

# 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  
March 2022

## 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. In general, the program has been relatively successful in achieving its stated objectives, although there is still room for further improvement, particularly with respect to confidentiality issues and related constraints; moving away from a paper coupon-based program to an electronic program; cost recovery; wreckfish permit requirement; allocation issues; offloading sites and times; and economic data collection. Snapper Grouper Amendment 48 will

consider actions and alternatives necessary to improve and modernize the Council’s Wreckfish ITQ program.

## Snapper Grouper FMP Goals and Objectives

The Magnuson-Stevens Act national standard guidelines require fishery management councils to establish objectives in each FMP and propose management measures that will achieve the objectives. In establishing the objectives, the councils should balance the biological needs of the fish stock(s) with human need, reconcile both present and future costs and benefits, integrate both private and public interests, and provide for a comprehensive approach to addressing problems within the fishery. Also, as the needs of a fishery change over time, fishery management councils are encouraged to regularly reassess the FMP objectives (50 C.F.R. § 600.305(b)).

Amendment 17A to the Snapper Grouper FMP was the last amendment to list and modify the objectives in the Snapper Grouper FMP. In December 2012, the Council began a three-year long stakeholder-driven visioning process to identify long-term strategies for managing the snapper grouper fishery. This process involved evaluating the objectives in the Snapper Grouper FMP and revising them based on the current needs of the fishery. The 2016-2020 Vision Blueprint for the Snapper Grouper Fishery (Vision Blueprint) was approved by the Council at their December 2015 meeting and was intended to inform the management of the snapper grouper fishery through 2020. The Vision Blueprint serves as a “living document” to help guide future management, build on stakeholder input, and illustrate actions that could be developed through the amendment process to address the goals identified during the visioning process. Specifically, the Vision Blueprint is organized into four goal areas: (1) Science, (2) Management, (3) Communication, and (4) Governance. Each goal area has a set of objectives intended to drive management of the snapper grouper fishery (**Table 1**). These goals and objectives have been reviewed and recommended for adoption in the Snapper Grouper FMP by the Snapper Grouper Advisory Panel. By including them in Snapper Grouper Amendment 48, the Council intends to formally adopt them as the goals and objectives of the Snapper Grouper FMP.

**Table 1.** Management objectives for the Fishery Management Plan for the Snapper Grouper Fishery of the South Atlantic Region.

|  |  |
|--|--|
| <b>Goal 1 (Science):</b> Management decisions for the snapper grouper fishery are based upon robust, defensible science that considers qualitative and quantitative data analyzed in a timely, clear, and transparent manner that builds stakeholder confidence. |  |
| <i>Objective 1</i>   | Promote collection of quality data to support management plans and programs considered by the Council.   |
| <i>Objective 2</i>   | Encourage development of mechanisms to effectively engage and collaborate with stakeholders on cooperative research, data collection and analysis. |
| <i>Objective 3</i>   | Improve knowledge about the social and economic elements of the snapper grouper fishery in the South Atlantic.                                     |
| <i>Objective 4</i>   | Support improved and expanded monitoring and reporting programs for the snapper grouper fishery.   |
| <i>Objective 5</i>   | Promote data collection and analysis to support ecosystem and habitat considerations for the snapper grouper fishery.                              |

|  |  |
|--|--|
| <b>Goal 2 (Management):</b> Adopt management strategies for the snapper grouper fishery that rebuild and maintain fishery resources, adapt to regional differences in the fishery, and consider the social and economic needs of fishing communities.                    |  |
| <i>Objective 1</i>   | Develop management measures that consider sub-regional differences and issues within the fishery.  |
| <i>Objective 2</i>   | Develop innovative management measures that allow consistent access to the fishery for all sectors.                                      |
| <i>Objective 3</i>   | Ensure that management decisions help maximize social and economic opportunity for all sectors.  |
| <i>Objective 4</i>   | Develop management measures that reduce and mitigate discards.   |
| <i>Objective 5</i>   | Support management measures that incorporate ecosystem and habitat considerations for the snapper grouper fishery.                       |
| <i>Objective 6</i>   | Develop management measures that support optimal sector allocations for the snapper grouper fishery.                                     |
| <b>Goal 3 (Communication):</b> Employ interactive outreach strategies that encourage continuous participation and support two-way engagement between managers and snapper grouper fishery stakeholders while building a greater understanding of science and management. |  |
| <i>Objective 1</i>   | Develop communication approaches that provide streamlined and timely information to increase awareness and engage stakeholders.          |
| <i>Objective 2</i>   | Ensure that Council communication encourages and supports engagement with a diverse audience of stakeholders.                            |
| <i>Objective 3</i>   | Improve awareness and understanding of fishery science and research and how these inform management.                                     |
| <i>Objective 4</i>   | Improve awareness and understanding of how social and economic issues are linked to fisheries management measures.                       |
| <b>Goal 4 (Governance):</b> Commit to a transparent, balanced, and timely decision-making process that allows flexible yet well-defined protocols and strategies for managing the snapper grouper fishery.   |  |
| <i>Objective 1</i>   | Create an accountable and flexible decision-making process for development and evaluation of management measures.                        |
| <i>Objective 2</i>   | Build capacity to streamline management efforts and better coordinate with management partners.  |
| <i>Objective 3</i>   | Improve communication with stakeholders to ensure the needs of the fishery are understood and considered throughout the Council process. |

