



Tab B, No. 7(b)

Reef Fish Amendment 36B:

Commercial IFQ Program Modifications

August 2019



Overview

- Purpose and Need – Program Goals
- Action 1 – Require shareholders to have a commercial reef fish permit (Action 1.1) and establish a process for share divestment for those unable to meet new requirements (Action 1.2)
- Action 2 – Distribute shares reclaimed through 36A, plus any divested shares, or use those shares to create a quota bank
- Action 3 – Developing a Quota Bank (Actions 3.1-3.4)
- Action 4 – Accuracy of estimated weights in landing notifications



Definitions

- An IFQ share is a percentage of the commercial quota. Shares are durable; they remain with shareholder until transferred, then belong to a new shareholder.
- IFQ allocation refers to the actual pounds of fish represented by the shares, to catch that many pounds of fish that year. Unused allocation is removed at the end of the year.
- For example, a 1% share of a 100,000-lb quota would provide 1,000 lbs of fish annually.



Council Motions

- To identify quota set-asides to address and assist small participants and new entrants, and to reduce discards. (Oct 2017)
- To create a quota set-aside from non-activated accounts to run a NOAA quota bank for addressing commercial discards. The Council shall create an industry steering committee to provide advice in the administration of the program. (Apr 2018)
- To increase access to shares to actively fishing eligible commercial fishermen. (Jan 2019)



Purpose and Need

- The purpose of this action is to assist small participants and new entrants to the IFQ programs; to reduce discards, and to increase access to shares to actively fishing eligible commercial fishermen.
- The need is to modify the IFQ programs to reflect changes in the fishery since implementation of the programs; to address social and economic issues that have affected fishing communities and participation in the fisheries; to prevent overfishing; to achieve, on a continuing basis, the optimum yield from federally managed fish stocks; and to rebuild the red snapper stock.



1.1. Permit Requirement

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. Permit Requirement

Number of accounts with shares and shareholdings by accounts with and without a commercial reef fish permit at the end of 2016 for each IFQ share category.

	# of Accounts		% of Shares	
Share Category	Permit	No Permit	Permit	No Permit
RS	247	127	70%	30%
DWG	262	97	85%	15%
GG	390	181	85%	15%
RG	360	170	79%	21%
SWG	390	187	85%	15%
TF	155	56	87%	13%

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:

Alternative 2: Equally.

Alternative 3: Proportionally.

Alternative 4: Equally among accounts with shares that represent no more than 500 lbs of allocation.

Alternative 5: 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

Share category	Reclaimed Shares	2019 Quota (lbs gw)	2019 Allocation (lbs)	# Accounts with shares ≤ 500 lbs
DWG	0.028405%	1,024,000	291	207
RG	0.106974%	3,000,000	3,209	178
GG	0.182621%	939,000	1,715	291
SWG	0.451821%	525,000	2,372	336
TF	0.055081%	582,000	321	139
RS	0.078800%	6,937,838	5,467	111

Action 3: Quota Bank

Action 3.1: Threshold of allocation to add to quota bank *(How much quota to put in bank?)
(Red snapper? Grouper-tilefish?)*

Action 3.2: Eligible recipients of allocation from the quota bank *(Who is eligible?)
(Who is a small participant?
New entrant? Who qualifies to reduce discards?)*

Action 3.3: Amount of allocation for eligible recipients *(How much allocation for each group of recipients?)
(How much for each individual recipient?)*

Action 3.4: Distribution of allocation *(How will the quota be distributed? By lottery? Weighting or adaptive redistribution based on fishing activity?)*



Action 3.1: Thresholds of Allocation to add to Quota Bank

Alternative 1: No Action.

Each year on January 1, add to the quota bank the amount of allocation greater than the:

Alternative 2: 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: 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 categories.

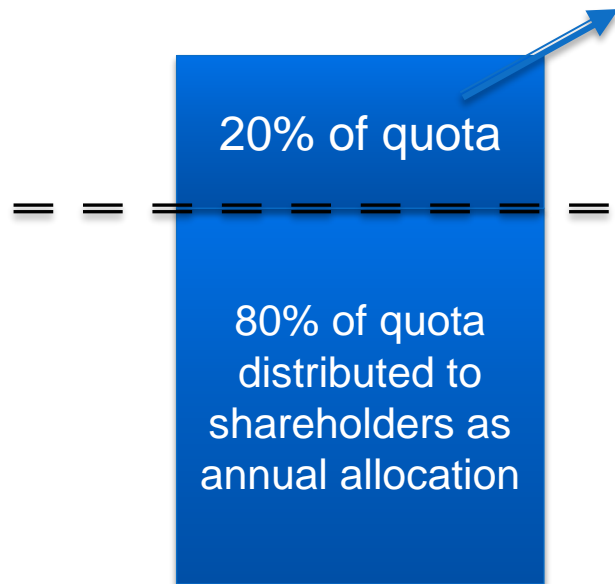


Set-aside example for a quota bank

2019 red snapper quota: 6,937,838 lbs gw

100% of quota
distributed to
shareholders as
pounds of
allocation on Jan
1 each year

