

**Ad Hoc Red Snapper/Grouper-Tilefish IFQ Advisory Panel
Meeting Summary
Tampa, FL
November 7, 2018**

Advisory Panel Members

Jane Black-Lee
William Copeland
Jason DeLaCruz
J. David Floyd
Buddy Guindon
Scott Hickman
David Krebs
H.D. Pappas
Dennis Parker
Nick Ruland
Lisa Schmidt
Jerri Smitko
Brian Swindle
Steve Tomeny
David Walker
Wayne Werner
Jim Zubrick

Council, Council Staff, and NMFS Staff

Leann Bosarge
Assane Diagne
Ava Lasseter
Jessica Matos
Roy Crabtree
Alisha DiLeone
Peter Hood

Others

Eric Brazer – presenter
Paul Parker – presenter
Karen Bell
Casey Streeter

The Ad Hoc Red Snapper/Grouper-Tilefish IFQ Advisory Panel (AP) was convened at 8:30 a.m. on November 7, 2018, in Tampa, Florida to provide recommendations to the Gulf of Mexico Fishery Management Council (Council) on the commercial IFQ programs and the proposed actions in Amendment 36B. The AP approved the April 2018 meeting summary and adopted the agenda, then heard presentations on privately run quota banks from Eric Brazer (Gulf of Mexico Shareholders' Alliance) and Paul Parker (Trust Conservation Innovation). Following the presentations, the AP began discussing modifications to the IFQ programs and quota banks.

In response to questions from AP members, Dr. Crabtree noted that for a quota bank to be feasible, there would need to be enough fish in it to make it worth running. He added that it would likely take at least a year after the Council takes final action on an amendment to get a quota bank up and running.

AP members discussed concerns relative to establishing a quota bank, highlighting the following:

- the importance of first identifying a purpose and need;
- the Fishery Finance Program is available for fishermen to obtain a loan to buy shares;
- the importance of not disassembling the IFQ system, which is working; and
- that the industry has the ability to develop necessary solutions in their own communities.

AP members expressed support for quota banks based on the following:

- some quota could be used for regulatory discards, because red snapper are now in the east while groupers are declining;
- need a way for replacement fishermen to enter the fishery; and
- there is limited availability of shares in southern Florida.

An AP member noted that with the red snapper quota increasing in 2019, part of the increase could be used for a quota bank. He added that there are problems in the grouper fishery and asked if an allocation trading program could be considered, such that some number of pounds of grouper allocation could be traded for red snapper allocation.

AP members also discussed the amount of red snapper quota that would be needed by a vessel, and whether red snapper should be a targeted commercial fishery or if instead, allocation should be used primarily for incidental catches. Regarding auctions, there was concern expressed as small participants would be unable to compete with large well-funded organizations.

Following a lunch break, AP members resumed the discussion alongside the proposed actions in Amendment 36B. AP members discussed the proposal to require shareholders to have a commercial reef fish permit (Action 1.1). An AP member felt that implementing this after years of IFQ management would lead to even more consolidation in the fishery. There was concern that any new restrictions would affect existing permit prices and availability. A member noted that as a result of considering this action, the price of a commercial reef fish permit has increased to \$20,000. AP members also noted ways that participants could get around the new requirement, and wondered if the Council intended that dealers should be required to possess a permit and vessel. By a vote of 14 to 3, the AP then passed the following motion:

To recommend to the Council in Action 1, Alternative 1 be the preferred.

Alternative 1: Do not establish requirements to obtain or maintain shares.

Because the AP does not support a requirement that shareholders possess a commercial reef fish permit, the AP did not support Action 1.2, which addresses the divestment of shares in the event some shareholders are unable to obtain a permit, if required in Action 1.1. The AP passed the following motion:

To recommend to the Council in Action 1.2 to make Alternative 1 the preferred.

Alternative 1: No Action. If the Council requires some or all shareholders to possess a commercial reef fish permit in Action 1.1, there is no specified time by which shareholders must comply with the requirement.

The AP discussed Action 2, which would distribute the shares from non-activated accounts reclaimed through Amendment 36A, in terms of the creation of a quota bank. An AP member said it would be helpful to get an estimate of the amount of discarded red snapper in the eastern Gulf. This would help the Council determine the quota needs to address the problem. AP members discussed alternative methods to distribute IFQ shares from non-activated accounts. Recognizing that the amount of reclaimed shares may not be enough for a distribution to all eligible accounts, the AP passed the following motion by a vote of 15 to 1:

To recommend to the Council to add an alternative [to Action 2] to equally distribute reclaimed shares held by NMFS among all accounts with landings of the most current year of each share category to shareholders within one month of the effective date for the final rule implementing this amendment.

