

**MEETING REPORT
WRECKFISH ADVISORY GROUP
SOUTH ATLANTIC FISHERY MANAGEMENT COUNCIL
St. Augustine, Florida
September 9, 2023**

Shareholders in Attendance

Paul Riess
John Polston
Mike Freeman
Jim Freeman
Charlie Phillips
Pete Boehm

Council Members

Jessica McCawley
Kerry Marhefka
Tim Griner
Andy Strelcheck

Council Staff

Christina Wiegand
Myra Brouwer
Dr. Mike Schmidtke
Dr. Judd Curtis

Snapper Grouper Amendment 48 (Wreckfish ITQ Modernization)

A review of the Wreckfish Individual Transferable Quota (ITQ) Program was completed in 2019 and included recommendations for improvement, specifically modernization of the program. Snapper Grouper Amendment 48 considers actions to modernize the fishery. The two most complex aspects of Snapper Grouper Amendment 48 are moving from the current paper-based coupon system to an electronic reporting system and modifying current monitoring requirements.

Moving to 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 is not sufficient for movement to an electronic reporting system.

Shareholders report that they rarely encounter law enforcement officials at the dock and the allowable offloading time requirement negatively affects the efficiency of their fishing operations. Therefore, the intended outcome of approved offloading sites and times as a deterrent for landing unreported fish has not been realized. As such, Amendment 48 considers additional options for monitoring of the wreckfish ITQ fishery.

Council staff reviewed all actions currently in Snapper Grouper Amendment 48 as well as possible actions monitoring, participation, and eligibility for the Wreckfish Advisory Group to provide input for Council consideration.

Actions Currently Included in Snapper Grouper Amendment 48:

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

- The Wreckfish Advisory Group did not provide any additional comments on Action 1, outside of what was discussed when the Wreckfish ITQ shareholders met in June 2022.

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

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.

- The Wreckfish Advisory Group did not provide any additional comments on Action 2, outside of what was discussed when the Wreckfish ITQ shareholders met in June 2022.

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

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.

- Reiterating what the wreckfish ITQ shareholders recommended at their June 2022 meeting, the Wreckfish Advisory Group noted that the wreckfish ITQ fishery is very small and cannot handle a large number of participants. Currently, prices are stable, and shares and their allocation are being utilized. In years when allocation is not utilized it is because of poor weather, vessel issues, or other outside factors.

Action 4. Modify the commercial fishing year for wreckfish.

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.

- The Wreckfish Advisory Group did not provide any additional comments on Action 4, outside of what was discussed when the Wreckfish ITQ shareholders met in June 2022.

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

- Preferred alternative not yet selected.
- Reiterating what the wreckfish ITQ shareholders recommended at their June 2022 meeting, the Wreckfish Advisory Group noted that offloading hours are incredibly burdensome on shareholders and that they rarely see law enforcement when offloading wreckfish. If offloading hours cannot be removed, then the Wreckfish Advisory Group would like to see more time available for offloading.

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

Sub-Action 6-1. Implement a cost recovery plan for the wreckfish individual transferable quota program.

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.

- Reiterating what the wreckfish ITQ shareholders recommended at their June 2022 meeting, the Wreckfish Advisory Group noted that their preference is for the ITQ shareholders to be responsible for cost recovery collection and submission.

Sub-Action 6-2. Collection of wreckfish individual transferable quota program cost recovery fees.

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

- The Wreckfish Advisory Group remains comfortable with cost recovery fees being collected in the last quarter of the calendar year because of their desire to have the wreckfish ITQ shareholder be responsible for the collection and submission.

Sub-Action 6-3. Frequency of wreckfish individual transferable quota program cost recovery fee submission.

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

- The Wreckfish Advisory Group remains comfortable with cost recovery fees being submitted once per year because of their desire to have the wreckfish ITQ shareholder be responsible for the collection and submission.

Sub-Action 6-4. Determination of wreckfish individual transferable quota program cost recovery fees.

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

- Wreckfish Advisory Group Recommendation: Consider Alternative 2 for the Preferred Alternative.
 - **Alternative 2.** The cost recovery fee will be based on actual ex-vessel value of the wreckfish landings.
- The Wreckfish Advisory Group, based on a presentation from NMFS SERO staff, felt that there was not a significant difference between actual ex-vessel value (Alternative 2) and standard ex-vessel value (Alternative 3). Due to this, they felt that Alternative 2 was their preferred because it lowered the administrative burden on the NMFS.
- The Wreckfish Advisory Group also noted that there needs to be an option for delayed reporting of price or correction forms because fishermen do not always know the price they will receive at the time of landing.

