

**SOUTH ATLANTIC FISHERY MANAGEMENT COUNCIL**

**ALLOCATION COMMITTEE MEETING**

**Southern Wesleyan University  
North Charleston, SC**

**April 8-9, 2008**

**SUMMARY MINUTES**

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Rita Merritt  
Tom Swatzel

Duane Harris  
John Wallace  
Robert Boyles

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Gregg Waugh  
Rick DeVactor  
Gregg Swanson

**Observers/Participants:**

Dr. Jim Waters  
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TABLE OF CONTENTS

Call to Order, Chairman Brian Chevront.....4

Approval of Agenda.....4

Overview of Scoping Comments.....4

Committee Discussion.....7

Overview of Recommendations from February & March Committee Meetings.....8

Committee Discussion.....9

Presentation by Dr. Jim Waters.....17

Discussion of Charge to Committee.....56

Request for Guidance for Staff.....63

Discussion of Sector Categories.....71

SEDAR Analyses.....76

Total Landings.....80

Discussion of CCA Analysis.....81

Overview of Alternatives.....86

Discussion of Alternatives 1 & 2.....86

Discussion of Alternatives 3 & 4.....91

Approval of Committee Minutes, March 2008.....96

Appointment of Vice-Chair.....97

Data Needs Necessary for Net Benefit Analysis.....98

Data Needs Necessary for Commercial Analysis.....98

Data Needs Necessary for Consumer Analysis.....103

Data Needs Necessary for Charter Analysis.....106

Data Needs Necessary for Headboat Analysis.....109

Data Needs Necessary for Private Recreational.....109

Data Needs for Guideboats.....113

Research Needs.....113

Review of Draft Summary Document.....119

Discussion of Conservation Category.....120

Discussion to have Another Committee Meeting.....124

Discussion of Fisheries for the Future.....124

Adjournment.....141

The Allocation Committee of the South Atlantic Fishery Management Council convened in Suite 301, Classroom 6, Southern Wesleyan University, North Charleston, South Carolina, Tuesday morning, April 8, 2008, and was called to order at 8:45 o'clock a.m. by Chairman Brian Chevront.

Dr. Chevront: Okay, let's go ahead and get started. I want to welcome everybody to this meeting of the Allocation Committee. We've got our agenda here. Our first item on the agenda is to approve the agenda, and we already want to make a slight change it. We want to switch out Items 5 and 6, just reverse the order so that we can get Jim Waters' presentation in here today.

I know there is going to be some discussion and things, and we felt that it might be little bit better to have that information available to us when we start looking at the results of the requests that we had made at our meeting in March. Does anybody else have any other suggested changes or revisions to the agenda? Seeing none, we'll accept the agenda as revised.

Approval of the committee minutes; you should have gotten them by e-mail I believe yesterday. We also have hard copies as well for those who haven't had a chance to look at them, or have you all had a chance to look them and we're ready to approve them?

Mr. Geiger: As a point of order, I don't believe we have to approve the minutes before we move on with the meeting. Can we come back so people have a chance to look at look at them, seeing as how we've received them so late?

Dr. Chevront: Okay, let's do that, we'll move that item to the first thing tomorrow morning, then, and make that decision then. Okay, Item Number 3 on the agenda is the scoping comments and input. Gregg Swanson is going to give us an overview of those comments. You'll find the comments in Attachments 1 to 3 on the CD.

Mr. Waugh: Before Gregg gets started, let me just mention, too, that remember you had all the comments at the last meeting. The one thing that was missing was the scoping minutes from the North Charleston meeting, and you have those in the package now. Gregg is a graduate student working with us, and she has gone through and prepared a summary of all the scoping comments. You should have an electronic version of that. We also have hard copies here. Thank you.

Ms. Swanson: Good morning, everybody. I'm just going to briefly sum up the summary of comments. As everybody can recall, the Council held a series of public scoping meetings this past February 2008 to address four issues. One was allocations for commercial and recreational sectors.

In addition to these scoping meetings, the Council and NMFS also solicited comments during the month of February. What I did was I went through the minutes of all these meetings and written comments and formulated this document, which I will just kind of go over step by step. Table 1, I broke down all the locations and gave the total amount of attendees and then the total oral comments.

The 4<sup>th</sup> of February, Coconut Grove, Florida, 15 total, and out of this 15 two people commented on allocations. The 5<sup>th</sup>, Cape Canaveral, 40 people attended, 13 decided to speak on allocations. Brunswick, Georgia, 13 attended, seven spoke; New Bern, 16 attended and ten spoke; North Charleston, 37 attended and five spoke.

Dr. Chevront: I have a question for you. On the total number of attendees, was that calculated from the sign-in sheets? How did that come up because I was at the meeting in New Bern, and there were a lot more than 16 people there? I'm just wondering where that number came from?

Ms. Swanson: Yes, that's a great question. I just had access to the sign-in sheets, so I literally counted at the back of each scoping minutes.

Mr. Harris: Yes, I just want to reiterate what Brian said. We did have a lot more than 13 people there in Brunswick, and I suspect most of these meeting had more people than are reflected here. I just note for the record there were people that attended that perhaps did not fill out a sign-in sheet.

Mr. Geiger: This might be a function of the format, Gregg, because we had these sessions where the public had an opportunity to come in and interface with staff. Then they went to another room to speak. Because I wasn't in the room with the staff, I don't know if we captured signing in there, but I know I heard Kim screeching a couple of times about signing in at Cape Canaveral. I would anticipate that there were sign-in sheets at both locations, possibly, or maybe there were two separate sign-in sheets; I don't know.

Mr. Waugh: I believe there was just one sign-in sheet, and these may be the totals of the sign-in sheets that were attached to the Allocation Committee minutes. I'm pretty sure that's where these are from.

Mr. Geiger: In other words, they're just the people who chose to make comments about the allocation –

Mr. Waugh: Or who indicated that they wanted to talk about allocations; not a total number of attendees at the scoping meetings.

Mr. Geiger: So, it's very possible if you looked at the other agenda items that they were there to speak about, you would see a contrasting number or a different number even then because they might not have spoken or chosen to speak about that only?

Mr. Waugh: That's correct, but these totals are from the sign-in sheets that are attached to the minutes.

Ms. Swanson: All right, Table 2, I broke down the written comments that were received to the Council. There was a total of 47 in all; letters, two; e-mails, of course, made up the majority, 30; and there were 15 form letters. I actually have the form letter if somebody is interested.

Mr. Geiger: I have a question about that because I know that during this period we received several hundred e-mails that were form letters. You could classify them as “spin”, so how do we treat those; do we treat those as a form letter and only counts as one?

Ms. Swanson: Gregg, I actually spoke to him about this, and I counted every signature. I received just 15 of these form letters.

Mr. Geiger: There were several hundred of these.

Dr. Chevront: Actually, I saved them all. I actually had them dump into a folder on my e-mail at the office. I could actually count up that number and get you that number because I’ll just figure out how many there are and divide by three, and that will give us the number of folks who sent – because there were three separate e-mails. In almost every case they sent all three of them, so I could probably do that.

Mr. Geiger: And, Gregg, what we’re talking about is the fact that we know that during this period we received several hundred e-mails that were form e-mails, granted, but there were several hundred of them.

Ms. Merritt: I noticed on some of those form e-mails that I would scroll down, just to be sure that they were all the same, and there were a few that had additional comments on them. Did they count as a separate letter or as still part of the form letter or something else?

Ms. Swanson: I counted them as form letters, but if there were additional comments that were completely different, then I took those comments specifically and put them in as well, but I did count them as form letters.

I guess on to the back side, Page 2, Roman Numeral II, Comprehensive Allocation Amendment Summary of Comments, after reviewing everything, some recurring themes just continuously resurfaced: lack of economic analyses; demand for equity and fairness; lack of accurate data, especially in the recreational sector; accountability for the recreational sector; a need for social and economic impacts; separation of charter and for-hire, either to be placed into a commercial sector or a separate sector of its own; historical catches based on inaccuracies, looking towards the future of fisheries and not the past; and last but not least, managing the resource for the greater public, and to some the “public” meant the recreational fishermen, sportsmen; and to others it meant the non-fishing public.

Roman Numeral III, specific comments, I won’t go through these, but I did try and break them up to make it a little easier to kind of follow. I did include various stakeholders, quotes from various stakeholders for balancing purposes. I’m trying to give everybody a voice. Roman Numeral IV on Page 5, I included two summary tables.

Table 3 defines new sectors, sectors being – Action Number 1 is two sectors with the for-hire in the commercial sector; 319 signatures came from the form letters that I counted. Now, these, whatever, hundreds more, I didn’t have access to. Maybe that is my fault.

Dr. Chevront: No, actually, I think that is pretty close to the number of individuals that we got the –

Ms. Swanson: Maybe Mike compiled all the signatures on to these 15 that I counted, I'm not sure.

Mr. Waugh: When you were going through, like on a sheet here, we've got some sheets that have a bunch of names on them; did you count those individual names on each of those sheets?

Ms. Swanson: Yes, I did, I counted each name.

Mr. Waugh: Well, we'll go back and double check and make sure we've got the right numbers.

Ms. Swanson: So, 319 people supported this specific division and one person opposed it. The second action that people spoke about a lot or commented on was having three sectors – excuse me, not a lot of people. The three sectors are for-hire, recreational and a commercial. Two people supported that action.

On the back, Table 4, potential methods to allocate, on the left-hand side I listed the alternatives with a brief description. As you can see, Alternative 3 and Alternative 4 were the most popular. Alternative 3, the Council's judgment based on fairness and equity, 344 people supported this alternative, and I counted 327 with 50/50 on all species. The majority of those did come from the form letters as well. Four people opposed Alternative 3 and were against 50/50, and eleven people wanted a detailed economic and social analysis.

In the right-hand column, these recommendations, they're just over there. There is no rhyme or reason for Alternative 1 through 4. A lot of people wanted to see the recreational sector have a greater percent than the commercial; and vice versa, the commercial sector greater than the recreational sector. One person commented 80 percent recreational and 20 percent commercial; another, recreational sector at least 50 percent; at least 50 recreational, 30 percent commercial and 20 percent for-hire. That concludes my summary of the summary. Does anybody have any further questions?

Mr. Harris: "NC" means the State of North Carolina?

Ms. Swanson: Correct or no comment, yes.

Ms. Merritt: Gregg, that's the first thing I picked up, too, on Table 3; why is North Carolina opposing this, you know. I did back up and see your note there. On the form letters, when you go through those, do you try at all to determine the sector that they're coming from or any specific organization or anything like that? The ones that I saw, for the most part, they all seemed to be a recreational group of people, mostly Florida from what I could tell. Would you say that would be a good assumption?

Ms. Swanson: Rita, honestly, since I was counting, there were a handful of names that had their position or whom they were representing, and I did not account for that. It was just counting.

Mr. Geiger: I think you're absolutely correct, Rita, the majority of them came from an organization called "Essential Florida Offshore Anglers", which is a large group of about 500 members, 450 people in the Orlando area. Somebody in their club took an active interest in what we're doing.

I spoke to them several years ago, three or four years ago, and came back with kudos from that club over what we had done in the past on management of red snapper and how they're experiencing a resurgence in the red snapper fishery off of Daytona Beach. I'm just going in with trepidation in June. I'll have to go back and talk to that group, but that's who they are. They're very actively engaged and have a very active membership.

Ms. Swanson: I also wanted to point out, and I meant to mention this when I was first beginning, that some culinary organizations showed up at the North Charleston scoping meeting, and a lot of the chefs wanted to put in their two cents. I included some comments in Section 3 in the specific comments.

Mr. Waugh: Attachment 3 has all the written comments, the e-mail comments we received, and some of those form letters, as was mentioned, do have variations. What we did was Mike compiled those and added the signatures to each unique variation off of that form letter and then just put names and any location or title information or organizational information, so you have all that in Attachment 3.

Dr. Chevront: So I think that does give us what we were asking for on that. Do we have any other comments on the scoping comments? Gregg, where do we go from here with this; do we just take it under advisement?

Mr. Waugh: Yes.

Dr. Chevront: That's what I thought, okay. All right, thank you, Gregg. Now let's move on to Agenda Item Number, Recommendations from the February and March committee meetings. We're going to get an overview of that from Gregg, and that's in Attachment 4.

Mr. Waugh: What we did was we went in and pulled out from my notes and minutes all the items that you all asked for at the February 19<sup>th</sup> and 20<sup>th</sup> committee meeting and the March 6<sup>th</sup> committee meeting. We've got a couple of them we're still working on. Going through the previous minutes and looking at rationale for previous allocation decisions, we've got some of that that was done in original documentation put together for us to consider the allocation issue.

We've got all the previous FMPs that have allocations and we've got the actual wording in there. Everybody should have that, but we will continue to go through particularly the AP minutes and pull out that rationale. Item 2, ACCSP, we're getting the director, Mike Cahall, to come down in June. We're trying to get him there for the June Allocation Committee to talk about what data requests they would be able to handle to people to access the ACCSP data base and get information on percent shares by various sectors.



We did talk with Geoff White. Geoff talked with Mike and they feel this is something they can do. We'll also have Mike talk about the larger aspect of ACCSP so everybody is refreshed on what that program is. The issues that we will get clarified is how far back the data go and is ACCSP willing to develop; they've indicated they are.

Background papers, we have refined this. We've removed the ones that don't apply to marine species, removed the salmon; and no timber, water or airways, Jim Waters has another reference or two he is trying to dig up for us. There is not a lot of information that's directly pertinent, but we'll continue to look and refine this and find what we can.

The allocation tables, which we'll go over in more detail in a few minutes, looking at SEDAR data, the catch data, is complete for most of the species, and I have some more details when we get to that. The fishing mortality rates, that's still pending. We will have that ready for the June committee meeting.

Item 5, a table showing the trend in landings by sector, we've got that; that's Attachment 5B. We'll be going through that in a few moments. Then six, the issue about committee meetings away from Council meetings, we're doing that. From the last meeting, March 6<sup>th</sup>, a reference list of social projects and data collection completed or planned, we still have to do that.

Two, develop an aggregate table with all species combined, we've got that; that's 5B. Three is develop a table or chart outlining previous Council actions and how the reductions were applied; Rick has done some research this and we're working with Andi to complete that. We hope to have that for the June meeting.

Item 4, previous items, which we've covered above; and then going through the minutes, I found two more. Item 5, which I'll add to this, is on Page 15 of the minutes, a list of data needs for the net benefit model, which we'll talk about when Jim Waters gives his presentation. Then Item 6, socially relevant data, what has been done, what is helpful for net benefit and allocations. If anybody knows of anything else, we'll keep a running list here for any new additions from this meeting.

Mr. Geiger: In terms of background papers, Gregg, I hope we're not excluding research into the states and what they've done in regard to allocations, because Florida has a history, Texas has a history, Georgia has a history, Alabama has a history. There are decisions that have already been made at the state level in terms of allocations, which I think are germane and pertinent to what we're discussing here.

Mr. Waugh: Okay, we'll dig that out.

Dr. Chevront: Yes, and I think it would be good to check with all the South Atlantic states because I know North Carolina does, too, we keep our regulatory history of all our decisions by species, and it includes allocation decisions, as well. My question for you at this point, Gregg, is some of these things say "pending", some are done, some say "complete".

One of the things you mentioned – and I forget exactly which item it was – that you were hoping to have it done in time for the June meeting. Can you give us an update at least of those things that you're not sure will be completed by the June meeting, that we at least would have some time to review it before then, because I think that's going to be very relevant for some of the decisions that we have to make.

Mr. Waugh: The only one that really gives me a little bit of concern is item three from the March meeting, a table or chart outlining previous Council actions and how the reductions were applied to each sector; also, try to determine how effective the reductions were. That one just gives me a little concern as to how much we can get done. We can certainly look at our previous actions, but that's no easy item.

I really think the rest of them, we should be able to have ready for the June Briefing Book. And to me when I say June Book, then you will have that in the briefing book two weeks before the meeting.

Dr. Chevront: Yes, I was sort of thinking on that number three, the first part ought to be able to be done.

Mr. Geiger: I hate to go back, but we excluded a bunch of things here like salmon and timber and those items that were listed. However, I'm not comfortable ignoring the management of public resources; maybe terrestrial and avian living resources. The federal government has a history of managing living resources and making allocation decisions predicated upon the finite nature of those resources.

I think we're in fisheries, but it's being treated differently and I'm not sure it needs to be or should be, and that's part of the question. I think it's important to understand the history not just of the states but also how the federal government has managed living public resources.

Dr. Chevront: George, if I remember correctly the discussion that we had about that at the meeting and we made that decision, it was predicated on the idea that we wanted to look at things that also had like a recreational and commercial component to this, and in many cases a lot of those other species don't have that component.

So, if we're looking at it in terms of allocation, there may not have ever been a commercial allocation or that approach died off largely but not completely, and so there was never an allocation issue for those species. Decisions were made as to how much was allowed to be harvested, but I'm not sure that there was an allocation discussion there. If I'm wrong, let me know.

Mr. Geiger: Well, I can't say whether you're right or wrong, but if you look back a lot of the decisions that were made were made in areas for terrestrial and avian resources that were prosecuted commercially, and in a lot of cases were much more heavily prosecuted commercially than they were recreationally.

When you look back to the Industrial Revolution, the focus of humanity was on survival as opposed to recreation, and recreation was limited to a very, very few wealthy people who had the disposable income and the time to be able to satisfy this need that they had. Most people were forced with survival; and in doing that, people took advantage of an available natural resource, turned it into a commercial endeavor and provided something that could be sold, that was in demand, to the private sector that necessarily didn't recreate to get it.

So, I'm not sure that there was a recreational or commercial sector, but it was certainly understood at some point that all these resources were of a finite nature and that you could not continue to industrially take quantities at the rate that they were being taken and have long-term sustainability.

And you're right, then a decision was made, and I'm not sure it was made as a commercial versus a recreational allocation, but it was made in terms of survivability and long-term sustainability of a resource. When that decision was made, very strict harvest restrictions were put in place on the people who were then allowed to prosecute it as a public resource.

Dr. Chevront: I guess I'm just not sure on the timing on that. My thought has always been is the prosecution of those kinds of resources was something that died out naturally either as the resource went away or as society changed and people switched over to buying prepared products or something.

Mr. Geiger: And I take issue with a couple of points. One, avian resources, for example, at the turn of the century, they were prosecuted for plumes, and that was eliminated due to legislation. They were legislated out of business. The other one is federal migratory waterfowl. There was an active commercial waterfowl industry that was regulated out of business by the Federal Migratory Waterfowl Act.

So, they are not people who just went away because of the lack resources. Certainly, resources were dwindling, which is what precipitated legal regulations being put in place or law taking that aspect away from them. If you go back to migratory waterfowl, I read within three or four years of the Pilgrims settling and colonizing Massachusetts, they put limits and laws in place that stopped nighttime harvest or taking of migratory waterfowl because they noticed huge reductions in the availability.

So, this history of regulatory management goes back a long, long way and people recognizing when you take an excess, the diminution of that resource becomes apparent and something needs to be done, so that history is there, and I think it's important that we look at it, Because, if we don't look at it, we're doomed to repeat it, and I think we are repeating it as we speak.

Dr. Chevront: I guess because I'm not familiar with that information, I guess it must be readily available that we can actually find it pretty easily in a legal format or something?

Mr. Geiger: You read it in books and it's always referenced as footnotes in reading materials. I read so many of these books, I can't remember which one.

Dr. Chevront: Because, see, the books come with a bias, too. I mean, whoever is the author of it is interpreting it the way they want to interpret so they can go back to the original document.

Mr. Geiger: But they're all footnoted with the original documents and you go back and you can find the origins of this information. I'll try to find that, but I can't recollect off the top of my head where I read that statistic about migratory waterfowl, but I'll just have to go back.

Mr. Waugh: So, then, what we're doing is just broadening the background paper saying that we're going to include allocations for marine species that have a recreational and commercial component, and we're also going to look at terrestrial and avian species, more broadly the living public resources managed by the federal government, still excluding salmon, timber, water, airways?

Mr. Geiger: And taking into consideration what the states have done on specific management of their state resources.

Mr. Waugh: That's correct. Okay, we'll do the best we can to pull out that information.

Mr. Harris: Question, Brian or George; why did we decide to exclude salmon? I remember we had some discussion about it, but why did we decide that because salmon has a lot of interesting aspects to it that I think we might find informative.

Mr. Geiger: To that point, Brian, I'm passing around an article that appeared in USA Today on today's edition, Tuesday, April the 8<sup>th</sup>, which talks about the salmon crash forces drastic measures. The Pacific Management Council is meeting this week to determine what they're going to do, so I think it's an interesting article, and it does, as Duane said, salmon do address the recreational and the commercial component.

It's much more complicated because they've got a tribal component. It's a confounding issue, but it's interesting to note here that they are making some recreational and commercial allocation decisions in regard to this closure, potential closure.

Dr. Chevront: I can't remember why we excluded the salmon, either, but in my looking at stuff that does have the tribal component to it, typically what they've done is they've made the tribal allocation first, and that gets lopped off the top, and then it's the commercial/recreational. So there might be some applicability to even those things that have a tribal allocation as well.

Mr. Geiger: And that philosophically is interesting. I hate to dwell on philosophical arguments like this, but you would think that we as managers and everybody as managers would consider the environment and the need of a species to fulfill its niche in the environment both as a food source for other animals' prey species and as predators, and you would you lop that component off and then go back and figure out what was left to divide between a recreational and commercial sector, because, truly, what we're here to do is not manage people's live, which it seems like we've turned into is economic managers of people's live, and we're here actually to make sure that we have a sustainable, long-term resource.

So, it's interesting that you said that we lop off the tribal component first. In our mind, I would hope we all think about lopping off the environment component first and then coming back to revisit what is available, and that's the box we're in and we keep seeming to want to repeat historically because we're not taking into account what we have done historically in terms of managing these resources.

Dr. Chevront: I think that's a point well taken.

Mr. Geiger: Which goes also back to the comments – it was down there at the bottom, but managing and looking forward as opposed to managing and looking to the past historically. I mean, if we want to look to the past and look to history, we can see the failure that we've had, with the exception of a couple of species like Goliath grouper. It's true.

Dr. Chevront: Yes, I know, but it's such a small fishery.

Mr. Geiger: And king mackerel, which is also a small fishery when you look in terms of yield landings and what they do in terms of providing economic benefit to the country or even to the sector. They provide economic benefit to the individual fisherman participating, but when you look at a 3 million – Gregg, is it million pounds?

Mr. Waugh: For?

Mr. Geiger: Commercial landings, king mackerel landings, the TAC? Let's say it's a 3 million pound TAC; it's not much more than. You start talking in terms of yield, that's 3 million pounds of round weight, you take a percentage of that and you start dividing it up in six ounce meals, you're feeding probably less than 12 million people; that's not even the population of the State of Florida one meal of king mackerel a year. I'm talking about the commercial landings at 3 million pounds.

Dr. Chevront: Anybody else?

Mr. Waugh: Just to clarify, is salmon back in, then?

Mr. Harris: As far as I'm concerned, we ought to look at salmon because I think it has got some components to that fishery, including the decline of the stocks, and we're looking at declining fish stocks over here. The only thing I think that's different there is the impact of dams on the rivers and water flows on the salmon population, but you've got a commercial and a recreational fishing component and you've got declining populations. The cause of those declining populations is still I guess somewhat open to speculation, but what they're doing on the west coast with respect to salmon is instructive I think for us.

Dr. Chevront: Things are starting to come back to me. Was that discussion about we wanted to exclude anadromous species like salmon and striped bass because of the different management? I mean, because sometimes they fall under multiple structures.

Mr. Harris: I guess that may have been where we went with that. One of the reasons I was looking to maybe shorten the list is because there is so much to read, and we can only read and absorb so much, so that which is most instructive to this committee is what I think we need to focus our attention on. There may be some papers on salmon that are right on point, and, yes, it is anadromous and maybe in that respect it's not specifically applicable, but I think there are a lot of elements of it that are.

Mr. Geiger: And I think probably the thing we could focus on is in this article I believe it talks about how they're going to stop commercial harvest and have some limited recreational harvest and what was the philosophy used to allow some recreational take and disallowing totally commercial take. So, there has to be some philosophical rationale for doing that, and that would be of interest of me as to what rationale they are using to make that type of a decision as opposed to just closing it totally.

The other instructive thing here I think that you get from this article is that they're betting the continuation of the fishery on recruitment, and we've all heard the dangers of using recruitment as the basis for betting. You know, you're betting your future on very unstable elements that can contribute negatively for a myriad of reasons.

Dr. Chevront: Yes, if I'm not mistaken salmon recruitment is affected by aquaculture and that they're finding places where there is aquaculture salmon nearby that recruitment is very low in those areas. That is an interesting issue and I wonder how they're going to take that into account.

Mr. Waugh: So then we'll look at salmon issues, but be very judicious so that we don't overwhelm you with salmon paper so I peruse those more carefully so they're more applicable.

Dr. Chevront: Yes, I think the key thing is that we have to look at is there a discussion of allocation decision-making and what were the factors that went into making those decisions. If they're absent in the paper, then we probably don't need to see it. Everybody in agreement with that? I see lots of nodding heads and no shaking heads, so that seems to be I think where we're headed. Any other discussion on Item Number 4? Okay, thanks, Gregg, I look forward to seeing more of that stuff as it becomes available.

Okay, what we're going to do now, we're going to skip over to Agenda Item Number 6, and that's Jim Waters' discussion here. Jim is going to talk to us about how the red grouper economic allocations for the Gulf of Mexico were made and potential applicability of that to some of our species here in the South Atlantic, as well as – and it may come up later on, not at this point, Jim, but we had talked about having a discussion about the CCA paper, and we'd like you to be around for some of those discussions so you can help us out with the economic understanding of all that. Gregg.

Mr. Waugh: Before Jim gets started just to sort of help set the state a little, I think it's very instructive when you all do read the minutes from our March meeting. Page 9 is where this discussion starts, and the regional administrator makes it very clear that in his opinion for us to be able to move forward, we need to have some sort of net benefit analysis.

When you read his discussion, he is of the opinion that this can be done for the South Atlantic. He indicates he has talked with some of his folks and it appears that it is possible. I think what is going to be critical for us to get, after Jim does his presentation and we have our discussion, is a clear understanding of a specific list of what data are necessary to do this type of analysis – that’s one of the things that Duane asked for specifically – so a list of what data are needed, can this be done in the South Atlantic, when can it be done, what resources are necessary for it to be done,

I was really struck, when I was reading these minutes, that it appears that there was a real line drawn in the sand that for us to move forward you need to have this net benefit analysis, so I think we need to resolve that issue today and tomorrow.

Mr. Geiger: Yes, in terms of the line in the sand as to whether we need a net benefit analysis, that’s why it’s important for us to get the past history of how the Council came to allocation decisions and made allocation decisions. Correct me if I’m wrong, I just don’t think things have changed that disallow us to do things as historically was done in the past.

I think economic considerations are important and it’s always consideration. You know, economics doesn’t drive the end-all be-all in this, and I say that in deference to the economists that are here. I think it’s important for us to understand the economic effect of what our actions might be one way or the other, but I’m very hesitant use pure economics as the driving force to come to terms with how we do or what we do of why we do things. I just think that there is judgment involved here that we’re asked to execute, and we need to do that.

Dr. Chevront: I think if you’ll remember as a committee at our February meeting Alternative Number 4, which was to make decisions based on social and economic analyses, this committee suggested moving that to the considered but rejected appendix. It was discussion from Roy, he kind of insisted on bringing it back, and he hasn’t changed my mind on that yet. When we get to that discussion, I’d like for us to reconsider our decision and decide if we stand by it and go back to the Council and say, “Okay, Roy, we considered it again,” but that’s a whole other discussion, but I want us to have that when we get there. Gregg.

Mr. Waugh: And in doing that, we better go through and make sure we have a list of what data are needed, whether this can be done or not, because if it can be done you have to understand that what is laid out in these minutes is it’s going to have to be done for us to consider. We won’t be able to put this issue in the appendix if Jim and others in the Service can do this type of analysis.

Dr. Chevront: But I think in Alternative Number 3 we say that we will consider these things, but we won’t make our decisions for allocation solely based on social and economic reasons. Even as a behavioral scientist, that scares me to consider that we would allocate a natural resource based on simply social or economic concerns. Robert.

Mr. Boyles: Thank you, Mr. Chairman, I apologize for my tardiness, I had a scheduling conflict earlier this morning, and perhaps I missed the early part of the discussion, so if you’ll just give me a little bit of deference. And maybe some guidance from Gregg is the question of what is our

standard, what standard do we have to meet with respect to how we go about making our decisions?

Is there a judicial standard; is there a standard that if we do not meet, then the decisions that we make – and in reference to what George was saying – in terms of our judgment? That's where I'm unclear – and I appreciate Dr. Waters and the staff to what they can do, but I think we agreed at the meeting in North Charleston was do we have the time and the resources to go through all these studies, as exhaustive as they may be?

I guess I just need some guidance, and maybe it's a legal question, Gregg, but what is the standard that we have to meet, that we went through the process, we considered these various alternatives and data do or do not exist; at that point are we okay to move forward? I'd like a little bit more guidance on that.

Mr. Waugh: The way we've operated on all our decisions thus far is you have to meet the National Standards, and that's the benchmark that we have to meet; also, taking into account other applicable law. You have to use the data that's available, and it doesn't mean you stop and then wait for data to be collected, analyzed and brought back to us and then you sit here.

The Council is charged with using the best available science, so I think we have to look at what is available and you have to use your judgment in terms of what is available in a reasonable time period. Certainly, we have our time schedule laid out to where we're going to be approving a document for public hearing in September.

If Jim and the other economists in the Service can provide us this type of net benefit analysis at our June meeting or at our September meeting at the latest, then to me that meets the available sort of criteria. If that's not doable, then I think in order to have these allocation decisions for Amendment 17 and for our Comprehensive ACL Amendment we need to move forward, and you need to move forward and meet the National Standards.

Mr. Geiger: And a follow on to Robert's question, Gregg, has anything changed since allocation decisions – let's say the allocation decision that was made on Spanish mackerel; what has changed legally that would preclude us from making a similar decision in the method that was made then? And correct me if I'm wrong, but I believe there was a conscious decision made by the Council to increase the commercial sector allocation of Spanish mackerel by a percentage.

Mr. Waugh: I don't know of anything that's changed legally. Certainly, the environment has become more litigative, and there is a desire to beef up the documents a lot more over what we did back then, but I think there's anything that has changed significantly. We still have to be fair and equitable. You can't discriminate across different states. I don't think that the baseline has changed any.

Mr. Boyles: Gregg, thank you for that. I guess I wasn't making my point, Gregg. I know we've got the National Standards that codified in Magnuson. I guess my question is are we going to move forward on – Roy made the statement at the last meeting about net benefits. There has



been a lot of use and I would submit misuse of economics in terms of impact analysis, technical standards on producer surplus and consumer surplus.

I'm still not clear, and maybe we'll get this with Jim's presentation, what is the standard by which we are going to move forward, and I think that's really where the discussion for this committee is and for the Council to consider. After that, I would submit to you it's going to be a mathematical exercise that the economists can or cannot advise us on.

I guess this is where I go back to what is the basis by which we as the committee and as the council are going to move forward? Is it going to be net benefit analysis? Is it going to be economic impact analysis? Those are two very, very different things, and maybe I should just be patient and wait on Jim to give us what he is going to give us on his presentation. I think that's where we are going to face a lot of scrutiny as a committee and as a council and where I think we're going to have to be very, very honest and open in our communications in going through that discussion. Thanks.

Dr. Chevront: Okay, Jim, I think we've set the stage here for you.

Dr. Waters: Wow, lots of good questions; I wish I had as many answers as you have questions. At any rate, we knew that the allocation decision was coming, so we decided to get together and see what we could do from an economic perspective. The principals on the project are Juan Agar and David Carter. They're both economists at the Miami Lab, but I think you think Juan last June in Key West. David couldn't make that meeting.

At any rate, Juan primarily looked at the commercial sector; David primarily looked at the recreational sector, and I tried to help them put it all together. This slide kind of in a nutshell tries to give you some of my views of what the essence of the problem is. We have these species, red grouper in the Gulf of Mexico, which is important to both the commercial and recreational sectors.

Long ago everyone seemed to be very happy. They went out and they fished and they caught as much as they wanted, and there was no big deal. But over time there was too much fishing and we ended up with stock depletion. When you get into stock depletion, then you have to set TACs and that limits catches; and before you know it, that happy equilibrium we used to have was disturbed and does not exist anymore.

Then the concept of allocation or reallocation, at the moment, simply to me is primarily an issue of who is going to bear the burden of stock recovery. And if you change the allocation from historical to some new percentage, then basically what you're doing is changing the distribution of the change over time.

Now there are other factors involved. Things change over time, but this is kind of the essence of where I think I'm going at the moment. The purpose of our project was to see if we could amass the data and conduct the analysis in a rigorous, theoretically correct analysis from the economic perspective; and then when we get done, we'll have a few preliminary estimates of gains and

losses for a small redistribution of the TAC for red grouper. Now, I'll deviate a little bit from the prepared talk to say that –

(Question asked by a committee member without turning on the microphone.)

Dr. Waters: Now that means stick with economic principles as much as we possibly can.

Mr. Geiger: If I may, Brian, it doesn't necessarily mean that you've looked at the sufficiency of the data to determine whether or not the data is sufficient or to see whether or not –

Dr. Waters: No, that's part of it, that is part of it. We'd like to do this in as rigorous a manner as possible. Actually, a lot of whether we can do that or not depends on the availability of the data. What you'll see, just peeking ahead a little bit here, we have a lot of data, but we don't have the perfect data, and so when we get done we have what I think is a pretty decent analysis.

I think we actually got a lot farther than I ever thought we would get when we started this project. I didn't think we'd get to Step 2 when we started this project, but we got a lot farther than I thought we would, but it's still not a slam dunk. I would have to say that based on what we have here, there is not really a technological solution to the allocation problem.

And answering some of the comments that have been going around the table a little bit, I would put this in the box of what we call political economy where you have some economic information, but that's not always sufficient to arrive at a numerical slam-dunk technological solution that everyone agrees to. There is a lot of politics involved in that there are different viewpoints, and every viewpoint probably has a lot of merit. Then there is kind of give and take as to what the appropriate allocation is. Anyway, that's what I meant by theoretically rigorous.

Part of the definition of theoretically rigorous is that we look at economic concepts of consumer and producer surpluses, and this is different from the concept of economic impacts. Where this is different is this deals with net changes to the economy as opposed to a lot of growth changes. The decision role would be to change the allocation as long as the net gain or the gain in surplus to one sector is greater than the loss in the surpluses to the other sector.

Mr. Harris: Jim, something just struck me about the top one. It says due to new allocation; was a new allocation made before you did this analysis? It almost seems like the second one suggests that the allocation is made after the analysis is done, but the top one seems to suggest that the allocation was made before the analysis was done. What happened here?

Dr. Waters: Actually, I like to choose my words to kind of shake people up as much as possible, and so maybe it works here. But, this slide is put together from a conceptual perspective; and then later on when we get to the allocation, the actual calculation and example for red grouper, where we will start is sort of the current allocation between the two sectors. Then we're going to consider a small change one way or the other and see what happens.

Mr. Swatzel: Jim, could go through again the idea of consumer and producer surpluses just briefly versus economic impact?

Dr. Waters: An economic surplus is a benefit in excess of cost, so for the commercial sector we're looking at the value of what people are willing to pay for something minus the purchase price that they actually had to pay for that. For recreational sector we're looking at the value of the enjoyment that people get from recreational fishing minus the cost for them to engage in that fishing.

Of course, then we get that hybrid sector, you know, the for-hire sector and so there are commercial components, and so there is what I described here for the recreational surplus is for the angler, but for the charterboat operator or headboat operator you would look at the producer surplus, the revenue in excess of the cost of pursuing the fishing trip.

That's different from economic impacts. For economic impacts, just look at a dollar spent is a dollar gained, and that's true in one sense in that a dollar spent is a gross income to the seller, but a dollar spent is actually a cost to the buyer, and so what we're trying to do here is – on the left-hand column here, the gross value is a consumer benefit or a recreational enjoyment, and a lot of that is not really quantifiable.

From an economic perspective we have to kind of infer that from the way people behave in the marketplace. If we were to look at quantities consumed versus different prices, either spatially or over time, we might be able to infer what the demand curve looks like; and if we can infer what that demand curve looks like, then we can determine the area under that demand curve, which is how the surplus is calculated.

Then from the producer side of things, the spending of either the consumer or the angler becomes gross income to the producer, but there are costs of production usually. Now, actually it really gets of technical here because, for example, let's say that we had a big reallocation from the commercial to the recreational sector, and that allowed a lot more fishing trips by the headboats and charterboats, for example. Well, there might be even whole new boats that start up their businesses.

If they happen to hire people that were unemployed before, then it turns out that the expenditure really is the total benefit, but in most cases we're thinking we're pretty close to full employment in our economy. The fuel that a boat buys would have been sold to some other use if that boat didn't buy it.

In many cases people who are hired have to give up a job somewhere else. Now there might be a little bit of a transition time in between, but in most cases there is pretty full employment. We look at the producer surplus as being the gross revenues minus in essence the harvesting cost, so it's that surplus over cost that we're looking at here as opposed to the impact analysis, which is just straight expenditure analysis, and it doesn't really account for the production cost. That was kind of long-winded; did that answer the question?

Mr. Wallace: You said that in calculating the value of enjoyment; can you tell me how you do that? I mean, if I'm out fishing and my engine breaks down, I didn't enjoy that trip at all, but it cost me a bunch of money. How did you calculate the value of enjoyment?

Dr. Waters: Well, I'll describe a little bit how David Carter did his analysis, but in a general sense the recreational component is really tricky because how do you place a value on enjoyment? All we know is that they were willing to spend a certain price to go on a charter trip. There have been a number of techniques developed over the years by economists, and they have been sort of applied to sometimes fisheries, sometimes waterfowl, hunting, big game hunting, that sort of thing.

But in essence what they're trying to do is – one method is to try to look at how much people are willing to spend to travel to a location. Let's say that you have a central fishing location that attracts customers from a lot of different locations. Well, you might be able to look at the differences in their travel costs to try to infer what their demand curve for recreation happens to be.

Another method is what they call contingent valuation, and this is a really tricky one that I've never done, and it takes a very skilled person to do this. In essence, what it does is present – it's an interview format. People go out and they interview individuals and they present to the respondent a number of hypothetical choices.

They'll describe one choice versus another choice; which do you like better? Would you rather catch ten small fish but only two of them are keepers or would you rather catch just a few fish but have more keepers, you know, something like that. Then they throw in a few extra pieces of information; how much would you willing to pay for this choice over that choice?

These are hypothetical choices; they're kind of hypothetical answers. That's why you have to have a really skilled person who does this type of survey. But, in essence, when you get done you end up with all these choices, and then people do their econometric hocus-pocus; and before they know it, they have what they call a demand curve, and from that demand curve you can determine these surpluses.

Mr. Wallace: To that, does the analysis include not keeping any fish, a no-take scenario? If your enjoyment is the same, you're out there to catch and enjoy the day and not necessarily keep the fish.

Dr. Waters: I'm not thinking of any particular study in particular here, but in a general sense, as part of your choices, you could include a no-fish catch. But, from your perspective, a lot of the recreational angling experience probably is tied into the trip, being out on the water, enjoying yourself, enjoying your friends, that sort of thing, but there has got to be some type of expectation of some type of catch.

If that were not the case at all, then you wouldn't have to worry about allocation because you could make the recreational sector completely catch and release and people would get exactly as much enjoyment out of it as not catching anything, and that's probably not true. I think that's what you're talking about in an allocation issue.

Mr. Wallace: To that, and I think we brought this up at one of the councils, is your last presentation. It's the same as you brought up the golf scenario. You don't get to keep that hole that you knock that ball into – I mean, your enjoyment was there to go enjoy the day. You're saying that you don't think it would be the same level of enjoyment, but when you take it into other sports, most of those sports don't have anything that you can bring home other than the memory.

