

SOUTH ATLANTIC FISHERY MANAGEMENT COUNCIL
SOCIO-ECONOMIC PANEL OF THE SCIENTIFIC AND STATISTICAL
COMMITTEE

Crowne Plaza Hotel
North Charleston, South Carolina

October 22, 2012

SUMMARY MINUTES

Socio-Economic Subpanel:

Dr. John Whitehead, Chair
Chris Dumas
Jason Murray

Dr. Scott Crosson
Dr. Sherry Larkin
Dr. Tracy Yandle

Council Members:

David Cupka

Council Staff:

Gregg Waugh
Dr. Kari MacLauchlin
John Carmichael

Dr. Mike Errigo
Dr. Brian Chevront
Julie O'Dell

Observers/Participants:

John Boreman

Rusty Hudson

Additional Observers Attached

The Socio-Economic Panel of the Scientific and Statistical Committee of the South Atlantic Fishery Management Council convened in the Crowne Plaza Hotel, North Charleston, South Carolina, Monday afternoon, October 22, 2012, and was called to order at 1:00 o'clock p.m. by Chairman John Whitehead.

DR. WHITEHEAD: Welcome to the Socio-economic Panel Meeting and we'll start with introductions. After that, please remember to state your name before you say anything. I'm John Whitehead; I'm an economist from Appalachian State University.

DR. YANDLE: Tracy Yandle; policy analyst at Emory University.

DR. MURRAY: Jason Murray; economist, University of South Carolina.

DR. DUMAS: Chris Dumas; economist, University of North Carolina, Wilmington.

DR. CROSSON: Scott Crosson; economist, NOAA Fisheries.

DR. LARKIN: Sherry Larkin; economist, University of Florida.

DR. CHEUVRONT: Brian Chevront, council staff.

DR. MacLAUHLIN: Kari MacLauchlin, council staff.

DR. WHITEHEAD: Does the agenda look okay? Is there a motion? Do we need a motion? Does it look all right? The agenda is approved. Did everybody get a chance to see the minutes? Is that the transcript? Do the minutes look okay, Scott?

DR. CROSSON: The minutes need to be amended to reflect that Chris has his PhD, and is Dr. Dumas instead of Mr. Dumas. Okay, Jason, also.

DR. WHITEHEAD: Those are both University of California PhDs so maybe that is something going on. The minutes are approved so we're jumping in. The first item on the agenda is Snapper Grouper Amendment 22, and we have a presentation from Kari.

DR. CROSSON: Actually, can I start with something before we get into that? I was asked by Mike Travis from the Regional Office why the SEP is not listed on the website, the membership of the SEP. I don't know if that is the case or not, but he asked if the council would consider putting up a page what the membership is of the SEP and link that to the SSC page.

MS. MacLAUHLIN: Okay, I am going to go over our Amendment 22 with you. Myra is actually the lead on this, but she couldn't be here today. I'm going to go over this. Right now this amendment is in the really beginning stages. They really just have an options paper. Scott may have to help me with some of these if people have questions, because I know that he worked on that options paper.

Anyway, at the very beginning the council just wanted the SEP to maybe if you guys have any input on recreational tag programs or any other ways to track a couple of these deepwater

species, and the red snapper that you know is one of our big-deal species – to keep the recreational catch limit from being exceeded.

This is Attachment 2 in your attachments with this options paper. I have up here the ACLs for these deepwater species and red snapper. Golden tile is 3,000. This was closed in June 2012 this year and it was at 223 percent of the ACL. They were at 6,000 something. Snowy grouper was at 192 percent of the ACL in June 2012.

This one has not been closed because the council doesn't have a measure in place that closes this fishery in season when it is projected to be met or has exceeded its ACL. The only accountability measure in place is a post season AM in which there will have to be a payback. For both of these, there is actually a payback of the next year.

What this suggests to me is that golden tile recreational fishery will not open at least next year, and probably snowy. Wreckfish, 2012 is its first year – 2013 will be its first year with an ACL or that there is actually a recreational fishery. It was commercial, but now there is 5 percent of the total ACL for recreational, and it is 11,750 pounds whole weight, which wreckfish are 30 to 35 pounds, so about 390 fish total.

Then red snapper will always be based on the latest projections. This year the fishery was able to be opened for two weekends in September. The catch limit was 9,399 fish. I don't know, John, are there any estimates of what was caught in September for red snapper recreational? This is why the council is considering a tag program for these, where it is kind of like the hunting programs where there are a certain number of tags distributed, and you have to have a tag in order to keep the fish.

There are current regulations in place for each of these. Golden tile is one per person per day, and it is included in this aggregate grouper bag limit. Snowy is one per vessel per day and also included in the aggregate grouper bag limit. Wreckfish is one per vessel per day, and there is only the three-month season over the summer. Then red snapper, when it was open for the two weekends in September this year, was one per person per day, no size limit.

There are four possible actions in 22, and they are establish a tag program for red snapper with criteria and then tag issuance process and then the tag program for snowy, golden tilefish and wreckfish with criteria, and then the tag issuance process. Right now we are really, really early in the development of this. Now is the time for you guys to talk about ideas and what you think of a tag program in terms of being able to control these pretty small ACLs.

Then I don't know if you guys know about the deepwater species; it's pretty specialized type of fishing. It is called deep-dropping for these deepwater species. In general it is like a special gear and you have to know where to go and probably have a certain type of vessel. Not everybody is fishing for these. It is usually pretty serious, avid recreational anglers. Then there are some for-hire vessels that also specialize in deep-dropping and take people out.

The council is really not going to talk about this again until the summer of 2013, which sounds far away, but it never is. Then we'll really start working on it in the fall of next year and take it out to public hearing in January 2014. This is really early. It is going to take a few years for implementation.

At the September council meeting the council went through and talked about lots of questions that they would need to answer for a tag program. I have in here – and this is also in Attachment 2 – their basic answers for the things that they would like to see in a tag program at this time. They wanted it open to any U.S. citizen.

NOAA fisheries would be the one who would issue the tags and they would be non-removable, one-time use and designed to prevent high grading. Once you put them on, you can't take them off. This is one that we would like to get some input from you on about would the tags be transferable, and so this would create a market for these.

Would there need to be some kind of measures in place for this market? Then something else the council would need to talk about is would you issue it to an individual, to a vessel, or to some kind of license ID number, so how would we track who is the tag holder? Any other additional requirements, the council said at this time no size or bag limits, you just have to have a tag to retain a fish but a season would help with data collection.

If you have one, we would have some reporting requirements in which you would have to send in with your tag location, length, and other biological information about where you caught it. At this time the council position is that capping the harvest is more important than any kind of reporting requirement and using these for data collection. Additional considerations, there would be a fee but just to cover the administration cost, and then using a lottery to issue the tag.

We have a couple questions that we brought up that maybe you guys can have in your discussion about are there more equitable or cost-efficient ways to manage the recreational ACLs for this fishery. It would be great if you guys have some ideas or examples from other fisheries. Then from a social perspective, is a tag program with a lottery a fair way to limit participation.

If a lottery method is used, should tag recipients be selected with or without replacement? Also, one thing to think about is we're talking about South Atlantic red snapper fishery, but anybody in the U.S. in any state would be eligible to put in for tags. There will obviously be like a very limited number of tags for each of these species available. From a social perspective, is that fair? That is all I really have for 22. If anybody has any questions or you can just discuss.

DR. MURRAY: Yes, how does this compare to what is going on now?

DR. MacLAUHLIN: Currently these are tracked with the MRIP estimates, the Marine Recreational Information Program; using surveys of license holders and then also dockside sampling of what people are catching. As of now, they are tracking these ACLs based on estimates, right, Mike, which maybe that's why they go over.

DR. YANDLE: You said that the fishery was a mixture of charter and avid fishermen. Is there any idea what the breakup is between those two?

DR. MacLAUHLIN: No, but we can probably get some estimates on the two.

DR. CROSSON: On the overview document on this action for 2.4, it says if a lottery method is used should tag recipients be selected with or without replacement; what do you mean by that? What does that question mean?

DR. CHEUVRONT: I think what they were talking about is if your name is selected as a recipient of a tag, after your name is selected do you go back into the pool and are eligible to be selected for a second tag or not?

DR. CROSSON: I was thinking a little bit about this and I was looking forward to hearing a lot of economists explain what “fair” is. I’m really looking forward to that part of the discussion. At any rate, I was thinking about this in terms of transferability. Normally I would think having the transferability would increase economic value for this fishery; but because these are going to be issued annually, I would think that it is going to instead increase speculation in the fishery.

If you allow transferability and people can put prices on them, then it’s sort of a lottery system, and you may not intend to fish; but if you get the tags and then can sell it, that doesn’t strike me as fair from a social perspective. I guess the fee could be adjusted to decrease the amount of speculation in the fishery. I don’t know what the value of these tags would be in a market. I don’t know if anybody would know before it actually happens, but those are some opening thoughts on this transferability question.

DR. WHITEHEAD: I guess you could buy up a bunch of tags and just hold them and mess with the primary purpose for the program. The idea is you want to sell tags and people go fish and count the fish, right, and so transferability would get in the way of that?

DR. MURRAY: What is the plan for when the total number of tags is announced each year? If we know the total number at the beginning of the year, I’m not sure I understand where the speculation is coming in.

DR. MacLAUHLIN: I would say – and I may be incorrect and I may need John Carmichael to clear this up – that they would set the ACL for the year, which they do every year based on if you have to pay back something or whatever. Then they would issue those tags and as the tags are reported as used or your catch information is sent back in, then you know that fish was caught and it would verify. I’m sure that it would be used complementary to the MRIP estimates as well, maybe as verification. I don’t know that much about it; Mike, do you know?

DR. ERRIGO: Well, the SSC sets the ABC limit and then the council will decide on the ACL from there. Let’s say they set the ACL equal to the ABC, especially in a tag program you should have really tight control over what you’re catching, so that should already be known and it probably shouldn’t vary much from year to year unless you have a payback or something like that. I don’t know if the fisheries we’re looking at, I don’t think any of them are considered overfished, so we probably don’t have a payback.

The ACL should be the same every year, and therefore the number of tags should be the same every year until an assessment comes out and then everything changes. You should know how many tags are being issued each year. It should be the same each year unless the council comes up with something different.

DR. CROSSON: I'm sorry, let me maybe better explain what I meant, Jason, and you can check my logic on this. If there is no fee for applying for red snapper tags and it's a lottery, and we assume that the number of applicants is going to be larger than the number of tags that are distributed, then I would certainly – it doesn't matter if I fished, it doesn't matter if I live in Wyoming or anything else, and never intend to come to Florida, I would certainly put an application in if I know that this is going to have an economic value and a market. That is the speculation. Now, if there is a fee for applying, then that may be a way of mitigating that, but that is my concern about the application process, encouraging speculation.

DR. DUMAS: On the one hand my understanding is these fish are property of the people of the United States so anyone should be allowed to apply. I also agree with you on the point that it could also encourage speculation if the cost of application is zero. Maybe one way to get at that would be to require someone who is applying to have like a fishing license in the state where they plan to fish. Then if they're required to buy a recreational fishing license, then they would have to at least incur that cost before they could apply for a permit. That would raise the application cost above zero and it might help limit the pool somewhat.

DR. CROSSON: I would wonder then – I mean, there are annual fishing licenses, so I guess you could require it be an annual fishing license as a requirement, because otherwise there is going to be a time gap. If you intended to just get a short-period fishing license only under the personal condition that you received a tag – no, I guess that is what you're arguing. You're arguing that wouldn't discourage speculation, that people would – okay, but then that raises a second question about people being forced to go purchase a license when they are depending on the “luck of the draw” basically.

DR. WHITEHEAD: That's what you want, right, you want to avoid giving these things out to people who don't have a license?

MR. CUPKA: It seems to me one of the things that the council is considering is transferability. If you don't allow them to be transferred, then the person who gets it has to use it. There is no speculation; there is no market that develops. If they decide not to use it, we're that far ahead on maintaining a healthy stock. If you don't allow them to transfer it, I don't see how a market could develop for them. It is something to consider that the council will have to decide on.

DR. CROSSON: I guess a further social consideration or economic consideration is that I know – and this would argue for transferability – is I know that the charter fleet off North Florida and Georgia has been particularly stressed by the lack of availability of red snapper. If they had the ability to accumulate additional tags by purchasing them, that would certainly provide some economic relief, and that would probably end up again going to a place where they are very highly valued.

DR. MURRAY: We're asked two questions; one about equitable or fair and then one about cost efficient. Maybe we can agree that the cost-efficient question is tabled; that is fine; there is no more cost efficient way to do it. It is totally fine to do it as a lottery. An auction would be nice, but the question is for equitability. As you hinted at, Scott, we're terrible at talking about equitability as economists. It seems like the starting point should be the way things are currently allocated relative to how this would go. That is the suggestion for thinking about trying to answer the question.

DR. WHITEHEAD: One definition an economist uses for fairness is if there is some sort of change, if it helps someone without hurting someone else, then that is fair. Going from the status quo to this policy, who would that hurt?

DR. MacLAUCHLIN: I would think that right now when it's open, it is open access with a bag limit on it, but it is anybody who can make it to the South Atlantic waters and has a fishing pole and license and everything in that way. I guess that this would open it up to people at least getting a tag that didn't live anywhere near and had no intention, like people in Wyoming and whatnot.

DR. YANDLE: I think building on what you're saying then, it sounds like the people who are at an advantage now are the ones who are by the coast, flexibility in their schedule, and can hit the water as soon as whatever the season is, how long or short it is, opens. It's the first in are the winners.

In some ways we would be stretching that out and changing it from advantage to those people to a broader stretching that out of a broader group of people; particularly those who maybe are in the bigger cities away from the coasts who have limited timeframes that they can get down, that may not coincide with the start of the season.

DR. DUMAS: I think if you had a recreational fishing license fee and made that a requirement to enter the lottery that they a fishing license, that would eliminate some speculation. People who would enter at zero cost would not enter with that higher cost; we have to go through the process of getting a recreational fishing license, one.

Two, I think transferability is important. I think that is a NEPA thing. I also think that whereas normally you might have a problem with market power and aggregation of permits when one person bought a lot; with an annual lottery, one person might get the market power within a year, but in the next year there would be a new lottery and the permits redistributed again.

It would not be market power that would necessarily persist over time. If folks saw someone or a business or a particular person gather a lot of permits one year, well, then, folks might not want to sell to that person again the next year if they exercise some market power. I think having an annual lottery where the tickets are redistributed every year would help prevent that problem. I think transferability would help get the maximum value from the resource and make sure those permits end up with folks who value them the most.

DR. YANDLE: I like transferability also, but to sort of say, just playing with it, what would that do though to the predictability for the charterboats; that if they don't know they're going to have a supply of these tags to be able to sell to folks who are coming into that either out of state or in country?

MR. CUPKA: Yes, and that is one thing I wanted to bring up in regard to charterboats. These aren't just for individuals, but the for-hire people could apply for them also. I know in South Carolina if you're going out on a charterboat or a headboat, you don't have to buy a license, the charterboat is licensed.

If you start looking at whether or not they've got a recreational license or require them to have one, it is going to make it a lot more difficult to put something like this in place. I think the simpler you can keep it the better, but if you have to start checking on whether the person has got a license in Wyoming or somewhere, it is really going to add to the process.