Participation and Eligibility in the Wreckfish ITQ Fishery:

Wreckfish Individual Transferable Quota Online Shareholder Account Eligibility

- **Purpose of Action:** This would add language into the Code of Federal Regulations (CFR) establishing requirements for opening a wreckfish shareholder account in the new online system.
- **Questions Posed to the Advisory Group:**
 1. Should the Council consider requiring other permits, such as a snapper grouper unlimited permit and/or a wreckfish permit to open an online shareholder account?
 - a. Yes, the Wreckfish Advisory Group felt that it was important to ensure that anyone opening an online shareholder account had the permits necessary to harvest wreckfish.

Requirements for Obtaining and Maintaining Wreckfish Individual Transferable Quota Shares in the Online System

- **Purpose of Action:** This would add language to the Code of Federal Regulations (CFR) establishing requirements for obtaining and maintaining shares in the online system.
- **Questions Posed to the Advisory Group**
 1. Should an entity be required to hold the permits necessary to harvest wreckfish to obtain and maintain wreckfish shares?
 - a. Yes, the Wreckfish Advisory Group felt that it was important to ensure that anyone opening an online shareholder account had the permits necessary to harvest wreckfish.
 2. Should the Council restrict the ability to obtain shares if an individual has delinquent logbooks or outstanding sanctions?
 - a. The Wreckfish Advisory Group had no issue with restricting the ability of an individual to obtain shares under certain conditions, but they would like clarification on what “outstanding sanctions” would include and what offenses would result in a sanction and if those with a sanction would be allowed to fish for any federal fisheries. Additionally, they would like more detail on what constitutes a *delinquent* logbook, especially given the challenges fishermen sometimes experience when submitting logbooks.
 3. Are there other restrictions on who can obtain and maintain shares that the Council should consider?
 - a. The Wreckfish Advisory Group did not think there were other restrictions that would keep the fishery accountable.

Share Divestment for Permit-Required Accounts

- **Purpose of Action:** This would establish a protocol for NMFS reclaiming shares if an account no longer meets the requirements to maintain shares. As such, this is applicable only if the Council chooses to establish such requirements.
- **Questions Posed to the Advisory Group**
 1. How long after the implementation of Snapper Grouper Amendment 48 should current shareholders have to become compliant with the new requirements to maintain shares? Immediately? 1-year? 3-years?

- a. The Wreckfish Advisory Group felt that one year was sufficient to allow current shareholders to transfer shares as needed to be in compliance with new participation and eligibility regulations.
2. How long after a shareholder becomes ineligible to maintain shares should they have to divest of their shares before NMFS reclaims them? 1-year? 3-years? 5-years?
 - a. The Wreckfish Advisory Group felt that one year was sufficient for an ineligible shareholder to divest of their shares, but wanted to ensure that the discussion section of the document included detail on how divesting would work in the case of death.

Redistribution of reclaimed shares to remaining shareholders.

- **Purpose of Action:** This would establish a protocol for NMFS to redistribute shares that have been reclaimed. As such, this is applicable only if the Council selects requirements for maintaining shares and sets up a process for reclaiming shares.
- **Questions Posed to the Advisory Group**
 1. How should NMFS redistribute reclaimed shares to the remaining shareholders?
 - a. The Wreckfish Advisory Group did not come to an agreement on this action. While some were in favor of redistribution to “all eligible shareholder accounts” others felt that there should be a common pool or other system that might allow for new entrants.
 - i. The Wreckfish Advisory Group would like to see examples of different redistribution options, including scenarios where one or more shareholders has met the share cap.

Wreckfish Individual Transferable Quota Requirements to Obtain Annual Allocation from Shares.

- **Purpose of Action:** This would establish requirements for a shareholder to receive their annual allocation, ensuring that shareholders are up to date with cost recovery fees and fishery monitoring requirements.
- **Questions Posed to the Advisory Group**
 1. Should the Council require current shareholders to be in good standing with the requirements of the wreckfish ITQ program to receive their annual allocation? If so, which requirements are reasonable?
 - a. The Wreckfish Advisory Group felt that it was appropriate to require shareholders be in compliance with cost recovery fee requirements and necessary permit requirements to harvest wreckfish in order to receive annual allocation.

Wreckfish Individual Transferable Quota Requirements to Obtain Annual Allocation through Transfer.