## Wreckfish ITQ Goals and Objectives

The review of the Wreckfish ITQ Program (2019) evaluated the program based on whether it met the original goals and objectives established in Snapper Grouper Amendment 5 (SAFMC 1991). Since the beginning of the program in 1991, the fishery has changed significantly through regulation and participation. The following goals and objectives for the Wreckfish ITQ program were listed as justification for limiting participation in the fishery through an ITQ program:

1. “Develop a mechanism to vest fishermen in the wreckfish fishery and create incentives for conservation and regulatory compliance whereby fishermen can realize potential long-run benefit ...”
2. “Provide a management regime which promotes stability and facilitates long-range planning and investment by harvesters and fish dealers while avoiding, where possible,

the necessity for more stringent management measures and increasing management costs over time.”

3. “Develop a mechanism that allows the marketplace to drive harvest strategies...”
4. “Promote management regimes that minimize gear and area conflicts...”
5. “Minimize the tendency for over-capitalization in the harvesting and processing/distribution sectors.”
6. “Provide a reasonable opportunity for fishermen to make adequate returns from commercial fishing by controlling entry so that returns are not regularly dissipated by open access, while also providing avenues for fishermen not initially included in the limited entry program to enter the program.”

Wreckfish ITQ shareholders reviewed the current goals and objectives in October 2020 and agreed that the current program was successfully meeting all six goals and objectives. The shareholders did express concern about giving wreckfish fishermen an unrealistic expectation of permanent ownership in the fishery as unused shares have been reallocated in the past (Snapper Grouper Amendment 20B) (Objective One) and creating any new avenues for fishermen to enter the program because the fishery is already at maximum capacity with current effort (Objective Six). The Council reviewed the goals and objectives during their December 2020 Council meeting and chose to retain the current goals and objectives for the Wreckfish ITQ Program without modification. The Council determined no changes were needed because there have not been substantial modifications to the program and the current amendment proposes only to modernize existing systems.

## Proposed Actions in this amendment

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

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

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

**Action 4.** Modify the commercial fishing year for wreckfish.

**Action 5.** Modify the spawning season closure for wreckfish

**Action 6.** Require all commercial vessels with a South Atlantic Unlimited Snapper-Grouper Permit participating in the wreckfish portion of the snapper grouper fishery to be equipped with vessel monitoring systems.

**Action 7.** Modify allowable offloading site and time requirements for wreckfish.

**Action 8.** Implement a cost recovery plan and associated conditions for the wreckfish individual transferable quota program.

**Sub-Action 8-1.** Implement a cost recovery plan for the wreckfish individual transferable quota program.

**Sub-Action 8-2.** Collection of wreckfish individual transferable quota program cost recovery fees.

**Sub-Action 8-3.** Frequency of wreckfish individual transferable quota program cost recovery fee collection.

**Sub-Action 8-4.** Determination of wreckfish individual transferable quota program cost recovery fees.

## Objectives for this meeting

- Review and approve proposed actions and alternatives to be analyzed.

## 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    |
|   | <b>Council reviews and approves actions/alternatives to be analyzed.</b>   | <b>March 2022</b> |
|   | Wreckfish Shareholders Meeting   | Spring 2022       |
|   | Council reviews draft amendment, selects preferred alternative, and approves for public hearings.                      | September 2022    |
|   | Public Hearings  | Fall 2022         |
|   | Council reviews the draft amendment, modifies the document, as necessary.  | March 2023        |
|   | Council reviews the draft amendment, modifies the document, as necessary, and approves for formal review.              | September 2023    |

## Draft Purpose and Need Statement

The *purpose* of this action is to modernize the wreckfish individual transferable quota (ITQ) program, revise management measures, and update the goals and objectives of the Fishery Management Plan for the Snapper Grouper Fishery of the South Atlantic Region.