DR. DUMAS: I meant someone would need to have a license in one of the South Atlantic states, one; or, two, fish on a vessel that did have a blanket license. If you think of it that way, then you could remove the requirement that someone needed to have a license; but if they didn't have a license, then they would have to fish from a boat that did have a license.

That would aggregate those people to the charterboats and headboats that did specialize in those fisheries, which would in a sense help them perhaps. Then again those fisheries might need to fish from that type of vessel anyway to have the right gear, right, to fish for these deepwater species?

I'm agreeing with you; I'm going back to what I said earlier. It might not make sense for them to require them to have a recreational license; but if they are required to either have a license or fish from a vessel that has a license, then that I think achieves the same affect, essentially, but would be easier to implement as you suggested.

MR. CUPKA: I think if someone from Wyoming were to win one and they want to vacation in Florida, in order to use that they're going to have to have a Florida non-resident fishing license or some other scenario, so that would help. But I also agree with your comment that these resources belong to everyone.

There was one thing we were considering about, should you just limit it to people in the South Atlantic, and I don't think you can do that because they belong to everyone in the nation. If somebody from California wants to apply for one or happens to get it, then that is perfectly all right, I would think.

DR. CROSSON: I guess I have two questions for the group then – well, in answer to David. If somebody was out of state and living in California, but you were requiring them basically to buy an annual license in one of the eastern seaboard states; would that address that concern? I'm not sure if it runs afoul of the fairness issue.

MR. CUPKA: I don't know if it's a concern. It would certainly be a requirement in order for them to use that tag, they would have to be – depending on where they were fishing, they would have to meet the local requirements in addition to having a tag.

DR. DUMAS: If the lottery were open up to everyone and they were required to have a local tag in the state in which they fished, That would be a potential cost that they would incur after they won the permit. In order to discourage speculation and discourage folks thinking that there is zero cost, It should be made clear on the lottery information or instructions or website that if you won with these tickets, by the way you will have to buy a fishing permit in the state in which you fish. That makes it clear that the cost of winning is not zero. You'll have to pay a cost after you win the lottery. You have to pay the cost of getting the recreational license. That might deter some speculation.

DR. CHEUVRONT: But that's only if you are going to go out and do it as a private angler as opposed to going out on a charter/headboat. You are not going to force somebody to book a charter or a headboat trip when they get the permit, so we need to think about that.

DR. CROSSON: If it was set up that it didn't require an annual license from one of the four states in the South Atlantic Region, does it logically follow that the people that would have those types of licenses, an annual fishing license in one of those four states more highly value fishing than people that do not? They are probably more dedicated anglers. Are they probably a group of people that are going to value winning one of these permits more than somebody else who is just in for an annual trip?

DR. DUMAS: Also to reply to Brian's comment; you could also make it clear in the directions or instructions for the lottery that they do have to buy a permit or fish from the vessel that had a blanket permit, and then they'd have to incur the cost of the charter or the headboat fee. There would be some cost. You are not winning something that has zero cost.

DR. CROSSON: Is there anything in the literature that might guide us from the big game literatures and these other ones? It's a similar setup where there are a restricted number of licenses that are given out. Looking around personally on different state websites, it seems like a lottery process is usually the way it's done, but I haven't been able to find any evidence of allowing transferability for big game permits. Is there any such program that you guys are aware of; especially are there any studies of this?

MR. WHITEHEAD: People are shaking their heads no.

DR. LARKIN: I don't think it is uncommon. I know of at least one where they are not transferrable. Once you've been pulled out one year, whether you bag it or not, you are not eligible for the next three years or two years. Every third year you can enter.

DR. CROSSON: I guess that does go to the question of equitable, right, and with replace them question. I don't know if we should weigh in on it or not.

MR. WHITEHEAD: Is the purpose just to count the fish?

DR. MacLAUHLIN: That is the number one priority is to actually cap at those ACLs.

MR. WHITEHEAD: Getting back to an early point, we're not going to be trying to estimate effort and then catch and do some population modeling with this?

MR. CARMICHAEL: I think that you don't know. Right now with the relatively low limits in the case of red snapper, it is viewed as a way of controlling the catch. Whether or not you could use something like this on its own to estimate population and mortality is probably fairly unlikely. It is really just about limiting that catch.

DR. MacLAUHLIN: Would the tags be issued, and then that's it. The tags are out there, if they get used, okay, there are a set number of them; if they don't get used, then we know that this many did not get used. Is it going to be also kind of incorporated into the MRIP estimates or is it just flat out we're going to put the tags out and that's it and not track an ACL or anything?

MR. CARMICHAEL: I think for the most part all of this is kind of unknown. We don't know what a program may look like. The council hasn't done it yet. They've had discussions much along these lines and they're not quite sure what the answers are to all of these things. At one point there was discussion that you issue the tags and you should know the fate of those tags, and people should have to give you information back.

But then that opens a whole 'nother set of accounting exercises to make sure who got the tag and did they use the tag and how do you make sure they turn back the tag and what if they don't turn back the tag? Then that opens a whole other series of questions about what do you do and then you've got to have consequences and everything else.

Kind of where the discussions were heading was trying to keep it as simple as possible and that the number of tags issued would basically be a cap. If you could catch 10,000 fish, then they would issue 10,000 tags. They may or may not all be caught; nobody really knows. That is again keeping it simple and not having people's names on the tags and all of that.

That is one of the ways it is kind of different from a lot of the big game tags where you issue that and your name is one it and your license number and all is on that, and that is much more complicated. Most cases with those, they have mandatory reporting. They also often have shorter seasons and more controlled access.

There is a whole lot of other burden that goes with it, and that is what the council was kind of trying to avoid in their earlier discussions, trying to keep it fairly simple. I think at this point for you guys is just to think about if the council is considering tagging programs, what are the pros and cons to these different kinds of questions? If you have the lottery, how does that work? What is fair, what is not, how does participation work out? If you make it available to everybody versus licensed anglers, what are the pros and cons? I think that is sort of the stage we're in with the council with this. There are some who like it, there are some who don't. There is a lot of uncertainty about how it will play out.

DR. CROSSON: I definitely think the SEP has made it clear that we like the idea of tags, because you basically can shrink the gap between the ACL and the ABC to zero or close to it, which is avoiding the whole mess of trying to project out in future years with paybacks and going over. I think there seems to definitely be a lot of support for the idea overall, especially compared to the little short two- and three-day weekend seasons that they've been having.

MR. CARMICHAEL: I think that is a good point to bring out, that tags are supported against three-day seasons. Are tags supported against a six-month season? Perhaps not, somewhere in there is probably a point where you say, well, tags are not worth the trouble, the aggravation, the uncertainty, all the other consequences that go with it and the complexity, and you'd be better off just having a season.

I think that is kind of one of the issues that the council was in consideration of tags today where you had two weekends of fishing versus what happens when you have closer to a sustainable harvest allowed and you can have a fishery for six or nine months. In that case maybe tags aren't supported, because you are talking about issuing 40 or 50,000 tags, perhaps. I think some

insights on that as to where do you think that line lies; where it is better off to just move away from tags and go to something more general, more traditional.

DR. CROSSON: Any good that is extremely scarce like red snapper is probably going to be the best way to manage the fishery from a recreational standpoint. If it is something that is relatively common, that there doesn't seem to be any – you're not going to be able to do it with mahi mahi, there is not even any problem really that I've seen with the recreational sector hitting its ACL in recent years. I think that is our general attitude towards it.

DR. DUMAS: As species recover, perhaps you get to the point where you're issuing 40,000 tags, then it would seem to me you're asking about what would the threshold be – at which point you would change from tag system to some other kind of system? It seems to me that the point would be when would the biological impact change?

There are two different ways of allocating tags. If you allocated them either way and had the same biological impact, then it wouldn't seem to make a difference. But at some point if one system had a different biological impact than another, then that might be a point at which you'd consider changing systems when the cost of the tags in terms from the biological impact changed.

DR. MacLAUHLIN: When the council discussed this – Snapper Grouper Committee – maybe it was at the council in September; everybody was supportive of red snapper tags. This is red snapper only that I'm talking about. Then we had a couple of council members who are for-hire people who said, no, you know, if we are not into this, then we don't want to do this. The reason was they feel that red snapper is in this rebuilding plan.

The stock is growing and they feel that soon it will be open and the recreational ACL will be high and they can fish and everything. They don't want to be constrained by a tag program as for-hire people. I think John's question about what's the threshold pertains to that as well. They are not supportive of this tag program for red snapper, because they feel that if things are going well biologically and the red snapper stock is coming back, that this is going to be really detrimental to the for-hire businesses.

MR. CARMICHAEL: That's kind of another question, then, isn't it? Would the person who is the typical for-hire customer, they might be at a disadvantage if they are not aware that they needed to put in for a tag during a particular window if they wanted to go and do this versus the licensed angler may be.

You may use license databases to contact those people and say you're licensed by one of these states, and here is your opportunity. I think that might be one of their concerns. If it's opened for three days twice a month, or two months, they can go. They know they can go and their customers who are signed up can go; but if it goes to a tag system, then their customer base potentially shrinks to just those who have that tag to go for that trip. There is clearly socio-economic stuff at work there.

DR. YANDLE: Kind of arguing the flip side of that, though, the charterboats, if it is transferable, will be in a position to buy tags for the customer coming in from Chicago or

wherever. It would take care of itself that way. The second point is completely gone out of my head.

DR. MURRAY: I guess that comes to the fairness, right. Maybe that is why the for-hire guys are opposed, because, yes, the market is going to allow them to get the tags to have for their customers, but they are going to be paying more than they currently are. That's probably the source of the opposition.

DR. MacLAUCHLIN: No, I think anybody would agree right now a tag program is better than a closed fishery, which is what the red snapper fishery has been for the past few years. They were two three-day weekends was better than nothing, right, but what the for-hire representatives on the council were talking about is that they don't want a tag program that is set up with no end in sight, because what if the ACL gets higher and they're still confined.

At what point what is better than a tag program? A tag program is better than three-day weekends, a tag program is better than a certain season, but should there be some kind of sunset clause in here for when it gets to a certain point no more tags because that is just going to constrain the for-hire sector.

DR. WHITEHEAD: Could it be as simple as when red snapper looks like other species or is classified like other species, then the tag program goes away?

DR. DUMAS: That's sort of what I was implying by their biological difference or biological threshold. Of course, red snapper probably won't look exactly like any other species, because it is a different species; but the difference between the tag management program and an alternative management program, it would have the same biological impact and it would seem to be that would be the time when you could shift, because it would potentially create benefits by reducing the administrative burden and by increasing the flexibility of the program, but it would not incur additional costs in terms of biological costs of having negative biological impacts.

I wanted to ask a related question about tags. We have been talking about physical tags, correct, that must be attached to a fish somehow. Are there strong benefits to having a physical tag versus having an electronic tag where the tags could be bought and traded electronically on a website, maintained by NMFS and then perhaps a fisherman would have – if they won the lottery and they received a tag, the tag could be something like a QR code that would be e-mailed to their mobile phone.

Then when they walk up to the charter/headboat they can show their QR tag or if they are fishing on them they can show that they have got a tag because they have a QR code, and the NMFS person who intercepted them could just scan their QR code. The NMFS people could carry a scanning device and scan their QR code and it would have information on it.

Potentially you could enter any regulatory-required information, location and length and weight electronically and just eliminate the need to physically mail or transfer these tags around by mail or some other process. That would be great if there were no very large benefits to having the physical tags attached to the fish, which the high-grading benefits may be significant, I don't know.

DR. MURRAY: I'm going to hazard a guess response, which is that I am guessing that the physical nature is going towards the simplicity of the program. I know we heard a couple times that there is a desire for it to be simple. Also it helps with enforcement. It is really easy to see if it is on there, and it can't be taken off, right. Do I hear that correctly?

MR. CARMICHAEL: Yes, I think the physical tag is about enforcement. I don't know how the others would work, if there is a way that you have this thing and you click I'm going to use this on my phone somehow, and it verifies that now you've done that and you have to have that fish and have that activated. I don't know, but I think it is mainly about enforcement.

I think the first question about the biological; one way to look at that is from the data collection program. Maybe you begin to cross that threshold when your season could be open for a full wave. The recreational data collected now in these two-month periods is problematic when you have a season that is less than a wave, because that is their base effort measurement. That would be a clear point; when you could have a season that lasts a full wave, then you could get a pretty decent estimate of your effort during that period and your catch during that period.

DR. CROSSON: Just an additional bit of information that council might consider – this has been pointed out by an internet listener that e-mailed me – that we have a lack of good recreational value information currently in the South Atlantic Region, and that a system that allows transferability wherein we can gather that type of recreational value data would be useful for the council for allocation decisions further down the line. That is another item that we have in our agenda as the SEP, is looking at allocation formulas, so that is something that the council would be able to use potentially for management purposes.

DR. WHITEHEAD: Is there anything else? This issue is not on the SSC agenda for this week, these tags – it is, okay. We need to report this; we need to write it up. Are we to the point of talking about writing it up? As in the past, if someone would volunteer to take the lead on that and towards the end of today we'll be writing and sharing reports.

Chris has his hand up; does that mean he's volunteering to take the lead? I've written down that we may have consensus on a lottery with replacement. The fee should cover administrative cost. I don't think we said that explicitly, but that might be obvious since one of our questions was a tag program could be costly to run and so just make sure the fee covers cost and transferability and then be explicit about a sunset clause. I like John's point about if the season reaches a two-month wave, since that is how these things are measured, that might be a good trigger. Did I miss anything?

DR. MURRAY: Are we clear on the replacement versus non-replacement issue in terms of fairness? We are asked about fairness and that seems to be the only thing here that really is puzzling about fairness is if you got it last year do you get a chance to get it next year.

DR. CHEUVRONT: Even again in terms of replacement, could your name go back in for the same season? I think recommendations that you could make for within season and subsequent season replacement would be helpful.

MR. CARMICHAEL: And consider if you had more tags than people who applied. In that case, should you have someone get two and someone else get none, someone get six and someone else gets none? With replacement that could happen.

DR. DUMAS: I would suggest that we do have replacement across years, but perhaps not replacement within a year.

DR. WHITEHEAD: Why?

DR. DUMAS: Because I think that every year is a new lottery and so everyone should have an equal chance with every new lottery, so I think there should be with replacement across years. But within a year I think that if someone wins a tag, then others should have the opportunity to have a tag before one person gets two tags.

But if everyone has a tag, which might occur in a situation where you have more tags than lottery participants, then you could go back through the list, put everyone back in the list again, and then sample everyone again until all the tags are issued, which is a modification of my original suggestion.

I would be suggesting, yes, replacement across years, no replacement within a year as long as the number of participants was larger than the number of tags; but if the number of participants was smaller than the number of tags, then we could have replacement within a year but no one would get more than one tag until everyone had had at least one tag. It's just to keep things simple.

MR. CARMICHAEL: Unfortunately, there is like no word that describes that type, because that is what we thought about at staff as well. We sort of laid it out if there are more people than tags and if there are less people than tags, and it is like you do equitable until everybody has got a tag and then whatever is left, you do by lottery with replacement. But there is no allocation method that just sums that up easily; it is kind of complicated.

DR. WHITEHEAD: I don't think we'll have good answers for you all on that, beside some broad general – without a replacement notion.

