

UNITED STATES OF AMERICA

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DEPARTMENT OF COMMERCE

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NATIONAL OCEANIC AND ATMOSPHERIC  
ADMINISTRATION

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MARINE FISHERIES ADVISORY COMMITTEE

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Thursday,  
November 13, 2008

The Marine Fisheries Advisory Committee met in the Bienville Room in the Hotel Chateau LeMoyne, 301 Rue Dauphine, New Orleans, Louisiana, at 8:30 a.m., James Balsiger, Vice Chair, presiding.

PRESENT:

JAMES BALSIGER, Vice Chair  
MARK HOLLIDAY, Director, Office of Policy  
TOM BILLY  
RANDY CATES  
BILL DEWEY  
ANTHONY DILERNIA  
PATTY DOERR  
CHRIS DORSETT  
ERIKA FELLER  
MARTIN FISHER  
RANDY FISHER, PSMFC  
ROB FLETCHER  
CATHERINE FOY  
JIM GILMORE  
STEVE JONER

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PRESENT: (CONT.)

DOROTHY LOWMAN  
HEATHER MCCARTY  
VINCE O'SHEA, ASMFC  
TOM RAFTICAN  
ERIC SCHWAAB  
LARRY SIMPSON, GSMFC  
DAVE WALLACE

OTHERS PRESENT:

ROBERT GILL  
TOPHER HOLMES  
JILL JENSEN  
PETER JONES  
TOM MCILWAIN  
STEVE MURAWSKI  
SAM RAUCH  
GARY REISNER  
ALAN RISENHOOVER  
MICHAEL RUBINO  
PETER SMITH  
PHIL STEELE  
BILL TUCKER

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1 P-R-O-C-E-E-D-I-N-G-S

2 8:35 a.m.

3 MR. BILLY: This morning, really  
4 all day, but particularly this morning we're  
5 going to go through a series of presentations  
6 that are designed to inform and update us on  
7 subject areas that we've been involved in in  
8 the past. I encourage the presenters to  
9 provide time for good discussion by the  
10 Committee.

11 And having said that, it's my  
12 pleasure to introduce Alan Risenhoover, who's  
13 the director of the NMFS Office of Sustainable  
14 Fisheries. He's going to provide us an update  
15 briefing on the Magnuson-Stevens Act  
16 implementation.

17 MR. RISENHOOVER: All right. Thank  
18 you, Mr. Chairman. And it looks like our  
19 computer may restart on us here, but we'll  
20 just press on.

21 So I figured, you know, I was in  
22 and out a little bit yesterday on some

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1 conference calls and I didn't notice there  
2 were any PowerPoints. But I thought this  
3 morning I'd start you right. You know, a  
4 night after Bourbon Street, hit you first  
5 thing in the morning with -- what is this,  
6 about a 46-slide PowerPoint here. And this  
7 thing just this morning stopped, so I'll say  
8 I'm done.

9 But anyway, so what I was going to  
10 do today is go for reboot, replay and just  
11 read something here.

12 It's just to give you a general  
13 overview of where we are in the Magnuson Act  
14 and implementation, about 22 months into it.  
15 If you remember right, or if I remember right,  
16 the President signed the Act in January of '07  
17 and you're talking about January of '09 is  
18 coming up. So this is kind of a two-year  
19 update. I think that MAFAC last time I gave a  
20 year-and-a-half update. So there are some  
21 things that have changed, some haven't. It's  
22 going to be a broad overview of kind of where

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1 we've had some successes, where we're a little  
2 bit behind and trying to catch up.

3 Mark, I believe, asked me -- maybe  
4 he did and maybe he didn't, but what I'm going  
5 to do is say that Mark asked me to focus just  
6 a little bit extra on the annual catch limit  
7 guidance and the NEPA guidance that are  
8 pending. So I'll spend a few more slides,  
9 exciting slides, on those and then hit a few  
10 slides on some of the other major provisions.