Dr. Waters: When I mentioned golf at the previous meeting, I think the context there was that costs matter. If we were just to count expenditures as the benefit to society of going recreational fishing, that may be really an overestimate of what the benefits are because the assumption under the expenditure format is that the money is spent, it kind of cycles through the economy a little bit and we're all better off.

But if you couldn't go fishing, you have to ask yourself what would that consumer do; would he not do anything at all or would he find some other type of recreational outlet? I was just throwing out an example of golf. So if he did go golfing, for example, if he couldn't go fishing and he did go golfing, then maybe a lot of that money would still enter the economy. That's why just the expenditure approach itself could actually overstate the potential benefit.

Mr. Geiger: John, I understand what you're talking about, and it's a very complicated and complex thought process. The people who I take fishing are completely different than the people who get on Tom's boat. People who get on Tom's boat are getting on with an expectation of taking something home to eat. People who fish with me don't expect to catch anything or –

Dr. Chevront: You're that good?

Mr. Geiger: Chances are pretty good you're not going to catch anything. The name of my boat is "F equals zero". But, anyway, there are different expectations involved in different recreational sectors. Somebody who gets on a six-pack and goes marlin fishing, I don't think they expect to bring a marlin back to the dock, but their expectations are to have a great day fishing. If they catch a fish, that adds to it.

People who get on a headboat are looking to bring fish home to eat, which is a misnomer. Recreational fishing, your bottom fishing is almost like subsistence fishing by people who don't have a commercial license to catch more than the bag limit, because they're trying to catch fish to eat. They're not going out there to catch fish to catch and release. It's almost a misnomer. It's like recreational subsistence fishing.

Dr. Chevront: Actually, there is a lot of recreational subsistence fishing that does occur. At least I know it does in North Carolina in our state waters. It's an interesting point that you're making there, George, because while you were talking I was thinking about when I go out and fish in different modes, what are my expectations?

I know that if I put my rod and reel and tackle box in the car and drive to the beach and fish, my expectations are pretty darned low that I'm going to catch anything. I'm going to go the beach as much as I am to try to catch a fish. But if I put money into it or if I'm willing to risk getting

seasick or something, I have higher expectations that I'm going to get something not necessarily to eat.

I like catching fish, and I know I am not the typical fisherman that does go out on a headboat because the person that you described is exactly the people I see when I've gone out there. People thought I was crazy when I would do catch and release on a headboat. If I catch something and it's not something I really want, I let it go. But, most of the people, I mean, they're keeping pinfish and I'm wondering why, but you're exactly right, I think they want to eat it.

Mr. Harris: And therein lies one of the problems; what is the definition of "typical" when it comes to a charter fishing trip? I've got people that hire me to take them fishing that want to take home fish to eat. They really want to catch a lot of fish and take them home to eat. I've got other people that go out with me, and they're going out for the enjoyment of going out; and if they catch a fish, it's a bonus.

They don't care about catching a lot of fish; they don't even want to take any fish home. It's all catch and release. So, you know, how do you describe a typical angler that goes out with the fishing guide? I don't know how you do that.

Mr. Wallace: To all that and then we'll let Jim go. That's the rub in the definition of a recreational fishery because you are trading something. You are trading your charter costs, you are trading your gasoline costs if you've got your own boat, or your boat costs for the right to eat that fish, which is no different from a commercial guy.

He's going out to catch it and he's trading his fuel expense and labor expense of that for the right for someone to eat that fish, whether it's him or not. Under this scenario, anytime that you take a fish home you're essentially a commercial guy. Whether you're doing it under a recreational license or under a commercial license, you're essentially a commercial guy because you have traded all of these expenses for the right to eat that fish.

Dr. Waters: I like all the discussion; this is good. Getting back to your point, though, you made earlier about the motivations behind recreational fishing, for many years some very smart people have tried to estimate these demand curves for recreational fishing, and there have been a number of really successful attempts, but the number of attempts that have successfully tied recreational enjoyment to catch rates is a lot less.

That's been a really vexing thing for the profession because we know that there has got to be an expectation of catching something. I mean, it's just got to be important or else, like I said, you could allocate everything to the commercial sector and just let all the recreation people go catch and release or just go float around, but you know that they would scream. Just that in itself tells you that catch must be important in some way. So one nice thing that David Carter did here is he really kind of tried to focus on the effect of the catch rate on valuation, and I'll get to that in a couple of slides.

Mr. Wallace: I'm sorry, but the difference in the catch rate and the keep rate is the analysis that I would like, something in there because, yes, definitely he wants to go catch it just like you want to sink that golf ball into that hole. The catch rate to the keep rate I guess is, you know.

Dr. Waters: Of course, nobody said that any of this was easy. Okay, now I'll talk a little bit in detail about the commercial analysis. This was done by Juan Agar. I won't go into a lot of the detail. I'll just kind of skim through the general idea here. Basically, he put together on the bottom bullet what I consider to be a theoretically correct and innovative method. He kind of really did something which I thought was a little different, and I thought it was really neat.

Basically, what he did was – referring to the top bullet here – he would in essence have estimated a demand for quota under an IFQ system; you know, if you were bidding for a quota. We often think in the commercial sector as buying and selling fish, but now we're thinking of buying and selling quota, so he put together a demand for quota itself. Then we'll look at the effects on the commercial sector by varying the amount of quota that's available to them.

He used the Florida trip ticket data from the three-year period, 2002 to 2004. He separated two gear types, vertical lines and longlines. In his model he kind of had to group some species together, but we were interested primarily in red grouper, and then we grouped all the other shallow groupers together into one variable and then the snappers into a third variable and then everything else into a fourth variable.

I would like to talk a little bit more about the data that were used here. This was kind of an interesting thing that has a lot of ramifications for your analysis here. This was done for red grouper in the Gulf of Mexico. As you know, red grouper in the Gulf of Mexico is a big deal. That's a relatively big fishery.

He started out using the federal logbook data set, which, as you know, reports catches by species by trip, but it only reports information about the catches. It doesn't report information about the prices. Juan needed information about prices in order to make this model work. Normally what we do is we go to the monthly accumulated landing system and calculated an average monthly price for each species and kind of merge it back into the logbook data set to give us an estimate of what the revenues would have been on each reported trip. So we did that and his model really didn't work using that method.

The best we can figure is that over the course of a month there is kind of averaging out that goes on. There is fluctuation of a price during the course of a month. There may also be some averaging across market size categories. Species can be landed and priced into different size categories. There didn't seem to be enough variation in the price variable to really make that model work.

Then he went to the Florida trip ticket data, which does include prices on every trip, and, voila, the model worked, so that was kind of interesting in itself. The ramification of that for you is that a lot of your species that you'll be trying to allocate are not restricted to the State of Florida only. The red grouper is primarily a west coast of Florida critter.

We don't have the same type of data for North Carolina and South Carolina and Georgia that we did for Florida, so trying to apply this method to the South Atlantic for a species could be tricky. That's looking ahead on that. Not all states report prices on the trip ticket.

Dr. Chevront: Jim, excuse me, is it just North Carolina that doesn't collect the price on all of its trip tickets or do Georgia and South Carolina; I don't know?

Dr. Waters: Actually, I don't know either. I knew for certain that North Carolina does not.

Dr. Chevront: Well, we actually have this kind of sneaky system now where we actually do get some prices. If they fill out their trip tickets electronically, they have to tell us that they don't want to give us the price information. That little box happens to be on the bottom of the screen, so we're amazingly getting a lot of prices that people either willingly or unwillingly are giving to us, but we're happy to have them.

Dr. Waters: That's good to know. Another thing I forgot to mention here is that we used dockside prices for the species and the landings. We also would have liked to have had harvest information about harvesting costs. Now we are collecting information about harvesting costs now in the Gulf of Mexico beginning about mid-2005.

But for the time series of data that were used in the analysis, we did not have the corresponding prices. Now we do have a longer – we started collecting cost data on the Atlantic before we did in the Gulf so we don't have that same objection to the Atlantic that we did for the Gulf here. When he got done, this is basically his curve. It's downward sloping like we expected.

The actual position of the curve was another little bit of a problem because the Gulf of Mexico had a fairly good-sized fishery with traps during the study period, but that fishery was prohibited in February of 2007, so in the analysis we didn't use the trap catches. What we did is we kind of figured out the volume of landings by traps, and we just randomly selected extra trips out of the longline and vertical line sector to make up for that same volume of landings, and that's how we worked on that.

Mr. Harris: Why did they do away with the trap fishery for red grouper in the Gulf; do you know?

Dr. Waters: Actually, I can't remember. The amendment was done ten years ago; it gave them a ten-year sunset provision, so that was a while ago.

Mr. Geiger: Yes, and it was not specifically aimed at red grouper. It was to eliminate the trap fishery in the Gulf of Mexico. It was done ten years ago with a ten-year sunset.

Mr. Harris: And the rationale, George?

Mr. Geiger: Pretty much the same rationale that the South Atlantic used to eliminate traps in the South Atlantic, the destructive nature of the fishery, bycatch, indiscriminate catch. It was just a very difficult fishery to monitor. It was the same reasons we used.



Dr. Waters: Okay, to summarize, then, on the commercial side, Juan was able to come up with a demand curve for quota for red grouper. In the actual analysis of allocation later on what we'll do is we'll vary the amount of quota that is available to the commercial sector, and we'll be integrating under the curve to figure out what the changes in the benefits would have been.

The analysis isn't perfect, like I said, but he actually got a lot farther than I thought he would. It might even be publishable, I don't know. We'll have to wait and see what the Journal reviewers say. The conclusion of his work was that he ended up with what we call a demand for quota, so at any given level of quota you can figure out how much people would be willing to pay for that quota.

The area under this curve, between the curve down to the horizontal axis, we'll be integrating and calculating that area, and that will be the measure of benefits to the commercial sector. I have another slide on that a little bit later on.

Mr. Geiger: Do you have a landing slide of what the total landings are in the Gulf of Mexico?

Dr. Waters: Yes, we do. Now for the recreational analysis, we already touched on some facets of recreational fishing. We all know that this is really tricky type analysis. David Carter did this analysis. What he did, he estimated what is called a hedonic price function. Now in economics, hedonic price function just means we're going to estimate price as a function of characteristics, certain characteristics of the goods that you're selling.

You know, as an example of something that we're all familiar with, prices of houses are often a function of their characteristics, their location, how many bedrooms they have, how many bathrooms they have, that sort of thing, how close to the water they are. Those are all characteristics of that house, and the differences in the characteristics of different houses that might be for sale will be reflected in the differences of the offering and the closing prices for those houses.

So what David looked at, he tried to look at some various characteristics of recreational fishing trips and tried to tease out what a demand for recreational fishing would be based on differences in those observed characteristics. Now some of the characteristics that he used in his analysis were trip length – that's hours fished. He only used single-day trips that were offshore bottom fishing trips, by the way.

So, trip length in hours, numbers of paying passengers, and then he looked at different characteristics of the catch. He looked at the number of fish kept per angler hour fished, the number of fish discarded per angler hour fished and the overall weight of all of the fish caught on that particular trip. To get the variation in those characteristics that he used in his model, he used different counties along the west coast of Florida and looked at the differences in the variation by county.

Mr. Harris: Did this exclude headboats; was it just six-pack charterboats?

Dr. Waters: It was just charterboats.

Mr. Geiger: And when he looked at the popularity by county, Jim, did he consider the popularity of the species? When I say popularity of the species, what is the species most desirous to the people who were on the charterboat? Was it red snapper or was it specifically a red grouper trip?

Dr. Waters: The answer to that is he tried, but he really couldn't make it work. He actually could get results for red snapper alone as a species, but for the other species he couldn't and he ended up just using an aggregate. In the end when we talk about what can we do with this information that will turn out to be both an advantage and a disadvantage.

It's a disadvantage in that the results aren't as specific to red grouper as we might like them to be, but because he used sort of an overall average for all species combined, it might actually be more applicable to analyses of other species particularly in the Gulf of Mexico but with a little less confidence to the South Atlantic; whereas, Juan's analysis of the commercial sector, because it was very specific to red grouper on the Gulf of Mexico, probably doesn't really have a lot of applicability to the Atlantic fishery.

Mr. Geiger: But in terms of methodology do you think it was very successful in doing in terms of gross methodology in using an overall aggregate of species?

Dr. Waters: Yes, it actually worked.

Mr. Swatzel: There were, obviously, no surveys involved concerning doing this particular study. I'm curious about when you start looking at county level of harvest concerning charterboats or even headboats and what attracts somebody to that boat, sometimes it's the location. For example, I'm on vacation in Myrtle Beach and there is an attraction to that, and it might not necessarily – you know, that same person wouldn't necessarily go to Charleston. So I guess none of that was factored in terms of surveying those particular customers and finding that out.

Dr. Waters: Not specifically. Now for the data, this was for the charterboat fishery and not for private anglers or headboat anglers. He used two sources of MRFSS data. In the top several bullets here there was a special add-on survey, telephone survey of charterboats in the Gulf of Mexico in the year 2002 and 2003. They were telephoning charterboats and they were asking questions about their harvesting costs and the price per trip.

This was a little bit different from the normal MRFSS survey, which focuses on primarily catch and effort. We had that survey. That was done, like I said, in 2002 and 2003, and that was one of the primary reasons why we chose that period of time for this study because we wanted to match up with when the data were collected. Now, for the harvest attributes, then he went to the normal MRFSS Intercept Information, and he used data for 1992 to 2001.

The idea for the long time period, the ten-year time period there, is he wanted to calculate averages, fairly long-term averages so that these would reflect expectations of the fishermen. In any given year or any given trip your catch might fluctuate. You might go one day and you might catch something, and you might go two weeks later and you might catch something completely different.

But over a long-term average there is sort of an expectation established as to what your catches might be, so that was the purpose of using that ten-year period there for the harvest characteristics.

Dr. Chevront: Just to make sure I'm understanding what you're saying, all of these selections of vessels and trips were based on those that had landings of red grouper as opposed to –

Dr. Waters: No, these were just all charter trips for which he had data from this MRFSS weekly for-hire survey.

Dr. Chevront: The reason why that question came up in my mind is I see that there were 356 vessels but only 584 trips. That's an average of less than two trips per vessel.

Dr. Waters: Well, no, these are the number of vessels and the number of trips that were actually surveyed as part of this study. This is not the totality of the fishing experience.

Dr. Chevront: Oh, okay.

Mr. Geiger: And those were all Gulf of Mexico vessels?

Dr. Waters: These are all charterboats, single-day trips, offshore bottom fishing.

Mr. Geiger: Gulf of Mexico?

Dr. Waters: Gulf of Mexico.

Mr. Geiger: And all the offshore trips were Gulf of Mexico?

Dr. Waters: Correct. Now these are some of the results. The dollar per number of fish kept was basically \$5.86. The value of an extra fish discard was a minus \$2.90, which means if you catch and have to discard a fish, that's actually a negative. People don't appreciate that as much as being able to keep the fish. The overall dollar per pound, this is for all species combined, was \$1.11.

Then he did some extra manipulations in the data to tease out the trips that only used red grouper, and that ended up with an adjustment to that dollar per pound to a \$1.21 per pound. So the original estimate was based on all the trips regardless of the species they caught, and then he adjusted the dollar per pound to only those trips with red grouper.

Dr. Chevront: Before we go on, just looking at the confidence intervals around those dollar amounts, I'm looking at the – I'm assuming it's probably a 95 percent confidence interval or something. You're saying that the pound of gutted red grouper to those folks on that trip was worth about thirty cents to a little over two dollars a pound, and the average is only \$1.21. That tells me that there is a huge amount of uncertainty in those estimates.

Whenever you're approaching zero on a confidence interval that always scares the mathematician because that could be worth nothing to go out and do this. How did you all account for that uncertainty in there because I don't remember from reading it in the paper because I read the paper a long time ago? How do you all feel about the uncertainty? I guess that's what I'm getting to. The bottom line is that those numbers are – I mean, look at the discard. A discard could be a positive thing, and that tells me something mathematically it scares me a bit.

Dr. Waters: Well, don't get too excited. I saw those hands go up; I knew this slide was going to get people excited. No, you're right the standard errors are relatively large. The confidence intervals are fairly large, but we feel particularly for the dollar per pound the confidence interval did not bracket zero, so I think that's a really good thing. I'm happy with these results even though there is a lot of uncertainty. There is no doubt about that. Now, in terms of the actual application that we did later, we just used a point estimate.

Mr. Wallace: I'm trying to understand the numbers. You're saying that the average keep dollar per pound per trip is –

Dr. Waters: Angler per trip, yes.

Mr. Wallace: Per angler per trip was five dollars, so based on a \$700 trip which was what you said the mean average they were catching almost – at \$1.21 they were catching almost 700 pounds of fish per trip?

Dr. Waters: No, what it's saying is that a lot of the value of the trip must not be tied into the catch. Right, people like to go out and they like to float on the water. They enjoy the trip, they enjoy the camaraderie. They also enjoy the catching, but the value of the catch might actually be a minor part of the recreational enjoyment.

Mr. Wallace: Okay, how do the numbers correlate? Where did this five dollar keep rate come from compared to the cost of the trip? I mean, I could understand it if you were comparing what a commercial price for these fish was, but how did you come up with a five dollar a pound keep rate? I mean, is that your bait catch, you're excluding the cost of the boat charge, how did you put a cost per pound on it?

Dr. Waters: The way the model worked, the dependent variable in the estimating equation was the charterboat price per person. The average fee in this example was \$700 for this time period. There was quite a bit of a range. David actually had a slide with that in, but I took it out and I wish I had kept it now.

When you consider all the different counties and even within a county there was quite a bit of range. What he tried to do is he tried to estimate the systematic variation in the prices due to those various characteristics of the trip, such as trip length, numbers of passengers and the various harvest characteristics. It turned out that the coefficients of that explanatory equation were such that the – the way it worked out, for every extra fish a person caught, that was sort of equivalent to the price of the charter fee going up by \$5.86.

Mr. Wallace: Would you explain that again?

Dr. Waters: Okay. Trying to explain observed variations in charterboat fees due to these various characteristics of the different trips, the way it worked out was that an extra fish kept per person per trip explained \$5.86 worth of that variation in charter price. So if a guy expected to catch one fish on that trip, he might have been willing to pay an extra six dollars for that trip.

I mean, he didn't really go through that calculation in his mind, but when you looked at the variation in the catches, that's the way it worked out. If the guy expected to catch ten fish, he would have been willing to pay an extra sixty dollars per trip.

Mr. Harris: Jim, would you explain the dollar per discard number there? I'm trying to wrap my arms around that number.

Dr. Waters: The way that's interpreted is if get a lot of discards on your trip, the negative number actually means that people would have been willing to pay less for the charter trip if they knew that they were to encounter a lot of undersized fish that they had to throw away. The way you interpret this is in essence the variation in the charterboat prices was such that for every fish discarded the price was lower by \$2.90.

Mr. Harris: So, if it was a \$700 charter and they had to discard one fish, it's \$698 is what they would have paid?

Dr. Waters: Basically, yes, if they knew ahead of time, yes. Like I said, they're not really going through this calculation, but if you looked –

Mr. Harris: Yes, I understand.

Dr. Waters: -- at the variation in the prices and then you looked at all the different characteristics of the trip, those trips that had a lot of fish discarded in essence had lower prices.

Mr. Harris: Up front prices?

Dr. Waters: Up front prices, yes.

Mr. Harris: How did they know?

Dr. Chevront: The thing that would make me most leery about the discard number is if that confidence interval embraces zero. Most people would not go on a fishing trip and pay more because they knew they were going to have to put fish back, which is what this actually says. So that tells me that there is a big amount of uncertainty in terms of the estimates for the value of a discard. But, anyway, what I'd like to do is let's go ahead and take a break for about ten or fifteen minutes and then all come back here.

(Whereupon, a recess was taken.)

Mr. Geiger: Jim, thank you for being here today, number one. Your explanations have been very, very good so far. Even in my dotage, I think I'm beginning to understand and grasp some of these principles that are somewhat scary to me, but I have a couple of questions about this data.

One of them is the price of the trip was \$700, which you listed, and I know from experience, especially in the South Atlantic, and I suspect it's the same because I've heard Bob Zales and others talk about how they value trips and the cost of trips are predicated upon the species that's being targeted.

For example, a pelagic trip in the Gulf or a billfish trip in the Gulf is going to be more than \$700 predicated upon the distance that they have to travel offshore and the fact that it's a trolling trip; and even before the current fuel crunch, it was always a consideration. And then the fact is there that in those trips, if somebody went pelagic fishing there's a possibility that they had a poor day or they didn't catch anything and they utilized the red grouper as a stop on the way in to kind of give people something to catch and possibly take home, which would indicate to me, in my thinking, anyway, it seemed like the value of that fish would – or the value of the trip or the fish in terms of pounds would go up significantly.

That is evidenced, that very condition that I just described, in the Keys they used to use amberjack as a day maker. If they had a poor day offshore, they used to stop and catch amberjack on the way in. King mackerel, you know, the recreational sector does not catch its allocation routinely. I don't believe it has in years, and nobody really fishes directly for them in terms of population.

But, a lot of people who go offshore pelagic fishing or even bottom fishing during the course of the day, if they have a bad trip in my area of the east coast of Florida, they will stop and catch some kings or try to catch a king mackerel or two on the way in just to fill the day out. So, I have problems with that \$700 figure for the cost of the trip. I guess I incorporated both of my concerns in that one question.

Dr. Waters: Okay, we chose the Gulf of Mexico, charter trips, single-day offshore trips. Now, we tried to select out the offshore bottom fishing trips. I don't know if we ended up with any of the day-saver type trips that you're referring to. We tried to use primarily the targeted offshore bottom trips, but I don't know if we ended up with any of the day savers or not.

I do know that there were a couple of really high outliers. There were a couple of really low prices or low-ball prices on a couple of really high outliers that we threw out. I don't personally know what the characteristics of those trips were to determine what the target species were. That's not really a firm answer to your question, but if you need it –

Mr. Geiger: Well, in your thoughts would it make a difference? I mean, is my thinking invalid? I don't take it just personally. I'm just trying to wrap my arms around the theory process. It seems to me as a lay person in economics that if you look at data you're going to look at all the data, and that data would be important. The people who caught red grouper as part of another trip, that it was important enough to stop and catch a red grouper, then the value of that grouper

would be more possibly than what they would pay for a trip if they just made it to fish for red grouper.

Dr. Waters: Since I actually didn't do this analysis, I guess I can't give you a more definitive answer, but if you'd like I can look into it and get back to you later.

Mr. Wallace: I'm still trying to wrap my arms around how you calculated that it's worth five more dollars to keep one more fish. Is that based on – did they give him an extra tip? How did you calculate that five dollars for the extra fish? That's kind of like saying, "Okay, I'll give you five more dollars if I can guarantee that I'm going to get a hole in one somewhere on the 18 holes. I'll pay that much more green fees." How do you calculate that?

Dr. Chevront: And I want to add to John's question here that with these standard errors like they are, obviously, these are not normally distributed, the distributions of these scores. My concern is that the value of keeping a fish in that 95 percent confidence interval, you're only 95 percent sure that the actual value is really somewhere between \$1.45 and about \$10.50. That's a huge range in the accuracy.

I know what we've done is – because these are the best available data, what we've done is we've decided to go with the point estimate and not use that range. Mathematically, I'm still bothered by these numbers. I know that in a lot of fields, other than fisheries, these kinds of numbers wouldn't fly.

My theoretical background, which before coming to fisheries was in public health, nobody would have ever paid any attention to this because they would say either go back and do more research, collect more data, do something because these numbers aren't accurate enough. But we have this thing in fisheries where we say, well, it's the best we've got so that's what we're going to go with, and that scares me sometimes because as a statistician I look at these and cringe.

Mr. Waugh: And this is not just the economic stuff. The same situation applies to our biological models as well, so this isn't just with the economics. Our stock assessments are subject to the same – if you look at the ranges of the confidence intervals, we've got much the same issues.

Mr. Geiger: And to Gregg's point, unfortunately, we're required to use the biological data, and I'm not quite sure whether this falls into the same categories we are required, and I guess that's one of the questions we've got to answer, because if Dr. Crabtree is touting the benefits of using net benefits' analysis as an allocating tool, it's important for us to understand the nature of this analysis and whether or not we have to use it as best available data.

Mr. Waugh: Yes, the best available, the best available science isn't biological. That's data and science, so this study, to the extent it can be applied to the Atlantic, would be best available. If this can be done in the Atlantic, that would be best available and we have to consider it. It doesn't mean then you have to use this economic information as your sole justification for your allocations. We can't do that, but you would have to use it, yes.

Dr. Waters: Okay, there were a couple of questions there. Remember, one of the original goals of this project was to see if we had the data available to come up with an acceptable result, so I'm just presenting results to you. Everybody will agree that these are relatively large standard error, so you probably would not want – well, if you tried to determine an allocation, for example, based solely on these numbers with a fairly good-sized confidence interval, you probably would have – I mean, you'd probably find someone who would say, legitimately, well, you know, what about the confidence interval could be this.

I do agree these are wide confidence intervals and it does indicate that this is a good try. I personally am very pleased with the results. I mean, they're a lot better than I thought we were going to do, but from a policy perspective those confidence intervals are probably not as tight as you'd like to see.

Dr. Chevront: Yes, I agree with you on that, Jim. I think given the right amounts of data – and usually it's a sample size issue, frequently, especially when you can see the trends are going in the direction that you would like them to go, you tighten up that confidence interval by collecting more data. I was always taught that's the way that you would do it.

From a theoretical perspective, I don't have anything wrong with it. From an application of the results of this analysis to management and using the specific results of this analysis, I think there is too much uncertainty in those numbers that we've been given to allow us to do something that is going to – that we can say that we're really on target because we really don't know we're on target because of that. That's the distinction that I'd like to see made at least at this point, and I'm sure you've got more things that you want to give to us, Jim.

Dr. Waters: I want to respond to your question, though. You're still grappling with the issue of how we derive these values here from the data. While we were talking, an idea came to mind and let me try to present it in these terms. In the State of North Carolina, in our particular county, they just had a county-wide revaluation of property taxes.

My wife and I own a lot and when we got our notice of revaluation, I said to myself, "Wow, this is pretty high." So I went to the on-line data base for the tax office and I went and checked out all the properties in the neighborhood, actually not just this street but a couple of streets either way.

One of the nice things they gave to us there, they gave the property valuation broken down by buildings and by just land. So I took the reported land value – and they also reported the dimensions of all the properties – and I took the square footage of all of those properties and I plotted the assessed value.

I created a graph. I plotted the assessed value against lot size, and I was shocked – not shocked, but I was kind of surprised it was a perfect line. In essence, the assessment was based on a regression equation and then they fed in the lot size and they read off the value from that. But that's the same process we're using here.



In essence, we have a lot of different explanatory variables going on. In my example there was only one explanatory variable; and because of that, I was able to create a two-dimensional graph with value on the vertical axis and the lot size on the horizontal axis. Then I looked at the slope of the curve and I could see that for every hundred foot larger or a thousand foot larger, whatever, you can read the change in the value as the lot size changes.

That's in essence what we have here, so we can plot the change in the value of the charterboat price compared to the keep rate or the discard rate or the pounds caught. I probably should have thought to do this, but I could have put graphs up there like that, and these coefficients that you're reading on this board would represent the slope of that line. So if you could plot the charterboat price on the vertical axis and the number of fish caught per trip on the horizontal axis, and then you could standardize everything else according to all these other trip characteristics, then in fact you would have a straight line, and you could read the slope of that line, and that's what this number is.

Mr. Wallace: Okay, I guess if you're saying, okay, if the \$700 cost is zero; then it wouldn't be five dollars per fish, it would be 5 percent of that \$700, I could understand that math; okay, this trip is worth 5 percent more but not five dollars a pound. I'm a high school graduate so I've got to figure on percentages on a high school level.

Dr. Waters: Well, when you advertise your charter trips, you might have one price for an offshore trip, you might have another price for an inshore trip. You might have a price for a trolling species or a bottom fish species. You might quote different prices for different clients. But nobody says if you want to go out and – you know, the price is going to be this if you want to go out and throw away fish or if you want keep this it's going to be a higher price. This is kind of an inferred result based on the variation in the data and the reported catch rates and discard rates from those particular trips.

Mr. Wallace: And to that, like I said, I could understand if I was a charterboat captain and say, "Okay, it's going to cost you \$700 to go fishing; and if you get to keep this many, it's going to cost you 5 percent more. If you have to throw this many away, we're going to deduct 2.9 percent off of your cost."

I can understand that mathematical equation, the end cost, but just to tell me that the fish is worth five more dollars to keep a fish on a trip, I'm having a hard time doing it. All of this is really based on you hear so many numbers, these extraordinary numbers of what the recreational fishery is worth.

Well, if it's only worth five dollars a fish, it's not worth all of these extraordinary numbers that we always hear, and that's where I'm trying to put it in perspective. As an economist, what is the worth of the recreational fishery? Is it the billions and billions of dollars that we hear or is it five dollars a fish?

Dr. Waters: Well, there are several ways to respond to that. The recreational fishery is not worth five dollars a fish. I mean, this is just one component of the recreational fishing experience, and we've estimated that catching more fish is worth more to people. In fact, it can

be reflected in higher charterboat prices. Charterboat trips that tend to catch more fish seem to be able to charge higher prices. Now, you also referred to extraordinary values of the recreational fishery. I would say a lot of those values are not very believable. They're extraordinary for a reason.

Mr. Boyles: Let's don't forget what we're modeling here. Jim, I want to make sure I'm correct. What you've just demonstrated to us, we are modeling changes in the pricing behavior for recreational trips that can be explained by various elements of the catch, whether they're caught, discarded, taken home or whatnot. So, what we presume is that recreational charter operators price their trips in accordance with these variables, which we know is not the case.

Dr. Chevront: And, to sort of add on to that, I'm thinking that there are probably many other variables that are not included in here that are positive to the fishermen, the enjoyment of being on the water, the other things, that they're willing to pay for that has nothing to do with the price of fish or how many fish that they catch.

Mr. Boyles: And, Jim, that's what we're doing, we're modeling the price of the trip. I think I heard you say earlier the dependent variable is the price of the trip, and we're trying to tease out how much of it can be explained by the disposition of the catch. I think what I'm seeing, certainly, and what I think the committee is seeing is that this is a very, very tenuous tree to hang our hat on with respect to an economic analysis.

I think it's a very good – and, Jim, I tend to agree, based on my understanding it, it does appear to be theoretically sound, but as John just pointed out, the questions from the committee is that – and I don't presume to know Tom's business or George's business or anyone else's, but I daresay when you price your trips you've got your cost, and you need to cover your cost, whether that's your capital cost, your personal cost, your operating cost, that you may or may not concern yourself with – you don't price according to what you do with the fish or what is done with the fish.

So I highlight that to point out to the committee that economics can help us with a lot of things, but I think if you go – and I can imagine a public scoping meeting where we go through this and say, “Well, this is where we're modeling and trying to make our decisions on how to allocate”; I think we're going to lose people very, very quickly.

Dr. Chevront: I have one question for you, Jim. I don't recall if it's in the paper or not. Did you all calculate an R-square value for this model?

Dr. Waters: Yes, it's about 70 percent.

Dr. Chevront: That's pretty high, actually. My response to that is “wow”, so the model theoretically then – and even in this application is pretty darned good.

Mr. Geiger: For those of us who are ignorant in the audience, could you tell us what an R-square value is?

Dr. Chevront: An R-square value measures the percentage of the overall variability that occurs in this model, how much of it is accounted for in these variables that we have in the model. So, what is happening, if we're modeling the price of the trip, how much of that price of the trip is accounted for by these variables? He's saying 70 percent of the cost of the trip is accounted for by these variables.

What we could say, then, is that these variables are very good predictors of the cost of the trip. That's another way to put it. That's why I said "wow" because my concern about the confidence intervals would have led me to think in the 9, 10, 15 percentage as opposed to the 70 percent range, but then I don't know how all the math was set up specifically to set up the model, so I still say "wow".

Dr. Waters: Moving right along, the fun stuff is just beginning here. Okay, I put this graph in here just as a breather because the next couple of slides were set up by David Carter, and they're going to take a while to explain. Okay, we're going to set the state here now. We've estimated the model. Juan Agar has done the commercial model; David Carter has done the recreational model.

Now we're going to try to put together and see how would this all fit together into an analysis of allocation. We're going to start illustrating what we're going to do here graphically. On this graph we're going to have the commercial value per pound on the left side vertical axis and we're going to have the recreational value per pound on the right side vertical axis.

The horizontal axis, the length of the horizontal axis is going to equal the TAC that has to be divided into the commercial and recreational sectors. We're going to read the commercial TAC going from left to right and we're going to read the recreational TAC from right to left, so that the sum of the two is always going to equal the total distance along the horizontal axis.

Okay, here is a downward sloping demand curve for the recreational quota. This is kind of a stylized thing. This is for the commercial sector. Actually this graph isn't exactly right. One of the uncertainties in the model for the commercial sector was where exactly does this line intersect the horizontal axis? So we scaled it to intersect the horizontal axis so that the entire quota could be taken by the commercial sector.

But one of the uncertainties – and we already talked about the variability around the estimate of the recreational estimate, but one of the big uncertainties about the commercial estimate is where does it intersect the horizontal axis? Just to let you know.

Mr. Wallace: The price per pound, that's what the commercial guys are getting now?

Dr. Waters: No. The way you would read this curve, basically, is you would choose an allocation along the horizontal axis, but let's say that you chose like a 50/50 allocation, so somewhere along midpoint of the horizontal axis would be the amount allocated to the commercial sector.

Then you would read up to where it intersects the downward sloping line, and then you read over to the left side of the vertical axis, and that would be the marginal value, so we choose an allocation for the commercial sector, read up to the line here, and then read across here to find out what the marginal willingness to pay is. This is not the dockside price but this is the extra profits that would be involved per pound to the commercial sector if the quota were this amount.

Then the actual benefits – well, we'll get that in the next slide. But, that's why I say this line is really kind of a neat line because it kind of really simulates what an IFQ would be worth, because we're dealing now in a market for quota instead of a market for fish, and quota is expressed in pounds.

Okay, this point right here, Juan Agar's study for the commercial sector was able to come up with an entire curve. Now, the actual position of that curve, where it intersects the horizontal axis, is a little bit of a tricky thing that needs to be worked out, but he was able to get an entire curve. Now, Dave Carter's work with the recreational sector really ended up only with a particular point, right at Point E. He couldn't get the entire curve.

The marginal value per pound at that curve, at that point right here, would be read on the right side vertical axis. At this point right here, this is the quota that would correspond to that point. And at that quota this would be – well, anyway, the recreational quota would be this distance here from right to left. The leftover would be the commercial quota from here to here. The recreational value per pound would be here. Corresponding to this allocation, the commercial value per pound would be here.

In this particular example the recreational value per pound exceeds the commercial value per pound. Now these dotted lines – like I said, we only were able to estimate a particular point. These dotted lines represent alternative possibilities for what the shape of the curve could look like. What we've done here, we're talking about sort of a demand for quota.

For the commercial sector it has this traditional downward sloping shape, indicating that the more restricted the quota the more people would be willing to pay for an extra pound of that quota. Well, we're going to flip the axis a little bit. For the recreational side you will still have a downward sloping curve, but it's going in this direction because we're counting the quota from this corner over here going in that direction. That's why these hypothetical lines are sort of negative.

Mr. Harris: Jim, what would it have taken data-wise for you to have created that demand curve for the recreational sector? To do that downward sloping curve from right to left, what you need?

Dr. Waters: If you mind, can we defer that until later because I'm not sure I'm really able to answer that anyway. Let me continue with the example for now. Okay, what we've done to work out our example for allocation is we have assumed that this demand curve for a recreational quota is actually horizontal, so it does not change. That's what the yellow line is.

Okay, now for the actual allocation, in 2003 the commercial harvest of red grouper was 4.94 million pounds. The recreational catch was something like 1.28 million pounds. The total catch was 6.22 million pounds. So we're going to ask ourselves what would be the effect of a 1 percent change in the allocation.

If the commercial sector had only been allowed to land 4.88 millions pounds instead of 4.94 million pounds, what would have been the loss to the commercial sector and what would have been gain to the recreational sector? The loss for the commercial sector would be measured as this area under the demand curve for the commercial quota, and that actually works out to about \$72,000, not a great deal.

The potential benefit for the recreational sector under the assumption that the marginal value for the recreational sector does not change, that it's horizontal, would be this yellow-hatched area here, and that would be about \$75,000. Now we knew ahead of time that it was going to be net gain to the recreational sector simply because this point is higher than the curve for the commercial sector, but we're getting an idea of what the magnitudes would be.

Under this scenario, the maximum, if the recreational demand really were horizontal, the maximum you will want to reallocate would be over to this point here, because once you get beyond this point over here, then the value for the commercial sector exceeds the value for the recreational sector. That is the application. Then we have a lot of issues with the model that we've already discussed quite a bit. Did you have a question?

Mr. Wallace: When you were showing that, the net loss to the commercial is essentially the same as the net gain to the recreational. I mean, if you look at it in actual numbers, the only benefit is the commercial gain of \$3,000 and not \$75,000. I mean, the recreational would have gained \$3,000.

Dr. Waters: Right, the recreational would have gained, but it's a small amount.

Mr. Wallace: Yes, \$3,000. It wasn't a benefit of \$3,000; it was someone lost – I mean, the commercial lost \$72,000 and recreational gained \$75,000, so there was only a net gain of \$3,000.

Dr. Waters: That's exactly right; in this example, yes.

Dr. Chevront: I think what they're trying to show with this is maximizing the total economic value of a particular fishery, so who wins and who loses in essence becomes irrelevant, because what you're trying to do is maximize the economic gain, and you're just letting the chips fall where they may.

This is the way that I think that an economic tool might be beneficial, but I think the time when you do these kinds of analyses, one of the outcomes that comes out generally – it's very rare; at least when I've seen this sort of analysis, not specifically like this one, it's very rare that all of the fish should be allocated to sector or another. That's a fairly rare outcome, but in this case all they're trying to do is just figure out what is going to be the most money that could made regardless of where those fish go.

Mr. Wallace: To that, what I'm trying to get across is that for every percentage point that we give to one sector and take away from the other, there is very little gain. Like I said, it's a \$3,000 gain which is minimal to one point. It's not like the recreational is going to make a big benefit out of this. Their net gain is only \$3,000.

Now if it was to go to 100 percent, yes, that they would get, they would get basically \$3,000 per percentage point that we give them, but it's not like – like you're saying it's no extraordinary benefit to any one sector to gain points.

Dr. Waters: That's right, in this example, yes, and that's a reflection of the relatively low marginal value per fish for the recreational sector that we came up with. I was actually a little surprised at how low it was, too, but it's probably not surprising that – you know, if we had perfect data and we did all our analyses and came up with the optimal allocation, I'm guessing they wouldn't deviate a whole lot from what we're doing now. I would be surprised if there were major redistributions that would be required.

Anyway, I did want to talk a little bit about some of what we call model issues. I think I mentioned early on that I really think – even though this concept of allocation is something that economists talk about a lot, it's hard to actually apply. I didn't think that we'd get anywhere near where we ended up with, you know, to actually have an entire curve for the commercial sector despite its warts and to have a point for the recreational sector despite its warts. That's farther than I ever thought we were going to go.

But, from an applicability point of view, there are a few things you might want to consider. From the recreational side of things, I think George asked about whether this was specific to red grouper or was it all critters combined? Well, we started out with all critters combined. Then he was able to do some manipulations of that to make it more relevant to red grouper.

In essence, this actually could work and could be an advantage in terms of its applicability for other species, so this is not necessarily a result that is applicable only and strictly only to red grouper in the Gulf of Mexico. But the real problem is that we only ended up with a point estimate; and as Brian pointed out, that point estimate has a relatively high standard error, so that's something to kind of keep in mind. You probably wouldn't want to hang your entire allocation on this result, for example.