MR. CARMICHAEL: I think it would help if you agreed with sort of how we laid that out that if you had more tags than people, then everybody should get a tag before someone gets two. If that is considered fairly equitable and fair, that would help.

DR. MURRAY: That seems sensible to me.

DR. YANDLE: I'd agree; the simplified way I was trying to think of this as sort of something along the lines of everybody gets one swing at the piñata before anyone gets two.

DR. WHITEHEAD: We're ready to move on to Item Number 3, Snapper Grouper Regulatory Amendment 13. We have a presentation from Brian.

DR. CHEUVRONT: I've got a few slides on Regulatory Amendment 13. This currently is a regulatory amendment. It could change to be a regular amendment depending on some advice that the council and staff are going to be receiving from NOAA General Counsel. The issue here

is that this amendment is seeking to update the ACLs and allocations based on landings data for 37 unassessed species in the snapper grouper complex.

Now these species had their ACLs, sector ACLs, allocations, ACTs and everything were set in the Comprehensive ACL Amendment; but in that amendment the recreational landings used to determine those ACLs and allocations and all were based on MRFSS landings. Now MRFSS landings have been replaced by MRIP, which we have discussed some already today.

What this amendment is attempting to do is to look at, okay, if we take the MRFSS out and replace it by what we know right now of MRIP, how is that going to change the allocations and the ACLs, et cetera. Since we were updating the MRFSS data by adding MRIP, they also wanted to go ahead and update the commercial landings as well.

Now if some of the commercial landings we are talking about are going back for several years, but they do get updated over time through trip tickets, adjustments and things that have been made. That is what is looked at being done with this amendment. The other thing is that the new MRIP landings and the updated commercial landings basically now represent the best available data.

The council is obligated by using its SSC and all to make sure that they are using the best available data to make decisions. Now this amendment contains only one action, and the alternatives are no action; that is, don't change the ACL, sector ACLs, allocations or SATs; or to change them based on the most current data. Well, that kind of seems like a slam dunk; what are you going to do?

It's not like the council is going to have a whole lot of choice here, but there are some issues that need to be discussed. Staff was given direction at the council September meeting that they wanted to have an amendment to look at, to vote up, down, whatever in December. This is a very, very quick turnaround. The staff basically got the data within just a couple of weeks ago.

Even some of the stuff that you got sent in preparation for this meeting, it doesn't necessarily have the most up to date data. I know that I was working on the economic effects section of this amendment as late as this past Friday with the latest version of it. One of the things that we have looked at in this analysis now is if we update to the new landings, what are going to be the impacts that would be based on the fisheries if the future behavior is the same as it is in calendar year 2012.

All 37 of these species are on a calendar year season, and 2012 is the only season under which that they will have been under the Comprehensive ACL Amendment ACLs and other management measures. We really don't have a whole lot to compare to. We don't even have a full season yet.

Looking at the recreational fisheries, all we had that was posted up to this point on the NMFS Website is through the third wave of MRIP, and that takes us through June landings. We only have half a year's worth of landings on the recreational side. Of course, we only had roughly three quarters of the year on the commercial side. Nonetheless, we tried to take a look at and figure out what would be happening with these fisheries in the future based on whether or not the council would go ahead and apply these new ACLs and ACTs and allocations.

Now, the deepwater complex and the porgies complexes that both closed early in the commercial fishery could have remained open a little bit longer under the new recalibrated values that we have. The positive effects for the deepwater complex would probably have been greater than for the porgies complex simply because the size of the increase that would be going to the commercial fishery on the porgy side was really not that large.

I think when you're looking at the ex-vessel value you're looking at maybe an extra \$4,000 ex-vessel value of porgies that they could have gotten, but the fishery did close early this season. The revised ACL for the jacks complex would have resulted in the commercial sector of that fishery closing sooner.

It did close, and the fishery would have closed even sooner than it did, but it wouldn't have been much again, and about a \$4,000 difference. That is a potential change that would have occurred. The ACLs for the commercial fisheries for blue runner and gray triggerfish would revise downwards. Blue runner probably – assuming that landings for blue runner stay similar to what they've been already for the rest of this year, we were trying to project out when would this fishery close?

Would it be able to make it all the way through the calendar year, and it's going to be pretty darned close. I can't say that I would know for certain, because a lot of these fish are caught in the commercial gillnet fishery for Spanish mackerel, so I'm not sure how that would play out. But gray triggerfish closed on September 11 of this year.

The reduction in the commercial ACL would have forced this fishery to close even sooner. This is a fairly important fishery for a lot of folks. It has been one of the few fisheries that have been opened when so many of the others have been closed that were an economically important species.

Now, the recreational fishery for Atlantic spadefish is the only recreational fishery that would be expected in the future to exceed its ACL. The reduction in the recreational fishery is 37 percent and you think it's really big, but realize that this really isn't that big a fishery and a huge portion of these landings occur in state waters, so we'd have to deal with how the states are going to deal with that as well.

There are some changes that will come about as a result. The recalculations for the ACLs could result in these changes that we're talking about in sector allocations, but for most of the predominant species these changes seem to be fairly small. I think the big one that stands out certainly is gray triggerfish.

What we wanted to do is to give the SEP an opportunity to comment on the allocation of the ABC/ACL changes. There are a couple of questions, but I thought maybe we could just go through them one at a time if that is all right with you, Mr. Chairman. If you wanted to discuss the first one and see if there is anything that you all want to say about how this is being applied, is there anything that you want the council to consider additionally that maybe they are not considering as they do this?

DR. WHITEHEAD: Can we have some questions first? I have one. These changes are due to going back in time and changing MRFSS estimates prior to 2004 with the MRIP update?

DR. CHEUVRONT: Is it 2003 or 2004 that it stopped? I'm looking at Mike and John – 2004 so, yes, and actually one of the things that we may even be revisiting this issue later on, because NMFS is looking at revising MRIP numbers going back even future years, so don't be surprised if a year from now we're looking at another amendment and you're going to look and say didn't we just do this? Exactly the same thing may happen again, but revising those MRIP numbers for those previous years because we actually have to use MRFSS numbers for those years from 2003 earlier.

DR. WHITEHEAD: The first question is do we want to comment?

DR. DUMAS: I would think that we were in favor of moving to use of better data. If it is better data in general, we would support that. Is there consensus in the group that we would support moving to use of better data? Is that the only issue here?

DR. MURRAY: I'll agree with Chris.

DR. WHITEHEAD: About midway through Brian's presentation, he said it seems like this would be a slam dunk other than it's going to lead to changes in ABCs and allocations. I guess if the better information leads to changes in ABCs and ACLs and allocations, then those are good changes.

DR. ERRIGO: One other issue is that if you don't change the ABCs and ACLs based on these new numbers, in the future we're going to get only MRIP numbers. We'll be tracking ACLs with MRIP numbers, but the ACLs were created using MRFSS numbers. This will fix that problem.

DR. WHITEHEAD: It sounds like that problem should be fixed.

DR. CHEUVRONT: Okay, I think I've got a couple more questions. No, that was it that was all I had for you on that one. That was pretty easy, pretty painless.

DR. WHITEHEAD: Do we need to write something up for that one? I'll do this one. Does anyone need a break? Let's take a five-minute break.

(Whereupon, a recess was taken.)

DR. WHITEHEAD: Okay, we're back. Kari has a presentation on Coastal Migratory Pelagics Joint Amendment 19.

DR. MacLAUHLIN: Okay, this is the Coastal Migratory Pelagics, very often called Mackerel Amendment 19. This is a joint amendment with the Gulf Council and it is Attachment 9. It has kind of been around for a couple of years, but is still in kind of the early stages. We expected to be through with it by the end of this year, but there have been some changes in the actions and alternatives. Then there is also Amendment 20 is going through at the same rate.

There have just been other things that have taken priority over these. Then there is also data that we're waiting on to come in, so everything got kind of pushed back and the council won't look at it again until March. At that point there will be analysis of all this and the SSC can comment on the analysis.

It will be final approval hopefully in September, and this means that both of the councils have to agree on everything, which doesn't always happen, but they are supposed to have a joint committee meeting maybe in May. This one has to do with permits and bag limit sales. What we wanted to do is just kind of go through these actions, but especially some of the bag limit sales and the latent effort action, just kind of get what kind of analysis – Brian is working on this for the economic analysis.

It is pretty heavy especially for bag limit sales and then the latent effort as well. I'll explain this so maybe just some input from you and particularly what kind of analysis you feel would help the council make a decision. This is what the SSC will review in April and it's really a bummer when you guys are like, well, what we wish we knew was this. Let's do that now.

I am just going to kind of walk through the actions, feel free to interrupt and chat if you want after each action, but I'm just going to kind of explain. This is Attachment 9, Page 3, and Action 1; king mackerel and Spanish mackerel and cobia, actually, but this action is just for king and Spanish. You can right now, if you catch these fish on a for-hire trip, you can sell them.

In some areas with the charter and headboat crew, this is just kind of the system of the charter and headboat guys. They depend on getting these fish from people that are on the boats but don't want to take the fish home or they can't take the fish home; they just donate them to the crew. The crew sells them, they get an extra tip.

This is really common in the Keys and some other areas. Right now king mackerel, Spanish mackerel and cobia are the only federally managed species that you can do this. Snapper grouper species it is prohibited and then recently dolphin and wahoo, even though there is some talk about dolphin and wahoo may be revisited.

The bag limit sales count towards the commercial quota. To me there are these different things, like, okay, well, it is part of the charter crew's income and you can extend the value a little more than just the money that was made on the charter trip by also selling the fish. Then there is the other side of it, well, it counts towards the commercial quota.

Then there is this philosophical argument that if it is a recreationally caught fish it should not be sold, nobody should make money off of it. There are these two different ideas. From what I can tell, you are on one side or the other really. Anyway, it doesn't matter what you think about whether or not this is right or wrong, it is really more about the economic analysis that you would like Brian to do.

We have a couple alternatives in there. One would be no action, continue to allow bag limit sales of king and Spanish mackerel. This is the South Atlantic preferred alternative, and I'll explain there is some more fun stuff in here. Alternative 2 would be to prohibit bag limit sales unless the for-hire vessel also has commercial king mackerel or Spanish mackerel permit.

Currently there is a charter permit for the coastal migratory pelagics, and in there is commercial king mackerel and commercial Spanish mackerel.

King mackerel is limited entry and Spanish is open access. There are a lot of vessels that work that have both – they have charter and they have commercial permits. However, what kind of trip they're on, the number of people, et cetera; it can be defined as a for-hire trip, so that is how that would be defined.

Alternative 2 would let these vessels that have both commercial and charter permits continue to sell even if they caught those fish on a charter trip. Alternative 3 would prohibit all bag limit sales from any recreational trip.

DR. CROSSON: How many permits are there; how many king mackerel permits are there out there?

DR. MacLAUHLIN: I think there are 900ish. Can you look that up for me, Brian? I want to explain something really fast as well; why the South Atlantic has the preferred alternative to continue to allow bag limit sales. The South Atlantic Council in general seems to be most interested in prohibiting all bag limit sales from recreational trips, so Alternative 3.

However, there was an action in here – it was recently removed – but they are interested in allowing king mackerel tournament sales to continue. In these fishing tournaments in North Carolina, Florida and Georgia, there are big tournaments; especially in Florida there are a ton of them.

They take the king mackerel from tournaments and they sell and then they donate all or part – some of them all or part to charity or something like that. There are these fish that are coming in from the tournament, and there are fishing organizations that run these and everything. Well, the South Atlantic Council wants to have some kind of provision in there that would allow an exception to allow tournament sales, but they don't want any of the charter trips; they don't want sales off the charter trips. What is it?

DR. CHEUVRONT: 967 king mackerel permits.

DR. MacLAUHLIN: Okay, 967 king mackerel; those are valid; and when we get there to the latent permit one, we can talk about that more. Then there are some gillnet endorsements. The questions, when it comes to bag limit sales of king and Spanish mackerel, what social and economic issues do you see arising from eliminating bag limit sales? In addition or if you want to expand on some of the things that we've talked about already, then kind of the group's opinion on eliminated bag limit sales.

Then also any ideas about provisions – this is not something we're not going to work on in this amendment, but we may work on it in a later amendment with the provisions that we could put in to allow an exception to allow sales tournament-caught king mackerel. In particular, is that even fair to do, if you are prohibiting recreational, fair as you guys want to define it. If you are prohibiting the charter trips from doing it, and then also we've talked about a permit and a fee and all this stuff and reporting requirements for tournament-caught king mackerel. It is complicated but it is totally doable. How do you create this exception without too many

loopholes and without people just applying for the tournament permit over and over so they can continue fishing, et cetera? That is all I have on bag limit sales of king and Spanish if you want to talk about that.

DR. WHITEHEAD: Yes, can we do these separate? Are there any questions for Kari?

DR. MURRAY: Do we have any idea on the scale of the bag limit sales that are relative to the commercial?

DR. CHEUVRONT: That's actually part of the analysis that I'm working on, and I don't have a handle on that yet. I've just gotten the data from the various states. There has been some difficulty getting data from the Gulf States. We may not get data from the Gulf States other than Louisiana and the west coast of Florida.

DR. MURRAY: The reason I ask is it seems like an odd thing to prohibit unless it is seriously cutting into the commercial total allowable catch.

DR. MacLAUHLIN: Okay, Spanish mackerel will get around its catch limit, 80, 90, 100 percent or something. King mackerel, though, right now it has been declining, so two years ago it was probably 75 percent. Last year they caught 55 percent. This year it is looking like they are going to catch 30 percent, and there is lots of speculation about what is going on, if it is just a cycle or if there is something wrong with the Atlantic king mackerel stock or the oil spill; I mean, lots of things.

Right now with Spanish, maybe that quota would be a little tight if they had a lot of recreational sales coming in. King mackerel, it doesn't look like there is a problem unless there is something wrong with the Atlantic stock, which nobody is really sure what is going on with the king mackerel stock right now.

DR. CHEUVRONT: Also, there have been some localized issues with bag limit sales of king mackerel. Like, for example, I know that when I was in North Carolina, that in the southern part of that state there was conflict between user groups on recreational bag limit sales of king mackerel occurring over the weekends for folks who were going out fishing who had a king mackerel commercial permit fishing recreationally and coming back and selling their fish commercially to make trip costs and this sort of thing, driving the price per pound of the fish down because the market was getting glutted with the recreational fish over the weekends.

When the commercial guys were going out during the week, they were complaining that the price was lower than it should have been and maybe towards the end of the week it was starting to go up some. They were concerned about that and these guys have come to the council on a couple of occasions and said that this is a problem.

DR. WHITEHEAD: If the price falls and if the scale is significant in some way.

DR. MURRAY: Mackerel is sold commercially for – I've never seen mackerel in a restaurant – I think mackerel is delicious, but where is this fish going, just to get an idea of the market?

DR. MacLAUHLIN: I think there is a regional market and then a lot of it goes to New York and New England.

DR. CHEUVRONT: Yes, mackerel, especially in the spring is a very popular fish to eat during Lent. The fish is generally pretty plentiful from Florida at that time. They sell a lot of it during that time of year.

DR. YANDLE: I've got a question that may take us in an entirely different direction. Do we have any knowledge either from other fisheries or even from the Gulf if this is prohibited, what happens to these fish; are they just going to be going to waste?

DR. MacLAUHLIN: Caught on charter trips?