11 So if you do have questions, stop  
12 me. At the end we'll try and leave some time  
13 that if you have questions on some specific  
14 things that I don't know the answer to, we'll  
15 find somebody that can get you the answer to  
16 those. We do have, and I'll give you the web  
17 site at the end, a nice web site that gives  
18 the status of all the major actions we're  
19 tracking. I'll show you how that's organized  
20 a little bit here.

21 So that we've really tried to have  
22 it so that constituencies can follow along, so

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1 that there's one place to go on our web site  
2 where people can get the info they need, or at  
3 least a get a start on the info on where we  
4 are in an implementation mode. But also we  
5 tried to link any opportunities for public  
6 comment to that one web site. So if you feel  
7 like making comments on something, that's your  
8 web site because there's usually some comment  
9 period open.

10 Okay. So the first thing we did  
11 when we were looking at the Act, if you went  
12 through it, on our first list we had several  
13 hundred actions that needed to be done. So  
14 the first thing we did was try and prioritize,  
15 sort and combine. So what we finally wound up  
16 doing on our to-do list here was we had three  
17 priorities and we were going to try and march  
18 into those priorities in order with the  
19 resources that we had onto the first one which  
20 would -- priority 1, and some of these, the  
21 due date, it wasn't like it was due in 30  
22 days, 60 days, 90 days, while there were some

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1 of those, the first priority was where there  
2 was a date specified in the Act. So if it  
3 said you need to have something done in 30  
4 days, we created a time line for that. If it  
5 said you needed to have something done in  
6 three years, we created a time line for that  
7 and made those our priority 1 tasks. There  
8 were about 30 of those priority 1 tasks.

9 The second priority we had was what  
10 are those provisions that the Act requires us  
11 to do? What are the shalls? The Secretary  
12 shall and the Secretary must, or the Councils  
13 must. What were those things that the Act  
14 required us to do and we started developing a  
15 time line for those as our priority 2. There  
16 were also about 30 -- I guess there about 50  
17 of those.

18 And then finally our third priority  
19 was where the Act said the Secretary may do  
20 this or the Council should do that, where  
21 there wasn't a requirement and a time line, or  
22 a time date certain with it and we started

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1 working on those as well. There was a large  
2 number of those. Some required action and  
3 some didn't. I'll try and run through those a  
4 little bit.

5 So we organized a little bit up  
6 front to try and get going.

7 Now on our web site these are  
8 broken out by task so you can see what's  
9 actually in there; I'll mention a couple of  
10 them as we go through. But of those priority  
11 1 tasks, again tasks that said the Secretary  
12 or the Council must do something by a date,  
13 we've got about half of them done; a little  
14 over half actually. We've got five that are  
15 delayed and you can read down here kind of the  
16 status of things, but I wanted to just give  
17 you a flavor of what some of those are,  
18 because I can't remember.

19 Right out of the gate we had a  
20 number of reports that were due in 30, 60, 90  
21 days, so there was a conflict of interest  
22 report. What do we see the Council's on

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1 conflict of interest? Which ones are recusing  
2 themselves at the Council meetings.

3 Some deep sea coral reports. Those  
4 in New England may remember there was a  
5 Framework 42 report. There were reports on  
6 state fisheries versus federal fisheries in  
7 the Northeast and off Hawaii. Those we've  
8 gotten done. Let's see, some of the delayed  
9 ones then. There was a report required on  
10 ecosystem research. We're running late on  
11 that, but it's in-process. The NEPA  
12 environmental review that I'll talk a little  
13 bit about. That had a six-month deadline to  
14 get something proposed and a year deadline to  
15 get something final. We're about a year  
16 behind on that one. So there are a few things  
17 we're behind on.

18 There's a number of things we're on  
19 track to complete. Now some of those are on  
20 track to complete under our time lines; some  
21 of those on track to complete under the  
22 Magnuson Act's time line. So example, the

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1 annual catch limit rule I'm going to be  
2 talking about, internally we're on track.  
3 We're getting it done when we want to. There  
4 were no set deadlines to-do guidelines for the  
5 annual catch limits. But the annual catch  
6 limit deadline for stocks, experience and  
7 overfishing is 2010, so we haven't hit that  
8 deadline yet. We're just hitting some of our  
9 deadlines in front of that.

