



Tab B, No. 10(b)

Reef Fish Amendment 36B:

# Commercial IFQ Program Modifications



# Definitions

- An IFQ share is a percentage of the commercial quota.
- IFQ allocation refers to the actual pounds of fish represented by the shares.
- For example, a 1% share of a 100,000-lb quota would provide 1,000 lbs of fish to the account holder.



# Overview

- Purpose and Need, and Program Goals
- Program Eligibility Requirements (commercial permit)
- Distribution of Non-activated Shares (36A)
- Quota Bank
- Accuracy of estimated weights in landing notifications



# Purpose and Need

- The purpose of this action is to review and consider updates to the IFQ programs' goals and objectives as evaluated in the 5-year reviews and to address changes in the fishery since implementation of the programs, which would support the revised goals.

One new goal is to identify quota set-asides to address and assist small participants and new entrants, and to reduce discards.

In addition, the purpose would be to increase access to shares to actively fishing eligible commercial fishermen.

- The need is to prevent overfishing; to achieve, on a continuing basis, the optimum yield from federally managed fish stocks; to address social and economic issues that have affected fishing communities and participation in the fisheries; and to rebuild the red snapper stock.



# Program Goals

## **Existing Goals:**

- Reduce Overcapacity
- Eliminate Derby Fishing



# Program Goals

## **New Goals added:**

- Identify quota set-asides to address and assist small participants and new entrants, and to reduce discards. (Oct 2017)
- Increase access to shares to actively fishing eligible commercial fishermen. (Jan 2019)



# 1.1. Program Eligibility Requirements

- **Alternative 1:** No Action.

In order to obtain (transfer into an account) or maintain shares (hold existing shares in an account):

- **Alternative 2:** all shareholders must possess a valid or renewable commercial reef fish permit.
- **Alternative 3:** shareholders who entered the IFQ programs after January 1, 2015, must possess a valid or renewable commercial reef fish permit.
- **Alternative 4:** shareholders who enter the IFQ program following implementation of this amendment must possess a valid or renewable commercial reef fish permit.



# 1.1. Program Eligibility Requirements

- **Alternative 5:** Restrict the amount of shares that may be held at any one time by a shareholder account without a valid or renewable commercial reef fish permit to a maximum of:
  - **Option 5a:** 5% of a share category's share cap.
  - **Option 5b:** 10% of a share category's share cap.
  - **Option 5c:** 20% of a share category's share cap.
  - **Option 5d:** 30% of a share category's share cap.





## 1.2. Share Divestment

**Alternative 1:** No Action.

**Alternative 2:** A shareholder with shares that does not have an account associated with a commercial reef fish permit must divest of shares as needed to meet the requirements set in Action 1.1 or the shares will be reclaimed by NMFS:

**Option 2a:** Within 1 year

**Option 2b:** Within 3 years

following the effective date of the final rule implementing this amendment.



## 1.2. Share Divestment

**Alternative 3:** After implementation of this amendment, if a shareholder sells their permit or does not renew the permit within one year of the expiration date (termination), they must divest of shares as needed to meet the requirements set in Action 1.1 or the shares will be reclaimed by NMFS:

**Option 3a:** Within 1 year

**Option 3b:** Within 3 years

following the sale or termination of the permit.



## 2. Distribution of Reclaimed Shares

**Alternative 1:** No Action.

Distribute reclaimed shares held by NMFS among all accounts with shares of each share category to shareholders within one month of the effective date for the final rule implementing this amendment:

**Alternative 2:** Equally

**Alternative 3:** Proportionally

**Alternative 4:** Establish a NMFS-administered quota bank with the reclaimed shares. NMFS will retain the shares and distribute the allocation associated with the shares each year.



## 2. Distribution of Reclaimed Shares

**Table:** For each share category, the amount of shares revoked from non-activated accounts, the quota for 2018, and the resulting pounds (gutted weight) of allocation represented by the shares.

Share category	Reclaimed Shares	2018 Quota	2018 Allocation
DWG	0.028405%	1,024,000	291
RG	0.106974%	7,780,000	8,323
GG	0.182621%	939,000	1,715
SWG	0.451821%	525,000	2,372
TF	0.055081%	582,000	321
RS	0.078800%	6,312,613	4,974



# Action 3: Quota Bank

Action 3.1: Thresholds of allocation to add to quota bank (*How much quota to put into the bank?*)

Action 3.2: Eligible recipients of allocation from the quota bank (*Who can receive quota from the bank?*)

Action 3.3: Amount of allocation for eligible recipients (*How much quota to provide per eligible recipient/group of recipients?*)

Action 3.4: Distribution of allocation (*How will the quota be distributed, e.g., equally, lottery, etc.*)



# Action 3.1: Thresholds of Allocation to add to Quota Bank

- **Alternative 1:** No Action.
- **Alternative 2:** Each year on January 1, add to the quota bank the amount of allocation greater than the commercial quota at the time of the respective RS-IFQ or GT-IFQ program's final approval by the Council for the selected share category(s):
- **Alternative 3:** Each year, add to the quota bank the amount of allocation greater than the largest commercial quota between 2007 and 2018 of the respective share category for the selected share category(s):
  - **Option 2a or 3a:** red snapper.
  - **Option 2b or 3b:** all grouper-tilefish share categories.



