

SOUTH ATLANTIC FISHERY MANAGEMENT COUNCIL

SCIENTIFIC AND STATISTICAL COMMITTEE



SEP Meeting Overview

November 7, 2011

**Hampton Inn West Ashley
678 Citadel Haven Drive
Charleston SC 29414**

VERSION

Briefing Book Draft: October 24, 2011

PURPOSE

This meeting is convened to:

- Review Snapper Grouper FMP Amendments 18A, 20A and 20B.
- Review Golden Crab FMP Amendment 6

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1. Introduction

1.1. Documents

Agenda

1.2. Action

Introductions

Review and Approve Agenda

Approve Minutes

2. Golden Crab Amendment 6

2.1. Documents

Attachment 1. Golden Crab Amendment 6

2.2. Overview

Staff Contact: Brian Chevront

The Golden Crab FMP relies on a system of traditional fishery management plus controlled access. Traditional fisheries management includes measures to provide biological protection to the resource (escape gaps in traps and no retention of female crabs); gear regulation (define allowable gear, degradable panel, tending requirements, gear identification, and maximum trap size by zone); provide for law enforcement (depth limitations and prohibit possession of whole fish or fillets of snapper grouper species); determine the number of participants (vessel and dealer/processor permits); collect the necessary data (vessel/fishermen and dealer/processor reporting); and a framework procedure to adjust the management program (framework adjustments and adjustments to activities authorized by the Secretary of Commerce). Use of these traditional management techniques in other fishery management plans has not solved all fisheries management problems. At best, the fishery resource, in this case golden crab, is biologically protected. Ignored or even exacerbated are underlying social and economic problems resulting from gear conflicts, high regulatory costs, and low marketing incentives. To solve these social and economic problems, managers have increasingly turned to various forms of controlled access or effort limitation. The Council chose to limit the number of vessels in the golden crab fishery. Combining the more traditional fisheries management measures with controlled access best allowed the Council to solve problems in the golden crab fishery.

2.3. Golden Crab Amendment 6 Schedule

NOI	January 2011
Scoping Complete	January/February 2011
Council review options & make recommendations	September 2011
APs review	July 2011
Council review & approve for Public Hearing	December 2011
Public Hearings	January/February 2012

SSC Final review	November 2011
Final Review & Submission	June 2012
Regulations implemented	December 2012

2.4. Presentations

Overview and Issues: Brian Chevront
 SEP Recommendations: John Whitehead

2.5. ACTIONS

- Action 4 defines alternatives being considered for quota share caps. Currently, the highest value is 49% as the Council is reluctant to allow a single shareholder to have the majority of shares. Is this a well-founded concern? If the alternative of 49% is chosen one current fishery participant has over 49% of the historical landings and therefore would not be able to realize shares commensurate with past fisheries participation.
- In Action 5 the Council is proposing a “Use it or lose it” provision. Do these alternatives capture a reasonable range? Are there other scenarios the Council ought to consider?
- Action 8 is being considered because initially three fishing zones were set up. The southern zone was set up to protect some smaller participants who are no longer active in the fishery. The southern zone is smaller and closer to shore than the other zones and could not withstand the pressure if all the fishermen decided to fish there. The AP has asked for consideration of eliminating restrictions regarding the zones where they can fish.
- Currently, fishermen may only fish in the one zone where they are currently permitted. In Action 9, they are requesting to be able to obtain multiple zone permits for a single vessel and fish them on a single trip.
- The golden crab fishery has currently has very few participants. The Council, along with advice from the AP, is trying to devise ways to allow new participants into the fishery in the future. Action 11 describes some methods being considered. Are there other methods the Council ought to consider?
- Review Amendment and provide guidance on any other issues the SSC wishes to discuss not specifically mentioned here.

3. Snapper Grouper Amendment 18A

3.1. Documents

Attachment 2. SG FMP Amendment 18A

3.2. Overview

Staff Contact: Brian Chevront

The need for action in Amendment 18A is to reduce overcapacity and reduce the rate of harvest in the black sea bass pot component of the snapper grouper fishery. Recent amendments to the Snapper Grouper FMP have imposed more restrictive harvest limitations on snapper grouper fishermen. In an effort to identify other species to target, a greater number of fishermen have targeted black sea bass. Increased effort in the black sea bass pot component of the snapper grouper fishery has intensified the “race to fish” that already exists, which has resulted in a shortened season for the commercial sector; The recreational sector’s season has also been shortened. Furthermore, the commercial quota for black sea bass was met in 2009, 2010, and 2011 before fishermen had a chance to fish during the portion of the year (November-February) that has historically been most productive. The South Atlantic Council is concerned an increase effort on these species will deteriorate profits.

