

Tab B, No. 10b

Summary for the Ad Hoc Red Snapper Charter For-Hire Advisory Panel Kenner, Louisiana September 26-27, 2016

Council and Staff

Pamella Dana
Ava Lasseter
Matthew Freeman
Karen Hoak
Jessica Matos

Panel Attendance

Gary Bryant
Shane Cantrell
Daryl Carpenter

Troy Frady
Jim Green, III
Gary Jarvis
Mark Kelley
Tom Marvel, Jr.
Mike Nugent
Rene Rice
Scott Robson
Harvey Schindler
Tom Steber, Jr.
Troy Williamson

Attendance - Others

Ed Swindell
Myron Fischer
Katie Semon
Sue Gerhart
Jeff Barger
Richard Fischer
Scott Hickman
Sharon McBreen

The Ad Hoc Red Snapper Charter For-Hire Advisory Panel (AP) meeting was convened at 1:00 p.m. on Monday, September 26, 2016. The AP approved both the adoption of the agenda and the March 8-9, 2016 meeting summary. The following summary generally follows the meeting discussion chronologically; however, some motions addressing the same topic (e.g., program qualifiers) have been grouped together to facilitate review of the AP's recommendations.

Proposed Program to Distribute Harvest Tags to Anglers for Use on Charter Vessels

Staff reviewed the Council's request for the AP to evaluate a harvest tag program that provides recreational participants with annual allocation distributed in the form of harvest tags to be used on a charter vessel of their choice. AP members discussed the program. It was noted that if the private angling component moves toward using harvest tags, there should not be separate tags for charter vessels and private boats. Rather, harvest tags should be made available for any type of vessel from which an angler intends to fish.

Other AP members identified the following issues as drawbacks to such a program:

- It would be logistically difficult if anglers bring tags to use on a charter vessel in regions where red snapper are only found far from shore.
- This would be a de facto reallocation to the private angling component of the recreational sector. It takes fish away from the charter sub-component and gives them to the angler.
- Individuals could purchase tags with the intent to not use them, which would be a negative for the charter industry.
- Requiring charter passengers to obtain tags themselves for a charter trip is an additional burden on the passengers, especially for those who come from out-of-state.

It could disadvantage those who do not live on the coast, as they may be less knowledgeable about the process to obtain tags. Charter operators provide a service and this should be part of that service.

- This would not provide stability to the charter industry and does not support Amendment 41's purpose and need.

One member noted that, as a positive, since red snapper is a public resource, the public should be able to obtain the tags since they are the ones that are actually using the resource. It was also noted that there are tag programs in place for other resources, and people who are interested in such resources are capable of understanding the distribution process. Another suggestion was for part of the quota to be distributed to charter vessels and some to anglers who would choose which boat to use. Following the discussion, the AP passed the following motion:

To recommend that the Council, regarding distribution of tags to anglers, that this AP does not recommend any further action or movement on this issue.

Motion carried 10 to 3.

Draft Amendment 41 – Red Snapper Management for Federally Permitted Charter Vessels

Staff provided an overview and status update on Amendment 41. For Action 1, AP members discussed the Council's removal of a permit fishing allocation (PFA) program. Some AP members were not aware the Council had done this at its August 2016 meeting. For the remaining management options, some AP members expressed continued support for an allocation-only type program and others expressed support for a share-based program. AP members discussed whether harvest tags should continue to be considered by the Council. Some members felt that they still wanted the harvest tag program retained for future consideration as it may be a favorable option for the Council. Another member noted that any allocation-based program developed will have to pass a referendum regardless if tags are used and that an allocation-only program has more appeal to some members than one that uses shares that are permanent. One member did not like the 3 or 5 year recalculation of annual allocation from the standpoint that it could undermine the ability of operators to plan ahead. Following discussion, the AP passed the following motion:

That the Council move Action 1 Alternative 3 to considered but rejected.

