only Scottish registered vessels are permitted to be administered by sectoral QMGs.
- Any vessels named in the application must be free to join the QMG (with its relevant FQAs) at the time of application.

2.2 We want to establish the named representative for each vessel along with ownership details. Complete the table and identify Persons of Significant Control in each company. Please also provide details of any members of the QMG if any. This is to give Marine Scotland a greater understanding of vessels associated with the organisation and of holders of quota that could be allocated to the QMG. Please see the example provided below for further details:

Example for completing the information for vessels administered by the QMG

Vessel details (name and RSS) Member details (name and registered number (if applicable))	Name and contact details of person responsible for the vessel	Certificate of Registry	Information from public registers ( <a href="#">Companies House</a> ) Please provide name and registration number, names of active officers, details of persons with significant control (PSC) for each level.			
		Number of shares (64 total) / Shareholder(s)	1 <sup>st</sup> level legal entities (For vessels, these are the legal entities with shares in vessels / for QMG members these are details of the members)	2 <sup>nd</sup> level legal entities (details of legal entities with controlling interest in 1 <sup>st</sup> level legal entities)	3 <sup>rd</sup> level legal entities (details of legal entities with controlling interest in 2 <sup>nd</sup> level legal entities)	4 <sup>th</sup> level legal entities (details of legal entities with controlling interest in 3 <sup>rd</sup> level legal entities)
Name: WESTSIDER RSS: B15555	DONALD MACLEAN  15 Dewar Square Stornoway Isle of Lewis HS1 5TR	64 shares held by MB Westsider (SY490) Limited	<b>MB Westsider (SY490) Limited SC702526</b>  1. Annie MacLean (Secretary/Director) 2. Donald MacLean(Director)  1 active person with significant control  <b>Mr Donald MacLean</b> <u>Nature of Control</u> Ownership of shares – more than 25% but not more than 50%			

Name: DILEAS RSS: A17954	RODERICK TAYLOR  101 Ross Square Ullapool IV26 YR	64 shares held by Mr R. J. Brown	Sole Trader			
Name: STAR OF RONA RSS: C19998	JOHN SMITH  1 MacAuley Road Dingwall IV15 9TZ	64 shares held by MB Star of Rona LLP	<b>MB Star of Rona SC779999</b>  1. Tolsta Limited (LLP Designated member) 2. John Smith Limited (LLP designated member)  1 active person with significant control  <b>John Smith Limited</b> <u>Nature of Control</u> Ownership of voting rights – 75% or more Right to surplus assets – 75% or more	<b>John Smith Limited SC779999</b>  1. Jennifer Smith (Secretary/Director) 2. John Smith (Director)  2 active persons with significant control  <b>1. Jennifer Smith</b> <u>Nature of Control</u> Ownership of shares – More than 25% but not more than 50%  <b>2. John Smith</b> <u>Nature of Control</u> Ownership of shares – More than 25% but not more than 50%		
Name: VENTURE FORTH RSS: C55577	ROBERT GRAY  44 Commercial Street Inverness IV1 3HD	32 shares held by Mr R.J. Gray  32 shares held by Mrs M.I Gray	Partnership			

2.3 QMGs will be allocated quota by the Scottish Government based on the holdings of FQA units for each licence administered by the QMG. If any vessels administered by the organisation do not hold FQA units associated with their licence, please set out how fishing opportunities will be acquired to enable those vessels to fish.

And/or, where a vessel administered by the QMG will be targeting fish species for which it does not hold FQA units, please set out how the fishing opportunity will be acquired.

The submission of these group and individual fishing plans is to obtain an understanding of the fishing patterns of the vessels to be administered by the prospective QMG, particularly how vessels/the QMG utilises quota it is allocated and how additional quota is acquired.

2.4 A dummy licence is a mechanism to allow sectoral groups (POs and QMGs) to hold FQA units. Please check the appropriate box to set out if the organisation wishes to utilise a dummy licence.

2.5 If you indicated 'Yes' in response to question 2.4, please set out why a dummy licence is necessary and how any quota derived from FQA units held on a dummy licence would be utilised. For example, if quota derived from the dummy licence is to be allocated directly to vessels administered by the QMG, or if quota derived from the dummy licence is retained by the QMG to be used to acquire additional quota. Please set out relevant details.

2.6 Please set out the details of holders of any FQA units to be held on the dummy licence (full name, address and country of residence).

