

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 2023

Background

The South Atlantic Fishery Management Council (Council) is required by the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) to review the Wreckfish Individual Transferable Quota (ITQ) program every five to seven years. The Council initially reviewed the program in 2009. The review completed in 2019 was the first subsequent review. That review examined how the Wreckfish ITQ program changed between the baseline time period (2009/2010 – 2011/2012 fishing years) and the review time period (2012/2013 – 2016/2017 fishing years) with respect to various social, economic, biological, and administrative factors, and offered conclusions and recommended changes to the program based on the findings. 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. 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 6. Modify allowable offloading site and time requirements for wreckfish.

Action 7. Implement a cost recovery plan and associated conditions for the wreckfish individual transferable quota program.

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

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

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

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

Objectives for this meeting

- Review and modify Purpose and Need, as needed.
- Receive public hearing comments.
- Select preferred alternatives, as needed.

Timing for Snapper Grouper Amendment 48

	Process Step	Date
✓	Council reviews options paper and directs staff to hold a meeting of the wreckfish shareholders and wholesale dealers.	September 2020
✓	Meeting of the wreckfish shareholders and wholesale dealers.	October 2020
✓	Council reviews shareholder input and approves amendment for scoping.	December 2020
✓	Scoping Hearing	March 2021
✓	Council reviews public input and provides guidance to staff.	March 2021
✓	Council discusses path forward for amendment.	September 2021
✓	Council reviews and approves actions/alternatives to be analyzed.	March 2022
✓	Wreckfish Shareholders Meeting	Spring 2022
✓	Council reviews draft amendment, selects preferred alternative, and approves for public hearings.	September 2022
	Public Hearings	March 2023
	Council reviews the draft amendment, modifies the document, as necessary.	March 2023
	Council reviews 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 IF 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 Marine Recreational Information Program (MRIP) survey.

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

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

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

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

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
Preferred 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 MRIP survey though they are seen on social media.
 - As of 2019, there were no records of recreational wreckfish landings by MRIP/Marine Recreational Fisheries Statistics Survey (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 **Preferred 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 **Preferred 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 **Preferred Alternative 2, Alternative 3, and Alternative 4**.

Council Action:

REVIEW ACTION AND ALTERNATIVES, MODIFY IF 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.

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

Discussion:

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

Shareholder Recommendations (June 2022):

- Shareholders prefer **Preferred 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 **Preferred 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 **administrative 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 **Preferred Alternative 2**.
 - One database containing all program activity (e.g., landings, effort, and participation; transfers of quota shares and quota pounds; ex-vessel, share, and quota pound prices, etc.).
 - More timely and accurate data reporting and real-time monitoring.
 - Improved method and reduced time to transfer shares and quota pounds.
 - Automated share cap calculations.
 - Ability to match shareholder agents/contractors more accurately from permit records with shareholder accounts.
 - Participants able to view their transfer and landings history.
 - Elimination of coupons, which would:
 - Allow quota pounds to be transferred or landed in one pound increments rather than 100 and 500-pound increments, which would eliminate loss of quota pounds due to denominational restrictions.
 - Eliminate the need to print coupons and mail coupons to the shareholders.
 - Eliminate the need to mail in coupons to the SEFSC.
- **Preferred Alternative 2** would increase the administrative burden on NMFS initially related to development and implementation of an electronic system. These costs could be minimized by working through already developed systems as described above. After development of the electronic system, the administrative burden of manually maintaining the existing ITQ program will be reduced.

Council Action:

REVIEW ACTION AND ALTERNATIVES, MODIFY IF NECESSARY.

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

Purpose of Action:

The requirements to possess two permits (the wreckfish permit and snapper grouper unlimited permit) 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 permit holder must be a wreckfish shareholder; and the shareholder must be the vessel owner.

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

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

Discussion:

In order to obtain a wreckfish permit, the entity must first be a wreckfish shareholder or the shareholder's agent, employee, or contractor (hereafter referred to as agent). In order to harvest wreckfish, the vessel owner or the operator of the vessel must be the wreckfish shareholder or agent of the shareholder and must also possess the limited access South Atlantic commercial Snapper/Grouper permit. Therefore, the only restriction on entry into the Wreckfish ITQ program as a shareholder is the availability of wreckfish shares, while the restriction to harvest wreckfish is also limited by Snapper/Grouper permits. Since Snapper/Grouper permits can only be obtained by transfer, except for specific exceptions, an entity must obtain and exchange two such permits for one new permit, which may inhibit participation in the program.

- The wreckfish permit was originally implemented via Amendment 3 to the Snapper Grouper FMP. The purpose of the permit was to allow for collection of critical data such as catch per unit effort, size composition, reproduction and feeding habits.

- Upon implementation of the ITQ program, the wreckfish permit was retained. The permit allows enforcement officials an additional target for sanctions if a fisherman is in violation.
- 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.
- The alternatives under Action 3 each have different requirements for participation in the fishery as described in Table 2.