- **Purpose of Action:** This would add language to the Code of Federal Regulations (CFR) establishing requirements for obtaining annual allocation through transfer in the online system. Currently, there are no requirements for obtaining annual allocation through transfer in an online system, which would allow wreckfish allocation to be obtained and maintained by an individual that does not possess the necessary requirements to harvest wreckfish.

- **Questions Posed to the Advisory Group**

1. Should the Council restrict who can receive annual allocation through transfer in the online system? If so, what requirements would be necessary?
 - a. The Wreckfish Advisory Group felt that the requirements to receive annual allocation through transfer should mirror the requirements to harvest wreckfish.

Retaining Annual Allocation before a Commercial Annual Catch Limit Reduction

- **Purpose of Action:** While no stock assessment or ACL reduction is expected for wreckfish, this action would provide the Regional Administrator with the ability to withhold annual allocation in the event a reduction in the ACL is required in the future.
- **Questions Posed to the Advisory Group**
 1. No questions were posed, but the Wreckfish Advisory Panel did express concern about allowing the Regional Administrator to retain annual allocation before a commercial annual catch limit reduction and reiterated the importance of getting an updated stock assessment for wreckfish.

Monitoring of the Wreckfish ITQ Fishery:

Trip Declaration Requirement for Commercial Vessels Participating in the Wreckfish Component of the Snapper Grouper Fishery.

- **Purpose of Action:** This proposes a hail-out requirement for the wreckfish fishery. The Magnuson Stevens Act requires that limited access privilege programs “include an effective system for enforcement, monitoring, and management of the program, including the use of observers or electronic monitoring systems.” (16 U.S.C. 1853a)
- **Questions Posed to the Advisory Group**
 1. What type of trip declaration method would work for the wreckfish ITQ fishery? For example, a NMFS-developed application, call in to a 24-hour line, VMS?
 - a. The Wreckfish Advisory Group would prefer to see a 24-hour call-in line over a vessel monitoring system.
 2. On what trips would wreckfish shareholders be willing to provide a trip declaration? Wreckfish only? Snapper grouper? All commercial? Etc.
 - a. The Wreckfish Advisory Group felt that any trip declaration requirement should only apply to the wreckfish ITQ program because the Magnuson-Stevens Act requirements are specific to Limited Access Privilege Programs (LAPPs)
 3. Contacting NMFS 24-hours prior to departure is the MAXIMUM number of hours in advance. Less time between declaring and leaving is possible. What time frame would be convenient for those participating in the wreckfish ITQ fishery?
 - a. The Wreckfish Advisory Group felt that a 24-hour prior to departure maximum for contacting NMFS in advance of departure was appropriate.
 4. Other Comments: The Wreckfish Advisory Group noted that they were already subject to observers, a noted option in the Magnuson-Stevens Act, and that requiring trip declarations and pre-landing notifications was an undue and unjustified burden on wreckfish ITQ shareholders.

Pre-landing Notification Requirement for Commercial Vessels Participating in the Wreckfish Component of the Snapper Grouper Fishery.

- **Purpose of Action:** This proposes a hail-in requirement for the wreckfish fishery. The Magnuson Stevens Act requires that limited access privilege programs “include an effective system for enforcement, monitoring, and management of the program, including the use of observers or electronic monitoring systems.” (16 U.S.C. 1853a)
- **Questions Posed to the Advisory Group**
 1. What type of pre-landing method would work for the wreckfish ITQ fishery? For example, a NMFS-developed application, call in to a 24-hour line, VMS?
 - a. The Wreckfish Advisory Group would prefer to see a 24-hour call-in line over a vessel monitoring system. They would also like to see provisions for equipment failure included in the document, especially in the case of bad weather.
 2. On what trips would wreckfish shareholders be willing to provide a pre-landing notification? Wreckfish only? Snapper grouper? All commercial? Etc.
 - a. The Wreckfish Advisory Group felt that any trip declaration requirement should only apply to the wreckfish ITQ program because the Magnuson-Stevens Act requirements are specific to Limited Access Privilege Programs (LAPPs)
 3. Contacting NMFS at least three hours, but no more than 24 hours prior to landing is standard. Would this time frame be convenient for those participating in the wreckfish ITQ fishery?
 - a. The Wreckfish Advisory Group would like a one-hour notification window prior to landing to be considered because it would allow vessels to be close to cell phone range when they needed to submit their pre-landing notification. It was noted that one hour was included in the Gulf Headboat Collaborative Study.