

**Ad Hoc Red Snapper/Grouper-Tilefish IFQ Advisory Panel
Meeting Summary
Tampa, FL
April 10, 2018**

Advisory Panel Members

Jane Black-Lee
William Copeland
Jason DeLaCruz
Jonathan “David” Floyd
Keith “Buddy” Guindon
Scott Hickman
David Krebs
Harris Pappas
Dennis Parker
Franklin Parker
Nick Ruland
Lisa Schmidt
Jerri Smitko
James “Brian” Swindle
Theodore “Steve” Tomeny
David Walker
Wayne Werner
Jim Zurbrick

Council, Council Staff and NMFS Staff

John Sanchez
Leann Bosarge
Ava Lasseter
Karen Hoak
Assane Diagne
Jessica Stephen
Mike Travis
Matt Freeman

Others

Ryan Bradley
Eric Brazer
Allisha DiLeone
Bob Gill
Brad Gorst
Mike Jepson
Wallace Lee
Christina Package-Ward
Elizabeth Silleck

The Ad Hoc Red Snapper/Grouper-Tilefish IFQ Advisory Panel (AP) was convened April 10, 2018 in Tampa, Florida to provide recommendations to the Gulf of Mexico Fishery Management Council (Council) on the commercial IFQ programs. David Krebs was elected Chair and David Walker was elected Vice-Chair.

Grouper-Tilefish IFQ Program 5-year Review

Staff gave a presentation on the Grouper-Tilefish IFQ Program 5-year Review and summarized the supporting surveys with program participants, dealers, and captains and crew. The AP discussed discards and noted that some concerns are specific to the Red Snapper IFQ program and may not be applicable to the Grouper-Tilefish IFQ program. AP members expressed concern with the red grouper quota increases, noting that there is a problem with the stock as the fleet is not catching the quota. In that case, the AP noted that further reducing fishing capacity for red grouper may not be desirable. The AP then passed the following motion.

To endorse the conclusion of the Grouper-Tilefish IFQ program, that the program is meeting its objectives. The AP formally endorses the conclusion of this review in accordance with the MSA.

The AP discussed the multiple reporting systems in which commercial reef fish fishermen must participate and the difficulties in reconciling the different datasets. The AP then passed the following motion.

That staff develop the use of a system using a unique trip ID number (hail out number) to follow the entire transaction from start to finish.

AP members discussed missing or inaccurate annual allocation and share prices and made the following motion.

To support exploration of strategies to improve the collection of accurate share and allocation price data.

Reef Fish Amendment 36A

Staff reviewed the actions taken in Reef Fish Amendment 36A, on which the Council took final action in April 2017. The amendment is currently under review by the Secretary of Commerce. The AP then passed the following motion, with one in opposition.

The IFQ AP supports the original Reef Fish AP [Oct 4-5, 2016] recommendation to not allow withholding allocation at the beginning of the year in advance of an anticipated quota reduction.

Reef Fish Amendment 36B

Staff reviewed the options paper for Amendment 36B. AP members noted that the IFQ programs have changed the way fishermen fish and discussed several ideas including setting up an exchange. The exchange would assist small operators to find allocation openly, help in adjusting the distribution of allocation to better reflect the geographical distribution of the fish, and support communities where fewer fish are available locally when shares are sold to fishermen in other parts of the Gulf, e.g., when older fishermen retire or pass away. Other AP members did not want the government controlling where shares go and noted that redistribution methods would be a big change to the system and unintended consequences could result.

AP members discussed the potential action to require shareholders to have a reef fish permit. AP members noted that, during the design phase of the program, the commercial industry expressed its opposition to opening the program to people without permits. However, now that permits have not been required for several years, unintended consequences could arise from reinstating the permit requirement. For example, the cost of permits has increased dramatically in anticipation that the requirement may be reinstated, and it will cost new entrants even more to get into the fishery. It was also noted that people would be able to find ways around the permit

requirement, if reinstated, such as through the creation of corporations. With four in opposition, the AP then passed the following motion.

For program participation, do not require a reef fish permit to be a shareholder thereby retaining the current regulations.