Alternative 3: Establish a harvest tag program that provides participants with annual allocation distributed in the form of harvest tags. Annual allocation will be calculated

Option 3a: every 3 years.

Option 3b: every 5 years.

Motion carried 7 to 6.

Action 2 addresses program participation, which would allow charter operators to opt-out of the program being developed. AP members noted the unlikelihood of a charter operator taking the action to opt-out of receiving quota that would be worth something,

and that the requirement did not address what the AP intended. The AP then passed the following motion:

To recommend to the Council that in Action 2 to make Alternative 1 the preferred alternative.

Alternative 1: No Action. Do not establish a voluntary red snapper management program for charter vessels. The red snapper management program applies to all charter vessels with a valid or renewable Gulf Charter/Headboat permit for Reef Fish.

Motion carried 11 to 2.

Instead of requiring charter operators to opt-out, AP members discussed possible qualifiers to participate in the program. These qualifiers are intended to eliminate inactive permits from the distribution of quota, as holders of inactive permits would not be likely to meet the qualifiers. The AP reviewed the program qualifiers they have recommended during a previous meeting and discussed the pros and cons of various qualifiers. The AP then passed the following motions:

To recommend to the Council to be in a federally permitted program, you need to have a federal permit, applicable state charter fishing license, electronic logbook or other data collection system approved by NMFS, and an income qualifier.

Motion carried 8 to 4.

As a program qualifier, require that vessels must meet all safety requirements and passenger requirements for their passenger capacity COI.

Motion carries 10 to 2.

In the development of a PFQ management system, the AP recommends that the Council take into consideration the use of mandatory ELB reporting of red snapper landings in the charter for-hire, federally permitted sector as one of the requirements to qualify in the initial allocation of shares.

Motion carried unanimously.

Action 3 addresses the distribution of quota among charter vessels. In discussing the use of an auction, many members viewed auctions negatively. The stated reasons included that an auction would pit charter operators against each other in a bidding war, that it would cause fleet reduction due to the financial position of some operators at the time of an auction, that it would not create a fair distribution, and that an auction would not likely pass a referendum among charter operators. Members also noted that because the auction funds would not come back to fund local fishery management, they would not be achieving their goals and objectives. One AP member supported the use of an auction as a way to recover resource rent from the fishery. The AP passed the following motion:

That Alternative 5 and Alternative 6 that contains a provision for an auction of allocation in the charter for hire sector be moved to considered but rejected.

Alternative 5: Distribute the charter quota by auction. All eligible participants are allowed to place bids.

Alternative 6: Distribute a portion of the charter quota by auction and the remainder based on equal distribution; passenger capacity; and historical landings by region (**Options 6a-6c**). The 3 metrics will be weighted by selecting one of **Options 6d-6g**.

Motion carried 12 to 1.

The AP discussed using tiers of passenger capacity to distribute quota. It was noted that a vessel with a passenger capacity of 7 would get twice as much quota as a vessel that may carry only one fewer passenger, while receiving the same quota as a vessel that can carry 24 or more; AP members noted this would be unfair. The AP then passed the following motion:

That Action 3 Alternative 2 be considered but rejected.

Alternative 2: Distribute charter quota based on tiers of passenger capacity of charter vessels. Tiers are defined such that each:

Option 2a: Vessel with a passenger capacity of 6 receives 1 unit;
Vessel with a passenger capacity of 7 or greater receives 2 units.

Option 2b: Vessel with a passenger capacity of 6 receives 1 unit;
Vessel with a passenger capacity of 7-24 receives 2 units;
Vessel with a passenger capacity >24 receives 3 units.

Motion carried 11 to 0 with 1 abstention.

