

Limited Access Privilege Program Exploratory Workgroup Working Document

Revised: April 26, 2007

Workgroup participants:

Ben Hartig, Chair, voting member
Chops Cowdrey, Co-Chair, voting member
Steve Amick, voting member
Scott Baker, non-voting member
Robert Cardin, voting member
Phil Conklin, voting member
Jack Cox, voting member
Doug Gregory, non-voting member
Mark Marhefka, voting member
Sean McKeon, voting member
Charlie Phillips, voting member
Paul Raymond, non-voting member
John Reed, non-voting member
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Scott Zimmerman, voting member

Note: This document is a “working” document. That is, it will be revised by the Limited Access Privilege (LAP) Program Exploratory Workgroup throughout the period of time during which they explore the idea of development of an LAP program for the South Atlantic commercial snapper grouper fishery. While various options are explored in this document, unless explicitly stated, the options are not necessarily endorsed by the Workgroup participants.

I. Introduction

Meeting Schedule and LAP Program Exploratory Workgroup Task

The Limited Access Privilege Program Exploratory Workgroup (hereafter referred to as the “LAP Workgroup”) is scheduled to meet a total of six times in 2007. They are scheduled to meet during each of the South Atlantic Council meetings in June, September, and December as well as separately in April, August, and October. The schedule is as follows:

| Meeting Dates and Times in 2007 | Meeting Locations |
|---|--------------------------|
| April 24 th at 1pm – April 26 th at 3pm | Charleston, SC |
| June 12 th at 1pm – June 13 th at 3pm | Key West, FL |
| August 1 st at 1pm – August 2 nd at 3pm | North Charleston, SC |
| September 18 th at 1pm – September 19 th at 3pm | North Myrtle Beach, SC |
| October 16 th at 1pm – October 17 th at 3pm | North Charleston, SC |
| December 4 th at 1pm – December 5 th at 3pm | Atlantic Beach, NC |

This document summarizes the results of the LAP Workgroup meetings. The document is an outline of what the LAP Workgroup would like to see a limited access privilege program look like if applied to the South Atlantic commercial snapper grouper fishery. This will assist the Council in deciding: 1) the preferences of the commercial snapper grouper fishery participants regarding a limited access privilege program; 2) whether a limited access privilege program is appropriate to use for management of the snapper grouper fishery; and 3) how a limited access privilege program might be structured. The LAP Workgroup will provide options for the design of a LAP program. The LAP Workgroup will also make motions regarding their preferences for the various options presented and the reasoning behind these preferences.

The Limited Access Privilege Program Committee (formerly known as the Controlled Access Committee) has requested consensus opinion by the LAP Workgroup on choosing preferences for various limited access privilege program characteristics when possible. However, when consensus is not possible, the LAP Program Committee has requested that a vote be taken and both a majority and minority opinion report submitted.

Appropriateness of LAPs for the Snapper Grouper Commercial Fishery

As a first step toward discussion of the use of LAPs in management of the South Atlantic commercial snapper grouper fishery, the LAP Workgroup discussed the appropriateness of LAPs for the fishery. To begin this conversation, the group discussed various possible benefits and drawbacks of LAP implementation. While the LAP Workgroup was undecided on the overall positive or negative effect a LAP might have, the LAP Workgroup documented the following initial perceptions of possible conservation, economic, and social benefits and drawbacks for the South Atlantic snapper grouper fishery under a LAP:

Possible Benefits

- Conservation Benefits

- Reduction of bycatch mortality if “full retention” implemented and/or size limits are decreased or eliminated as part of a LAP
- Decrease in the likelihood of commercial quota overages
- Improvement in data quality

- Economic Benefits
 - Elimination of trip limits would enable more harvest timing flexibility
 - Elimination or reduction of size limits might benefit harvesters by decreasing time spent fishing
 - Increased flexibility due to divisibility of harvest privileges compared to permits. This would enable leasing of privileges due to hardship, etc.
 - Possible long-term increase in access to capital (through banking facilities) due to increased profitability and financial and management stability
 - Possible improved operational efficiency of vessels
 - Improved profitability of the fleet as a whole due to consolidation of the fleet
 - Simplification of management complexity in the long-term
 - Increased economic stability which creates an incentive for fishermen to become vested in the fishery perhaps more heavily than other options

