

Amendment 48

to the Fishery Management Plan for the Snapper Grouper Fishery of the South Atlantic Region



Modernization of the Wreckfish ITQ Program
Decision Document
June 2023

Background

The South Atlantic Fishery Management Council (Council) is required by the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) to review the Wreckfish Individual Transferable Quota (ITQ) program every five to seven years. The Council initially reviewed the program in 2009. The review completed in 2019 was the first subsequent review. That review examined how the Wreckfish ITQ program changed between the baseline time period (2009/2010 – 2011/2012 fishing years) and the review time period (2012/2013 – 2016/2017 fishing years) with respect to various social, economic, biological, and administrative factors, and offered conclusions and recommended changes to the program based on the findings.

Snapper Grouper Amendment 48 considers actions and alternatives necessary to improve and modernize the Council's Wreckfish ITQ program based on recommendations from the ITQ Review. One of those recommendations included modifications to the offloading site and time requirements in the fishery. During meetings with shareholders, they expressed that designated landing sites and the daily unloading timeframe were overly burdensome, particularly the hours

allowed for offloading, contrary to what fishermen reported when the ITQ was laid out in Amendment 5 (SAFMC 1991a).

Shareholders reported that they rarely, if ever, encounter law enforcement officials at the dock when they offload. The allowable offloading time requirement affects the efficiency of their fishing operations. If they arrive at the dock too late to offload, the fish must remain aboard overnight. Unloading the next day impedes the fleet from going back out on another trip by several hours, thereby reducing the number of daylight hours they can fish. Ideally, shareholders would like to see the approved offloading sites and times requirements removed. Shareholders feel these requirements are holdovers from when the program was initially begun with 49 participants, many more than are currently in the fishery. NMFS law enforcement has noted that enforcement has not typically been seen at these types of offloads due to difficulty in knowing when a vessel may be landing, stemming from a lack of VMS or other reporting measures.

The offloading site and time requirements were implemented in Amendment 5 to the Snapper Grouper FMP (1991). The rationale was to aid NMFS law enforcement in monitoring offloading of wreckfish by requiring offloading occur during hours when officers were typically working, and it was safe to be monitoring offloads (daylight hours). Offloads were required to take place at a specific location to ensure that they were monitored regularly to deter fishermen from landing fish in excess of their quota allocations and the total allowable catch (full rationale provided in Appendix A).

Since fishermen report that they rarely encounter law enforcement when offloading, the intended outcome of approved offloading sites and times as a deterrent for landing unreported fish has not been realized. Law enforcement has noted that not knowing where/when a specific vessel was landing makes dockside monitoring challenging. As such, at their March 2023 meeting, the Council directed staff to provide options for enforcement and compliance in the wreckfish ITQ program including a possible trip declaration (hail-out)/pre-landing notification (hail-in) requirement.

In addition to monitoring needs, Snapper Grouper Amendment 48 considers actions to move from the current paper-based coupon systems to an electronic reporting system. Moving to an electronic reporting will require the Council to review current participation and eligibility requirements in the fishery. Currently, there are some aspects of eligibility and participation in an electronic system that are not specified in the current wreckfish ITQ regulations. As such, simply retaining the status quo requirements may result in unintended effects. The Council will need to discuss eligibility and participation requirements for the electronic system before taking final action on Amendment 48.

Objectives for this meeting

- Review monitoring options,
- Review participation and eligibility decision points,
- Provide guidance to staff on what to include in Amendment 48.

Timing for Snapper Grouper Amendment 48

	Process Step	Date
✓	Council reviews options paper and directs staff to hold a meeting of the wreckfish shareholders and wholesale dealers.	September 2020
✓	Meeting of the wreckfish shareholders and wholesale dealers.	October 2020
✓	Council reviews shareholder input and approves amendment for scoping.	December 2020
✓	Scoping Hearing	March 2021
✓	Council reviews public input and provides guidance to staff.	March 2021
✓	Council discusses path forward for amendment.	September 2021
✓	Council reviews and approves actions/alternatives to be analyzed.	March 2022
✓	Wreckfish Shareholders Meeting	Spring 2022
✓	Council reviews draft amendment, selects preferred alternative, and approves for public hearings.	September 2022
✓	Public Hearings	March 2023
✓	Council reviews the draft amendment, modifies the document, as necessary.	March 2023
	Council reviews options for monitoring, participation, and eligibility within the Wreckfish fishery.	June 2023
	Council reviews the draft amendment, modifies the document, as necessary, and approves for formal review.	September 2023?