The *need* for this action is to improve program monitoring and enforcement, as well as data collection and management, provide more flexibility for fishers and increase profitability in the wreckfish ITQ program, and ensure the goals and objectives of the fishery management plan provide for a comprehensive approach to addressing problems within the snapper grouper fishery.

### **Council Action:**

REVIEW PURPOSE AND NEED STATEMENT, MODIFY AS NECESSARY.

## Proposed actions and alternatives for 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.

**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.

#### **Discussion:**

**Table 1.** Commercial and recreational allocation alternatives and resulting annual catch limits.

| Action 1                  | Commercial Allocation | Commercial ACL | Recreational Allocation | Recreational ACL |
|---------------------------|-----------------------|----------------|-------------------------|------------------|
| Alternative 1 (No Action) | 95%                   | 369,645        | 5%                      | 19,455           |
| Alternative 2             | 98%                   | 381,318        | 2%                      | 7,782            |
| Alternative 3             | 99%                   | 385,209        | 1%                      | 3,891            |
| Alternative 4             | 99.5%                 | 387,155        | 0.5%                    | 1,946            |

Note: Total wreckfish ACL is 389,100 pounds round weight for 2020 and subsequent fishing years.

- Recreational landings of wreckfish are rarely reported through the Marine Recreational Information Program (MRIP) though they are seen on social media.
  - As of 2019, there were no records of recreational wreckfish landings by MRIP/MRFSS except for one intercept in 2012.
- Five percent of the wreckfish ACL is set aside for the recreational sector. The Council may want to revisit sector allocations for wreckfish in this amendment.
  - Several suggestions have been made for how the Council might consider allocations for wreckfish in the future, including getting rid of sector allocations altogether or continued monitoring of future MRIP landings to see if wreckfish start to become prevalent thus requiring additional sector allocation consideration.

- Prior to the Comprehensive ACL Amendment (2012), the commercial sector was allocated 100% of the available catch.
  - Rationale for establishing a 5% recreational allocation at that time was based on increasing incidences of recreational wreckfish encounters, as noted by commercial and recreational fishermen. By establishing a small allocation for the recreational sector, the Council was attempting to curb some bycatch mortality.
- The recreational season is July/August with a bag limit of 1-fish per vessel per trip.

**Shareholder Recommendations (October 2020):**

- Shareholders discussed two options for sector allocations: considering the recreational sector to be *de minimis* as long as catch remains low, resulting in 100% of the available catch being allocated to the commercial sector or allocating 1% of the available catch to the recreational sector and closing their season if their catch limit is reached.
  - Concern that the *de minimis* status may encourage the development of a recreational fishery and the potential dangers outweigh any potential benefit to the commercial sector.
- Generally, shareholders preferred the 1% allocation to the recreational sector and felt it would be sufficient cover all recreational landings without resulting in a closure.
  - While current management measures for the recreational sector keep landings low, management measures can change over time and recreational fishermen should have accountability measures in place that would close the fishery should they exceed the catch limit.
  - A shareholder reported that most recreational landings occur off southern Florida or in Bahamian waters. Farther north, recreational fishermen do not have the capability to go far enough out to catch wreckfish. They are not targeted for that reason; rather they are occasionally caught when targeting other species.

**Council Action:**

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.



**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.

**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.

**Discussion:**

- Data management and user experience could be greatly enhanced by moving from a paper system to an electronic system.
  - The regulations are closely tied to the current paper-based system. Moving to an electronic system will require careful review of the regulations to determine what needs to be modified and whether those modifications will require formal action from the Council (**Table 1**).

**Table 1.** Differences between the current paper-based system for the wreckfish individual transferable quota program and electronic reporting systems.

|                             | Paper  | Electronic   |
|-----------------------------|--|--|
| <b>Shares</b>               | Certificate, numbered                        | Percentage   |
| <b>Allocation</b>           | Mailed Coupons, 100 or 500 lb increments     | 1 lb increments, stored online   |
| <b>Share transfers</b>      | Mail-in certificates, issue new certificates | Online transfer to eligible participant; nearly instantaneous                                  |
| <b>Allocation transfers</b> | Coupon signed over                           | Online transfer instantaneous  |
| <b>Permit</b>               | Snapper Grouper and Wreckfish permit         | Snapper-Grouper with participation eligibility limits or Snapper-Grouper and Wreckfish permit. |

- Modernization of the wreckfish ITQ program may involve more than one electronic system. There are the day-to-day activities through the IFQ system (e.g., transfers of shares and annual allocation, and landings of wreckfish), and the wreckfish vessel

logbook, which is expected to be moved to coastal logbooks, and wreckfish dealer landings which would need to be entered in the online system.