3.3. Snapper Grouper 18A Schedule

NOI	January 2009
Scoping Complete	January/February 2009
Council review options & make recommendations	September 2011
APs review	November 2010
SSC first review	April 2011
SSC provide ABC recommendations.....	NA
Council review & approve for Public Hearing	September 2011
Public Hearings	November 2011
SSC Final review	November 2011
Final Review & Submission	December 2011
Regulations implemented.....	By June 1, 2012

3.4. Presentations

Overview and Issues: Brian Chevront

3.5. ACTIONS

- The black sea bass fishing year has been getting shorter and shorter as the stock seems to be rebuilding. The Council would like to consider modifying its rebuilding strategy to allow more fish to be caught and still meet the 2016 rebuilding schedule. Given the results of the stock assessment and the rebuilding strategies outlined in Action 1a, which strategies seem realistic? What caveats would you put on the different strategies?
- Please comment on the appropriateness of using ACL=ABC=OY for black sea bass as proposed in Action 1b.
- The Council is proposing to limit participation and reduce the overcapitalization problem in the black sea bass fishery by implementing

and endorsement program. See section 4.2 of the document for a discussion of the issues. Based on the information provided, please comment on the appropriateness of preferred sub-alternative 2f. Please comment on action 2, new alternative 3 giving what you might see as the pros or cons of such an alternative.

- Action 5 limits the number of pots an individual fisherman may use. Please comment on the use of this management measure as an effective way to limit harvest or to minimize endangered species interactions.
- Please comment on the accountability measures in Action 7, particularly dropping the three year running average in favor of simply using projections to close the season by sector. Are the payback provisions adequate?
- As the stock recovers and presumably the season gets extended, there is concern that there may be fishing during the spawning season. Action 8 proposes potential spawning season closures. If the SSC thinks a spawning season closure is appropriate, what would be the most appropriate closure for black sea bass in the South Atlantic region?
- Please comment on the pros or cons of trip and size limits as proposed in Actions 9 and 10.
- Review Amendment and provide guidance on any other issues the SSC wishes to discuss not specifically mentioned here.

4. Snapper-Grouper Amendment 20A

4.1. Documents

Attachment 3. SG FMP Amendment 20A Summary
Attachment 4. SG FMP Amendment 20A Draft

4.2. Overview

Staff Contact: Kari MacLauchlin

Amendment 20A consists of regulatory actions that focus on modifications to the wreckfish individual transferable quota (ITQ) program. The purpose of this amendment is to adjust the distribution of wreckfish shares in order to remove inactive effort from the commercial sector and allow the commercial sector's ACL to be harvested and thereby achieve Optimum Yield (OY) in the fishery. Management actions proposed in this Amendment will: 1) define revert inactive wreckfish shares; 2) redistribute reverted shares among remaining shareholders; 3) define a cap on the number of shares one entity may own; and 4) establish an appeals process.

In June 2011, the Council decided to split Amendment 20 into two amendments. Amendment 20B will include actions to modify wreckfish ITQ program to bring into compliance with Reauthorized MSA requirements for LAPPs (such as cost recovery) and implement provisions for program maintenance (such as a use or lose policy).

4.3. Snapper-Grouper 20A Schedule

NOI	January 2009
Scoping Complete	January 2009
Council review options & make recommendations	September 2011
APs review	October 2011
Council review & approve for Public Hearing	September 2011
Public Hearings	November 2011
SSC Final review	November 2011
Final Review & Submission	December 2011
Regulations implemented.....	By April 16, 2012

4.4. Presentations

Overview and Issues: Kari MacLauchlin
SEP Recommendations: John Whitehead

4.5. ACTIONS

- Review Amendment and provide guidance.

Action 1. Define and revert inactive shares

Alternative 1: No Action. Do not define or revert inactive shares for redistribution.

Alternative 2: Define inactive shares as shares belonging to any ITQ shareholder who has not reported wreckfish landings in 2009-10 and/or 2010-11, and revert for redistribution.

Alternative 3 (Preferred): Define inactive shares as shares belonging to any ITQ shareholder who has not reported wreckfish landings in 2006-07 through 2010-11, and revert for redistribution.

Action 2. Redistribute reverted shares to remaining shareholders

Alternative 1: No Action. Do not redistribute reverted shares.

Alternative 2: Redistribute reverted shares to remaining shareholders based on 50% equal allocation + 50% landings history.

Option a: landings history in fishing years 2009-10 through 2010-11.

Option b: landings history in fishing years 2006-07 through 2010-11.