AP members discussed the small amount of shares held in the non-activated accounts that will be returned to NMFS when Amendment 36A is implemented. AP members expressed interest in improving access to quota for new entrants and discussed that guidelines could be established to define new entrants. AP members noted the importance of industry input in future decisions on quota availability. With four opposed and one abstention, the AP passed the following motion.

To create a quota set aside from non-activated accounts to run a NOAA quota bank for addressing commercial discards. NOAA shall create an industry steering committee to advise in the administration of the program.

AP members further discussed the goals and objectives of the IFQ programs, including the relationship between reducing overcapacity and the need for new entrants in the fishery, and stated that further progress could be made toward reducing capacity and improving safety-at-sea. With two in opposition, the AP passed the following motion.

For Goals and Objectives: To retain the goals of reducing overcapacity and improving safety at sea.

An AP member noted that a lease-to-own provision would be unenforceable and would lead to increased lease prices. With no opposition, the AP passed the following motion.

To move Section 2.3.1 (Lease-to-own provision) to considered but rejected.

Although share and allocation transfers are processed through the NMFS online system, the agreement is a private transaction made between two parties. An AP member who is a new entrant described his difficulty in finding allocation to lease, as he does not personally know many shareholders who may have allocation available. He expressed interest in having a public marketplace where people with shares or allocation available for purchase could be connected with those looking to buy it. NMFS staff suggested that a message board to help connect buyers and sellers of shares and allocation could be considered. With no opposition, the AP passed the following motion.

For NMFS to establish an information exchange for shares/allocation of IFQ reef fish. Guidelines for the scope and rules of operation to be established, once approved.

Concerning quota set-asides, an AP member raised the issue of distributing future quota increases differently than to existing shareholders. With three AP members abstaining, the AP passed the following motion.

The AP would like to consider future potential set asides of a percentage of any quota increases, after the Council and the Advisory Panel designs a mechanism with an associated purpose and need.

AP members discussed the white paper on rents and royalties that was requested by the Council at its January 2018 meeting. The following motion passed with no opposition.

To recommend to the Council to include, in developing the white paper on rents and royalties requested by the Council at its January 2018 meeting:

- **a list of the goals and objectives of Amendment 26 and how imposing royalties would either advance or undermine those goals and objectives, and**
- **information on the likely effects of royalties on consumer prices for commercially caught red snapper, and on lease prices for allocation along with resulting impacts on new entrants and bycatch.**

Council Motion January 2018: To instruct staff to start a white paper exploring rents/royalties in the Gulf commercial red snapper fishery for allocation above 4.65 million pounds. The white paper should include but not be limited to: a definition of rents/royalties, examples of resource rent collection in other public resource uses, a calculation of Gulf red snapper rents/royalties value, alternative methods of rents/royalties collection and alternative methods for redistribution of shares.

With one opposed, the AP passed the following motion.

To recommend to the Council to analyze recreational rents and royalties as part of the white paper.

AP members discussed how a loan program could be used to help new entrants buy into the IFQ programs. NMFS staff indicated that a national loan program is under development. With one in opposition, the AP passed the following motion.

To support the development and implementation of an IFQ loan/fisheries finance program in the Gulf of Mexico similar to the model used in the Pacific Northwest.

Other business

With no opposition, AP members passed two motions relative to the Council's January 2018 motion directing Council staff to begin work on a scoping document to examine red snapper allocation.

In reference to the January 2018 Council motion, to direct staff to include in the allocation scoping document, all Gulf Council-managed species with a commercial and recreational component.

Council Motion January 2018: To direct staff to develop a scoping document to evaluate the allocations of red snapper, taking into account previous deliberations in

Amendment 28 and any new information and considers a broad range of social, economic, data correction, and management factors.

To recommend to the Council to include, in developing the allocation scoping document:

- **information regarding overages by the recreational sector (and the private angler component in particular) and the de facto reallocations to the recreational sector that have resulted;**
- **the dollar value of losses to the commercial sector, including all levels in the supply and distribution chain, that has occurred as a result of this de facto reallocation;**
- **recreational sector discards and discard mortality;**
- **management uncertainty in both the for-hire and private angler components;**
and
- **information regarding the consumer demand for and supply chain of commercially caught red snapper, including an assessment of the number and location of end use consumers of commercially caught Gulf red snapper.**

The meeting adjourned at 5:25 pm.