

# 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  
September 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.

## **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 input from the wreckfish shareholders.
- Review and approve Purpose and Need
- Select preferred alternatives.
- Consider approval for public hearings.

## 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
	<b>Council reviews draft amendment, selects preferred alternative, and approves for public hearings.</b>	<b>September 2022</b>
	Public Hearings	March 2023
	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

**Purpose:** 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.

**Need:** 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, AND APPROVE.

## 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 (lbs ww).

Action 1	Commercial Allocation	Commercial ACL (lbs ww)	Recreational Allocation	Recreational ACL (lbs ww)
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.

### **Shareholder Recommendations (June 2022):**

- Wreckfish shareholders prefer **Alternative 4** under Action 1.
  - The shareholders have not witnessed any recreational catch of wreckfish, except for the occasional catch as the fish are migrating to the Blake Plateau to spawn.
  - To the shareholders knowledge, wreckfish is not a targeted recreational fishery, just incidental catch when targeting other species.
  - Shareholders did note that the Council should look at the [recreational accountability measures](#) to ensure that one MRIP intercept does not result in the entire sector experiencing an in-season closure.

### **Environmental Consequences**

- **Biological effects** are not expected to be substantially different between **Alternative 1 (No Action)** and **Alternative 2, Alternative 3, and Alternative 4** since the allocation percentages do not affect the total ACL established for this fishery and the commercial sector is well regulated under an IFQ program.
- In general, sector ACLs that allow for more fish to be landed can result in increased positive **economic effects** if harvest increases without notable long-term effects on the health of a stock.
- Under **Alternative 2, Alternative 3, and Alternative 4** there would be a decrease in the recreational percentage compared to **Alternative 1 (No Action)**. These alternatives could have some negative **social effects** if recreational fishermen, have a negative perception of this change due to the decrease in fishing opportunity.
- **Administrative effects** would not vary between **Alternative 1 (No Action)** and **Alternative 2, Alternative 3, and Alternative 4**.

### **Council Action:**

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.  
SELECT PREFERRED ALTERNATIVE

**DRAFT MOTION: SELECT ALTERNATIVE # AS PREFERRED UNDER ACTION 1.**

**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 revisions to the codified text to ensure Council decisions are accurately reflected (**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).

### Shareholder Recommendations (June 2022):

- Shareholders prefer **Alternative 2** under Action 2.
  - The wreckfish shareholders would like to see the electronic reporting program proceed and mirror the current system in terms of access to the fishery.
    - In essence, within the online system shares take the place of the Wreckfish permit. The system can build in requirements on who can obtain shares and allocation. There are ways to ensure that you have participation from only those that participate in the wreckfish fishery.
  - Would like fishermen to be required to have a snapper grouper unlimited permit (SG1) to maintain shares but include a grace period.

### Environmental Consequences

- Moving to an electronic ITQ system is an administrative action that would streamline an already existing program and would not directly affect the physical or **biological environment**.
- The requirement for increased electronic reporting under **Alternative 2** would affect vessel owners who do not already use computer systems in their businesses or could result in errors. However, requiring all wreckfish ITQ shareholders to report electronically is expected to result in broad **economic and social benefits** by improving quota monitoring.
- Managing the system in one location may decrease costs and increase management and analysis of the program. To that end, program performance could be improved by moving to an electronic system as proposed in **Alternative 2**. **Alternative 2** would also have an increased **administrative impact** associated with education and outreach. This is expected to be significant during the outset of the program and will be reduced as the program becomes more familiar to the participants.



**Council Action:**

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.  
SELECT PREFERRED ALTERNATIVE

**DRAFT MOTION: SELECT ALTERNATIVE # AS PREFERRED UNDER ACTION 2.**

### **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.

### Shareholder Recommendations (June 2022):

- Shareholders are comfortable with **Alternative 3** under Action 3.
  - Shareholders would like to make sure that current entry criteria remain in place without the permit so that fishery doesn’t become overcapitalized.
    - There are ways to mimic the purpose of the wreckfish permit in the electronic system.
- Alternative 2 would be incredibly disruptive because it would preclude having multiple vessels fishing.
- It will be important to track who is leasing shares and landing to make sure that people can’t game the system.
- Ensure that moving forward does not overcomplicate a system that is already working.

### Environmental Consequences

- Changing the permit requirement for wreckfish shareholders is an administrative action that would not directly affect the physical or **biological environment**.
- From a cost standpoint, **Alternative 1 (No Action)** would require the lowest costs and **economic impact** to wreckfish participants followed by **Alternative 2** and **Alternative 3**.
- When compared to **Alternative 1 (No Action)** the proposed alternatives would be less burdensome on shareholders as well as NMFS. **Alternative 2** is slightly more restrictive than **Alternative 3** as it maintains the requirement to purchase a commercial wreckfish permit.
- The **administrative impacts** of this action are expected to be minimal and similar between **Alternative 1 (No Action)**, **Alternative 2**, and **Alternative 3**. The impacts will be associated with education and outreach, compliance, and law enforcement.

**Council Action:**

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.  
SELECT PREFERRED ALTERNATIVE

**DRAFT MOTION: SELECT ALTERNATIVE # AS PREFERRED UNDER ACTION 3.**

#### **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:**

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 (June 2022):**

- Shareholders prefer **Alternative 2** under Action 4 and **Alternative 1 (No Action)** under Action 5.

- Consider timing with the golden tilefish longline season, which is being considered under Snapper Grouper Amendment 52 (current preferred is to change the fishing year for the golden tilefish longline endorsement holders to begin January 15).
- The spawning season closure was set based on science and there is no evidence to support changing the current regulations.