Options for monitoring the wreckfish ITQ fishery:

1 Offloading Sites and Times (status quo)

- Offloading sites allow NMFS to meet vessels during offload and time requirements allow offloading to be seen during daylight hours, supporting law enforcement officer safety. Additionally, offloading sites are helpful for management in that they provide information on when and where fish are being landed vs. processed and aids in compliance with the program and enforcement of compliance.
- Alternative options for offloading sites (not currently included in Amendment 48)
 - Fixed dealer facility (status quo)
 - Pre-approved locations
 - Would require a pre-approval process but would expanding offload locations available (ex. a truck meeting a vessel at a specific location).
 - Generic ports
 - May be insufficient information for law enforcement to meet a vessel during offload.
- Alternative options for offloading times (currently Action 5 in Amendment 48, see appendix for full language).
 - 8am-5pm (status quo)
 - Minimum daylight hours in a year.
 - 6am-6pm
 - Matches Gulf IFQ regulations.
 - 5am-8pm
 - Maximum daylight hours in a year.
 - No Limit

2 Trip Declaration (hail-out):

- Declaration to NMFS **prior to departure** of a trip.
 - When notification is required often varies by fishery, for example one-hour prior to departure vs. the same day as the departure. It is important that the timeline for notification allow NMFS to match notifications to actual trips.
- Allows law enforcement officers to plan their work schedules in a way that maximizes at-sea and dockside encounters.
- Managers use information to improve scientific data quality, trip accounting, and program reporting compliance audits.
- Most fisheries use VMS as the mechanism for trip declarations; however, there are examples where specific applications have been developed (ex. The Northeast's Pre-Trip Notification System - PTNS).
- *Council decision points would include the following:*
 - When would a trip declaration be required: on wreckfish trips or all snapper grouper trips (for those with wreckfish ITQ allocation)?
 - What information would need to be submitted at the time of declaration? For example, vessel and shareholder identifiers, trip start data and time, starting port, etc.

- The information required should be driven by science, management, and enforcement needs in the fishery. NMFS has standard data they typically request.
- Can declarations be modified and when?
- When do declarations need to be submitted? For example, any time prior to a trip, within x hours of a trip, etc.

3 Pre-Landing Notification (hail-in):

- Notification to NMFS **prior to landing** and offloading.
 - Important that information is submitted at-sea so that vessels don't have to idle in the harbor between notification and landing.
- Allows law enforcement offices and port agents to meet a vessel at the time of landing if given adequate notice.
- Managers use information for post-trip tracking and auditing.
- Most fisheries use VMS as the mechanism for trip declarations; however, email system could provide appropriate distribution but would require additional cost for transmission at sea.
- *Council decision points would include the following:*
 - When a pre-landing notification is required, on wreckfish trips or all snapper grouper trips?
 - What information would need to be submitted at the time of declaration? For example, vessel and shareholder identifiers, trip end date and time, landing location, expected offload time, estimate wreckfish pounds, target species, gear used, etc.
 - The information required should be driven by science, management, and enforcement needs in the fishery. NMFS has standard data they request.
 - How far in advance do pre-landing notifications need to be submitted. For example, in the Gulf IFQ programs, pre-landings can be submitted a maximum of 24-hours in advance and a minimum of 3-hours in advance.

4 Offload Notification

- Notification to NMFS **prior to offloading**.
 - There would need to be sufficient time between offload notification and actual offload.
- Allows law enforcement offices and port agents to meet a vessel at the time of landing.
- Could be accomplished through VMS or through a NMFS built application.
- *Council decision points would include the following:*
 - When is an offload notification required, on wreckfish trips or all snapper grouper trips?
 - What information would need to be submitted at the time of declaration? For example, vessel and shareholder identifiers, trip end date and time, landing location, expected offload time, estimate wreckfish pounds, expected landing time, etc.