### **Section 3: Fisheries Management Expertise**

In this section we want to establish the relevant fisheries management expertise of the QMG. Managing fishing activity, particularly ensuring that vessels do not fish in excess of opportunities allocated to them, is vital to help safeguard sustainable use of the resource and meet international commitments. It is therefore essential that Marine Scotland ensures any group given responsibility for managing the quota uptake of vessels has the capacity and processes in place to manage the quota uptake by their vessels in a transparent, accountable and effective manner.

3.1 If your organisation currently has sectoral quota management responsibility please check the appropriate box.

3.2 If your answer to 3.1 is 'Yes', please set out the expertise that the organisation has to manage quota. This should include information on when sectoral quota management responsibility was acquired, the fisheries of key interest and information on end year fishing position for each of the last three years. If fishing in excess of permitted levels has occurred, an explanation should be provided as to why. If fishing has been sub-optimal, i.e. final uptake is lower than 75%, please expand.

3.3 If your answer to 3.1 is 'No', please set out why the organisation is seeking quota management responsibility, the key fish species of interest and any relevant experience of managing the activity of commercial fishing vessels. Please include evidence with your application where the organisation has had experience of managing group vessel activity. For example: evidence of organisational minutes, evidence of collecting levies; evidence of communication with vessels etc.. Where your organisation is not able to demonstrate past experience of managing fishing opportunities please set out in detail the processes and procedures you will put in place for managing the allocation, and subsequent uptake, of fishing opportunities by vessels operating in the QMG.

## **Section 4: Economic Activity Criteria**

All prospective sectoral QMGs must demonstrate that the vessels administered by the organisation reach a minimum standard of economic activity for quota species.

To allow us to assess whether your organisation does reach this minimum standard, you will need to set out the area and fish species or groups of fish species for which the QMG wishes to demonstrate the economic activity criteria.

Please note landings of species which are not covered by total allowable catch do not count towards meeting the economic activity criteria.

4.1 Please state the economic activity area (which corresponds with the base district of fishing offices) for which the organisation wishes to be recognised. A list of the definitions of the different areas can accessed here <https://www2.gov.scot/Resource/0047/00472575.pdf>.

4.2 Please state group(s) of fish species for which the organisation wishes to be recognised. This requirement is for recognition purposes only, QMGs will not be limited to fish these species only.

4.3 To satisfy the required criteria, your vessels' collective activity must meet one of the criteria in Part A **AND** Part B:

### **Part A - Activity at a national level**

1. Vessels operated by the organisation dispose of at least 5% of total **Nephrops** production landed into Scotland by Scottish registered vessels.
2. Vessels operated by the organisation dispose of at least 5% of total **demersal** (quota species only) production landed into Scotland by Scottish registered vessels.
3. Vessels operated by the organisation dispose of at least 5% of total **pelagic** (quota species only) production landed into Scotland by Scottish registered vessels.

### **Part B - Activity at an 'area' level**

1. The number of vessels operated by the organisation is at least 20% of the total number of vessels habitually present\* in the economic activity area specified in para 4.1.

2. For the fish species or group of fish species specified in para 4.2, the organisation disposes of at least 15% of the total production in the base districts of the Fishery Offices specified in para 4.1.

3. For the fish species or group of fish species specified in para 4.2, the organisation disposes of at least 30% of the total production in the base district of the Fishery Office specified in para 4.1.

*\*Habitually present* - at least 50% of a vessels' total number of landings.

4.4 Following on from responses to 4.1, 4.2 and 4.3 please set out how you satisfy your selected criteria.

4.5 For each of the last three years please set out for all vessels administered by the QMG the total tonnage and associated value of different species landed by port.

## **Section 5: Internal Governance**

Marine Scotland will ensure that organisations seeking sectoral QMG status have suitable:

(a) Processes in place for allocating quota to its vessels which are transparent to the vessels it administers and Marine Scotland.

(b) Processes in place to pro-actively monitor and, where necessary, manage the uptake of quota for those vessels it administers to ensure that allocated fishing opportunities are (a) optimally utilised, as far as possible; and (b) do not breach permitted fishing levels.

(c) Processes in place for the governance of the vessels it administers.

5.1 The organisation must have an identified individual who is responsible for the day-to-day management of quota. Please identify who this individual is. This should be the individual primarily responsible for the management of vessels administered by the organisation and also the key point of contact for Marine Scotland.