10 And then the final one, this task  
11 that has no milestone plans associated with  
12 it, that's the one that staff always sticks in  
13 the presentation, because, you know, it's  
14 always been what is that? So it's something  
15 we're not planning on doing, we're not going  
16 to do or what -- that's the one that says  
17 after January 1st, 2009 the Secretary of  
18 Commerce needs to designate a senate-appointed  
19 person for international fisheries. So that's  
20 not one we have a lot of control over, but  
21 it's not that we aren't doing anything, it's  
22 just that we really can't.

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1           On priority 2 and 3 tasks, there  
2           were a number of these that are already  
3           complete that didn't require a lot of work.  
4           For example, it established our  
5           community-based restoration program. For  
6           those of you familiar with NOAA know we've had  
7           a community-based restoration program for a  
8           number of years. So we just made sure that  
9           the terms in reference to that program were  
10          operating on reflected the Magnuson Act, put a  
11          check by it. So there's several of those, the  
12          Council coordination committee one,  
13          cooperative research program, we've had for a  
14          number of years. So those are pretty much  
15          completed.

16                 There's a number in progress.  
17          There are some requirements in the Act for  
18          peer review, and I'll talk a little bit later  
19          about we're working on some peer review  
20          modifications. There's a study on  
21          acidification of the ocean that we're a little  
22          bit behind on, but I understand it's now in

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1 progress.

2 And then finally, there are some  
3 that we didn't have any funding for. There  
4 was a herring study authorized by the Act. It  
5 authorized \$2 million to do the herring study  
6 in the Northeast, but we haven't gotten the \$2  
7 million to do the study. So there may be some  
8 that there's no funding with.

9 So that's a quick overview like  
10 where we are. I'd like to say we're halfway  
11 done. We've got about half the items done. A  
12 lot of them are going to take a lot of time,  
13 maybe years to complete.

14 So what I thought I'd do is just  
15 really quickly go through some, spend a little  
16 bit more time on NEPA and the ACLS, and then  
17 if folks have questions, we can spend a little  
18 time on trying to answer those questions as we  
19 go through. But this is the list, hopefully,  
20 of what I'm going to be talking about.

21 So the first one is the annual  
22 catch limits and I've put the national

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1 standard 1 up there because the annual catch  
2 limits affect how we catch the stocks, prevent  
3 overfishing. We though it was more important  
4 to revise all of national standard 1 to  
5 reflect that new requirement.

6 So the requirement in the Act was  
7 to establish mechanisms for specifying annual  
8 catch limits at a level such that overfishing  
9 does not occur in the fishery and ensuring  
10 that there's measures of accountability. So  
11 that's a quick summary of the 37 or so words  
12 in the Act. But there's four really key  
13 components to that.

14 First of all, you have to define  
15 what an annual catch limit is. Congress  
16 didn't do that for us. You have to make sure  
17 somehow that it's such that overfishing does  
18 not occur. So it has that annual catch limit  
19 link to ending overfishing. Second of all, it  
20 says in a fishery. And you all are from  
21 around the country. You know a fishery  
22 defined differently around the country. Some

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1 places it is a single species, some places  
2 it's a single stock, other places it's mixed  
3 stock and other places, looking through the  
4 FMPs we weren't quite sure what it was. If  
5 you look at the Hawaii FMPs, it says  
6 everything on the reef. So is that the  
7 fishery? How are we going to manage  
8 everything on a reef, because one, we don't  
9 know what's on the reef. Two, a lot of it's  
10 probably not fish; maybe some bycatch or some  
11 habitat damage. But again, defining what the  
12 fishery was was the third important thing.  
13 And then finally, these measures to assure  
14 accountability. What does that mean?

15 So those are the four basic parts  
16 of this that we really focused on as we were  
17 going through trying to develop this.

18 So again, specifying annual catch  
19 limits such that overfishing doesn't occur,  
20 include measures of accountability. And then  
21 the hard part came in. You've got to do that  
22 by 2010 for any stock subject to overfishing.