The AP continued the discussion of passenger capacity. Staff noted that the Council intends to use the permit's passenger capacity for a share-based program, and the lower of the permit or vessel's COI capacity for an allocation-only program. Some members stated that for an initial share distribution, it did not seem fair to give shares based on a permit that may carry 100 passengers if that permit is on a six-pack vessel with no COI, as that vessel would receive an amount of quota that is greater than its participation in the fishery. Other members stated that holders of large capacity permits had likely invested more money into obtaining that permit, and that investment would be lost even if the permit is not currently being used. Also, there may be operators that had intended to use a 100 passenger permit on a vessel with a matching vessel COI, but for various reasons, may have been unable to at this time. The AP passed the following motion:

In the initial allocation of shares in a PFQ system, the distribution using passenger capacity will be by the permit capacity or the US Coast Guard charter vessel capacity, whichever is less.

Motion carried 8 to 3 with 2 abstentions.

Staff inquired if the AP had a recommendation on whether passenger capacity in Alternative 4 should be based on a tier system or on individual vessel capacity. The AP was unsure about making a recommendation until they are able to see the calculations for both options, and passed the following motion:

To request that NMFS add information on passenger capacity by individual vessel to the decision tool, for the purpose of Alternative 4, to compare with passenger capacity by tiers.

Motion carried unanimously.

The AP discussed the differences in biomass and effort between the eastern and western Gulf regions and the potential for inclusion as an additional metric for allocation. The AP passed the following motion:

In addition to passenger capacity and regional landing history, to ask the Council to also use the western Gulf/eastern Gulf biomass and the western Gulf/eastern Gulf effort to help apportion the charter quota.

Motion carried 10 to 3.

NMFS staff provided some preliminary calculations of the resulting charter vessel allocations for the Action 3 alternatives. Following discussion of the decision tool, the AP passed the following motions:

To add an additional option to Action 3 Alternative 4(e), passenger capacity 25% and historical landings by region 75%.

Motion carried 12 to 1.

That in the decision tool, for Action 3 Alternative 3, use the allocation for the for-hire industry as a whole and not sub-allocated between headboats and charter vessels.

Motion carried 11 to 0 with 1 abstention.

Action 4 addresses the transferability of shares, and Action 5 addresses the maintenance of shares. As written, these actions would apply to an IFQ program, only, because shares in a PFQ program by definition would be attached to the permit. Several AP members expressed support for shares remaining with a permit, but felt that the shares needed to be transferable among permits so that other permit holders who needed more shares could have the opportunity to obtain them. The AP passed the following motions:

To expand Action 4 to include transferability of PFQ shares between permits.

Motion carried 6 to 4 with 3 abstentions.

To expand Action 5 to include maintenance of PFQ shares between permits.

Motion carried 10 to 0 with 2 abstentions.

The AP discussed the need to ensure that only operators actively providing access to the resource for the public would be able to retain shares. The AP passed the following motion:

Explore a use-it or lose-it requirement to maintain shares over a to-be-determined time period with an appeals process.

Motion carried 12 to 0 with 1 abstention.

In the event that a permit holder would be required to divest of shares, such as under a use-it or lose-it provision, the AP noted that the shares would need to be redistributed. To accomplish this, the AP passed the following motion:

To explore establishment of a process of redistribution of divested shares by the agency with three options: 1. Equal distribution across permits. 2. Proportional distribution to the permits according to the initial allocation formula. 3. Additional formulas that staff would recommend.

Motion carried 12 to 0 with 1 abstention.

The AP discussed Amendment 41 in relation to Amendment 42. One concern raised was the potential for headboat operators to opt-out of Amendment 42 and be classified as a charter vessel under Amendment 41 to receive allocation. Given that the headboat survey vessels that fall under Amendment 42 have large permit capacities, those that opt to participate under the charter vessel program would likely qualify for a large allocation. This could dilute the amount of allocation available to the charter vessels that would participate in the program developed through Amendment 41. In addition, the AP recommends that the Council reconsider the time series to use for allocating the for-hire component's quota between participants of Amendments 41 and 42. The AP passed the following motions:

That the Council prohibit, as they develop future amendments, vessels that have participated in the headboat fishery or received shares under Amendment 42 from participating in the charter for-hire sector under Amendment 41 by having a permit from each program on the same vessel.