Alternative 3 (Preferred): Redistribute reverted shares to remaining shareholders based landings history.

Option a: landings history in fishing years 2009-10 through 2010-11

Option b (Preferred): landings history in fishing years 2006-07 through 2010-11.

Alternative 4: Redistribute reverted shares based on proportion of remaining shares held by each remaining shareholder after inactive shares are reverted.

Action 3. Establish a share cap

Alternative 1: No Action. Do not establish share cap.

Alternative 2: Establish share cap as 15% of the total shares.

Alternative 3: Establish share cap as 25% of the total shares.

Alternative 4 (Preferred): Establish share cap as 49% of the total shares.

Alternative 5: Establish share cap as 65% of the total shares.

Alternative 6: Establish share cap as the percentage of total shares held by largest shareholder after redistribution.

Action 4. Establish an appeals process

Alternative 1: No Action. Do not specify provisions for an appeals process associated with the ITQ program.

Alternative 2 (Preferred): A percentage of the wreckfish shares for fishing year 2012/2013 will be set-aside to resolve appeals for a period of 90-days starting on the effective date of the final rule. The Regional Administrator (RA) will review, evaluate, and render final decisions on appeals. Hardship arguments will not be considered. The RA will determine the outcome of appeals based on NMFS' logbooks. If NMFS' logbooks are not available, the RA may use state landings records. Appellants must submit NMFS' logbooks or state landings records to support their appeal. After the appeals process has been terminated, any amount remaining from the set-aside will be distributed back to remaining ITQ shareholders according to the redistribution method selected under Action 2.

Sub-alternative 2a: Three percent of wreckfish shares will be set aside for appeals.

Sub-alternative 2b (Preferred): Five percent of wreckfish shares will be set aside for appeals.

Sub-alternative 2c: Ten percent of wreckfish shares will be set aside for appeals.

Alternative 3: A percentage of the wreckfish shares for fishing year 2012/2013 will be set-aside to resolve appeals for a period of 90-days starting on the effective date of the final rule. The Regional Administrator (RA) will review, evaluate, and render final decisions on appeals. Hardship arguments will not be considered. A special board composed of state directors/designees will review, evaluate, and make

individual recommendations to RA on appeals. The special board and the RA will determine the outcome of appeals based on NMFS’ logbooks. If NMFS’ logbooks are not available, the RA may use state landings records. Appellants must submit NMFS’ logbooks or state landings records to support their appeal. After the appeals process has been terminated, any amount remaining from the set-aside will be distributed back to remaining ITQ shareholders according to the redistribution method selected under Action 2.

Sub-alternative 3a: Three percent of wreckfish shares will be set aside for appeals.

Sub-alternative 3b: Five percent of wreckfish shares will be set aside for appeals.

Sub-alternative 3c: Ten percent of wreckfish shares will be set aside for appeals.

5. Snapper-Grouper Amendment 20B

5.1. Documents

Attachment 5. SG FMP Amendment 20B Actions

5.2. Overview

Staff Contact: Kari MacLauchlin

5.3. Snapper-Grouper 20B Schedule

NOI	January 2009
Scoping Complete	January 2009
Council review options & make recommendations	September 2011
APs review	October 2011
Council review & approve for Public Hearing	September 2011
Public Hearings	November 2011
SSC Final review	November 2011
Final Review & Submission	December 2011

5.4. Regulations implemented By April 16, 2012 Presentations

Overview and Issues: Kari MacLauchlin

5.5. ACTIONS

- Review Amendment and provide guidance.

Action 1. Transfer Eligibility Requirements

Alternative 1. No action. Maintain current transfer eligibility requirement under the existing Wreckfish ITQ program which stipulate that ITQ shares can be transferred to anyone but that coupons can only be transferred to persons with quota share and a commercial wreckfish permit.

Preferred by wreckfish shareholders who attended wreckfish shareholders meeting held March 2010 (unanimous).

Alternative 2. ITQ shares or annual pounds can be transferred to commercial snapper grouper permit holders. Eligible individuals must be persons who are U.S. citizens or permanent resident aliens.

Alternative 3. ITQ shares or annual pounds can only be transferred to commercial snapper grouper permit holders during the first five years of the redesigned ITQ program and all U.S. citizens and permanent resident aliens thereafter. Eligible individuals must be persons who are U.S. citizens or permanent resident aliens.

Action 2. Caps on ITQ Annual Pounds Ownership

Alternative 1. No action. Maintain the current regulations on coupon (annual pounds) ownership which do not identify any ownership caps.