DR. YANDLE: Yes.

DR. MacLAUHLIN: Well, they can take them home and eat them. They can throw them over. They can use them as bait or they can sell them under the table.

DR. MURRAY: Black market. I did want to just anecdotally I know that there is a thriving black market in Maui for all the extra recreational catch. I would imagine that is what happens.

DR. CHEUVRONT: Then there is the issue of the fish that are sold, even though they were caught by recreational fishermen get counted against the commercial quota. It has not been a problem recently. The NMFS definition is that a fish that enters into commerce, sold, bartered trade whatever, it becomes a commercial catch. Even though it was caught on what most folks would consider a recreational trip, it is counted against that commercial quota or ACL.

DR. WHITEHEAD: The problem is that the crew on the charterboats and headboats don't have commercial permits. If they had commercial permits, then we wouldn't be talking about this.

DR. MacLAUHLIN: No, a lot of the vessels have both. They have commercial and charter permits, but there is a legal definition of a charter trip and they want to prohibit the fish that are caught on those charter trips. There is one alternative that would allow a charter vessel to sell as long as they also had the commercial permit. Then there is one that if you catch it on a recreational trip as defined, then you cannot sell it no matter what permits you own.

DR. CROSSON: I guess the question for the group; isn't a fish that is caught in this manner and then sold commercially pretty much generating the maximum amount of value that it could? It is going to produce whatever normal producer surplus, and in addition you are kind of getting a two for, because it is generating all this consumer surplus from the charter fleet, which is about as high end of fleet as you're going to find. I have a very difficult time imagining how any movement to ban this sort of sale is not going to end up destroying economic value.

DR. YANDLE: I'd like to second that. It seems to me that the last thing we want to do is force this into the black market; that figuring out what is, use the word of the day "fairest" way of bringing or keeping this in the system – it is relevant. Do we have any estimates instead of how much of this goes on so we can just adjust and if necessary increase the amount allocated to commercial to cover this practice?

DR. MacLAUCHLIN: Well, the one thing is that it is not tracked at the state level, so nobody knows exactly. Brian will be able to give an idea, but in the Gulf – this is a joint amendment, and mackerel are managed together because they overlap with the Gulf and the South Atlantic. But with the Gulf group, the Gulf Council actually took a little bit of the recreational and gave it to the commercial to cover what they thought was the – it's an idea to just move some of it around or to set aside for recreational sales out of the recreational ACL or something like that.

DR. WHITEHEAD: That sounds like a productive accounting trick.

DR. MacLAUCHLIN: Another thing that we're interested in is your input on the economic and social impact analysis that you would like to see. Some of it is a given, you know, how much of the commercial quota is made up of bag limit sales; how much extra money is this making for the charter cruise, things like that, but just to give us some guidance on what you will be looking for in April that you think would be helpful for you on an action like this and then also for the council to make a decision.

DR. MURRAY: I guess the first step would be to get an idea of the scope. Then there was the story of impacting prices; is that just somebody being grouchy that they didn't get the price they wanted that day or is that a significant change in price? I would think those would be the first steps.

DR. WHITEHEAD: A long time ago in an SSC meeting, when we were grumbling about the lack of economic information, I commented that those first steps are usually – or that first step is usually all we really need to be able to talk about this kind of stuff. I don't know; I can't think of anything else.

DR. CROSSON: How would you suggest valuing this fishery, especially if you took fish and you are basically reallocating them from this charter/commercial use to just purely commercial use; how would you estimate the declining value? If you ban bag limit sales, the fish is not going to be as highly valued as it was before. How would you account for that decline in economic value?

DR. WHITEHEAD: It would just be the price times the change in quantity unless there is a significant price change and then there are a couple other triangles that you might deal with. But those triangles are probably a small percentage of the total change, which is price times change in quantity.

DR. MURRAY: It's a little more complicated than that, because we've got these dead fish that are going to not be sold so we've got some dead weight loss, and we've also got a data problem as well. I think it is quite complicated and it's an interesting research question. My instinct is that it makes absolutely no sense to not allow these dead fish to be sold. It does create again an interesting research question.

DR. DUMAS: But if the fish are not sold, they would still be consumed, right? Is that the assumption; that they'll be consumed by the crew of the for-hire vessel or their friends or the recreationists, or do we know? Do we have any information on that at all?

DR. MacLAUHLIN: Possibly they would take it home or they would give it to someone who would eat it, but in places like the Keys where most of your clients are out-of-town visitors and are staying in a hotel, they are not going to take the fish home.

DR. WHITEHEAD: There will be some waste, but we don't know how much. A comment on or a question to Jason; is the interesting research question that you bring up, which is interesting, that is not something that we're suggesting that Brian pursue for the regulatory analysis; is that right?

DR. MURRAY: No, I was thinking about a nerdy question to ask my students.

DR. MacLAUHLIN: This is really helpful for me.

DR. DUMAS: Would we be thinking that we would suggest that they allow sales of these fish, but that the for-hire vessels be required to also carry a commercial license? If you are a for-hire vessel and you carry a commercial license to sell the fish commercially, you would –

DR. MURRAY: I would say no. It seems like this must have come from some complaints from some commercial folks; and maybe they should be asking for some compensation, but to create a wasteful system where dead fish are not consumed seems like the wrong answer.

DR. CHEUVRONT: But is one of your recommendations from the SEP then that you are suggesting though – it was discussed earlier – about the council could consider compensating the commercial sector by moving the amount of the recreational bag limit sales a part of the ACL, from the recreational ACL into the commercial sector.

DR. MURRAY: That seems reasonable.

DR. WHITEHEAD: There are two possible negative impacts if you just look at a market analysis. One is the reduction in sales and the other is the decrease in price when there is a supply increase. Moving the quota from recreational to commercial would take care of the reduction in sales, and we don't know how significant the price decrease might be. It might just be anecdotal evidence, but it might be a real decrease, but moving the quota wouldn't fully compensate for the price decrease. It would not.

DR. CROSSON: I guess just making sure that we have a clear position is do we differentiate at all between our positions on Spanish and king given the tighter market -- I'm sorry, the tighter catch limits for Spanish. I don't think so, but I'm checking with the rest of the group.

DR. WHITEHEAD: Are you ready to move on?

DR. MacLAUHLIN: Okay, Action 2 is sale of cobia. Currently there is no commercial permit requirement for cobia. There are bag limit sales, but the commercial and recreational possession limit is two fish per person per day. In general, people who sell cobia commercially are out there fishing for something else, because you are not going to go fish for two, even though they're large. Then cobia has actually – the ACL is mostly recreational, so this is mostly a recreational fishery. In South Carolina it is actually a game fish and you can't sell it here.

Anyway, and I've talked down in the Keys there are some restaurants and stuff and they depend on the supply from the charter fleet for their cobia that they sell at the restaurant, so, you know, that is kind of a far-reaching thing. There are a couple of alternatives, and this is on Page 5. I just made this little table because it helped me separate what is going on, what this means for recreational and what it means for commercial.

Under Alternative 1, which is the Gulf Council preferred alternative, basically there would be no commercial permit required and recreational sales could continue. Alternatives 2, 3, and 4 would prohibit bag limit sales of cobia. Then under 2, 3, and 4 for the commercial; 2 would create a whole new commercial cobia permit.

Alternative 3 would just add cobia to the king mackerel or Spanish mackerel; and then commercial cobia fishing allowed under any South Atlantic or Gulf federal commercial permit. That is the current South Atlantic preferred. This is kind of the same thing; you know, there is the philosophy behind it of recreationally caught fish being sold. I don't know if there are any additional comments for cobia, because this is the situation where it is primarily a recreational fishery and also it has a really low possession limit even for commercial fishermen.

DR. CROSSON: Kari, could you flip back to the previous slide, please. Under Alternative 2 on the commercial side is that a proposal – would that be a limited entry permit or is just going to be like dolphin and wahoo?

DR. MacLAUCHLIN: I would imagine that it is going to be open access, annual renewal.

DR. CROSSON: It would be an open access permit, right, whereas with Alternative 3 it would be attached to a permit that is now limited access.

DR. MacLAUCHLIN: King mackerel is limited entry; Spanish mackerel is open. In general you are not going to have just cobia fishermen. They are fishing for something else. If they are going offshore, they are going to have another permit. It is likely that they have a mackerel permit even if it is a limited or open. Then under that fourth one, our snapper grouper permit is limited entry but the dolphin and wahoo is open access, which is another pelagic species.

DR. CROSSON: None of these options would attach it then only to limited access permits. All of these would still allow new entrants under Zone 4.

DR. MacLAUCHLIN: Yes.

DR. WHITEHEAD: Does this one differ for us at all?

DR. MURRAY: Is there anything that is noteworthy about the stock status for the cobia relative to mackerel?

DR. MacLAUCHLIN: No, not really. I think it's pretty good. We're about to get a new stock assessment result. They are actually finishing up next week in Atlanta, but they are changing the biological boundary for the Atlantic and Gulf stock, and the stock assessment is different from the management boundary. They'll probably move the management boundary to the Georgia/Florida line, right or Carolina? The stock is I think pretty healthy.

MR. WAUGH: Yes, the stock assessment appears to be coming out at least for the Atlantic group, which is defined as Georgia north, as being not overfishing and not overfished, but we do have to deal with how we are going to handle the management boundary of the council area. We have the whole Florida east coast that is going to be fishing on Gulf fish. We're having discussions with the Gulf Council – that will be handled in a future amendment – how we deal with that; in all likelihood similar to how we do king mackerel now where the Gulf allocates certain poundage to the Florida east coast and then we manage it.

DR. CROSSON: What is the origin of wanting to eliminate these bag sales? Is it the same thing that happened with the other fishery where people started complaining about it? Because it is such a southern caught fish; that is what sort of surprises me. There are such small amounts of commercially caught cobia I've ever seen. I think I've seen it once in a restaurant in Ocracoke and that's it.

DR. CHEUVRONT: It's a short fishery for the most part. A lot of it is caught during the spawning season in the spring. You have to kind of catch it at the right time, but there is a fairly sizeable commercial fishery for it.

MR. WAUGH: One other point is that the allocation heavily reflects the much higher catches of the recreational versus commercial. The feeling on the commercial side is, well, if we're getting allocated such a small portion, do we want recreational sales to count towards that and filling the small commercial ACL sooner.

DR. CROSSON: Is the current regulation – I'm trying to go from memory; is it two fish per boat on a commercial fleet? Is there any reason to suspect that might need to change because the commercial sector has been catching its allocation?

MR. WAUGH: Yes, that could be, but again the accountability measure on the commercial side is to close the fishery once that ACL succeeded. Interestingly, it doesn't look like it was reached this current year, which is surprising.

DR. WHITEHEAD: Cobia is like mackerel for us?

DR. MURRAY: Yes.

DR. MacLAUHLIN: Some of this is just we have as many questions as you have and we are waiting to get data and things. Latent permits, Action 3; king mackerel hook and line, which is the king mackerel commercial permit; this is the limited entry commercial permit. There is one permit for the Gulf and South Atlantic; it is a joint permit.

There are 967 valid permits that could become active. This is one of those where because it is limited entry and you can't just one year get one and one year not get one, because you know you're not going to fish it like you can in Spanish mackerel, you can buy one whenever you want – king mackerel, if you get one you have to hold onto it and you have to keep it valid, pay your fees and everything. It is pretty common for these fishermen to keep the permit valid, but not fish them but just to keep the opportunity and so they'll have really low landings history.

But this is really characteristic of the southeast in that people will hold multiple permits just so they know they have the opportunity to target king mackerel if they need to, for example, if everything else that they fish for shuts down. I think we did get some numbers at one point and probably like half or maybe a third of the permits had landings in the last few years.

There are definitely latent permits and, of course, they change regionally where people are fishing more and more. King mackerel, probably the dominant area is around Cape Canaveral and Jupiter and Stuart in Florida, kind of just below Cape Canaveral, but above Fort Lauderdale area, but people have them all up and down the South Atlantic and the Gulf, of course.

The council came up with some different ways to address latent permit issue. Basically they need to define what is latent and then they need to decide what they want to do with it. Under this the council actually picked out Option A. What Alternative 2 would do is it takes a qualifying period and then a threshold for a certain number of pounds; and if you can meet this criterion, then you are not latent and you can go on as usual.

But if you are, then your permit will be eliminated. This is the one where we've heard some public testimony about that they've had it but they haven't fished it in several years or something so they can't hit those thresholds for the criteria even though they've kept it valid, and they want to keep it so they have the opportunity.

Then Alternative 3 is if you had any reported landings of king mackerel in five years preceding a control date or in at least one of the five years preceding the control date or two of the five years. The control date is something where the council will set it and it will be published as the control date in which you kind of to alert people who are interested in entering the fishery that we are going to use this control date so you may not be able to continue participation.

Then Alternative 4 would use this same alternative. There are options under Alternative 2 where you have like the 10-year time period, 5-year time period, different thresholds; and instead of eliminating a latent permit, it would basically make it a nontransferable permit. Right now you can transfer the permits and buy and sell them. This would just make them nontransferable.

When that person retired or passed away, unless they transferred them to family, then the permit would just go away. It would be kind of like this passive reduction system. Then at our last meeting one of the council members added another option in which the threshold for average reported landings of any species would be, and then there was a different poundage there.

What she was trying to do was if you have any commercial landings of federal species, then you should be able to keep your king mackerel permit. We can talk about social and economic implications of eliminating latent permits. the benefits and the costs of eliminating these and what factors are most important for them to consider in determining pounds landed and qualifying years.

I have had some discussions of the council about just throwing out alternatives all over the place without really having a clear goal; you know, what is that? Do you want to keep your people who have been in the fishery for 50 years or do you want to keep your people who have been active in this fishery for the past five or ten years? Are there a certain number of people that you want in the fishery? Do you want to cap it there; let's talk about that?

How large of a fleet can this stock support, et cetera? I feel like sometimes they just start throwing out all these alternatives and combinations, and then it is like a real hassle to do the analysis. If we could just talk about what is important to think about and then maybe they could narrow down their goals a little bit.

DR. MURRAY: Just a question for you, Kari; what is wrong with having these latent permits; what is the ostensible problem?

DR. MacLAUCHLIN: The king mackerel commercial quota for the Atlantic group has been – you know, they've been meeting a lower and lower percentage of the quota. It was like 75 percent and then they went to 55 percent. Then this year they are probably only going to catch like 30 percent. There have been ups and downs.

Maybe it's just a cycle of the fish; they are migratory. But there has been some concern that there is something wrong with the stock; that it got fished too hard, too long during spawning season, environmental factors, et cetera; and that the reason why the quota is not getting caught is not a matter of effort; it is a matter of stock.

There is something wrong with the stock, which brings in the concern if we double the effort with a stock that we are already concerned about; would that be bad? I mean like that is the big question with latent effort is that would it be okay if everybody started fishing because they can? It is possible, not likely, but it is possible. That is a big question for the council. Right now they are saying, no, there is concern and we don't think that the king mackerel can handle it.

DR. WHITEHEAD: If everyone starts fishing and they reach the quota, won't that stop the fishing? Is it a matter of the people who are fishing king mackerel right now are worried that they'll face competition if everyone else starts fishing king mackerel? Kari said, sure.

DR. MacLAUCHLIN: Yes, it is also the active fishermen feeling like they have been using and fishing on their permits when there are a lot of people who just have the permit.

