

# Amendment 48

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



### Modernization of the Wreckfish ITQ Program

Summary Document  
June 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 (*Attachment 1a*). 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.

## 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
	<b>Wreckfish Shareholders Meeting</b>	<b>Spring 2022</b>
	Council reviews draft amendment, selects preferred alternative, and approves for public hearings.	September 2022
	Public Hearings	Fall 2022
	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

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

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 incidental catch 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.

Action 1	Commercial Allocation	Commercial ACL	Recreational Allocation	Recreational ACL
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 2021, there were no records of recreational wreckfish landings in the South Atlantic by MRIP/MRFSS except for one intercept in 2012.
- Five percent of the wreckfish ACL is currently allocated to the recreational sector.
  - 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 1 through August 31 with a bag limit of 1-fish per vessel per trip.

**Questions for the Shareholders:**

- Have there been effort shifts to/from wreckfish? If so, please describe why these shifts have occurred, including the time frame.
- Are you aware of increased incidences of recreational wreckfish encounters?
- What do you see in terms of discards of wreckfish and other species in the commercial sector? In the recreational sector?
  - How often are wreckfish discarded? What are the reasons they are discarded?

## **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 review of the regulations.
- **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 increase the time, resources, and cost needed for implementation).
  - Account types are the base structural unit and are linked directly to permits:
    - Each account is unique and identifiable through permit ownership,
    - Allows access to, view, record, and transfer shares and allocation,
    - Allows access to record wreckfish landings, deduct used allocation (quota pounds/coupons), and determine cost recovery value.
  - Must be linked to the permit system,
  - Contain accounts for shareholders, vessels, and dealers,
  - Track wreckfish landings.

**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>Participation Eligibility</b>	Snapper Grouper and Wreckfish permit	Snapper Grouper and Wreckfish permit; additional participation requirements could be applied.

- **Operational Elements of Electronic Reporting Systems** (these components are independent of the structure and are left to the discretion of the Council) (**Appendix A**).
  - Program Eligibility
  - Hail-in and/or hail-out requirements.
  - Transferability Rules
  - Data submission frequency
  - Units of measure
  - Cost recovery
  - Transport Restrictions
  - Allocation Deductions
  - Flexibility Measures
  - Retaining Annual Allocation Before a Quota Reduction
  - Share and Allocation Caps
  - Maintenance of Shares and Allocation
  - Consideration Of Adaptive Catch Share for Future Distribution

### Questions for the Shareholders:

- What requirements should there be to obtain a new wreckfish shareholder account ? For example, for the first five years of the Gulf Reef Fish IFQ program only permitted entities could obtain a new IFQ shareholder account)?
  - Currently there is no restriction on who can obtain wreckfish shares. However, you do need shares to obtain a wreckfish permit to harvest.
  - You will need an account in order to obtain shares as this will now be an electronic two-step process between the transferor and the transferee.



### **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:**

- Currently, 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.

- The current language allows an entity other than the wreckfish shareholder to obtain a wreckfish permit if they were considered an employee, contractor, or agent of the shareholder. This allows for a Wreckfish permit holder that is not a Wreckfish shareholder, and Wreckfish permit holder may own permits directly in their own name and not as an employee, contractor, or agent of the Wreckfish shareholder
  - The SERO Permits system will not allow on a single vessel, permits that are associated with different permit holders.
  - The permit holder is the entity entitled to the landings records, not the Wreckfish shareholder
  - With an electronic system, Wreckfish shareholder accounts are linked to vessels harvesting the shares.
  - Having an eligibility requirement of just a SG1 permit to obtain a Wreckfish Shareholder account would clarify what is occurs. The Wreckfish shareholder could transfer allocation to the vessel that was once considered its employee, contractor, or agent and it clearly defines who should have access to which landing records.
- 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 requirements 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 or you can have any entity with an account allowed to harvest Wreckfish. The limit of the SG1 permit holder restricts the fishery to SG1 permit holders and does not allow for public participants (accounts without permits). Restricting holding allocation to just shareholders, maintains the current system where allocation can only go to those with own shares. Allowing for allocation transfers to account holders with an SG1, allows for a slightly broader universe of wreckfish harvesters but does not open the door to any entity, as SG1s are already limited.*
- **Alternative 2 and Alternative 3** include specific reference to 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 intended to cover incidental harvest. Trips for wreckfish limited to 225-pounds would likely be unprofitable.

