

Amendment 48

to the Fishery Management Plan for the Snapper Grouper Fishery of the South Atlantic Region



Modernization of the Wreckfish ITQ Program
Snapper Grouper Advisory Panel
April 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. Modify allowable offloading site and time requirements for wreckfish.

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

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

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

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

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

Highlighted actions will be the focus of discussion during the Snapper Grouper Advisory Panel meeting.

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
	Review actions related to a hail-in/hail-out requirement.	June 2023
	Council reviews the draft amendment, modifies the document, as necessary, and approves for formal review.	September 2023

Purpose and Need Statement

Purpose: The *purpose* of this action is to modernize the wreckfish individual transferable quota (ITQ) program and revise management measures.

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.

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.

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.

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 permit holder must be a wreckfish shareholder.

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	X
Shareholder	X	X	X	
Employee, contractor, or agent of the shareholder.	X			

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.

Action 5. 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																								

Recent Council Discussion:

- At their March meeting, the Council directed staff to develop an action that would implement a hail-in/hail-out requirement.

Action 6. 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 6-1. 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 6-2. 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.

Alternative 3. Fees will be collected upon the sale of such fish during a fishing season.

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

Sub-Action 6-3. 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.

Preferred 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 6-4. 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 differ 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.