The AP noted its appreciation for the opportunity to discuss ways to alleviate problems such as the increase of red snapper in the eastern Gulf. However, AP members added that the commercial industry does not support most of the changes proposed in Amendment 36B.

The AP discussed Action 4, which considers requiring hail-in estimates to be more accurate. Some AP members felt such a requirement was unnecessary, stating the hail-in estimate was not intended to be used to penalize fishermen. An AP member questioned whether it was necessary to have an estimated weight at all, but another member thought it was good to give law enforcement an idea about the approximate magnitude of the catch. Some members noted it is most important that a vessel has sufficient allocation in its account for landings. The AP then passed the following motion by a vote of 15 to 1:

To recommend to the Council in Action 4, to make Alternative 1 the preferred.
Alternative 1: Do not change the current reporting requirement regarding estimated weight of IFQ species to be landed on the advance landing notification.

The AP then resumed discussing Amendment 36B and the pros and cons of a quota bank. The AP developed the following statement and table, and passed each by a vote of 16 to 1:

To make a statement to the Council to consider the following discussion regarding unintended consequences from Action 1.1:

- There is concern that all permits will be bought up by those who need to keep their shares, so permits would not be available, or the price would be driven higher to those who need them to fish.
- If we change the system that is in place, it will affect the availability of leased fish and probably drive the lease price to available fish even higher.
- Talking about this amendment has led to more and more new shareholders and more and more participants in the fishery and has possibly artificially raised the price of permits. People anticipating that the Council will further limit access to the fishery would cause a rush of people to get into the fishery before the changes are implemented.
- Speaking to the requirement for shareholders to have a permit in Action 1.1, dealers who own shares and don't own permitted vessels and lease allocation to vessels that fish for them would be adversely impacted.
- If you have a shareholder and put in place a permit requirement he could go to a vessel owner with a permit and make a contractual agreement where he would be leasing the permit.

Pro – For a NOAA quota bank	Con – against a NOAA quota bank
	Council designed with little input on how they will fill it
It would be run by the government, so it will be slow and hard to make adjustments	What you hand off may not be what they build
Direct quota to deal with discards in more timely fashion	The industry already has a quota bank that is 3 years old
	We already have de facto quota banks in the fish houses to balance out a year's worth of quota
	We don't know who the quota can be auctioned to once it's in the bank
	We don't know how many fish it would take to alleviate the commercial discard problem in the eastern Gulf

The AP also discussed the issue with red grouper availability and passed the following motion:

The AP supports the Council's reduction of the red grouper ACL.

The meeting adjourned at 5 p.m.

Failed and withdrawn motions:

Motion: To recommend the Gulf Council to direct NOAA staff to study and develop an Actions and Alternatives for modifying the distribution of commercial allocation within the IFQ fisheries to provide greater flexibility to address current and future issues and concerns. Specifically, this analysis should examine replacing the current % of allocation/share by a fixed lbs/share.

Motion failed 2-13.

Motion: To recommend the Council adopt Action 3.1 Alternative 1 as the preferred.

Alternative 1: No Action. Do not add allocation to the quota bank from any share category. The quota bank holds shares reclaimed through Amendment 36A or Action 1 of Amendment 36B. Motion tabled.

Substitute Motion: To consider under 2.2 Action 2 that unclaimed shares be set aside for a science/observer based program which is intended to validate/retain dead discards on sanctioned fishing/research trips.

Motion failed.

2nd Substitute motion: Open a quota bank and use all 12 years' worth of fish.

Motion failed.

Motion: To recommend to the Council that in Action 2 to make Alternative 4 the preferred.

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.

Motion failed.

Substitute motion: That unclaimed shares be set aside to be used in an industry/NMFS coalition quota bank to address discard mortality.

Substitute motion withdrawn.

Motion: **Alternative 1:** No Action. Do not distribute reclaimed shares, including the shares reclaimed through Amendment 36A or Action 1 of Amendment 36B at this time.

Motion failed 3 – 10.

Motion: To recommend to the Council in Action 2, Alternative 3 be the preferred.

Alternative 3: Proportionally distribute reclaimed shares held by NMFS among accounts with shareholdings of each share category within one month of the effective date for the final rule implementing this amendment.

Motion withdrawn.

Motion: To recommend to the Council in Action 2, Alternative 2 be the preferred.

Alternative 2: Equally 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.

Substitute motion made that carried.