DR. MURRAY: To be clear, there is a quantity management as well as the effort management for this?

DR. MacLAUCHLIN: There is a catch limit.

DR. MURRAY: There is a catch limit, okay.

DR. MacLAUCHLIN: Yes, a limited number of permits.

DR. WHITEHEAD: Could the people with active king mackerel permits purchase the latent king mackerel permit?

DR. MacLAUCHLIN: They wouldn't need to.

DR. WHITEHEAD: If I'm worried about someone with a permit cutting in on my action, I could buy their permit from them and eliminate that worry.

DR. MacLAUCHLIN: I see what you're saying; I don't think that's likely to happen unless there was some kind of provision put in that would require them to. I can't really imagine the active fleet buying out the latent fleet.

DR. WHITEHEAD: But is it allowed?

DR. MacLAUCHLIN: Sure.

DR. WHITEHEAD: It might happen if the council decides – I mean it could feasibly happen if the council decides not to force retirement of latent permits. I mean another action could be to encourage this sort of transferability to eliminate the worry of the active king mackerel fishermen.

If it wouldn't happen, then I would say there is a value placed on – or some limit placed on the cost of this worry that the active king mackerel fishermen aren't willing to pay. That's the pure economic interpretation. There might be some social or cultural prohibition to this, too, that I'm ignorant of.

DR. DUMAS: If I were an active king mackerel fisherman, I would be glad that there were a lot of latent permits out there. In fact, I would want more of the active fishermen to become latent. What I don't want is for the latent fishermen to become active.

DR. MURRAY: To come back to why this is coming up, this is about a fear of all of a sudden the latent effort becoming active. Is there any indication that will happen? Has this happened before?

DR. MacLAUCHLIN: No, I don't know actually, but I guess there are a lot of impacts from these closures, especially now that we have the ACLs in place for everything, including these accountability measures which can close things down in season when you hit them. It is going to be interesting to watch what happens when you close one and everybody moves to another and you close one and everybody moves to another. It's just going to be like this domino effect.

That is why they are holding onto them. That is why they hold onto all those permits is because if they need to shift they need to know that they have that option in there. I think that it may not be likely in the near future, but it is definitely something that is in their brain, and it is definitely something that can happen because we just got all those quotas in place.

DR. YANDLE: You are saying that removing some of these latent permits in this and presumably other fisheries is part of an effort to try and avoid serial depletions or am I reading too much into this?

DR. MacLAUCHLIN: I think with king mackerel it is a combination of both. I think there is concern. When we went on the road in August, that is what I talked to the mackerel fisherman about. We talked about why is catch going down; is it a problem? What do you think we should do? Some of them say it is just a cycle, it is fine and it will go up and down.

Some say let's wait a little bit and see what happens. Some people say there is something wrong with the stock and we need to do something now; and if we keep fishing, it can't even support

the vessels that are fishing it right now. For that to them it is kind of their economic interest, because they don't want the stock to crash if everybody shifts to king mackerel. Some of them say the reason why the stock has been decreasing is because people are shifting out of other fisheries that are closed into king mackerel and Spanish mackerel and fishing it really hard. But I think that it is all kind of tied together; we don't want the stock to get hit too hard because that is going to affect my bottom line.

DR. YANDLE: Okay, to me they tried to proactively avoid depletions that you see on the horizon is a lot more legitimate reason for doing this than I want to avoid future competition.

DR. CROSSON: I'm just noticing that there is a SEDAR coming up in 2013 for king and Spanish. I'm still kind of amazed at the idea that the fishermen feel that the potential decrease in stock that they are seeing out there on their water; I mean, that is an argument that they think that there should be a much lower ACL for this stock than the council currently has.

I'm just a little surprised by that, because that is where the logic leads. They are basically saying reduce the potential effort in the fishery now, because the council has set an ACL that is unsustainable. I've not heard that before from fishermen in the South Atlantic, ever.

DR. MacLAUHLIN: No, I don't think that they want to lower the actual ACL.

DR. CROSSON: The past couple years you are saying it is like a third, they are only catching a third of the ACL, of their allocation.

DR. MacLAUHLIN: They never asked to lower their overall catch limit. They will ask to lower their trip limits and things like that just to kind of curb effort. We have like very different opinions from the mackerel fishermen. You can ask Rusty; he can come tell us about what they think.

There are some people who really feel like there is something wrong and something has to be done right now and we need to lower the trip limits and we need to shut it down, and then there are some that are just like, no, it is fine. If it is okay with you, Mr. Chair, Rusty can comment on that.

MR. HUDSON: Basically I try to represent the king mackerel people for the last five years. One of the ideas that had come out was with the mixing zone where they wanted to reduce from 75 down to 50, because there is a trigger at 75 percent that would have caused – you know, if you don't reach the 75 percent by February 1, then it kicks up to 75 fish.

They have not been able to fish the month of March. That is when Lent at \$3.00 and \$4.00 a pound that they are receiving for the king mackerel then. We've had no problem catching that quota at all. The problem breaks down whenever you start vectoring up the coast and it gets after that particular time of the season, which we've just gone through.

For whatever reason May and August have been traditionally strong months, but this past year it was not, and a little bit of last year it was not. We had a meeting. Ben Hartig, the Vice Chair, who will be here later this evening, and ourselves gathered – Dr. Peter Barile who had done a lot of research on what has gone on.

Then we started looking back in time from the early eighties all the way to the current period. We found that there were these valleys that occurred back with the drift gillnet, but we got rid of that and those valleys got smaller. Our ability to deal with the catch was different as we got further into the future.

When we did SEDAR 16, it appeared and we wound up increasing the quota both for the Atlantic group, which is where that shortfall is occurring, and with the mixing zone. That is not shortfall, and in fact we catch that so quickly. With the kind mackerel, we came to a decision collectively, like 80 something people in the room, and most of them were the very active guys.

They decided that they did not want to reduce down anything as a deliberative process until we get to the 2014 or 2013 stock assessment, which is going to carry over into 2014 to finish it. Ben will be able to talk to this a little bit more at least on the SSC level when we get into this same dialogue, but he has found that there are a lot of young age class that has been coming through with the glass minnows of king mackerel and stuff like that, which made him feel a lot more upbeat about everything.

Essentially I would love to defer to Ben when he gets here, because he has been very active in this fishery for 35 years; and from his sense of experience he has seen the ebb and flows, but he also saw the gear type conflicts that led to a lot of situations that we had to rebuild from. When we get into the next stock assessment, Scott, we are going to have a lot better situation to reflect on because things may turn around a little bit, because there was a lot of like cold water affect that has affected things.

The west wall of the Gulf Stream was a lot further off; these animals like current. There is a lot of what if as to where they are. I've seen times I go offshore in the past and I would find king mackerel out there 55 miles off the beach where nobody is going to go to fish for, because most of the guys that fish on the east coast of Florida are a day boat affect. If they are up off of Daytona where I'm from, they may be a two-day boat affect.

The further you get north the further those animals vector offshore and it makes it rather difficult to catch them unless they are all balled up at that certain point and North Carolina is the other certain point. They have the little bit of gillnet up there. Then we have the other king mackerel. But a lot of our guys also go into the Gulf of Mexico; and when they do that, those guys haven't had any problem catching their quota there.

Then we have this problem that we're going to try to work out during the next stock assessment with the otoliths and all the analysis with regards to what had come in to SEDAR 16. We were looking at possibly 80 something percent of these animals in the mixing zone not being a 50/50 Gulf but a South Atlantic stock.

There are a lot of things that could change by the time we do the next stock assessment that could lead to a way of having to deal with allocation issues and maybe separating ourselves from the Gulf and things like that. We're not ready to go ahead and shut the door on stuff. As far as like the latent permits and things, the ideas that came out about trying to keep it in the family or if you have a new boat and you carry it over there, that is a good thing, but it's all a work in progress.

We are waiting on the Gulf council, who is in the lead of this thing, to have their meeting at the end of this month, I believe it is. Then we are going to take it from there with our discussion further in December, and we'll have our public hearings in January. By the time we start the stock assessment – I believe John indicated we're looking at the fall of next year before we even do the data workshop. At that point we'll be able to reflect back on what happened this year, the mixing zone stuff, if we were able to temper it with the 50 fish.

Because we have self policed ourselves; we've actually closed down that mixing zone so that we could get closer to that \$4.00 a pound in the month of March. Some of these guys, they want to collectively add the Atlantic and that mixing zone all together and just make it one quota and figure out how to work the season so that we can get that Lent prices in, because that is a big deal.

DR. MacLAUCHLIN: I don't know if everybody is familiar with what he means by mixing zone. There is an Atlantic group and a Gulf group, and there are different boundaries and they shift for king mackerel. That place in Florida around the Cape and down to Jupiter; that is called the mixing zone, because for part of the year they are fishing Gulf group king mackerel and for part of the year they are fishing Atlantic group. It is one of the primary places.

The meeting with the fishermen that was in August or September, right, where the fishermen who fish around that area got together and talked about a cycle and everything. I just wanted to make sure everybody understood what you were talking about. The SEDAR, I don't know if everybody knows, but it's the stock assessment.

MR. HUDSON: The number of permits, I believe what you had indicated with the 900 and something is what's in our region of the South Atlantic Council region; whereas when you deal with the fact that it is the same permit from Texas to New York, that is another little problem we're trying to work out, too. I think that is around 1,400 to 1,500 permits in total.

DR. MacLAUCHLIN: Do you guys have any comments on dealing with latent effort or the analysis?

DR. WHITEHEAD: King mackerel seems to be or may be a healthy stock that is not reaching its quota, and we have a lot of people who want to fish it perhaps sometime in the future. I don't see any reason why we should take away that option. That is not the question we were asked. If that option is taken away, then the people with those permits are being hurt.

That is the definition of fairness that I mentioned earlier. They are going to be worse off. In terms of the second question, if the council goes ahead, I don't know if we have much to say about the technical matter of pounds landed and qualifying years. I don't know if this group can really get into the minutia of fisheries management like that.

DR. CROSSON: This situation reminds me of the wreckfish, removing quota from fishermen who hadn't used it before. I'm trying to find our notes from that meeting two years ago where we pointed out the screwy incentives that might give fishermen. I'm just going back through my notes trying to find that.

DR. DUMAS: It seems like the issue is does the ACL need to be adjusted or not for biological reasons? It seems that we don't have any biologically based information to suggest that we should change the ACL at this point; but when the new SEDAR comes out, then maybe we'll have better information and reassess that.

But if the ACL should not be changed, I don't see why the latent permits should be reduced. If there is value to fishermen to hold that latent permit, have that fishing option to help them hedge against closure of other fisheries or for other reasons, that is a valuable thing to the fishermen. The permit is latent and not fished doesn't mean it is not valuable. It is valuable because it gives that fisherman an option.

DR. CROSSON: Yes, I'm just looking back from our notes from the SEP meeting in 2011 and what we said – and it is slightly different, because then we were talking about an ITQ and revoking unused ITQ shares. Some of the things that we've said in our paper back then; that it would undermine the property right and increase uncertainty in the fishery; that owners have other incentives, like Chris just pointed out, about why they might not go out and fish something, and might not go out and use the permit. Generally it would decrease the amount of trust that the fishermen had in the council's actions. I'll grab some of that and try and see if some of that is applicable.

DR. WHITEHEAD: Anything else? Action 4.

DR. MacLAUCHLIN: Okay, Action 4, I don't know, we don't have any questions for you and I don't know if you want to comment on it. It basically is that particularly for Spanish mackerel and cobia, they are catch in state waters. This action would require any vessels that had the federal permit, king Spanish or that possible cobia commercial permit; they would have to comply with federal regulations even when fishing in state waters if the federal regulations are more restrictive.

This is like, for example, if bag limit sales are prohibited, they would be prohibited in state water – of Spanish and cobia from state waters as well if you had a federal permit on your vessel. We just have a no action, which is actually the Gulf Council preferred, so this would continue to allow vessels that catch Spanish mackerel and cobia in state waters to sell off of recreational trips as long as they don't have – or even if they have the federal permit. Then Alternative 2, that would be to require them to comply with those federal regulations. We had to add Alternative 3 in case the cobia permit was created in Action 2.

DR. WHITEHEAD: Any questions or comments? I see none.

DR. MacLAUCHLIN: Five, we don't have any specific questions; but if you would like to comment on income requirement. Right now for king mackerel and Spanish mackerel commercial permits, to renew your king mackerel limited entry permit or to just get a Spanish mackerel open access permit, you have to sign an affidavit that says that 25 percent of your income comes from fishing or \$10,000 from commercial or charter.

The idea is that permit holders will have some kind of tie and we won't just have people sitting on it. That can be from any commercial or charterboat fishing activity. It doesn't have to be kind or Spanish; and then one of the three calendar years of the application. It is an affidavit;

and so if you did get in trouble, you could face some kind of legal consequences. However, it is an affidavit so it is not checked. You don't send in your tax forms or anything like that.

The Gulf Council, they have an income requirement for their reef fish commercial permit. What happened is that after the BP Oil Spill a lot of those permit holders couldn't hit that income because they weren't fishing. In some cases they were working on cleanup and other activities, but they weren't fishing it so they were going to lose their reef fish permit, and that one is also a limited entry program.

They eliminated all their income requirements and they wanted to do the same for king and Spanish mackerel. The South Atlantic Council currently doesn't have a preferred alternative, but Alternative 1 would just keep those requirements the same. Alternative 2, if a cobia permit is created it would have the same income requirements. Alternative 3 would just eliminate the income requirement.

Then Alternative 4, this could be selected as a preferred alternative along with another alternative. It would allow income requirements to be suspended in the case of some kind of event like the oil spill or something, and the council could just suspend those for a certain number of times so people could keep them; just an FYI. That's it for Mackerel Amendment 19, which we will bring back to you folks who are also on the SSC and comment on it in April.

DR. CROSSON: I have a comment on this. I guess I would just hate to see any requirement that either provides a disincentive for people to work land-side jobs because they are having a harder time making it commercially fishing. If they are trying to meet a certain percentage requirement, I can see that being applicable and or/lie on an affidavit.

DR. DUMAS: It's obviously something that most economists would think is a strange – what's the potential reason benefit for having the income requirement?

DR. MacLAUHLIN: I guess to keep the permits with the people who at least are participating in the fisheries professionally.

DR. YANDLE: Being slightly snarky, so we don't end up getting in a discussion of we need to reduce effort and get rid of latent permits in this five years from now. But I tend to agree, it doesn't make much sense.

DR. WHITEHEAD: We call this a barrier to entry in economics. Barriers to entry a lot of times come from the industry themselves and it is designed to reduce competition. In general it is a bad thing. When I say that, I mean it reduces economic efficiency. We are either on the record in the SEP meeting or an SSC meeting as being against something like this. Back in some meeting minutes we've said this before.

DR. MacLAUHLIN: In general, you would want to eliminate any kind of income requirement. As an aside, when the South Atlantic Mackerel Advisory Panel reviewed this, which is made up of fishermen mostly – I think it is almost all fishermen – they really did not want the income requirements to be removed. It seems like it made them – I mean even though we said it is just an affidavit, most people who are getting them are fishermen, anyway, and there's no way to check it and all this – and I think even somebody said it just makes me feel better to know that

there is some kind of requirement and not just anybody can get in. There is this perception of it as well I think from the industry.