- **Functional Structure of Electronic Reporting System** (these components form the base structure of the current electronic reporting program based on existing catch share online systems within the Southeast. If the Council would like to modify these base components, it would require development of a new online system which would extend the time needed for implementation and may be cost prohibitive).
  - Account types are the base structural unit that are linked directly to permits:
    - Each account is unique and identifiable through permit linkages,
    - Process to access, view, record, and transfer shares and allocation,
    - Process to record wreckfish landings, deduct used allocation (quota pounds/coupons), and determine cost recovery value.
  - Must be able to be linked to the permit system,
  - Contain accounts for shareholders, vessels, and dealers,
  - Track wreckfish landings.
  
- **Operational Elements of Electronic Reporting Systems** (these components are independent of the base structure and are left to the discretion of the Council) (**Table 2**).

**Table 2.** Operational elements of an electronic reporting system and current regulations for the Wreckfish ITQ Program.

| Operational Element  | Current Regulation   | Being Addressed in SG 48?                                     |
|----------------------|--|---|
| Program Eligibility  | For a person aboard a vessel to be eligible for exemption from the bag limit for wreckfish in or from the South Atlantic EEZ, to fish under a quota for wreckfish in or from the South Atlantic EEZ, or to sell wreckfish in or from the South Atlantic EEZ, a commercial vessel permit for wreckfish and a commercial permit for South Atlantic snapper-grouper must have been issued to the vessel and must be on board. | Yes, Action 3   |
| Program Eligibility  | 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.  | Yes, Action 2 (eligibility) and Action 3 (permit requirement) |
| Hail-in and Hail-out | None.  | TBD   |

| <b>Operational Element</b>      | <b>Current Regulation</b>   | <b>Being Addressed in SG 48?</b>                                |
|---------------------------------|---|---|
| Transferability Rules (Shares)  | All or a portion of a person's percentage shares are transferrable. Transfer of shares must be reported on a form available from the RA. The RA will confirm, in writing, each transfer of shares. The effective date of each transfer is the confirmation date provided by the RA. NMFS charges a fee for each transfer of shares and calculates the amount in accordance with the procedures of the NOAA Finance Handbook. The handbook is available from the RA. The fee may not exceed such costs and is specified with each transfer form. The appropriate fee must accompany each transfer form.  | Yes, Action 2 (transfer to occur within the electronic system). |
| Transferability Rules (Coupons) | An ITQ coupon may be transferred from one wreckfish shareholder to another by completing the sale endorsement thereon (that is, the signature and shareholder certificate number of the buyer). An ITQ coupon may be possessed only by the shareholder to whom it has been issued, or by the shareholder's employee, contractor, or agent, unless the ITQ coupon has been transferred to another shareholder. An ITQ coupon that has been transferred to another shareholder may be possessed only by the shareholder whose signature appears on the coupon as the buyer, or by the shareholder's employee, contractor, or agent, and with all required sale endorsements properly completed. | Yes, Action 2 (transfer to occur within the electronic system). |
| Data Submission Frequency       | Completed fishing records must be submitted to the SRD postmarked not later than 7 days after the end of each fishing trip. If no fishing occurred during a calendar month, a report so stating must be submitted on one of the forms postmarked not later than 7 days after the end of that month. Information to be reported is indicated on the form and its accompanying instructions.  | Yes, Action 2 (modify to online system).                        |
| Units of Measure                | Each ITQ is the product of the wreckfish TAC, in round weight, for the ensuing fishing year, the factor for converting round weight to eviscerated weight, and each wreckfish shareholder's percentage share, reflecting share transactions reported on forms received by the RA through February 15. Thus, the ITQs will be in terms of eviscerated weight of wreckfish.   | Yes, Action 2 (no more shares on forms)                         |
| Cost Recovery                   | None  | Yes, Action 8   |

