



Snapper Grouper Amendment 20A – Wreckfish

Snapper Grouper AP October 2011 –
Charleston, SC

Decision Document

Background and need for this amendment:

When the Wreckfish ITQ program was implemented in 1992, the Total Allowable Catch (TAC) was set at 2 million pounds whole weight (ww). The fishery has changed significantly over the last two decades. For many years, there have been 25 shareholders but less than a handful of active participants (i.e., shareholders with commercial wreckfish landings). Between fishing years 2001-02 and 2008-09, landings averaged around 172,000 lbs (ww), but increased to more than 216,000 and 257,000 lbs (ww) in the past two fishing seasons (2009-10 and 2010-11), respectively. Commercial landings in 2010-11 were the highest since the 1996-97 fishing season. Participation has also increased slightly in the last two fishing seasons, though the number of shareholders is also expected to decrease slightly this year. While the effort of the active shareholders account for all of the landings, their ITQ shares represent less than 60% of the total shares. The 2012 ACL is expected to be set at 250,000 lbs (ww) under the Comprehensive ACL Amendment (SAFMC 2011), which represents more than an 87% decrease from the current TAC. Because the recreational sector is being given a 5% allocation, the commercial sector's ACL will be 237,500 lbs (ww). With this significant reduction in the commercial sector's allocation, each shareholder's ITQ in terms of the annual pounds (coupons) that he/she will receive under the new ACL will also be reduced by more than 87%. Thus, active shareholders, captains, crew, and dealers who depend on a certain level of wreckfish production to maintain their operations will be particularly affected by the reduction in the commercial ACL.

Specific goals and proposed actions of the amendment:

The overall purpose of this amendment is to adjust the distribution of wreckfish shares in order to remove inactive effort from the commercial sector and allow the commercial sector's ACL to be harvested and thereby achieve Optimum Yield (OY) in the fishery. To achieve this, the proposed actions will 1) define and revert inactive wreckfish shares; 2) redistribute reverted shares among remaining shareholders; 3) define a cap on the number of shares one entity may own; and 4) establish an appeals process.

Specific actions and alternatives being considered:

At the June 2011 Council meeting in Key West, Florida, the Council decided to separate Amendment 20 into 20A and 20B, in which 20A would have only four actions that would revert and redistribute inactive shares, establish a share cap, and set up an appeals process. All other actions in Amendment 20 would be considered for Amendment 20B at a later time.

In September, the Council selected preferred alternatives and approved the amendment for public hearings. Public hearings have been scheduled for the week of November 14, 2011.

General Timing for this Amendment:

1. Approve for public hearings – September 2011
2. Public hearings – November/December 2011
3. Review comments, final review and approval for formal review – December 2011
4. Send to Secretary of Commerce – December 2011

Action 1. Define and revert inactive wreckfish shares.

Alternative 1: No Action. Do not define or revert inactive shares for redistribution.

Alternative 2: Define inactive shares as shares belonging to any ITQ shareholder who has not reported wreckfish landings in 2009-10 and/or 2010-11, and revert for redistribution to active shareholders.

Alternative 3 (Preferred): Define inactive shares as shares belonging to any ITQ shareholder who has not reported wreckfish landings in 2006-07 through 2010-11, and revert for redistribution to active shareholders.

Table 1. All Shareholder Statistics for **Alternative 1** under **Action 1**

Number of Shareholders	25
Minimum Share per Shareholder	.06
Maximum Share per Shareholder	16.43
Total Shares	100.0
Median Share per Shareholder	2.17
Mean Share per Shareholder	4.00
Standard Deviation	4.32

Table 2. Inactive Shares held by ITQ shareholders with no landings during the time periods specified under each alternative

Alternative	Number of Active Shareholders	Percentage of Shares Held by Active Shareholders	Number of Inactive Shareholders	Percentage of Shares Held by Inactive Shareholders
Alternative 2 (No landings during the 2009-10 thru 2010-11 fishing seasons)	7	45.55%	18	54.45%
Alternative 3 (No landings between and during the 2006-07 thru 2010-11 fishing seasons)	8	58.8%	17	41.2%

Council Changes/Guidance:

- **The Council selected Alternative 3 as the Preferred.**

Action 2. Redistribute reverted shares to active shareholders.

Alternative 1: No Action. Do not redistribute reverted shares.

Alternative 2: Redistribute reverted shares to remaining shareholders based on 50% equal allocation + 50% landings history.

Option a: landings history in fishing years 2009-10 through 2010-11

Option b: landings history in fishing years 2006-07 through 2010-11

Alternative 3 (Preferred): Redistribute reverted shares to remaining shareholders based on landings history.

Option a: landings history in fishing years 2009-10 through 2010-11

Option b (Preferred): landings history in fishing years 2006-07 through 2010-11

Alternative 4: Redistribute reverted shares based on proportion of remaining shares held by each remaining shareholder after inactive shares are reverted.