DR. DUMAS: Well, if you are going to have some kind of entry requirement, then perhaps make it something that seems more easily verified like some kind of catch requirement rather than some kind of income requirement. It is more difficult to check their income, and it's just requiring an affidavit.

But you could check the catch; you already have data on the catch, right? That might be easier to check although I would not be in favor of that either. I would be against any type of entry requirement; but if you're going to have one, maybe you could have catch instead of an income requirement.

DR. MacLAUHLIN: I think if you work as crew you are not a permit holder and no landings actually go towards you – counts as part of their income. This is also a way where a crew member could work and be able to swear in an affidavit that 25 percent of his or her income came from fishing and qualify.

DR. WHITEHEAD: Are we okay to move on? Okay, review of Boyles' Law and allocation; Brian has a presentation for us.

DR. CHEUVRONT: Actually, I think probably the best way to start with this is a bit of a history lesson. If you took physics in college and learned about Boyles' Law, this is not what we're talking about. This has nothing to do with pressure and volume as you may have learned in my case those many, many years ago.

AP MEMBER: There was lots of pressure.

DR. CHEUVRONT: There was a lot of pressure; and when you think about it, it might have been a fair amount of volume, too. Just some of my own history with this, I was actually on the council when this was put into place. I actually even chaired the council's committee on allocation at the time that this happened.

We had several meetings to try to figure out what were we going to do. This was right after the reauthorization of the Magnuson Act when we had to come up with sector allocations and things. The council was really struggling in trying to figure out what are we going to do, how are we going to make this happen? Everything that we talked about, a lot of it came across as being so subjective, you know, people were going to be able to argue against one way or the other whatever the council was doing.

The only thing that the council ended up agreeing upon was to try to do something that was as objective as possible and that was to use landings. Boyles' Law refers to a council member, Robert Boyles from South Carolina, who came up with this initial idea. I think if you talk to Robert today, he cringes a bit when people refer to this as Boyles' Law.

To him it was just an idea that he threw out there, but it became rather popular because it helped the council get over the impression of its constituents of thinking that there could have been something that was not objective in determining how these allocations could have occurred. But

Boyles' Law, as the council means it, is a method of allocating fishery yield among the different sectors. It is based on a combination of long-term and short-term catch averages by sector.

The sector apportionment was based on a long-range catch average. In this case it is 1999 through 2008, 50 percent of your apportionment would be determined by that; and then 50 percent of the apportionment would be determined by the average of the recent catch, which was 2006 to 2008.

Now, that is where we are now and that is what was basically used for I think most all of the ACLs the council is looking at now. What the council is concerned about is they want the SEP and SSC to address the use of Boyles' Law for allocation. I'm not sure that the SSC or the SEP has had a detailed discussion of the pitfalls and the advantages of using such an allocation.

As I said, they were trying to do this objectively, but a concern is now is whether this is going to achieve what the council has wanted and whether it is going to be appropriate for its use in the future if they continue to apply this method. I came up with some questions for you to discuss. What caveats does the SEP have for the council if it continues to use this method for determining allocations in the future?

What are the long-term implications of using it? What concerns do you have basically with continued use of this law for determining future allocations, because this could be applied? Among the things that has been the case is that the range of years has not changed. It is anchored at 1986 as the initial year and it ends at 2008. That has not been changed.

Should the timeframe be reconsidered? If you guys have a recommendation that you think that we don't think you should be using this at all or can you come up with some other method that the council might want to consider in terms of determining allocation, preferably something based on objectivity. That's it.

DR. WHITEHEAD: Are there any questions?

DR. DUMAS: It's not clear to me how if you use this law you can meet an ACL. There must be some larger formula this is embedded within it. If this is the allocation for one sector and then you have more than one sector –

DR. CHEUVRONT: What happens is this is their proportion of the total pounds that are available, so this gets applied to whatever the overall ACL is for any given fishery. What you do is you basically figure out the proportion that goes to the commercial sector or the recreational sector using this formula. It adds up to 100 percent when you add the two sectors together. That is how you determine how many pounds or translated into fish that any given sector will get.

DR. WHITEHEAD: An allocation for a fishery was determined a long time ago, and that allocation has been observed over time and the catch goes up and down, and this is how you translate that history into the present. It really says nothing about the allocation across sectors, per se.

DR. CHEUVRONT: Well, what it is it just takes and looks at what the different sectors did over time. There were some constraints that existed in certain of the fisheries during that time.

Really, in determining the allocations, it just looked at the absolute landings by the sectors over that time period of 1986 to 2008 and then just applied the math.

DR. MURRAY: I'll go ahead and bite. It seems like you have a choice; you can either use an arbitrary rule or you can allow people to trade. This seems like as good of an arbitrary rule as any, except for the non-rolling nature of the window. That seems strange that it wouldn't change.

DR. CHEUVRONT: The reason why that is in place right now is because the council voted on it being for these years. They could easily change that; but when they decided how this was going to be, this was the years, but I don't recall – Gregg, am I wrong on that? I don't recall that they had said that there was any kind of provision to change the years so it has stayed this way.

MR. WAUGH: That's correct and there was concern also that allowing it to track additional years, then you could create an incentive for one sector to exceed their ACLs and thereby get allocated more in the future.

DR. WHITEHEAD: That could happen; you could exceed your quota and benefit from that? It seems like with all the rules that we have, that wouldn't be allowed.

MR. WAUGH: Well, that is the topic, and maybe they are going to cover it tomorrow some, but yes, we've set ACLs but limiting fishermen to those ACLs is a horse of a different color. In some cases we've done it, but quite frankly on the recreational side and in some cases I think some of our deeper water species. The ones you were talking about for tags; we're like at 600 percent of the quota, so, yes, it is tough. Some of the commercial we are significantly over as well.

DR. WHITEHEAD: I understand that; that it is hard to keep people from busting a quota. But it wouldn't be hard to keep them from benefitting from busting a quota by increasing their allocation because they did that.

MR. WAUGH: True; and I think that is why the council chose to look at this time period and use this time period to fix the allocations. It was balanced – and I think Brian covered this – the whole time series is 50 percent of the answer and that tended to favor the commercial because historically they were more important.

Then using 50 percent based on the last several years reflected the more current usage, which tended to favor the recreational sector. They balanced the two and that is our best estimate of how the pie should be divvied from here forward. They can always go back and change that, though.

DR. CROSSON: I just want to maybe put this into the report to the council, because they don't have time to read the NOAA technical memo, just a major point that I picked up from through it, and I thought it was a good read; the technical memo that is in our briefing book that came out in February from several NMFS economists looked at different allocations.

DR. WHITEHEAD: I'm sorry, I interrupted Scott. I'm going to read the title real quickly here. This was in our briefing book; "Allocation of Fishery Harvest under the Magnuson-Stevens

Fishery Conservation and Management Act Principles and Practices, NOAA Technical Memorandum 115”.

DR. CROSSON: Yes, thank you, John. I had my notes for the briefing book. Just the very few major points that I picked up from reading it and the council should consider; this technical memo looked at either economic efficiency for allocation decisions or fairness. The first of those has a more precise definition from an economic standpoint.

Theoretically you could do allocations based on economic efficiency standards. You could look at where fish have a higher value, which sector has a higher value. If you move fish from one sector to another, you are going to get decreasing returns per fish. There is an intersection that we could put together on a graph, but the economic data is usually kind of lacking for fisheries, especially for recreational fisheries, so that makes it more difficult than it otherwise would be.

The second point being also – and this is just from discussions I’ve had with other folks – that recreational fisherman don’t necessarily value fish on a per fish basis; they value fishing opportunities. If you take fish from the commercial sector and transfer it to the recreational sector, you have to go through basically the math of what that is going to increase the probability that if the recreational fisherman is going to encounter it and harvest it, and that is going to increase his consumer surplus in some useful way.

You might have to talk about larger chunks than just individual fish. It maybe has to be some amount that is sufficient to generate an increased chance of a recreational fisherman encountering it. The second thing I just wanted to bring up is about fairness. Fairness is very difficult for an economist to measure. The memo did point out that you can use some standards. There are some standards that have been used in different literature to talk about fairness.

You can talk about the fact that different groups of people may have different economic backgrounds and may have different economic opportunities, and you could apply weights. If one group of individuals in society is again coming from a poorer background, then you might weight their value more highly when you use an allocation scheme.

I know in fisheries, usually commercial fishermen don’t have quite as much cash as a lot of the recreational sector does; at least from the studies that I have seen. The third thing I would point out from this technical memo is that half of it is tables that go through all of the allocation numbers that are used in fisheries throughout all of the fisheries councils.

I found that to be really useful. I had not seen that ever gathered in one document before. But they went through and looked at wherever there are allocation formulas in the different councils, what was the historical basis for that. They found that almost all of them, it was based on some sort of historical precedent; that generally what we’re looking at with Boyles’ Law, something based off of what the historical catch patterns were. That is all; I just wanted to put that in and we’ll put that into our notes from the SEP, because I think these are things the council should be aware of when considering this.

DR. WHITEHEAD: I’m looking at the overview. The first question or the second question – I think Jason answered the first question; what caveats does the SEP have for the council if it continues to use this method? One caveat is that it is an arbitrary rule. The second question is

what are the long-term implications of continuing to use Boyles' Law? It was set up to incorporate recent history and we're losing their recent history from allocations.

DR. CHEUVRONT: If I could interrupt; what you're saying is that you think that something needs to be done about the years that are used to calculate this. If the SEP could make a recommendation on how the length of the long-term series as well as the short-term series – for example, if you decide that it should include up to the most recent completed year of landings. should it still continue for in the long series going all the way back to 1986 or do you think something else? For the short term do you think it should include the most recent years; and if so, how many years would be reasonable?

DR. WHITEHEAD: I always have trouble with this kind of discussion at these meetings. I sit at my desk and I'm an economist and there is so much stuff that I don't understand that is going on on the water and in the give and take between the fishermen and the regulators. I think anything that we would suggest would – speaking for myself, anything I could suggest would be too naïve.

DR. CHEUVRONT: But are there some principles or something that you could suggest? For example, you've already said something about issues with the time series, so if we could get some direction on what you all think about that.

DR. YANDLE: When we started with the year '86, how many years ago was that then; was it 20 years, 25 years?

DR. CHEUVRONT: This was done – well, 2008 was the most recent year in the series, so that was probably done in 2009. I think 1986 was chosen, because at that point I think it was considered – and, Mike, let me know if you think differently – that the landings were pretty reliable from both the commercial and the recreational sector from that point on.

DR. WHITEHEAD: One principle I think is more recent history should have more weight than more distant history. Another principle might be that a forecast of future catch might be useful instead of just looking at history. In terms of if we want to know what inflation is going to be next year, without any analysis, the best estimate is what inflation was last year. If we want to know what inflation is going to be next year, with some work we develop a forecasting model. I'm not a macro economist, but I'm not sure if we ever use one of these weighted historical averages of inflation to make a forecast for the future.

DR. MURRAY: I was just curious; did we have the numbers available for what the allocations have been over the past ten years?

DR. CHEUVRONT: It's been used only once for the allocations and that is in several different amendments including the Comprehensive ACL Amendment. I think there was some in Snapper Grouper Amendment 17B and a few others, but, yes, those are available.

(Remarks made without turning on the microphone.)

DR. CHEUVRONT: I'll have to look it up, but Regulatory Amendment 13 only has for those 37 unassessed species, so it doesn't include everything.

DR. DUMAS: A couple points; one is that the reason why I asked the question a while ago about ACLs, it wasn't clear to me the way the formula has been presented that the sector apportionments would add up to the ACL. Apparently someone mentioned that sometimes they might not; that folks might catch more than the ACL.

One principle immediately would be if you are going to stick with the existing rule, change it so that the sector apportionments are fractions; change the formula so that it gives you fractions of the ACL, so each sector gets a fraction of the ACL just to make sure that you don't end up with apportionments that add up to more than the ACL. That would be an easy adjustment to the formula and making no other changes on sort of what it is based on.

But, if you wanted to change what the formula is based on, you would want to change it in a way so that it leads to increasing value of the fishery over time. Just basing the sector allocations based on one historical period in the past doesn't allow for changing the sector allocations over time if the relative value produced by the different sectors changes over time.

If one sector was able to produce more value from a given number of fish and that changes over time, you might want a greater allocation to go to that sector; perhaps or perhaps not, but that is something that the council might want to consider to allow the formula to adjust to reflect changing value produced by each sector over time.

A third point might be, if you do want to use a historical window or a moving historical window to help set the sector allocations, you might want to look at setting the window based on the generation time of the species that is being managed. You might want to say like two, three, four generation times, maybe two or three generation times back in time and then have that be a moving window, with the idea that if it is a fast generation time fish, or a species with a short generation time; that any changes happen quickly and more recent information is more important for that kind of species.

Whereas, if it is a fish with a long generation time, then the things that happened in the more distant past are still relevant, because fish from that time period are still around in the stock today. If you want to get to that level of detail, you might want to consider something like that; a historical period but going back X number of generation time. The fourth principle and probably the most important would be to allow a transferability of allocations among the sectors if that is possible.

DR. MURRAY: I'd like to reiterate John's point and maybe say it slightly differently. I think we're a bunch of nerds and you present us with a time series formula and we will beat it to death, and I don't think we are adding much value by doing that. We have a basic principle that we I think would all agree that everyone would be better off if you simply allowed the transferability of the shares – or, sorry, I'm not supposed to say that word – transferability of the allocation. Anything else, I think it was my first comment, is essentially arbitrary and there is no guidance I think that we can provide that is meaningful for an arbitrary rule allocation. Please disagree.

DR. DUMAS: All the allocations may be arbitrary with respect that fairness or equity, some arbitrary allocations might be less efficient than others from an efficiency point of view. If different arbitrary allocations are up for consideration but some might be more efficient than others, then we might have something to say at that point.

DR. MURRAY: I would say though that it seems like Boyles' Law is essentially a very complicated way of saying let's keep roughly the same as they have been in terms of relative allocation.

DR. DUMAS: That could be a bad thing if the relative value of the catch across sectors changes over time. Even though the allocation rule stays fixed, that fixed allocation rule could become less efficient over time if the value approved by the different sectors changes over time and the rule stays the same.

DR. CHEUVRONT: I think one of the things that Chris is getting at there is that if the time series was changed, it would allow for some change in the allocation to occur but it would occur at a rate more slowly than the application of the best value to the most valuable sector probably. Change can occur, but it would occur very slowly.

DR. DUMAS: Another possibility within the set of arbitrary allocation rules might be to look at adjusting the formula based on value rather than catch; 50 percent long-term value plus 50 percent recent value as opposed to catch. Then if you allow the years to change over time, you would base that on values; so if relative value changed, then that would be incorporated into the rule. The apportionment might change to reflect changes in relative value if the rule is based on short-term and long-term value of the catch rather than short-term and long-term catch itself.

DR. CROSSON: I guess just to reiterate something from earlier today, absent the ability to transfer pounds between the sectors based on some sort of economic tool, if you do allow at least individual recreational tags or something for some of these fisheries, you will be able to generate some – if you allow transferability within the recreational sector on something like individualized tags, like you are proposing to do with red snapper, then you will have more accurate recreational value information by which to assess what Chris is bringing up, that ability to steer fish towards their highest economic value.

