



Black Sea Bass Pot Endorsement Holders Fishing Portfolios

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Introduction

- Talked to fishermen during public hearing process
- Detailed discussions with fishermen about the winter closure and how yearly fishing plans have changed
- 30 people
 - Phone and in-person
- Covers 27 endorsements
- Endorsement holders, captains, dealers



General Info about Fishermen

- 32 endorsements
 - **6 Florida**- most around Port Orange/Ponce Inlet
 - **2 Georgia**- Townsend
 - **10 South Carolina** (2 with holders in FL)- McClellanville, Murrells Inlet and Little River
 - **14 North Carolina**- Sneads Ferry, Newport, Cape Carteret, Wrightsville Beach, Harkers Island, Manteo
- 21 with landings in 2015
 - From discussions, 8 respondents only fished a few trips
- Several recent transfers
- Range of vessel sizes



General Info about Fishermen

- Permit Portfolios
 - All endorsement holders have multiple permits
 - Typical portfolio: SG1, Dolphin Wahoo, KM, SM
 - Most participate in SG targeting vermilion, triggerfish, jacks, groupers
 - Some participate in mackerel, shark, shrimp, shellfish, and charter
 - Some have non-fishery alternative income



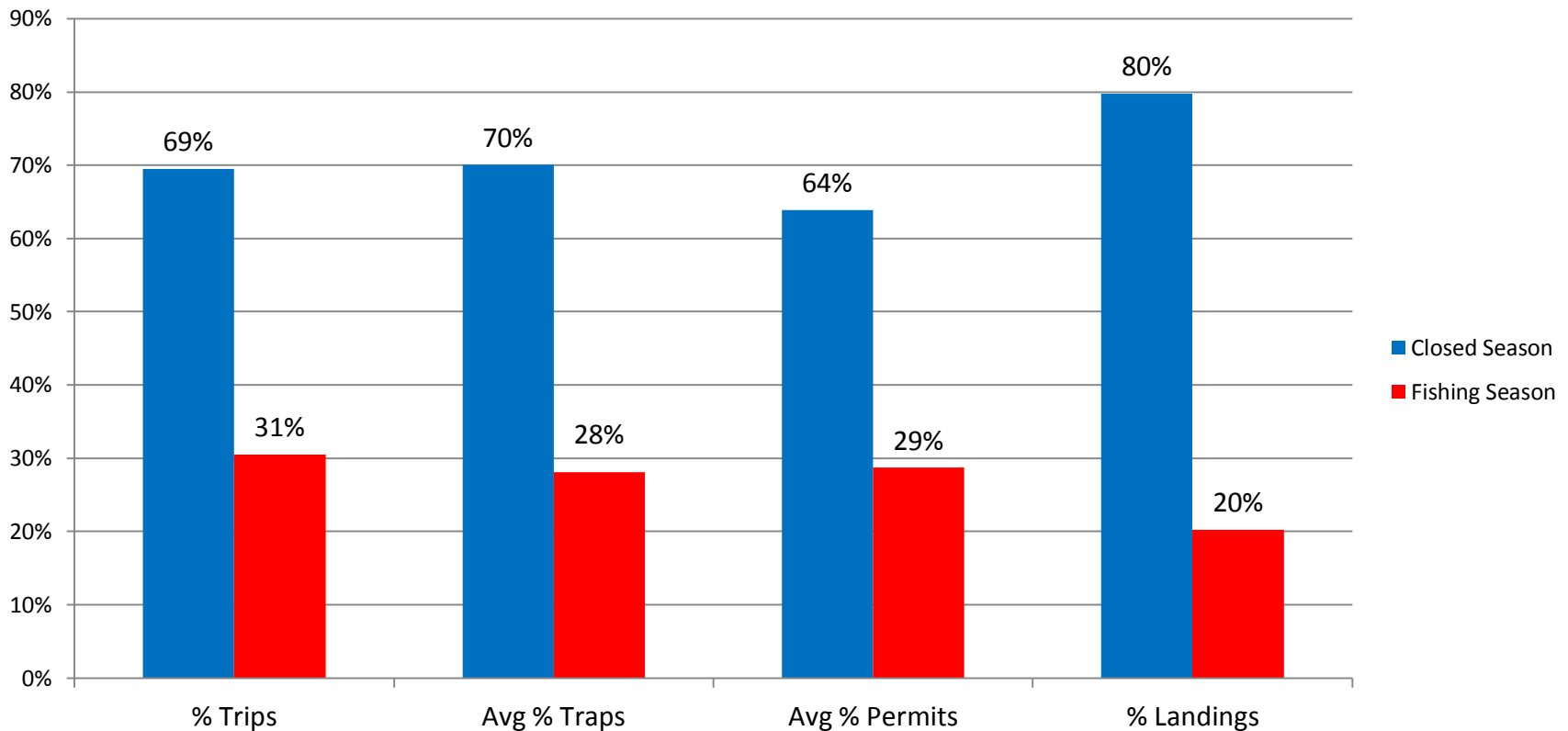
Overview of Comments

- Winter Pot Fishery \neq Summer Pot Fishery
- Hook and line not feasible for everyone
- BSB pot fishermen participate in several other fisheries
- Outcome of Reg Amendment 16 will affect decision to keep or sell endorsements, and will affect the value of endorsement
- Benefits of any modifications to the closure depends on vessel size and location