- The information required should be driven by science, management, and enforcement needs in the fishery. NMFS has standard data they request.
- How far in advance do offload notifications need to be submitted?
- Who needs to submit the offload notification, vessel operator, dealer, or both?
- Should modifications be allowed for offload notifications?

COMMITTEE ACTION:

REVIEW MONITORING OPTIONS AND PROVIDE GUIDANCE TO STAFF ON WHAT TO INCLUDE IN SNAPPER GROUPER AMENDMENT 48.

Participation and Eligibility in the Wreckfish ITQ Fishery:

Eligibility: the qualifications for an entity to obtain an account within the wreckfish ITQ electronic system.

- Shareholder accounts: holds shares and allocation, can transfer shares and allocation.
- Vessel accounts: sub-account of the shareholder account, can only receive allocation.
- Dealer accounts: initiates and submits landing transactions, cannot hold shares or allocation.

Participation: the requirements and restrictions for eligible entities to *participate* within the wreckfish ITQ fishery.

Current Wreckfish ITQ Eligibility and Participation Requirements

- Permit: only wreckfish shareholders can apply for a wreckfish permit.
 - The vessel listed must be the shareholder’s vessel or an employee, contractor, or agent of the shareholder.
 - The vessel must also hold a snapper group unlimited (SG1) permit.
- Shareholder: no restrictions on who can become a wreckfish shareholder.
- Allocation: can be possessed by the shareholder it is issued to, transferred to, or that shareholder’s employee, contractor, or agent.
- Harvest: wreckfish may possessed on board a vessel that as an SG1 permit and wreckfish permit.

Additional details that need to be discussed by the Council to move to an electronic system for the wreckfish ITQ program:

- Consideration of the current wreckfish permit requirement (current Action 3).
- Consideration of the following aspects of eligibility and participation:
 - Requirements to obtain an ITQ Shareholder Account
 - Requirements to obtain shares.
 - Requirements to maintain shares.
 - Requirement to obtain allocation (from shares)
 - Requirements to obtain allocation (transfers)

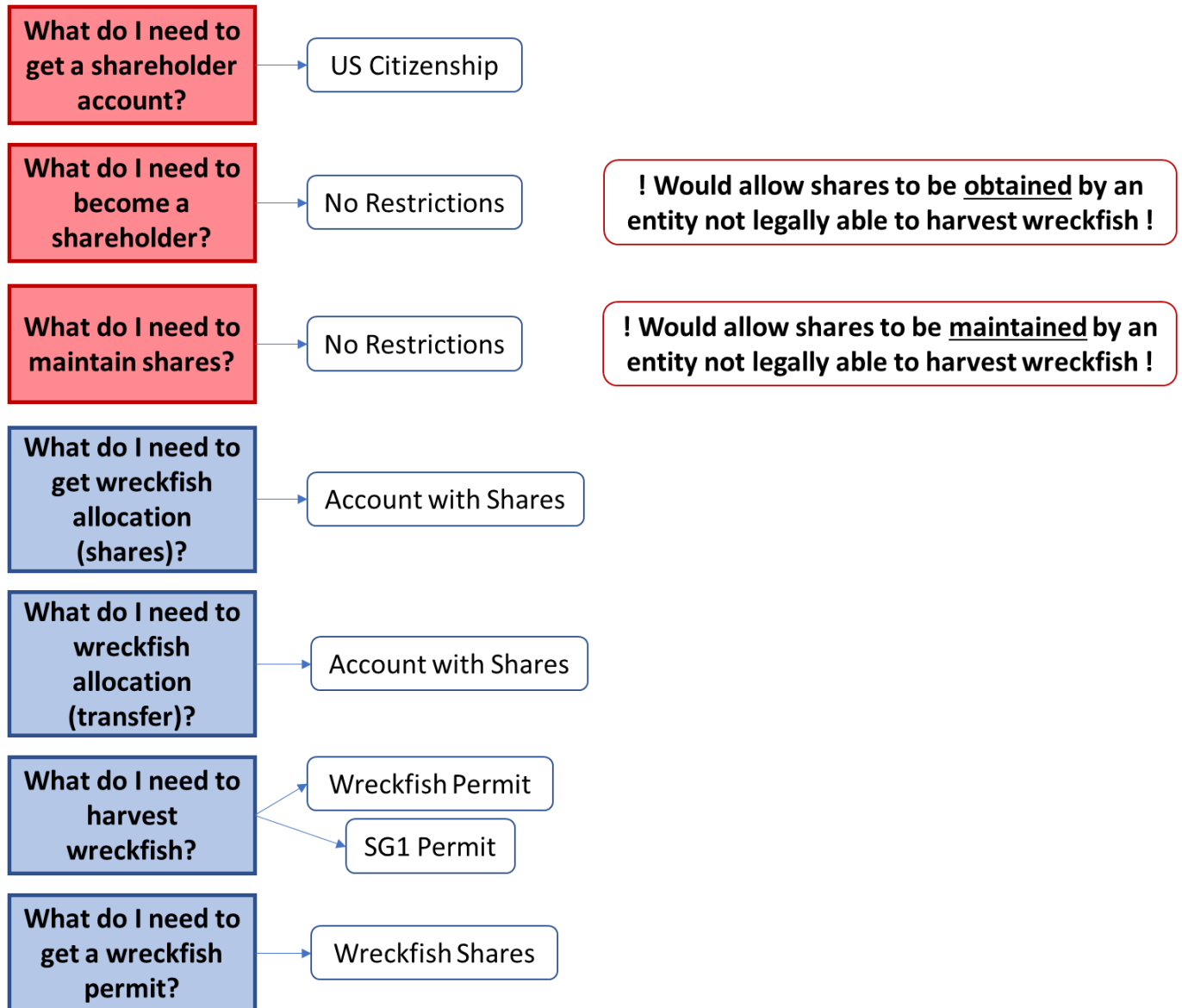
The figures below illustrate the current process to participate in the wreckfish fishery and the process if the wreckfish permit is retained (Action 3 – Alternative 2) and if the wreckfish permit requirement is removed (Action 3 – Alternative 4). Note that these are *example* options, the