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1           So currently there are 41 stocks  
2 around the country that are subject to  
3 overfishing. So that's going to be the focus  
4 over the next year of the Council, is to look  
5 at those 41, ensure we have measures in place,  
6 or annual catch limits in place such that  
7 overfishing does not occur on those 41 by  
8 2010.

9           Kind of the compounding problem on  
10 that is it's one thing to get those measures  
11 in place that you think are going to end or  
12 prevent overfishing, it's another to prove it.

13          We don't do stock assessments on every stock  
14 every year. So in 2010, we'll have these  
15 measures in place hopefully, but we may not  
16 know if overfishing is actually ended until  
17 the next stock assessment, until the next  
18 year. So if you've gone through our  
19 guidelines, you'll see there's provisions in  
20 there that try to push the Councils toward an  
21 annual method of determining whether  
22 overfishing is occurring, kind of an annual

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1 proxy typically in catch of whether  
2 overfishing is occurring. So that's part of  
3 it as well.

4 And then for 2011 for all other  
5 stocks. We have those 41 stocks subject to  
6 overfishing. We've got information on them.  
7 We look at about 230 stocks under our annual  
8 performance measure, the fishery  
9 sustainability, stock sustainability index.  
10 So we've got pretty good information on that  
11 230. But if you look in our annual report to  
12 Congress, we have about 500 to 700 stocks,  
13 depending on what year it is, that we actively  
14 manage.

15 So we take care of those 41 that we  
16 have relatively good information on in 2010,  
17 and then by 2011 we need to start looking at  
18 all those other stocks. So our proposed  
19 guideline also addresses that. How do we sort  
20 those stocks out? How do we put our resources  
21 and energies into those stocks that: (1) need  
22 to have overfishing ended; but (2) that we can

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1 get ACLs in place for 2011? So I'll talk a  
2 little bit more about that.

3 And then the final thing is the  
4 Council of Science and Statistical Committees  
5 recommended a catch level that the Councils  
6 cannot exceed with their annual catch limit.

7 Tony?

8 MR. DiLERNIA: Alan, is there a  
9 difference between an ACL and just a quota  
10 that would be passed, like a quota management?

11 Is there a difference?

12 MR. RISENHOOVER: An ACL could be a  
13 quota. We've tried to say an ACL is an amount  
14 of catch. So you could have an amount of  
15 catch, your quota could be below that or at  
16 that. And I'll show you something on how this  
17 tried to relate.

18 MR. DiLERNIA: Okay.

19 MR. RISENHOOVER: So overall, what  
20 we wanted to do was have a strong but flexible  
21 approach. So if you look at the language in  
22 the Act, it says such that overfishing is

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1 prevented. That's fairly strong. But we need  
2 to be flexible on how we get there to be  
3 careful with, you know, if you want to prevent  
4 overfishing, the easiest way is just to have  
5 no fishing, right? So we needed to create  
6 some sort of conceptual base for doing that.

7 And so we're looking across all the  
8 fisheries. You have eight Councils that  
9 manage 46 FMPs differently across the country.

10 So again, looking at all that, how do we get  
11 some sort of standards across the country when  
12 you have all this diversity on how things are  
13 done. And that was one of the things I'll  
14 talk more about, the major concerns for the  
15 complexity of the rule.

16 Well, it's a complex process. And  
17 if you look across the eight regions, it's  
18 very complex. But here are the main things we  
19 wanted to do was try to address all of these  
20 characteristics but remain flexible so the  
21 Councils could work within that, and we didn't  
22 have a rigid structure that says ACL is a

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1 quota. Everybody must have a quota.  
2 Congress, at one time in the draft, did have  
3 hard quotas, TACs and paybacks. That was  
4 removed from the Act. So we knew that wasn't  
5 the standard they wanted.

6 So the conceptual framework we came  
7 up with in the proposed guidelines is up here.

8 Where the Councils would set an overfishing  
9 limit and then their SSCs would recommend an  
10 acceptable biological catch to the Council.  
11 The Council would then set an annual catch  
12 limit associated with that. And then we also  
13 recommended that there be annual catch  
14 targets, which are a lot like a quota. And so  
15 over time your annual catch target would  
16 relate to OY, OY being a long-term concept,  
17 annual catch targets being an annual, yearly  
18 concept.

