

Brief overview on Gulf of Mexico Red Snapper IFQ Program

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I. Background

The red snapper IFQ (RS-IFQ) program began on January 1, 2007. Initial shares were issued to Gulf of Mexico (GOM) reef fish permit holders with valid Class 1 or Class 2 red snapper licenses on November 22, 2006, based on the amount of red snapper landings reported under each entity's qualifying license during a specific time period. For Class 1 license holders, RS-IFQ shares were based on the best ten consecutive years from 1990-2004. For Class 1 historical captain license holders, RS-IFQ shares were based on seven years of landings from 1998-2004. For Class 2 license holders, RS-IFQ shares were based on the best five years of landings from 1998-2004.

The RS-IFQ program is a single-species, one share category program where participants obtain a RS-IFQ account and all transactions (share and allocation transfers, landings, and cost recovery fees) are completed online. For the first five years of the program (2007-2011), anyone who possessed a valid GOM commercial reef fish dealer permit or GOM reef fish permit was eligible to participate in the program. Beginning January 1, 2012, all U.S. citizens and permanent resident aliens were eligible to obtain an RS-IFQ account to purchase red snapper shares and allocation. Only accounts with allocation and a valid GOM reef fish permit are allowed to harvest red snapper.

There are three main account roles in the RS-IFQ system: dealer, shareholder, and vessel accounts. All accounts are assigned based on the unique entity (single or combination of individuals and/or corporations) that held either a GOM dealer or GOM reef fish permit. After January 1, 2012, shareholder accounts could be established without an associated GOM reef fish permit. Prior to January 1, 2012, shareholder accounts with current valid GOM reef fish permits could purchase or sell both red snapper shares and allocation, and sell red snapper to an approved dealer. Shareholder accounts that do not have a valid GOM reef fish permit can only sell shares and allocation to other IFQ shareholders. Shareholder accounts can be further classified as those that hold shares and allocation, and those that hold only allocation. Vessel accounts belong to shareholder accounts and are used to debit landings at the time of dealer landing transactions. Shareholders must maintain sufficient allocation in vessel accounts to land red snapper. Shareholder accounts may have multiple vessel accounts. For a list of all current shareholders in

the RS-IFQ program, go to: <http://sero.nmfs.noaa.gov/foia/HTML/IFQShareholders.htm>. Dealer accounts are assigned to a unique entity that has a valid GOM reef fish dealer permit, and are limited to completing landing transactions and paying cost recovery.

Shares are a percentage of the red snapper commercial quota, while allocation refers to the actual poundage that is possessed, landed, or sold during a given calendar year. At the beginning of each year, allocation is distributed based on the annual quota and the share percentage held by a RS-IFQ account. Allocation can then be used to harvest red snapper or transferred to another valid shareholder account. Adjustments in quota can occur as a result of new assessments or scientific information (e.g., updated stock projections) or through the reallocation of quota between fishing sectors. Adjustments in a quota are distributed proportionately among shareholder accounts based on the percentage of shares each account holds at the time of the adjustment.

The RS-IFQ program has a built-in flexibility measure to allow a once-per-year allocation overage for any RS-IFQ account that holds shares. For these accounts, a vessel can land once during the year 10% more than their remaining allocation on the vessel. This overage is then deducted from the shareholder's allocation for the next fishing year. Because overages need to be deducted in the following year, RS-IFQ accounts without shares cannot land an excess of their remaining allocation and RS-IFQ accounts with shares are prohibited from selling shares that would reduce the account's shares fewer than the amount needed to repay the overage in the following year.

When harvesting red snapper, vessels are required to have a GOM reef fish permit, and to hail out before leaving port. While at-sea, vessels are monitored using vessel monitoring systems. When returning to port, vessels landing red snapper must provide a landing notification indicating the time and location of landing, the intended dealer, and the estimated pounds landed. Landing may occur at any time, but fish may not be offloaded between 6 p.m. and 6 a.m. A landing transaction report is completed by the IFQ dealer and validated by the fisherman. The landing transaction includes the date, time, and location of transaction; weight and actual ex-vessel value of fish landed and sold; and the identity of shareholder account, vessel, and dealer. For current total red snapper landings go to: <https://ifq.sero.nmfs.noaa.gov/> and click on 'Additional Documents'. All landings data are updated in a real-time basis as the landing transaction is processed.

