



Tab B, No. 6(b)

Reef Fish Amendment 36B:

# Commercial IFQ Program Modifications

June 2019



# Overview

- Purpose and Need
- Permit Requirement
- Distribute Reclaimed Shares/Create quota bank
- Developing a Quota Bank
- 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

**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.



# 1.1. Permit Requirement

**Table.** 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 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 2019, and the resulting pounds (gutted weight) of allocation represented by the shares.

| Share category | Reclaimed Shares | 2019 Quota | 2019 Allocation |
|----------------|------------------|------------|-----------------|
| DWG            | 0.028405%        | 1,024,000  | 291             |
| RG             | 0.106974%        | 3,000,000  | 3,209           |
| GG             | 0.182621%        | 939,000    | 1,715           |
| SWG            | 0.451821%        | 525,000    | 2,372           |
| TF             | 0.055081%        | 582,000    | 321             |
| RS             | 0.078800%        | 6,937,838  | 5,467           |



# 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?)*

Action 3.3: Amount of allocation for eligible recipients

*(How much 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

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

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

20% of quota

80% of quota distributed to shareholders as annual allocation

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

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:** 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

|  | 2018 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%        | <b>24.8%</b> |
|  | Difference between 11– 20%   | 7.3%     | 5.3%            | 2.2%        | <b>14.8%</b> |
|  | Difference greater than 20%  | 13.9%    | 9.2%            | 1.7%        | <b>24.8%</b> |
| Estimate <u>greater</u> than the landed weight | Difference between 0 – 10%   | 9.5%     | 5.3%            | 3.2%        | <b>18.0%</b> |
|  | Difference between 11– 20%   | 4.2%     | 2.1%            | 0.5%        | <b>6.8%</b>  |
|  | Difference greater than 20%  | 9.1%     | 1.6%            | 0.1%        | <b>10.8%</b> |

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

|  | 2018 Trips with Landings in: | AL | FL | LA/MS | TX  |
|--|------------------------------|----|----|-------|-----|
| Estimate <u>less</u> than the landed weight    | Difference between 0 – 10%   |    |    | 208   | 192 |
|  | Difference between 11– 20%   |    |    | 68    | 69  |
|  | Difference greater than 20%  |    |    | 110   | 35  |
| Estimate <u>greater</u> than the landed weight | Difference between 0 – 10%   |    |    |       | 77  |
|  | Difference between 11– 20%   |    |    |       | 37  |
|  | Difference greater than 20%  |    |    |       | 63  |

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.

|  | 2018 Trips with Landings of: | ≤500 lbs | 501 – 2,000 lbs | > 2,000 lbs | <b>Total</b> |
|--|------------------------------|----------|-----------------|-------------|--------------|
| Estimate <u>less</u> than the landed weight    | Difference between 0 – 10%   | 10.6%    | 3.3%            | 4.5%        | <b>18.4%</b> |
|  | Difference between 11– 20%   | 10.2%    | 2.4%            | 1.5%        | <b>14.1%</b> |
|  | Difference greater than 20%  | 21.9%    | 3.4%            | 0.6%        | <b>25.8%</b> |
| Estimate <u>greater</u> than the landed weight | Difference between 0 – 10%   | 11.3%    | 2.9%            | 2.4%        | <b>16.6%</b> |
|  | Difference between 11– 20%   | 5.9%     | 1.4%            | 1.1%        | <b>8.4%</b>  |
|  | Difference greater than 20%  | 13.3%    | 2.1%            | 1.2%        | <b>16.6%</b> |