



Reef Fish Amendment 36 - **Modifications to the Red Snapper IFQ Program**

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Photos courtesy of Lisa Leatherberry Schmidt & Sue Dempsey



Background

- RS-IFQ program began (Jan 1, 2007)
- RS-IFQ 5-year review (2012-2013)
- Scoping document for Amendment 36 (2015)
- Scoping workshops (2015)



Photo: Sue Dempsey

Red Snapper IFQ program goals

Purpose & Need

Goals of the program from Amendment 26:

- Reduce overcapacity
- Eliminate problems associated with the derby fishery

Purpose and Need of Amendment 36:

- The purpose of this action is to consider modifications ***to improve the performance of the RS-IFQ program.***
The need is to prevent overfishing; to achieve, on a continuing basis, the optimum yield from federally managed fish stocks; and to rebuild a stock that has been determined to be overfished.

Potential Actions

1. Program eligibility
2. Allocation caps
3. Restrictions on share and allocation transfers
4. Divestment of shares
5. Inactive accounts
6. Quota increase redistribution
7. Enforcement of all commercial reef fish landings
8. Mid-year quota change

I. Program Eligibility

For the first 5 years, possession of a valid commercial reef fish permit was required to buy shares

- Shareholders who no longer had a permit could keep or sell their shares, but not buy more.

In 2012, any U.S. citizen became eligible to buy IFQ shares and allocation.

- Existing shareholders without permits could increase shares and new public participants could acquire shares.



Program Eligibility Options

Participation in the program could be restricted:

- Future transfer of shares could be restricted to shareholders with a commercial reef fish permit.
 - From control date of Jan 1, 2012?
 - From date this amendment is implemented?
 - Restrict buying shares only, or maintaining shares already held?
- Adopt a lower share cap for non-permitted shareholders.
 - How to determine the % for the cap?
 - What range to consider?



II. Allocation Caps

- There is a cap on the amount of **shares** that may be held by a single person.
- There is no cap to the amount of **allocation** that may be held or used by a person or vessel.
 - G-TF program has both caps; no one approaches allocation cap.
 - Magnuson-Stevens Act now mandates.
- Since the beginning of the program:
 - Reduction in the number of shareholders.



Allocation Cap Options

- Cap the amount of allocation that may be held by a participant.
- Cap the amount of allocation that may be landed by a vessel.
 - At any point in time, or cumulatively over a year?
 - How should the cap be set?



III. Restrictions on Share and Allocation Transfers

- Allocation distributed in the program should be harvested to achieve optimum yield.
- Some share and allocation holders participate in the program solely as ‘brokers’.
- The same persons or entities may be involved in multiple accounts.



Restrictions on Share/Allocation Transfers: Potential Actions and Options

- Place restrictions on the sale of IFQ allocation.
- Restrict shareholders not actively engaged in fishing from transferring shares or allocation.
 - How to define “not actively engaged in fishing”?
 - Are dealers included?
 - What types of restrictions?
- Lease-to-own provision
 - What criteria should be used for implementation?



IV. Divestment of shares & Options

- There is no procedure in place for divesting of shares. Could be necessary if
 - A participant no longer meets program eligibility requirements (e.g., Action 1).
 - Time limit for divesting shares?
 - Process for handling shares not divested (e.g., NMFS distributes shares among other program participants).



V. Inactive Accounts

- An IFQ account is inactive if the account did not land, sell, or buy allocation within a year.
- At end of 2014, 74 inactive accounts held 27,981 lbs, or 0.55% of the year's quota.
- Resolving inactive accounts could marginally improve the ability to achieve optimum yield.



Inactive Accounts Options

- Close accounts that have never been activated and redistribute shares:
 - If the accounts are not activated by some date?
 - How should the shares be redistributed? Quota bank, lottery, auction?
 - To whom should the shares be distributed?
 - If distributed to new entrants and small shareholders, how are these groups defined?



VI. Quota increase redistribution & Options

- In recent years the red snapper quota has been increasing.
- Quota increases could be redistributed:
 - To new entrants and small shareholders.
 - How would new entrants and smaller shareholders be defined?
 - Equally among all shareholders, or by some other metric?
 - Above what baseline quota would redistribution occur?



VII. Landings Enforcement & Options

- For harvesting commercial reef fish, vessel monitoring systems are required.
- To harvest IFQ species vessels must hail-out and hail-in.
- Require all vessels with a commercial reef fish permit to hail-in prior to landing, even if they are not in possession of IFQ species.



VIII. Mid-Year Quota Changes

- In recent years the red snapper quota has been increasing.
- It is possible that a quota decrease could occur.
- It is not possible to make a mid-season reduction after allocation is distributed for the year.



Mid-Year Quota Change Options

- Withhold distribution of some portion of a shareholder's allocation at the beginning of the year if a mid-year quota reduction is expected.
 - Should there be minimum/maximum proportion of quota, which may be withheld?
 - Should there be a date by which the quota must be released if a quota reduction has not yet occurred?



More information about the RS-IFQ

- 2014 Red Snapper IFQ annual report available:

http://sero.nmfs.noaa.gov/sustainable_fisheries/ifq/documents/pdfs/annual_reports/2014_rs_annualreport.pdf