Snapper Grouper  
Attachment 4: SG Amendment 48 Decision Document

| <b>Operational Element</b>                                    | <b>Current Regulation</b>   | <b>Being Addressed in SG 48?</b>       |
|---|---|--|
| Offload/Landing Restrictions                                  | <p>A wreckfish harvested by a vessel that has been issued a commercial vessel permit for South Atlantic snapper-grouper and a commercial vessel permit for wreckfish may be offloaded from a fishing vessel only between 8 a.m. and 5 p.m., local time.</p> <p>If a wreckfish harvested by a vessel that has been issued a commercial vessel permit for South Atlantic snapper-grouper and a commercial vessel permit for wreckfish is to be offloaded at a location other than a fixed facility of a dealer who holds a Gulf and South Atlantic dealer permit, as required under § 622.170(c)(1), the wreckfish shareholder or the vessel operator must advise the NMFS Office for Law Enforcement, Southeast Region, St. Petersburg, FL, by telephone (727-824-5344), of the location not less than 24 hours prior to offloading.</p> | Yes, Action 3, Action 6, and Action 7. |
| Transport Restrictions  | None.   | No.                                    |
| Fish Tag Requirements   | None.   | No.                                    |
| Allocation Deductions   | During the 2012-2013 fishing year, the RA will reserve 1.401 percent of wreckfish ITQ shares prior to redistributing shares to accommodate resolution of appeals, if necessary. NMFS will distribute any portion of the 1.401-percent share remaining after the appeals process as soon as possible among the remaining shareholders.   | No                                     |
| Flexibility Measures  | None.   | No                                     |
| Retaining Annual Allocation Before a Quota Reduction          | None.   | No.                                    |
| Share Caps  | ?   | No.                                    |
| Allocation caps   | None  | No.                                    |
| Maintenance of Shares and Allocation                          | None  | Yes, Action 2.                         |
| Consideration Of Adaptive Catch Share for Future Distribution | None  | No.                                    |

**Shareholder Recommendations (October 2020):**

- The individual fishing quota (IFQ) electronic monitoring system used in the Gulf red snapper fishery could function well as a replacement for the current wreckfish paper coupon system.
  - Much of this program mirrors how the wreckfish fishery currently operates.
- Electronic reporting would be more efficient than paper coupons. However, the actual difference in cost between the two programs is unknown until incremental differences in cost are identified and calculated.
- Using an electronic system, fishermen would need to have an allocation in their account prior to catching wreckfish (technically prior to landing at the dock – but takes time to do the paperwork).
- Even with an electronic reporting system, fishermen would still need to report a duplicate entry with their state. However, SERO is aware of the issue and is actively working on reducing duplicative reporting.
- When asked if they would be supportive of a VMS requirement in the wreckfish fishery, stakeholders indicated that they were not a fan of VMS but thought it might be useful in preventing quota fraud.
  - Related, a shareholder also expressed hesitancy to remove the requirement of needing to own shares to transfer coupons because, in the absence of the requirement or a law enforcement presence, a vessel that has transferred coupons may choose to sell their fish without reporting landings so that they don't have to access more coupons to support their fishing. A VMS requirement to participate in the fishery may help with this potential problem.

**Council Action:**

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.

### **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 applicant must be a wreckfish shareholder; and the shareholder must be the vessel owner.

**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.

#### **Discussion:**

- An entity must possess wreckfish coupons, a commercial snapper grouper vessel permit, and a commercial wreckfish vessel permit to possess, land, and sell wreckfish harvested from the South Atlantic exclusive economic zone. Further, an entity must possess ITQ shares to receive coupons either prior to the start of the fishing year or through transfer. Given that ITQ shares are considered a “permit” in the Magnuson-Stevens Act, the requirements to possess two permits in addition to owning ITQ shares appears to be duplicative.
  - The additional requirement to possess a commercial wreckfish permit does not appear to enhance NMFS’ ability to track and monitor the harvesting activities of vessels in the program, nor does it appear to provide additional information to analysts and program managers beyond the information already provided as a result of the commercial snapper grouper permit requirement.
  - The regulations regarding the wreckfish permit requirement complicate management of the program. No other permit requirement in fisheries managed by the Council requires NMFS to determine whether an entity is an employee, contractor, or agent of the vessel owner. Such determinations are difficult to make without requesting more information than is typically requested of permit

applicants in fisheries managed by the Council. In addition, the fact that so many individuals could claim “rights” with respect to the confidentiality of the vessels’ landings data make it much more difficult to get consensus from all the affected parties with respect to waiving confidentiality.