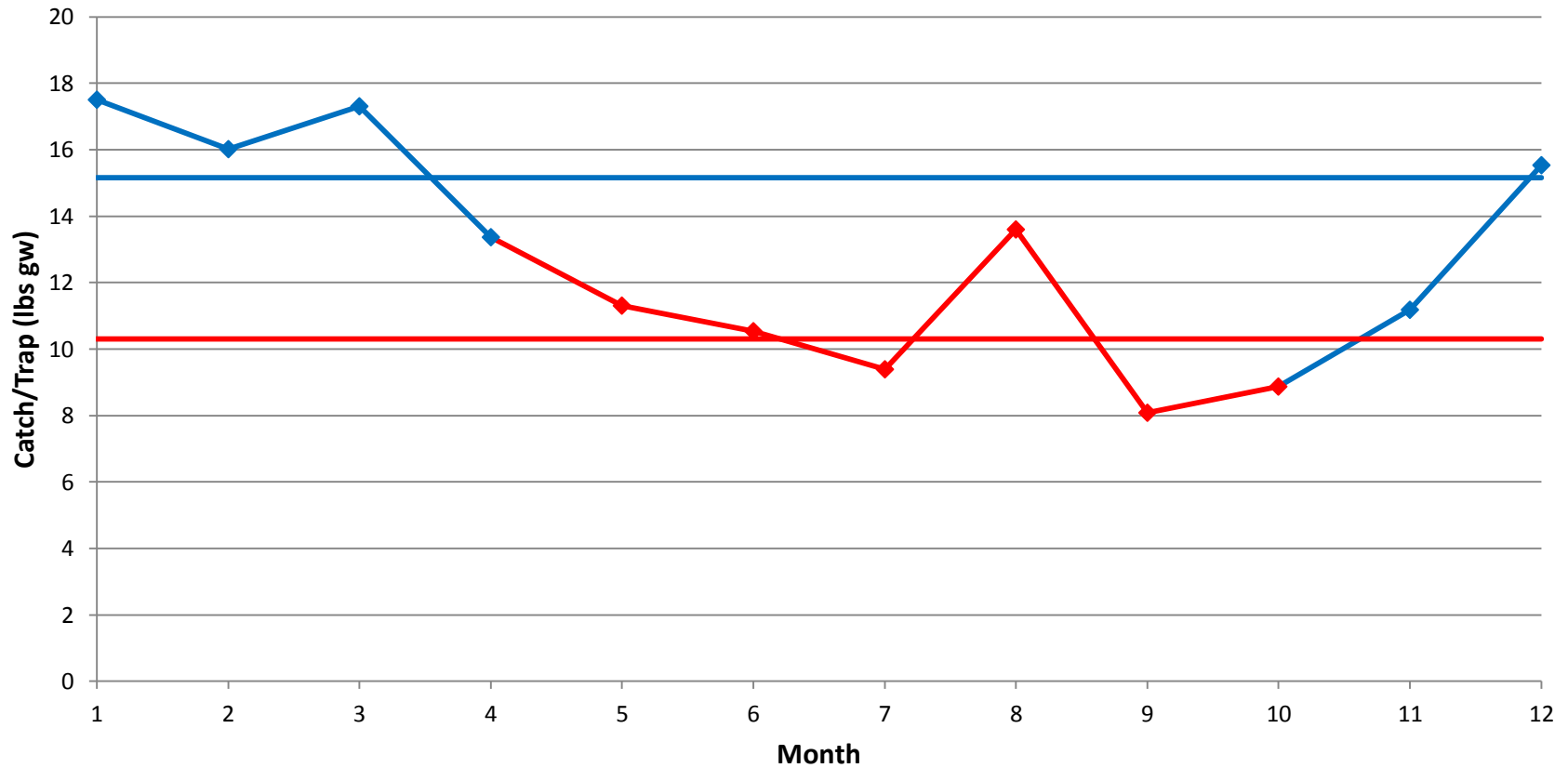
Effort by Season

Historical Differences in Effort and Landings between Closed (Nov-Apr) and Fishing (Jun-Oct, May) Seasons for Endorsement Holders (2000-2009)



Catch/Trap by Month

Avg Catch/Trap of Endorsement Holders by Month



— Avg Closed Season — Avg Fishing Season



Comparing Winter and Summer

Winter Pot Fishery

Search time (lower trip costs)

- BSB are easier to locate
- Can return to the same locations

Pot efficiency

- BSB congregate and easier to pot
- Shorter soak time, less sets to get trip limit

Trip characteristics

- Less distance than for winter H&L species
- Safer trips– no anchor, weather, no multi-day trips
- Efficient day trips supply local and regional markets for fresh fish
- Less user conflict (fewer recreational in the winter)

Market

- Larger and darker fish– more \$/ lb
- Local fish supply for winter tourism in Florida
- Other species closed in winter



Comparing Winter and Summer

Summer Pot Fishery

Search time

- BSB are harder to find, more spread out
- BSB do not stay at same locations

Pot efficiency

- BSB are spread out
- Longer soak time for fewer fish
- More regulatory discards (size limit)

Market

- Smaller fish, not as dark in color
 - Other species more desirable to target in the summer
 - Less BSB coming into the market, helps the price
- Several fishermen reported that the years with high summer catch are part of a cycle in which an upwelling of cold water increases catchability of BSB— but this is not predictable (possibly every 4 or 5 years)