- Social Benefits
 - Increase in “professionalization” of the fleet
 - Possible consolidation of harvest and processing activities in certain communities

Possible Drawbacks

- Conservation Drawbacks
 - Elimination or reduction of size limits may decrease reproductive capacity of the stocks

- Economic Drawbacks
 - Elimination or reduction of size limits might result in landings that cannot be sold
 - Possible decrease in reward for hard work due to elimination of trip limits which allows fishermen to make as many trips as they want until the commercial quota is met
 - Possible increase in short term management complexity
 - Increased costs of monitoring
 - Increase in enforcement costs for states without a Joint Enforcement Agreement
 - Possible increase in federal and state enforcement costs due to increased FTE requirements

- Possible increase in costs associated with decrease in the ability to do back to back trips due to hailing in requirements and landings timing allowances
 - Possible business impacts (dealers, etc.) due to change in seasonality of landings. A certain amount of landings are required throughout the year to keep fish houses operational. There might also be a loss of flexibility for the dealer/fish house due to permanence of initial allocation.
 - Possible impacts to fishermen of initial allocation if historical landings were hindered by adverse circumstances
 - Inability to increase landings when needed due without purchasing more share or pounds
 - Full retention may have economic downside and may not be needed since several of the species have good survival rates
- Social Drawbacks
 - Possible decrease in crew employment
 - Possible consolidation of harvest and processing activities in certain communities
 - Possible community impacts (dealers, etc.) due to change in seasonality of landings

II. LAP Goal and Proposed Objectives

LAP Goal

To refine a system whereby profitability, efficiency, fairness, and capacity of commercial snapper grouper fishery are aligned with available yields from the South Atlantic ecosystem and which contribute to conserving healthy stocks and/or rebuilding overfished stocks consistent with the Snapper Grouper FMP and Magnuson-Steven Act.

Proposed LAP Objectives

1. Protect fisherman historically invested in the fishery and provide them with opportunities to continue harvesting in the fishery;
2. Enhance the viability of fishing for fishermen historical invested in the fishery;
3. *Protect current crew employment in the fishery to the extent possible;*
4. Ensure public access to the South Atlantic fishery supply;
5. Design an LAP that vests fishermen in the snapper grouper fishery and thereby increase conservation of the resource;
6. Ensure that all permit holders have an opportunity for participation in harvesting of LAP species;
7. Allow for data collection sufficient to evaluate the LAP program periodically;
8. Allow for regional differences in program design when necessary;
9. Allow for transferability of LAP shares and pounds between snapper grouper permit holders only;
10. Create mechanisms for new entry into the commercial fishery;
11. Protect participation of small scale fishermen and prevent monopolies;
12. Enhance financial stability for long-term business planning;
13. Encourage regulatory compliance;
14. Reduce regulatory complexity;
15. Eliminate discards through methods such as:
 - a. 100% retention;
 - b. Gear modification or development; and/or
 - c. Other methods
16. Provide the opportunity for a flexible and sustainable year round fishery for all participants;
17. Maintain commercial catch at or below the commercial quota;
18. Promote safe fishing operations;
19. Create mechanisms that foster improved relations between sectors, including environmentalists, commercial fishermen, fishery managers, and recreational fishermen;
20. Develop a multispecies LAP for the whole commercial snapper grouper fishery with the exclusion of wreckfish; and
21. Develop a mechanism that allows the marketplace to drive harvest strategies and product forms in order to maintain product continuity and increase total producer and consumer benefits from the fishery.

III. LAP Design Characteristics and Management Options

A. Program Duration

Option 1:

Option 2:

Option 3:

Note: LAP Workgroup preferred options are italicized.

B. Gear Sectors to be Included

Option 1:

Option 2:

Option 3:

Option 4:

Note: LAP Workgroup preferred options are italicized.