Preferred by wreckfish shareholders who attended wreckfish shareholders meeting held March 2010 (unanimous).

Alternative 2. Set the annual pounds cap equal to the corresponding share cap as defined in Action 15 times the annual quota. For any single fishing year, no person shall possess annual pounds in an amount that exceeds the annual pounds cap. However, persons grandfathered in at the time of share cap reapportionment or under the no action alternative under Action 4 will also be grandfathered in for more than the annual pounds cap. Anyone receiving annual pounds in excess of the annual pounds ownership cap would not be able to purchase additional annual pounds. Anyone receiving annual pounds that were less than the annual pounds ownership cap could purchase additional annual pounds up to the amount of the annual pounds ownership cap.

Alternative 3. Set the annual pounds cap equal to:

Option a) The share cap (specified in 20A) plus 1 percent times the annual quota.

Option b) The share cap (specified in 20A) plus 5 percent times the annual quota.

Option c) The share cap (specified in 20A) plus 10 percent times the annual quota.

Action 3. Adjustments in Annual Allocations of Commercial TACs

Alternative 1. No action. Maintain the process used under the current Wreckfish ITQ which annually allocates adjustments in the commercial quota proportionately among eligible ITQ shareholders (e.g., those eligible at the time of the adjustment) based on the percentage of the commercial quota each holds at the time of the adjustment.

Preferred by wreckfish shareholders who attended wreckfish shareholders meeting held March 2010 (unanimous).

Alternative 2. Allocate adjustments in the commercial quota through an auction system. All Wreckfish ITQ shareholders are allowed to place bids.

Action 4. Use it or Lose it Policy for ITQ Shares

Alternative 1. No action. Do not specify a minimum landings requirement for retaining ITQ shares. The current Wreckfish ITQ program has no minimum landings requirement. Preferred by wreckfish shareholders who attended wreckfish shareholders meeting held March 2010 (unanimous).

Alternative 2. ITQ shares that remain inactive for three years will be revoked and redistributed proportionately among the remaining shareholders. “Inactive” is defined as less than 30 percent of the aggregate annual average utilization of allotted ITQ shares over a three year moving average period.

Alternative 3. ITQ shares that remain inactive for three years will be revoked and redistributed proportionately among the remaining shareholders. “Inactive” is defined as less than 50 percent of the aggregate annual average utilization of allotted ITQ shares over a three year moving average period.

Alternative 4. If needed, set a control date if needed whereby fishermen would need landings to qualify. Preferred by a majority of wreckfish shareholders who attended wreckfish shareholders meeting held March 2010.

Action 5. Cost Recovery Plan

Alternative 1. No action. No ITQ cost recovery plan will be implemented. The current Wreckfish ITQ program does not have a cost recovery plan. Preferred by some of the wreckfish shareholders who attended wreckfish shareholders meeting held March 2010.

Alternative 2. Implement an ITQ cost recovery plan. All ITQ cost recovery fees shall be the responsibility of the recognized IFQ shareholder. The cost recovery plan will have the following conditions:

Option a) ITQ cost recovery fees will be calculated at the time of sale of fish to the registered ITQ dealer based on (i) the actual ex-vessel value of the wreckfish landings or (ii) the standard ex-vessel price of the wreckfish landings as calculated by NMFS.

Option b) The fee collection and submission shall be the responsibility of (i) the ITQ shareholder or (ii) the ITQ dealer. Preferred by a majority of wreckfish shareholders who attended wreckfish shareholders meeting held March 2010.

Option c) The collected fees would be submitted to NMFS (i) quarterly or (ii) monthly.

Action 6. Guaranteed Loan Program

Alternative 1. No action. Do not establish an ITQ loan program. Preferred by wreckfish shareholders who attended wreckfish shareholders meeting held March 2010 (unanimous).

Alternative 2. Set aside 15% of cost recovery fees to establish a guaranteed loan program.

Alternative 3. Set aside 25% of cost recovery fees to establish a guaranteed loan program.

Action 7. Approved Landing Sites

Alternative 1. No action. Do not establish approved landing sites for the Wreckfish ITQ program. The current Wreckfish ITQ program does not specify approved landing sites. Preferred by a majority of wreckfish shareholders who attended wreckfish shareholders meeting held March 2010.

Alternative 2. Establish approved landing sites for the Wreckfish ITQ program. All ITQ participants must land at one of these sites to participate in the ITQ program. Preferred by some wreckfish shareholders who attended wreckfish shareholders meeting held March 2010.

Option a) Approved landing sites will be selected by fishermen but must be approved by NMFS Office of Law Enforcement (OLE) prior to use.