- This action will need to address the language requiring NMFS to determine whether an entity is an employee, contractor, or agent of the vessel owner and permit eligibility requirement should the Council decide to remove the permit requirement.
  - Eligibility requirements can be built into the electronic reporting system. For example, any unlimited (SG1) permit holder can join the program, but only those accounts associated with shares can hold allocation and harvest fish. Therefore, no public participants (accounts without permits) could be created or allowed to access shares or allocation.
- **Alternative 2** and **Alternative 3** include specific reference the SG1– the snapper grouper permit required to harvest wreckfish.
  - Adding the SG2 (225-pound) permit as an option under Action 3 is not considered a reasonable alternative because the SG2 permit was indented to cover incidental harvest. Trips for wreckfish limited to 225-pounds would likely be unprofitable.
- Even with the movement to electronic reporting, a permit will still need to be on board. Commercial wreckfish permits are not considered limited access and as such, the permits do not have a number that is tracked.
  - However, SG1 permits are limited access and can be tracked.

### **Law Enforcement Advisory Panel Recommendations (February 2021):**

- LE would need to be able to verify that the vessel has the needed permits to harvest. An interactive system would work well so a vessel’s allocation can be verified.
- The wreckfish permit is there to protect shareholders. LE AP members asked how the shareholder feel about possibly removing the permit. An LE AP member that is a wreckfish shareholder explained that they have shares and use one to three vessels to harvest the fish. These vessels are owned by separate companies who are “agents” of the organization. The shareholders are concerned about how would removing the wreckfish permit and agent language affect their ability to work with other vessels (i.e., how a vessel account would gain access to a share account)?
  - It was clarified that if fishermen wanted to use other permitted vessels to harvest wreckfish that could be done different ways: the most restrictive way would be to require the vessel have wreckfish shares. Alternatively, eligibility requirements could be worked into the system to allow a vessel account into ITQ system. The Council would need to discuss these eligibility requirements. Additionally, landings are tied to the vessel not the shareholder so it will be important to determine how landings would then be attributed to shares.
  - The shareholder on the LE AP doesn’t see any issues at the moment with removing the wreckfish permit but noted that it will be important to discuss this issue with other shareholders.

**Shareholder Recommendations (October 2020):**

- Shareholders requested that the Council consider whether the agent requirement would serve any purpose in an electronic reporting system. Additionally, the Council should consider the potential implications of decoupling the wreckfish permit and the snapper grouper permits and/or removing the requirement for a wreckfish permit.
  - It would be problematic to have wreckfish shares tied to snapper grouper permits, especially if/when those snapper grouper permits were sold.
  - The current cost of snapper grouper permits, the two-for-one requirement, and the cost of shares makes it difficult for interested fishermen to get into the wreckfish fishery. Removing wreckfish from the snapper grouper permit requirement may encourage new entrants.
- It was noted that the electronic reporting system could be developed in a way that would limit participation based on specific eligibility requirements.
- A SERO representative noted that assigning shares to a permit, which comes with consequences (different permits have different value, and if the wreckfish permit is still an open access permit it would need to be made into a limited access permit in this scenario) would require the wreckfish permit to remain because it would not be ideal to tie wreckfish shares to snapper grouper permits.

**Council Action:**

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.



#### **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.

**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 the spawning season closure 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. The spawning season closure could be modified to better align with the change in the commercial fishing year proposed in Action 4.

**Alternative 1 (No Action).** 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.

**Alternative 2.** From January 1 through April 1, each year, no person may harvest or possess wreckfish on a fishing vessel, in or from the exclusive economic zone.

##### **Discussion:**

The current electronic reporting systems have a required shut down time from December 31<sup>st</sup> at 6pm EST to January 1<sup>st</sup> 2pm EST to reset the system for the next year. By consolidating the reporting system downtimes, we can reduce impacts on other electronic programs in an online system. Additional system downtimes may affect all programs in the online system which currently include Gulf of Mexico Red Snapper IFQ, Gulf of Mexico Grouper-Tilefish IFQ, Highly Migratory Species' Bluefin Tuna IBQ, and law enforcement's ability to enter Turtle Excluder Device reports.

- This is anticipated to have minimum impact since the fishery is still closed during roughly the same time period.
- **Action 4** and **Action 5** are currently separate to allow the Council the option of modifying the fishing year without modifying the spawning season.