5.2 The organisation must have an established and transparent process for allocating/distributing quota held by the QMG and must have internal quota management rules in place (see para 5.5). Please set out the process for allocating quota to vessels operating in the QMG (these should also be set out in the organisation's quota management rules). This should set out:

- On what basis quota derived from licences (including dummy licences) and AFL8 forms is to be allocated/utilised by the QMG.
- How 'banked' quota allocated to the organisation is to be utilised.
- How any additional quota allocated to the group by Marine Scotland is to be utilised.

5.3 The organisation must have established and transparent processes for managing the uptake of quota by vessels operating in the QMG. Please set out the internal processes for managing quota uptake and provide evidence of computer programmes or other methods of monitoring quota uptake.

5.4 The organisation must have transparent, internal rules in place governing the conduct of vessels, particularly in relation to the uptake of quota. Please set out processes for dealing with a vessel's non-compliance with internal QMG rules and fisheries legislation, in particular with regard to overfishing.

5.5 A QMG must have its own Quota Management Rules – internal rules that cover the management of quota by the organisation. This document must be available to the representative of all vessels administered by the group.

The QMG's Quota Management Rules should set out:

(i) How quota allocated to the QMG by Marine Scotland is to be utilised. This must include:

- On what basis quota associated with licences (including dummy licences) and holding statements is to be allocated/utilised by the QMG.
- How 'banked' quota gained by the organisation is to be utilised.
- How any additional quota allocated to the group by Marine Scotland is to be utilised.

(ii) The processes and penalties for dealing with non-compliance of vessels with set quota limits. The quota management rules should take into account the scale of the overfish, impact on the QMG and impact on fisheries in Scotland.

## **Section 6: Contribution to Scottish Government Objectives**

In this section we want to see evidence (i) that a significant benefit can be returned to Scotland by allocating quota and granting sectoral quota management responsibilities to the QMG; and (ii) that the organisation makes a positive contribution to reducing the environmental impact of sea fishing by optimising the sustainable harvesting of wild fish.

## **6.1 Optimising the sustainable harvesting of wild fish**

Please set out how the QMG will contribute to:

- The use of fishing gear that minimises unwanted catch.

And/or

- Conducting fishing operations in a manner that seeks to minimise unwanted catch.

Adherence to legislation or licence condition(s) alone is not considered sufficient. Marine Scotland expects to see demonstrable evidence of further steps taken by the QMG to minimise unwanted catches and/or reduce the environmental impact of fishing operations by reducing unwanted catch. Please provide as much detail as possible, for example, invoices for equipment that reduces the environmental impact of vessels administered by the QMG and/or details of scientific trials or research that vessels administered by the QMG are part of.

## **6.2 Support Scottish communities where fishing is a viable career and where value is added throughout the supply chain and thereby maximising the contribution which fisheries make to Scotland.**

Scotland's sea fishing rights are a national asset. Please detail how the allocation of fish quota and the granting of sectoral quota management responsibilities will bring significant benefit to Scotland and Scottish communities.

Your answer should include one of the following three criteria:

- Utilisation of Scottish ports (please set out associated landing tonnages and values for Scottish ports).
- The organisation promoting new entrants into the industry or supporting the career development of existing crew (please set out details).
- Supporting jobs in Scottish communities in addition to those catching sea fish.  
For example:
  - Through the utilisation of haulage firms
  - Through the utilisation of processing facilities
  - Through the utilisation of boat builders

Please set out relevant details and provide documentary evidence.

## **6.3 Actions to reduce impact on environment (optional)**

The Scottish Government is committed to reducing our environmental impact for the benefit of our people, our environment and our economy.

Please use this opportunity to set out the steps being taken by the organisation to reduce the environmental impact of sea fishing and/or associated operations.

You could set out actions being taken by the organisation or vessel owner(s) operating in the organisation:

- To reduce greenhouse gas emissions in line with Scotland's national climate change targets (<https://www.gov.scot/policies/climate-change/reducing-emissions/>).
- To improve the marine environment above and beyond requirements in current legislation, such as participation in schemes to reduce marine litter.
- To participate in agreements or initiatives on access to fishing grounds with the aim of preventing gear conflict or to share fishing opportunities in an area.

#### **6.4 Other benefits of receiving sectoral quota management responsibilities (optional)**

If you feel you have not had the opportunity to outline any further benefits which your organisation would bring if granted sectoral QMG status, and/or how it contributes to broader Scottish Government objectives, please provide details in this section.