Comparing BSB Pots and BSB H&L in Winter

Pots	H&L
- More efficient – not as much time to meet the trip limit	- More input to catch trip limit OR - 300-lb trip limit too low
- Shorter distance to fish	- Longer distance to fish
- Single day fishing	- May require multi-day trips
- Less specialized crew needed	- Experienced and efficient crew needed
- Vessel size and gear capability	- Vessel size may not work; may not be geared for H&L
- Some vessels cannot gear up for pot and H&L combo trips	- Would rather target other species if fishing H&L
- Fewer discards	- More discards (regulatory)



Fishing Portfolios

- Commercial Fishermen commonly hold several permits and work various fisheries throughout the year.
- In the literature:
 - Environmental, economic, regulatory factors affect **decisions to switch**
 - Comparison to **financial portfolios** (minimize risk, maximize returns)
 - In the context of **ecosystem-based fisheries management**
 - Portfolio fishing is not unique to the South Atlantic, but is characteristic of the region



~~Single species~~
Multi-species/Ecosystem



~~Single fishery participation~~
Multi-fishery participation

Portfolio fishing can:

- Allow fishermen to respond to changes in the market, environment, etc.
- Reduce regulatory impact
- Maximize profit with variety of products
- Improve resilience of fishing businesses and communities

Diversify!