Council may choose to include other options/requirements, specifically in terms of what is necessary to obtain and maintain shares and allocation.

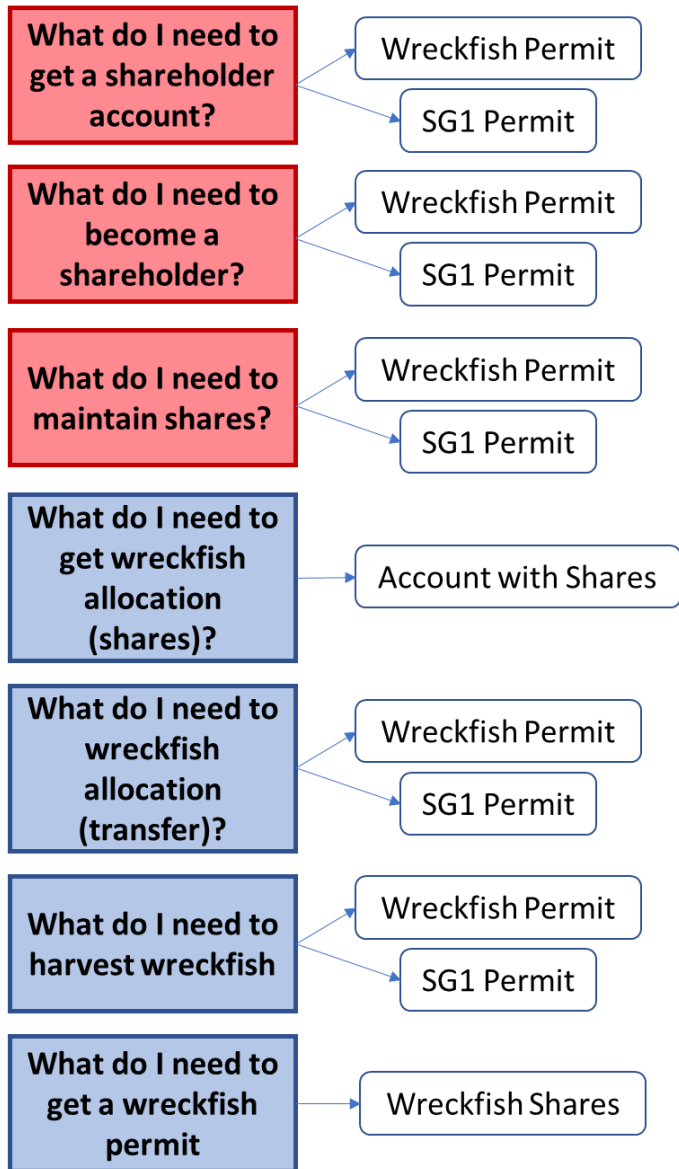
COMMITTEE ACTION:

REVIEW ELIGIBILITY AND PARTICIPATION OPTIONS AND PROVIDE GUIDANCE TO STAFF ON WHAT TO INCLUDE IN SNAPPER GROUPER AMENDMENT 48.

Wreckfish ITQ Eligibility and Participation (Status Quo):

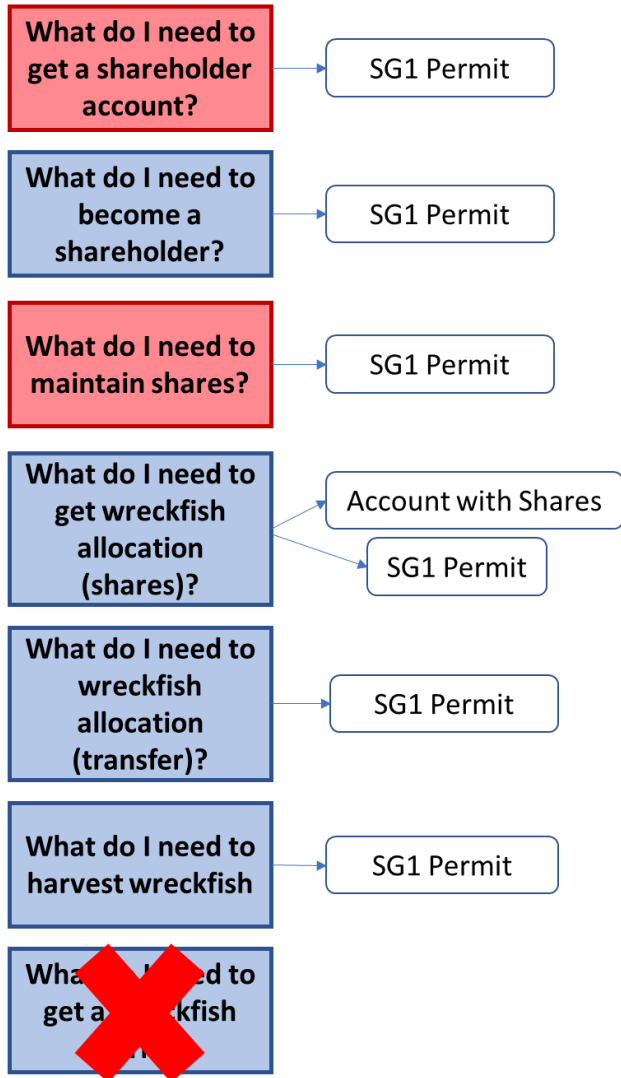


Wreckfish ITQ Eligibility and Participation (Retain Wreckfish Permit Requirement)



! Doesn't work with current requirement to own shares before receiving the permit!

Wreckfish ITQ Eligibility and Participation (Remove Wreckfish Permit Requirement)



Offloading Site and Time Requirements Rationale:

Excerpt from Snapper Grouper Amendment 5 (1991)

Action 19. TWENTY-FOUR HOUR NOTICE PRIOR TO OFFLOADING

Preferred option. To offload wreckfish at any location other than that of a federally permitted wreckfish dealer, the vessel operator must notify the NMFS enforcement office 24 hours prior to offloading.