19 So that was our initial framework  
20 and I'll talk a little bit more about the  
21 comments that came on that in a little bit.

22 So in the original guidance we

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1 said, you know, your overfishing limit, your  
2 ABC, your ACT, your ACL and your ACT could be  
3 equal to each other. Overfishing limit could  
4 equal the ABC. ABC could not exceed OFL,  
5 however, because that's not preventing  
6 overfishing. Your ACL could equal your ABC,  
7 but it couldn't be above it. And so we have  
8 this greater than or equal, but we recommended  
9 in the guidance that your ABC could be below  
10 your OFL to account for scientific  
11 uncertainty, and your ACT, your annual catch  
12 target, what you're shooting for, should be  
13 below your annual catch limit. Limits and  
14 targets.

15 MR. DiLERNIA: Is there a standard  
16 percent spread between those two? Have you  
17 established one yet?

18 MR. RISENHOOVER: Depends on the  
19 fishery. If you have a fishery that's very  
20 tightly regulated; think of an IFQ fishery  
21 where each individual has to report an exact  
22 amount of catch and has an exact quota share,

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1 those lines may be very close together. If  
2 you have broad effort or even seasonal  
3 control, then you start thinking that those  
4 lines may need to be further apart.

5 MR. DiLERNIA: Okay. Makes lots of  
6 sense. Thanks.

7 MR. RISENHOOVER: So that was our  
8 initial conceptual framework there, trying to  
9 look at as the Councils are developing, or the  
10 SSCs are developing their biological  
11 information, they need to say, well, how much  
12 uncertainty is that? So if they set an OFL,  
13 and overfishing limit, in the middle, if  
14 you're fishing at that OFL, you have a 50  
15 percent chance of being overfishing. Is that  
16 the risk policy a Council wants? If your  
17 limit is also your target, you have a 50  
18 percent chance of going over it. You can't  
19 always hit that target. In some cases, maybe  
20 in a LAPP program, you can hit that target.  
21 So that was the draft concept we came up with  
22 for the proposed rule.

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1           And here's kind of what Tony was  
2 talking about. If you think of the fisheries  
3 around the country, if you have a limit and a  
4 target and you're right around your target all  
5 the time, well you can push that target toward  
6 the limit so you're not writing checks your  
7 bank account can't handle. Right?

8           On the other side, if you're  
9 experience has shown that your limit is here  
10 and your target is here, and you're either  
11 above it all the time or below it all the  
12 time, then, in that one case, it looks like  
13 you've exceeded your limit, which may be your  
14 overfishing level as well, three times out of  
15 five. That doesn't prevent overfishing per  
16 the Magnuson Act's standard. So that's part  
17 of the background of the concept we were  
18 working with there trying to get limits and  
19 targets. You can manage at the limit if you  
20 have good information.

21           If you don't, you might want to  
22 stay away from that target a little bit

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1 because the next part of this was the  
2 accountability measures; let's just go back,  
3 would kick in at your annual catch limit. And  
4 the purpose of the accountability measures  
5 were, if you go over your limit, you need some  
6 mechanism in place that pushes you back under  
7 that limit for the following year. So that  
8 might be if you over harvest, so you exceed  
9 your ACL, the next year you just reduce your  
10 quota by that much, you change your bag limit,  
11 you shorten the season, you push them out of a  
12 specific area. There's a lot you can do with  
13 accountability measures.\*\*Tony?