II. Data Description

The RS-IFQ program is a real-time online system, with all transactions recorded immediately upon entry. Data is entered directly by the IFQ participants for all transactions that occur within the system. The RS-IFQ program directly links to the Southeast Regional Office's Permits

database in order to validate all vessel and dealer accounts. There are three types of transactions that occur in the RS-IFQ program: share transfer, allocation transfers, and landing transactions. Share transactions contain the following information: transferor, transferee, transaction completion date/time, share category, share percentage transferred, and a confirmation number. Share transfers can only occur between shareholder accounts. Allocation transfers contain similar information as share transfers and include: transferor, transferee, transfer date/time, share category, pounds transferred, and confirmation number. Allocation transfers can occur between a shareholder and his vessel, between two shareholder accounts, or from a shareholder account to another shareholder's vessel account. Landing transactions contain the following information: shareholder account, vessel account, dealer account, landing date/time, landing location, species, pounds, and a landing confirmation number. Additional tables in the RS-IFQ program contain address information for each participant in the RS-IFQ program. The primary contact's address information is used when connecting address information to any transaction.

III. Database Structural Changes

In 2010 there were significant changes made to the RS-IFQ database and online system which were implemented to align the RS-IFQ program with the Grouper-Tilefish IFQ (GT-IFQ) program and to enhance law enforcement. In 2010 the structure switched from a fisherman-assignee based system to a fisherman-vessel based system. There are two main differences between the 2007-2009 system and the current system: how accounts were assigned to participants and how vessels were related to shareholder accounts. In the 2007-2009 system, there were multiple accounts composed of the same entities, as each account represented a specific vessel. In addition, fishermen could create fishermen assignee accounts for vessel captains. This allowed the captains to verify landing transactions without having access to the shareholder account. Identifying unique shareholder entities in this system was time-consuming. In 2010 the system changed to a unique account structure, where no account contains the exact same entities as another account. Many of the 2007-2009 accounts were consolidated into one new account in the current system. Vessel accounts were also established in the current system, and multiple vessels could be linked to any one shareholder account. Shareholder accounts with vessels must have the exact same entities on the vessel permit as the shareholder account. This allowed the RS-IFQ system to link to the Permits database and establish a validity status for each vessel account. Establishing vessel accounts also allowed IFQ program staff and law enforcement to verify that a vessel has sufficient allocation at the time of a landing notification. In the current system, selecting unique accounts and accounting for vessels is easily accomplished.

While the older system has not yet been integrated into the new system, fields have been created to link the 2007-2009 system's accounts to the current system's accounts. For example, at the start of the program there were 621 shareholder accounts created, but using the new system's

structure this becomes 554 unique accounts. *All shareholder data that has been submitted for use in SEDAR-31 has been updated to account for the current system structure.*

IV. Data Quality

The Vessel Monitoring Systems (VMS) staff provides quality control over RS-IFQ data when vessels are out at sea. Vessels are required to notify VMS staff each time they leave dock (hail out) and complete a landing notification (hail in) prior to landing. While at sea, VMS staff is able to monitor vessel locations hourly to determine if the vessel are fishing in approved areas. IFQ landing notifications can be submitted directly from the RS-IFQ system through VMS units.

The online system has a series of built-in quality assurance measures that reduce the possibility of errors within the system. Pre-designed web-based screens direct the IFQ participants through a detailed process for each transaction. Transactions are not completed until pertinent information has been completed. The system will not allow the completion of any transaction if any of the participating accounts is in a suspended or inactive status. Share transactions are not completed until verified by both the transferor and transferee. Similarly, landing transactions are not completed until the shareholder enters their vessel personal identification number. In 2012, the system was updated to allow for the selection of the associated 3-hour notification for each landing transaction. Dealers can also enter an associated trip ticket number with an IFQ landing transaction.

IFQ staff provides additional quality control which includes but is not limited to: adjusting landings based on submitted Landing Correction Forms, and auditing landing notifications and transactions. IFQ staff continues to work with system developers to improve data quality and accuracy and ensure that all web-based screen shots capture required information.