The wreckfish industry claims that, on occasion, boats are not able to land at normal dealer locations because of weather, tides, or other conditions. This hailing provision offers fishermen the flexibility to adjust to unpredictable conditions and to avoid the appearance of illegal behavior. Another potential use of the 24-hour notice provision is for the sale of wreckfish to a dealer who does not have a facility on the water. The fisherman selling to that dealer will have to notify NMFS enforcement prior to offloading if the offloading does not take place at the facility of a federally permitted wreckfish dealer. This provision will help to discourage non-reporting. Without requiring 24-hour notice, wreckfish could be unloaded at locations where regular inspections are not carried out because the location is not known to NMFS enforcement. By requiring notice, some inconvenience for the boat captain and dealer will be created, but according to public comment, this inconvenience will be minor compared to the larger impacts from allowing offloading at federally permitted dealer locations only. NMFS law enforcement has already budgeted the costs to administer and carry out the 24-hour notice provision under Amendment 4, so no new costs are created by this measure.

Rejected option. Twenty-four-hour notice for landing at locations other than permitted dealers is not required.

If offloadings were allowed to take place at locations that would not be monitored regularly, then it would be easier for fishermen to illegally land fish in excess of their quotas. Eventually this could reduce or eliminate the expected benefits from ITQ management.

ACTION 20. OFFLOADING WRECKFISH BETWEEN 8 AM AND 5 PM

Preferred option. To offload wreckfish at any location other than that of a federally permitted wreckfish dealer, the vessel operator must notify NMFS enforcement office 24 hours prior to offloading.

Fishermen would be more likely to exceed their quotas if a reasonable probability of dockside inspection does not exist. In order to aid NMFS enforcement in regularly monitoring wreckfish offloading, it is important that offloading occur at hours when NMFS enforcement agents are working, usually 8 am to 5 pm. This requirement does not oblige wreckfish vessels to land during those hours; it restricts the hours when wreckfish can be offloaded. Public comment from fishermen and dealer present at public hearings have indicated that this requirement will not be burdensome because offloading normally occurs within that period of time. Wreckfish vessels normally have sufficient hold and ice capacity to adequately preserve wreckfish for considerable periods of time. NMFS law enforcement has already budgeted the costs to carry out a substantial number of dockside

inspections of wreckfish offloading, under measure approved in amendment 4. This measure will make those inspections less costly and more effective.

Rejected options.

1. No restrictions on offloading hours

Offloading could occur without being monitored regularly under this option, which could make non-reporting easier than with the 8 am to 5 pm offloading requirement. This could potentially reduce or eliminate the expected benefits from the ITQ system.

2. Twenty-four-hour notice for all locations

Provisions included in Amendment 4 to make the wreckfish trip limit more enforceable would have required 24 hours notice for all wreckfish offloading. With federal dealer permits and other measure sin Amendment 5, dealers will be part of a dual entry reporting system and this means that wreckfish offloadings can be monitored as effectively as they would have been under the previously envisioned plan to require 24 hour notice for all offloadings. For this reason, measures to require hailing before all offloadings of wreckfish are no longer necessary and it would be burdensome on fishermen to require them to give 24 hour notice for all offloadings when adequate monitoring of wreckfish can be achieved in another way.

Current Actions in Snapper Grouper Amendment 48:

Action 1. Revise sector allocations and sector annual catch limits for wreckfish.

Purpose of Action:

Recommendation came from the Snapper Grouper Advisory Panel. There is concern that the recreational allocation for wreckfish is too high. It was originally intended as a bycatch fishery, not a targeted one. A lower allocation may be more appropriate, especially considering the low encounter rate in the MRIP survey.

Alternative 1 (No Action). Retain the current commercial sector and recreational sector allocations as 95% and 5%, respectively, of the total annual catch limit for wreckfish.

Preferred Alternative 2. Allocate 98% of the total annual catch limit for wreckfish to the commercial sector. Allocate 2% of the total annual catch limit for wreckfish to the recreational sector.

Alternative 3. Allocate 99% of the total annual catch limit for wreckfish to the commercial sector. Allocate 1% of the total annual catch limit for wreckfish to the recreational sector.

Alternative 4. Allocate 99.5% of the total annual catch limit for wreckfish to the commercial sector. Allocate 0.5% of the total annual catch limit for wreckfish to the recreational sector.

Action 2. Implement an electronic reporting system for the wreckfish individual transferable quota (ITQ) program.