14 MR. DiLERNIA: When do you  
15 establish the accountability measure, before  
16 or after the season?

17 MR. RISENHOOVER: You want to  
18 establish it before. So as you go in, you say  
19 here's our limit. If we go over the limit,  
20 this is what will happen. If we have good  
21 in-season information, sometimes we do;  
22 sometimes we don't, but if you have good

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1 season information, you may slow the fishery  
2 down or stop the fishery during the season to  
3 prevent going over that limit. If you don't  
4 have good information, then whenever you get  
5 the information, you see if you've exceeded  
6 your limit, but then we wanted the Councils to  
7 figure out what would they do. So if we get  
8 information 18 months after the fishery ends  
9 and we find out we're way above or way below,  
10 what do we do? We don't go back to the  
11 drawing board and at that time say, okay, we  
12 were above or below. What do we do? And nine  
13 months later, or a year later, you implement  
14 something, now you've gone through another  
15 cycle the same season and the problem, high or  
16 low, has gotten worse. And that's what we  
17 were seeing. We were kind of chasing these  
18 overfishing problems where we'd recognize,  
19 okay, we're overfishing stock X. Take 18  
20 months to develop a new plan to address that.  
21 Well now you've gone through two more seasons  
22 and the hole is deeper. And so then you would

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1 have to try and chase that with another  
2 amendment to try and make the whole thing over  
3 again. And so it's reacting very quickly to  
4 exceeding your limit is what we're looking  
5 for.

6 So just real quick, so the MSA  
7 required, you know, you prevent overfishing.  
8 We said for stock complexes, you need to make  
9 sure you have a limit and a target. What are  
10 you shooting for? How much uncertainty is  
11 associated with that? And you act accordingly  
12 such that overfishing is prevented.

13 It also talks about two exemptions  
14 here to the MSA. The exemptions were for  
15 stocks with a life cycle of less than one  
16 year; think of shrimp, or are subject to an  
17 international agreement; think of bluefin tuna  
18 where we have to give people a reasonable  
19 opportunity to harvest that quota set  
20 internationally. So those were the two  
21 exemptions.

22 We did also talk about for the West

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1 Coat folks, for salmon this sort of framework  
2 may not quite make sense. So the Council  
3 could use an alternative method of setting  
4 ACLs per ESA listed salmon, so we've provided  
5 a little bit of flexibility there.

6 The final thing that I didn't talk  
7 a lot about were these ecosystem component  
8 categories. And that, we were trying to  
9 address such as the Hawaii situation where  
10 you've got a lot of species in there. So the  
11 Councils are trying to move toward ecosystem  
12 approaches of management, which means more  
13 inclusive. But we didn't want to create a  
14 situation with the ACLs that every time you  
15 put, you know, every creature on the reef into  
16 your fishery management plan, you've had to  
17 set an ACL for every creature on your reef.  
18 So the proposed guidance said your fishery is  
19 defined as what your fishery is defined as  
20 now, and it will need an ACL for every stock  
21 or stock complex in it unless the Council goes  
22 through a process to move species into this

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1 ecosystem component category and then you  
2 wouldn't need an ACL because it would be out  
3 of the fishery. And so that would be a  
4 process that Council would go through saying  
5 look, this isn't a target stock. The bycatch  
6 of it and the relative national standard nine  
7 isn't that high and it's not in danger of  
8 becoming overfished or subject to overfishing.

9 And you could put that in this ecosystem  
10 component category that gets it out of your  
11 fishery, in that definition of what's in the  
12 fishery so you wouldn't have to set an ACL for  
13 it. So that's what we had proposed.

14 I'm going to skip the next one and  
15 go to the next one. So we went through a  
16 proposed rule; all of you probably saw that,  
17 which is about 105 days to comment on it, we  
18 got 160,000 comments on it. So if you look at  
19 those 160,000, a lot of them are form letters  
20 saying yes or no. And like it, don't like it.

21 If you sort that out, you know, there were 75  
22 really substantial ones and then a couple

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1 hundred of minor comments. So we've gone  
2 through all those. Right now we're analyzing  
3 those comments and trying to move forward with  
4 a final rule. Back to this one, I think it  
5 makes more sense to do this. So here were the  
6 major issues that came out in the comment  
7 period.

8           The first one was the use of annual  
9 catch targets. There were a lot of comment on  
10 annual catch targets aren't prescribed in the  
11 Act. Should you have it in there? Is it a  
12 useful concept? Does it change the meaning of  
13 OY? And later on on Bourbon Street, I'll be  
14 happy to discuss these with you in more  
15 detail. So, you know, ACLs were in the Act.  
16 Acceptable biological catch was in the Act.  
17 This was a term we used. So people were  
18 concerned with that.