Mr. Waugh: That point estimate is only for the charter sector, so we don't have anything for the headboat or private MRFSS?

Dr. Waters: Yes, you'd have to assume, basically, that the value per fish would be the same in those other sectors, which could be a tenuous assumption, but where we are at the moment –

Mr. Waugh: We only have data for the charter sector in the Gulf?

Dr. Waters: Correct.

Dr. Chevront: And I would hazard to guess that perhaps because overall trip costs tend to be lower for individual fishermen when you're dealing with headboats or even bank fishing or something like that, well, that's not going to apply here to the snapper grouper fishery or the South Atlantic fisheries, but the value of the individual fish probably may even be less.

That's my guess because the overall expenditures are going to be less, thinking that maybe – I don't know. Without getting the data, it's hard for me to guess, but that's sort of my first hunch, the value of the fishery perhaps in several other modes, but if somebody is going out and doing this in a private boat, their trip cost could be pretty high.

I don't know, I think without the data we're kind of left with a big hole here, and I would feel a little uncomfortable using one of the smallest sectors of the recreational fishery to estimate the values for the entire sector without some kind of data on that. If you'd like to comment on that, I'd like to hear it.

Dr. Waters: Well, point well taken. I'm willing to work with a starting working hypothesis, but the value is the same for the other sectors, but I do recognize that everything you said is true.

Mr. Waugh: In the Gulf is the charter sector the largest component of the recreational side or is it the smallest?

Dr. Waters: I'd say it's in between the headboat and the private. I don't have the exact numbers in front of me.

Mr. Waugh: Okay, because just looking at our tables of catch by sector, generally the charterboat is the smaller sector, below the headboat and private, so that might affect that issue of whether that cost is applicable across those other sectors.

Dr. Waters: Actually, it could depend on the species that you're looking at, too. You may find on the Atlantic some species the charterboat fishery may have a much higher relative contribution than for other species. That's just a guess.

Anyway, there are some issues with the commercial analysis, too. The point where it intersects the horizontal axis was an issue. We don't have similar measures of uncertainty like we did for the recreational sector. With the recreational sector, we estimated coefficients in a curve, and as part of the estimation procedure you came out with measures of standard error, but for the commercial sector the process was different.

You had to estimate a curve for a trip at a trip level and then you had to do a lot of aggregations across trips to come up with your final market curve, so you didn't end up with the same measure of parameter uncertainty that you did for the recreational sector. Right now we just don't have a measure of parameter uncertainty.

There is undoubtedly some confidence interval around that commercial demand for quota, but we have no idea right now whether it's big or little or whatever. I also would like to mention

that the results for the commercial sector are specific to red grouper in the Gulf of Mexico, and we would be less able to carry over those results to the Atlantic.

The final slide here, I can't say enough how amazed I am. They really started out with a rigorous theoretical development and it came out a lot better than I ever expected. For red grouper in the Gulf of Mexico, this might be appropriate – even given its worth, it might be appropriate for small considerations with small reallocations, but I don't think I'd want to use this model and these results for consideration of a large reallocation. There is too much parameter uncertainty.

I think I already mentioned the last two bullets here. Now, there are other issues that came up. You want to know whether this model is applicable to the Atlantic. You want to know what data can be used, what we have, and all of that, right? Okay, I would say in your timeframe this type of analysis would be way too cumbersome. This took us a lot of time to build.

Of course, it wouldn't take as much time for the Atlantic because we've already been through it once, but if we had to do this for every single species we couldn't possibly meet your September deadline. There is just no way.

Mr. Waugh: How many species could be done by September?

Dr. Waters: I'd have to go back and talk to David and Juan to find out if they'd even want to try. You know, this was a really cumbersome process. We do have Plan B, and Plan B might be something a little bit better for you, I don't know. You'd probably want to hear what that is, right?

Mr. Waugh: Yes. I mean, the charge that has been laid before the Council was the regional administrator said at our last committee meeting he doesn't see how we can go forward without doing a net benefit analysis. And what you're saying and not – well, it is putting you on the spot; you're the representative that the agency sent here to give us this guidance, so what you're telling us is you can't do this for any species by September?

Dr. Waters: We could probably replicate this analysis for some major species, but I wouldn't want to promise anything because there are a lot of steps involved here. There are a lot of pieces of data that had to be gathered and put together, and there are a lot of potholes that need to be overcome. This was a tough analysis, and I don't know that I would want to promise that we could have something done by September.

Mr. Geiger: Jim, I appreciate your candor and certainly your confidence in the model. Are there any plans to peer review this in some economic journal?

Dr. Waters: Yes, we've had some other economists within NMFS review it and we're planning on sending David Carter's individual to a journal so that we'll get a review there. We're still talking with Juan Agar to try to determine whether or not his paper can be sent off and reviewed. I think that individually they turn out to be pretty good applications and pretty good attempts.



I think David's in particular – I think David's is a slam dunk to get published. I'm not so sure about Juan's at the moment. But, even a piece of work that's good enough for scholarly journal might still report standard errors that are a little on the high side for policy purposes. The main concern here for your purposes is that you're dealing with a lot of species, and this was a very cumbersome and time-consuming, resource-intensive process. We can't spit this out like bullets.

Dr. Chevront: I'm thinking this through in my mind about the usefulness of the model and its applicability. I think from what you've shown us today, Jim, I think theoretically it has probably some very good merit. In spite of the misgivings I might have about some of the data that went in and because the way it came out with the standard errors and things, but like all good, new models they do need some more tweaking and things.

If we could work out a full line for the recreational side and come up with confidence intervals for commercial side, I think those would definitely help strengthen the model and its applicability for what we're talking about. But what I'm feeling right now is let's take the timeframe away – and I understand you can't commit Juan's or David's time or anybody's time at this point and how much can we get done, and I understand your reluctance in saying what could be done by September. But let's take September out of the equation. How much data, what do we need, what is it going to take for us, even if we could plug and chug, what do we need? To that point?

Mr. Geiger: Yes, and it would be curious to me if you guys have been interfacing with the MRIP people who are designing the new recreational fishing statistical survey that is going to be called MRIP, Marine Recreational Information Program. Have you guys provided input to that as to your data needs? This new program is supposed to be all-encompassing, and it would seem to me that the type of data that you need would be a perfect fit for that type of data gathering.

Dr. Waters: We are preparing some information to send to that group. In particular what we'd like them to collect – at a very minimum, in addition to their current monitoring of catches and fishing effort, we'd like them to get information about prices and some type of descriptor of the trip from the for-hire sector.

And from the private boat sector there is not a price to report, but we would like to have better information about target behavior. Right now they ask about target behavior but very few people are able to really answer. But, anyway, for this particular application, which is specific only to charterboats, we would really like to have information about charter prices and a little bit more about the characteristics of the trip on a routine basis so that maybe we can do an analysis like this on a wider scale.

Mr. Geiger: The target behavior generally has some relevance – when the people actually out go for a species and catches that species, then they'll reveal what their target was. Other than that, they're going to adjust their target behavior on catch, I think.

Dr. Chevront: Yes, I think agree with you on that. Actually, when I've interviewed commercial snapper grouper fishermen, there are a number of them that do the same thing. They

go to their favorite fishing places and they're targeting whatever they catch, and that's what they tell you.

With the timetable that's gone, and I've seen that Gregg is already sort of started a list of some potential needs, maybe it would be helpful for us to look at these. Also, I think as part of MRFSS there was a for-hire sector survey. Now I've not seen or worked with any of those data directly myself. Do they collect enough of those variables that you're looking for that could be useful for an analysis like this? They don't? Is it simply a harvest –

Mr. Geiger: The survey that I participate in, I'm called, I'm asked how many people I took, the origin of the trip, the duration of the trip. Thank you very much.

Mr. Harris: And on top of that they ask us what we actually landed and what we discarded, what was –

Mr. Geiger: They don't ask me that.

Mr. Harris: I get that on every one of the ones when I'm picked out.

(Remark made without turning on the microphone.)

Mr. Harris: The state is doing it? Well, the state is doing it, you're right. It doesn't come directly from the National Marine Fisheries Services, but it is for that survey.

Mr. Geiger: Yes, but my question is always why don't you ask for the data, and that's not a specific requirement that they incorporated and neither is the cost. I participated in the cost survey back in 2002, and for two years I provided that data, but that never included catch, however. It just included expenses, basically.

Dr. Waters: Actually, that turned out to be a problem with this analysis because we were using those survey results. That was where some of our price information came from, but we had a real difficult time merging those trips back in with the rest of the intercept surveys to figure out what the catches were for that trip.

Mr. Geiger: Tom, I heard that you're the only person who participates by e-mail because you're contacted so frequently that you do it via e-mail process. What are they asking you, the same thing?

Mr. Swatzel: The same thing. I think I might be the only one in South Carolina that actually participates because we get hit every week with multiple boats, but it's basically the number of passengers, duration of the trip, distance offshore and target species, but nothing about precisely what we catch. Of course, we do submit that to the State of South Carolina and to the National Marine Fisheries Service as far as our logbook. It's the same information that you all are responding to. I will note this, the ability to do it by e-mail is really good. That's very quick; I really like that.

Ms. Merritt: Getting back to the MRIP information that would be helpful, hopefully, for modeling, how is their timeline affecting what we're doing here? The last thing I heard was January of '09 I think they have to have their plan in place. I don't know if that's actually going to do any good for a couple of years before they even get anything; is there?

Mr. Waugh: I don't know if Bob remembers the timeline any better. We had them in here last week, I think, but the proposed rule is in OMB, and that's supposed to be coming out some time in the near future. But, you're right, we'll need several years of data collection, and then they're going to have to figure how to bridge the gap from the new system to the old system, so we're several years away from getting anything useful out of any potential changes.

Mr. Geiger: But if they included the cost data, this type of economic data that would be an add-on to what they're collecting now, that could be used right away because there is no comparison between it and what was collected under MRFSS. It would be all new data that I think could be transferred to the economic folks immediately.

It's just additional data that they're collecting to what was collected in MRFSS. So, the timeline is by 2010 it's supposed to be on line. Then they're going to have a number of years – I don't know how many years – to collect both MRFSS and the new data to have a baseline and do their beta testing and all that type of business.

Mr. Swatzel: I just want to make sure I understand where we're going with the allocation amendment from a timing perspective because it sounds like there are a lot of things that we want to take a look at. And talking about a September deadline; that's just self-imposed, correct? In other words, we're moving along with this; we're not under a mandate to do this. Are we better off kind of stepping back here rather than just continuing – I mean, if we need more time, we should be able to get more time, correct?

Dr. Chevront: Well, what I wanted to do was ask Gregg to help us explain why we're set up on this timeline because I believe they're trying to get it hooked up with Snapper Grouper Amendment 17?

Mr. Waugh: That's correct. The real driver for this is coming up with these annual catch limits, and that has to be in place by 2010 for species that are currently undergoing overfishing. There are ten species, and those are being included in Snapper Grouper Amendment 17. We have to have to allocations for those.

Then for all the remaining species we have to have annual catch limits by 2011, so that's our Comprehensive ACL Amendment. We had tracked this allocation amendment with Snapper Grouper Amendment 17 to give us the linkage for those ten species for the allocations, and then the following year fold into all the other species.

Dr. Chevront: Well, maybe the thing to do at this point, then, would be to ask Jim to see if they can actually come up by September for those ten species that are in Snapper Grouper Amendment 17 and see if they can apply this model to those ten species so if we have to split it up. We need to ask the question because we need to know the feasibility of doing such a thing.

If the answer is no, okay, that's fine, at least we have the answer. Let's look at those ten species; what could be done if possible, what data are missing, whatever. George, do you want to fault that?

Mr. Geiger: Yes, before we try to pin Jim down on this, which is I think very uncomfortable for him to have this position, what we're doing here – and this is my perception – we're doing a comprehensive allocation amendment, and the amendment process is always subject to change as you go along.

I think what we're trying to do is come up with a process that we would apply today or soon in the allocation of species that have to be addressed under the timeline that Gregg described. However, as we proceed along I would think that in the comprehensive amendment we would have a section in there of known data needs and things that we would like to include in future allocation considerations.

That section would have to be blank and not useable for our current decision because the data probably wouldn't be there in complete time in September to use it for our decision process. So, I think the Comprehensive Allocation Amendment is a laundry list of the things that we would consider in making our allocation decisions for items that we would use plus the process we would go through in using those decisions in making allocations if it were a perfect world.

Recognizing that there are data gaps in terms of maybe some economic data and possibly some other data, we would then select from that laundry list of items and use the items that we have available, like maybe it's our judgment, as the methodology for coming up with the allocations to meet the timelines for the species that we have to address.

Maybe if we did that, we could say that this would be an allocation pending receipt of additional data. When that additional data becomes available, an allocation or reallocation would be considered somehow through the amendment process. I don't know, but what we do here, it would be nice if we could lock it in stone or cast it in stone, but I don't think we can ever do that. Am I wrong?

Dr. Chevront: No, I appreciate what you're saying because I think it brings a little bit of clarity for what we could actually say we would like to be in that amendment, and your idea I think is something we need to follow up on in more of our discussions. I think that's going to help us move along. Robert, you wanted to say something?

Mr. Boyles: I do, and I want to take a slightly different tact. I'm overwhelmed by the model that has just been described, and I'm overwhelmed by the workload that I'm sure that it required to get it done for one species in one particular region. I recognize the need to build the administrative record, but I think we need to be clear and realistic about the workload that is involved in simply gathering the data.

What Jim just showed us was a very good theoretical model with a high R-squared, and, Brian, I share your impression with that for one species. I think we're going to be years away – and, Jim,

I don't want to speak for the Service, but I think we're going to be years away from getting the same kinds of data for ten species that could be used in a model very similar to this.

I don't want pooh-pooh Jim's colleagues' efforts, but that's one model. There are others out there or others yet to be constructed. I know we need to do due diligence as a committee, and I know we need to do due diligence as a council, but I don't think this is the direction we need to go given the time constraints that we're operating under. I continue to think this is going to be – we're going to have to use as a council and as a committee our judgment and our discretion to set some allocations.

Dr. Chevront: But, I guess I don't find disagreement between necessarily what you're saying and what George was saying. I interpreted what George – and, George, jump in if I misrepresent what you had said – George is suggesting that we set out a framework. This framework we may not be able to achieve for a while.

But my feeling about this allocation amendment has been that what we've done in the past, which has relied very heavily on just past landings' values, had not always gotten us the benefits that we've wanted. When George first brought up the idea of this allocation amendment, we talked about that briefly at one of the meetings, and I had no problem with this because my feeling has been we need some new tools to look at.

And what I thought George was saying is that this model has potential. The model, in my mind, is probably still under development. It needs to be refined; it needs to be improved. There are a couple of weaknesses in it. It requires a huge amount of work. That's on the theoretical side. On the data side I'd like for us to go through this list that Gregg has projected and to say these are the data that we're going to need; that once we get a model that is suitable, these are the data that we're going to need to go into that model.

The easier that we can make it to have those data prepared for these guys, the easier it is going to be for them to run the model. So, yes, I agree with you, Robert, that we're going to still need to relay on some of our judgment, past landings, where we want things to go in the future, but I would like for this amendment to come out and tell us these are the kinds of things that we want to consider for the future so that we have a roadmap set, that we have a goal that we're reaching out to get, much like the ACCSP data needs and their plan that they have. There is a whole lot of stuff and that's still a wish book as far as I'm concerned.

Mr. Boyles: To that, I guess where I'm coming at is at the end of the day we get the data to input into this with a high R-square model, that we're going to have a great model that will predict the cost of a recreational fishing trip that can be explained by different dispositions of the catch. That is what we're going to end up with at the end of that day.

I think we're called to much, much, much bigger and more difficult discussions and decisions that have to be made, and I think we're years away from getting to the model. I guess that's my point. No, I think we are in agreement, but let's just be clear about what we're going to get at the end of the day. It will be a model that will have its assumptions, that it will have its fallacies,

and will not be a mathematical exercise for us to be able to plug in and say, “Okay, now give us what the predicted allocation should be”. That’s my point.

Mr. Geiger: Well, the law requires us to consider economic data, correct?

Dr. Chevront: If it’s available.

Mr. Geiger: If it’s available, and we use it as being best available data. I think it behooves us to build the record that clearly shows that we’re willing to do that, we will do that; however, the data is not available to do that; and until such time as it is, we really can’t. Therefore, we’re going to be in a position where we’re going to be almost forced to use judgment and whatever available methodologies we have at our disposal to make the decisions necessary to meet the timeline Gregg discussed sooner rather than later.

And as this data becomes available, the economic data, it becomes then part of the consideration process if you revisit – in one of the papers it said every time you issue a rebuilding plan for a species you’re supposed to do an economic analysis, which I don’t know if it’s true or not, which is what I wanted to hear from Jim in terms of his review of that paper.

Dr. Chevront: At some point I want to make sure that we get to this list of data because I think this needs to be a part of that amendment that we’re trying to put together, and the staff is going to need this to be able to do the writings. I don’t want to lose that in all the discussions that we’re having.

Mr. Geiger: Could we take this like a homework assignment to review and possibly come back with and provide more complete information, give it to Jim and let him look at it and take it, and we can provide him if we have any updates to it, because I haven’t really gone through this.

Dr. Chevront: Right, and one of the things is I’ve noticed that as you get down to Roman Numeral IV and V, there is nothing there yet.

Mr. Waugh: Because there’s nothing in the paper, we didn’t collect any data on it.

Dr. Chevront: Right, so this is where we might be able to jump in and maybe even copy and paste, if nothing else, some of the other sections right down in there, but there may be some individual characteristics of those fisheries that might have other data needs; I just don’t know. I guess we could do that. Gregg, have you updated this at all since we’ve been sitting here today; I’ve seen you typing?

Mr. Waugh: Yes, I just pulled as much as I could out of the red grouper paper and populated it according to these categories. To me what we need to do is have a fairly rapid turnaround on this from Jim and Jim and can get with the other economists and make sure we’ve got all the data here. I don’t know that we need to sit around and do it.

That’s one of the things that you all asked us to develop, so to me this should be done fairly quickly because from a staff standpoint we need to put this issue to rest at the June meeting,

whether we're just looking at this type of economic modeling in the future and here are the data needs or whether something can be done now. I think that issue has got to be resolved at the June meeting.

Dr. Chevront: I guess when George said "homework", that means tonight. I was sort of thinking about if we could get this e-mailed to us. If those of us who can would take a look at it tonight and we could come back, and we'll go – tomorrow morning the first thing we're going to do is we'll approve the minutes of the March meeting. Then we can correct our homework and everybody can combine it together and we can have a little work session.

Mr. Geiger: And, of course, you will put – you know, Tom, I think he would be extremely interested in Item Number 4 and be able to provide the data that you believe that would be beneficial in constructing the cost – you know, the headboat sector. And, certainly, Jim, based on your knowledge and data needs, I think you would be the guy who would really be able to run this through the cut-and-paste exercise and say what needs to be done.

Again, I think you guys interfacing with the MRIP people is absolutely critical, really critical, because that's going to be the vehicle that is going to get you the data that you're going to need in the future to do what needs to be done in terms of analyzing the economic impacts.

Mr. Harris: Mr. Chairman, I do want to discuss some of this a little bit because I didn't really understand number two very well. Gregg can go back to that, but I also wanted to put on the table something that I talked to Jim about at the break. You know, we continue to discuss regulatory discards. There is a cost associated with those discards and that's an economic model in and of itself probably.

So I would like to at least put on the table that sometime, somehow or another we've got to know what the cost of these regulatory discards is because that could have a major implication on how we manage these fisheries in the future. I just want to put that on the table as something I think we need.

Mr. Waugh: And we're going down next week to have an operations' planning meeting with NMFS and this is one of the things I've sent down as we would like to see on the agenda. There is a bycatch logbook that is sent to I believe it's 20 percent of the commercial fishermen. Those data are collected. There is no reporting done. That's not provided to the council. When a SEDAR assessment is done, then they work up estimates of the discards for that assessment.

I think that data would be very useful for the council to get and look at across the snapper grouper fishery. There has never been an estimate of what we're discarding in the snapper grouper fishery. The data are there. It's just a resource issue as to why it hasn't been analyzed.

Mr. Harris: I'll let Jim respond to this if you wanted to. He said that would be a great academic exercise in and of itself to look at the cost of discards and all of the ramifications that discards have with respect to cost.

Mr. Wallace: Is there any information – you’re talking about regulatory discards based on size limits, but are there any numbers out there of how much high grading is going on? I mean, that’s another part of the discards, but is it something that we need to look at as to how many people are actually saying, “Well, I caught a bigger one and I’m only limited to two fish, then I’m going to throw this little one back to get to keep my bigger one.” I mean, it’s just another level of complications, I’m sure.

Dr. Chevront: Yes, I agree with you on that, John, but that’s one of those things that’s like black market in commercial sales. We know it goes on, people aren’t going to admit to it if they really know what they’re doing. Although I have to admit when I’ve done surveys of fishermen and things, people admit to illegal behavior and they don’t realize that they’re admitting to illegal behavior, but I think we would have real hard time tapping into that. It’s like we know it happens, but figuring out a way to measure it I think would be really, really tough. Tom, you had a question?

Mr. Swatzel: Just to mention in South Carolina our logbooks for both headboats and charterboats do list the fish that are released, so there is some data concerning the issue of what we do at least attempt to let go.

Mr. Waugh: And there is a lot of data out there; it’s just not getting pulled together. We’re not doing SAFE reports that are required by the Magnuson Act. If we were getting SAFE reports, that would be a component of a SAFE report that we would get.

Mr. Harris: I want to go back to what Tom just said and what George said earlier. You know, the question was are we responding to our states with respect to the interviews, if you will, for charterboat/headboat fishermen? I get something in the mail that covers the week that they are actually going to call me and get those data and I can write down on this sheet all the information that we just talked about, when the trip was, where it was, distance offshore, number landed, number released, et cetera, et cetera.

Do you not do any of that in Florida? Is that simply the states that are doing that on their own in conjunction with the Marine Recreational Fishing Statistics Survey? I’m just curious. I don’t know why we would be any different in South Carolina and Georgia than you would be in Florida.

Mr. Geiger: To tell you the honest to God truth – and I confessed this at the MRIP Panel when I sat down in St. Petersburg – I get the letter. There is a sheet in there like that, but I am called all the time. I don’t do the e-mail and I don’t even remember what is in the letter or I haven’t looked at the sheet in five or six years. I don’t know what is on it. I wait for the telephone call and I respond to the interviewer. You know, she is a nice young girl and I talk to her and we have a nice little conversation, but it doesn’t include anything about catch.

Mr. Harris: It doesn’t include anything about catch?

Mr. Geiger: Nothing, no.



Mr. Harris: Well, see, they give you the sheet just to help jog your memory. You write your stuff down that week and then they call you at the end of that week is what they do with us.

Mr. Geiger: Sometimes I'm called as much as a month later after the trip.

Mr. Swatzel: I would just point out we're doing it everyday. I mean, it's a daily requirement in the State of South Carolina for headboats and charterboats that we report catch, number of passengers carried, a general idea of where we fished and, again, the fish that we released versus the fish that we kept. It's actually a dual logbook. The National Marine Fisheries Service in Beaufort is actually getting a copy of those sheets at least for the headboats. I don't know about charterboats, but the information is out there.

Mr. Boyles: I just want to reiterate what Tom said and thank Tom for clarifying some things because we do share our logbooks, which are required as part of our marine recreational fishing license program. Tom is a licensed headboat operator and so does fill out rather extensive logbook entries, which is shared with the Fisheries Service, but that was particularly endemic to the State of Carolina's law when we passed the recreational fishing license.

Dr. Chevront: Okay, I guess what I'd like to do is ask Gregg to e-mail us our homework for tonight so that we can get that done. Everybody take a look at it. My guess is that you could put a lot of time into it or a little time into it, but I think if we all come back with our lists tomorrow of what we think needs to be in there, we could have a good discussion and I would like to think we could wrap up some of our data needs. It would be great to have Jim here while we're doing that conversation so he can chime in and let us know whether he thinks that we're on the right track or not. Is that fair to everybody?

Mr. Harris: Can you just discuss Item 2, Consumer; I'm not sure I understand what that means and what we're talking about here.

Dr. Chevront: First, I think that the consumer information is needed to help do the commercial analysis. You'll notice that when – and, Jim, please jump in to help elaborate here, but I think that's a necessary component to help determine the –

Mr. Harris: But who is the consumer that we're talking about here? Is it the person that eats the fish or is it the commercial – it's not the commercial fisherman; is it the recreational fisherman or who is that?

Dr. Waters: Item 2 would refer primarily to the people who eat the fish either at home or in restaurants.

Mr. Harris: And you their disposable income for what purpose?

Dr. Waters: Normally income is a big shifter of a person's willingness to pay a certain amount for a pound of fish. You know, higher income people might spend more meals at restaurants and buy higher-end seafood and stuff like that.

Ms. Merritt: And I'm wondering as to how much detail we're going into here because I noticed in some of the example allocation papers that we got there was some requirement or a component of their allocation process that included, under commercial, not just harvesters but processors, retailers, that kind of thing. I mean, is that something we're supposed to be considering as well?

Dr. Waters: Yes, the biggest hole we have in our data I think from the commercial perspective is that we focus primarily on the harvesting sector. We really don't collect enough about the other processing and on up the marketing chain.

Dr. Chevront: Because we even, in North Carolina, stopped collecting information on processors and retailers and things because of the permitting system that went into effect with NMFS, but we still don't have the data – nobody has data on that, really.

Mr. Harris: Do you need those data to conduct a net benefit analysis, the processing data, or is that not ever factored into that kind of an analysis?

Dr. Waters: The key word in that question is "need". If you wanted to do it really as rigorous as possible, then you would want to have that information, but we typically do our analyses at the harvesting sector. We know we're missing out, but I think we do a pretty good job at the harvesting sector.

We could collect a lot of information that you would need theoretically, but it's unclear sometimes what the value of that extra information is. You don't know how much extra precision you're getting in your answer for having all that extra information.

Ms. Merritt: To that point, the other examples that I looked at, Dave, obviously, done it, and I'm wondering have you all in the Science Center looked at how they did it and perhaps use parts of their modeling to be able to come up with this kind of information on processors and retailers?

Dr. Waters: We're a little behind the curve on that one. Most of the studies you're probably referring to probably refer either to the northeast or northwest where the fisheries are much larger in scope and scale than what we have in the southeast. We haven't really looked into what we collect at other market levels here in the southeast.

Dr. Chevront: Okay, actually, this sounds to me like a good place to take a break. Lunch is here, and we've had some discussion about this. I think you kind of know what the homework assignment is. Gregg is going to e-mail it to everybody or do it on the data stick and we'll pass it around to everybody.

My plan is, just sort of looking at our agenda, we're going to take just a moment to get settled and stuff with lunch; and when we all seem to be ready we'll start back up. We'll decide whether there are any other issues that we still need to pursue on Agenda Item 6. I wrote down some questions that I'll review to see whether I feel like we've answered those or not, but I'm hoping that we can spend the bulk of this afternoon on Agenda Item 5 because we're coming back to six in the morning.

(Whereupon, a recess was taken.)

Dr. Chevront: Okay, let's start back up. Before we leave Agenda Item 6 and go back to Item Number 5, I was looking over the questions that I had written down as we were starting, you know, myself as a reference, things I wanted to make sure that we covered in this discussion, and I've got one big one here that we hadn't really discussed yet.

It has to do with Roy's comments at the Council meeting about needing to have the net benefit analysis before we could continue with this allocation amendment. I think it would be good for us as a committee to decide how we want to respond to what he has said. Anybody want to say something at this point? George.

Mr. Geiger: I certainly understand where Dr. Crabtree was coming from in terms of identifying the benefits of having a net benefit analysis available for us to use in helping us to make our decision and understanding the results and the bottom line of the effect of our decision. But as Robert said earlier, realistically and based on what Dr. Waters said – correct me if I'm wrong, Jim – that we're not going to have the depth of detail to be able to utilize to make those decisions for the stocks that we've got to address, the ten species that we've got to address under Amendment 17.

So, consequently, as I said and you added later, we're going to develop a framework and at some point I think a net benefit analysis is probably one of the tools that may be used to address allocations in the future, but somehow we're going to have to come up with a criteria and methodology to use sooner rather than later to move us along in this process.

Dr. Chevront: And I guess at some point we need to get Roy's understanding and concurrence that this is the fact of life.

Mr. Geiger: And I agree with that, Brian, and thank you for reminding me. I have already talked to Gregg to ensure that we add a summary of what we've discussed at this meeting in the next day and a half. We're going to the regional office to have an operations planning meeting, and we're going to brief Dr. Crabtree in detail on what transpires at this meeting so that he knows before we get to the Council meeting and the balloon goes up there and we wind up taking ten steps back.

I have also requested that Dr. Waters be invited to attend our next Council meeting as well in the event that other Council members may have questions in regard to what we were exposed to today because in this small group we had a lot of questions. Other Council members may have like questions, and I think it's only fair to them to have the benefit of Dr. Waters' direct input as opposed to listening to us tell what our perception is.

Dr. Chevront: I think the discussion we had this morning was a really good one, and I think it has given us some ideas of how we can move ahead for this amendment at least regarding this economic analysis. But if there is no more further comments on the red grouper economic allocations or other issues that people wanted to bring up, I'm ready to move back to Agenda

Item 5. Before we do that, I just want to make sure everybody got their say on this economic analysis before we do that. George.

Mr. Geiger: Well, I had requested that Dr. Waters be made available to the CCA input that we received and asked if he could do some type of a review or provide some input to us on the feasibility of the correctness of –

Dr. Chevront: I talked to him about that before the meeting, and I guess my idea of moving on doesn't preclude our having that discussion. I'm just not sure that this was the right time to have that, but I do plan to include that. I believe Jim is planning to be here through tomorrow as well. I see his head nodding, so we're not going to bypass that. Gregg.

Mr. Waugh: Given the importance of this issue of the net benefit analysis, I just jotted down what my understanding is. I think it would be helpful for the committee to look at this and make sure I've captured the gist. We can modify this as necessary and then this will go into a short committee report that I will prepare and circulate tomorrow so that we can have that to present to Roy next week.

Mr. Boyles: And forgive me, I may be regressing a little bit, Gregg, but in the discussions at the March meeting and Roy brought up net benefits, I took it from Roy that he was taking that from Magnuson specifically; that Magnuson says you will maximize the net benefits in any kind of allocation or any kind of discussion.

I'm just looking at this for a moment. I'm still overwhelmed by the amount of data that would be required to populate a model for the number of species that we have and the number of species that we've got to make these allocation decisions on. I guess where I'm really struggling here a little bit is I know the imperative, I know what our mandate is in terms of maximizing these net benefits. I guess I'm just really still struggling.

Is there data to populate the kinds of models like we just saw for red grouper? I continue to have some real concerns that data is either not available or – I just want us to be very, very careful about hanging our hat on these kinds of tools necessarily and boxing us in.

Mr. Geiger: I think you've said what we all believe, that the data is not there and at some point we're going to have to come up the process or the methodology or come up with a list of what we're going to do about it. This is just one step in the process of identifying what data we need to help us make the decision; and if that data is not there, we need to move on and figure out what data is there to make a decision.

Dr. Chevront: And adding to that I also think that one of the things we might want to say here is that – and address the issue of this red grouper economic analysis that was done in the Gulf of Mexico and say that the theoretical model has promise for application to the South Atlantic species, but then go into the data are not available – what you're typing down here, Gregg, I would just grab that and move it up and put in a “however” in there as well – so that somehow we recognize that this is a useful tool, but it all hinges on the quality of those data that we can get. And even the model itself may still not be perfect; it may need some tweaking and things

as it gets used more, but I think what we need to do is acknowledge that it's a good start theoretically.

Mr. Harris: Should we go ahead and recommend that these analyses be done as soon as the data are available using these models? Is there any benefit to going ahead and putting this on the table and say as soon as information is available we'd like to see the analysis?

Dr. Chevront: Well, I think that's consistent with what Magnuson is saying on it, so it wouldn't hurt to put that in.

Mr. Geiger: How about "as soon as practicable"?

Mr. Harris: I don't know what Jim means when he says order up one of these analyses to be done. He has already suggested that we can't go forward with this method of allocation using these economic data, I guess, unless a net benefit analysis is done. We know that it can't be done in time for us to finish what we need to do to get these allocations in place in real time.

So the question is do we want to put on the record that we'd like to see these analyses done in the future when the data are available and staff are available to do it or do we want to go down a different road? That's where I think we are right now. We may just want to go down a different road and forget about this.

Mr. Boyles: And to Duane's point, I think I'm getting a sense – it's taken me a while, but I'm getting a sense of where we are. Roy made it very clear to us at the March meeting that – and I quote – I'm just not sure how you can get to where you folks seem to want to go without that type of analysis, the net benefit analysis.

And I'm thinking about the standards that the Fishery Service is going to have to defend any legal action that's going to be brought by someone whose ox is going to get gored. I think we all agree that by virtue of where we are with the discussions in allocating, it's a zero sum gain. Someone is going to lose in this dynamic and someone's ox is going to be gored, and so we've got to build the administrative record that we're not being arbitrary and capricious, that we're taking all things that we can under consideration.

But I think I'm kind of where Duane is. I mean, as good and as vibrant the great R-square numbers – I'm just continually amazed by that, Jim – as good as that red grouper model is, I know that took you guys an inordinate amount of time, and I just don't know that we've got that luxury of the data, first of all.

We've got a theoretical model that could be applied to some species in our jurisdiction, but I don't think we're going to be able to make that standard that Roy is concerned about in terms of defending the Council's decisions from the agency's perspective. I think that's kind of where we are, Duane, and how do we move forward in creating a framework to allocate these resources when some group or groups are going to end up really, really aggrieved. That's what I struggle with from this debate from Day One, and I don't know that there is a good answer.

Mr. Geiger: Robert, I agree with you, but it's not where we want to be; it's where we must be. Under ACLs the first thing we've got to do, after ACLs are put place, is determine who is going to catch what fraction of the ACLs or what percentage of the ACL. If you don't do that, you've got two options; set an allocation or close the fishery until the data is available to do a net benefits' analysis. With all due respect, it's not going to happen any time soon, so we're in a real Catch-22 here that we're going to have to figure out how we're going to do this, and we've got to do it.

Mr. Waugh: Several comments were made about a net benefit analysis being required by Magnuson. I have got the Magnuson document up here and I have searched for net benefit. I didn't recall that being in Magnuson and it doesn't show up.

Mr. Geiger: Again, and correct me, I just think it requires us to consider the economic impacts of our decisions, and fair and equitable plays into that. Then you get the definition of what is fair and equitable. I finally got acquiescence from Dr. Crabtree that fair and equitable does not mean equal. It's not an equality statement. Again, it's best judgment and that's what we're in essence appointed to do here is use our best judgment to advise the Secretary on the applicability of all the national standards to the resource.

Dr. Waters: I think it would be very difficult for us, in fact, impossible for us to use the method outlined this morning for your ten species within the timeframe that you need for this amendment, but there is a backup Plan B. We do some analyses for your normal amendments. We have a recreational and a commercial analysis.

In essence, changing the allocation is equivalent to changing the quota that goes to each sector so we can do that. Now, we've always been happy in the past with those analyses being able to rank alternatives so the commercial analysis is able to rank alternatives within the commercial fishery. The recreational analysis I think can rank the alternatives within the recreational fishery.

Where we've never really been certain before is whether we're talking about the same type of dollars so that you can really compare the results from the recreational to the commercial sector. Just continuing what we have done before would be the backup plan. It's probably less defensible theoretically, but it's less time intensive, but not a slam dunk. It would not mechanize the decision for you, but it might provide some of the numbers that Roy needs for his purposes.

Mr. Waugh: And could that be done for the ten species by the September Council meeting?

Dr. Waters: I'm not sure what the ten species are.

Mr. Waugh: Black grouper, black sea bass, gag, golden tilefish, red grouper, red snapper, snowy grouper, speckled hind, vermilion snapper, warsaw grouper. That's ten; I'll bring this over to you.

Dr. Waters: Okay, the usual suspects.

Mr. Waugh: Yes.

Dr. Waters: Given our other commitments, I'd have to talk to our Center Director, and she would probably have to talk to the regional office guy, but given our other commitments it would even be difficult to complete those ten within the timeframe you're talking about. Let me talk to our Center Director and see what else we can drop or see what is more important.

Dr. Chevront: Okay, do we have anymore discussion on this again at this point? I know tomorrow morning we're going to come back and talk about the data that we think that we need, but I would kind of like to finish up this discussion on all the other stuff now. If you have anything else to add, do it now or forever hold your piece or at least for the next meeting.

Mr. Boyles: I'm just going to think out loud just on the fly, but it strikes me that we're dealing with species that are in severe need of attention.

Mr. Geiger: Mortality reduction.

Mr. Boyles: Mortality reduction. So is it fair to say kind of the model that we're working under maybe looks something like the following? We've got to reduce fishing mortality by certain percentage. That burden has to be shared among the various sectors. Is it fair to say we could, in theory, allocate the burden to maybe one of – let's call them three sectors?

We can allocate the recreational burden, we can allocate the commercial burden, but could we allocate a third sector or designate a third sector where we take reductions in fishing mortality and bank them, for lack of a better phrase, or the conservation allocation that is not exploited, that is – I'm just trying to get my hands around kind of where are going comprehensively with this from just a big picture perspective?

Does it then stand to reason that we have to ask ourselves are there those species that can bear no fishing mortality from either recreational or commercial bycatch or otherwise? I don't know if this is maybe a conversation for in the morning or not, but is that where we're headed?

Dr. Chevront: I think potentially.

Mr. Wallace: I've been thinking the same lines of what Robert was talking about, but I had problems figuring out whether that was part of our allocation or is that the Snapper Grouper Committee's part of fishery management. I've said let's put it in a priority list, deepwater fisheries, you've got a hundred percent mortality, bycatch mortality.

You zero allocation out, but at that point we should run a scenario of, okay, if you take the recreational on one side and commercial on the other, and you start prioritizing based on the fish and not on the fishermen, and you've got a hundred percent discard mortality rate, then there is no take and basically no recreational fishery on the recreational side. But all of that are more management tools and not allocation tools.

I mean, we're here – let's say, okay, we've got a million pounds of stuff to allocate. What formula; you know, based on what percentage – that's all we need to know is the mathematical

number, who gets what. I know that's oversimplifying it, but this committee is not here to manage the fishery. This committee is only here to allocate what the other committees have to manage.

Dr. Chevront: Point well taken, John. I have Gregg and then George.

Mr. Waugh: And that was the point I was going to make. My understanding of the charge to this committee is to figure out how we allocate whatever level of harvest the Council ultimately approves. Since we're dealing with the snapper grouper species here, it would be the Snapper Grouper Committee that would actually set that harvest level. The idea of how you deal with this conservation issue is we will get from the SSC the overfishing level, and that's the maximum poundage that you can take without resulting in overfishing.

Then the Council has to set an annual catch limit, and to me that's the appropriate place to build in your conservation, so back that down however much you want to be risk averse. Then that annual catch limit, that poundage is what this committee has been asked to figure out how we allocate. That's my understanding of the charge to the committee.

Mr. Geiger: Well, it could be. That's certainly a logical way to look at it, but going back to Robert's statement I can see his point as well, and I don't think we're doing the Snapper Grouper Committee's work. If it were that we set up a shared reduction and in reallocating we only reallocated on paper and you took the reductions that were transferred in terms of a reallocation and applied them back to the fishery and conservation towards rebuilding the fishery quicker, it then gives the Snapper Grouper Committee the ability to potentially – and I wouldn't recommend this – to potentially look at regulations and changing regulations based on an increasing or an increased rebuilding schedule.

So, in this case you're actually taking an allocation on paper. You're not awarding it to any one sector, but you would take that allocation increase – let's just for intents and purposes take it a step further. We know that in the snapper grouper fishery we need reductions in the commercial sector. We are overcapitalized.