### **Law Enforcement Advisory Panel Recommendations (February 2021):**

- LE would need to be able to verify that the vessel has the needed permits to harvest. An interactive system would work well so a vessel’s allocation can be verified.
- LE AP members asked how the shareholder feel about possibly removing the permit. An LE AP member that is a wreckfish shareholder explained that they have shares and use one to three vessels to harvest the fish. These vessels are owned by separate companies who are “agents” of the organization. The shareholders are concerned about how removing the wreckfish permit and agent language would affect their ability to work with other vessels (i.e., how a vessel account would gain access to a share account)?

- It was clarified that if fishermen wanted to use other permitted vessels to harvest wreckfish that could be done different ways: the most restrictive way would be to require the vessel's permit holder owner to have wreckfish shares. Alternatively, eligibility requirements could be worked into the system to allow any SG1 permit holder to obtain a shareholder account with associated vessel account in the ITQ system. Transfers of allocation would allow this vessel to then harvest Wreckfish. The Council would need to discuss these eligibility requirements. Additionally, landings are tied to the vessel not the shareholder so it will be important to determine how landings would then be attributed to shares.
- The shareholder on the LE AP doesn't see any issues at the moment with removing the wreckfish permit but noted that it will be important to discuss this issue with other shareholders.

### Questions for the Shareholders:

- For shareholders, what are the pros and cons of having the wreckfish permit?
- The electronic system limits **share transfers** to those that have an account, but it can limit it further if desired. Should there be additional requirements for share transfers (ex. must have an account and a snapper grouper unlimited permit).
- What requirements should there be to **maintain shares**? (ex. you no longer need a snapper grouper permit to *maintain* those shares. However, you cannot harvest those fish without a permit).
- The electronic system limits allocation transfers to those that have an account, but it can limit it further. . Should there be additional requirements to receive allocation other than those required to open an account? Options may include restricting to only those with shares or just those with the snapper grouper unlimited permit?
- What should be the requirements to **maintain or possess allocation**? Currently allocation can be possessed only by a wreckfish shareholder or the shareholder's employee, contractor, or agent. The system will not have a viable method to determine the shareholder's employee, contractor, or agent, especially if the employee, contractor or agent has permits in their own name for that same vessel.

## **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. 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).** The commercial fishing year for wreckfish begins on April 15 and ends on April 14.

**Alternative 2.** The commercial fishing year for wreckfish begins on January 1 and ends on December 31.

## **Action 5. Modify the spawning season closure for wreckfish.**

**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. If the season is not realigned to match other IFQ fisheries (calendar year) these programs would need to shut down for wreckfish processing and vice versa.

- Changing the fishing and spawning seasons 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.

### **Questions for Shareholders:**

- When/where are the fish available, and has this changed? For instance, has there been any shift in catch (annually/seasonally) inshore/offshore or north/south? If so, please describe.
- What are your observations on the timing and length of the wreckfish spawning season in your area (time periods when fish are observed with large ovaries or eggs spilling out externally)?

## **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. NMFS currently has a reimbursement program for the purchase of NMFS-approved VMS devices, which would cover the cost of the initial VMS unit. However, this program is subject to available funds and may change in the future.
- Industry would 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.
- This action ties into **Action 7** (offloading requirements). If VMS/hail-in/satellite units are required there is no need to provide 24-hour notices of a change in landing location. Offloading times would still need to be addressed.
- 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.

### **Monitoring Options:**

- Satellite VMS (real-time monitoring) or cellular VMS (archival monitoring).
  - Cellular VMS units collect hourly ping rates at sea via satellite GPS and store that information until the unit comes into cellular range. Once in cellular range, the VMS units sends all data stored.
    - Cellular is better when the information is not needed in real-time and does not need to be submitted at-sea.
  - Satellite VMS units collect hourly ping rates at sea via satellite GPS and immediately send that information to NMFS.
    - Satellite is the only option for at-sea submission and is useful when real-time information is needed. Real-time needs are often to monitor closed areas, submit at-sea hail-ins, and used to track where a vessel will land so law enforcement can intercept.
    - Satellite units tend to be more expensive than cellular units.
  - The NMFS reimbursement program will only reimburse up to \$950 for any fishery that allows for a cellular unit. For fisheries restricted to satellite units, the reimbursement is currently at \$3100, though this is currently under review and may also be reduced.
- Extended offloading time requirements.
- Declaration that vessel is leaving the dock and pre-landing notifications (hail-out/hail-in requirements).
  - Non-VMS hail-in and hail-out would create an additional expense to the agency to implement and maintain.