##### **Shareholder Recommendations (October 2020):**

- The current closure was implemented to protect spawning fish. Shareholders have expressed concern regarding how adjusting the dates would affect the benefits of the closure to the wreckfish stock.

- Changes in Gulf Stream and water temperatures due to climate change may impact optimum spawning dates.
- Shareholders would like to look at changes but are cautious about moving forward.
- Some shareholders participate in the golden tilefish fishery early in January, so they rarely fish for wreckfish prior to January 14<sup>th</sup>.

**Council Action:**

REVIEW ACTIONS AND ALTERNATIVES, MODIFY AS NECESSARY.

**Action 6. Require all commercial vessels with a South Atlantic Unlimited Snapper-Grouper Permit participating in the wreckfish portion of the snapper grouper fishery to be equipped with vessel monitoring systems.**

**Purpose of Action:**

Wreckfish shareholders mentioned adding VMS requirements in order to get eliminate the current offloading site and time requirements. The Law Enforcement Advisory Panel noted the VMS can be beneficial for enforcing offloading requirements, enforcing closed areas, search and rescue, and communication between owners and operators.

**Alternative 1 (No Action).** Commercial vessels with a South Atlantic Unlimited Snapper-Grouper Permit are not required to be equipped with vessel monitoring systems when participating in the wreckfish portion of the snapper grouper fishery.

**Alternative 2.** Require all commercial vessels with a South Atlantic Unlimited Snapper-Grouper Permit participating in the wreckfish portion of the snapper grouper fishery to be equipped with vessel monitoring systems.

**Discussion:**

- Industry would pay for the VMS system, but NMFS currently does have a reimbursement program for the purchase of NMFS-approved VMS devices, which would cover the cost of the initial VMS unit. However, industry would still pay the recurring transmission costs as well as installation and repair/maintenance costs as well as the cost of any replacement units in the future.
- Example of the Gulf VMS requirements for IFQ fisheries are:
  - Hourly reporting frequency (ping rate) –changing this could have unexpected consequences if the fisherman is involved in other fisheries that require VMS reporting rate. Currently, an hourly ‘ping rate’ is the standard in our region, with increased rates when approaching or in management areas (e.g., MPAs). Units must be permanently affixed and always on, unless under a power down exemption.
  - Hail-out requirement that describes type of trip – required whenever the vessel leaves the dock.
  - Hail-in requirement that contains estimated catch share landings, dealer, landing location, and date/time of landing. Hail-in is required 3 to 24 hours in advance of landing and allow a 1-hour window after the selected landing time (e.g., arriving at 3pm means they can dock between 3pm to 4pm. Any later time would require an amended notification).
  - Satellite units only – this is required due to the need for real time tracking at sea and distance to protected areas. This is the only way to submit a hail-in while at sea unless the fishermen use a satellite phone.

**Additional Monitoring Options:**

- Satellite VMS (read-time monitoring) or cellular VMS (archival monitoring).
- Extended offloading time requirements or removal of offloading time requirements.
- Declaration that vessel is leaving the dock and pre-landing notifications (hail-out/hail-in requirements).

**Law Enforcement Advisory Panel Recommendations (February 2021):**

- VMS allows law enforcement to “see” a vessel in real time, so VMS should be discussed if the Council wants to look at multiple offloading locations. Too many offloading sites would become unwieldy without VMS.
- Benefits of VMS for enforcement: landings location to enforce offloading requirements, enforcement of closed areas, search and rescue, communication between owners and operators.
- Preferrable alternative from industry would be a hail-in, hail-out instead of VMS but fishery will adjust if it becomes a “necessary evil.”

**Council Action:**

DISCUSS THE LEVEL OF MONITORING NEEDED FOR THE WRECKFISH FISHERY REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.

## **Action 7. 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.

### **Discussion:**

- The allowable offloading time requirement affects the efficiency of fishing operations. If fishermen 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.
- Additionally, shareholders reported that they rarely, if ever, encounter law enforcement officials at the dock when they do offload.
- These requirements are holdovers from when the program was initially begun with 49 participants, many more than are currently in the fishery.