We just went through an exercise whereby we wanted to reduce the 864 permittees we had, or some number thereabouts, down to what is now considered a workable number. What is that number, 50, I don't know, 75, whatever it is, some number less than 100. If you were to do that, you're looking at now reducing effort and in essence reducing mortality within the snapper grouper fishery.

With reductions coming along in terms of annual catch limits, you're talking about further reductions. So, there is a question that remains even when you look at when you take the catch limits that are going to be mandated, that we're going to have to put in place, how much of a commercial fishery do you actually have?

So if you can reduce the commercial sector by a percentage and take whatever percentage that is, 5 percent, 10 percent, I don't know, and put that in a conservation fund, not awarding it to the recreational sector to increase bag limits or prolong seasons or anything else, but take that



reduction that you're going to get from the commercial sector, put it into the bank to help recover fisheries quicker or recover those stocks quicker. At least, that the way I took your comments and I'm receiving a nod of the head, yes, from Robert.

Mr. Wallace: I understand that and I understand the theory behind that, but that is basically double-dipping. You're getting a reduction put in place by the Council via the Snapper Grouper Committee, and yet we are reducing even what they were saying by a certain percentage in the allocation part. If you're sitting there with an annual catch limit of a million pounds, which is what the Snapper Grouper Committee recommends, whatever number it is – I'm just saying a million pounds – the Snapper Grouper Committee has recommended the annual catch limit of a million pounds.

Well, if we go and say, okay, 40 percent goes commercial and 40 percent goes to recreational and 20 percent goes to conservation, well, we just put a 1,200,000 pounds – I mean, we just took that number that the Snapper Grouper Committee did and took it to 800,000 pounds, not a million. So we're double-dipping into the annual catch limit by adding that conservation allocation percentage.

Dr. Chevront: But, John, my understanding of it is we're given that ability to do that as a Council. We just can't go above that million pounds that was given to us by the SSC. If the Council so chooses, we can set that level all the way down to zero if we really wanted to.

Mr. Wallace: Then let the Council do it and say, okay, we're only going to do 800,000 pounds. Don't charge the Allocation Committee to do that.

Dr. Chevront: Well, I agree with that; that shouldn't be the Allocation Committee then. That should be the Council doing that.

Mr. Wallace: Yes, let the Council come up with the 800,000 and say, okay, we're going to take 20 percent off of what we think the annual catch limit scientifically could be; we're going to take an extra 20 percent. But our allocation is really just a mathematical number between sectors.

Mr. Harris: I'm sitting here thinking about what our charge is as this committee, and I think there is some overlap and we knew that when George established this committee. But, maybe we ought to spend some time looking at the landings' information and deciding if we're going to or not going to allocate by state or region because with respect to snapper grouper, depending on when the season opens and how many fish there are to catch, if you don't allocate by region or by state, one state is probably going to lose out in a very, very large way.

I don't know whether that's our charge or whether that's the Snapper Grouper Committee's charge, but it certainly is one aspect of allocation. Now whether that's what George meant for this group to do or whether we just wanted to be more of the evaluator of the various methods of allocating this resource between user groups, I'm not sure. Maybe he ought to tell us.

Dr. Chevront: Tell us, George.

Mr. Geiger: Well, what did you call it, “the evaluator of how the resource is shared between user groups”? Ultimately, that’s the task of this committee, I think, is to determine whatever allocation share there is, is how it’s going to be used best within the South Atlantic. One of the problems, John, getting back to your comment, you know, one of the problems that we’re wrestling with here is the finger pointing on the outside, finger pointing at the recreational community.

I guess it’s pointed at them because of my affiliation with the recreational sector as being a grab for fish. I rail everytime I hear that because from my perspective it’s not a grab for fish. I am not advocating and never have advocated for any increases in bag limits. As a matter of fact, I’ve always voted in favor of whatever measures were necessary to sustain the stock.

The problem is that the history of the South Atlantic Council has always been one of great intention. With all due respect to previous Council members, I think they did their utmost to do what they believed was right for the stocks in the South Atlantic, and they did it with scientific advice.

And based on the scientific advice they had, they took actions considering economic effect that it would have on sectors, and decisions were made, for the most part – and I think you can trace back historically the actions that have been taken by the Council – a lot of the actions have been ameliorated by the short-term economic analysis or the short-term result based on economic analysis of what might happen to a sector or sectors based on taking an action that might be considered prudent by the Council.

And within the parameters of what could be done, the science community said, yes, at the lower end you can get away with it, exactly like we did on Amendment 13C. And we’ve had a history within the Council, with the exception of Goliath grouper, of not meeting the management goal that we’ve set out to achieve. That’s not pointing fingers at anybody or staff or the science community.

You know, we have such uncertain data that we wind up in a situation today where we’ve still got myriad overfished and overfishing stocks, and we’re dealing with the potential again of looking at short-term economic effects on sectors, and it’s not about that. I truly believe that our job should be ultimately ensuring the long-term sustainability of the stock.

And when you allow these economic issues, although they should be considered and you should understand the effects that they have, and if you have some alternatives and develop different alternatives and the economic analysis should help you make those alternatives, I just think making decisions based on economics is one that’s wanting. Again, if you’re not going to pay attention to history, we’re going to wind up repeating it, and I think we’ve done that since 1982, with the exception of Goliath grouper.

And it’s reflected in our Christmas tree report card from NOAA Fisheries, you know, green, red, whether we’ve stopped overfishing or not overfishing, and we can’t get credit for any of the things that we did under Amendment 13C. Because, what we did, there is just virtually over a 50

percent chance of us recovering and succeeding in our management, and they're not going to give us any credit until the next stock assessment and they see what happens.

And I think based on the history of what the councils have done in the past, I think that's valid and legitimate. We should prove that the actions we've taken work. So in that regard, I don't know, that was an awful long answer again, and I'm probably going to be accused of preaching, but I truly believe this needs to be about the stock and less about the impact it has on people. We've wound up in a position where we're managing people and people's lives as opposed to managing a resource.

Mr. Boyles: Last year our state undertook a fairly significant departure with respect to managing particularly strong recreational fisheries in South Carolina in what we called pre-emptive or proactive changes to the bag limits. These were undertaken as a result of people's growing awareness to what was going on with the coast of South Carolina and absent us being able to go and show a downward trend in a particular stock.

So what we asked our board, first, and our General Assembly to consider was a policy shift to, hey, let's don't wait for the smoking gun. Let's get out in front and make some modest reductions in people's recreational take and do it because we all know what is happening, in our case, in coastal South Carolina.

I'm just thinking out loud at this point. What happens should this committee take a similar policy stance or recommend a similar policy stance to the Council, and let's take a quarter of the ACL each year and let's bank it? I think my sense of things is that privately in talking with both commercial and recreational fishermen at these scoping meetings, privately I hear everybody say it's not what it once was, it's just not the same.

I think it's a testament to a couple of things. First of all, I think that the format is a little bit different when you get folks who say, "You know, yes, things are different than they were when I got started"; or "Things were different when I went out there with my daddy," what have you. But from a policy recommendation, what would it look like for the Allocation Committee to say – and, Gregg, thank you for clarifying kind where we are and where we would make these recommendations – but we get an overfishing level from the SSC and the Council then say 25 percent, 20 percent, whatever the number is, we're going to begin to address past sins, and we're going to begin to rebuild these stocks and we're going to do so by putting 25 percent of what we're allowed to take aside.

And we're not going to give it to the recreational sector and we're not going to give it to the commercial sector, we're going to leave it for the stocks. Is there anything in Magnuson or is there anything that precludes us from doing that?

Dr. Chevront: I don't think there is anything that precludes us from doing that.

Mr. Geiger: The only thing is optimal yield. You know, we're supposed to manage to optimum yield, but again optimal yield is a concept that was just put out there. I think if you can rationalize and justify what it is we're doing based on long-standing effects to the stock, I

believe, again, we should do what we believe is correct and what we think is right for the resource and make our recommendation.

If NOAA Fisheries doesn't like it, let them manage it, but I just don't believe we should do what we think is going to get by NOAA Fisheries or not. We should do what we believe and are hired to do as the advisors to do for the resource. I like the idea.

Mr. Wallace: And I understand the idea and it's not that I don't like the idea. I just don't think it's the charge of this committee. I agree with what you said, we are managing the people, we are not managing the fish. If we were managing the fish, in most cases we'd close everybody down.

Yes, we're managing the people that are catching the fish, but this committee is charged to allocate whatever number the Snapper Grouper Committee comes in. They are supposed to be building in this 25 percent. We couldn't put a recommendation in that we think any number – any optimum yield number be reduced by 25 percent for conservation. And you can call it a conservation allocation, you can call it anything you want to call it, but it's their charge to do that. It's our charge to allocate whatever number they come up with.

I mean, I understand everything you were saying, George, was based on a management act and not an allocation act. I think we're beating ourselves up trying to manage the fishery in this committee when it's everyone else's charge to manage the fishery. We're just supposed to come up with what is a fair and equitable allocation of whatever number they come up with.

If we can put a model together that applies for allocation that will fit all of the fisheries all the way across the board, then all they have to do is plug in a number. Then we say, okay, but this number, this is a deepwater hundred percent mortality rate of fish, it goes into this category; this is a mid-water with a 50 percent mortality rate, it goes into this category; this is a shallow water with zero percent mortality rate, it goes into this allocation system.

We develop a model based on the mortality rate of the fish. Whether it's intentional or discard mortality, we develop a model based on how to save the fish, not how to save the fisherman, how to save the fish.

Mr. Geiger: Yes, but, John, could I make this point? We are allocating and we are doing the business of this Council based on Robert's proposal because we are allocating the stock to three sectors. We're allocating to the recreational sector, to the commercial sector and then to a conservation sector, a non-use sector, if you will.

There is a non-use component in all of these fisheries. In fact, you're covering all the bases fair and equitably now to a degree in that you've included the non-use sector, and you're accomplishing, again, another conservation goal by taking the non-use sector and it would apply then to the rebuilding schedule, and we cannot be accused of favoring one sector over another by taking from one and giving to another and having a loser and a winner.

So, in essence, what we're doing is we're reallocating. You can leave the allocations currently as they are in every fishery and just take a percentage of the allocation from both sectors, put it in conservation, and we're done with it. We now have three sectors. Each of the two, recreational and the commercial, have a reduced allocation and we now have a conservation allocation.

You heard, we heard from our own AP that the future of our commercial fisheries, they said, "We've only got eight years and we're all going to be gone." There is nobody new entering the fishery; it's a dying industry. I have heard just recently ten years, don't worry about it, in ten years they're all going to be gone, and that very well may be true, and it probably is.

The problem is what is the state of the fishery going to be upon their exit? We've got histories of fisheries on the west coast of the United States, tortolla; Gulf grouper on west coast; we've got cod fisheries on the east coast that never have recovered even with the exit of the commercial component. You know, they got to such a point – fished down to such a point that those fisheries may never recover.

That's what I'm afraid of is if we wait for inevitable to happen – and it will, fuel prices, everything is piling up on everybody – and you could say the same thing for the recreational sector. I mean, effort is off like 45 percent in the Gulf of Mexico. That's a huge issue. I don't know that we have that type of data for the South Atlantic yet, but fuel prices are certainly going to, at some point, affect the recreational community, reducing the effect of mortality on all the fisheries, but that could turn around quickly.

It happened in the seventies for those of you who were alive in the seventies. We went through this same deal. So, that's my point; you could take – and we're not doing anything but creating, really, another sector to allocate to and we're calling it the non-use sector.

Mr. Wallace: And I understand that very well, but what I'm saying is why doesn't the Snapper Grouper Committee allocate that non-usage? Let me just put it to this point; is there anything in there that says that the Snapper Grouper Committee cannot reduce fishing even beyond what is scientifically appropriate?

In other words, if science says it's a million pounds, can the Snapper Grouper Committee automatically just take it to 800,000? Then why not let them do it, and then that non-use is not in there. But if there was something scientifically, if we can't stand behind it scientifically and it has to stay at a million, then as an Allocation Committee we can allocate that other 20 percent, that other 200,000 pounds that reduces it.

But, if we start getting the commercial industry coming in and saying you cannot scientifically prove that million pounds is the number that we need to – I mean, that 800,000 is the number that we need to be at. The science says we need to be at a million pounds of annual catch limit. Then we can allocate it as a non-use, but –

Mr. Geiger: Well, I believe we're splitting hairs.

Mr. Wallace: We are and I already said that.

Mr. Geiger: It's a matter of we're determining the allocation; we're not determining – I have never talked about a million pounds or 800,000 pounds. All I'm talking about is the percentage that are available to each sector, so it's up to the Snapper Grouper Committee to determine how big the fishery is going to be based on the recovery necessary, based on the best available data.

So they're going to tell us – the Snapper Grouper Committee is going to eventually establish what the total allowable catch is going to be based on the best available advice from our Science and Statistical Committee – not the total allowable catch, the annual catch limit is going to be. And from that annual catch limit, we are responsible for establishing the total allowable catch for the commercial fishery, which is their allocation; the allocation for the recreational sector, which is in percentage terms their allocation.

And I think it's well within the purview of this committee to recommend to the full council – we can't do anything – I mean, the full council is ultimately going to decide this, anyway – that we set up a third user group, which is non-consumptive use, which would be put into a conservation bank. And the amount of each of those would be determined by us. I mean, we determine the percentages, not the total amount.

The Snapper Grouper Committee is who have to determine the umbrella under which we allocate the resource. And, really, we are not even doing that, John, because, again, all we're doing is coming up with some type of a framework and the methodology to come up with the best way of allocating within the recommended annual catch limits that the Snapper Grouper Committee adopts and has to work with.

Mr. Wallace: I understand, and we are, we're accomplishing the same thing under two different goals – I mean, under two different formats –

Mr. Geiger: That's right, but we have –

Mr. Wallace: -- we're adopting the same thing.

Mr. Geiger: But we have separate fisheries. We have a mackerel fishery; we've got coastal pelagics, so the same thing has to happen under coastal pelagics. We've got snapper grouper; it has to happen under snapper grouper. And the difficulties associated with doing it in each committee, I think, are myriad; and if we did it by this committee, it would be uniformly applied to each fishery as we go down the fishery management plan.

Mr. Wallace: And the only fear, per se, you know, if you call it fear, whatever it is, is that if the Snapper Grouper Committee comes in and says, okay, we're going to build in an extra 20 percent in rebuilding – and the million pounds that I'm coming up with are just numbers that I can round off –

Mr. Geiger: I understand.

Mr. Wallace: -- you know, there is no magic number, it's just numbers that you can round off. If there are a million pounds and the Snapper Grouper Committee says it's 800,000 pounds and then we take 20 more percent off of that as a non-consumptive usage in the Allocation Committee, then we just reduced the catch down to 64 or 65 percent of what is a scientifically sound number.

Mr. Geiger: Well, let me say this. I certainly understand where you're coming from, and I understand the rationale and the logic of your argument. I'm just concerned that those committees aren't going to do those individual things. I don't know, it's up to us to kind of decide that framework, but I understand where you're coming from, and you make a point.

Mr. Wallace: Yes, and that was the part of the double-dipping I was talking about. We've actually reduced it by 35 percent instead of the 20 that we initially intended to do.

Dr. Chevront: But, I think, John, though, that we could also say in our recommendation that if the committee or whoever is going to reduce the recommended annual catch limits, that goes as part of the conservation allocation. I mean, that's one way to handle it. But, anyway, just to move on a little bit, Tom, was your point directly to that, and then I want Gregg to be able to go through what he has got here on the screen.

Mr. Swatzel: I just want to say that looking particularly at Amendment 16, you know, the TACs are very conservative; and to go back on top and say we need to be conservative by another 25 percent to me is going to be hard to swallow and hard to support. If you want to tweak the TACs, fine, but I think you're going to have a real hard buy-in to saying we're going to automatically set aside 25 percent of which goes to nobody. I would just suggest that the better approach is to be conservative on the TACs, and I really think right now that the Council is being very conservative, and I just think I would have a really hard time supporting going down this path.

Mr. Geiger: Well, I just take exception with the fact that 25 percent goes to no one. Twenty-five percent goes back to the resource and increases the recovery that much quicker.

Mr. Waugh: This schematic that's up here, I think it will be helpful in framing what is coming, but what we need at the staff level is some guidance on what this committee is doing down towards the bottom here, and I'll get to that. This is information that is supposed to be in the guidelines for setting ACLs. We can't see them yet. Rick is working with Jack McGovern.

Roy has seen them. Roy has told Jack what is in them. This is the view that we're getting from Roy through Jack to Rick as to what is going to be in the guidelines. This is from the discussion paper we're working up for you all on Amendment 17. The SSC is going to give us this overfishing level, and that's the poundage. The double line is to emphasize that; that's a level that you can't exceed.

Now, the guidelines currently say then what has to happen is the SSC also sets an ABC. Then the Council sets an annual catch limit, and then the guidelines are currently structured to suggest that then we set an annual catch target. Now, if you just take a very straightforward approach

and say if the SSC says this poundage and they're going to give us something that's lower, we've got to measure this difference.

So, in the reality that we're dealing with that's got to at least be a 10 percent difference for us to even have a chance of measuring. This is where, in my mind, you get your biological savings is setting this annual catch limit. This overfishing level will stop overfishing, and that's already taking care of some of the biological concern in that you're preventing overfishing, so you're no longer overfishing so the stock is rebuilding.

So if you want to be more conservative, that is measured in the distance between that overfishing level in terms of pounds and where you set your annual catch limit, so this area in here is extra conservation, if you will. Now what the guidelines are going to propose is that you take another step, recognizing that our data collection systems and catch monitoring systems are not perfect, that even though you want to allow this, that we have to set a target that's lower than that because our recreational catch monitoring is not very good and our commercial at times is not very good, so as our ability to constrain catches around this target vary, they don't hit this annual catch limit.

So you've got one-step down, two-step down, three-step down, so let's throw some real numbers in here, snowy grouper. Our current quota is about 99,000 pounds. That's based on an Fmsy, not an Foy, not an F-rebuilding, so your quota that the SSC will give you will be reduced from that 99,000. Let's just say roughly 80,000 pounds. So to make the math easy, just knock off 10,000 pounds at each level, so 70, it's a little over 10 percent; 60, 50,000 pounds.

So then what we're discussing here is taking that 50,000 pounds, and up to now, the way I certainly understood this committee's activities would be recommending to the Council guidelines or figures for doing this commercial quota and recreational quota. It's certainly within your purview to then add a third one for added conservation.

You have to recognize that you're then going to be – you have to justify this conservation in this new barrel down here with all of this conservation that you've already built in here. And, again, look at the numbers. If this is 50,000 for snowy, well, then you're looking at roughly 15,000, 15,000, 15,000; and the point being with a lot of fisheries that we're going to be dealing with that are overfishing, these points, when you start out up here, are going to be small.

And depending on the number of levels you come down, obviously they get smaller and our ability to track them and close them without exceeding them is much greater. So to me, for staff guidance, we need to know whether this committee is talking about this type of allocation here or whether you want to add a third one for conservation.

Mr. Geiger: And I do not mean to be disrespectful or flippant in any way, but there is nothing on that slide that says if we do this there is a hundred percent certainty that we're going to achieve the goal that's intended. And if you look at the history of failed management in the past, until we see this in action and we see the results of it nobody is going to know whether it's even enough.



Nobody is going to know whether it's even enough. There has never been a study done in the South Atlantic to determine whether the snapper grouper stocks can withstand or sustain a recreational and commercial fishery on top of each other. That is something that has evolved over time and has never been determined scientifically whether it can happen or not.

It was an open-access fishery at one time. Prior to the 1960's there was no recreational fishery in this country. If you wanted to go recreational fishing, you got on a headboat or you took a charterboat. That was recreational fishing until people in the early seventies began to acquire enough wealth to buy their own boats and do their own thing.

So that was an open-access fishery that evolved from commercial into a recreational fishery, and it has never been ascertained whether it can even support it or not. I'm just scared to death that we're banking on this being end-all be-all, and, boy, we've seen the end-all be-all before in how many iterations, and it hasn't worked.

Until we see this working, I'm not going to tie my horse to it. I just have a difficult problem with just believing that it's going to be the end-all be-all. You know, down here when we say another conservation circle, I would like to say non-consumptive user group. I mean, there is a group in this country of non-consumptive users who are not represented by those two circles there.

Mr. Wallace: All I wanted to clarify was that the difference between the ACL and the ACT is the additional conservation?

Mr. Waugh: No, the difference between these two is our inability to adequately track the recreational and commercial catches. That's our measurement error. The conservation is between where you set your ACL and the overfishing level.

Mr. Geiger: And the reason that's there is because traditionally when we set ABC ranges, in some instances councils have selected always from the top end of the ABC range.

Mr. Waugh: And some from outside of the ABC range.

Mr. Geiger: And if you were not overfished or overfishing, you even had the ability to go 10 percent above it, if I'm not mistaken, and councils did that, and consequently we are now rewarded with this system to rein everybody in to take away the judgment or whatever you want to call it, the prerogatives that the Council had at one time. We discussed this at the last Council meeting, whether or not we wanted to challenge it or not, but I think this is what we live with based on what we've done in the past.

Dr. Chevront: But couldn't we actually have the annual catch target be separate for the commercial quota and the recreational quota based on the ability to collect data from each of those? We take the ACL, you give the commercial quota and recreational quota, and underneath each of those you have two separate ACTs based on your ability to capture the data. Most of us would agree that because of the trip ticket system, which is not perfect, but is a much more reliable and timely data collection method than the recreational data collection.

Mr. Geiger: I agree with that and I think, Gregg, it would be more accurate if the arrows, instead of pointing down at the commercial quota, if the arrow pointed up into the ACT, because the commercial quota contributes their section to the ACT and the recreational sector contributes –

Mr. Waugh: Well, our staff went over this last week and we're sort of working on a dual track. We feel that there's going to be a lot of push from the National Marine Fisheries Service to use this because this is what they're going to propose in the guidelines. Rick is also working up another suggestion that has one of those – one of the differences is what you all just described in that you take your ACL and split your allocation there and set your target for your commercial and recreational separately.

Your commercial could be closer to your catch limit given that you're monitoring that more closely, but, of course, it has got to be a lot different than just calling dealers like we do now. The recreational would have to be farther away from your annual catch limit, the portion of the annual catch limit, recognizing our inability to track that.

Mr. Geiger: The ACL for the commercial sector, then, for example, could be like 5 percent because there is better data, but the ACL for the recreational quota could be 20 percent away because of the inability to capture that data quickly and accurately and to make seasonal adjustments as necessary. Because you can't make those in-season adjustments, you want to preclude ever going over the limit.

Mr. Waugh: That's correct.

Mr. Geiger: So, what this does, it actually adds – so you said for each box add 10 percent, so this has actually added 10 percent from what we originally perceived this annual catch limit function to be because that's what I always thought was that you got the annual catch limit and the commercial quota and the recreational quota came out – annual catch targets were actually part of the annual catch limit, but there was no reduction in percentage between annual catch limits and the annual catch target, that that was where you had the allocation division drawn. But you're saying there's another 10 percent savings there?

Mr. Waugh: Well, what you're suggesting is one of the things that we did, was you do your allocations based on this annual catch limit, so you allocate a portion of that recreational and a portion of that commercial, and then you set a target based on your ability to limit that sector's catches to that portion of the ACL. I mean, that's going to be one of our suggestions to the Snapper Grouper Committee, but I think what you're going to see in the guidelines and what NMFS is going to be arguing for is what you see here, is another step down from the ACL before you do your allocation because they don't see changing the current data collection programs, and so we're going to have to be significantly below our annual catch limit with our quotas that we specify in order to ensure that we don't go over our annual catch limit.

Mr. Geiger: What is wrong with this? I mean, we're going to recommend something different to the Snapper Grouper Committee. I've heard the description, but I've not heard anything said that there is something wrong with this process.

Mr. Waugh: Well, one of the concerns is that if you read accountability in the new Magnuson Act applying to those collecting the data and not just those being collected from, you're shifting the cost – you're saying that we're not willing to change any of our data collection programs, our quota monitoring programs, so what we're going to do is set our quotas lower.

Because we don't want to change what we're doing in terms of monitoring the catch, we want the fishermen, both recreational and commercial, to pay that price in terms of a lower targeted harvest. That's going to be hard to sell during the public hearings, especially with no one from the National Marine Fisheries Service at the public hearings.

Mr. Geiger: Well, I would submit that this whole process is going to be difficult to sell to the public. But, be that as it may, you know, you're also dealing in reality in terms of budgetary restrictions and funding.

Mr. Waugh: The other point about this is when you start looking at our species, this number gets very close to zero. And definitely when you start doing at this level, you're not far from zero at all. I mean, like I said, with snowy you're probably looking at 25,000 pounds here and 25,000 pounds here.

If you want to add another group, you're looking at about 15,000, so can we even limit the commercial harvest to 15,000 pounds? Can we limit the recreational to 15,000 pounds? That's the real world implications of this sequential step down. We're not saying it's right or wrong. We're just pointing out some of these considerations, and you don't see this ACT in Magnuson.

Dr. Chevront: And actually if you're talking 15,000 pound quotas, you're talking discarding mortality, so there might be no possession is what you're talking about.

Mr. Geiger: So even if you had 10,000 pounds – I mean, you said step it down each block 10,000 pounds, if you had 10,000 pounds back into it, well, I guess 5,000 here and 5,000 there, pretty soon you're talking real numbers, but, I mean, you're going to have to say it a lot more times than twice to get the real numbers. An additional 10,000 pounds added into it ain't going to mean anything to anybody. And nobody has mentioned the red snapper word yet on top of this.

Mr. Swatzel: Just to point out that when you start talking about the need to be more conservative on the recreational side, I understand there is not a lot of good recreational data, but this is where the for-hire sector is treated unfairly to a certain extent because you do have fairly accurate catch estimates concerning charterboats and headboats. It's a little bit unfair I guess to kind of wrap that sector in to a situation where you don't know what the catch is from just the private boat standpoint that well.

So, it's one of those situations where I almost wish the headboat and charterboat sector was on its own because it's going to get caught in that situation we're trying to have that extra factor in there.

Dr. Chevront: And I especially see that in your individual case as somebody who reports on such a regular basis. Your numbers are good and in many ways they're probably just as good as what we're getting on commercial. Yet, I clearly see your point where you're getting lumped in with folks that in many cases we don't even know who is out there fishing. That's a point well taken. Duane.

Mr. Harris: Well, why not go ahead and establish a charterboat/headboat category and let's just be done with it. We recognize what Tom is saying and he's absolutely correct. It's the normal recreational guys that we've got really lousy data for. We've probably got the best data on the headboats and better data on the charterboats than we do on just the every-day recreational guys and lousy data on the recreational, so why don't we separate that group out and establish a quota for them and then be done with it?

Then we recognize that they're getting some benefit, if there is any benefit to be had from this, by the fact that they have been reporting for all these years. And, quite frankly, it was an easier group to sample than the recreational fishermen have been, because you knew who they were, you had mandatory reporting in some cases. I'd favor that and then we don't penalize them unfairly, if you will.

Ms. Merritt: I agree with Duane, that's the right thing to do for a variety of reasons, including the new recreational sale issues that are involved with it. And the scoping on allocations, we've seen that as well where we've got recreational people as well as commercial people with opposing views as to where do you put charter and headboats? So, why not make them that third category? I think it would solve a lot of problems at least until such time as we think they ought to be in one or the other categories.

Dr. Chevront: And also especially if we're talking about having to make reductions down from the ACL to cover that uncertainty, why should we include a group that has more certainty in with a group that has less certainty and they get penalized for it? And, you know, when we talked about three groups before at one of our previous meetings, I wasn't against that. We kind of pulled out of that for some reason. I don't remember the argument beyond that, but I seem to remember something very similar to this, and I don't remember disagreeing with the idea of having three groups.

Mr. Geiger: But it troubles me a little bit, listening to this discussion, that it sounds like the recreational community is doing something illegal by not reporting or not being able to provide data. It's not the recreational community's fault, so why are you going to penalize the recreational sector by reducing the – I mean, the headboat industry fishes under a recreational bag limit, and the people who fish on a headboat or fish on a charterboat have the same bag limit, the same size limits, the same seasonal closures that the recreational community undergoes.

I don't understand why it's prudent to give a sector – it's almost like we're creating a LAP Program again for the headboat industry or the charterboat, the for-hire sector with an allocation. I mean, you're creating a LAP Program. You're giving them an allocatable share carte blanche of what constitutes a pie that should be shared by the common – you know, my argument is that

you've got the general public out there, this is a general public resource, and the general public should have – everybody fishes under a bag limit.

The question to me is what entitles the commercial sector to catch more than the finite recreational or finite bag limit that is applied to everybody; the fact that they have a permit to do it? That's just an arbitrary thing that was assigned to keep an industry in operation, I guess, but I can't understand why anybody has the right, with such a finite resource that we're looking at here, how you can justify a few people taking a huge portion.

You know, the public has the ability to access this resource via a boat. They can get on his headboat. They can get on his six-pack boat and access the resource. The general public in Kansas having a right to South Atlantic snapper grouper, I don't think it holds water. I'd like to have a wild turkey from Texas; how do I get it?

Dr. Chevront: I can show you the website where you can go buy that wild turkey from Texas.

Mr. Geiger: Farm raised.

Dr. Chevront: No, wild; I can show you the website.

Mr. Geiger: I'd like to see that. Okay, I'd like a black bass from Florida; I can't buy one of them.

Ms. Merritt: But if you could, I would.

Mr. Geiger: But you can't because it was determined a long time ago that the resource was finite and it was far more beneficial to have it shared by everybody than to have it exploited by a commercial industry who would fish it down to a point where we've got things like this boat bearing down on us and voting a closure for everybody.

Mr. Harris: All I wanted to say is now we're getting where we need to be getting to. We're having a discussion that we've been avoiding all this time. We've got to get to this point where we talk about this stuff specifically, allocating this resource between commercial, recreational; and if we choose to do so, charter and headboat. I mean, I think we're getting where we need to be. Thank you.

Ms. Merritt: We have had this discussion in more than one situation and said in a lot of different ways. Yes, I think that the argument is not going to be resolved here. I can make an argument, you know, like we've talked in the past, George, about commercial fishermen who feel that we're representing the consumers of the United States and abroad. It's part of the economic value to the United States and the health of the United States. You can argue it.

I don't have a problem with that, but if you have a resource that I would like to have as a consumer I would like to have it available to me somehow or another, but I don't think that's why we're here. We're here to try to figure out how to allocate for the people who are using the resource; and if we're going to do that, the point that was on the table at the time was do we have just these two quotas or not?

I am in favor of having a third quota that includes the for-hire sector for a variety of reasons. The two reasons I mentioned earlier dealing with the lack of consensus as to where headboat and charterboat catches should go and the quota and the reasoning behind this new issue of recreational sale, I think is compounded by the problem we've had in the past where all of these catches have always been arbitrarily put against the quota that was initially set for the commercial sector. And if we are going forward, we can't just forget that.

Mr. Geiger: And to that point, Rita, and certainly I would concur if we're going to do it fair and equitably and we're going to take a share of the commercial quota and the recreational quota and give it to the headboat sector, I think that might be considerably doable. I mean, that's something that we can discuss, but let me get back to the point that the commercial industry is providing food for the American people and internationally.

When you look at yield from our snapper grouper fishery, the data that Gregg has in his table, you know, for the last seven years it's 10 million pounds; so if you want to take 10 million pounds and divide it into eight-ounce portions in round weight, let's use the round of 10 million pounds and create eight-ounce portions, then you're only creating 16 million potential meals or 20 million potential meals for people, which is a little more than the State of Florida.

And that's in round weight and we know that's not the case. And we also know it's not the case because 10 million pounds represents landings from all 72 species, tomtates, pudding wives, cravalles jacks, almaco jacks, amberjacks; not the prime species that we're talking about. So when you look at that segment, are we feeding the American people; I argue we're not. The people who are benefiting are the people who are catching it and selling it. You know, 1.5 million metric tons of pollack landed in Alaska are feeding people.

Mr. Wallace: And I'll go back to my argument on what is true recreational? Now if you were going to come in here and say, okay, we're going to have no-take by the recreational then you've got a valid argument, George, but he is trading something. He is trading his fuel, his bait, his time just like a commercial guy is doing in order to take that fish home.

So he is essentially a commercial fisherman. He is getting something in return for his effort and his expense. This is no different from what a commercial fisherman does. He gets something for his effort and a return for his expense, so what is the difference? He is a commercial fisherman in those standards. He is making a trade. He is trading something; he is trading or bartering.

Mr. Geiger: Okay, then, create a –

Mr. Wallace: Now you get a no-take, we can have a no-take by recreational and then we solve all the problems. We've got no commercial and we've got no-take by recreational, the fishery is saved.

Mr. Geiger: Is that in the form of a motion?

Mr. Wallace: No, but that's what you're proposing here, you know, is we're going to eliminate commercial. Well, you're not eliminating commercial, you're just making those recreational fishermen more commercial.

Mr. Swatzel: My only point is treat the groups the same. In other words, if you have an identifiable sector like the for-hire and you have a commercial sector and you can identify their catch within reason, I mean, a lot more so than the other sector recreationally, treat them the same in terms of the amount of reduction with a cushion that you're going to give. That's the only thing I'm asking. I think that makes good reasoning. I think it's fair and equitable.

Dr. Chevront: Okay, we've kind of been all over the place on this. What I think we need to do is – a question is before us and I think we discussed this at the very first meeting of this committee back in February as to how many sectors do we want to allocate to; two; three, if we want to include headboat or a conservation sector; or four, do want to have for-hire, commercial, recreational and conservation? It would be nice if we could get something definitive on how we want to consider this. I'll entertain a motion if somebody has got one. John.

Mr. Wallace: To what Duane was asking for, do we have sub-alternatives based on state by state or sub-allocations based on state by state? You would have those same three. I mean, to me the three sounds appropriate, but do you have three for South Carolina, three for Georgia and three right on down the line?

Dr. Chevront: You know, in that discussion we had earlier, I think that's more of a management issue because that has to be something that is done by the characteristics of the species and consideration at that point. I'm not sure I would want to consider some kind of a geographical allocation. I think it would be hard to do that. I think that's a manager for that specific species and it has to be done at that point. Robert.

Mr. Boyles: I would like to make a motion. I've really enjoyed the back and forth, and I certainly respect where everyone is. **For the purposes of discussion, I'd like to make a motion. The motion would be that we recommend that the Council, in their deliberations, allocate among four sectors; those being commercial, recreational, for-hire and conservation; a reinvestment or something else.**

Dr. Chevront: Seconded by Mr. Harris. Do we have any discussion on this? Tom.

Mr. Swatzel: My only concern goes back to, I guess, the conservation allocation and the issue of once we go through all those levels of looking at the various catch recommendations, that there is going to be conservation reductions along the way. We talked about that, and I just don't think doing an allocation for conservation is just the right approach.

Dr. Chevront: Well, I think, though, that it doesn't mean that there has to be an amount of the allocation for all four of those. I think it means that we're going to tell them that they need to consider them. Any of those sectors could be zeroed out or they could have all of it or somewhere in between. If I'm understanding Robert's motion is that he is suggesting that we are recommending that the Council consider all of these.

Mr. Boyles: And, Tom, I appreciate where you are and respect that, and I certainly agree. From my seat and looking down the road, I think what this would do would send a message that this Council is very, very serious about reinvesting in the resources. I recognize when we make these estimates they are conservative and we try to build in some of those, for lack of a better phrase, room for error.

I just wonder if we could just get this to the top of our mind – and that’s my interest in the conservation. I am concerned that we are slicing an ever and ever smaller pie, and any additional allocation outside the three primary, commercial, recreational and for-hire, is going to be an additional burden.

My interest is in moving the dialogue forth and being able to tell people, as we grapple with this very, very difficult issue of allocation, that we’re going to do something not only for the three sectors who are extracting fish either purposely or through bycatch, but we’re doing something for the future. That’s my interest in the fourth allocation.

Dr. Chevront: And I think the argument is getting pretty clear when we’re talking about something like snowy grouper; that if the recommendation is coming down through the SSC, and it is such a small amount – I mean, I’ve talked with commercial fishermen in the last couple of months who have said, “This isn’t going to work. You might as well just go ahead and shut it down.”

And when I hear those words coming out of the mouths of commercial fishermen, maybe that’s where it needs to go. I certainly wouldn’t rule that out, and all the fish then goes to conservation. I know George is like but that’s what I’ve been saying all along, and maybe that’s where it’s going to go to. Duane.

Mr. Harris: I like this proposal because it does give the committees the opportunity or the option to put some of what might be a total allowable catch into conservation. They don’t have to but it gives them that opportunity. I think where we’re ultimately going to get to – and I’ve said this before – unless we can reduce discards to an acceptable level, we’re looking at closing areas of the ocean.

That’s the only other option available to us because we know that minimum sizes and bag limits don’t work because we don’t gain anything. Everytime I hear somebody say, well, we need to increase that minimum size on vermilion snapper, I just shudder because we all know, we’ve seen it for years and years and years, that it’s not working. So until we get to the point where we decide to close areas of the ocean, then I think we ought to look at this allocation or this conservation allocation as a viable alternative.

Dr. Chevront: Yes, I certainly agree with that. That conservation allocation is looking better and better all the time on some of these species as nasty as it’s getting. George, do you want to say something?

Mr. Geiger: Yes. Before we get too far along here, I just want to talk about the for-hire sector and get some understanding of what we’re talking about in terms of how we’re going to limit a



proliferation within this fishery when people find out that there is a separate sector allocation for species under that group.

I can tell you right now the number of – you know, it would be interesting to know how many recreational people in the last five years have acquired a coast guard license and are running some form of a charterboat surreptitiously in the South Atlantic without a permit, taking people for hire who don't even have an idea that there is a permit process in place. I would ask Gregg about that permit process. Is that a permit within our for-hire sector, within our charterboat industry for coastal pelagics, for dolphin/wahoo; or, does it also apply to bottom fish?

Mr. Waugh: I think it also applies to snapper grouper, and I'll run downstairs and grab the regulations and double-check, but I'm pretty sure it also applies to the snapper grouper sector.

Mr. Geiger: Is there a limited entry in place for the charter industry?

Mr. Waugh: No.

Mr. Geiger: So you've got the potential here of recreational people who have got a coast guard license. You know, how do we keep track of landings and who caught what on what type of trip? I mean, it's easy in the headboat industry, but is it that easy in the charterboat industry? I don't know.

Dr. Chevront: I see where you're headed with that and that certainly was not anything at all in my consideration of this, and I appreciate you bringing that out. But, again, I think we're still saying that even if we leave this in this motion for the for-hire, it doesn't mean that we have to allocate separately to the for-hire sector or that we couldn't modify it and just say that we could make a headboat allocation.

I'm still okay with this the way it is, but I see the reservations that you've got and I think they're perfectly valid and we would need to somehow control for that when it comes to the time to actually making allocations.

Mr. Wallace: Just from what I'm understanding, charter fishermen are not required to turn in any data, any logbooks or anything; it's only the headboat industry that is required to do that?

Mr. Swatzel: Actually, it's both. To engage in the charterboat/headboat snapper grouper fishery, you have to get a federal permit. Again, in South Carolina we have to have another permit, but as best I can tell there are reporting requirements for both charterboats and headboats in the snapper grouper fishery. You can certainly, again, know the pool of players involved with that.

Mr. Wallace: Okay, so we are now collecting data from the charterboat fishery that are participating in snapper grouper so we've got a – I hate to bring this up because I know we've got historical data on that industry, so it is something that we could fall back on in getting allocation numbers.

Dr. Chevront: What I think I'm hearing from George is that there is a possibility that there are some folks who are out there who may meet the coast guard requirements, that because they don't have a permit or something, we don't know anything about them and what they're doing.

Mr. Geiger: I would just like to know what the for-hire permit requirements are in the South Atlantic.

Dr. Chevront: Yes, and I think Gregg has gone to get those. Do we want to defer the vote on this until we hear from Gregg? Do we need to take a break for a couple of minutes? Let's go ahead and do that, let's take a break for 15 minutes and hopefully Gregg will be back and we can vote on this motion.