Motion carried 11 to 0 with 1 abstention.

That Action 5 Alternative 5 of Amendment 42 be the Preferred Alternative, the same allocation used in Amendment 40.

Alternative 5: Allocate a portion of the recreational ACL *for red snapper only* to the LHV Program based on 50% average from 1986-2013 (2010 excluded) and 50% average landings from 2006-2013 (2010 excluded). (Preferred Alternative from Amendment 40)

Motion carried 12 to 0 with 1 abstention.

Modifications to Charter Vessel and Headboat Reporting Requirements Generic Amendment

Staff presented the amendment's actions that affect charter vessels. Action 1 addresses the frequency of electronic reporting by charter vessels. Some AP members felt it would be difficult to electronically report the catches of their passengers before reaching the dock. Other AP members noted the difficulty to accurately recall landings information following the day of a trip. Action 3 would require charter vessels to notify NMFS of the departure (hail-out) and return (hail-in) of each charter trip. The hail-out would likely be

accomplished by VMS, and an AP member noted his objection to the required use of VMS. The AP then passed the following motions:

In Action 1, to support Alternative 4 as the AP's Preferred Alternative.

Preferred Alternative 4. Require that federally permitted charter vessels submit fishing records to NMFS for each trip via electronically reporting (via NMFS approved hardware/software) prior to arriving at the dock.

Motion carried 7 to 3 with 1 abstention.

In Action 3, to support Alternatives 2 and 3 as the AP's Preferred Alternatives.

Motion carried 9 to 2 with 1 abstention.

Action 4 addresses the hardware/software requirements for submitting fishing records and providing location. The AP discussed Alternative 3 as preferred over Alternative 4, as some AP members did not feel that the equipment should have to be permanently affixed to the vessel. Other AP members raised the point that while catch, effort, and spatial information is needed, that information was not needed to be in real-time. Further, the collection of real-time vessel location data would be more expensive than the archived GPS capabilities under Alternative 2. The AP then passed the following motion:

Substitute Motion: In Action 4, to select Alternative 2 as the AP's Preferred Alternative.

Motion carried unanimously.

By consensus, the AP also requests that the Council reconvene the AP following the October Council meeting at its earliest convenience. The meeting adjourned at 5:00 p.m. on September 27.

The following is a list of failed and withdrawn motions.

Amendment 41

Action 1: Type of Allocation-based Management Program

Motion: To create and analyze a series of options as Alternative 4 that would establish a harvest tag program that provides both recreational participants and for-hire captains with annual allocation distributed in the form of harvest tags to be used with federally permitted charter vessels.

Motion failed 11 to 2.

Action 3: Apportioning the Charter Quota to Charter Vessels

Motion: In the initial allocation of shares in a PFQ system, the distribution will be by the permit capacity or the US Coast Guard charter vessel capacity, whichever is less.

Motion withdrawn.

Action 3: Apportioning the Charter Quota to Charter Vessels

Motion: Recommend to Council that vessels be allowed to have initial allocation under only one Amendment 41 or 42.

Motion withdrawn.

Action 3: Apportioning the Charter Quota to Charter Vessels

Motion: To recommend to the Council that the following additional qualifiers be considered for eligibility for the program: Legal business requirements for your operation area.

Motion withdrawn.

Action 4: Transferability of Shares

Motion: Action 4 to add in a new Alternative that only active and/or eligible permit holders can participate in the transfer of shares.

Motion withdrawn.

Action 7: Share Caps

Motion: In Action 7, Alternative 3 shall read “no one entity shall own shares which comprise more than 1% of the total charter vessel quota.”

Motion withdrawn.

Modifications to Charter Vessel and Headboat Reporting Requirements

Motion: In Action 4, to select Alternative 3 as the AP’s Preferred Alternative. Substitute motion carried unanimously.