Table 2. Requirements to commercially harvest or sell wreckfish under each Action 3 alternative.

Requirement	Alternative 1	Alternative 2	Preferred Alternative 3	Alternative 4
Wreckfish Permit	X	X		
SG Unlimited Permit	X	X	X	
Shareholder	X	X	X	X
Employee, contractor, or agent of the shareholder.	X			

Shareholder Recommendations (June 2022):

- Shareholders are comfortable with **Preferred 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**.
- When compared to **Alternative 1 (No Action)** the proposed alternatives would have a lower **economic burden** on shareholders as well as NMFS. **Alternative 2** is slightly more restrictive than **Preferred Alternative 3** as it maintains the requirement to purchase a commercial wreckfish permit. However, **Alternative 2** would require less information to be provided by the shareholder when compared to the requirements under **Alternative 2 (No Action)**. Additionally, **Alternative 2**, **Preferred Alternative 3**, and **Alternative 4**

would create fewer requirements to participate into the fishery, with **Alternative 4** having the lowest threshold for participation.

- Additional or similar requirements for entry as those under **Alternative 1 (No Action)** may be implemented as part of the electronic reporting system (Action 2) which would affect the **social effects** of this action.
- The **administrative impacts** of this action are expected to be minimal and similar between **Alternative 1, Alternative 2, Preferred Alternative 3, and Alternative 4**. The impacts will be associated with education and outreach, compliance, and law enforcement.
 - There may be a reduced administrative burden with **Alternative 2 and Preferred Alternative 3** if the electronic ITQ system is developed under **Action 2**.
 - **Alternative 4** would remove the requirement for a wreckfish permit thus eliminating some of the administrative burden. Even under **Alternative 4**, a vessel would still require allocation to harvest wreckfish. Allocation must be transferred from a wreckfish shareholder.

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.

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

Discussion:

The current electronic reporting systems have a required shut down time from December 31st at 6pm EST to January 1st 2pm EST to reset the system for the next year. By consolidating the reporting system downtimes, impacts on other electronic programs in an online system can be reduced. 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.

Shareholder Recommendations (June 2022):

- Shareholders prefer **Preferred Alternative 2** under Action 4.
- Consider timing with the golden tilefish longline season, which is being considered under Snapper Grouper Amendment 52 (current preferred is to delay the beginning of commercial harvest of golden tilefish for longline endorsement holders until January 15).

Environmental Consequences

- The fishing year does not directly affect landings or fishing behavior, therefore the **biological, economic, and social effects** of **Alternative 1 (No Action)** and **Preferred 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 **Preferred Alternative 2** would significantly reduce the **administrative burden** compared to **Alternative 1 (No Action)** because the updates and maintenance of the ITQ programs can happen at the same time.

Council Action:

REVIEW ACTION AND ALTERNATIVES, MODIFY AS NECESSARY.

Action 5. 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 vessel monitoring system (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:

- NMFS currently offers 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.
PROVIDE ADDITIONAL RATIONALE FOR THE USE OF VMS IN THE WRECKFISH
FISHERY
SELECT PREFERRED ALTERNATIVE

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

Action 6. 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.

Table 3. Allowable offloading times for wreckfish under Action 6 alternatives.

Alternative	Hour of the Day (UTC)																							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1 (No Action)																								
2																								
3																								
4																								

Shareholder Recommendations (June 2022):

- Shareholders preferred **Alternative 4** (remove offloading hours requirement). However, if offloading hours still need to be specified, then they would prefer **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 6.

Action 7. 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 Limited Access Privilege Program (LAPP), is mandated under section 304(d)(2)(A) of the Magnuson-Stevens Act.

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

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

This is not a legally viable alternative.

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

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

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

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

This is not a legally viable alternative.

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

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

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

This is not a legally viable alternative.

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

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

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

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

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

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

This is not a legally viable alternative.

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

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

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

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

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.
- **Preferred Alternative 2** and **Alternative 3** under Sub-Action 7-1 are different in that in **Alternative 3**, NMFS allows the dealer to collect the fee on its behalf. This agent would then be responsible for submitting the fee to the agency. Submission may occur at time frames outside the required collection time frames listed in Magnuson-Stevens Act and in Sub-Action 7-2. **Alternative 2** does not utilize an agent on behalf of NMFS to collect the fee as stated in Action 7-2.

Shareholder Recommendations (June 2022):

- Wreckfish shareholder preferred alternatives for **Action 7**:
 - **Sub-Action 7-1: Alternative 2**
 - Shareholders do not feel comfortable with dealers being responsible, especially with the current dealer permit being open access.
 - **Sub-Action 7-2: 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 7-3: Alternative 4**
 - Quarterly works well with how shareholders currently structure their business and wouldn't be excessive burden on the agency.
 - **Sub-Action 7-4: 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.
- While cost recovery places an additional administrative burden on the agency, 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 IF NECESSARY.