(Whereupon, a recess was taken.)

Dr. Chevront: Okay, we're back. The question that we had when we took the break and Gregg had gone to get some information I believe had to do with charter and headboat permits, and he's got the answer now.

Mr. Waugh: This is from the regulations. We included a permit requirement for the for-hire sector in Snapper Grouper Amendment 4, and here is a section from the regulations now for charter vessel/headboat permits: "For a person aboard a vessel that is operating as a charter vessel or a headboat to fish for or possess in or from the EEZ species or any of the following species groups, a valid charter/headboat permit for that species group must be on board – must have been issued a vessel on board: Gulf coastal migratory pelagics, South Atlantic coastal migratory pelagics, Gulf reef fish, South Atlantic snapper grouper, Atlantic dolphin and wahoo."

So the answer to the question is all the for-hire sector should have a permit, and it's not beyond the scope of this committee's ability to recommend to the Council that we request a control date be put in place.

Dr. Chevront: Okay, Gregg, you're going to look to see what control date was set?

(Remarks are made without turning on the microphones.)

Dr. Chevront: But is it just for snapper grouper as opposed to some of the other things so we end up dealing with – okay, we're not recording any of this.

(Remarks made without turning on the microphones.)

Dr. Chevront: Okay, but that may cover snapper grouper but what about things like the pelagics? Could we go back, Gregg, to the motion that we've got and see if we need to amend the motion? We could probably just put it as a separate motion. Okay, what is your pleasure; are you all ready to vote? Robert.

Mr. Boyles: Walk me through this; for the purposes of allocation, I make the motion that we establish –

(Remarks made without turning on the microphones.)

Mr. Boyles: Okay, I'm sorry.

Dr. Chevront: And it has been seconded; we've had the discussion and now we need to decide if we're ready to vote on it or not. Okay, I'm going to call the question. All those in favor of the motion, raise your hand; all those opposed. Now as the Chair, I can vote. I'm going to vote in favor of it. Now, Robert, I think you were starting on a second motion.

Mr. Boyles: For the purposes of allocation, I move to recommend that the Council establish a control date of April 8, 2008 – Gregg, help me out – for all for-hire fishery sectors not currently – for which a federal permit is not currently required. Does that make sense?

Mr. Waugh: For which a control date is not already in place.

Mr. Boyles: Yes, okay.

Dr. Chevront: Do we have a second on that motion? Okay, seconded by Mr. Wallace. Duane.

Mr. Harris: Well, I just have a question, and I know we probably don't have the answer to this but I'd like to have the answer before the Council takes this up. How many of these vessels have these permits currently? I would like to know kind of a percentage of how many people are in the for-hire sector that have these permits? Are we dealing with 70 percent of them or 80 percent or what percentage are we dealing with here?

Mr. Geiger: And I guess just to understand this correctly, Gregg, what I understand this to be is actually if this passes the Council, it's a for-hire moratorium?

Mr. Waugh: No, all this does is establish a control date that should the Council in the future develop a limited entry program they could go back to this date. So, anyone getting a for-hire permit after this date is put on notice that they risk not being included in a limited entry program if the Council should develop one.

Mr. Geiger: But if the Council does it's tantamount to a charterboat moratorium?

Mr. Waugh: Correct, as of this date.

Mr. Geiger: As of this date?

Mr. Waugh: Yes.

Mr. Geiger: Headboat/charterboat moratorium.

Dr. Chevront: Before we go any further, Rick just came up to tell me the Council has already done this for all species, so I'm going to give this to Rick and let him read to us what he's got their.

Mr. DeVictor: Okay, this from a Fishery Bulletin that the National Marine Fisheries Service puts out, and it says a control date was chosen as March 8, 2007, for the for-hire fishery, charter and headboats, in the EEZ of the South Atlantic. This was done at the June 2007 Council meeting.

Ms. Merritt: Just a point of clarification, I need to go back and reread that, but I have some concern that there may be some for-hire permits that are outside the purview of the South Atlantic Council such as HMS. I need to read that to make sure that we're not stepping on their toes.

Mr. Boyles: Based on the information – and, Rick, thank you for that – I would like to withdraw the motion.

Dr. Chevront: And that's okay with the seconder? Okay, the motion was withdrawn. Okay, where were we here?

Mr. Harris: Mr. Chairman, I'd still like to have that information I requested. I'd like for the National Marine Fisheries Service to let us know how many people actually have those; do we have that?

Mr. Waugh: And what that would be is just to look at the permit distribution of our for-hire fisheries, how many do we have in each fishery and what is the distribution by state and so forth?

Mr. Harris: Right.

Mr. Waugh: We'll put together a memo requesting that information and send it to NMFS.

Mr. Swatzel: If I could, just to follow up on that, it might be helpful to look at it from a historical standpoint to see if there is truly any growth concerning the number of permits issued. Again, from what I see in the industry at least in South Carolina, it's shrinking, so it really doesn't seem like there is a lot of growth there. Thanks.

Mr. Harris: But even if it's shrinking the people still may have those permits. They may not be in business anymore, but those permits may still be operative, if you will.

Dr. Chevront: Okay, have the beat this horse to death yet? Okay, I'd like to move on start with Agenda Item Number 5, the analytical results that were requested by the committee. We have some SEDAR analyses and some total landings analyses. What I'd like to do is turn it over to Gregg and have him walk us through what they found in those results.

Mr. Waugh: Okay, Attachment 5A is the results of the SEDAR data, and you have this as the attachment. What Andi has done is gone in and for the SEDAR species pulled out the landings

data that were used for the SEDAR assessment. We are missing two species. Black sea bass, when they did the SEDAR assessments they did not include tables of landings information. We had some concerns about confidentiality so she is trying to get that data.

And for gag we need a conversion to convert from the numbers of recreational fish to get to pounds. In the gag stock assessment there is no table showing the total take, so we have to request a conversion factor from them in order to get pounds of fish caught on the recreational side, and for the total mortality.

We're requesting those two items, but for the other species we've got them here, and what I'll do is run through one, red porgy, as an example. What is shown here is the actual data and it's broken out by commercial, MRFSS and headboat. In these data, in general the charter is included in the MRFSS for how this has been done. The data we have for red porgy that were in the last assessment stretch from 1972 up through 2001.

Mr. Harris: What did they use?

Mr. Waugh: Pounds. Sorry, it must be thousands of pounds.

Dr. Chevront: And, Gregg, while you're doing that, one of the things that I found in trying to look at this, it would be helpful if we could get some kind of a graphical summary of these so we can see visually the change over time. I don't think we need it for every single one of these sets of data but something that can show us that. It shouldn't be too difficult to come up with.

Mr. Waugh: Right, and let me just mention that this is sort of like of like the raw data dump from Andi while she was working down in the region with Jack. We can certainly do a lot more with this and will. If you then look at the catches, totaling the catches, and really the one I want to get to – that's the commercial – what I want to get to is the percentage of catch, and there is a table for the percentage of catch of commercial and recreational. They're just the flip side.

I'll work through this. What this shows is that in 1972 for red porgy, 13.86 percent of the catch was commercial. This is the same format for the mileage charts that Jack has put together. If you go over to the value under '73 there, that's the average of '72 and '73, so from '72 and '73 the average commercial was 12.23 percent.

You can just scroll along that row of numbers, 143, and that gives you the percent from 1972 forward to that year. If you go down along the diagonal you can see what that ratio is any year. For instance, in 1981 the commercial sector caught 82.63 percent of the catch. So if you want to look at the total across the whole time series – and, again, we'll have this put together in a more user-friendly format, but the whole time series is 64.99 percent commercial.

Mr. Boyles: Gregg, what is the bottom, that 39.1? If you scroll down, what's the 39.1 there represent?

Mr. Waugh: That would be the totals from these two years, so I think it's 2000 and 2001; correct, 2000 and 2001. The average over those two years is 39.1.

Mr. Geiger: I'm confused again, I'm sorry. Is not the average the number to the right and not an average on the bottom? Isn't the number on the bottom the number for the year and the number to the right is the average?

Mr. Waugh: In this table here –

Mr. Geiger: The average has to be to the right because if you use the bottom numbers none of the numbers in some of the columns even equal the average that's at the bottom, so the average has to be to the right; isn't it?

Mr. Waugh: That number where the intersection of Column C and Row 143, that is the average of '72 and '73.

Mr. Boyles: The '73 catch was 10.98 percent, so the cumulative between '72 and '73 was 12; right? I think that's what George is saying, so I --

Dr. Chevront: It's not the cumulative; it's actually the average. If you added the percentage of '72 plus the percentage of '73 together and divided it by two, that's that 12.23.

Mr. Waugh: It shouldn't say "cumulative" here. This is the same mileage chart that we used in the scoping documents.

Mr. Geiger: But I need to make sure that I understand, Gregg, I'm sorry. If you go out here to 2000, if you track 1989 – let's go from '89 to 2000 just because it's here – so you've got 75 point 2000 landings; isn't the average over that time series 74.04 out to the right – 1989?

Mr. Waugh: That's the row for 1989, so 1989 through 2001 the average was 73.32 percent commercial.

Mr. Geiger: Okay, 73.32 is the average?

Mr. Waugh: Right.

Mr. Geiger: I got it. Okay, thank you, I understand.

Mr. Waugh: And so I assume what you would want us to do now is to break this out to look at commercial, for-hire, and private recreational.

Dr. Chevront: Yes, I guess that's kind of what we're saying there.

Mr. Wallace: Well, why does go from 70 percent to 30 percent, with regulatory action or –

Mr. Waugh: That certainly is a factor. All of these overlay what the regulations are. Remember, the fishery was closed for a short period of time and then reopened under very stringent regulations; I think a 50-pound bycatch limit for a while. When we've discussed our interim allocations thus far is look at series of years when the regulations were relatively

constant; look at other years when the regulations changed and see what effect that had on the catch. But certainly since Snapper Grouper Amendment 12 this has had significant regulations in place and undoubtedly that is responsible for some of this shift.

Mr. Wallace: This is the percentage –

Mr. Waugh: Commercial, this one is.

Mr. Wallace: To make that 38 percent or whatever – so there was a 38 percent cumulative catch rate in 2001 or whatever that column is.

Mr. Waugh: In 2001 the commercial sector caught 38.86 percent of the red porgy.

Mr. Wallace: Of the TAC?

Mr. Waugh: No, of the total landings they caught 38.86 percent of the landings.

Mr. Wallace: All right, so then the recreational had 62 percent or whatever?

Mr. Waugh: Correct. Let's hope it's the right number down there – yes, 61.14.

Mr. Wallace: So what was the big switch; I mean, just because –

Mr. Waugh: Well, if you remember with red porgy, like I said, we had a four-month closed season, 50-pound trip limit. The bag limit went down to, I think, one. And just recently we relaxed it to two and now have, was it a 200-pound trip limit; do you remember, red porgy. We'll have to see, but 200 fish or 100 fish. I mean, there were a lot of regulations. And if you're asking me, that shift is due to the regulations.

Mr. Wallace: So the regulations took it from being a commercial fishery to a recreational fishery?

Dr. Chevront: Well, it severely limited everybody, but what happened is that it was the recreational guys who ended up taking a bigger percentage reduction compared to what they had been catching before, but it was a big hit on everybody.

Mr. Wallace: Say that again; I'm sorry.

Dr. Chevront: Everybody took a hit, but the cumulative impact of the hit was larger on the commercial fishery compared to what it had been in the past, so everybody had a reduction. It just turned out to be a larger reduction percentage-wise for the commercial fishery than it turned out to be for the overall recreational fishery.

Mr. Waugh: We'll go back and redo these analyses, breaking it into the three sectors. I don't know if you want to look at another species. We've got this information for greater amberjack, king mackerel, mutton snapper, red porgy, red snapper, snowy grouper, tilefish, vermilion; and

yellowtail we've got separated on the Atlantic side and the Keys. All the information is there and it's structured the same way as this one example.

Dr. Chevront: Do we have anymore discussion on this? Okay, Gregg, do you want to look at 5B then?

Mr. Geiger: You're going to do this in the form of a bar graph?

Mr. Waugh: Yes, we will have graphs to go along with this. The 5B shows the total commercial and recreational landings. These data go through 2005. Jack is in the process of updating and adding 2006 and hopefully 2007. The data are separated by commercial, headboat/charterboat, other recreational is the private recreational. Here we have the data separated such that we can look at it by all of those sectors.

In addition, these data are grouped by the units that we were talking about in the past, shallow water grouper, and we're using this shallow water grouper unit when we're talking about our gag grouper proposed closure, and you won't be able to possess any of these species. So what I want to do is scroll down to some of these summary figures. This is the one that was corrected. Brian noticed that we had an issue with our jack cravalle catches, and we've corrected that.

Mr. Geiger: Do we have it?

Mr. Waugh: Yes.

Dr. Chevront: It was e-mailed to you, I believe, yesterday.

Mr. Geiger: But this is not on 5A?

Mr. Waugh: This is 5B.

Mr. Geiger: 5B on the disk?

Mr. Waugh: Yes. If you scroll down to start at Row 126, 127, Column C, D –

Mr. Geiger: Is this landings from 1986 to 2006?

Mr. Waugh: Right.

Dr. Chevront: You may be on the file that was on the first CD you were sent.

Mr. Waugh: Okay, so what we've got here is this is a request to look at just total pounds of snapper grouper species. What this does is show you the proportions; commercial in blue and recreational in red. You can see that the recreational landings have oscillated around 40 percent and then up around 2000 it increased close to 50 percent.



The commercial started out at about 60, dipped down, and then it went as high as about 70, a little over 70 percent; then pretty much leveled around 60 percent and then have declined down to around 50 percent. In 2005 they are basically 50/50.

Dr. Chevront: I think though now, as well as having this with commercial and recreational, we might want to then go ahead and pull out the charter/headboat as well and put those percentages in there.

Mr. Waugh: I can have that for you tomorrow.

Dr. Chevront: Okay, because all that is going to do is just subset that percentage out of the recreational, right?

Mr. Waugh: Yes. Then what is shown below that is this is the total – and I'll do the same thing by the three sectors. This is just total pounds over that time period, and commercial is blue here, so you can see that commercial landings in '86 were just under 15 million pounds. They increase up to a high of about 20 million and then have been gradually declining since then to around 10 million. That line is 10 million.

The recreational you can see increased over that time – well, if you'll look at the size of the bar, actually, so some slight increase, but in more recent years and in the last year roughly 10 million pounds each. So, we'll revise this to show those three sectors. And as I indicated to Brian, I should have that for you tomorrow morning.

Dr. Chevront: Okay, do we have any other questions for Gregg on this? I think this is what is going to be necessary to help us evaluate Alternatives 1 and 2; specifically when we're looking at them by themselves and will probably be considered as part of the suite of things that we would consider for Alternative 3. All right, do we have any other discussion or comments or anything on that? Okay, I'm not seeing any.

If you would like to look at that some more and come back with comments tomorrow because Gregg is going to bring us the revised tables, I think that would be a good time if you have any other additional questions. What I'd like to do now is instead of jumping to Agenda Item 7, which is the recommendations on the alternatives to be considered, this might be a good point to talk about the CCA analysis, getting back into some of the economic stuff that we had received.

I know that, Jim, when you and I had met a couple of weeks ago, I had told you that we wanted some discussion on that from your perspective as an economist the appropriateness of the analysis. Did you see any problems with any specific areas if we ask you questions about that and the applicability overall of the notions provided in that paper towards allocation?

Dr. Waters: There are some general sections to start off, but toward the end there is a section called "Economics and Allocations". I thought that read real well with the first page, down past the tables through the second page, until there is a sentence says, "Unfortunately, this type of data does not current exist." So, up until that point I thought everything was great and kind of fits within the party line and everything.

Now the discussion of the impact model that follows is a different method of looking at allocation. It uses a different criterion. In the very first paragraph it says, "Economic value should be the metric used to decide between one course of action and another", and that's the standard within the theory, and that would be the first part of this section.

The section part about the impact analysis is a different method and it's not really within the standard method of determining or evaluating allocations. I'm sure it has a lot of useful information in terms of where the revenues are going and the dollars pumping into the economy and everything, but I don't really think that they fit within the standard or theoretical concept of allocation. That's pretty much my opinion.

Dr. Chevront: George, I know you were the one that was most concerned about this. I was wondering if you had some questions that you'd like to ask at this time?

Mr. Geiger: Jim, when you say it's not within the standards methods of allocation, what does that mean? It's a theory that you guys have considered but dismissed? It doesn't have any merit within the economic community? What does that mean specifically?

Dr. Waters: Right, the latter. It basically means that within the economic discipline we like to focus on the concept of net benefits instead of – net gains or net losses as opposed to an expenditure type of analysis.

Mr. Boyles: George, at the risk of sounding more odd than I do typically, I have two children. I've got two boys. One is a nine-year-old, very well behaved, pays attention, follows the rules. I have got a six-year-old that's a little more precocious, and the folks in the gift shops love to see my six-year-old son coming because he just wants to buy anything and everything and generate a lot of economic activity.

I've got to decide, okay, I've got five bucks; who am I going to give it to? And, from the shop keeper's perspective, he wants that five bucks going to my six-year-old because that six-year-old is going to go, he's going to buy the first trinket that he sees; whereas, the nine-year-old is a little bit more reasoned and a little more prudent, I suppose.

My point to you is from a shop keeper's perspective they want to see that impact, boy, let's let dad allocate those resources to where it's going to have a greater impact on my cash flow. I hope you all would think that I'd be unfair to give my six-year-old all my five bucks, the entire five dollars in my wallet – just to keep things light and in the spirit of moving things along.

Dr. Waters: The main difference between the net benefit approach and the expenditure approach is that with expenditures you're getting dollars pumped into a certain sector of the economy, but that doesn't mean that if you shut off the spending on that sector of the economy that the money would not enter the economy somewhere else so there's not really a net gain to the economy.

Now where you might find some interesting information with the expenditure approach is charterboat operators might like to know how much they're going to lose, for example. Tackle

shops might like to know how much they're going to gain or lose depending on an allocation, but it won't necessarily be a net gain or a net loss to the economy at large.

Mr. Harris: Jim, given that we can't get to the net benefit information, though, is there a way we can use the information that we have such as CCA provided and gain anything useful out of it?

Dr. Waters: I think you can learn some interesting information. I don't think it's the best information to base your allocation decisions on. I think you can find out the number of dollars that are being pumped into a particular sector, but if you just base your allocation and decision on that you may not get the same answer as if you were looking at the net benefits criterion, which is a net gain to the economy at large.

So in general, though, the net benefit approach is what is preferred if you're trying to allocate and you want to find out – basically, the decision about allocation is if you take fish from one group and give it to another group, is there going to be a net gain or a net loss, and that's what the net benefit approach is more appropriate for.

Dr. Chevront: Does anybody else have any other questions or issues they want to bring up in regards to that point? John.

Mr. Wallace: This CCA report, was it based specifically on snapper grouper or federally managed fish or was it –

Dr. Waters: I think this was more of what you'd call a position paper, and then it makes reference to a study that was done in the year 2000 that dealt with striped bass.

Dr. Chevront: And they also used a hypothetical fishery as an example in their paper. They don't use numbers from another fishery that really has occurred.

Mr. Wallace: To that, though, then this would be inshore fishing that they would probably be doing, anyway. Whether they were targeting striped bass or spotted seatrout, they are going to be spending that money on that particular fish and the money generated there may not necessarily be representative of the money that they would be spending going offshore fishing?

Dr. Chevront: Yes, and I think what Jim is saying by the net benefit analysis that even if they weren't fishing at all, a large portion of that money would go into the economy anyway because people would spend the money doing something else.

Mr. Wallace: They'd go play golf.

Dr. Chevront: And to get back to your golf thing earlier, you actually can buy part of the golf course by joining a club somewhere.

Mr. Wallace: But remember I said you couldn't take the hole home with you.

Dr. Chevront: You can't take the hole home with you, but you can still own part of the hole and know that it's yours.

Mr. Boyles: Jim, one of the things that strikes me as we go down this road is we know the legislative history behind Magnuson and what it set out to do in terms of establishing our national interests in the nation's fisheries. I'm curious as we look down the road if you can comment does an economist – can an economist put a value on a fish left in the sea?

Dr. Waters: In theory the answer is yes, but it's not that easy. Basically, what you would be doing is projecting into the future and trying to predict what the catches might be in the future; also accounting for the contribution of that fish to the spawning stock and continued future generations, so it's a highly theoretical exercise.

Dr. Chevront: Somewhere in my past – and this goes back several years – I read a paper that was done by an environmental group that actually did a willingness to pay for sea turtles in the ocean; how much were people willing to pay to know that there were sea turtles in the ocean? They used that as a justification for sea turtle conservation. I don't even know if I can find that paper again, but I just was intrigued by the fact that somebody could work up that kind of an analysis. Robert.

Mr. Boyles: And to that, I remember at one point discussions about option value, and I don't know if that's why we accept it or if that's viewed as kind of fringe economics. I think as we move down these difficult discussions of allocation, I'll ask the committee do we need to consider those values, maybe these non-market values that don't translate into fish landed or recreational trips through the charterboats or headboats, and I know that gets complicated very, very quickly. I haven't seen anything on option value in quite a while.

Dr. Chevront: Now you're starting to get into the realm of the value of social things, things that you can't put a dollar value on. And as we've already had in our discussions – and I'm not trying to bring it up again – we know that we don't have the data to help us to do that; let alone how do we compare not just apples and oranges but apples to dogs? I mean it's that much different.

Dr. Waters: I'd like just to add one other thing. Obviously, the person who wrote this does not believe the same way I do. Well, in essence they do; they say the correct way is to use surpluses, net benefit consumer surplus and producer surplus, but we don't have that information; and lacking it, let's do something different. They feel that this type of approach does have value. My opinion is it's not really mainstream and I'd rather stick with the mainstream.

Mr. Harris: I guess we could ask ourselves what is the best available scientific information with respect to this issue at this point in time? Do you see what I'm getting at? And if you don't have net benefit information and all you have is the information such as what CCA provided, is that then the best available science at this point in time with respect to economics?

Mr. Boyles: Duane, I've read CCA's paper. I read that more as a challenge to the status quo really from a policy perspective. I wouldn't call this necessarily a science paper. I mean, there

is not data in there necessarily. It's methodology, I suppose, and to the degree that guides our decisions, that maybe becomes policy, but I don't see that this is – I didn't see the CCA paper as representing anything from the economic sciences, necessarily.

Mr. Harris: Well, I would agree with that, Robert, but there are economic data available. We may not have the net benefit data at this point in time, but there are economic data available. I guess the question is which ones of those do you consider best available science and how do you use them?

Dr. Chevront: At what point do you decide that something is good and acceptable? I mean, we deal with the same thing with stock assessments, too. That's one of the issues that we come up with in our stock assessments. Sometimes you can look at it and say, yes, it worked, but was it really an adequate assessment; and there is the fallback is it best available.

That was an argument that we ran into when I was on the SSC a lot. The charge to us was to determine is this the best available and it may actually be the best available, but sometimes the minority opinion was but it's not adequate, but that was an irrelevant discussion because that was not part of what Magnuson was at the time.

Mr. Harris: I guess the next question I would have with respect to that issue is are we planning on providing the SSC with something related to this, that we're going to ask them to make a judgment call on and tell us are these economic data best available and useful for management purposes?

Dr. Chevront: Well, my guess is if we stick to our timeline is that the SSC would see this allocation amendment at their December meeting and would have to comment on it then.

Mr. Waugh: If you want, we can look at this distribution by the three sectors.

Dr. Chevront: Cool!

Mr. Waugh: That's the beauty of spreadsheets. This is the same data we were looking at before the landings through 2005, and the blue is commercial on the top. You can see it starts out at 60 percent, just over 70; then around 60 percent; and then drops down, it looks like '97, '98, '99 it starts to drop down, and then it's around 50 percent, last year, 50 percent.

This is total across all species. This is based on that Attachment 5B, the same tables that you have in there. The triangles are the private recreational. They start out about 23, 24 percent, and they're more variable, but generally between 20 and 30 percent up through the late nineties, and then they're up around 30 to 40, just under 40 percent. Then the squares are the for-hire, and you can see that in the early years up around 15, just over 20 percent, and then really it looks like it's oscillating around 15 percent.

Dr. Chevront: And you're talking about growth in license sales, I can tell you that in North Carolina we sold far fewer licenses than we thought we were going to, but then also the word kind of got out that we weren't ticketing anybody in the first year unless they got a second

offense. Believe it or not, we wrote like 350 tickets, our marine patrol, for people for second offenses for not having a license in one year. But now we're expecting license sales to go up this year because they know that it's going to be enforced, we're hoping, because we want this revenue.

Mr. Waugh: The ticket cost more than the license, right?

Dr. Chevront: Yes. Anybody have any questions for Gregg on this or where we're headed? I think it shows pretty clearly that most of the variability seems to be among the private recreational and the commercial and then that for-hire sector has remained pretty steady at least in the last 20 years. Tom.

Mr. Swatzel: I assume you will e-mail that to us because I'm assuming you now have the species also? Okay, thank you.

Dr. Chevront: Yes, I think it was already in there by species; it just hadn't combined charter and headboat, but you could look in there and just see what the different landings by species were for those.

Okay, folks, it's twenty minutes to four and we're kind of at a lull. I think what we could do – because we have some other things to discuss tomorrow with Agenda Item 6, because we're going to go home and do some homework and come back and work on that, we could go ahead – we could go ahead and spend a little time talking about the recommendations on the alternatives to be considered and get started on that discussion and see if we need to actually do something to think about overnight or whatever.

I would like us to go until five o'clock, if we could, because it would really be much better to get as much done now even if we get out of here early tomorrow. I think we would all probably appreciate that, so in the next hour and twenty minutes I would like to go ahead and see how far we can get through the recommendations on the alternatives to be considered.

What I'd like to do is have Gregg go ahead and give us the overview of the alternatives just to refresh our memories on what those were and see if we have some ideas of what we would like to do. Gregg.

Mr. Waugh: Thank you, and this is Attachment 7. This basically comes out of our committee report at the last Council meeting. The alternatives we're looking at, we have four of them. Alternative 1 is looking at landings data from NMFS or the Atlantic Coastal Cooperative Statistics Program, that data base. Staff was directed to work with ACCSP to get data for potential use in determining allocations, and they are working on that.

Alternative 2 is catch data from assessments, including discard mortality. We were directed to get catch and fishing mortality rate tables for potential use. We've looked at the catch information here. We'll have the fishing mortality for you in June.

Alternative 3 is Council's judgment based on fairness and equity. This approach would use landings data, social and economic values, demographic shifts, et cetera, combined with the Council's view of what fisheries should look like into the future.

Then Alternative 4 – and really I think we need to change this. It's not detailed economic and social analyses; it's detailed economic and social models. The committee had recommended moving that to Appendix A. There are some data available; however, detailed economic and social analyses are not available at this time.

What was decided was to leave that in the document now and to look at what data are available. Those are the alternatives, and the request was that Alternative 4 be explored at the upcoming April 8<sup>th</sup> through 9<sup>th</sup> committee meeting rather than move to the appendix. We've had the presentation, and so those are the four alternatives that we're looking at right now.

Dr. Chevront: My first question that I've got right now is how is the no action alternative really significantly different than Alternative 1? Isn't that typically what has been done in the past is looking at historical landings based on – well, I guess not necessarily from NMFS but whatever we got. I think that somehow to me Alternative 1 seems very close to the no action alternative.

Mr. Waugh: And it is for some species, but for some species we don't have any allocations now, so it would be different for those. But, you're right, for some species Alternative 1 would be equivalent to the no action.

Dr. Chevront: And also, then, on Alternative 2, like we discussed yesterday, Gregg, that's a little bit disturbing because that is, in a way, rewarding people for killing fish, and they're going to get more allocation because they've killed more fish. That's not a behavior I'd like to encourage, so is it quite cricket for me to make a motion as chair of the committee? Can I do that?

Mr. Mahood: No.

Dr. Chevront: No, okay.

**Ms. Merritt: All right, for discussion, I'd like to make a motion that we move Alternative 2 into the appendix as an alternative considered but eliminated from consideration.**

Mr. Harris: I'll second it for discussion and I would like to ask a question. You know, we're going to be collecting these data anyway. I guess what we're trying to do is avoid some additional analysis. I mean, these data exist; we've already asked to be provided with discard mortality information. So, is it that we're simply not going to go through a detailed analysis by moving this to the considered but rejected in the appendix; is that what we're doing, actually?

Dr. Chevront: That's kind of what I'm thinking. I'm quite sure that this committee needs to spend a lot of time reviewing discard mortality, but I think we can make a recommendation of how we think it should be treated, but not going through individual species and discard mortality. I don't know if you were leaning in that direction. I mean, I'm with you, I don't like discard

mortality, but it's not clear to me what the role this committee should have in discussing discard mortality and where it needs to fit into the allocations. Maybe you can clarify that.

Mr. Harris: Well, maybe I disagree. Depending on the species and if we had discard mortality on the recreational versus the for-hire versus the commercial sector, that might sway me in how I wanted to see that fishery allocated.

Dr. Chevront: I certainly could buy that. Robert.

Mr. Boyles: I'm trying to get my hands around this, and I understand the point of not wanting to reward sectors for a high bycatch, but could you not also do the obverse of that. In sectors where there was high bycatch, not reward, but couldn't you set up an algorithm that we penalize those sectors where there is high bycatch?

In other words, if Sector A has got high bycatch you don't give them more of the total pie; you give them less on the basis – and that provides the right incentive, I think, and I don't know how practical that is but I think from a policy perspective. Do you follow me or am I just –

Mr. Harris: I guess the bottom line for me is does it really help staff because it reduces the workload to an extent that it's worth moving to the appendix so they don't have analyze it in detail?

Mr. Waugh: No, to me that shouldn't be the criteria you use. If you all are considering using the data from the SEDAR assessments either in terms of the catches or the F-rate, if you are serious about using that to consider developing your allocation, then let's leave it in here. The workload is not minimal, but Andi does some real magic programming and can do this. I wouldn't put it there because you're concerned about the workload on staff. We can accomplish that, but I wouldn't want to see it stay in here if you don't have an intention to use it when you come up with your allocations.

Mr. Harris: Well, to that point, Gregg, I don't know until I see it I guess is the problem. You know, I suspect that it's going to provide some useful guidance with respect to how I might vote on allocations. I can't speak for everybody else, but I'm not inclined to give a sector a larger allocation or perhaps even any allocation if I thought the discard mortality was too great.

Dr. Chevront: That actually could be something that we'll be facing with red snapper; that there may no allocation for anybody because the discard mortality will be so great. Robert.

Mr. Boyles: I guess that's the poster child for why I was thinking maybe we might to keep it in as an alternative as a potential way to guide our allocation decisions.

Mr. Geiger: But discard mortality is already included in the data that the SSC is going to use to form and establish annual catch limits and the cascading effect as we move down. I mean, discard mortality has already been considered and taken into account as a factor.



Mr. Harris: Not with respect to allocation; it is with respect to the allowable biological catch, perhaps, but I don't think it's factored into any kind of allocation scenario.

Mr. Geiger: With that, I would agree. So, what you're saying is then if there is a bycatch mortality, we shouldn't have a fishery?

Mr. Harris: I'd say depending on the size of that bycatch mortality we should consider how we allocate that fishery to the various user groups.

Dr. Chevront: But if we did that, let's say, for example, the stock assessment was done based on commercial and recreational landings, and let's just say the commercial sector had higher bycatch mortality than the recreational sector did. Well, if we're going to now, at this point, decide that we're going to use bycatch mortality as a way to decide allocation and you cut out the commercial sector, then in fact the recreational sector ought to get even a bigger amount because that increased commercial discard mortality was already factored in to deciding how much the ACL was going to be.

The ACL that we're getting is going to be based on past landings' history because that's what stock assessments do. They take into account bycatch mortality, and it's almost as if they're making an assumption that the trend in landings between commercial and recreational sectors will continue when they are giving us an ACL; are they not?

Mr. Waugh: I'm sorry, say that again.

Dr. Chevront: I know, it's getting late in the day. I'm thinking that a stock assessment is based on past landings and it is going to be based on the percentage of commercial versus recreational landings. When they determine bycatch mortality, it's going to be based on the percentage that each of these two sectors have contributed; so when they come in with that ACL it's going to be under the assumption that the allocation, whether it was explicit or implied simply by the landings level, is going to continue.

And if we allocate, for example, just to go to the extreme, all of the fishery to, say, a recreational sector and cut out the commercial sector because their discard mortality was so high, then what we've done is we're saying that fewer fish should be caught or that could be safely caught because now the people who are killing the most fish are cut out of the equation – do you understand what I'm saying – and it could work either way.

Mr. Geiger: That's right, it can work either way. And, ironically, you're actually penalizing either group based on regulations that we put in place causing the discard mortality.

Dr. Chevront: Exactly.

Mr. Harris: Not totally, though. That is part of the equation; regulatory discards are part of the equation, but they're not all of the equation. People that continue to fish in an area when they've caught their bag limit, for example, and they continue to fish and they continue to catch those fish, they are making a choice. They've made a choice to stay in that area and fish and catch

those fish; that they know when they bring up, they've got to release, and those fish are dying. So, it's not totally because we established regulations on those people. There is a lot of their own decision-making that goes into those discards.

Dr. Chevront: You know, it's interesting, there are actually some places like in some fisheries in Canada that they make the fishermen – everything they catch has to be caught and brought to the dock.

Mr. Harris: That's what I want to see.

Dr. Chevront: And then regardless of whether it was legal or illegal, if you're talking a LAPP, it gets counted against their LAPP, their LAPP quota. And whether or not they can sell it, I think it's an interesting concept. It wouldn't be such a bad thing for us if we ever head down in that direction. Tom, did you want to say something?

Mr. Swatzel: Just to say in the shallow water snapper grouper fishery with proper use of a venting tool and circle hooks you can reduce the mortality significantly, if you know what you're doing. I just want to point that out. Not everybody that continues to fish beyond the bag limit, if they know what they're doing in terms of the use of a venting tool, using a dehooker and circle hooks, most of those fish are surviving if it's relatively shallow water. I don't know that you necessarily want to penalize people like that who are doing what you're asking them to do.

Dr. Chevront: But how easy – for example, I'm assuming that you probably do have venting tools and use circle hooks and things on a headboat, but how quickly can you – when somebody brings up an undersized black sea bass, how quickly can the mates get to those fish before the fisherman has dehooked it and thrown it back overboard? That would be a concern for me.

Mr. Swatzel: It doesn't matter, if it's a black sea bass you can leave it on the deck for 15 minutes and kick it overboard and it's still going to survive.

Dr. Chevront: I can tell you I've been out in North Carolina and you catch a fish and we measure it and weigh it and all that, and we start to put it overboard and if we didn't vent it, they're swimming sideways on the top of the water.

Mr. Harris: It wasn't really a black sea bass; it was disguised as a black sea bass.

(Remarks made without turning on the microphones.)

Mr. Harris: He hasn't but they are that hardy compared to the other species, especially vermilion snapper.

Dr. Chevront: Okay, let's get back to our motion that's on the table right now. It has been made and it has been seconded. What do we want to do?

Mr. Harris: Mr. Chairman, I'm going to vote against the motion even though I seconded it because I would still like to see the information. Thank you. Well, I seconded it for discussion.

Dr. Chevront: Okay, well, the chairman stepped out of the room, but from the way I hear this discussion going, I guess we ought to go ahead and do the vote and see where we are. All those in favor, raise your hand, okay, one in favor; 5 against. Okay, so much for that.

Mr. Harris: Gregg convinced me that Andi could do it.

Dr. Chevront: Andi is kind of a data whiz; she is pretty amazing. Okay, I'm glad we had the discussion because my concern, especially the discussion that Gregg and I had yesterday, was that we were concerned about would this really be rewarding people for killing fish, but I think what kind of turned the tide of the conversation was Robert saying we could turn that around and use our allocation against those who kill too many fish.

Mr. Boyles: Presuming that can be done. I mean, if the data is robust enough that we would be able to tease that apart in an allocation decision.

Dr. Chevront: All right, does anybody have anything else they want to discuss on Alternatives 1 and 2? I guess right now we would probably leave them the way they are. I'd like to skip Alternative 3 for just a second, because I'd like to bring up the Alternative 4. This committee, in February, suggested moving it to Appendix A. We voted on it; we did that.

When we got to the Council meeting in March, Roy kind of revised it, and I'd like to have a discussion as to we as a committee, would we like to go back to our original decision or are we happy with this? Rita.

Ms. Merritt: My thoughts on Alternative 4 are that we should leave it in but perhaps combine it with three in that it wouldn't just stand alone as social and economic models; that it would be part of Alternative 3 where we're including social and economic values as well as model; and use it if we have it available.

In Alternative 4, the reasoning for putting it in the appendix was because we didn't have it available, so this would allow us to use this kind of information if and when it's available as our regional director has suggested.

Mr. Boyles: Rita, I agree with you. My read on Alternative 3 is it's precisely that, and I think it's why – I know it's why I agreed in February to move it to the considered but the rejected appendix because we do make reference specifically, in addition to landings data, social and economic values, demographics, et cetera. I agree with what you're saying and I think it's already covered in Alternative 3, though.

Dr. Chevront: But personally I like – and I had thought of this myself and Rita elaborated, but change in Alternative 3 maybe to social and economic values and models or something that we can include that sort of broader scope of what we could consider. Rita also added the components that we had talked about when it becomes available and viable.

We're not there yet, but personally I'm still in favor of moving Alternative 4 to the appendix. I don't like the idea of managing allocations solely on social and economic issues, which is one of

the ways I think that Alternative 4 could be interpreted, and I don't think we want to go down that route, especially with the lack of data that we have.

Mr. Geiger: I was going to speak in favor of Rita's recommendation and leave it in because we are building a document that's going to consider the ways we will determine allocations moving into the future. We might not be able to do it today, but at some point data might be available. I understand the concern that you just expressed, but I don't see any problem with combining them or including that information and maybe recrafting how we say Alternative 3 if we're looking to select only one alternative.

Are we constrained to selecting only one alternative? I mean, if we do that and combine it, it would be putting all the eggs in one basket and give us a framework of virtually all the tools out there to use to make allocation decisions as they become available. I don't know, we can do it by leaving it in or combining it.

**Ms. Merritt: Yes, I'd like to go ahead and make motion to amend Alternative 3 to be Council's judgment based on fairness and equity. This approach would use landings data, social and economic values and models when available and demographic shifts, et cetera, combined with the Council's view of what fisheries should look like into the future.**

Mr. Boyles: I'll second it.

Dr. Chevront: Seconded by Robert Boyles. Discussion? George.

**Mr. Geiger: As an amendment to the motion, could we then add also move Alternative 4 to the considered?**

Ms. Merritt: I would agree to the amendment to the motion.

Dr. Chevront: That's a friendly amendment; the seconder. Robert is shaking his head yes. Any discussion on this? Are we ready to vote? Robert.

Mr. Boyles: Roy is not here to defend himself but going back over and recalling the conversation, I can see what concerned him about what appeared to be the committee's clear preference for Alternative 3 at least from a discussion standpoint. I think about this probably from the agency's perspective, and if you're cynical, you all at Alternative 3 and it says, well, we're just going to decide.

I think what we need to really focus on is perfecting Alternative 3 with the right words, and I think that gets to George's offline comment about the et cetera. You know, what we're really trying to do is make a good, wise decision that's going to affect a lot of people, and these are the kinds of things we're going to consider when doing so.

I'm certainly interested into moving Alternative 4 because we just don't have the data, we don't have the time, we don't have the resources. But, my interpretation on Roy's concerns were, you know, wait a minute, you all just can't go off and make a half-cocked decision, you're really

going to put yourselves in a box and really jeopardize these allocation decisions. I think we really need to focus on getting the right words in Amendment 3 and I think this is a good first step.

