

Wreckfish ITQ Shareholders Meeting  
August 2, 2017

**Report**

**Background**

National Marine Fishery Service (NMFS) Procedural Directive 01-121, *Guidance for Conducting Reviews of Catch Share Programs* (Section III, ¶ A) indicates that initial reviews of each ITQ program must begin no later than 2017. Subsequent reviews of ITQ programs (Section III, ¶ B) should be reviewed every three to seven years following the completion of the initial review. An initial review of the Wreckfish ITQ (W-ITQ) Program was completed in 2009. The program review completed in 2009 was done prior to specific review guidelines being in place. However, that review satisfied the requirements for an initial review.

The South Atlantic Fishery Management Council (Council) voted at their June meeting to begin a review of the W-ITQ Program and instructed staff to begin the review by holding a meeting of the current shareholders prior to the September Council meeting. That meeting was held on August 2, 2017 at the Daytona Beach Resort in Daytona Beach, Florida.

There was a short window of opportunity to hold the meeting due to Federal meeting noticing requirements, as well as the need to have the minutes transcribed and report writing completed in time to meet the September meeting briefing book deadline. Therefore, there was no single date available in which all shareholders, Council staff, and NMFS Southeast Regional Office (SERO) staff were able to attend.

**In-Person Meeting Attendees**

Mike Freeman, shareholder  
Jim Freeman, shareholder  
John Polston, shareholder  
Paul Reiss, shareholder

Charlie Phillips, Council member (vice-chair)  
Zack Bowen, Council member  
Chris Conklin, Council member  
Ben Hartig, Council member

Dr. Brian Chevront, Council Deputy Executive Director for Management  
Dr. Mike Travis, SERO staff  
Nikhil Mehta, SERO staff

Rusty Hudson, Public (Directed Sustainable Fisheries, Inc.)

Two W-ITQ Shareholders were not able to attend, but both sent in comments on the topics discussed at the meeting. Those two shareholders are:

Scott Vaeth, shareholder  
Pete Boehm, shareholder

### **Webinar Attendees**

Mel Bell, Council member

Gregg Waugh, Council Executive Director  
Julia Byrd, SEDAR Coordinator  
Dr. Chip Collier, Council staff  
Dr. Scott Crosson, NMFS Southeast Fishery Science Center (SEFSC)  
Rick DeVictor, NMFS SERO  
John Hadley, Council staff  
Dr. Mike Jepson, NMFS SERO  
Dr. Kari MacLauchlin, Council staff  
Janet Miller, NMFS SERO  
Jessica Stephen, NMFS SERO

Dr. Tracy Yandle, Emory University

### **The Meeting**

After initial introductions and a review of the Council's June motion to begin the program review, Dr. Mike Travis (SERO staff) gave an overview presentation of the *Guidance for Conducting Reviews of Catch Share Programs*.

On several occasions the shareholders indicated that if the ACL for wreckfish was able to be increased to meet the current demand, there would not be opposition to methods for bringing in new entrants.

Questions were raised about the lack of a wreckfish assessment update. The previous update was a completed assessment by an independent scientist, Dr. Butterworth, that was paid for by the fishermen. The majority of model runs by Dr. Butterworth's models indicated that an ABC set at 800,000 lbs ww would be appropriate. The SSC set the ABC at the lowest level run from the Butterworth model at 423,700 lbs ww starting in 2016 and stepping down from there to 389,100 lbs ww in 2020 where the ABC would remain until a future change. (Snapper Grouper Regulatory Amendment 22 (2015) set the increased the ACL for wreckfish to be equal to the revised ABC.)

Shareholders thought the SSC was overly cautious in setting the ABC because it used the lowest value from the Butterworth model runs. While the SSC did have access to measures of catch per unit effort (CPUE) over time for wreckfish, the shareholders believe the ABC and subsequent ACL were set too low. Had the SSC been able to consider additional metadata such as the fact that two highliners in the fishery died within a year of each other and the fact that some shareholders began targeting sharks or shifted to the Gulf reef fish fishery at the time the landings dropped, there would have been greater understanding of the changes in landings over time.

### **Data Confidentiality**

There has been concern regarding confidentiality of data as part of this W-ITQ review. The initial review of the W-ITQ Program was based on data up through 2008. The current subsequent review will use data from 2009 through 2016. Landings from the years 2009 through 2011 will be used as the baseline to compare to landings from 2012 through 2016 for the current subsequent review.

Dr. Travis reported that there were no known confidentiality issues with aggregated landings from 2009 through 2013. He reported that he is still waiting to hear back from the SEFSC as to the confidentiality status of landings for 2014 through 2016. Using non-confidential aggregated landings come with some restrictions. Landings by state or by month would still be confidential. There most likely will be limits on social effects analyses, as analysis not only by state, but most certainly by community, will be confidential.