Option b) Approved landings sites will be selected by the Council and NMFS, based on industry recommendations and resource availability.

Action 8. Annual Pounds Overage

Alternative 1. No action. Do not allow fishermen under the current or redesigned Wreckfish ITQ to exceed their annual pounds. Preferred by wreckfish shareholders who attended wreckfish shareholders meeting held March 2010 (unanimous).

Alternative 2. A person on board a vessel with the shareholder's only remaining wreckfish allocation may exceed, by up to 5 percent, the shareholder's annual pounds remaining on the last fishing trip of the year.

Alternative 3. A person on board a vessel with the shareholder's only remaining wreckfish allocation may exceed, by up to 10 percent, the shareholder's annual pounds remaining on the last fishing trip of the year.

Action 9. Collection of Royalties from Resource Use

Alternative 1. No action. Do not collect royalties from shareholders for use of the wreckfish fishery. Preferred by wreckfish shareholders who attended wreckfish shareholders meeting held March 2010 (unanimous).

Alternative 2. Hold an annual auction of portions of the TAC to fishermen with a federal commercial snapper grouper permit. Place funds collected through the auction into an account where the funds help pay for wreckfish fishery management.

Alternative 3. Redefine wreckfish shares so that they expire every 5 years with a start date upon implementation of this amendment. The Council will determine if the share owner is re-issued the shares for another 5 years after the time has expired. An auction will be used to determine the next owner. Auction participants must own a federal commercial snapper grouper permit. Place funds collected through the auction into an account where the funds help pay for wreckfish fishery management.

Alternative 4. Redefine wreckfish shares so that they expire every 5 years with a start date upon implementation of this amendment. The Council will determine if the share owner is re-issued the shares for another 10 years after the time has expired. An auction will be used to determine the next owner. Auction participants must own a federal commercial snapper grouper permit. Place funds collected through the auction into an account where the funds help pay for wreckfish fishery management.

Alternative 5. Assess a tax on shareholders equal to an estimation of “super profits” (profits that exceed “normal profit”) made in the fishery.

Action 10. New Entrants Program

Alternative 1. No action. Do not create provisions that assist new entrants in entering the fishery. There is no such provision in the current Wreckfish ITQ program. Preferred by wreckfish shareholders who attended wreckfish shareholders meeting held March 2010 (unanimous).

Alternative 2. Set aside 2% of the wreckfish TAC each year to be auctioned off to snapper grouper commercial permit holders that do not possess wreckfish shares.

Alternative 3. Set aside 5% of the wreckfish TAC each year to be auctioned off to snapper grouper commercial permit holders that do not possess wreckfish shares.

Alternative 4. Set aside 10% of the wreckfish TAC each year to be auctioned off to snapper grouper commercial permit holders that do not possess wreckfish shares.

Action 11. Incidental Catch Provisions

Alternative 1. No action. Do not establish incidental catch provisions for wreckfish landings for commercial snapper grouper permit holders that do not possess annual pounds. Under the current wreckfish ITQ, no one may possess wreckfish without wreckfish shares, coupons, a commercial wreckfish permit, and a commercial snapper grouper permit.

Preferred by wreckfish shareholders who attended wreckfish shareholders meeting held March 2010 (unanimous).

Alternative 2. Establish an incidental catch allowance of 50 pounds of wreckfish per trip for commercial snapper grouper permit holders who do not possess annual pounds.

Alternative 3. Establish an incidental catch allowance of 100 pounds of wreckfish per trip for commercial snapper grouper permit holders who do not possess annual pounds.

Action 12. VMS Requirement

Alternative 1. No action. Do not require commercial wreckfish vessels to be equipped with VMS. Preferred by wreckfish shareholders who attended wreckfish shareholders meeting held March 2010 (unanimous).

Alternative 2. Require all fishing vessels engaged in harvesting wreckfish under the ITQ program to be equipped with VMS. The purchase, installation, and maintenance of VMS equipment must conform to the protocol established by NMFS in the Federal Register.

Option a) the purchase, installation, and maintenance of the VMS equipment and communications costs will be paid for or arranged by the owner of the ITQ shares.

Option b) the purchase, installation, and maintenance of the VMS equipment and communications costs will be paid for or arranged by NMFS.

Option c) the purchase, installation, and maintenance of the VMS equipment and communications costs will be paid for jointly by the owner of the ITQ shares and NMFS.

Option d) the purchase, installation, and maintenance of the VMS equipment will be paid for by NMFS. Communications costs will be paid for or arranged by the owner of the ITQ shares.

6. Other Business

7. Report and Recommendations Review

8. Next SSC Meeting