Council Changes:

- The Council selected **Alternative 3, Option B as the Preferred.**
- The Council moved the following alternative to the **Considered but Rejected Appendix: Alternative 5: Redistribute reverted shares equally among all remaining shareholders.**

Table 3. Summary of share redistribution for all alternatives under Action 2

% shares redistributed	Shareholders receiving redistributed shares - Action 1, Alt 2						Shareholders receiving redistributed shares - Action 1, Alt 3 (Pref)					
	Alt 2(a)	Alt 2(b)	Alt 3(a)	Alt 3(b)	Alt 4	Alt 5	Alt 2(a)	Alt 2(b)	Alt 3(a)	Alt 3(b) (Pref)	Alt 4	Alt 5
0-5%	4	3	4	4	3	0	5	5	6	5	4	0
5.01-10%	2	2	1	1	1	7	1	3	1	1	3	8
10.01-15%	0	1	1	0	2	0	0	0	0	2	1	0
15.01-20%	0	1	0	1	1	0	1	0	0	0	0	0
20.01-25%	1	0	0	0	0	0	0	0	0	0	0	0
25.01-30%	0	0	0	1	0	0	0	0	1	0	0	0
30.01-35%	0	0	0	0	0	0	0	0	0	0	0	0
35.01-40%	0	0	1	0	0	0	0	0	0	0	0	0

Table 4. Summary of total % shares that would be held by each shareholder after redistribution under **Action 2**

% shares after redistribution	Shareholders after redistribution - Action 1, Alt 2						Shareholders after redistribution - Action 1, Alt 3 (Pref)					
	Alt 2(a)	Alt 2(b)	Alt 3(a)	Alt 3(b)	Alt 4	Alt 5	Alt 2(a)	Alt 2(b)	Alt 3(a)	Alt 3(b) (Pref)	Alt 4	Alt 5
0-5%	1	2	3	3	3	0	3	3	3	3	3	0
5.01-10%	2	1	0	0	0	2	0	0	0	0	0	3
10.01-15%	1	0	1	1	1	2	2	2	3	2	1	2
15.01-20%	1	2	1	0	1	2	1	1	0	1	2	2
20.01-25%	1	1	1	2	1	1	1	2	1	1	1	1
25.01-30%	0	1	0	0	0	0	1	0	0	1	1	0
30.01-35%	1	0	0	0	0	0	0	0	0	0	0	0
35.01-40%	0	0	0	1	1	0	0	0	1	0	0	0
40.01-45%	0	0	0	0	0	0	0	0	0	0	0	0
45.01-50%	0	0	1	0	0	0	0	0	0	0	0	0

Action 3. Establish a share cap.

Alternative 1: No Action. Do not establish share cap.

Alternative 2: Establish share cap as 15% of the total shares.

Alternative 3: Establish share cap as 25% of the total shares.

Alternative 4 (Preferred): Establish share cap as 49% of the total shares.

Alternative 5: Establish share cap as 65% of the total shares.

Alternative 6: Establish share cap as the percentage of total shares held by largest shareholder after redistribution.

Council Changes:

- The Council selected **Alternative 4 (49% share cap)** as the Preferred.
- The Council decided that any shares over the cap will be redistributed among the rest of the shareholders using the allocation formula in Action 2.

Table 5. Number of Shareholders and Shares Exceeding Share Cap under Action 1 Preferred Alternative 3.

Alternative under Action 2	# of Shareholders OVER the Share Cap					% of Shares Over the Share Cap				
	Alt 2 15%	Alt 3 25%	Alt 4 49% (PREF)	Alt 5 65%	Alt 6 max	Alt 2 15%	Alt 3 25%	Alt 4 49% (PREF)	Alt 5 65%	Alt 6 max
2a	2	1	0	0	0	32.24%	16.27%	0	0	0
2b	2	1	0	0	0	32.24%	16.50%	0	0	0
3a	2	1	1	0	0	40.28%	24.92%	.92%	0	0
3b (PREF)	2	1	1	0	0	40.29%	25.39%	1.39%	0	0
4	3	2	0	0	0	38.23%	15.90%	0	0	0
5	3	1	0	0	0	24.54%	7.62%	0	0	0

Action 4. Establish an appeals process

Alternative 1: No Action. Do not specify provisions for an appeals process associated with the ITQ program.

Alternative 2 (Preferred): A percentage of the wreckfish shares for fishing year 2012/2013 will be set-aside to resolve appeals for a period of 90-days starting on the effective date of the final rule. The (RA) will review, evaluate, and render final decisions on appeals. Hardship arguments will not be considered. The RA will determine the outcome of appeals based on NMFS' logbooks. If NMFS' logbooks are not available, the RA may use state landings records. Appellants must submit NMFS' logbooks or state landings records to support their appeal. After the appeals process has been terminated, any amount remaining from the set-aside will be distributed back to remaining ITQ shareholders according to the redistribution method selected under Action 2.

Sub-alternative 2a: Three percent of wreckfish shares will be set aside for appeals.

Sub-alternative 2b (Preferred): Five percent of wreckfish shares will be set aside for appeals.

Sub-alternative 2c: Ten percent of wreckfish shares will be set aside for appeals.

Alternative 3: A percentage of the wreckfish shares for fishing year 2012/2013 will be set-aside to resolve appeals for a period of 90-days starting on the effective date of the final rule. The (RA) will review, evaluate, and render final decisions on appeals. Hardship arguments will not be considered. A special board composed of state directors/designees will review, evaluate, and make individual recommendations to RA on appeals. Hardship arguments will not be considered. The special board and the RA will determine the outcome of appeals based on NMFS' logbooks. If NMFS' logbooks are not available, the RA may use state landings records. Appellants must submit NMFS' logbooks or state landings records to support their appeal. After the appeals process has been terminated, any amount remaining from the set aside will be distributed back to remaining ITQ shareholders according to the redistribution method selected under Action 2.

Sub-alternative 3a: Three percent of wreckfish shares will be set aside for appeals.

Sub-alternative 3b: Five percent of wreckfish shares will be set aside for appeals.

Sub-alternative 3c: Ten percent of wreckfish shares will be set aside for appeals.

Council Changes:

- **The Council selected Alternative 2, Sub-alternative 2b as the Preferred.**