Shareholders in attendance thought there would not be any objection to asking all shareholders and dealers to sign confidentiality waivers to enable an informative review of the program.

### **Specific Discussion Topics**

**Logistics of how the program is run.** Currently, the only change some of the fishermen would like to see to the program is to do away with the paper coupons and share transfer certificates. However, this objection was not universal. The advantages by those who would like to do away with the paper coupons and use an electronic system are:

- No longer needing to fill out each individual paper coupon that come in denominations of 100 and 500 lbs. As one fisherman stated, "If you've run out of 500 lbs coupons and you have to report several thousand pounds of landings, that's a lot of coupons to fill out."
- Accurate use of coupons. With paper coupons landings are averaged. If the "remainder" of the landings (less than 100 lbs) is less than 50 lbs, the landings are rounded down to the next lower 100 lbs. If the landings are greater than 50 lbs, the landings are rounded up to the next higher 100 lbs. An electronic accounting system do away with the need to round up or down when using coupons.

**Eligibility to participate in the W-ITQ program.** In general, as long as the ACL remains unchanged, the shareholders don't see the need to change the eligibility for participation in the W-ITQ. In their experience, there is not enough ACL for the current participants.

**Shares and Allocation.** There was some consensus among most shareholders that as long as the shares are either fished or leased, there should be no redistribution of shares, especially under the current ACL. The one exception is that the

shareholders would like to see the 5% of the wreckfish ACL that is currently allocated to the recreational fishery returned to the commercial fishery. To date, there have been no wreckfish intercepts or recorded encounters by MRIP since the 5% allocation was put in place.

**Transferability of shares or quota pounds (coupons).** All shareholders were in agreement that wreckfish shareholders should be the only ones to receive ACL allocation or, under the current system, be able to buy coupons.

**Accumulation limits/caps.** Shareholders agreed that the current accumulation limit of 49% shares should be the maximum allowed. Shareholders did not favor a cap on allocation/coupons or total annual landings for any shareholder.

**Cost recovery.** Shareholders were assured that cost recovery amounts are calculated based on a comparison of the cost differential between not having the W-ITQ and having the program. And if it is more expensive to run the cost recovery program than the value of the difference, a cost recovery program would not be practical. Shareholders mentioned that in the initial review enforcement costs were estimated to be approximately \$20,000/year. They would like a more accurate and precise amount to be calculated for this review because they thought the original estimate was too high based on their experience with law enforcement. In the initial program review, estimated law enforcement costs comprised the largest percent of the cost associated with the program. There was some consensus that it would be more cost effective to go from coupon-based reporting to electronic reporting, especially using the system already in place for the Gulf of Mexico catch share programs.

**Data collection, monitoring, and enforcement.** The shareholders would like for the Council to consider allowing carryover of unused ACL from one year to the next. Because the ACL is equal to the ABC, any carryover of ACL from a previous year would cause the ACL in the current year to exceed the ABC. However, the ACL in a given year cannot be higher than the ABC for that year. However, they would like for the Council to consider possibly specifying a multi-year ACL.

Designated loading sites, and the daily unloading time frame (i.e., 8am-5pm) are burdensome requirements. Shareholders would like to see these requirements go away. The number of participants in the fishery is much smaller now than when the ITQ was established (7 shareholders now compared to 49 when the ITQ was established).

**Duration of awarded shares.** The W-ITQ Program does not have a specific duration of share ownership. When it was established, there was no requirement to state a duration of awarded shares. At this point, shareholders do not want a share ownership duration period to be specified.

**New entrants.** Shareholders are not against new entrants getting into the fishery. New entrants would need to find a current shareholder willing to sell shares. However, until there is sufficient ACL available to meet the needs of the current ITQ participants, they do not want the program to be modified to set aside a specific portion of the ACL for new entrants.

**Auctions, royalties, and lotteries.** As this is a small fishery in terms of number of participants, shareholders do not see the need for auctions, royalties, or lotteries to award quota pounds even should the ACL increase in future years.

### **General Comments**

While most golden tilefish fishing occurs currently during the January 16 – April 15 annual wreckfish closed season, there could be some fishing interaction between the two species from January 1 – 15 each year. Also, if the golden tilefish season extends beyond April 15 in future years, there could be more interactions between them.

The wreckfish shareholders would like for the SSC to comment on data deficiencies and what they would need to reconsider the ACL. Shareholders also would like an explanation from the SEFSC and the Council regarding how they prioritize assessments of various species, as they were not happy with where wreckfish currently is on the list of priorities.