### **Law Enforcement Advisory Panel Recommendations (February 2021):**

- VMS allows law enforcement to “see” a vessel in real time, so VMS should be discussed if the Council wants to look at multiple offloading locations. Too many offloading sites would become unwieldy without VMS.
- Benefits of VMS for enforcement: landings location to enforce offloading requirements, enforcement of closed areas, search and rescue, communication between owners and operators.
- Preferable alternative from industry would be a hail-in, hail-out instead of VMS but fishery will adjust if it becomes a “necessary evil.”

### **Questions for the Shareholders:**

- What level of monitoring do you feel is necessary for the commercial wreckfish fishery?
- Should the monitoring program require a **hail-out** (declaration)? If so, how far in advance should the hail-out occur? A day, hour, or minutes before leaving? Should a hail-out requirement be considered outside of a VMS requirement?

- Should the monitoring program require a **hail-in** (pre-landing notification)? If so, how far in advance should a hail-in be submitted? What information other than date/time of arrival and location should be included?

## **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.

**Alternative 2.** Wreckfish may only be offloaded between the hours of 6 a.m. and 6 p.m., local time.

**Alternative 3.** Wreckfish may only be offloaded between the hours of 5 a.m. and 8 p.m., local time.

**Alternative 4.** Remove the requirement to offload wreckfish between the hours of 8 a.m. and 5 p.m., local time.

### **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 began with 49 participants, many more than are currently in the fishery.

### **Law Enforcement Advisory Panel Recommendations (February 2021):**

- The OLE representative saw no problem with expanding offloading hours to extend from 6 AM to 6 PM, as they are specified in the Gulf’s program. It was explained that the rationale for these hours is that it works with typical officer schedules and they encompass daylight hours only which helps with officer safety.
- In the Gulf, there is a process to approve landing locations, but the program also requires VMS. LE AP members cautioned against allowing fishermen to submit landing locations if vessels are not required to carry a VMS (as is currently the case in the South Atlantic). VMS allows law enforcement to “see” a vessel in real time, so VMS should be discussed if the Council wants to look at multiple offloading locations.
- LE AP members recommended consistency with the Gulf reef fish program adding that consistency is key for law enforcement. Additionally, there would already be a system in place if other fisheries were to move to IFQ/ITQ programs. Further, it was acknowledged that consistency would be important to the state of Florida.



- A commercial fisherman representative on the LEAP offered that current offload site/time implementation is ineffective. Fishermen acknowledge the benefits of VMS and are not necessarily opposed in principle; however, there are concerns about data use.
- A commercial fisherman representative on the LEAP indicated that fishermen would support an extension to the offloading hours beyond 6 AM - 6 PM.

**Questions for the Shareholders:**

- Are any of the offloading time requirements proposed in **Alternative 2** or **Alternative 3** sufficient to decrease the probability of fishermen having to leave fish aboard overnight?
- Are there any other considerations for modifying offloading times?

## **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 Limited Access Privilege Program (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.
- Collection occurs through pay.gov which allows Automated Clearing House (ACH) payments or credit card payments. ACH, also known as “direct payment,” is a way to electronically transfer money from one bank account to another without using paper checks, cash, credit cards, or wire transfers. Credit card payments in pay.gov are limited to under \$24,999.99. There is no limit to ACH payments.

**Questions for the Shareholders:**

- What type of cost recovery system would work best for the wreckfish fishery? There are four decision points for cost recovery:
  - who is responsible for collection and submission of the cost recovery fee,
  - when the fee will be collected,
  - how often the fee will be submitted, and
  - how the fee will be calculated.

**Appendix A.** Operational elements of an electronic reporting system and current regulations for the Wreckfish ITQ Program.