C. Species to be Included

Option 1:

Option 2:

Option 3:

D. Eligibility for Initial Allocation of LAPs

E. Initial Allocation Appeals Process

F. Transferability

G. Caps and Other Restrictions on LAP Share Ownership and Control

H. Use-it or Lose-it Requirements

I. Overage and Underage Provisions

J. Cost Recovery

K. Community Protection Mechanisms

L. Monitoring

M. Enforcement

N. Outreach

IV. Other Options Suggested as Alternatives for Consideration

- Status quo
- Status quo with real time landings with the option for LAPs for certain species
- Distribution of transferable days at sea
- In an effort to reduce bycatch, require snapper grouper commercial fisherman to identify two months of each year during which they will not fish in order to reduce total discards

Appendix A. Summary LAP Program Exploratory Workgroup Meeting Reports

SUMMARY REPORT FROM THE LIMITED ACCESS PRIVILEGE PROGRAM EXPLORATORY WORKGROUP MEETING Charleston, SC April 24-26, 2007

The Limited Access Privilege Program Exploratory Workgroup met April 24-26 in Charleston, SC. **The committee received presentations from the following people:**

1. Kate Quigley gave a presentation titled, “What are LAPs and How Do They Work?” The presentation gave an overview of common LAP terminology, and touched on when, where, why, and how LAPs are commonly used.
2. Gregg Waugh gave a presentation that provided an overview of the snapper grouper amendments currently under consideration by the Council.
3. Kate Quigley gave another presentation titled, “Summary of the Magnuson Stevens Fishery Conservation and Management Act and Limited Access Privileges (LAPs)”. The presentation reviewed the language used in the reauthorized MSA pertaining to LAPs focusing on Council requirements when implementing an LAP.
4. Dietmar Grimm of Redstone Consulting Strategies gave a presentation titled, “LAP 101: Background Information on U.S. LAP Experience”. The presentation provided the results of a study conducted by the consulting group. The study analyzed economic, environmental, and social results in ten existing U.S. federal LAPPs and Canadian LAPPs that share stocks with the U.S. LAPPs.
5. John Reed, NMFS staff and LAPP Workgroup member, provided an overview of the Gulf of Mexico Red Snapper Fishery ITQ including a detailed look at the web based online program used by Gulf red snapper fishermen to track real time landings and make quota and pounds transfers.
6. Kate Quigley provided an overview of the British Columbia Groundfish ITQ Program with focus on the hook and line sector in that fishery.
7. Gregg Waugh gave an overview of the Southeast Wreckfish IFQ. This presentation reviewed Amendment 5 as well as provided information on past transfers and changes in total landings and participation over time.
8. Gregg Waugh also gave an overview of the long-term commercial yields that could be expected from several snapper grouper species. This information was based on information presented in snapper grouper Amendment 15.

The committee reviewed the Action Plan for Consideration of Limited Access Privileges for the South Atlantic Commercial Snapper Grouper Fishery including background information on the formation of the LAP Program Exploratory Workgroup and a summary of why an LAP Program is being considered for the South Atlantic commercial snapper grouper fishery.

The committee approved the following recommendations:

Recommendation #1. The LAP Exploratory Workgroup recommends to the LAP Program Committee that this group look at other options in addition to limited access privileges. The LAP Workgroup requests a response to this recommendation from the LAP Program Committee. This was a unanimous recommendation.

Approved by Workgroup

Recommendation #2. The LAP Program Exploratory Workgroup recommends Ben Hartig as Chair of the Workgroup. This was a unanimous recommendation.

Approved by Workgroup

Recommendation #3. The LAPP Program Exploratory Workgroup recommends Chops Cowdrey as Co-chair of the Workgroup. This was a unanimous recommendation.

Approved by Workgroup

In addition, the Workgroup made the following requests to Council staff:

1. Obtain copies of John Reed's and Dietmar Grimm's presentations and send to the Workgroup.
2. Gather more information on "regional fishery associations (RFAs)" and "community quota".
3. Prepare a detailed presentation on the use of cooperatives and RFAs for a future meeting.
4. Gather more information on whether leasing quota share for profit is legal.
5. Send Wreckfish Amendment 5 to workgroup.
6. Update log book data analysis and separate out snapper grouper unlimited and limited permits to show SG unlimited and limited permits engaged in active harvest.
7. Obtain NMFS LAP guidance document and distribute to workgroup.
8. Prepare side by side program design comparison tables for Wreckfish IFQ, Red Snapper IFQ, and Gulf Grouper IFQ.
9. Prepare commercial long-term optimal yield tables for snowy grouper, black sea bass, golden tile fish, vermilion snapper, red porgy, gag, and yellow tail with historical landings information for red snapper, greater amber jack, mutton snapper, hog fish, and mangrove snapper.
10. Make journal articles and FMPs specific to various IFQ programs available to workgroup online or in briefing book.

Appendix B. Minutes from Past LAP Program Exploratory Workgroup Meetings