MR. CUPKA: When we set up this allocation committee several years ago, they looked at a number of ways to try and allocate catches. One of the ways that I think would be a good way to go if we had the data is to do it based on economics, but unfortunately in our part of the world we don't have the economic data up to this point that we need to look at allocating from an economic standpoint; whereas, in some of the other councils they do have better economic information and they've been going more and more that route.

Even the Gulf I think is moving in that direction somewhat. I think eventually that is where we would like to get; but until we get the data we need to look at something like that, we've had to fall back on this catch thing, which is objective, yes, but it is certainly not the best way to allocate I don't think personally.

We just don't have the data we need to move ahead on trying to look at an economic allocation. Hopefully, we'll continue to move in that direction and one of these days we will have the data to look at that. We did look at other alternatives besides just catch, but we just didn't have what we needed at the time to proceed in that direction.

DR. CROSSON: Just to reiterate, of course, economics is not the only standard by which you might value or choose to allocate fisheries between the different sectors. If you wanted to

preserve – again, this is intent to preserve some sort of the historical record. That is certainly a valid approach. If you wanted to preserve geographic areas and geographic dispersion of catch the way it is right now, that is another tool that could be used.

If you had consideration to develop economic justice and how one group might even off another, that is something you could use to weight one sector a little more highly than you would the other. These are other considerations that could be brought in that are not necessarily based on standards that are economically efficient.

DR. WHITEHEAD: Just playing with some numbers; I chose ten random numbers between 1,000 and 5,000. The simple average is about 2,900. Applying Boyles' Law to these numbers gives me about 3,400, so it is about 450 greater than the simple average. Then applying a trend line gives me about 941 greater than the simple average.

This doesn't prove anything; it just shows that there are at least three straightforward ways of coming up with a number, and they give very different numbers. I don't know which one is better. In terms of forecasting I think the trend line is better, but who knows? Is there anything else on Boyles' Law? We were given that NMFS technical memo and we have mentioned it as if we think it is okay. Shall we put something more formal on the record about that?

DR. CROSSON: Do we have an answer to question number six? They weren't using Boyles' Law, but do we think they should be using it? I guess that was our white whale.

DR. CHEUVRONT: The way I understood what you all said was that Boyles' Law is basically an arbitrary law, although a rule, but it is objective in the way it is being applied. If the council is going to apply an arbitrary rule because we don't have data to do something based in more economic or something, then this one was as good as any.

I didn't get any indication that the SEP was recommending don't use Boyles' Law. It is just that there may be some things that the council might want to consider in its application for the future; things like we discussed about changing the years, adding economic valuation to the decisions if that was possible and things like that. Did I capture what you were saying? I wasn't writing it down.

DR. MURRAY: I guess one thing to add is that if you are going to be using an arbitrary law, and this one is not particularly bad, but it might get worse if there is a strong divergence in the economic values within the different sectors. If the benefits of a commercial catch become relatively less or more valuable over time, one should pay attention to that and see if this – since it has such a historic memory, it could become worse and worse as time goes by, but we've seen no evidence of that yet.

DR. WHITEHEAD: I'm not going to let it go, I guess. If the initial allocations were determined based on historical catch, it seems like future allocations should be based on future catch if we're going to not use the economic values. I would advocate applying a trend line to the catch.

DR. CHEUVRONT: One of the things that is happening, John, is there is some constraint now on the sectors on what they can do simply because of the sector ACLs. It becomes a difficult situation because we've now applied the sector ACLs based on this formula. In some cases one

sector is hitting up against their ACL and is stopped from future fishing while the other sector is not. We've already applied something that is constraining what would be the natural behavior that did not exist when the initial allocations were determined. We would be applying apples and oranges in this case.

DR. WHITEHEAD: That's not for every fishery; am I correct?

DR. CHEUVRONT: Well, not every fishery is hitting up against its ACLs in some sectors, but basically every fishery has an ACL now.

DR. DUMAS: What we'd want would be an overall ACL for the species or for the group, and then we'd want the formula that we used to predict a fraction of that going to each sector, right? It is still not clear to me. Is that what you have now or do you have separate ACLs for the separate sectors?

DR. CHEUVRONT: What is now is there is the overall ACL, which is then divided up between the two sectors; the entire ACL is divided up between the two sectors.

DR. DUMAS: According to the Boyles' Law formula?

DR. CHEUVRONT: Correct.

DR. WHITEHEAD: If we're hitting those constraints; does Boyles' Law matter? The allocation is just the sector quota, right?

DR. CHEUVRONT: Well, this is part of what I was talking about before is that the change in valuation of the sectors is impacted by the allocation where in fact the value might increase more in one sector or decrease which would cause a decrease in the other sector. It could be impacted by this allocation of the ACLs when in fact it could be worth more if there was a transferability of allocation between the sectors.

DR. WHITEHEAD: That's the larger question. The more narrow question that we've been posed is what to do about Boyles' Law. In a lot of situations it doesn't matter is what I'm trying to get at.

DR. CHEUVRONT: Yes, I would say in many cases it really doesn't matter. I've been working with Regulatory Amendment 13 species, those 37 species that are in there, and in many cases both sectors are well below their ACL and are projected to be well below their ACLs for the entire fishing year, so it doesn't matter. There is no impact of Boyles' Law on those fisheries.

But there are a few and it is usually the ones that are the more high profile. For example, like the gray triggerfish is going to be impacted by Regulatory Amendment 13. That is an important fishery to a lot of folks, both commercially and recreationally, especially when some of the other fisheries that they have traditionally participated in have already been closed down.

DR. WHITEHEAD: Is it fair to say that the SEP would prefer to use an approach discussed in the NMFS technical memo relative to Boyles' Law.

DR. MURRAY: Yes.

DR. WHITEHEAD: I see heads nodding; at least one more head.

DR. DUMAS: Yes, but if their strong attachment to sort of some reference back to historical catch and it is not possible to get away from that, at least some of the marginal changes, some of the incremental changes we talked about today might improve things, might make things a little bit more efficient if we're not able to fully implement something that might be economically the best thing to do.

MR. WAUGH: Yes, just a question; I haven't looked at that NMFS technical report, but does that include the data to do an economic valuation or does it just describe how you could do an economic evaluation?

DR. WHITEHEAD: It includes an example with numbers and it discusses a case study from the Gulf red snapper, maybe, conducted by NMFS economist, commercial and recreational. The approach that the technical memo describes is the basic comparing sector values and allocating fish to the sector with the highest value. There is nothing surprising in there, but it is a really nice description of what all that is with some examples.

MR. WAUGH: That sounds like exactly where we were when we set up the Comp ACL and tried to use economic valuation, but had no data for the South Atlantic and so chose Boyles' Law. This is how you could do something if you had the data to do it? Okay, good, thanks.

DR. WHITEHEAD: There is the data for a lot of species. There is commercial and recreational data that you can estimate the models with. I think the biggest problem is that it is difficult to do and time consuming, and it is infeasible to do it for all the species that the South Atlantic manages.

DR. DUMAS: For example, John, don't you and I have a couple of papers for recreational catch valuing mackerel – an additional mackerel caught and additional snapper or grouper caught? There is some information out there, but it is for selected areas and selected times. Maybe it's not regionwide.

But with the additional recreational data that is being collected now, some models could be estimated that might give you some additional evaluation, because I would assume that the problem is less value in the catch on the commercial side but more value in catch on the recreational side, and that is where we have lacked information in the past.

But there is more information becoming available now from recreational license programs and things. We could estimate models. John, Jason and others, would you agree with that; more information has become available that would help us at least get some first order of magnitude evaluation comparisons now and in the near future that we could not have done in the past.

DR. WHITEHEAD: I think you could have done it in the past. The problem is it is just difficult and time consuming.

DR. MURRAY: It would be a lot easier to just let people buy and sell these things.

DR. DUMAS: Agreed.

DR. CROSSON: John, on the recreational, the consumer surplus data I've seen, I haven't seen something sufficient to estimate the declining return per fish, the fact that we keep allocating. As they go through the amendment, they talk about the fact that we keep allocating fish to one sector or another; each additional fish is worth less than the one before. It is a positive increase for that sector but it is not as much a positive increase as the last fish was. I don't think we have the ability to sketch that out from what I've seen, at least not in the Southeast. Would you agree?

DR. WHITEHEAD: The economic theory suggests that each additional fish is worth less than the previously caught fish, but in the empirical models it is difficult to force the data to show that declining valuation, which means that there could be limitations in the data or that the diminishing value of each fish might not be there.

We always scratch our heads when our data doesn't conform to our theoretical expectations, but it could be that there is not much decline along the observed range of that catch, but there are lots of sorts of sensitivity analyses that you can do if you are going to do a policy case study with those numbers, with those models. I don't think we throw our hands in the air when we have that problem, if it is a problem.

DR. DUMAS: I think one of the key parts to that was observation of the relevant range. It may be that catching additional fish, the value does diminish at some point, but that point may be far out. Over the data that we have, changes in catch rates per fish or person or changes in catch within a certain fishery, those changes have not been large enough to detect – any increases in catch that we've observed have not been large enough for the diminishing value pattern to kind of set in., although it may happen at some point.

DR. WHITEHEAD: One reason why these studies are difficult to do is because it is difficult for any one economist to have the right skill set to do it. Some people are adept at doing the recreational demand and others are adept at doing the commercial modeling and very few can do both or are willing to do both or are willing to give up other things to take the time to do both. You need the right team and unfortunately that is all expensive.

We don't see a lot of these studies, but in the technical memo there is a bibliography and it does include some places where this has been done. I don't think I'm advocating that this be done by the South Atlantic Council and staff for every species, but it would make sense to try to do it for an important species and see where we are.

These studies tend to be done – and I want to be careful here – in terms of advocacy in trying to gain a certain reallocation of the species and those studies are limited. Is there anything else? That wraps up Boyles' Law. I forgot to talk about how we are going to summarize and write up the Amendment 19; is that the one? Yes, we had five actions.

My notes suggest that Jason might be a good person to tackle one and two. This was the bag limit sales for mackerel and cobia. The third action there was the latent permits. Who feels comfortable with latent permits? Scott volunteered to grab some stuff from the wreckfish. Then we didn't have much to say about Action 4 and 5 and then Boyles' Law. Does anyone feel comfortable writing a paragraph on Boyles' Law or beginning the draft?

Tracy has volunteered to start Boyles' Law. Our agenda, we are to Item 6, other business; is there any other business? No? Is there a term limit on chairs? No, there is no rule for that?

DR. YANDLE: I vote there is no term limit.

DR. WHITEHEAD: We can go out tonight and talk about that. Item 7 is review recommendations. I think the last time we adjourned and then worked on it and then passed things around; is that right? Can we do that? We recessed and then we get it done and then we officially adjourn.

Item 8 is next meeting; do we just leave that open like we always have? I'm talking to John Carmichael and we are not going to set a next meeting; we're going to leave it open. When enough issues pile up, we will have a meeting. We are going to recess and work on our recommendations. Then we will reconvene in 45 minutes to an hour and after these recommendations have been moved around the table, and we will review those recommendations at that point. We will recess for at least 45 minutes.

(Whereupon, a recess was taken.)

DR. WHITEHEAD: We are reconvening the Socio-Economic Panel meeting. On the small screen is a draft report. Is it big enough for everyone to read? If we could go through the painful process of wordsmithing, that might be the best way unless there are any suggestions. The first item was the recreational tag program. The first paragraph is okay; second paragraph, third paragraph; it looks okay?

DR. CROSSON: I don't disagree with it; I just didn't realize that we had decided that if there were more tags than there were applicants, then the remainder would be given out through a lottery.

DR. WHITEHEAD: If there were more tags than applicants.

DR. DUMAS: I tried to achieve with the wording something equivalent to what we said, but in a way that would hopefully be a little clearer. What we said was that if there were more tags than participants, then tags would be awarded through a lottery without replacement. But then what would happen would be if there are more tags than recipients with the lottery without replacement is that every recipient would get a tag and then you'd have some left over.

Those would be again allocated by lottery without replacement until all the tags were gone. What you would end up getting would be every recipient would have the same number of tags, but then there would be some remainder. Then that remainder would be allocated without replacement. Does that sound okay?

DR. WHITEHEAD: What's a QR Code; is there a word for that?

DR. DUMAS: QR codes, those are the little square black and white codes that look like UPCs you could scan with your phone and get information on a product or information about anything.

DR. YANDLE: I'm actually going to be a pain on that one and just point out that I'll bet you not everybody in this fishery has a Smartphone.

DR. DUMAS: We can remove that if you want to. We just discussed that so I put it in, but we can strike it –

DR. YANDLE: I think it will be fine to put something in there about exploring the possibilities of electronic rather than physical tags.

DR. DUMAS: I agree; I think that sounds better.

DR. WHITEHEAD: Is that an MRIP wave? They used to be called MRFSS waves; are they now called MRIP waves?

DR. DUMAS: I'm not sure; I was just trying to recall what Brian suggested. I think Brian suggested something about –

DR. WHITEHEAD: That was Gregg's suggestion. You caught it; I just wanted to add an adjective. Is there anything else on those two? Okay, we're fine with Issue 1. Issue 2 is Snapper Grouper Regulatory Amendment 13, adjusting the ABCs, et cetera, based on new MRIP estimates. This is the one I wrote up and it's short.

DR. CROSSON: I just wanted to add something before we get to Number 2 and dealing with Number 1 that economic data from the sale of the recreational red snapper tags could be used to generate information for comparing the value of the recreational and commercial fisheries and hence used for future allocation decisions.

DR. WHITEHEAD: For valuation?

DR. CROSSON: For valuation, yes.

DR. CHEUVRONT: We need to make sure you're clear on the title for Number 2. It is based on more than just new MRIP estimates. It is also on updated commercial landings that went into those calculations.

DR. WHITEHEAD: Okay, so it's okay if I just delete that?

DR. CHEUVRONT: What I would do is just add – well, you've got based on new MRIP estimates; and updated commercial landings and that would take care of it.

DR. WHITEHEAD: Scott; did I capture what you were thinking? Are there any comments on Number 2? Moving on, Number 3 is Coastal Migratory Pelagic Amendment 19 and the first two issues were about bag limit sales.

DR. CROSSON: I think you can take out "the members commented that" and just leave it at – in the second sentence. Maybe also add that bag limit sales from the charter fleet generate extremely high economic value for the fish. Well, because the consumer surplus from charter trips, which we know is very high.

SEP MEMBER: It could be higher.

DR. CROSSON: Okay, higher.

DR. YANDLE: How about something along the lines of these bag sales allow additional economic value since there is not only the recreational charter value but also a commercial sale value.

DR. WHITEHEAD: The second part of that amendment was on latent mackerel permits.

DR. CROSSON: I guess it should be “is sufficient” and not “are sufficient”. Actually then use “there is insufficient evidence”. John, just maybe reword that second part; start with the word “evidence”; “evidence that the recent low catch levels of the commercial sector is insufficient to justify the economic loss that would be incurred by fishermen” – does that work – “to offset the economic loss.”

DR. WHITEHEAD: Justify is okay? Okay on Number 3? The last one is Boyles’ Law.

SEP MEMBER: In Item Number 4; should “does” be replaced with “do”?