## Environmental Consequences

### Action 4:

- The fishing year does not directly affect landings or fishing behavior, therefore the **biological, economic, and social effects** of **Alternative 1 (No Action)** and **Alternative 2** would likely be similar. Net economic benefits are not expected to change between the two alternatives.
- The need for this action is purely administrative and **Alternative 2** would significantly reduce the **administrative burden** compared to **Alternative 1 (No Action)** because the updates and maintenance of the ITQ program can happen at the same time as the other programs.

### Action 5:

- This action only would slightly adjust the spawning season closure and is not anticipated to result in **biological, economic, or social effects**.
- Under **Alternative 2**, the **administrative impacts** would be reduced compared to **Alternative 1 (No Action)**, as the electronic system maintenance and updates with those of other catch share programs managed by NMFS.

## Council Action:

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.  
SELECT PREFERRED ALTERNATIVE

**DRAFT MOTION: SELECT ALTERNATIVE # AS PREFERRED UNDER ACTION 4  
AND ALTERNATIVE # AS PREFERRED UNDER ACTION 5.**

**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 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.

### Shareholder Recommendations (June 2022):

- Wreckfish shareholders preferred **Alternative 1 (No Action)**
  - There is no tangible benefit to VMS in the wreckfish fishery, especially since there are no marine protected areas near their fishing grounds.
  - Logbooks provide enough information to use for science; VMS would not help provide additional information.

### Environmental Consequences

- Neither **Alternative 1 (No Action)** nor **Alternative 2** would have direct impacts on the physical, **biological or ecological environment** but ultimately provide more information about the fishery that may result in biological benefits to the species.
- Also, there may be additional costs to fishermen related to purchasing VMS units and administrative costs from monitoring VMS data under **Alternative 2**. As such, net **economic benefits** would be higher under **Alternative 1 (No Action)** compared to **Alternative 2**.
- The **social effects** of **Alternative 2** would pertain to the increased burden to purchase, learn to use, and maintain the vessel monitoring system hardware/software. Additionally, there has been opposition to the required use of vessel monitoring systems by participants in other fisheries who have expressed concern with how these data may be used and who would have access to the data.
- **Alternative 2** would increase the **administrative** significantly as it would require the development of infrastructure to monitor vessel monitoring tracks. Alternative 2 would require outreach on education and compliance.

### Council Action:

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.  
SELECT PREFERRED ALTERNATIVE

**DRAFT MOTION: SELECT ALTERNATIVE # AS PREFERRED UNDER ACTION 6.**



## **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.

### Shareholder Recommendations (June 2022):

- Shareholders preferred **Alternative 4** but if hours have to remain than **Alternative 3**
  - Law enforcement is rarely there when fishermen are offloading during the current hours.
  - Wreckfish is the only fishery in the South Atlantic that has set offloading time and it is unclear what additional benefit is being provided to the wreckfish fishery.
  - Would prefer no offloading hours but would be comfortable with them if it avoids a VMS requirement.

### Environmental Consequences

- There is not expected to be any difference in the **biological impacts** of **Alternative 1 (No Action)**, **Alternative 2**, **Alternative 3**, or **Alternative 4**. These alternatives would give flexibility to the fishermen, but the fishery would still be constrained by the ACL.
- Offloading time requirements implement a cost on fishery participants since they may hinder fishing activity that otherwise would have occurred should such restrictions not be in place. Thus, less restrictive time requirements offer comparative **economic benefits**.
- **Alternative 2**, **Alternative 3**, and **Alternative 4** would address a problem in the fisheries identified by stakeholders and may help to improve perceptions of the management process, providing **social benefits**.
- **Alternative 2** and **Alternative 3** would increase the window for offloads, providing a bit more flexibility for fishermen but increasing the potential **administrative burden** on law enforcement.

### Council Action:

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.  
SELECT PREFERRED ALTERNATIVE

**DRAFT MOTION: SELECT ALTERNATIVE # AS PREFERRED UNDER ACTION 7.**

**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 (June 2022):

- Wreckfish shareholder preferred alternatives for **Action 8**:
  - **Sub-Action 8-1: Alternative 2**
    - Shareholders do not feel comfortable with dealers being responsible, especially with the current dealer permit being open access.
  - **Sub-Action 8-2: Alternative 3**
    - There is a lead time on return from landing for wreckfish, so time at landing (Alternative 2) is too much of a variable.
    - If Alternative 2 is chosen under Action 1, it is the shareholder collecting from the shareholder.
  - **Sub-Action 8-3: Alternative 4**
    - Quarterly works well with how shareholders currently structure their business and wouldn't be excessive burden on the agency.
  - **Sub-Action 8-4: Alternative 3**
    - Avoids people underreporting to lower cost recovery.
    - Makes it easier to calculate for fishermen trying to predict future expenses.

### Environmental Consequences

- Typically, the collection of cost recovery fees is not expected to affect the physical or **biological environment**, nor have any impacts on the stock, associated species or protected species.
- A cost recovery plan would implement an additional **economic cost** on wreckfish fishery participants but a benefit to fishery management agencies, in this case the National Marine Fisheries Service (NMFS), by offsetting administrative costs.
- Negative **social effects** of the cost recovery fee would be associated with the cost of the fee itself as well as the time and materials required for completing the paperwork and paying the fee.
- With the electronic ITQ program as proposed in **Action 2**, it is expected that the electronic system will be able to track and collect these payments in a way that is less

**administratively** burdensome to permit holders, dealers and the agency compared to a paper-based program.

**Council Action:**

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.  
SELECT PREFERRED ALTERNATIVE

**DRAFT MOTION: SELECT ALTERNATIVE # AS PREFERRED UNDER ACTION 8.**