1% shares
represents 1% of
the year's quota,
or 69,378 lbs gw



1% shares
distributed
based on 80%
of the year's
quota, or
55,503 lbs gw

= 1,387,568 lbs gw distributed
to vessels as pounds of annual
allocation

= Threshold = 80% of quota
(0.5 mp gw more than
2013-2014 quota)



Action 3.2: Eligible recipients of allocation from the quota bank

- “The purpose of this action is to assist **small participants** and **new entrants** to the IFQ programs; to **reduce discards**, and to increase access to shares to **actively fishing** eligible commercial fishermen.”
- Currently, there is no definition of “small participant,” “new entrant,” or “actively fishing” in the commercial IFQ programs; nor who would be eligible for quota to reduce discards in eastern Gulf.



Define the terms

Who are...

- small participants?
- new entrants?
- those who need allocation to reduce discards?
- actively fishing eligible commercial fishermen?



Who are small participants?

- Are small participants the same as new entrants?
- Do they own a permit?
- Do they have shares?
- Do they have a history of landing IFQ allocation?
- Do they qualify as a small participant in one IFQ program, but not the other?



Action 3.3: Amount of allocation available for eligible recipients

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



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: When the estimated weight for a share category is less than the actual landed weight of that share category, the difference between the estimated weight and the actual landed weight cannot be greater than 25% of the estimated weight. This requirement applies when the actual landed weight of that share category is equal to or greater than:

Options a: 100 lbs.

Options b: 500 lbs.

Options c: 750 lbs.

Alternatives 3-5: 50%, 75%, or 100%.



Action 4: Example – Estimated Weights in Advance Landing Notifications

	Estimated Weight	Actual Landed Weight	Difference	Percent of Estimated Weight
Alternative 2	1,000	1,250	250	25%
Alternative 3	1,000	1,500	500	50%
Alternative 4	1,000	1,750	750	75%
Alternative 5	1,000	2,000	1,000	100%

Estimated Weights of Red Snapper

# Trips with Landings of:		≤100 lbs	101 - 500 lbs	501 - 750 lbs	>750 lbs	Total	
Estimate <u>less</u> than landed weight	Estimate of 0, but made landings		41	14	1	3	59
	Difference between:	0.01% – 25%	170	539	236	864	1,809
		25.01% – 50%	72	187	97	164	520
		50.01% – 75%	29	72	32	98	231
		75.01% – 100%	37	36	10	34	117
	Difference greater than 100%		44	103	17	40	204
Estimate <u>equal</u> to landed weight		93	45	4	13	155	
Estimate <u>greater</u> than landed weight		289	612	122	450	1,473	

- 4,568 total notifications by 446 unique vessels
- 6,285,704 lbs gw red snapper landed

Estimated Weights of Red Snapper

# Trips with Landings of:		≤100 lbs	101 - 500 lbs	501 - 750 lbs	>750 lbs	Total	
Estimate <u>less</u> than landed weight	Estimate of 0, but made landings		0.9%	0.3%	0.0%	0.1%	1.3%
	Difference between:	0.01% – 25%	3.7%	11.8%	5.2%	18.9%	39.6%
		25.01% – 50%	1.6%	4.1%	2.1%	3.6%	11.4%
		50.01% – 75%	0.6%	1.6%	0.7%	2.1%	5.1%
		75.01% – 100%	0.8%	0.8%	0.2%	0.7%	2.6%
	Difference greater than 100%		1.0%	2.3%	0.4%	0.9%	4.5%
Estimate <u>equal</u> to landed weight		2.0%	1.0%	0.1%	0.3%	3.4%	
Estimate <u>greater</u> than landed weight		6.3%	13.4%	2.7%	9.9%	32.2%	

- 4,568 total notifications by 446 unique vessels
- 6,285,704 lbs gw red snapper landed