Ms. Merritt: Well, as I'm rereading what I've already said, I'm thinking that it's actually redundant, isn't it, to say "demographic shifts" after we're talking about social and economic values and models when that is a normal part of economic and social analyses and data. I'd like to leave that out and even et cetera – I think getting rid of the "et cetera" and replacing that with something along the lines of "and all pertinent data" or "all available data" or something like that. Go ahead, Robert.

Mr. Boyles: Mr. Chairman, if I could suggest – just hear me out, Gregg, before you type anything – "this approach would consider any number of factors including but not limited to landings data, social and economic values, demographic shifts, social and economic values and models when available, combined with the Council's views of what fisheries should look like into the future." In other words, not limit us necessarily but certainly spell out in a little bit more detail the kinds of things that we would like the Council to consider in making these decisions.

Dr. Chevront: I can think there are even biological things that we haven't considered, biological characteristics of the species that might need to be included in any allocation decision. I like the idea of saying "but not limited to". Coming from my background as I do, most of us would consider demographic shifts to be part of social and economic analyses. It's just a different kind than what we've traditionally seen in fishery management plan social and economic analyses, but they do fall under that larger rubric.

Mr. Geiger: I agree with your original comments, but then in regard to the demographic data you just highlighted that it's different than what is normally considered in fisheries, and I don't want it to be overlooked. It needs to be something that is changing because when you go back to that last chart we had where Gregg broke out the sectors, it was clear that if you looked at the growth line, you could have drawn a curve that looks about like that in terms of demographic changes in the recreational sector from the beginning to whatever the end date was.

I just don't want it to be lost, but I agree with Robert in saying as many things as possible because we are going to consider everything, hopefully. Perhaps it would be politically expedient to move the social and economic values data and models reference to the very beginning of the motion to give them an understanding that that's important.

There may be some subliminal thought process that where each one of these shows up in the paragraph has some ulterior importance associated with it, so that things that show up fifth are less important than the thing we mentioned first.

Dr. Chevront: I appreciate your saying that because too many times social and economic issues have always taken a back seat. They always end up at the bottom of the list. That said, I'm wondering – and I like your logic behind that, but I think some of the biological considerations are what really have to be considered first.

Mr. Geiger: I agree with you entirely. Remember, I said politically in an effort to try and show this. I agree with you a thousand percent in the words of my esteemed comrade from Waikiki that biologically that is the important aspect of this whole function.

Dr. Chevront: Okay, we're doing a little modification to the motion; and I think once we've done that, we will have to check with the motion maker and the seconder to make sure they agree with it. I'm perfectly willing to go with what George had said about the social and economic values and moving that to the beginning. I would like to see something put in there that acknowledges the biological characteristics of individual species, if you all agree, because that somehow has to be –

Mr. Geiger: Robert had some good comments in terms of not limiting to; why don't you wordsmith that?

Mr. Waugh: What biological characteristics would you want to factor into allocation because we've already stepped down? In setting your ACL you will have already taken into consideration biological considerations, stock characteristics, how vulnerable it is to overfishing. The Snapper Grouper Committee will have already come up with – assuming the Council approves it – their recommendation on the total mortality that can be inflicted on this stock, having already taken into account things like that. So then when you get to doing your allocation, what biological factors would you want to take into consideration?

Mr. Geiger: That's why it's important to have staff here at the table to keep us in a function of reality and what we're doing. It's too easy to get sucked in trying to do the right thing, and you hear that and you want to jump on board. But, you're absolutely right.

Mr. Wallace: Would the discard mortality rate be a biological consideration?

Dr. Chevront: Yes, that's already been factored in somewhere else previously. I think there was that graphic that Gregg had showed earlier that had the ACTs and then the commercial and the recreational sectors, and then the allocation is made after that. Unless somehow there was some way we can get those two flipped around so that there was a separate ACT for commercial and recreational based on their discard mortality or whatever –

That's probably covered in there, too. I guess at this point if we've the "but not limited to" in there, "including but not limited to", that's our catchall phrase, so we can still put that in there if we decide we need to later on. Robert.

Mr. Boyles: And, again, I'm presuming a lot here in going back and looking at Roy's comments and recalling the conversation, but I think if we are fairly prescriptive in what we're talking about here, my hope is when we present this at full council or at the next meeting and Roy is sitting there he'll chime in, but I'm presuming this will cover some of his concerns.

Dr. Chevront: Okay, Rita, since you were the original motion maker, I'm going to ask you to tell me whether you agree with the motion as it is now and then once again to read it into the record. Then I'm going to ask seconder whether or not he agrees with that still.

Ms. Merritt: I'd kind of like to hear how everybody else feels about putting parenthetically including demographic shifts in there; if that just highlights it that much more or is it just making it inclusive, you know, when it is always part of a social and economic analysis or values.

Dr. Chevront: Rita, it hasn't always been a part of social and economic analysis, including in the FMPs. Although, it does fall under the rubric of social and economic, it just hasn't been included in the past. So when George had suggested keeping it in there, it was specifically, I took it, to highlight it, saying it hasn't been in there in the past, but it needs to be in there in the future. We don't want to overlook it and I don't have any problem with that.

**Ms. Merritt: I'll reread: The motion is to amend Alternative 3 to read: Council's judgment based on fairness and equity. This approach would consider any number of factors, including but not limited to social and economic values (including demographic shifts) and models when available, landings data and the Council's view of what fisheries should look like into the future. Also, move Alternative 4 to Appendix A.**

Dr. Chevront: Is this now as it reads acceptable to you?

Ms. Merritt: Yes.

Dr. Chevront: And the seconder?

Mr. Boyles: Yes.

Dr. Chevront: Okay, let's go ahead and vote. All those in favor of this motion, raise your hand. It's unanimous; none opposed. Thank you, folks. I guess we've looked at all, now, three – okay, four with no action. Do we want to recommend a preferred alternative at this point?

**Mr. Boyles: I'd make a motion that we recommend to the Council that Alternative 3 be our preferred.**

Mr. Harris: Second.

Dr. Chevront: Second by Mr. Harris. Point of clarification now. When we include the no action alternative; isn't that usually Alternative 1 so that these would all be moved down one number? I just want to make sure that we're making it clear that the omnibus version alternative; that this one is our preferred alternative, that this committee is recommending as our preferred alternative to the full council.

Ms. Merritt: I have a question about no action again. Gregg, as I understand it the reason that we're not including no action is because it does not cover some of the species? We aren't allocating to some species so we can't have no action as an alternative; is that right?

Mr. Waugh: We will be including no action as an alternative to be analyzed.

Ms. Merritt: But for all intents and purposes that's not reasonable considering we have to allocate; right?

Mr. Waugh: Correct. What Brian was saying earlier is that no action is similar to Alternative 1 for some species, using that data for some species that we already have interim allocations for.

Dr. Chevront: Is there any other discussion on this motion? All those in favor of the motion, raise your hand. It's unanimous. Okay, Gregg, is there anything else we need to do right now at this point with alternatives. I think we have come up with some pretty good things.

Mr. Geiger: Just a question; when do you envision we're going to get to a point where we would be talking about what our fisheries should look like into the future?

Dr. Chevront: In the future; when the future is here. No, actually, George, I think that is a really good question, and I would like to think that we probably could even get into some that discussion probably tomorrow once we've finished some of the other things. That falls under other business, I think, Agenda Number 8.

We've gotten everything that we can do I think right now at this point, through our other agenda items. As I see it, we have two actions that we have to take care of tomorrow. One is to approve the committee minutes from our March meeting, and we're going to look at the data needs for doing economic models like Jim discussed.

All we have then is other business, and I think that would be a good discussion for us to get into tomorrow, however much time we have left and want to pursue it. Everybody okay with that idea? Well, it's 4:20 now. In my mind this sounds like an okay place to break since we have homework we have to do anyway and come back in tomorrow morning.

(Whereupon, the meeting was recessed at 4:20 o'clock p.m., April 8, 2008.)

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APRIL 9, 2008

WEDNESDAY SESSION

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The Allocation Committee of the South Atlantic Fishery Management Council reconvened in Suite 301, Classroom 6, Southern Wesleyan University, North Charleston, South Carolina, Wednesday morning, April 9, 2008, and was called to order at 8:51 o'clock a.m. by Chairman Brian Chevront.

Dr. Chevront: Okay, I'd like to call back into session the Allocation Committee. Okay, we have a couple of things to follow up from yesterday. The first item is the committee meeting minutes from the March meeting that were distributed to us Monday, and we're supposed to read



it over and come up with any corrections, changes or just accept them as they are. Does anybody have any comment? Seeing none, the minutes are approved.

Mr. Wallace: Just in looking at them, Mac and Mark said they would like to be on the committee; was there a reason that they couldn't make it, bad scheduling?

Mr. Waugh: They expressed some desire at that meeting of perhaps attending, but we haven't anything more from either of them.

Mr. Geiger: And I called Mac and asked him if he was going to attend because he had expressed to met again privately that he wanted to attend, and he had a scheduling conflict and was unable to, but Mark Robson never followed up and said anything more about it.

Dr. Chevront: Do we need to be proactive and just check with them again and see whether they want to be included in this or not? I mean, certainly, they'll be at the meeting in June; and if this committee meets outside of the scheduled Council meetings, we might just want to find out whether they want to attend or not.

Mr. Geiger: As chairman I have no problem with it and I don't think Bob has had a problem with it. He didn't express it earlier, but you as committee chair, it's up to you as to whether you want to invite additional members I think.

Dr. Chevront: I was just informed that we need to appoint a vice-chair for this committee since we don't have one. Would anybody like to step up to the plate?

Mr. Geiger: The duties of a vice-chairman are just to take over in the absence of the chairman. Certainly, if we had a scheduling conflict and he didn't make it, then the vice-chairman would just take over the meeting.

Ms. Merritt: I would like to nominate Robert Boyles.

Dr. Chevront: Mr. Boyles, how do you feel about that?

Mr. Geiger: If I may speak, one of the things that I think is great that Robert even volunteered to be on this because being a state representative and talking about allocation issues is very, very politically charged and sensitive. I appreciate the personal courage it takes for him to sit here and engage in these discussions when an awful lot of this stuff will turn around and bite you, you know, any comments you make. I just think his being a vice-chair would put him in a – I know he'd say yes and do it, but, Robert, I would not look askance if you declined respectfully.

Mr. Boyles: Thank you, George, and I appreciate your making that comment. I was going to suggest – I mean, we have Brian as the chairman being a state representative. I wonder about the optics of having a vice-chair as also a state representative. I'm happy to do it, but I appreciate George's sensitivity to the situation that these difficult discussions may present.

Mr. Geiger: I nominate John Wallace.

Mr. Boyles: Second.

Dr. Chevront: Seconded by Robert Boyles. Any objections? Congratulations, John. We now have a vice-chair, thank you. Thanks for reminding me, Gregg, that we needed that.

The next thing that we had left over from yesterday was the list of data necessary for a net benefit analysis, and that was part of our homework assignment that we were going to go over that and look at the things that were already put in there.

I'm kind of having to rely on Jim because he knows better than us. We may have come up with things that are just totally irrelevant, and, Jim, I would really appreciate if you would say, "No, we really don't need that"; or, if you've thought of other things that we have, please feel like an integral part of this discussion because you know this model better than any of the rest of us. Let's go through what we've got. Gregg has got it projected right now.

I'd just as soon, unless anybody else has any objection, that we'll just go through each number one at a time, and I think there are five of them on there. The first one is data necessary for the commercial analysis. That's trip-level landings; prices; crew size; area fished; county landed; gear-specific fishing effort; trip costs, which are the typical things, gas, bait, ice, crew payment, food, miscellaneous supplies, et cetera.

Mr. Wallace: What about the initial cost of the boat and the repair costs to the vessel, vessel reports; is that part of what is needed there?

Dr. Chevront: Does the model take into account sunk costs or anything?

Dr. Waters: Right now we're not using sunk costs. That would be handy if we had a good model of entry and exit behavior from the fishery, but at the moment we don't.

Ms. Merritt: A couple of questions. What are sump costs?

Dr. Chevront: Sunk costs; they're like charter costs and things. You've got to buy a boat to get in; and once you've bought it, you've got it and you keep on using it.

Ms. Merritt: Because we do have a sump pump. What are trip-level landings; what does that mean, "trip-level landings"? Is that trip-level landings or level landings of a trip; I don't know what level landings are.

Dr. Waters: I think what it probably means is landings by species by trip.

Ms. Merritt: And then additionally I'm wondering if these items might be included; safety equipment, dockage, utilities?

Dr. Waters: I think the most useful information would be any type of cost that varies regularly by trip.

Ms. Merritt: Varies by trip?

Dr. Waters: Right, you know, lost gear that you have to replace sort of on a per trip basis.

Ms. Merritt: All right, so tackle would be gear?

Dr. Waters: Yes.

Dr. Chevront: Actually, for snapper grouper things you would probably include tackle as trip-level costs simply because you lose a lot of it on individual trips, and it's something that you have to constantly replace. Tackle would probably be included as trip-level costs in this case. I mean, that's my thinking. I know that's the way I've treated it in the past, and, Jim, do you agree with that?

Dr. Waters: The only problem with tackle, sometimes it's a little hard because people might buy it in bulk, so it might be hard for them to figure out exactly what the cost is per trip.

Ms. Merritt: And yesterday we were looking at I think it was again the Canadian framework, and they were including costs such as the processor and retailer costs, and I didn't know whether or not that was something you wanted to include. Then a new one that I think a lot of people in our area are experiencing is transport costs. This would be because of the loss of infrastructure with fish houses.

Dr. Chevront: So you're thinking in terms of transport costs as part of the fisherman's cost of getting it to the fish house as opposed to transporting it to a processor?

Ms. Merritt: That's right, and it does change from trip to trip unless, of course, they're going to transport it themselves and they have their own – I guess you have to have a dealer license to do that to transport it in your vehicle.

Dr. Chevront: No, you don't have to have a dealer's license to transport it in your vehicle at least in North Carolina. It's only at the first point of sale one of the people has to have a dealer's license. Jim, correct me if I'm wrong, but I think that we just don't have the processing data that would be helpful for this kind of an analysis; therefore, some of these other things that you were talking about, Rita, I am not sure that they would fit in the model at this point.

Dr. Waters: Well, not at this point, but I think distribution costs and processing costs are things that we really need to be looking at into the future.

Mr. Waugh: Brian, maybe one way to handle this is for Jim to talk about each one of these categories first and make sure we've got everything that he needs to run the model and then start talking about anything else that we might want to add. I think that's a critical first step to make sure we've got laid out what Jim needs.

Dr. Chevront: I agree; I appreciate that, Gregg. Jim, I guess you're kind of on. Is that everything that you're going to need or what else do you think that would be necessary just to run the model?

Dr. Waters: 1A looks pretty good. I would probably add to that list the number of boats involved.

Mr. Waugh: What about transportation costs?

Dr. Waters: The transportation cost might be a good thing, too. Now, for the short term for this first run here, we're not going to have that information, but that doesn't mean that it's not something important for the future.

Mr. Waugh: And it doesn't mean that we can't – we have a trip cost and earnings survey that is administered to, what, 10 percent or 20 percent, so there is no reason the next time that comes up that the form could be changed to start collecting the transportation cost.

Dr. Waters: Well, there is a reason. We're only given a very limited amount of space on that form and we have a tough time fitting the required information into that small space.

Mr. Waugh: Sorry, I can't resist. I mean, here we're talking about data we need to run a net benefit analysis and we can't collect the data because the form is not big enough. I mean, this is the kind of stuff where we need to lay out what we need and let the agency deal with it, because that kind of stuff is just silly at best.

Dr. Waters: No, I agree, we ought to lay out what we need, but you specifically asked about adding it to the form and I just told you what the party line here is at the moment. Now in terms of the future, right now we're asking about items like ice and bait costs, but in the end result fuel is the most important cost per trip and we could lump some of those other things into a single category. We're always looking at ways to improve this data collection form.

Now, not pertinent to this issue, but another item that we're looking at about adding is cost per pound for IFQs. When we go into IFQ fisheries, there is going to be a leased price per pound, and that's another piece of information that's real important.

Mr. Waugh: Do you want that added here?

Dr. Waters: No, but in terms of reexamining the form and how we ask questions, there are a number of issues that we're going to be looking at.

Dr. Chevront: Okay, my first question is transportation cost per trip, that should really go under trip-level costs as Part B and not Part A. George, I believe you had a question?

Mr. Geiger: Yes, I just wanted to reiterate to Jim to make this list as complete as you need it because what we intend is to bring our considerable influence as a Council to try and get what

you need to do the work that you need to do to provide the information we need. I look at this as a teamwork exercise, so tell us what you need open and frankly.

Dr. Waters: We're pretty good for the commercial harvest sector. When we start moving down the list, there are going to be other suggestions.

Mr. Wallace: I know I'm jumping, but I'm trying to make a comparison between the commercial and the recreational. When we hear from the recreational people of what their cost to go fishing is, it has always included the boat cost, the fuel cost, all of those things, but we're not taking that into consideration with the commercial?

I guess are we going to be comparing apples to apples if we say, okay, their cost to go fishing is just their bait and their tackle, which is what you're asking for in the commercial side? Are we making sure that we're comparing apples to apples and not – because they stay in a hotel room that weekend, all of those things, you know, that's not an associated cost to actually catching the fish.

Dr. Waters: We will try to be as consistent as possible.

Mr. Boyles: Jim, this is a methodological question about the model. John is right, we do hear a lot of times about the cost of entry into the fishery, whether it's recreational or commercial. From your perspective, technically do you see a way to deal with the capital cost of entry into the fishery either under the recreational mode or the commercial mode from a modeling perspective?

Dr. Waters: We are collecting some of that information, not on the logbook form itself but an extra mail survey. What we really need to do is start – there are a number of modeling issues that we would like to perform that we have not yet done and one is try to get a handle on the entry and exit problem.

There have been a number of studies that have been done in the past, not for the southeast, but we just need to find a little staff time, send somebody off into a corner for about six or eight months and review the literature and look at the data and see what we can do.

Mr. Boyles: And, just another thing, Jim, when you said that about entry and exit costs, I'm wondering about the cost of the permit. That's probably not calculated in here as well.

Dr. Waters: Actually, we do ask about cost of permits on our annual mail form.

Mr. Boyles: But it's not in the model that you presented on – okay.

Dr. Waters: Correct.

Ms. Merritt: John brought up kind of an interesting item, the hotel cost that always seems to be mentioned dealing with the recreational fisheries. There are a lot of commercial fishermen who also have that, who travel or go out of town and have to get dockage in different areas and that kind of thing, but I'm not so sure it should be considered on either side of the fence – well,

particularly with recreational because it's usually going to be something that goes into the tourism kind of sector where that money goes.

With the fishermen I guess it's a matter of choice there. They may be following the fish or following some other plan which is part of their business. I don't even know if that's something that needs to go in there.

Mr. Wallace: To that, most of the fishermen – the same way I was saying with the recreational, most of the fishermen have live-aboard facilities. It's their option to go to the hotel just because it's a little nicer and they want to get off the boat, but it's not a necessary cost to go fishing. The same thing with the recreational, staying in a hotel is an option. It's not necessary to go fishing.

I just wanted to make sure that we're comparing apples to apples because really if you take out the initial boat costs, the travel involved in going fishing, their economic impact is no longer fifty times more than ours.

Mr. Geiger: Yes, and there very well may be hotel costs involved because in Florida the kingfish fleet is prosecuted in boats 35 feet, generally, possibly to 40 feet, and they're on trailers. When we just had that recent Gulf stock closure, all the boats that were fishing on the Gulf stock from Sebastian south put their boats on trailers and took them up to Daytona Beach or even some of them ran up to Daytona Beach and began fishing on the Atlantic stock.

So there were costs associated with doing that and moving in the event of a closure and things like that. So there are times when some of those guys may have stayed in hotels for a period of time. It was like a two- or three-week period until the fishery reopened. I don't think they're going to drive back and forth between Jupiter and Daytona Beach everyday to fish.

Ms. Merritt: But to that point, I think what we're both saying is it goes both ways; it's on both sides of the fence for different reasons, and I guess everybody has got to stay someplace at night.

Dr. Chevront: One of the things I've seen people starting to do in some recreational analyses is when they include things like a hotel stay, they find out what other activities occurred on the trip, how many people were on the trip and how many actually fished, and they sometimes parse out some of those costs according to those who actually participated in the fishing.

For example, if you take your wife and you go on a trip to the beach and you happen to go fishing and she goes shopping, some of these costs are – well, I know, I'm sorry, that's such a sexist thing to say – okay, you go fishing; she goes and plays golf, okay. Excuse me, your spouse goes to play – significant other goes to play golf.

But there are ways of sort of parsing it out to try to keep both sides a little more honest because there are times, truly, when things like hotel rooms really are part of the trip cost. I don't have any problem with, in my mind, thinking about it. If you're going to use mileage to get to the place to fish for the recreational fisherman, you could do the same thing for the commercial fisherman and the associated cost with that. But that just makes the analysis very complex at a trip level.

Mr. Wallace: If you want to make sure that comparing apples to apples, you look at the cost from leaving the port. Anything that is hill-based cost does not apply. I mean, it's your option to travel to go fishing. It's not necessary in most cases; it's your option to travel. I mean, the same thing with the commercial, it's their option to go fishing in Florida when they're based in North Carolina. It may not always be necessary but it's your option. Your other option is to stay in North Carolina and go get a job somewhere else. But if we're going to do it that way, travel is an option. Your cost starts when you untie the boat.

Dr. Chevront: Well, we're obviously not the first ones to be thinking this stuff, and Jim has already said that they're doing what they can to keep parity on both the recreational and the commercial side in terms of the cost that they include in this. I'd just as soon defer to them and let them hash it out and not us have to try to figure out and tell them how to do their job.

I think what we've just done is bring up some of the difficulties or the intricacies of how we can treat some of these data, and sometimes we have to get to reality on what can actually and honestly do. I'd just as soon defer to the economists and let them handle it. Jim, is there anything in commercial that you think that we should have on our list at this point of what might be needed for that analysis?

Dr. Waters: No, it looks pretty good.

Dr. Chevront: Okay, let's move on down to the consumer, and if you could go through that, and one of the things, if you could explain for us – I mean, it's pretty easy for us to see how commercial, charter/headboat, private recreational fit in, but can you give us a little explanation about the logic behind including consumer costs and things and then go into what you need to do that analysis.

Dr. Waters: Actually, that's exactly what I wanted to talk about. This is a pretty standard list of variables right here. The only thing that I would add is quantities of domestic production consumed by species for the consumer. But that having been said – and I think George brought up the point yesterday – to me this is not really a high priority item.

When you look at the overall demand for seafood and then you look at the magnitudes of our landings by species here in the southeast, even if we reduced the landings by a lot we're not making very much of a dent in total consumer consumption of different kinds of fishes. So, we're probably not going to see a whole lot of major effects on the consumer, and that's why I would say that even though this list looks pretty good I wouldn't rate this as a real high priority for research time.

Ms. Merritt: I agree, we are just a grain of sand in the whole picture, but I would like to see not necessarily as high priority, but just the consumer demographics and maybe even something that would be some general information as to the amount of importing and exporting of South Atlantic seafood products are in the picture.

Dr. Waters: I'd have to look into the demographic question. I know that none of the data bases that I've seen so far, that we routinely use in the southeast, have that information, but that doesn't mean it's not available someplace. The USDA does a lot of studies about different things and they may have done a seafood survey that would have that information and we'd have to look into it.

Now, you're other question about the imports, in general we get imports at a very gross level for snappers, all species combined; and groupers, all species combined. These would be imports and fish in a condition that they can actually be identified by species, so blocks would be in a separate category that we can't separate from blocks of any other kind of critter.

We really can't get down to species-specific level, but we can go down to the snapper and grouper level. Actually, I do have those data; not with me right at the moment. The imports of snappers have risen over time substantially. It's a major, major item. The imports of groupers have kind of fluctuated a little bit but have not displayed the same increases as in snappers.

Dr. Chevront: And that's assuming that they're labeled correctly when they come into the country because we've all seen that in the media of mislabeled seafood products. George.

Mr. Geiger: So then what I'm hearing you say, Jim, is that you can tease out what snapper grouper are landed in the southeast are being shipped out of the southeast like to New York? We can?

Dr. Waters: Right, by imports we meant fish coming in from Mexico or –

Mr. Geiger: No, I don't mean imports, but I thought you – well, let me ask this question. Would it not be a relatively easy thing to canvass the dealers or have the dealers report where their fish are sold because some of them function as a source for private consumption, to restaurants, clubs, whatever, but they also sell fish out of state. I mean, they have capture that somehow that it's been sold to the Fulton Fish Market.

Where it goes from there, you know, that becomes a thread that probably has a never-ending end to it, but at least we know how much product stays in the southeast and how much is being shipped out of the southeast and presumably sold someplace else in the country.

Dr. Waters: We haven't done that. That kind of survey has happened in a long time, but it's definitely a survey that we need to do to find out what the marketing channels are and what the ultimate distribution of the fish is, how much goes to restaurants, how much goes to the Fulton Fish Market, how much goes to Chicago.

Mr. Wallace: Just from the people that I've talked to that are selling it, most of it is not staying in the southeast. Your more lucrative markets are Chicago, New York, things like that. I think you're going to find that most of our product is gone and most of the product that's eaten in the southeast is coming from China. What is your definition of "substitutes", landing of substitutes?



I don't know if this is anything that would go into the model, but maybe it's personal interest as to how much of these products that are imported into the United States are from non-market or non-managed countries? Like I say, I don't know if that applies to any of the models, but just like we're saying, if it's coming from China, they're not managing their fisheries and it's a non-market country. It's playing a big effect on our prices, but whether it's having to do with comparing in this model.

Dr. Waters: Actually, interestingly enough, most of the imports – we get a tremendous amount of imports through the Port of Miami. That's our major port in the southeast. Most of it comes from the Caribbean Basin, Mexico and down to Brazil. There are imports that come in from China and those places, but they tend to go into the west coast, into Los Angeles and Seattle.

Mr. Wallace: When we see a lot of the stuff and if you go to a grocery store and see it in there, it is more China, Thailand, Indonesia is where we're seeing the fish coming – you know, labeled since we've got country of origin, and I have a tendency to go to into through the grocery store while my wife is shopping, I go through the seafood market and just look and see the different things, and I see those countries more than I see Brazil, Venezuela, and Mexico.

Dr. Waters: But are they snappers and groupers or what species are they?

Mr. Wallace: Some of both. I mean, I've seen some snapper grouper come in through the food service people that are in there, but then you see a lot of the tuna, mahi, different things that are also coming from there.

Dr. Waters: I could work up some tabulations for you and just show where the seafood is coming from, what ports it's coming into and some trends over time. We have data since about mid-1990. I would be glad to work that up for you.

Dr. Chevront: But that's not really needed for the model, I'm assuming. That's just more of an interest.

Dr. Waters: Yes, the type of model that we have right now sort of reflects the types of regulations that we have been implementing recently. We have a lot of regulations that really hit people at the trip level. We have trip limits, we have minimum size limits, we have quotas that close the season at some time during the seasons. Sometimes we have fixed closed seasons for a couple of months.

All of this is really kind of short-term type management and so we constructed the model around that type of management. That's why some of these longer-term issues like entry and exit haven't really been tackled as timely as maybe you would like them to have been.

Mr. Waugh: If you remember our summary of public scoping comments on Page 4 – and you don't have to turn to it, but we did get several comments from executive chefs in Charleston. This may just be something that's specific to Charleston, but you're seeing more – and they term it the slow-food movement, sustainable, local, and organic, and they're really playing this up in Charleston.

I know more of our locally produced snapper grouper species are starting to be marketed locally. I don't know to what extent this is going to spread to other areas, but I think this is something you're going more and more of.

Dr. Chevront: Yes, to that point I know that in North Carolina, in the area where I live, there is actually a marketing program, Carteret Catch, and it's marked on menus that it's local seafood from the area. The state Department of Agriculture also has a State Seafood Marketing Program that's used.

Mr. Geiger: Actually, I just mentioned to John that the book "Fisheries of the U.S." that is published each year, all that information in terms of countries or origin of seafood product, both finfish and crustaceans are all delineated in that document. Ports of entry I don't think are, but origins of product are in terms of gross tonnage and that type of thing.

Mr. Wallace: Then the first part of my question was what is the definition of the landings of substitutes?

Dr. Waters: I'm glad you mentioned that. Actually, we need the prices of the substitute and not the landings necessarily. But what the substitute means is that -- a big market for seafood is the restaurant market. When a person goes into the restaurant and he or she chooses between seafood or steak or pork or chicken, what are the prices of some of those main competitors to seafood, and we would think of beef, pork and chicken.

Mr. Wallace: And I know dealing with the food service people like I have, that's your center-of-the-plate item, and you could probably get that information from the Syscos and U.S. Foods of the World and say, you know, what are the center-of-the-plate items, because they have people, that's their job is -- that's what they call it; we are the center-of-the-plate salesperson.

Dr. Waters: Most of the items on this particular list, we'd go directly to either the Bureau of Labor Statistics or the USDA. They collect a lot of data on different things. They have price series of different cuts of beef and different types of chicken. They would have price series on average disposable income for different areas within the country. We would go directly there. We wouldn't be going out into the field and trying to ask people about some of this information.

Dr. Chevront: Jim, do we need to have -- Gregg has highlighted up there on the screen "level and price of substitutes. Do you need that level of amount -- just the price? Okay, thank you for the clarification. Is there anything else that you can see that we should be considering for consumer data? Okay, he's shaking his head no.

Number 3 is charter, and just to remind everybody, this was what the recreational component was calculated on in that red grouper paper. Jim, could give us a little rundown on the data that are needed for the charter, and do we have everything that you think that we need there?

Dr. Waters: Do we have numbers of boats there? We'd like numbers of boats, numbers of trips, trip location and duration. We have trip costs.

Mr. Geiger: How about the number of people and trip location?

Dr. Waters: Number of passengers, right, and number of fish, pounds landed by species. I think you've got that, right? Yes.

Mr. Wallace: What are your trip characteristics?

Dr. Waters: Duration of trip.

Mr. Boyles: Jim, is there any congruence or needed congruence on crew size and crew wages and those kinds of things like we had on the commercial sector?

Dr. Waters: I actually wasn't that concerned about the crew wages on the commercial sector, either. I would just as soon consider the crew wages an extra return, and so we're calculating the return not only to the boat owner but also the crew people. That way it doesn't get quite so personal. There were a couple of additional items that we need that really pertain more to the angler instead of the boat experience itself. Are we ready to talk about that under this category or is that a different category?

Dr. Chevront: I think it probably falls under here because we're going to have – those kinds of characteristics will appear under each of the last three categories would be my guess.

Dr. Waters: And some of the notes I made to myself here are really more in the line of questions, but we need to figure out how the number of trips can change depending on the level of TAC. That's sort of a research question. We also need to figure out how the value per trip and the value per fish might change as you change the TAC.

Mr. Geiger: Did you say TAC or catch?

Dr. Waters: Actually I said "TAC". We're talking about allocation.

Mr. Geiger: All right, so we don't talk about terms of TAC so it would be bag limit; how about bag limits?

Dr. Waters: Well, that's another point that I wanted to get to. The actual implementing regulations are important. If you were to consider an allocation, let's say for a smaller allocation to the recreational sector, how you implement that smaller allocation, either through bag limits or size limits or closed seasons, that actually makes a difference, so we'd probably want to have some type of estimate. For whatever allocation we choose and the level of the quota that corresponds to the recreational sector, we'd probably like to have some notion of what the implementing regulations would be.

I know the job of this committee is not to figure out how we're going to implement a particular quota to the recreational sector, but in terms of running through an analysis of what the effect on the recreational sector might be, we'd probably want to have some general notion as to whether

this is going to be implemented through a change in the bag limit or through a change in open and closed seasons or how is it going to be implemented.

Mr. Waugh: We seem to be getting into things that you want to come out of your research rather than data needs.

Dr. Waters: That's a good point. We're going to have to figure out how to get to these quantities. We think these are important quantities, but we might need a little bit more time to figure out how to get to them.

Mr. Geiger: Well, that was going to be my comment; at the end maybe there needs to be like an Item Number 6 to capture what you're saying. I'm trying to understand what you're trying to get at, and is it the effect of regulations on the number of trips or whether people will go on trips or not; is that one of the things you're trying to get at?

Dr. Waters: Yes, do people value the trip differently, for example, if they're allowed four fish per trip or two fish per trip? You know, they may just consider the whole experience differently if they're only allowed two fish per trip instead of four or five or six.

Mr. Geiger: And that's an interesting question, and Tom could probably help answer that because I can't. The people who fish with me have no idea what the bag limits are. They don't even know what the size limits are. They don't have any idea. They just get on the boat and want to fish, and they leave it up to me to tell them it's too big, it's too small, it's out of season, which everything seems to be.

Now Tom's people may be knowledgeable of what those bag limits are and it may be a deciding factor as to whether they get on the boat or not. The point is do they know before they get there or are they disappointed when you tell them it's a two-fish bag limit and you've got to stop?

Mr. Swatzel: A lot of our customers do know. Particularly those that come with us year after year, they do ask annually have things changed concerning the bag and size limits. We do deal with some group charters that may go to North Carolina or South Carolina for a charter of a headboat.

Believe it or not, they actually try to shop to find out if the rules are different between the states, and, obviously, they're not. People do look for, I guess, what they perceive to be a higher value, you know, the ability to keep more fish. I think it's something that they're always looking for, and I think it really does matter in the headboat business.

Dr. Waters: Well, you did make a good point these are more research items instead of data needs. One additional data need would be the purpose of the trip, whether there is a specific target species or whether this trip is a – you know, this was the sole purpose of this experience or whether we're down for the weekend and we're doing a lot of other things, and this just happens to be one of our activities that we're doing while we're visiting the beach.

Dr. Chevront: Okay, Jim, is there anything else there?

Dr. Waters: I'm good for now.

Dr. Chevront: Okay, when I was looking at this last night, one of the things I did when I was sort of working on some things was we didn't have anything for a headboat so I started by copying and pasting charter and put it down into headboat and then just modified what I had come up with. I think there might be some value in doing that here. Do you agree with that, Jim?

Dr. Waters: I did almost the same thing. After I did that, I just lumped them back into a single category and called it charter and headboats.

Dr. Chevront: Yes, if the data needs are truly exactly the same, we should probably just go ahead and do that. You might have to modify – like that in that very first A it says “charter fee”, and my guess it's going to be a “per head fee”.

Ms. Merritt: I don't know whether or not this is the appropriate place to be looking for the data, but oftentimes in deliberations we're asking the question regarding multiple permits, whether a person who is on a charter trip is also a commercial permit holder as well and does commercial trips as well. I think in charter and headboat there are times when that question comes up, and it may be one that we might want to have actually in all of the categories if they other types of permits and licenses that they use.

Mr. Waugh: You can get that, Rita, just from analyzing the permit data base, and that won't change on a per trip basis. We are collecting that.

Dr. Chevront: And I also wonder, though, where basically this analysis is being done at the trip level so a guy can be a commercial fisherman on one trip or a charter boat captain on another; and based on the characteristics of the trip it will fall out where that trip is supposed to go. Does that logic make sense, Jim? Now that we have lumped the headboats and charterboats together, does anybody have any additions to this list that we have or changes? I'm assuming Jim is happy with this?

Dr. Waters: I'm good.

Dr. Chevront: Then we're all good. Tom, did you have anything else?

Mr. Swatzel: No, I think that covers it well.

Dr. Chevront: All right, let's move down to private recreational. George.

Mr. Geiger: Now, when we do this, Jim, I presume what we're doing is we're getting the information under headboat and charter. You know, Tom, myself and Duane are the people who are answering those questions and providing that data. So when get down here to private recreational, I think somehow we need to – and this goes back to MRIP and expanding their collection of data to satisfy your needs.

I think we need at least three categories under private recreational. Here you've got private boat, which is one of them, people who own their own boat and do their own trip, but then you've got private recreational who depend on headboats and charter trips. Because the expenses are going to be different, possibly the data may be a bit different for that category. And then you've got people who don't even ever go fish on a boat but they fish from shore, and somehow there needs to be subset of data that's collected for them as well.

Dr. Chevront: One of the variables that added, when I was thinking about it, was mode of fishing, just like they use in MRFSS now. But, also, I was concerned about – because I don't know enough about MRIP yet, is there going to be some kind of a distinction where we can tell who is fishing in state waters and who is fishing in the EEZ. At some point for our analysis we need to be able to make that distinction.

Obviously, people fish both, but in terms of collecting data you don't want to have to go use the whole MRIP data base if they're all lumped together. If there is some way that we can figure out who is just fishing in the EEZ – and I don't know if that should fall under research needs or recommendations of things that should occur, I don't know at this point. Robert.

Mr. Boyles: Jim, I've got a question and I'm probably barking up the wrong tree. In the red grouper model that you showed, if we were to do something and apply it here, what is the dependent variable when dealing with the private recreational trips? I understand with the charterboat/headboat the dependent variable was the trip cost. What is dependent on the private recreational mode or what might be?

Dr. Waters: That's a really good question. In the method that David Carter was using that method would not carry over directly to the private recreational, so we'd have to go back and maybe use some more traditional approaches, either the contingent valuation or the travel cost method.

Mr. Boyles: At the state level we've done some of these valuation projects, for lack of a better phrase, and we do ask a lot of questions about trip costs, hotels, fuel, food; expenditure data, I guess, which I would imagine this would really, really dependent upon a lot of expenditure data, I would think.

Mr. Wallace: Are we excluding the expenditure data of fuel, lodging? Isn't that what we had the other conversation about? While we've got it under commercial as trip-level costs, is that going to be the same as the trip characteristics' category in the commercial? Under commercial you've got it as trip-level costs, gas, bait, pounds, ice. Is that your trip costs under the trip characteristics' category in this section?

Dr. Chevront: I guess my assumption was that it is, and there's a lot of parity there. I mean, in a commercial trip cost you've got groceries, whatever you're that you're going to have when you are out on that trip and you could conceivably have a similar thing here as well.

Mr. Geiger: Jim, I would hope that you could spell that out for us, what trip costs. I think John is right, I think it needs to be identified because we can't leave it up to the MRIP people to make their own interpretation of what your needs are. I think you need to define what constitutes the private sector trip costs, whatever they are; I don't care, so that they capture that data when they conduct their interviews.

Dr. Chevront: But, I think, also, included with that, when you're getting those trip costs, it be helpful to know the number of people that are on the trip and the different activities that occurred on the trip or the number of people and actually the number of fishers at a minimum because some of those costs are going to be split among other people who are engaged in other activities. If it's truly just a tourism-related activity, it shouldn't get counted twice for fishermen and for tourism.

Dr. Waters: I actually would prefer to confer with David Carter on this particular issue before we get in contact with the MRIP people to make sure that we're getting exactly what he thinks we need.

Mr. Waugh: Let me just mention, too, the MRIP is coming out as a proposed rule. It's at OMB; and when it comes out, it will be a proposed rule. Us sending something over now, I think we should do it, but when the proposed rule comes out, then everybody will have a chance to comment, including the councils, and then that will be the time. We have time to do this, but I agree, too, we should send it to them right away so that people doing the program understand, but the initial product is already over at OMB.

Mr. Geiger: Correct me if I'm wrong here, but as I understand it the gross product is over there, the MRIP program under a gross umbrella. We're getting down into the nitty-gritty here of what their survey form is going to be asking. I don't think that's in the proposed plan that's at OMB. I don't think it is because they don't know what it is yet.

They're still conferring with councils to try and figure out what needs to be built into that form to satisfy the desires of all the people who need that data to develop the information necessary to provide accountability for the recreational sector, which is what this whole exercise is about. I don't think we're early or late. I think it's timely that we're doing this.

Ms. Merritt: I think where you're at on the board now, Gregg, number of fishers and lengths, I think that should be "trip lengths" and not the length of fishers.

Dr. Waters: Now, the way the MRFSS has worked historically on this, they have their traditional intercept survey and the general biological components, but they have had periodic what they call add-ons to collect some economic information, so every few years they'll do studies of the nature that we're talking about right now.