DR. WHITEHEAD: Anything else? I’ll clean this up and send it back to you all and you can take a look. If you have any other concerns, just use track changes and we can keep sending it around until everyone is happy with it. I guess the last time we met and then there was an SSC meeting, I ended up just reading relevant passages into the record when it was an appropriate point in the meeting. That seemed to work okay so I’ll plan on doing that again. Are we ready to adjourn? All right, we’re adjourned.

(Whereupon, the meeting was adjourned on October 22, 2012.)

Transcribed By
Graham Transcriptions, Inc.

Certified By: _____ Date: _____

South Atlantic Fishery Management Council SSC Socio-Economic Subpanel

✓ Dr. John C. Whitehead, Chair
3094 Raley Hall, Dept. of Economics
Appalachian State University
Boone, NC 28608-2051
828/262-6121(ph); 828/262-6105 (f)
whiteheadjc@appstate.edu
6/04*

✓ Dr. Scott Crosson
NMFS SEFSC
75 Virginia Beach Drive
Miami, FL 33149
305/361-4468
Scott.Crosson@noaa.gov
3/08*

✓ Christopher Dumas
Dept. of Economics and Finance
UNC Wilmington
601 South College Rd.
Wilmington, NC 28403
910/962-4026 (ph)
910/962-7464 (f)
dumasc@uncw.edu

✓ Dr. Sherry L. Larkin
Food & Resource Economics Dept.
P.O. Box 110240
University of Florida
Gainesville, FL 32611-0240
352/392-1845 Ext. 431(ph);
352/392-3646 (f)
SLarkin@ufl.edu
6/04*

✓ Jason Murray
Dept. of Economics
Moore School of Business
University of South Carolina
1705 College St.
Columbia, SC 29208
803/777-4932 (ph)
jhmurray@moore.sc.edu

Kurt Schnier
Dept. of Economics
Andrew Young School of Policy
Studies
Georgia State University
14 Marietta St. NW
Suite 436
Atlanta, GA 30303
404/413-0159 (ph)
kschnier@gsu.edu

Dr. Tracy Yandle ✓
Dept. of Environmental Studies
Mathematics and Science Center
Emory University
400 Dowman Dr.
Atlanta, GA 30322
404/727-4216 (ph)
404/727-4448 (f)
tyandle@emory.edu
6/11*

* Denotes year of appointment

South Atlantic Fishery Management Council

2012 - 2013 Council Membership

COUNCIL CHAIRMAN:

David M. Cupka
P.O. Box 12753
Charleston, SC 29422
843/795-8591 (hm)
843/870-5495 (cell)
palmettobooks@bellsouth.net

VICE-CHAIRMAN

Ben Hartig
9277 Sharon Street
Hobe Sound, FL 33455
772/546-1541 (ph)
mackattackben@att.net

Steve Amick
6902 Sandnettlies Drive
Savannah, GA 31410
912/429-3537 (ph)
912/898-0361 (f)
SteveAmicks@aol.com

Mel Bell
S.C. Dept. of Natural Resources
Marine Resources Division
P.O. Box 12559
(217 Ft. Johnson Road)
Charleston, SC 29422-2559
843/953-9007 (ph)
843/953-9159 (fax)
bellm@dnr.sc.gov

Anna Beckwith
1907 Paulette Road
Morehead City, NC 28557
252/671-3474 (ph)
AnnaBarriosBeckwith@gmail.com

Tom Burgess
P.O. Box 33
Sneads Ferry, NC 28460
910/327-3528
tburgess@embarqmail.com

Dr. Roy Crabtree
Regional Administrator
NOAA Fisheries, Southeast Region
263 13th Avenue South
St. Petersburg, FL 33701
727/824-5301 (ph); 727/824-5320 (f)
roy.crabtree@noaa.gov

Dr. Michelle Duval
NC Division of Marine Fisheries
3441 Arendell St.
PO Box 769
Morehead City, NC 28557
252/726-7021 (ph); 252/726-0254 (f)
michelle.duval@ncdenr.gov

Lt. Mario Gil
U.S. Coast Guard
Brickell Plaza Federal Building
909 S.E. First Avenue
Room 876/ DRE
Miami, FL 33131-3050
305/415-6768 (ph)
305/415-6791 (f)
Mario.g.gil@uscg.mil

Doug Haymans
Coastal Resources Division
GA Dept. of Natural Resources
One Conservation Way, Suite 300
Brunswick, GA 31520-8687
912/264-7218 (ph); 912/262-2318 (f)
doughaymans@gmail.com

John W. Jolley
4925 Pine Tree Drive
Boynton Beach, FL 33436
561/732-4530 (ph)
jolleyjw@yahoo.com

Deirdre Warner-Kramer
Office of Marine Conservation
OES/OMC
2201 C Street, N.W.
Department of State, Room 5806
Washington, DC 20520
202/647-3228 (ph); 202/736-7350 (f)
Warner-KramerDM@state.gov

Dr. Wilson Laney
U.S. Fish and Wildlife Service
South Atlantic Fisheries Coordinator
P.O. Box 33683
Raleigh, NC 27695-7617
(110 Brooks Ave
237 David Clark Laboratories,
NCSU Campus
Raleigh, NC 27695-7617)
919/515-5019 (ph)
919/515-4415 (f)
Wilson_Laney@fws.gov

Martha Bademan
Director,
Florida Fish and Wildlife
Conservation Commission
2590 Executive Center Circle E.,
Suite 201
Tallahassee, FL 32301
850/487-0554 (ph); 850/487-4847(f)
jessica.mccawley@myfwc.com

Robert E. Beal
Acting Executive Director
Atlantic States Marine Fisheries
Commission
1050 N. Highland St., Suite 200 A-N
Arlington, VA 20001
703/842-0740 (ph); 703/842-0741 (f)
rbeal@asmfc.org

Charles Phillips
Phillips Seafood / Sapelo Sea Farms
1418 Sapelo Avenue, N.E.
Townsend, GA 31331
912/832-3149 (ph); 912/832-6228 (f)
Ga_capt@yahoo.com

Tom Swatzel
P.O. Box 1311
Murrells Inlet, SC 29576
843/222-7456 (ph)
tom@swatzel.com

South Atlantic Fishery Management Council Staff

Executive Director
Robert K. Mahood
robert.mahood@safmc.net

✓ **Deputy Executive Director**
Gregg T. Waugh
gregg.waugh@safmc.net

Public Information Officer
Kim Iverson
kim.iverson@safmc.net

Fishery Outreach Specialist
Amber Von Harten
amber.vonharten@safmc.net

Senior Fishery Biologist
Roger Pugliese
roger.pugliese@safmc.net

Fishery Scientist
Myra Brouwer
myra.brouwer@safmc.net

Coral Reef Scientist
Anna Martin
anna.martin@safmc.net

✓ **Fishery Biologist**
Dr. Mike Errigo
mike.errigo@safmc.net

✓ **Fisheries Social Scientist**
Dr. Kari MacLauchlin
kari.maclauchlin@safmc.net

Staff Economist
✓ Dr. Brian Chevront
brian.chevront@safmc.net

✓ **Science and Statistics Program Manager**
John Carmichael
john.carmichael@safmc.net

SEDAR Coordinators
Dr. Julie Neer - julie.neer@safmc.net
Julia Byrd - julia.byrd@safmc.net

SEDAR Admin/Outreach
Andrea Grabman
andrea.grabman@safmc.net

Administrative Officer
Mike Collins
mike.collins@safmc.net

Financial Secretary
Debra Buscher
deb.buscher@safmc.net

Admin. Secretary /Travel Coordinator
Cindy Chaya
cindy.chaya@safmc.net

✓ **Purchasing & Grants**
Julie O'Dell
julie.odell@safmc.net

JOHN BOREMAN

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.

Socio-Economic (SEP) Meeting
October 22, 2012
North Charleston, SC

NAME &
ORGANIZATION

AREA CODE &
PHONE NUMBER

EMAIL
ADDRESS

P.O. BOX/STREET
CITY, STATE & ZIP

Rusha D. [unclear] *866-239-5948* *DSF2009@aol.com* *32120-9351*

Ken [unclear] *902-390-9520*

Helen T. Kade-Hennricher *htkade@edf.org*

John Boreman *John.Boreman@ncsu.edu*

South Atlantic Fishery Management Council
4055 Faber Place Drive, Suite 201
North Charleston, SC 29405
843-571-4366 or Toll Free 866/SAFMC-10

Attendee Report

GoToWebinar

Generated
Oct 26, 2012 11:18 AM PDT

General Information

*
MON

Webinar Name SSC Socio-Economic Subpanel	Webinar ID 130144082
Actual Start Date/Time Oct 22, 2012 12:34 PM EDT	Actual Duration (minutes) 436
Clicked Registration Link 17	Opened Invitation 35
Total Attended 11	

Session Details

Mehta, Nikhil		nikhil.mehta@noaa.gov
Attended	Yes	
Registration Date		Oct 15, 2012 09:13 AM EDT
Organization		NMFS
Unsubscribed		No
In Session		
Join Time	Leave Time	In Session Duration* (minutes)
Oct 22, 2012 01:08 PM EDT	Oct 22, 2012 04:28 PM EDT	200.15
Interest Rating		
Attendee's In-Session Level of Interest:		10
Registration Q & A		

Questions Asked by Attendee

Poll Questions

Post Session Survey Questions

Mahood, Robert		robert.mahood@safmc.net
Attended	Yes	
Registration Date		Oct 22, 2012 03:53 PM EDT
Organization		Safmc
Unsubscribed		No
In Session		
Join Time	Leave Time	In Session Duration* (minutes)
Oct 22, 2012 03:53 PM EDT	Oct 22, 2012 04:50 PM EDT	56.58
Interest Rating		
Attendee's In-Session Level of Interest:		0
Registration Q & A		

Questions Asked by Attendee

Poll Questions

Post Session Survey Questions

*If an attendee left and rejoined the session, the In Session Duration column only includes their first visit.

*If an attendee left and rejoined the session, the In Session Duration column only includes their first visit.

Eich, Anne Marie	
Attended	Yes
Registration Date	Oct 17, 2012 09:41 AM EDT
Organization	
Unsubscribed	No
In Session	
Join Time	
Leave Time	
In Session Duration* (minutes)	35.35
Interest Rating	
Attendee's In-Session Level of Interest:	8
Registration Q & A	
Questions Asked by Attendee	
Poll Questions	
Post Session Survey Questions	

Waters, James	
Attended	Yes
Registration Date	Oct 22, 2012 12:56 PM EDT
Organization	none
Unsubscribed	No
In Session	
Join Time	
Leave Time	
In Session Duration* (minutes)	182.62
Interest Rating	
Attendee's In-Session Level of Interest:	20
Registration Q & A	
Questions Asked by Attendee	
Poll Questions	
Post Session Survey Questions	

c.m **mec181@yahoo.com**

Attended Yes
Registration Date Oct 22, 2012 12:58 PM EDT
Organization safmc
Unsubscribed No

In Session

Join Time	Leave Time	In Session Duration* (minutes)
Oct 22, 2012 12:58 PM EDT	Oct 22, 2012 03:35 PM EDT	156.77

Interest Rating
Attendee's In-Session Level of Interest: 24

Registration Q & A

Questions Asked by Attendee

Poll Questions

Post Session Survey Questions

Locke, Melissa **mlocke@edf.org**

Attended Yes
Registration Date Oct 22, 2012 01:46 PM EDT
Organization EDF
Unsubscribed No

In Session

Join Time	Leave Time	In Session Duration* (minutes)
Oct 22, 2012 01:47 PM EDT	Oct 22, 2012 05:06 PM EDT	198.67

Interest Rating
Attendee's In-Session Level of Interest: 8

Registration Q & A

Questions Asked by Attendee

Poll Questions

Post Session Survey Questions

*If an attendee left and rejoined the session, the In Session Duration column only includes their first visit.

* If an attendee left and rejoined the session, the In Session Duration column only includes their first visit.

Travis, Michael		Byrd, Julia	
Attended	Yes	Attended	Yes
Registration Date	Oct 17, 2012 10:07 AM EDT	Registration Date	Oct 22, 2012 09:05 AM EDT
Organization	NMFS	Organization	SEDAR
Unsubscribed	No	Unsubscribed	No
In Session		In Session	
Join Time	Oct 17, 2012 06:05 PM EDT	Join Time	Oct 22, 2012 12:34 PM EDT
Leave Time	Oct 17, 2012 05:15 PM EDT	Leave Time	Oct 22, 2012 04:43 PM EDT
In Session Duration* (minutes)	10.33	In Session Duration* (minutes)	249.07
Interest Rating	11	Interest Rating	8
Attendee's In-Session Level of Interest:		Attendee's In-Session Level of Interest:	
Registration Q & A		Registration Q & A	
Questions Asked by Attendee		Questions Asked by Attendee	
Poll Questions		Poll Questions	
Post Session Survey Questions		Post Session Survey Questions	

Travis, Michael		Byrd, Julia	
Attended	Yes	Attended	Yes
Registration Date	Oct 17, 2012 10:07 AM EDT	Registration Date	Oct 22, 2012 09:05 AM EDT
Organization	NMFS	Organization	SEDAR
Unsubscribed	No	Unsubscribed	No
In Session		In Session	
Join Time	Oct 17, 2012 06:05 PM EDT	Join Time	Oct 22, 2012 12:34 PM EDT
Leave Time	Oct 17, 2012 05:15 PM EDT	Leave Time	Oct 22, 2012 04:43 PM EDT
In Session Duration* (minutes)	10.33	In Session Duration* (minutes)	249.07
Interest Rating	11	Interest Rating	8
Attendee's In-Session Level of Interest:		Attendee's In-Session Level of Interest:	
Registration Q & A		Registration Q & A	
Questions Asked by Attendee		Questions Asked by Attendee	
Poll Questions		Poll Questions	
Post Session Survey Questions		Post Session Survey Questions	

Takado-Houmacher, Helen		htakade@edf.com
Attended	Yes	
Registration Date	Oct 22, 2012 12:50 PM EDT	
Organization		
Unsubscribed	No	
In Session		
Join Time	Leave Time	In Session Duration* (minutes)
Oct 22, 2012 12:50 PM EDT	Oct 22, 2012 03:06 PM EDT	136.23
Interest Rating		
Attendee's In-Session Level of Interest:	0	
Registration Q & A		
Questions Asked by Attendee		
Poll Questions		
Post Session Survey Questions		

Port-Minner, Samantha		sport-minner@oceanconservancy.org
Attended	Yes	
Registration Date	Oct 22, 2012 01:02 PM EDT	
Organization	Ocean Conservancy	
Unsubscribed	No	
In Session		
Join Time	Leave Time	In Session Duration* (minutes)
Oct 22, 2012 01:03 PM EDT	Oct 22, 2012 04:35 PM EDT	232.57
Interest Rating		
Attendee's In-Session Level of Interest:	7	
Registration Q & A		
Questions Asked by Attendee		
Poll Questions		
Post Session Survey Questions		

*If an attendee left and rejoined the session, the In Session Duration column only includes their first visit.

Attended No
Registration Date Oct 15, 2012 09:08 AM EDT
Organization NC Division of Marine Fisheries
Unsubscribed No

In Session
Join Time Leave Time In Session Duration* (minutes)

Interest Rating
Attendee's In-Session Level of Interest:
Registration Q & A

Questions Asked by Attendee

Poll Questions

Post Session Survey Questions

*If an attendee left and rejoined the session, the In Session Duration column only includes their first visit.