The black sea bass pot fishery presents an ideal application of the portfolio approach to management decisions



Fishing Portfolios and Yearly Business Plans

Maximize Returns

- Target species based on higher periods of demand or periods with less competition
- Fish availability
- Lowest input (most efficient trips)
 - Trip costs (e.g., gas for travel to fishing area)
 - Efficient gear for that time of year
 - Lowest effort/time to catch trip limit
- Efficient trips for vessel size



Minimize Risk

Risk: variation in returns- due to factors that affect the asset's ability to make/lose \$\$

Environmental

- Availability and accessibility of the species
- Weather or other fishing conditions

No trip or target another species if: the fish are not available/easy to get to; or weather makes the trip unsafe/not profitable.

Market

- Larger supply and/or lower demand
- Competition from other species

No trip or target another species if: the profits will not be high enough to make the trip worthwhile.

Regulatory

- Trip limit too low
- Fishery closed (ACL, seasonal closure, fishing grounds closed)
- Minimum size limit increases discards and reduces landings



An Example [Ideal] Yearly Business Plan

- **Jan- April:** BSB Pots as weather permits
- **May:** start targeting groupers
- **June:** vermilion/triggerfish until they close
- **Summer/Fall** also includes jacks, grouper, king mackerel until they close
- **Late Oct – end of year :** BSB pots as weather and holidays permit



Other Examples

- **Jan- May:** BSB Pots as weather permits
- **June into Sept:** charter fishing, shrimp, king mackerel, shellfish
- **Early Fall:** break
- **Late Oct – end of year :** BSB pots as weather and holidays permit



Portfolio “Assets”

Winter BSB Pots

Summer BSB Pots

Winter BSB H&L

Summer BSB H&L

Winter Vermilion

Summer Vermilion

Winter Gray Trigger

Summer Gray Trigger

King Mackerel

Shrimp

Charter Fishing

Fishermen achieve the most profitable portfolios by utilizing the assets when and if they can maximize returns and minimize risk (biggest bang for the buck)



How The Winter Pot Closure Affects Portfolios

- No access to BSB pot fishery when BSB are most available, accessible and marketable
- To utilize the endorsement, have to fish during a less ideal time of year (summer) or when other species/fisheries are more profitable
- Winter BSB pot fishery balances out variable profits from other assets
- For some endorsement holders, the BSB pot endorsement was or could be the most important asset to maximize portfolios



Other Considerations From Discussions

- Almost all reported that if the closure was modified to allow access to fishing grounds, they would definitely participate in the winter BSB pot fishery over other winter fisheries
- The efficient winter pot fishery helps keep consistent supply to market when other species are not available/closed – effects on fish houses
- Endorsements may lose value if winter remains closed
- Smaller vessels to maintain efficiency– affects ability to participate in some other winter fisheries
- Can affect ability to have steady work for crew

**Maximized and profitable portfolios →
Efficient and stable fishing businesses**



Other Comments

- A few fishermen did not support the winter opening (gear conflict, market gluts, short season)
- Perception of unfairness for pot fishermen— already have regulations to minimize risk of whale interaction
- Most fishermen said they have seen no or one/two whales in their fishing careers; if they had seen whales, they were closer inshore than where pots are set
- Some fishermen mentioned illegal trapping is occurring
- Waiting on the decision for the closure → negative effects

All Comments will be Summarized and Included in the Public Comment Summary in the Regulatory Amendment 16