# Action 3.2: Eligible recipients of allocation from the quota bank

- Currently, there is no definition of “small participant” or “new entrant” in the commercial IFQ programs; reduce discards in eastern Gulf.
- Council must define the characteristics of who would qualify.
  - Landings history (poundage; time series)
  - Shareholdings (small; non-shareholders)
  - Use of allocation (landings vs. transferring)
  - Permit holdings



# Action 3.3: Amount of allocation available for eligible recipients

- How much allocation should be provided to each group of recipients, and to each entity within each group?
  - Small participants
  - New entrants
  - For addressing discards
  - (Actively fishing eligible fishermen)





# Action 3.4: Distribution of allocation to eligible recipients

- What method would be used to distribute the allocation?
  - Equally
  - Weighted by some measure of participation (i.e., those who can demonstrate more fishing activity would receive more allocation)
  - Use an adaptive management redistribution method based on cyclical redistribution related to fishing participation
  - Lottery



# Action 4: Accuracy of Estimated Weights in Advance Landing Notifications

- **Alternative 1:** No Action.
- **Alternative 2:** Require that the estimated weight reported on advance landing notifications be within 10% of actual landed weight per share category when the total weight on board of that share category is more than:
- **Alternative 3:** Require that the estimated weight reported on advance landing notifications be within 20% of actual landed weight per share category when the total landed weight of that share category is more than:
  - **Option 2a or 3a:** 100 lbs.
  - **Option 2b or 3b:** 500 lbs.



# Estimated Weights of Red Snapper

- In 2018, 6,285,648 lbs gw of red snapper from 4,567 landings.
- 446 unique vessels had landings.

	2018 Trips with Landings of:	≤500 lbs	501 – 2,000 lbs	> 2,000 lbs
Estimate <u>less</u> than the landed weight	Difference between 0 – 10%	376	364	394
	Difference between 11– 20%	333	243	99
	Difference greater than 20%	635	419	77
Estimate <u>greater</u> than the landed weight	Difference between 0 – 10%	433	242	148
	Difference between 11– 20%	191	96	24
	Difference greater than 20%	414	73	6

# Estimated Weights of Red Snapper

	Trips with Landings of:	≤500 lbs	501 – 2,000 lbs	> 2,000 lbs	Total
Estimate <u>less</u> than the landed weight	Difference between 0 – 10%	8.2%	8.0%	8.6%	24.8%
	Difference between 11– 20%	7.3%	5.3%	2.2%	14.8%
	Difference greater than 20%	13.9%	9.2%	1.7%	24.8%
Estimate <u>greater</u> than the landed weight	Difference between 0 – 10%	9.5%	5.3%	3.2%	18.0%
	Difference between 11– 20%	4.2%	2.1%	0.5%	6.8%
	Difference greater than 20%	9.1%	1.6%	0.1%	10.8%
	Total	52.2%	31.5%	16.4%	100.0%

4,567 total notifications

# Estimated Weights of Red Snapper

	2018 Trips with Landings in:	AL	FL	LA/MS	TX
Estimate <u>less</u> than the landed weight	Difference between 0 – 10%	58	676	208	192
	Difference between 11– 20%	33	505	68	69
	Difference greater than 20%	92	894	110	35
Estimate <u>greater</u> than the landed weight	Difference between 0 – 10%	73	570	103	77
	Difference between 11– 20%	15	227	32	37
	Difference greater than 20%	19	374	37	63

4,567 total notifications (LA/MS aggregated for confidentiality)

# Estimated Weights of Red Snapper

	Trips w/Landings	AL	FL	LA/MS	TX	Total
Estimate <u>less</u> than the landed weight	Difference between 0 – 10%	1.3%	14.8%	4.6%	4.2%	24.8%
	Difference between 11– 20%	0.7%	11.1%	1.5%	1.5%	14.8%
	Difference greater than 20%	2.0%	19.6%	2.4%	0.8%	24.8%
Estimate <u>greater</u> than the landed weight	Difference between 0 – 10%	1.6%	12.5%	2.3%	1.7%	18.0%
	Difference between 11– 20%	0.3%	5.0%	0.7%	0.8%	6.8%
	Difference greater than 20%	0.4%	8.2%	0.8%	1.4%	10.8%
	Total	6.3%	71.1%	12.2%	10.4%	100.0%

4,567 total notifications (LA/MS aggregated for confidentiality)

# Estimated Weights of Red Grouper

- In 2018, 2,363,280 lbs gw of red grouper from 3,296 landings
- 376 unique vessels had landings.

	2018 Trips with Landings of:	≤500 lbs	501 – 2,000 lbs	> 2,000 lbs
Estimate <u>less</u> than the landed weight	Difference between 0 – 10%	349	109	148
	Difference between 11– 20%	335	80	51
	Difference greater than 20%	721	112	19
Estimate <u>greater</u> than the landed weight	Difference between 0 – 10%	373	96	79
	Difference between 11– 20%	194	47	37
	Difference greater than 20%	437	68	41

# Estimated Weights of Red Grouper

- In 2018, 2,363,280 lbs gw of red grouper from 3,296 landings
- 376 unique vessels had landings.

	<b>Trips with Landings of:</b>	<b>≤500 lbs</b>	<b>501 – 2,000 lbs</b>	<b>&gt; 2,000 lbs</b>	<b>Total</b>
Estimate <u>less</u> than the landed weight	Difference between 0 – 10%	10.6%	3.3%	4.5%	18.4%
	Difference between 11– 20%	10.2%	2.4%	1.5%	14.1%
	Difference greater than 20%	21.9%	3.4%	0.6%	25.8%
Estimate <u>greater</u> than the landed weight	Difference between 0 – 10%	11.3%	2.9%	2.4%	16.6%
	Difference between 11– 20%	5.9%	1.4%	1.1%	8.4%
	Difference greater than 20%	13.3%	2.1%	1.2%	16.6%
	<b>Total</b>	<b>73.1%</b>	<b>15.5%</b>	<b>11.4%</b>	<b>100.0%</b>