**Law Enforcement Advisory Panel Recommendations (February 2021):**

- The OLE representative saw no problem with expanding offloading hours to extend from 6 AM to 6 PM, as they are specified in the Gulf’s program. It was explained that the rationale for these hours is that it works with typical officer schedules and they encompass daylight hours only which helps with officer safety.
- In the Gulf there is a process to approve offloading locations, but the program also requires VMS. LE AP members cautioned against allowing fishermen to submit offloading locations if vessels are not required to carry a VMS (as is currently the case in the South Atlantic). VMS allows law enforcement to “see” a vessel in real time, so VMS should be discussed if the Council wants to look at multiple offloading locations. Too many offloading sites would become unwieldy without VMS.
- LE AP members recommended consistency with the Gulf reef fish program adding that consistency is key for law enforcement. Additionally, there would already be a system in place if other fisheries were to move to IFQ/ITQ programs. Further, it was acknowledged that consistency would be important to the state of Florida.
- A commercial fisherman representative on the LEAP offered that current offload site/time implementation is ineffective. Fishermen acknowledge the benefits of VMS and are not necessarily opposed in principle; however, they worry that historic fishing areas could get taken away.
- A commercial fisherman representative on the LEAP indicated that fishermen would support an extension to the offloading hours beyond 6 AM - 6 PM.

**Shareholder Recommendations (October 2020):**

- Shareholders felt the time requirement should be removed, especially if VMS was required.
  - If time requirements were not removed, they should become more flexible. Fishermen are often unable to predict exactly how a day of fishing will go and time requirements for offloading can result in missed orders.
  - Changes to fishing infrastructure availability can make it challenging for fishermen to make it to the dock at a specific time due to tide restrictions.
- Some shareholders felt the fishery was small enough to do away with approved offloading sites, while others felt that approved sites help hold fishermen accountable.

**Council Action:**

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.

**Action 8. 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 8-1. 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.*

**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 8-2. 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.

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

**Sub-Action 8-3. 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.*

**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 8-4. 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.

**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.

**Discussion:**

- The Magnuson-Stevens Act at section 304(d)(2) mandates the collection of a cost recovery fee, so **Alternative 1 (No Action)** is not in compliance with current requirements.
- The Magnuson-Stevens Act states that the fee shall not exceed 3% of the ex-vessel value of fish harvested under such a program.



- A methodology must be established to recover the costs directly related to the program. These are considered incremental costs, which are costs that would not have been incurred if the program had not been established.
  - The determination of what percentage to collect is determined by NMFS based on actual costs directly related to the management and enforcement of the Wreckfish ITQ program. MSA requires the fees be deposited in the Limited Access System Administration Funds (LASAF). Some of the factors considered when setting the cost recovery fee are anticipated catch subject to cost recovery, projected ex-vessel value of catch, costs directly related to management and enforcement of the program, projected balance in LASAF related to the program, and expected non-payment of fee liabilities.
- When and from whom the fees would be collected are important issues to explore as the Council implements a cost recovery fee in the Wreckfish ITQ program.
  - Fees must be collected at the time of landing, filing of a landing report or sale of fish, or in the last quarter of the calendar year.
- Collecting from the dealer allows NMFS to suspend the dealer account for non-payment.

### **Shareholder Recommendations (October 2020):**

- Law enforcement officers are rarely present when wreckfish are offloaded at the dock or on the water and shareholders were concerned about cost recovery funds going towards efforts not directly aimed at wreckfish.
- SERO noted that for law enforcement (and other eligible entities) to receive cost recovery funds from the wreckfish ITQ program, they would have to submit a memo justifying their need for reimbursement. This can change from year to year based on program developments.
- Shareholders were uncomfortable with the dealers paying cost recovery because they are not benefitting from the fishing privilege. Rather, the allocation holder or the shareholder should be responsible for paying the cost recovery fee.
- Shareholders had different options on the timing of cost recovery payments, with some preferring to pay quarterly and others preferring to pay at the last quarter of the fishing year.
  - It was noted that pay.gov limits the amount that can be charged to a credit card with larger payments requiring checking account information.
- SERO noted that fishermen are not allowed to deduct the cost of ice, bait, or other products from the dealer they may have purchased before leaving the dock. The percentage is applied to the total monetary sale amount a fisherman receives (ex-vessel value).

### **Council Action:**

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.

## Topics for the Wreckfish Shareholders Meeting

*\*Tentatively scheduled for the beginning of April\**

1. Update on Snapper Grouper Amendment 48 (Wreckfish ITQ Modernization)
2. Discussion of electronic reporting for the coastal logbook requirements and possible voluntary pilot program.
3. Fishery Performance Report for wreckfish?

### **Council Action:**

REVIEW AGENDA TOPICS FOR WRECKFISH SHAREHOLDERS MEETING, MODIFY AS NECESSARY.