Now there are some people doing an economic analysis of the last add-on, and we're hoping that – that's being funded by MARFIN, by the way, and that final product should be coming up sometime within the next six months, I hope. We're hoping that will have some information that we need for the private recreational angler that we're talking about right now.

Dr. Chevront: My experience using some of that data, at least what is readily available, is pretty limited in terms of the number of variables and things that they actually catch, and it certainly isn't to the level of things that we're talking now. It's better than not having any data, I'll admit that, and it goes quite a few years sometimes in between. The last one that was done in the southeast was quite a while ago, and so we've gone many years without any data. Robert.

Mr. Boyles: Again, I may be barking up the tree. Do we need to account for other variables like access dockage or launching fees, but specifically for folks who maybe don't live on the coast, miles traveled? I mean, it's not a cost, but does your fuel account for that, and I don't mean fuel just for the boat but for the travel cost to getting to and from your access point.

Dr. Waters: The launching fee, that's a good suggestion. And if you do the travel cost model, then you want to know the distance traveled, some measure of that cost of travel.

Mr. Wallace: I'm sorry, it's going back to where we was talking about this comparing of things; I mean, just like the hotel bill, the dockage fees that we're having to pay. You know, we're getting farther and farther away from this apples to apples scenario. We're back to the apples and dogs like George said yesterday.

I mean, if we're going to be comparing costs – and I guess it's up to you come and say, yes, this is necessary and this is not, but where you said earlier we're going to be comparing it as closely as possible, now we're adding these other levels in here now that you're saying that we need for this level, but we didn't need for the commercial level. I just want to make sure that we're staying apples to apples.

Mr. Boyles: I don't want to speak for Jim, but he did put a big parenthetical in that if we used the travel-cost method, which is a standard econometric modeling technique, I would imagine – I mean, an accepted model that looks at non-market valuations; is that what you're saying, Jim? Okay. So, John, I hear what you're saying, and I guess it's not a good proxy; it's a good method of trying to estimate these impacts on that recreational sector because we don't have a market for it necessarily. But, Jim, I'm probably wading in where I don't need to be, but I would imagine –

Dr. Waters: No, actually, you're exactly right. Most cases what we want to do is use market data to try to figure out how people respond to prices and costs and trip characteristics, but for the private recreational angler oftentimes we don't have – other than maybe the access fee, we really don't have a price to go on, and so this technique called the travel-cost method tries to – well, it makes the assumption that people will travel from different locations to this particular site, and maybe we can use the differences in the distances traveled and the costs associated with those differences traveled as proxies not for the entrance price but for how people might behave as if there were an entrance price. That's the primary methodological difference.

Ms. Merritt: Just real quickly, and here again it may just be a minor detail, I'm sure it's been covered somehow in the data, Jim, but John brought up the cost of what was a launching fee and using it in both cases. Well, there is another commercial expense that sometimes it shows up in the cost of what paid for the fish and then sometimes it is a separate item, and that's a fee for



crossing the dock. I know that can be a little bizarre at times to people. For instance, if you are unloading at a dock and you're not selling to that fish house owner or you're unloading at a dock that is not a dealer to begin with and they will charge a separate fee.

Dr. Chevront: Okay, Jim, are there other things that you think that we need to put into this private recreational?

Dr. Waters: Actually, I'm happy for now.

Dr. Chevront: Good, if you're happy, we're happy.

Mr. Waugh: Where do we put guideboats; are they included in charter and for-hire? I mean, they are a part of for-hire, but we're hearing more and more of this new category of guideboats. I don't know if George has any comments on that. Where do we put guideboats because I know we hear more about guideboats as a separate category at scoping and public hearings? To me they're just one component of the for-hire sector.

Dr. Waters: I guess especially down in the Keys that would be a big thing.

Mr. Geiger: I would yield to the economists and what they need in terms of gathering data. To me it doesn't matter. I have asked that question when they do the for-hire survey and they're asking me are you sure you want guideboats, so to answer the question it doesn't matter.

Mr. Wallace: Is this where you take your personal boat and you hire someone to take your boat fishing for you, basically? I mean, is that the guide?

Mr. Geiger: No, he's talking about small boats like skiffs where you take one or two people generally inshore. You don't fish the EEZ, but it's an inshore-nearshore fishery.

Dr. Chevront: Okay, lets' look at some of these research needs. There was a distinction that was made earlier when we were listing some things under data needs that were really research needs. Are there some other research needs, things that we would like to see be done?

Dr. Waters: Well, on this list I probably misspoke; I should not have said "TAC". What we'd really be interested in is how the number of recreational trips will change as we change the recreational quota, for example. In fact, one other piece of information, now that we're talking about research is – and this is actually a data need – if we're going to be talking about changes over time, you know, like with a rebuilding plan, we would need some measure of the biomass associated with each TAC and each commercial and recreational quota as that steps out over time. We can probably get those from the SEDAR reports when they're available.

Mr. Geiger: This would be research needs, then, to assist in allocation decisions; would that be a better –

Dr. Waters: These are research needs to help us focus on what we need to do an analysis, and then we'll think about these research needs a little bit more to figure out what data we will need to estimate these quantities.

Dr. Chevront: Does regulatory history have any effect in any of this? Obviously, it's going to change. If you're doing your data collection and there is a change in management, that's going to have a huge effect on the outcome of what is caught and trips and things like that.

Dr. Waters: Yes, the regulatory history is the 800-pound gorilla, because it really affects all of our data sets, you know, what's observed.

Mr. Waugh: And that's included in all of the SEDAR assessments now. We're struggling through king mackerel. Everything else after that is downhill.

Dr. Waters: Well, they have the history; I think they're doing a good job in the SEDAR now of presenting the history. The problem for the analysts is that fishing behavior changes because of the regulations and that influences what we can do with it in terms of our estimates of what fishermen are going to do.

Mr. Boyles: Is it important to know how the number of trips changed by level of the commercial quota as well?

Dr. Waters: Well, that's part of how we're working now. We look at the prices for the different species, the landings for the different species and the cost of the different species, and we're trying to get some idea using all of that together to try to predict how trips will either fade out of the fishery or come back into the fishery over time, so we're kind of handling that for the commercial sector.

Mr. Geiger: That was one of my points. The other one is under C, Duane and I are here to argue against putting minimum size limits in there, and I'm sure he would if he were here as something I doubt we're going to ever consider doing again. The other thing is if you're going to try and make a complete list as examples, boat limits and closed areas. I don't think it's too soon to talk about boat limits and closed areas as potential management measures.

Dr. Chevront: Closed areas will affect everybody and not just recreational or commercial, presumably.

Dr. Waters: Yes, and actually the list with minimum size limits doesn't mean we have to increase the size limit. We could drop down with it.

Mr. Wallace: I don't know if it gets in here either, but what would be the reaction to a permit in the recreational, permit cost in the recreational? I mean, it's not there now but it's –

Dr. Chevront: Are you referring to like a federal permit –

Mr. Wallace: Yes.

Dr. Chevront: -- for a recreational fisherman in the EEZ?

Mr. Wallace: Yes. I mean, is that something that needs to be considered or wait until it happens?

Dr. Waters: Actually, I hadn't even thought of that before, but if there was a cost for fishing, we'd want to be able to include that in the analysis. Of course, it makes a difference in the -- you know, just a license fee would be treated differently than an entry fee, you know, like a charter fee or a headboat fee.

Mr. Geiger: To that point, I guess we need to be clear. I understand what John is saying. All four of the South Atlantic states have licenses now. Florida I think is the only state that is trying to wrestle with this exemption problem which may require anglers who fish in the EEZ to, in addition to having their state license, get this federal permit that can't be charged until 2011, so the first year is going to be free, but then after that there could be or may be a fee associated with it unless they get rid of its exemptions.

And if they do and they're acceptable, then they would have a state license which would serve as the federal registration by state licensing. Then it would be only a state license in each of the four states that would apply, so is that important?

Dr. Waters: I didn't know any of that, so I'll have to think about that a little bit.

Dr. Chevront: I think one of the issues, George, that's related to that what you're getting is a universe of people who fish in marine and estuarine waters. You're maybe not subsetted down enough to know who are actually fishing out in the EEZ from that. I've heard people mention something about a permit in addition to the state license to fish in the EEZ just so they actually know who is fishing in the EEZ. Now, I don't know whether that's being seriously considered; I've heard people mention that before.

Mr. Geiger: What people have you heard? I just went to an MRIP briefing in D.C.

Dr. Chevront: No, no, I'm not hearing it from MRIP; I'm hearing it from other people as suggestions as ways to talk about accountability for recreational fisheries.

Mr. Geiger: But I think the way they're going to address accountability is through the questionnaire in determining where people are fishing, and they're just using the licensing framework as an assumption that everybody in that licensing framework at some point could or might fish in the EEZ, which is better than going to a phone book and dialing 150,000 random telephone numbers trying to find somebody who fished.

Dr. Chevront: Which is what the states are doing under MRFSS, basically, now.

Mr. Geiger: Right.

Mr. Wallace: Well, really, mine was it seems like we're asking presumptive questions of the recreational people, you know, how will the value of your trip change according to quotas? I'm asking that same presumptive question, would the trip change if you had to pay for a permit?

Mr. Geiger: Jim, it's tough to read you, but, John, are you talking about the fact that like I have a boat license for four people, so four people can come on my boat without a state fishing license and fish. So, if they had to go out and buy a license or if everybody who fished on Tom's boat had to go buy an individual license before they could fish on his boat, would that impact whether or not they fished. I think that's a good question as well.

Dr. Waters: It is a good question, but I'm not sure what I would do with that at the moment. I hadn't thought about it before, but it is an interesting question.

Mr. Geiger: And it very well have a large bearing on whether people fish because Tom takes a lot of tourists who would only fish maybe once a year and have to buy some form of a one or a three-day or seven-day license, and that's not even that I heard in the Federal Registry Program built into the process. I think they want a state license, and I've never heard the one or the three or the full year discussed; have you, Robert, as an exemption issue? Have they said it has to be a full one-year license in the framework?

Mr. Boyles: No.

Mr. Wallace: I think Georgia's is just a regular license. Florida is the only one I think that has a three-day or seven-day out of state; does North Carolina have it also?

Dr. Chevront: North Carolina does as well.

Mr. Wallace: And this is strictly for out-of-state people or –

Dr. Chevront: No, you can buy a five or a seven-day license as a state resident and pay five bucks. If you want to fish this week and then again fish six months later, you could buy another license.

Mr. Swatzel: Well, the issue is convenience in price. I mean, if you make it inconvenient to a charterboat or a headboat customer, that's a barrier to them going; and if it's a fairly large additional cost to the trip, there is another barrier. I know that when the state license was first proposed in South Carolina back in the late eighties/early nineties, we lobbied hard – the industry lobbied hard against having that individual license and eventually the state did go with a blanket license for each boat, which is the right way to go.

Dr. Chevront: I don't know if I'm kind of losing it here a little, but I'm not sure that we did anything when we talked about the regulatory history. I don't remember our decision that we made on that was. We just recognized that it affects the landings and that it appears in the FMPs, but is it something that would be useful in helping to refine these models? Did I just lose something in the conversation there?

Mr. Waugh: Well, that's included in all the SEDAR assessments, just like the biomass projections, so it's just a matter of tapping into the SEDAR assessments and pulling out that history of management. It's a lot more detailed now. We're getting into specific dates, trip limits, size limits and so forth change for the single purpose of the analysts then being able to crank that into the biological model. That information is there.

Dr. Chevront: We've already recognized that it's available. Is there anything about disposition of the fish that would be recreationally or commercially? When I say disposition of the fish, there is an assumption that what recreational fishermen keep is presumably going to be eaten or something, but do we really know that? We assume that a commercial fish, when it's sold, it's going to be used for some purpose, or is that just a management issue and that really doesn't fall into the model here? I say that because I don't think I've ever seen anybody like do a position of fish.

Dr. Waters: Disposition has been included in some of the previous add-ons, but I'm not sure that – other than just categorizing and describing it, I'm not sure it ever shows up in the model. If we were talking about some areas where we had a lot of subsistence fishing, that might be a really interesting question, but I think we have more traditional recreational fishing here where people are primarily going for fun and take some fish home to eat.

Dr. Chevront: Well, I think headboats, though, there is a large subsistence component to headboats, I would think. I know there is a lot of subsistence fishing on shore and nearshore, but I think in the South Atlantic fisheries there probably is a fair number of headboat folks who are actually doing subsistence fishing. Robert.

Mr. Boyles: I was going to say from my perspective as we've debated and discussed 15B, my interest has not been necessarily the double-counting issue or the recreational catch as being counted against the commercial quota as it has been the additional economic incentive afforded to someone who was allowed to catch a personal bag limit.

I would be really interested to see if we could model changes in behavior if you prohibit the sale of a bag limit. I don't know if this is the place to deal with that or not, but I think it's a very interesting question that I'd like to see some information on.

Dr. Waters: Well, why don't we add it to the list, disposition of the catch? You're right, that's a really interesting point I hadn't thought of.

Dr. Chevront: I can tell you, though, from the folks that I'm hearing from who are in that situation in North Carolina, they are already talking about changing their behavior and what they're saying that they're going to have to do if they can't sell the fish. In many cases I've gotten e-mails from folks saying, "You do this, I can't go fish because that's how I pay my trip costs." They just come right out and say it. Rita.

Ms. Merritt: Are you talking about doing that just for recreational because disposition of fish oftentimes – well, everytime our boat ever takes a trip some of the fish is used for consumption,

some of it is used for sale, some of it is given away, so it doesn't always show up on the landings.

Mr. Waugh: Well, two things. The impacts of being able to sell your bag limit, I think there is already information out there that shows that, yes, indeed, if you can sell your catch, that changes the behavior and then there is the impetus to maximize the catch. We can check and see. But, Rita's comments there about disposition, if our landing statistics are not capturing all the fish that are caught on a trip, then we need to add disposition to make sure we're picking it up.

Dr. Chevront: I think that issue occurs in all landings, that there is some that is given away or bartered that never appears on a trip ticket and what the fishermen and the fishermen's family consumes. I think you will probably find that in commercial fishing families they probably consume a greater quantify of fish, certainly, than the average American household does. It's what you've got, you know.

Are there any other research needs or data needs or other factors that we need to include here? I think George pointed out that this is an important time for us to be delivering this to some folks saying this is what we as a council would like to see, so that it can help us with these economic models, and especially if we want to start including net benefit modeling as part of our allocation decisions.

Mr. Geiger: Gregg, does this satisfy your itch?

Mr. Waugh: As long as Jim is happy and we've got all the items here needed to do this net benefit analysis that should solve the issue.

Dr. Waters: I'm more than happy; I'm overwhelmed happy.

Mr. Geiger: Well, we will bring all our considerable weight to bear on this issue for you, Jim.

Dr. Chevront: I'm not sure that at this point we have any other things that were on our agenda that need to be discussed. There are two other things, though, that I'd kind of like to add at this point. One is do we want to consider having another committee meeting after the Council meeting is over in June?

After we've resolved that issue, George had brought up yesterday, towards the end, talking about what do we mean about managing for the future. I just wanted to get some of the housekeeping kinds of things done first because this allocating and what we want the fisheries to look like in the future is a discussion that could go on for a very long time and we'll probably carry on later. I wanted to allow as much time for that as we thought we needed.

Mr. Waugh: And I distributed a draft committee report. Remember, we were asked to raise these issues with Roy next week, and I'd feel a lot more comfortable if we've got something, so if we could look that over. The only other thing was we talked some about the need for a control date for the for-hire sector, and we've found we already have one. It begs the question then of

what do we do – the Gulf has a cap on permits; do we want to suggest that the Council discuss this; does this committee want to discuss it or just leave it where it is?

Mr. Geiger: Discuss the cap on what permits?

Dr. Chevront: Okay, I think this is going to be a good time to take a break. When we get back, we'll go through the draft, and, Gregg, thanks for reminding me that we should do this because what you take to Roy and company is pretty important. Then I would like to then talk about the idea of a meeting after our June Council meeting and then get into the future of what we want the fisheries to look like.

(Whereupon, a recess was taken.)

Dr. Chevront: We're all here and I think we could probably go ahead and get started. What I'd like to do is Gregg has passed out to everybody a draft summary of what we basically did yesterday, and he'd like for us to go over that with him and talk about whether it's sufficient, what else we want to have in it, et cetera. I'm going to let Gregg lead this part of the discussion since it's kind of his document.

Mr. Waugh: This is patterned exactly after the type of committee reports we get at Council meetings; first, just describing the report that Gregg Swanson did, indicating that we will provide some of those clarifications on the numbers. At the very end we've got a list of things we need to do.

The second item was going over the list of requested items from February and March, the progress being made, added the guidance you all wanted on getting information from the states and background papers, those modifications. We also added a couple of items and that's shown on the list. Then Dr. Waters went through the work done for the Gulf of Mexico Red Grouper, and I pulled out his last two slides, the model issues and conclusions.

Dr. Chevront: Yes, this just reminded me. Jim, would it be possible to get an e-mailed copy of the presentation? Do you mind sharing that because there were some things that you had in there that I'd just like to think about a little bit more and maybe reference later on?

Dr. Waters: No, that would be fine. I gave a copy to Gregg and he could distribute it to the committee.

Mr. Wallace: Can you reduce it enough so it does make it through e-mail? A lot of these things are too big to be sent over e-mail.

Dr. Chevront: We'll get that taken care of; that's just an administrative issue, but that will happen.

Dr. Waters: This is a little one.

Mr. Geiger: Under the conclusions there, under Dr. Waters' presentation, it doesn't say anything about the ability to replicate or do that type of a study for South Atlantic stocks, the ten species.

Mr. Waugh: I was just going to say then we get down into here is where the committee discussed the list of data needs at the end, and then the committee also reached the following conclusion.

Dr. Waters: Gregg, could I offer one change here, add a little waffle word? The last sentence says, "This type of approach will be utilized in the future." I wonder if you could change that word "will" to "could" because we seem to be on a fast enough track for this allocation amendment that we're going to have to bypass this method, and we may not come back to use the red grouper method if everything sails through okay.

Mr. Geiger: I think if we take this as a report and if there are any questions at that meeting, I think Gregg and I can respond to them and explain if he's got a question he can call you, Jim.

Mr. Gregg: Okay, then the next item was reviewing the SEDAR data analysis completed by Andi and the analyses of landings data from '86 through '05. The landings data will be updated through '06 and possibly '07. Jack has already sent me some of this so we'll have that flipped around and definitely ready for the June meeting. We approved a motion establishing the four sectors; commercial, for-hire, private recreational and conservation.

We show here the historical catch in terms of percentage for the three fishery sectors, and I was just going to add some clarifying wordage here "for all snapper grouper species combined". That's the chart we looked at yesterday. Then we reviewed the list of alternatives. I have inserted the wording here talking about old Alternative 3 and 4; because if someone goes back and looks at the wording, I don't want them to get confused.

But then here is the new list of alternatives. One is no action; two is the landings data from NMFS or ACCSP; three is catch data from assessments. Alternative 4, and this is our preferred, so I wanted to add that in there, is the Council's judgment based on fairness and equity. This approach would consider any number of factors, including but limited to social and economic values (including demographic shifts) and models when it's available. Landings data will also be used and the Council's view of what fisheries should look like in into the future.

So those are the four alternatives, and obviously, then, under Alternatives 2, 3 and 4 there could be quite a number of sub-alternatives. Definitely for our preferred is where we will be working that up because we'll redo those landings presentations and the catch data from the assessments based on those three fishery sectors, so you'll have all of that. That's now our list of alternatives that we're considering. Then here are the motions that were made yesterday.

Mr. Wallace: Motion Number 1, since it was a four-to-three vote, could we express a minority opinion in this? I want to make that I'm right here with Tom and Rita that it wasn't that we are against three of those items, but basically it's that fourth conservation item that we thought that was – double-dipping is probably not the politically correct word, but it is compounding – help me here.



Dr. Chevront: You know, John, I voted in favor of that and the reason why I did was – and I explained this to Tom and Rita later – that it's not because I think that there has to be a set-aside for conservation everytime, but I really think that the Council should consider conservation as a possible allocation. It doesn't mean they have to do it. I just think that putting it in writing – I mean, we don't have to allocate to any of these four.

It could all end up in one, but the idea of having it on the table saying that we think we should this during allocation, I don't see a problem with that. You're talking about conservation is already built in, but actually those reductions that Gregg had shown us before, that was just to cover the variability that could occur because of measurement error or whatever. It's not truly a conservation already build into it.

What we're getting from the SSC is literally saying this is the maximum level at which fishing could occur, but there is going to be some random variability; so to make sure we don't go over it, we've got to move it down some. That's not same as conservation. That's just trying to make sure that we don't catch too many fish.

There's just going to be that variability that's going to occur in there. I'm not saying that I think that we should include a conservation allocation everytime, but it to me it is a very distinct different category that doesn't already exist somewhere else in the equation, and that's why I voted for it.

Mr. Wallace: I just would like to know that the reason that we had a four-to-three vote was based on this one item, so it's a minority opinion of – while we agree that those other three items are definite; you know, the reason we voted against it was based on the number four, the conservation item.

Dr. Chevront: That's fine; we can include that in there.

Mr. Geiger: And while you're giving explanations; again, when I brought up the issue – well, when Robert brought up the idea of conservation, which I supported, it was with the idea of not taking from one sector and giving allocation taken from one sector to another sector, but if you were to reduce an allocation in some way, taking it and putting it in a conservation bank where both sector would ultimately benefit from the recovery of the stock quicker. That was the notion of the conservation.

Ms. Merritt: And I guess in my situation, the reason I voted against it was – actually two reasons. One, I guess because I was under the impression that allocating was strictly for those sectors who are taking from the species rather than leaving it in the water, leaving a number in the water.

I think that's where my biggest heartburn was just with the word "conservation" because it tends to mean leaving it in the water. And I guess the other part of it is the way it's worded to me reads that Council should allocate among four sectors. To me the way it reads it doesn't actually

read that Council has the choice, but I suppose the Council always has the choice no matter what committees tend to recommend to them, anyway, so I guess that's sort of a moot point.

Mr. Boyles: I think this is a great discussion. I mean, I respect where everybody is on this. Maybe it's the wording associated with it, but my interest in it is I think it sends a strong message that this Council is concerned about the plight of our resources to the degree that we are not going to allocate the very last fish to one of three extractive sectors.

It may very well be we may never get to that point, but I offer it as a point of departure for us to discuss and to deliberate because I think this is going to be where we're going to have to go eventually with some of these species. I certainly appreciate the minority opinion and I respect where you all are with your concerns about it and why. But sometimes words are important and I think sometimes, as decision-making bodies, we've got to start the discussion somewhere and that's why I think it's important. I strongly support the motion, and I strongly respect where the minority opinion is as well.

Dr. Chevront: I see that we may very soon be faced with a hundred percent conservation allocation, red snapper, no take. None of the extractive groups will be allowed to have any of those fish. I mean, the stock assessment is not looking good, so the idea of their being a non-extraction group, that's really what I think it means, that we've put some aside not to be extracted. I think I've heard George use the term "to bank it" to maybe help recover the stock more quickly, but those are all things that for conservation measures I think we need to consider.

I mean, our goal is to recover the stocks. That's got to be the primary thing and be fair about we go about it, but the primary goal has to be to recover stocks that are in trouble, and that's what conservation means to me. I know, John, you're still bristling, but, that's okay, you can –

Mr. Wallace: And I am; I'm just seeing that as the snapper grouper's charge and not the Allocation Committee. I mean, if it gets to where they are – if they see that it's so important there is a no-take, that's their charge, that's not our charge as the Allocation Committee. That's the only thing I'm getting at.

Mr. Boyles: I guess thinking down the road – and, again, maybe I'm mayor of LaLa Land – what I see is if the Council does adopt this motion, the full council does adopt this motion, then I think an outcome is we explicitly recognize as a Council that the framework for allocating has got to include explicitly no-take, regardless of whether it's the Snapper Grouper Committee that makes that recommendation.

I think that's what again – and maybe presuming too much – but presuming the full council adopts this, I think it sends a very, very strong message about the seriousness with which this Council takes the task before us.

Mr. Swatzel: Well, I'd just like to think that when you mentioned red snapper, I mean, from what I understand that's going to be situation where that fishery is going to be closed. I mean, it will be closed and won't be allocated to anybody, so you don't necessarily need to have the conservation allocation for it.

When you're creating these annual catch limits or ACTs, I get a little bit confused on the alphabet soup we've going there, but those are always based on, as I understand it, sustainability. I mean, there is a conservation factor in there already, and it just seems to me that it's a redundant situation to have that other category in there. I respect everybody's opinion on that, but it's just what I think.

Dr. Chevront: Well, there is going to be a lively discussion in June, isn't there, which is great. I appreciate the comments. Just as a general thing, I want to say how much I appreciate the candor that everybody has brought to the table in this meeting and presenting the different opinions.

I think it shows that we're pretty healthy in how we're willing to address the issues that are facing us, including our differences. Okay, can we go back to the other motions? Does anybody have any other issues with the other motions? Actually, I'm going to hand this back to Gregg.

Mr. Waugh: Okay, the other motions are there, if we have any comments or questions about those. Okay, if not, looking at the list for guidance and/or requests, we're just adding a couple to that list that's there. I've added committee providing guidance that was up front getting information from the states and background papers to include salmon and so forth. Then the other thing was to make sure and provide those landings and SEDAR analyses by the three fishery sectors. I think that was all the guidance.

Mr. Geiger: One of the things that I had mentioned before we started the meeting this morning to Gregg was if there was a possibility that in some way we could project, based on our knowledge that it's going to take at least a 10 percent incremental change between each of the items that we saw projected on the proposed rule, to get a measure of reduction from point to point to point to point, and whether or not possibly for June we could have an example of maybe at least one fishery of what it would look like in terms of maybe a fishery that's in bad shape like snowy grouper, and one that's maybe not in as bad shape like amberjack, but if we could have maybe one of each just in hypothetical numbers.

I mean, we know that the Snapper Grouper Committee is going to have to sit and do this in June. We're having our Allocation Committee meeting before Snapper Grouper meets, so Snapper Grouper is going to be making some of these decisions, but we're going to have already met. I'll look and see if we could possibly modify the schedule.

Mr. Waugh: You all will have the information that Snapper Grouper is talking about. We can't move Snapper Grouper up in the agenda because the SSC needs time to deliberate on the snapper grouper issues.

Mr. Geiger: We'll have what they're going to talk about, but we won't have the decisions of the Snapper Grouper Committee that actually apply to that ACL ladder.

Mr. Waugh: Right, and I doubt you'll get decisions – I'm not sure how many decisions you're going to get from the Snapper Grouper Committee on specific species' recommendations

because we'll just be hopefully getting the overfishing level recommendations from the SSC, so the Snapper Grouper Committee may or may not be ready to make their decision about where to set that ACL. I know Roy in particular is going to want to see analyses of the impacts of various levels of annual catch limits and ACTs before they pick a preferred, so I mean –

Mr. Geiger: But we're going to have to provide those ranges for them to do the analysis; correct?

Mr. Waugh: Correct, that's what the –

Mr. Geiger: So we won't have picked a preferred or a final, certainly, but there will be a range selected by the committee, and I think that range is going to help provide insight as to what those numbers may look like in terms of a fishery, because one of the things that we were going to talk about today is what the future of our fisheries should look like.

I think without knowing what the numbers are in terms of biological biomass, I don't know how far we can get in that discussion. So if we've got the Allocation Committee meeting scheduled for June that seems to me like one of the prime things that we would get to the point now where we'd start talking about what we want our fisheries to look like. If we don't have any of the real data to kind of project what they are and what is necessary in terms of a reduction, I don't know how far we can get in June.

Dr. Chevront: Actually, we've got two hours is all we've got scheduled in June. It's not much. One of things I think that we'll probably end up having to do is to look at our range of alternatives and consider the sub-alternatives and that could easily take up the two hours, plus the reviewing of what we're doing here. Would it be acceptable at a later meeting, like in early July or something because we were talking about another meeting, to bring up the issues that you're talking about, give them time to work up what they can, and then we can hash it out at the next meeting after that; would that work? George is nodding his head yes.

Mr. Geiger: I'm sorry, yes, and I think it speaks to the fact that now we need to have another meeting after the Council meeting.

Dr. Chevront: I think that should be clear. We can just jump to that right now because Gregg and I have actually already talked about and compared some ideas for dates for our potential meeting. We're looking at July 8<sup>th</sup> and 9<sup>th</sup>; that's a Tuesday and Wednesday. We were thinking of doing the same thing like we did this time, Monday would be a travel day for those who need it. We'd meet all day Tuesday and half a day Wednesday, same place, same hotel.

Mr. Wallace: That's right after the fourth, and I'm thinking more of Tom and vacation time for everyone to consider. It's not going to affect me, but I'm sure that's one of Tom's busiest times.

(Remark made without turning on the microphones.)

Dr. Chevront: Thank you, Tom, I appreciate that. Those dates seem to be okay basically for everybody, then? That was easy. Okay, great, thank you. Actually, we kind of have discussed a

couple of things. I brought up what we would be discussing at the June meeting, which would be going over what we've done these two days plus look at the sub-alternatives and hopefully come up with some preferred sub-alternatives if at all possible and then setting up that other meeting.

I think we'll probably get more agenda items for the other meeting as it comes out of June because I think we might get some recommendations from full council or guidance on what they would like for us to see and do with this. Gregg, is there anything else that you wanted to discuss on your summary?

Mr. Waugh: No, I've got just a couple of other minor editorial changes that I'll make, and then my intent is to send this out to everybody this afternoon, all Council members so that they'll have it.

Dr. Chevront: And this is going to give you what you're going to need for your meeting week after next. Is there anything else, and other direction that staff needs from this committee at this point before June?

Mr. Waugh: Our intent is to finish our list of to-do's; and here for these alternatives, to have those analyses broken out by the three sectors. We'll have ACCSP representatives coming in to talk about their ability to provide that information as well. I think we'll be in good shape.

Mr. Wallace: I don't know if staff can do this or how we need to work it out, but can we put together something – I think George might have touched on it when I was out – that gives us the priorities in this allocation. Let's just say snapper grouper is a deepwater species and it's very overfished; and if we sit there with the priorities and say, you know, okay, how do we allocate this, the best for the fish, the best for the fishermen.

You know, it could be the no-take scenario is your hundred allocation, but a list of these ten species that we've got to allocate with their priorities of, you know, severely overfished, deepwater, hundred percent mortality rate, those types of things and give the staff leeway to put in the issues that they feel bears concern. This would help us in the July meeting to – we could start putting numbers based on these priorities. Am I making myself clear enough to –

Mr. Waugh: Yes, and I think here what – let me just run through in my mind how we would address that. Hopefully, we would get the overfishing level from the SSC, from the ABC recommendation from the SSC, and then the Snapper Grouper Committee will have some discussions because in 17 we're dealing with these ten species. Those are the ones that we have to have those in ACLs in place January 1, 2010.

The best case scenario is we get some guidance from the Snapper Grouper Committee on what those ACLs and maybe even the ACTs would be for those ten species. So, if we get those numbers then we'll have that to bring to the July meeting. Then the additional item you want is the condition of the stock, whether it's just overfishing or overfished, deepwater, those other considerations that you'll factor into coming up with your allocation. I think that's doable.

Mr. Geiger: And, forgive me, Rick, but I need to go back to this again. Gregg just triggered a question. The SSC is going to set the OFL, correct, so it's not up to the Council. They're going to tell us what the OFL is. And then from the OFL they're going to make a recommendation to the Council of an ABC range, correct?

Mr. DeVictor: Yes.

Mr. Geiger: And then we enter in, selecting from the ABC range, a point from within the ABC range or is the ABC range going to be point specific? We don't know?

Mr. DeVictor: I don't know yet; that's supposed to be decided.

Mr. Geiger: Okay, so it could be a range as we currently have in mackerel or it could be a point specific that we either have to use or we can deviate below. Okay.

Mr. DeVictor: And I think a good way to see it, we are inventing new terms here, but the ideas aren't new, so the OFL could be based on a yield at FMSY. We haven't gotten an MFMT in the past, but it has been a rate. Here we're going to get pounds or numbers of fish. That's your OFL. Then you have something at the yield at FOY, and that could be where the ACL is set. So you have a limit to OFL and a target, which is the ACL.

I think if you start to look at it in those terms for those two. Now, whether or not you have something in between an ACL or an ACT or not, that still has to be decided, but you have those two lines in the sand, so to speak. You could go around that yield to FOY to OY value; and then when you crossed a threshold, so to speak, you could trigger this accountability measure, which you ensure next year's fishing season, you take off the overage, you could do a number of things. And, yes, we will have an example worked out. I have one right now for black sea bass, which is based upon FOY and FMSY from the stock assessments.

Mr. Geiger: Could you send that out, if anybody else is interested in receiving it? I would like to look at it ahead of time, if I could. This is going to be a tough concept to really understand, I think. As much information as we can get as early as possible is going to help everybody I think in digesting this. I understand it's just an example. You could put "draft all over it and "example" so nobody misinterprets, if it gets out to the public, that this isn't locked in stone and that type of thing; it's just an example of new terminology or application of new terms or new rule or whatever.

Dr. Chevront: Okay, do we have anything else that we need to say about the summary report? It looks like we've gotten through all the agenda items, but we had the one thing that George wanted to just have a discussion about what we see as being the future of the fisheries for allocation. George, I'd actually like to ask you to sort of do some of the lead-in on that, if you don't mind, because you're the one who kind of brought up the concept of where we're going to go and how are we going to allocate for the future?

Mr. Geiger: I guess the reason that I kind of looked at the future was because as we look at the history of the Council process and what we've done, we've used certain methodologies for over

25 years. The use of those methodologies may have contributed to the dilemma that we're currently in and the problems that we're faced with overfished and overfishing stocks, and it just seems like they keep increasing instead of going down.

Using catch history was problematic from a couple of perspectives in that certainly catch histories for all sectors are affected by the regulatory process, and it's possible that it could be cyclical in that some regulations affected the commercial sector far more than it affected the recreational sector, and in some cases the regulations over time could have more impacted the recreational sector more than the commercial sector.

By the way, we're making these regulations on an assumption of what a virgin stock would look like, and I don't have much confidence that we were working from a known position of what a biomass was or should have been or originally was when we started this process. And, quite frankly, we never had overfished or overfishing until, what, 1994, Gregg, the Sustainable Fisheries Act that created those terminologies?

But the regulatory process may have been operating – the fisheries could have been in an even more depressed state based on advances in our modeling technologies and stock assessment processes, so we could have been making very false assumptions based on irregularities that were already occurring in the fisheries and we're compounding them by using that bad data.

Then when you look at the changing demographics – and this is where I think demographics play an important role. You know, I didn't cause it; I didn't have any property to sell on the coast, but certainly properties are being sold up and down the coast for a myriad of reasons, and they've become an extremely profitable or extremely important base in community tax rolls, and they get taxed accordingly and physically tax people out of the market.

And along with that reutilization of real estate assets, you've got an influx of people who are lured to the coast because of the availability of properties; and then when they come to the coast, they want to do coast-wise things and that increases the demographic need or desire to access this, what I refer to as a public resource.

And as the resource gets smaller and smaller, you've got a point here where you've got an increasing demand and a diminishing supply, which are economic terms and it scares me, Jim, but there is a problem there. How do you solve that problem? I guess that's where looking to the future, because I don't see it changing – you know, we're not going to revert back and build new fish houses, knock down condominiums to build fish houses and docks.

People are going to continue to come to the coast and continue to want to have access to that resource, and how are you limit that or how should we limit it, and that's where we get in terms of what our fisheries need to look like. I would see looking out at some future point in time and philosophically defining a fishery and then putting management measures in place to ensure that we manage along the way to get to that end goal as opposed to waiting until there's a crisis and we find that the fishery is overfished and undergoing overfishing and have to put regulations in place which may or may not solve the problem, but certainly will create situations where we

have now in the case of snowy grouper with 40-year rebuilding plans or sharks that have 240-year or 440-year rebuilding plans.

I mean, we haven't managed anything. What we've done is we've been responsive to crises as they have arisen and we have done nothing really to try and manage looking forward. That's philosophically where I came up with this looking forward as opposed to managing based purely on catch history, which has always been easy.

Brian and I have discussed this, I know I have discussed it with Robert, I think I've even talked to John about this. You've heard me say similar things. I know I've talked to Rita about it. I don't think I've said anything here – although it may be crazy and wacky, I've said it to a lot of people. So you asked for it; there it is again.

Dr. Chevront: Would somebody like to comment on that at this point? Yes, Robert.

Mr. Boyles: Brian, I just say that from my perspective as a bureaucrat, as a state agency representative, this is a little bit new ground for me at least in trying to exercise or being asked to exercise a little bit of authority that I'm not accustomed to dealing with. It's a really good question that George lays out before us and one that I'm going to have to take a little bit of time to think about before I think I can offer anything of substance in terms of what my vision of the future is.

I mean, I certainly have my own personal views, but these are only my personal views and not those vetted by even some of our staff or our advisory committee, to say nothing of our board, and so I may need to tread lightly for a little bit before I offer anything substantive.

Dr. Chevront: Yes, I'm in the same sort of bureaucratic position that you are in, and the thing that's always drilled into us is that we're managing for everybody, including non-consumptive users, and that's the bureaucratic position that we do. I mean, we don't favor one group over another explicitly unless there is – I mean, I guess shouldn't say we don't favor one group over another because there are times that we actually do, and we have usually good bureaucratic reasons for doing that, but ultimately we're trying to manage for all of the resource users and non-consumptive users.

Mr. Geiger: And, certainly, when I used the demographic of people moving to the coast, you can interpret that as the recreational sector, and I didn't intend that. I understand now from comments here that that may be taken that way, but I think our end user – when I say project to the future, I'm considering all of the user groups. If there can be a commercial fishery there needs to be included in that goal that we manage forward for non-consumptive users. I have spoken to that over the course of the last day and half, so that's all part of it. I'm not saying just create a giant recreational fishing sector and that's it.

Dr. Chevront: No, I'm not taking that as what you're saying. I think we're treading into areas that even me as a social scientist feels a little uncomfortable because that's not my specific area of expertise to project what that future is going to be. I mean, you have planners and all this other stuff who do that sort of things.



I think if we can focus on what we want the fishery itself to look like – and I don't know if it's even possible – focus on what we want the fishery to look like and necessarily who the harvesters are of it. That is a little easier for me to handle conceptually than it is deciding an allocation among user groups and non-consumptive user groups because that's where I get my bureaucratic problems come in is because I don't know how to do that.

Mr. Geiger: And, Gregg, step in here because certainly you have the biological background to correct me or get me back in line if I'm off base in my thinking. But, as we work through the process now we've got a fishery, we get a stock assessment, and there was a target and presuming we didn't meet the target we put some measures in place to try and get us back on target to a point specific.

And that point specific is in today's terms, but I don't think it projects out. It doesn't consider the needs on a grand scale in terms of under an ecosystem-based management concept how that fishery plays into the entire plan. One of the problems is that as you go through the stock assessment process they're just now beginning to talk in terms of including environmental or habitat issues, which have not been done before.

So when you have environmental losses compounding take issues and you could certainly project what the take issues are going to be on an increasing basis, which I don't think are being factored into the process, so they say, you know, OY is a number that you can project out, that's the optimum yield, but I just don't believe that OY satisfies or OY is the number that allows us to manage to a fishery in 20 years.

It allows us to manage to what the results of a stock assessment are today, but we don't look forward at all in terms of what we're going to need or what we need to do, and I'm wrestling with the whole concept myself. You know, it's like trying to drive from here to the airport and using your rear-view mirror in reverse, looking behind you all the way instead of looking out in front of you and getting to where you have a target and where you need to go.

Dr. Chevront: And associated with that you brought up a point, and I've sat through a lot of stock assessments and things. Every stock assessment, your value for OY, like a lot of these statistical numbers, is bounded by a confidence interval. The further you get away from today, the day that stock assessment was done, the wider and wider that confidence, and that means less and less accurate. The idea that you can project out 400 years recovery schedule for a shark species mathematically is ludicrous because that means nothing. It just means don't take any for a really, really, really long time but we don't know what that long time is.