Purpose of Action:

Data management and user experience could be greatly enhanced by moving from a paper system to an electronic system. The migration to an electronic system would increase timeliness of reported data, improve data quality, reduce cost and time for management, provide additional flexibility and benefits to fishermen, and improve program enforcement and monitoring.

Alternative 1 (No Action). Retain the current ITQ paper-based reporting system including, share certificates, allocation coupons, vessel logbooks, and dealer reports.

Preferred Alternative 2. Implement an electronic system of reporting for the wreckfish ITQ program to electronically track ownership and transfers of quota shares, distribution, and transfers of annual allocation (quota pounds), and electronically record wreckfish landing information.

Action 3. Modify the requirement to possess a commercial vessel permit for wreckfish.

Purpose of Action:

The requirements to possess two permits in addition to owning ITQ shares is duplicative and therefore unnecessarily burdensome for program participants and data managers. These requirements also unnecessarily complicate the use of data by program analysts. Additionally, requiring NMFS to determine whether an entity is an employee, contractor, or agent of the vessel owner is difficult without requesting more information than is typically requested of permit applicants and it creates additional administrative burden for applicants and NMFS.

Alternative 1 (No Action). To commercially harvest or sell wreckfish, a commercial vessel permit for wreckfish and a commercial permit for South Atlantic snapper grouper must have been issued to the vessel and the permit must be on board. To obtain a commercial vessel permit for wreckfish, the applicant must be a wreckfish shareholder; and either the shareholder must be the vessel owner, or the owner or operator must be an employee, contractor, or agent of the shareholder.

Alternative 2. To commercially harvest or sell wreckfish, a commercial vessel permit for wreckfish and a commercial permit for South Atlantic snapper grouper (unlimited) must have been issued to the vessel and the permit must be on board. To obtain a commercial vessel permit for wreckfish, the permit holder must be a wreckfish shareholder.

Preferred Alternative 3. To commercially harvest or sell wreckfish, a commercial permit for South Atlantic snapper grouper (unlimited) must have been issued to the vessel, the permit must be on board, and the permit holder must be a wreckfish shareholder.

Alternative 4. To commercially harvest or sell wreckfish, a commercial permit for South Atlantic snapper grouper (unlimited) must have been issued to the vessel, the permit must be on board.

Action 4. Modify the commercial fishing year for wreckfish.

Purpose of Action:

A calendar year fishing year would reduce administrative burden and system downtime as the ITQ program moves towards an electronic reporting system.

Alternative 1 (No Action). The commercial fishing year for wreckfish begins on April 15 and ends on April 14. From January 15 through April 15, each year, no person may harvest or possess wreckfish on a fishing vessel, in or from the exclusive economic zone.

Preferred Alternative 2. The commercial fishing year for wreckfish begins on January 1 and ends on December 31. From January 15 through April 15, each year, no person may harvest or possess wreckfish on a fishing vessel, in or from the exclusive economic zone.

Action 5. Modify offloading site and time requirements for wreckfish.

Purpose of Action:

Wreckfish shareholders expressed that having designated landing sites and the daily unloading timeframe to be overly burdensome, particularly the hours allowed for offloading. The allowable offloading time requirement affects the efficiency of their fishing operations. Shareholders would like to see the approved offloading sites and times requirements removed.

Alternative 1 (No Action). Wreckfish may only be offloaded between the hours of 8 a.m. and 5 p.m., local time. Wreckfish must be offloaded only at the fixed facility of a dealer with a Gulf of Mexico and South Atlantic Dealer Permit. Wreckfish may be offloaded at a location other than a fixed facility of a dealer who holds a Gulf of Mexico and South Atlantic dealer permit, if the wreckfish shareholder or the vessel operator advises the NMFS Office for Law Enforcement of the location not less than 24 hours prior to offloading.

Alternative 2. Wreckfish may only be offloaded between the hours of 6 a.m. and 6 p.m., local time. Wreckfish must be offloaded only at the fixed facility of a dealer with a Gulf of Mexico and South Atlantic Dealer Permit. Wreckfish may be offloaded at a location other than a fixed facility of a dealer who holds a Gulf of Mexico and South Atlantic dealer permit, if the wreckfish shareholder or the vessel operator advises the NMFS Office for Law Enforcement of the location not less than 24 hours prior to offloading.