Operational Element	Current Regulation	Being Addressed in SG 48?
Program Eligibility	For a person aboard a vessel to be eligible for exemption from the bag limit for wreckfish in or from the South Atlantic EEZ, to fish under a quota for wreckfish in or from the South Atlantic EEZ, or to sell wreckfish in or from the South Atlantic EEZ, a commercial vessel permit for wreckfish and a commercial permit for South Atlantic snapper-grouper must have been issued to the vessel and must be on board.	Yes, Action 3
Program Eligibility	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.	Yes, Action 2 (eligibility) and Action 3 (permit requirement)
Hail-in and Hail-out	None.	TBD
Transferability Rules (Shares)	All or a portion of a person's percentage shares are transferrable. Transfer of shares must be reported on a form available from the RA. The RA will confirm, in writing, each transfer of shares. The effective date of each transfer is the confirmation date provided by the RA. NMFS charges a fee for each transfer of shares and calculates the amount in accordance with the procedures of the NOAA Finance Handbook. The handbook is available from the RA. The fee may not exceed such costs and is specified with each transfer form. The appropriate fee must accompany each transfer form.	Yes, Action 2 (transfer to occur within the electronic system).
Transferability Rules (Coupons)	An ITQ coupon may be transferred from one wreckfish shareholder to another by completing the sale endorsement thereon (that is, the signature and shareholder certificate number of the buyer). An ITQ coupon may be possessed only by the shareholder to whom it has been issued, or by the shareholder's employee, contractor, or agent, unless the ITQ coupon has been transferred to another shareholder. An ITQ coupon that has been transferred to another shareholder may be possessed only by the shareholder whose signature appears on the coupon as the buyer, or by the shareholder's employee, contractor, or agent, and with all required sale endorsements properly completed.	Yes, Action 2 (transfer to occur within the electronic system).
Data Submission Frequency	Completed fishing records must be submitted to the SRD postmarked not later than 7 days after the end of each fishing trip. If no fishing occurred during a calendar month, a report so stating must be submitted on one of the forms postmarked not later than 7 days after the end of that month. Information to be reported is indicated on the form and its accompanying instructions.	Yes, Action 2 (modify to online system).

<b>Operational Element</b>	<b>Current Regulation</b>	<b>Being Addressed in SG 48?</b>
Units of Measure	Each ITQ is the product of the wreckfish TAC, in round weight, for the ensuing fishing year, the factor for converting round weight to eviscerated weight, and each wreckfish shareholder's percentage share, reflecting share transactions reported on forms received by the RA through February 15. Thus, the ITQs will be in terms of eviscerated weight of wreckfish.	Yes, Action 2 (no more shares on forms)
Cost Recovery	None	Yes, Action 8
Offload/Landing Restrictions	<p>A wreckfish harvested by a vessel that has been issued a commercial vessel permit for South Atlantic snapper-grouper and a commercial vessel permit for wreckfish may be offloaded from a fishing vessel only between 8 a.m. and 5 p.m., local time.</p> <p>If a wreckfish harvested by a vessel that has been issued a commercial vessel permit for South Atlantic snapper-grouper and a commercial vessel permit for wreckfish is to be offloaded at a location other than a fixed facility of a dealer who holds a Gulf and South Atlantic dealer permit, as required under § 622.170(c)(1), the wreckfish shareholder or the vessel operator must advise the NMFS Office for Law Enforcement, Southeast Region, St. Petersburg, FL, by telephone (727-824-5344), of the location not less than 24 hours prior to offloading.</p>	Yes, Action 3, Action 6, and Action 7.
Transport Restrictions	None.	No.
Fish Tag Requirements	None.	No.
Allocation Deductions	During the 2012-2013 fishing year, the RA will reserve 1.401 percent of wreckfish ITQ shares prior to redistributing shares to accommodate resolution of appeals, if necessary. NMFS will distribute any portion of the 1.401-percent share remaining after the appeals process as soon as possible among the remaining shareholders.	No
Flexibility Measures	None.	No
Retaining Annual Allocation Before a Quota Reduction	None.	No.
Share Caps		No.
Allocation caps	None	No.
Maintenance of Shares and Allocation	None	Yes, Action 2.

<b>Operational Element</b>	<b>Current Regulation</b>	<b>Being Addressed in SG 48?</b>
Consideration Of Adaptive Catch Share for Future Distribution	None	No.