Mr. Geiger: And to that point, Brian, if I may, the way we're managing currently is the stock assessments are lagging two years. From the time that you set the data that's used in the stock assessment and it's been given to us it's two years old. Then by the time we put a management measure in place it's another optimistically two years, probably three years, so right away you're putting a regulation in place to affect a fishery to a point five years ago.

If that fishery were in a downward or an upward trend, that trend, without management measures, has certainly continued in the same direction. There is no reason to believe it, of its own volition, took off in a different direction. So, we're already managing now five years behind the power curve, which I think is contributing again to the problems; this ongoing cyclical problem of everytime we get a stock assessment we're in worse shape; everytime we get a stock assessment we're in worse shape, and it's because we keep looking behind us instead of facilitating or incorporating some way to look ahead.

Mr. Boyles: I want to go back to the comment George made earlier. I didn't take his comments about the future as being, you know, we're going to decide who gets what necessarily. That certainly is a level of discomfort for me as a bureaucrat. I make reference to a policy change that took place in our agency that was manifested a year ago in some legislation where, in essence, we went to the General Assembly and asked for permission to dig a little deeper into a recreational fisherman's creel today to help get in front of the power curve that George just referenced.

From my perspective, very parochially, I've gotten enough backing – we in South Carolina have enough backing that we can continue down that road, and I'm very comfortable with that. I think the broader question of what do we want our fisheries to look like in the future, I offer a couple of comments.

In these settings we have made a much – particularly with respect to the development of a LAPP, we've made much of the statement we want to, quote, professionalize the fishery, and we know what that means among us. Those words have been used against us by folks taken out of context and I think just used to bash us over the head in what we're trying to do.

That's no reason not to go down this road. I think it's a very, very important exercise to talk and have very explicit discussions about what we think the future is and should be because congress, I believe, has given us as much guidance as they're going to give us on questions of allocation, questions of resource stewardship and management.

I look forward to the discussion. I look forward to the debate. I look forward to the outcome. I think some things we're going to have to think about I'm going to need time to think about before I can express to this committee and to the council my vision or even the State of South Carolina's vision for the future of its fisheries. We're going to need to take some smaller steps.

I don't want to rehash the discussion we had yesterday and then again earlier this morning, but I think the allocation among four sectors rather than three, I think from my perspective is an important first step into talking about what the future of our fisheries will look like. That's kind of the level of discussion that I as a committee member and I as a council member am comfortable in having at this point without getting further guidance from our advisors or my board or even our legislature on issues like this. George, I didn't take your comments as, hey, this is a zero sum game and let's take from A and give to B, but my concerns are a little broader than that. Thanks.

Ms. Merritt: I just wanted to say Robert is so articulate, you really do put into perspective many of the thoughts that I have had in the same regard. And as far as needing to look where we think fisheries should be in the future, yes, I don't think you can conduct any kind of business, be it government, private or whatever, unless you have goals and purposes and objectives and you have a vision.

But I also think you completely forget the past because as George said yesterday sometimes we need to know the past so we don't make the same mistakes, and it's good for us to do that. So I am looking forward to it, too, but there are some things that we have to do. And, Robert, you touched on it, we need to define some things first, too, before we can do that, like defining – you know, Robert you said that we all knew what we were talking about.

Well, we don't really all know what we're talking about we call this professional fishery, and I think we do need to define it and put it in writing and make it public so that people better understand that. Just as there are misunderstandings as to what is commercial and what is recreational, we have had that problem amongst ourselves as well.

There are other things, but just reiterating that I do agree with you and I think that's good, and there are a lot of things to think about this. It probably wouldn't hurt for us to all kind of come up with some definitions in our own mind and this vision and start working with a draft of what that is and then go forward and work with it. I think that's all I have to say on that subject.

Mr. Waugh: To a couple of George's comments earlier about how we're managing now; we're doing single-species stock assessments, single-species management, and we're managing to MSY. And certainly OY is a step down from that, but we're getting projections into the future but just for that stock in isolation of its interaction.

That was part of what we were hoping to get to and hope to get to in ecosystem management is how the predator/prey species interact, how environmental interactions affect species, what goes on in the estuary affects a species; like gag, it's estuarine dependent. In fact, we're trying to get a project going that Roger is working with a number of folks to use gag as an example, to look at the environmental factors, the habitat factors.

So that's the place we have to get to, but we're certainly not there yet. We hope to bring that information to the – if the project gets funded in the gag assessment so that it can factored into the assessment. But I think anytime when we get the ability to do those types of interactions, the available yield is going to be lower than what we're looking at now. That's where this idea of allocating for conservation you could allocate for. Ecosystem services is another term that's been used in other places. I think we're headed in that direction but it's going to be a while yet before we start being able to quantify these species interaction.

Mr. Wallace: Well, I understand what George is saying with the philosophical idea of looking at the future of the fishery. You know, we made the statement yesterday and we're managing the fishermen. We're not managing the fish, and George is making the insinuation that we should be managing the fish, but then he was talking about the demographics of the people moving to the

coast, which puts you back to managing the fishermen. And there are just so many variables that go in.

Because of these demographics moving to the coast, we're getting more pollution, we're getting everything that goes involved into it, so I'm trying to be – I don't know if realistic is the right word, but we'll never manage the takers of the fish. I mean, if it's going to be – you know, there's going to be more and more and more. We're not hitting the hard things of – just like we were saying before, we don't even know the universe of recreational.

Yes, we want to have professional commercial fishermen. We can get a handle on that and we can see that as a way to manage the fishery, but we won't take the hard step of the growing aspect of the takers, which is the recreational aspect. We won't come in and ask for a permit. It's like we're scared to do that. Until we take the hard line and say, "Okay, I don't care who it ticks off, this is what's going to happen", then we're never going to manage to the future.

So I'm more to the point of, yes, we've got to deal with what we've got at hand now. We think we've got it under control with the maximum sustainable yield, with the conservation measures that we're putting into place; and whether it works or not, we've tried something, but I don't think that we'll ever be able to sit there and say what is this fishery going to look like in 50 years when there are just far too many variables.

Mr. Geiger: You never know unless you try, John, and, you know, you –

Mr. Wallace: To that, we are trying and that's what we're trying now.

Mr. Geiger: And I guess what I'm encouraging is that maybe we take a – and we may not do anything, but it's certainly worthy of discussion. At least I think it's worthy of a discussion and something that we should think about. It very well may turn out, just like in the allocation thing, in the end we might not do anything. You know, I've been told that as well.

But, if we do nothing, we certainly will have beat the horse until it is lifeless, and we know we've done our best in an effort to try and do what we believe to be the correct thing, and we may have done it by doing nothing. In this particular case I think it's worthy. I actually understand what MSY is finally after six years. But, MSY, I've never heard anybody say where MSY is in a point in time.

You know, on that history of art that's on the wall behind you it says "maximum sustainable yield at what point in time?" Does the word "sustainable" mean that it implies automatically that if we maintain this level forever it's going to satisfy the sustainability of the stock and the ecosystem or just the stock or is it even thought of in terms of sustainability in long-term 20-year increments or is that sustainability a short period of time?

I don't know; nobody has ever defined the word "sustainability" and what MSY is in terms of human years. That's one of the questions that I have about managing to MSY. The scary part is that – and we deal incrementally with these stock assessments and putting regulations. I think if there was a painting or a vision that people could see out into the future that projects what the

needs are going to be of our population possibly – and I think you can project that because, you know, you’ve got a growth curve already for coastal counties.

Most of these counties all are projecting growth and you can project growth such as it is. The states keep statistics that have licenses on new licensees and the percentage of new licensees based on growth and new population. In the recreational sector I think you could project out there what it possibly could be given today’s knowledge of that particular demographic data.

You can also look in terms of the commercial industry, knowing that you’ve got a number of vessels and they’ve been decreasing over time by a rate, so you know that if we don’t put a LAP Program in place that potentially the vessels will probably keep decreasing in number over time. I think without doing anything else that’s eventually going to happen.

That’s what I keep hearing from our own AP members who said, “We’ve only got eight years left in the industry; just leave us alone and we’ll bow out gracefully.” I have heard that; they told me that, “Just leave us alone; we’re going to bow out gracefully. There is nobody new coming into the industry.”

I think those are the types of considerations and I think it would help people understand that the reason they’re not going to have a bag limit anymore but they’re going to have a boat limit, and the fact that you’re going to maybe have to submit for a lottery tag to go catch a snowy grouper at some point in the future, which I firmly believe is going to happen –

Mr. Wallace: As a recreational?

Mr. Geiger: Yes.

Mr. Wallace: All right, then, that is what I’m saying, George, is put it there and see where –

Mr. Geiger: That’s what I’m saying and –

Mr. Wallace: I mean, throw it out there now and say, “Okay, guys, we’re fixing to have a limited entry on recreational,” and see what they hang you by.

Mr. Geiger: John, I don’t give damn; they’ve already hung me, and I’ve got the swollen body parts to show it, but it doesn’t matter. I’m a believer that we need to do what’s right for the resource, and that’s part of what I’m talking about in projecting for the future that the potential out there, based on this projected growth and access issue and MSY, if it’s a number that clearly demonstrates what it needs to be sustainable and you apply that MSY number 20 years hence, what it’s going to look like to people so they understand it.

I mean, they’re going to get there eventually but it’s important for people to understand that now because in fact we probably aren’t doing enough today to ensure that we’re going to get to that point 20 years out. And if we need to do something to get to that point 20 years out today, we ought to be doing incrementally that in some type of a system or a systematic ramp down, as you ramp up demand, to get us there.

But each time we do it we're trying to take a sector of that timeline and we use it and we put a regulation in place and we find out, well, we were five years late so it didn't do what we needed it to do so now we've got to do something else and people get – you know, it's a death by a thousand cuts instead of understanding the problem. People will be outraged but I didn't create it; I didn't do it.

Mr. Wallace: But you're going to get the blame for it.

Mr. Geiger: I don't care.

Mr. Wallace: And that's fine, but, I mean, not you, the council, you know, you're going to get the blame for it, and that's just human nature. But the thing is it's just what we're saying, what I said earlier, we've got a handle on the commercial side, the commercial side is decreasing. We don't have a handle on the only increasing side, which is the recreational.

So, it's either to take the hard step and say, "Okay, commercial, we're going to leave you the hell alone because we know what you're doing and we've got an idea of what it is, but, recreational, we're fixing to cut you off." And if that's the approach that we're going to be taking, I've got no problem with it; I'm not a recreational guy. But I do know what it's going to do to the perception of the councils; it's going to be hard to get it done; you're not going to have any political support. I'm realistic to the point that it will never fly.

Mr. Geiger: And, here again I've got to tell you that NOAA Fisheries is taking the steps necessary to put those measures in place. I mean, you can't just arbitrarily do these things.

Mr. Wallace: Then we are managing to the future. If they're taking them steps now, we are managing to the future. Do we need to speed up the process? Yes, but by speeding up the process we're creating political controversy, and that is human nature.

Mr. Geiger: And I'm going to take a bit of exception; I don't think MRIP is going to help us manage to the future. What MRIP is going to do is provide more accurate data on the recreational fishery as it currently exists, because they're not going to be asking people about their trends or what they believe they're going to do in the future.

Although some of the last stuff that we added to the list would develop that type of information as a projection, because if you had to buy to another license, it might affect people; if they knew the bag limits were going to be reduced by so much, it might affect people, so that could give you a projected trend, the last part of it.

And, Bob or Gregg, correct me if I'm wrong, but the MRIP Program is designed to update the collection of real-time data on the recreational sector and improve the accountability of the recreational sector in terms of what it's doing, and what they're going to do is they're going to put a registration in place if a state does not have an acceptable license frame to get a universe.

Then they're going to sample that universe. I don't think MRIP is going to look tremendously different as a program than it currently is. I don't know how much more you can do other than increase the amount of sampling or the numbers, the rate of sampling, increase the questions and the pertinence of the questions that are asked on the sampling form.

I think that's important and will go a long way, so if you have better questions, more questions, more germane questions, asked more times of people who are doing it, then that data is going to become better. And if we can get to the point where that data can be provided to the management activities in a more timely basis, it can be used in real time or as close to real-time management as we can get it, as we currently have within the commercial sector.

So that's currently being worked on and they have a mandate to have a plan in place by 2010, but there is going to be an overlap period, as they talked about yesterday, where they're going to have to beta test the new collection system against the old collection system and then have a conversion to try and use so they can use data for trending, so that they can use all the data that's been collected.

That's a hell of a big data set of time to just totally abandon and throw away. I don't think that would be a very wise thing to do. It's useable for something. And I agree, but that's not going to help us project to the future. I think that effort is going to take some other imaginative work in terms of trying to analyze as best we can the future.

Mr. Wallace: That's your back to managing the fishermen and not the fish. All of this time the fish are decreasing and it's –

Mr. Geiger: Well, let's define how we manage the fish. We're always going to manage the – because the fishermen are who impact the fish, okay, so you're going to have to know what known biomass you need out here to reach, and then you're going to have to manage the actions of the people who are accessing them, commercial, recreational as well as non-consumptive users like divers who can impact habitat.

I mean, divers can have as big an impact on habitat as anybody else by stepping on and turning coral heads over just looking at things, anchoring their boats in areas where they shouldn't be, so they can have that same type of non-consumptive impact on an ecosystem that somebody who is extracting fish out of the resource.

But I think unless you understand all those things and you put management measures in place, you're going to have to manage the people who are impacting the stock. And by managing how you get to that point, the actions of the people and how you get to that point, you're ultimately going to manage to the success of the fishery as you move that moving target out as to what the fishery should look like.

I don't know if it's possible or not; and like I said it might be a crazy idea, but I throw it out there for debate. I'm not personally – and it's my personal idea, and I just personally look at what we've done for the last 25 years, and it just seems like there's a better way to do it. And to keep

doing what we've been doing and continuing to make the errors that we've made over time, which has put us in this box, is unconscionable, I think.

Dr. Chevront: Okay, for a while now we've had Tom and Rita both –

Mr. Geiger: I apologize to you guys.

Mr. Swatzel: I'm not sure how you can effectively manage anything if you don't know where you are today. The thing that troubles me was the description that, George, you just made of the data having anywhere from a two- to five-year lag concerning management decisions. If we were running a business and we had profit and loss statements that were that far behind, we'd all be bankrupt.

I just don't know how you do that, but the issue is what can we do to make that better because until you make that better, I don't know how you're going to resolve the problems that you're talking about here. Again, being new I'm not that knowledgeable about the things that might need to be done, but I'm sure there are some things that could be done to make the data more timely.

You know, you've got multi-billion dollar businesses with hundreds of thousands of employees that are able to get a quarterly financial statement out within your quarterly time period, but yet from a fishery standpoint it takes two years to get some kind of a P&L out concerning the status of the stock and it just doesn't make any sense.

Mr. Geiger: To that point, Tom, you make a great point about being bankrupt, and I think we are bankrupt. That's one of our problems. But, I think the first things that we have to do is recognize where we are, and I think that's important to stand up and say we are this point where we've got to do something different.

If we're bankrupt and what you're saying is a bad system and a failed system, what are we going to do about it? If you sit back and you do nothing, we're just going to continue on down the same path, so this is a departure point. You know, call it what you want, maybe it's not the future of fisheries.

Let's put another title on it, but I believe we need to do something different or we're going to stay bankrupt. And, what it underlines is the fact that we need to make – as a Council we need to make the hard decisions that are identified to us. When we talk about doing things, we're always talking about a range of options and doing the economic analysis and picking the short-term economic – the one that has the least amount of economic impacts on people.

By doing that, taking the easy way out or the most expedient way out on a short-term basis and then you add it to the fact that we've got this system that is lagging, that compounds it, so if you draw a line in the sand and you say we know where we are with this failed system and we need to do something different in the future, well, then, we need to work to make the changes as we've identified to correct the system.



And we can only do that if we 'fess up and we know there is a system and we scream loud enough that we want it fixed and on top of that we make the decision, the hard decisions as a Council to work for the benefit of the resource as opposed to taking the short-term economic decision that just prolongs the agony, because we'll be revisiting again at the end of the next stock assessment. It's just a death by a thousand cuts. Then at the end the guy is cut up a thousand times and dies, but there is no resource left to even recover. We have got a history of resources that have not recovered from problems exactly resulting from the process that we're in now.

Ms. Merritt: Just a quick question. We can't be the only ones that have addressed this, even though we are probably one of the – we are either the smallest or the second smallest of all the councils. This question is for Gregg or Bob. Are any of the other councils looking at doing this or have they already done it?

Mr. Waugh: Every council is going to have to do it in order to come up with their ACLs. I don't know the specific stage. Maybe Bob or George, from the last couple of chairmen's meeting, or whether it's on the agenda for this upcoming one, I don't know, but this is something that's going to be necessary for determining your annual catch limits for the overfishing species January 2010 and then for all species January 2011. So it's something every council is going to have to do.

Mr. Geiger: I see our man moving to the table, and you may bail me out here. I'm going to let Bob talk first before I say something, which I'm probably going to regret more than –

Mr. Mahood: Well, I was just going to point out to Rita it's already happening in the Gulf. You're seeing some drastic reductions in catch. The State of Florida refused to go along with the closures. That means that Roy may actually take action to close the federal fishery. If he thinks that the total annual catch limits will be taken in state waters, he'll have to close the fishery in federal waters.

That will have adverse impacts on some people that pursue the fish in federal waters and give benefits to those who only fish in state waters. That's one thing we're seeing right now. I talked to Dan Furlong and folks up there on summer flounder. It's going to be horrible in the flounder fishery.

You're going to have major closures in the recreational fisheries up there that is going to have the impacts that John said. There are going to be people – they're raising hell up there. So, it's starting to happen, and I think what really portrays it the best to me is we had a CCC call with Hogarth, and he told us all he was glad he was getting out of here before the train wreck occurred, because the train wreck is coming. That's what we're looking at are the managers.

Mr. Geiger: Yes, and we could sit back and we could wait for the train wreck or we could be proactive as I'm proud to say that this Council has always been under the direction I think primarily of staff.

Mr. Mahood: We serve.

Mr. Geiger: You serve but you serve well, and the Council has always acted in a proactive manner and effort to try and do the right thing for the resource and the people who are benefiting from the resource. We're at a point in time now where I just think it's not time to wait and see what other councils are doing, because the makeup of this Council is completely different than other councils as well.

You look at the makeup of other councils, and we've all read the fingerpointing that's been done about the financial interests and the fox guarding the henhouse and that type of thing, and that's not what this Council is about. I've never perceived that. I've always perceived the Council is being proactive, and we have a lot of frank and open discussions and eventually we do the right thing as best we believe it to be at the time.

I just think that historically we're now seeing some of the fruits of that labor, which was all done with good intentions, and I said yesterday under scientific advice, which has not necessarily panned out to be the best scientific advice based on a lot of unknowns or uncertainty in the process.

And as a result of all that conglomerate historical failure over time, we have been blessed and awarded and pinned with the Magnuson-Stevens Reauthorization Rose, which takes away a lot of the judgmental calls that we were able to make and are now going to be stuck with the Science and Statistical Committee's limit and reductions below that to make sure that our judgment doesn't interfere with actually getting the job done.

Dr. Chevront: Which really points out with the Reauthorized Magnuson Act the job of the councils really did change to some degree as we are now becoming more economists and social engineers. I mean, we're making not necessarily biological decisions like the council used to make before when they would set catch limits and things like that.

We're stuck dealing with managing people. Like it or not, that's what we do, we manage people. And my background in fisheries, that was always sort of a joke because we were always the minority when it comes to fisheries management. The biologists would say, you know, they think they can manage fish; they can't. What we're doing is really managing people.

You cannot make a fish mate. I mean, you cannot increase the number of fish out there, but you can affect the removal by people. There still are elements that affect our fisheries that we can't control because they're not under our purview. We can't control pollution. We can't control development. We can't control who can move to the coast and who can't.

We can't tell people where they can go on vacation. All we can do is say who gets to take what out of the water, and that's kind of what we're trying to do here, and it's a tough, tough job. The whole idea of being social engineers really is kind of scary, but that's kind of what we're about, trying to do it to protect the species. Okay, John.

Mr. Wallace: Two things based on what Tom was saying what the normal business world does and what we're put into in a government office is we're not getting the funding. They assign the

money in order to get those reports out, in order to get the data that they need and do all that. We don't get assigned the funding. If we did, we'd have research boats out there checking biomass daily.

That's the bigger issue and really an issue of contention with me is they tell us we've got to do this, but then they don't give us enough money to do it properly, and that's a big contention. The other is, George, if you'll bring up the motion of a limited entry for recreational fishermen at the next Council meeting, I'll second it for you and then we can curtail this fishery management and go that route.

Dr. Chevront: Wow, George, do you want to make a motion?

Mr. Geiger: You know, one of my real concerns – and I'm saying this on the record – is that when you hear these things about the death of the commercial sector and the fact that the commercial sector is eventually going to winnow away, there are actually people out there in the recreational sector who believe that there is going to be some windfall bag limit increase and windfall – I mean, it's crazy, the crap I hear. You have to stop this stuff.

If people say things often enough and loud enough and are not worried about the facts, I guarantee you it will become fact, and then you're going to have to fight that battle all over again. This is not about what I want to do here. We've got to show people and demonstrate to people that this is a finite resource, and it's not something that we're all going to have some windfall, you know, because somebody goes away we're going to get something else.

That's not what this is all about. This is making sure that we've got a resource out there that at some point your grandkids or other people are going to be able to access and enjoy to some degree. I don't know what that degree is going to be, but I'll bet you my salary as chairman, twice my salary as chairman that it damned sure ain't going to be out here what it is today. And there are people who don't believe that.

Mr. Wallace: To that, though, this is just the same argument that you tell all these commercial guys is that as soon as we rebuild you're going to get an increased TAC, so we're putting that argument out there. We're throwing that out at them, oh, when we get all this stuff done, you're going to get a benefit out of it, and now you're saying, no, there is never going to be a benefit.

We've got to even say, "Look, guys, your benefit is you get to stay in the fishing business. I ain't guaranteeing you're going to catch more fish. There might be less fishermen and you get a bigger piece of your pie, but there's never going to be more fish." Don't be blowing smoke up these guys' butts saying that by doing all these management factors, you're going to have more fish. That's about it.

Mr. Waugh: Well, two things. To that issue of rebuilding, again, look at the paper that was in that backup folder for this meeting, "What's Next?", because that gives a realistic picture based on the assessments we have now, what the quotas are now and what's going to be available in the future based on the allocations that are there. So, I think the fishermen are getting a better understanding of what yield is there.

To George's point about certain interests feeling there is going to be a windfall, I think Amendment 17 and then the Comprehensive ACL Amendment are going to change their minds because regardless of how we do the allocations, when you look at – if you're, for instance, in the recreational sector and you look at what your quota is, even if you add that commercial quota there, that's not going to allow any relaxation. I mean, it's coming, the documents will start to crack that belief.

Dr. Chevront: We're getting to the end of our allotted time and our numbers are slowly dwindling. I think we've had a really good discussion on this. I mean, people brought out some good things, and I think I, for one, have a better appreciation where other folks are coming from on this.

I know we all don't agree with each other on everything, but we're in it together, and we're going to find a way to make it work. I trust that's what our next months, as we're working on this amendment, are going to try to help us do. We already know we're going to be in enough hot water with the constituencies. Whether they're our constituencies or the other constituencies, this is a tough job. I'm glad we're taking it on, but it's tough.

Mr. Geiger: And I have to apologize to Gregg, and I certainly don't mean any offense by talking about the history of the Council, and it has to be disappointing to staff in certain degrees. The Council is made up of very diverse people who have different ideas and it turns over and it changes. It's made up of everybody, and I think everybody has always intended to do the right thing, but in trying to do the right thing the results always don't come out as they want them to do and as everybody dreams they will.

I think humans are always bound to try and take the path of least resistance and do – again, I don't want to be disparaging, but unfortunately I think it's a human trait, and it doesn't always result in the best in the end result. I think we're seeing that and that's no reflection on the staff and what you guys have done.

Mr. Waugh: And, certainly, it's no offense taken. What does bother me and I think casts a negative light on the Council is when others make the comment that certain species are still overfishing, have been overfishing, and the Council has done nothing to change that. Not you, that comment has been made by others.

Certainly, the Council has responded to stock assessments in many cases, probably most cases, not all cases, but the Council has taken an action that the stock assessment we had at that time said would end overfishing. And to me, I think once you lay all of that out, then it's fine to say we've got species that still are undergoing overfishing.

It's not because the Council didn't take the necessary action. Our understanding of the stocks is changing dramatically and we're just now understanding that our available yield is very low and our discard mortality is very high. So, we don't take offense at your comments. I mean, we are where we are and we need to figure out how to get out of this hole.

Dr. Chevront: Well, on that happy note, unless somebody else has something else to say, the meeting is adjourned. Thank you so much.

(Whereupon, the meeting was adjourned at 12:01 o'clock p.m., April 9, 2008.)

Certified By: Brian Chevront Date: June 10, 2008

Transcribed By:  
Graham Transcriptions, Inc.  
April 2008

**SOUTH ATLANTIC FISHERY MANAGEMENT COUNCIL**

**ALLOCATION COMMITTEE MEETING**

**Southern Wesleyan University  
North Charleston, SC**

**April 8-9, 2008**

**TABLE OF MOTIONS**

PAGE 71: The motion would be that we recommend that the Council, in their deliberations, allocate among four sectors; those being commercial, recreational, for-hire and conservation; a reinvestment or something else. Motion carried on Page 75.

PAGE 87: All right, for discussion, I'd like to make a motion that we move Alternative 2 into the appendix as an alternative considered but eliminated from consideration. Motion failed on Page 91.

PAGE 92: The motion is to amend Alternative 3 to read: Council's judgment based on fairness and equity. This approach would consider any number of factors, including but not limited to social and economic values (including demographic shifts) and models when available, landings data and the Council's view of what fisheries should look like into the future. Also, move Alternative 4 to Appendix A. Motion carried on Page 95.

PAGE 95: Make a motion that we recommend to the Council that Alternative 3 be our preferred. Motion carried on Page 96.

DRAFT

**SUMMARY REPORT  
FROM THE ALLOCATION COMMITTEE MEETING  
North Charleston, South Carolina  
April 8-9, 2008**

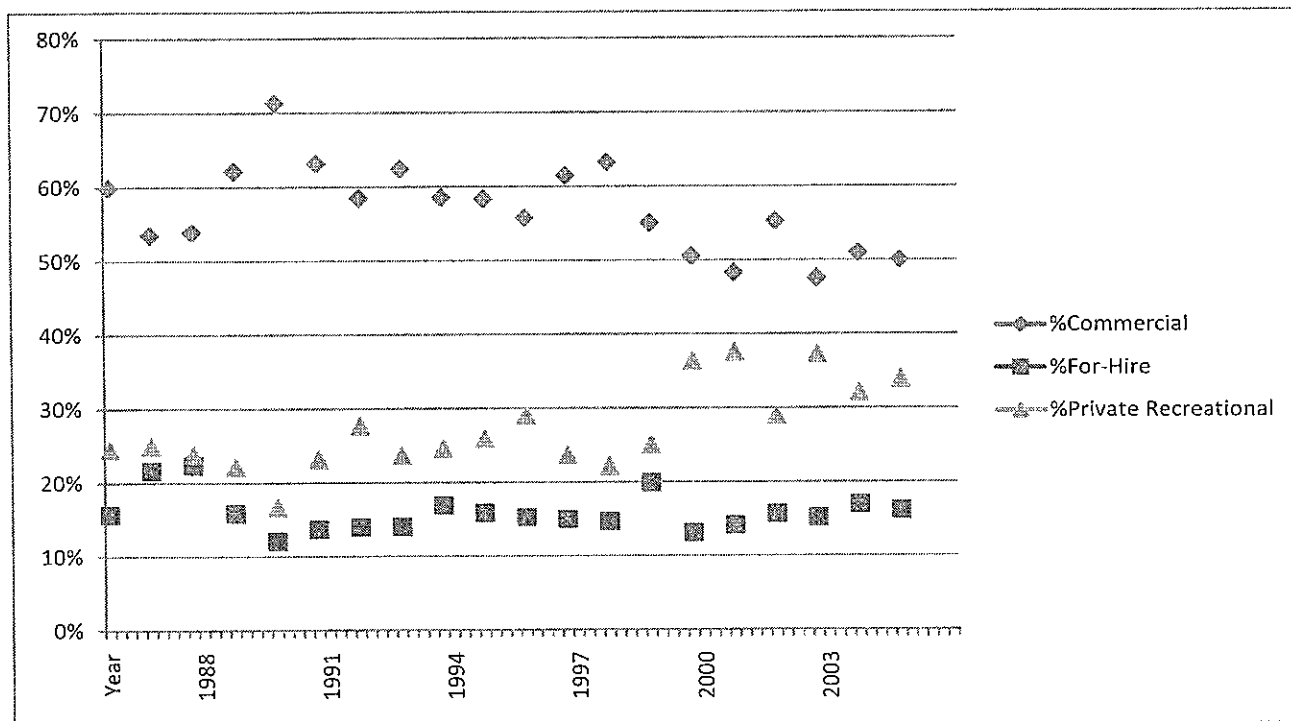
The Allocation Committee met on April 8<sup>th</sup> and 9<sup>th</sup>, 2008 in North Charleston, South Carolina. The committee received a report from Gregg Swanson, Graduate Student Intern, summarizing the public scoping comments. The committee requested clarification of some of the numbers (see list of recommendations below).

Gregg Waugh, SAFMC Staff, then reviewed the list of items requested from the February and March committee meetings; progress is being made and it is expected that all items will be completed by the June meeting. The committee provided guidance to get information from the states that have made allocation decisions (e.g., FL, TX, GA, and AL). Background papers are to include salmon (but make sure relevant to the allocation issue), federal management of terrestrial and avian species (i.e., all living public resources), and marine examples with a recreational & commercial component. The committee also added two items shown in the list below.

Dr. Jim Waters, NMFS SEFSC, then gave a presentation on the allocation work done in the Gulf of Mexico on red grouper. --add conclusions from Jim's slides here---

The committee discussed the attached list of data needs for net benefit analyses. They also reached the following conclusion: "Net Benefit Analyses – The theoretical model used for red grouper in the Gulf of Mexico has application for use in the South Atlantic, however, data are not available to complete the necessary analyses for the 10 species in Snapper Grouper Amendment 17. This type of approach will be utilized in the future as the data become available and the net benefit analyses are completed. These analyses should be completed as soon as practicable after the data are collected."

Gregg Waugh, SAFMC Staff, reviewed the SEDAR data analyses completed by Andi Stephens (SAFMC Staff) and the analyses of landings data from 1986-2005. The landings data will be updated through 2006 and possibly 2007 by the June meeting. The committee approved a motion (see below) establishing four sectors for allocations: commercial, for-hire, private recreational and conservation. Historical catches (percentages) for the three fishery sectors is shown below:



The committee then reviewed the list of alternatives and combined old Alternatives 3 (Council’s Judgment) and 4 (Detailed Economic and Social Models – when available) and moved immediate consideration of old Alternative 4 (Detailed Economic and Social Models) to Appendix A (Alternatives considered but eliminated from detailed evaluation.). The revised list of alternatives is as follows:

**Alternative 1.** No Action.

**Alterantive 2.** Landings Data from NMFS or ACCSP (Atlantic Coast Cooperative Statistics Program; [www.accsp.org](http://www.accsp.org)) Databases.

**Alternative 3.** Catch Data from Assessments (including discard mortality).

**Alternative 4.** Council’s judgment based on fairness and equity – this approach would consider any number of factors including but not limited to social and economic values (including demographic shifts) and models, when available; landings data; and the Council’s view of what fisheries should look like into the future.



**The following motions were made:**

**MOTION #1:** RECOMMEND THAT THE COUNCIL, IN THEIR DELIBERATIONS, ALLOCATE AMONG FOUR SECTORS: (1) COMMERCIAL, (2) RECREATIONAL, (3) FOR-HIRE, AND (4) CONSERVATION.  
APPROVED BY COMMITTEE

**MOTION#2:** FOR THE PURPOSES OF ALLOCATION, RECOMMEND THE COUNCIL ESTABLISH A CONTROL DATE OF 4/8/08 FOR ALL FOR-HIRE FISHERIES FOR WHICH A CONTROL DATE IS NOT ALREADY IN PLACE.  
MOTION WITHDRAWN (At the June 2007 meeting, the Council approved a control date of 3/9/07 for all for-hire fisheries under Council fishery management plans.)

**MOTION #3:** MOVE ALTERNATIVE 2 (CATCH DATA FROM ASSESSMENTS) TO APPENDIX A (ALTERNATIVES CONSIDERED BUT ELIMINATED FROM DETAILED CONSIDERATION).  
DISAPPROVED BY COMMITTEE

**MOTION #4:** AMEND ALTERNATIVE 3 TO READ: COUNCIL'S JUDGMENT BASED ON FAIRNESS AND EQUITY – THIS APPROACH WOULD CONSIDER ANY NUMBER OF FACTORS INCLUDING BUT NOT LIMITED TO SOCIAL AND ECONOMIC VALUES (INCLUDING DEMOGRAPHIC SHIFTS) AND MODELS, WHEN AVAILABLE; LANDINGS DATA; AND THE COUNCIL'S VIEW OF WHAT FISHERIES SHOULD LOOK LIKE INTO THE FUTURE. ALSO, MOVE ALTERNATIVE 4 TO APPENDIX A.  
APPROVED BY COMMITTEE

**MOTION #5:** RECOMMEND TO THE COUNCIL THAT ALTERNATIVE 3 (COUNCIL'S JUDGMENT BASED ON FAIRNESS AND EQUITY) BE OUR PREFERRED.  
APPROVED BY COMMITTEE

**The committee provided the following guidance and/or made the following requests:**

1. Staff clarify some of the numbers of attendees listed in the summary of scoping comments.
2. Staff work with Dr. Jim Waters, NMS SEFSC, to compile a list of data needs for net benefit models.
3. Staff compile a list of socially relevant data, what's been done, what's helpful for net benefit analyses and allocations.
4. Send the final list of data needs for net benefit analyses to the MRIP program.

## LIST OF DATA NECESSARY FOR NET BENEFIT ANALYSIS

### I. COMMERCIAL

- a. TRIP-LEVEL LANDINGS, PRICES, CREW SIZE, AREA FISHED, COUNTY LANDED, AND GER-SPECIFIC FISHING EFFORT.
- b. TRIP-LEVEL COSTS – GAS, BAIT (POUNDS & \$), ICE, CREW PAYMENTS, FOOD AND MISCELLANESOU SUPPLIES.

### II. CONSUMER – NEEDED FOR COMMERCIAL ANALYSIS

- a. DISPOSABLE INCOME, POPULATION SIZE, AND CONSUMER PRICE INDEX.
- b. WHOLESALE PRICE, DOCKSIDE PRICE, AND LANDINGS OF SUBSTITUTES AND COMPLEMENTS.
- c. AMOUNT AND VALUE OF FRESH AND FROZEN IMPORTS.

### III. CHARTER

- a. CHARTER FEE, TRIP COST, OTHER TRIP CHARACTERISTICS
- b. NUMBER FISH BY SPECIES KEPT PER UNIT EFFORT, NUMBER FISH DISCARDED BY SPECIES PER UNIT EFFORT, LENGTH AND WEIGHT PER FISH
- c. NUMBER TRIPS BY COUNTY

### IV. HEADBOAT

### V. PRIVAT RECREATIONAL

- a. SPECIES OR SPECIES GROUP TARGETED

South Atlantic Fishery Management Council  
Staff

**Executive Director**  
Robert K. Mahood  
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**Deputy Executive Director**  
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GREGG SWANSON

# South Atlantic Fishery Management Council 2007 - 2008 Committees

## ADVISORY PANEL SELECTION

David Cupka, Chair  
Robert Boyles  
Brian Chevront  
George Geiger  
Tony Iarocci  
Rita Merritt  
Staff contact: Kim Iverson

## ALLOCATION Committee

Brian Chevront, Chair ✓  
Duane Harris ✓  
George Geiger ✓  
John Wallace ✓  
Rita Merritt ✓  
Robert Boyles ✓  
Tom Swatzel ✓

## ECONOMICS

Robert Boyles, Chair  
Brian Chevront  
Mac Currin  
Roy Crabtree  
George Geiger  
Duane Harris  
Rita Merritt  
John Wallace  
Staff Contact: Kate Quigley

## ECOSYSTEM-BASED MANAGEMENT\*

Duane Harris, Chair  
Columbus Brown  
Roy Crabtree  
David Cupka  
Mac Currin  
Brian Chevront  
George Geiger  
Tony Iarocci  
Rita Merritt  
Mark Robson  
Susan Shipman  
Staff contact: Roger Pugliese- FEP  
Gregg Waugh- FEP Comprehensive  
Amendment

## ENVIRONMENTAL IMPACT / NEPA

George Geiger, Chair  
Robert Boyles  
Columbus Brown  
Brian Chevront  
Tony Iarocci  
Rita Merritt  
Mark Robson  
Brian Sullivan  
Staff contact: Rick DeVictor

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Duane Harris, Vice-Chair  
David Cupka  
Mac Currin  
Susan Shipman  
Staff contact: Bob Mahood

## FINANCE

David Cupka, Chair  
Mac Currin  
George Geiger  
Duane Harris  
Susan Shipman  
Staff contact: Bob Mahood

## GOLDEN CRAB

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John Wallace, Vice Chair  
George Geiger  
Staff contact: Gregg Waugh

## HABITAT & ENVIRON.

PROTECTION  
Duane Harris, Chair  
Robert Boyles  
Columbus Brown  
George Geiger  
Vince O'Shea  
John Wallace  
Staff contact: Roger Pugliese

## HIGHLY MIGRATORY SPECIES

Rita Merritt, Chair  
Brian Chevront  
George Geiger  
Brian Sullivan  
Tom Swatzel  
Staff contact: Gregg Waugh

## INFORMATION & EDUCATION

Robert Boyles, Chair  
Columbus Brown  
Mac Currin  
George Geiger  
Mark Robson  
Brian Sullivan  
Tom Swatzel  
Staff contact: Kim Iverson

## KING & SPANISH MACKEREL

David Cupka, Chair  
Roy Crabtree  
Mac Currin  
Brian Chevront  
George Geiger  
Rita Merritt  
Tom Swatzel  
Ron Smith, Mid-Atlantic  
Representative  
Jack Travelstead, Mid-Atlantic  
Representative  
Staff contact: Gregg Waugh

## LAW ENFORCEMENT

George Geiger  
Duane Harris  
Rita Merritt  
Brian Sullivan  
Tom Swatzel  
John Wallace  
Staff contact: Gregg Waugh

## LIMITED ACCESS PRIVILEGE PROGRAM COMMITTEE

Rita Merritt, Chair  
Robert Boyles  
Roy Crabtree  
David Cupka  
Mac Currin  
Brian Chevront  
George Geiger  
Tony Iarocci  
Susan Shipman  
Tom Swatzel  
John Wallace  
Staff contact: Kate Quigley

## MARINE PROTECTED AREA

Tony Iarocci, Chair  
Mac Currin, Vice Chair  
Columbus Brown  
George Geiger  
Duane Harris  
Brian Sullivan  
Staff contact: Gregg Waugh

START 4/8 - 8:45 AM  
RECESSED 4/8 - 4:20 PM  
JIM WATERS - NMFS RECONVENED 4/9 - 8:51 AM  
ADJOURNED 4/9 - 12:01 PM

# PLEASE SIGN IN

So that we will have a record of your attendance at each meeting and so that your name may be included in the minutes, we ask that you sign this sheet for the meeting shown below.

Allocation Committee Meeting  
North Charleston, SC  
Tuesday, April 8, 2008

NAME &  
ORGANIZATION

AREA CODE &  
PHONE NUMBER

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CITY, STATE & ZIP

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