Alternative 3. Wreckfish may only be offloaded between the hours of 5 a.m. and 8 p.m., local time. Wreckfish must be offloaded only at the fixed facility of a dealer with a Gulf of Mexico and South Atlantic Dealer Permit. Wreckfish may be offloaded at a location other than a fixed facility of a dealer who holds a Gulf of Mexico and South Atlantic dealer permit, if the wreckfish shareholder or the vessel operator advises the NMFS Office for Law Enforcement of the location not less than 24 hours prior to offloading.

Alternative 4. Remove the requirement to offload wreckfish between the hours of 8 a.m. and 5 p.m., local time. Wreckfish must be offloaded only at the fixed facility of a dealer with a Gulf of Mexico and South Atlantic Dealer Permit. Wreckfish may be offloaded at a location other than a fixed facility of a dealer who holds a Gulf of Mexico and South Atlantic dealer permit, if the wreckfish shareholder or the vessel operator advises the NMFS Office for Law Enforcement of the location not less than 24 hours prior to offloading.

Action 6. Implement a cost recovery plan and associated conditions for the wreckfish individual transferable quota program.

Purpose of Action:

Cost recovery, the collection of a fee to recover the actual cost directly related to the management, data collection, and enforcement of any LAPP, is mandated under section 304(d)(2)(A) of the Magnuson-Stevens Act.

Sub-Action 7-1. Implement a cost recovery plan for the wreckfish individual transferable quota program.

Alternative 1 (No Action). Do not implement a cost recovery plan for the wreckfish individual transferable quota program.

This is not a legally viable alternative.

Preferred Alternative 2. Implement an individual transferable quota cost recovery plan. The transferable quota shareholder landing wreckfish would be responsible for collection and submission of the cost recovery fee to NMFS.

Alternative 3. Implement an individual transferable quota cost recovery plan. The dealer receiving Wreckfish would be responsible for collecting the cost recovery fee from the shareholder landing the wreckfish and submitting the fee to NMFS.

Sub-Action 7-2. Collection of wreckfish individual transferable quota program cost recovery fees.

Alternative 1 (No Action). Do not implement a cost recovery plan for the wreckfish individual transferable quota program.

This is not a legally viable alternative.

Alternative 2. Fees will be collected at the time of landing.

Alternative 3. Fees will be collected upon the sale of such fish during a fishing season.

Preferred Alternative 4. Fees will be collected in the last quarter of the calendar year in which the fish is harvested.

Sub-Action 7-3. Frequency of wreckfish individual transferable quota program cost recovery fee submission.

Alternative 1 (No Action). Do not implement a cost recovery plan for the wreckfish individual transferable quota program.

This is not a legally viable alternative.

Preferred Alternative 2. Cost recovery fee will be submitted once per year.

Alternative 3. Cost recovery fee will be submitted twice per year.

Alternative 4. Cost recovery fee will be submitted four times per year.

Alternative 5. Cost recovery fee will be submitted twelve times per year.

Sub-Action 7-4. Determination of wreckfish individual transferable quota program cost recovery fees.

Alternative 1 (No Action). Do not implement a cost recovery plan for the wreckfish individual transferable quota program.

This is not a legally viable alternative.

Alternative 2. The cost recovery fee will be based on actual* ex-vessel value of the wreckfish landings.

Preferred Alternative 3. The cost recovery fee will be based on standard** ex-vessel value of the wreckfish landings as calculated by NMFS.

* actual ex-vessel value is calculated by multiplying the wreckfish landings by the actual ex-vessel price, where the actual ex-vessel price is the total monetary sale amount a fisherman receives per pound of fish for ITQ landings from a registered ITQ dealer before any deductions are made for transferred allocation and goods and services (e.g. bait, ice, fuel, repairs, machinery replacement, etc.).

** standard ex-vessel value is calculated by multiplying the wreckfish landings by the standard ex-vessel price, which is based on the average ex-vessel price for the previous fishing year and any expected price change in the current fishing year.