19           People were concerned with the  
20 difference between, or the relationship  
21 between those concepts, between OFL, ABC, ACL  
22 and ACT. You can kind of imagine which sides

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1 those fell out on. Some thought those should  
2 be very big buffers. Others thought they  
3 should be all equal.

4 Science and management uncertainty.

5 How do we describe that? How do we get a  
6 handle for that? Part of it is you look at  
7 your experience. Part of it, you know, maybe  
8 you do have some scientific information.  
9 Complexity and time line, people were  
10 concerned that the rule is too complex. Some  
11 thought there should be more terms, more  
12 reference points, more requirements in it.  
13 Everybody was concerned with the time line,  
14 because the Councils were facing this 2010  
15 deadline. Get the rule out was the main  
16 comment.

17 Data limitations. How do you get  
18 all the data in-season management to do this,  
19 or stock information? What's required for  
20 those species intended for inclusion in the  
21 ecosystem component? Some still thought that  
22 Councils would try to move stocks into that so

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1 they didn't have to manage them. Others  
2 thought, well, that's going to result in a lot  
3 of stocks being moved into ecosystem  
4 components that we're now going to have to  
5 manage. So we're working on trying to clarify  
6 a number of these things.

7 The current status is hopefully  
8 we'll be going to OMB in a matter of days. So  
9 we're trying to finalize it as we speak right  
10 now and get it through the system and then  
11 decide if we can get it out this year.

12 MR. SCHWAAB: Alan, on the  
13 ecosystem issues, it sounds to me like most of  
14 what you're focused on are the inter-specific  
15 relationships and it doesn't sound like you've  
16 dealt much with habitat, quality, rise and  
17 fall. Is that accurate?

18 MR. RISENHOOVER: That's right.  
19 And so it's mainly, you know, what comes up in  
20 the net or what gets caught on the hook. The  
21 other things of habitat concerns or pollution  
22 concerns, we have in the guidelines that the

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1 Councils can make comment on that, you know,  
2 under other provisions. But we're worried  
3 more of what comes up in the net, because if  
4 it's coming up routinely and there may be a  
5 biological problem, then you may need an ACL  
6 for it. But what mainly it does is establish  
7 a process for determining is it in the fishery  
8 and we need to have an ACL for it, or it is  
9 not in the fishery, one of these non-target  
10 items, and we don't need an ACL.

11 MR. DEWEY: Alan, are there  
12 specific bullets here that would target a form  
13 letter?

14 MR. RISENHOOVER: No, most of the  
15 form letters came from environmental NGOs  
16 saying, just to paraphrase, it's a good rule,  
17 but it needs to be a little bit stronger. The  
18 industry, the commercial and the recreational,  
19 had some form letters and they were concerned  
20 that this sets a -- the tiered system would  
21 push catches so far away from what's allowable  
22 it would harm the industry.

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1 Vince?

2 MR. O'SHEA: Alan, could you go  
3 back to the slide with the target and the  
4 scientific uncertainty?

5 MR. RISENHOOVER: If I can push the  
6 right button, I can.

7 MR. O'SHEA: Yes, right there. You  
8 know, the bottom bullet, management  
9 uncertainty, controlling the actual target,  
10 well, in species where we have a state  
11 fishery, the proposed rule or the rule is it  
12 going to say that you have to account for the  
13 uncertainty of what the state is going to do?  
14 Is that where that potential harvest by the  
15 state needs to be taken into account?

16 MR. RISENHOOVER: Right. And  
17 again, this is kind of a quick overview. We  
18 did you say you can split your ACL into  
19 sectors, not like the New England sector. You  
20 can have a commercial ACL and a recreational  
21 ACL. You could have a federal ACL and a state  
22 ACL. Now we can only require accountability

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1 for the federal sectors. But so, in the case  
2 of, you know, the Atlantic states, you know,  
3 we would probably have a federal ACL, whatever  
4 we thought would be the quota or the target,  
5 you know, for the fishing -- in federal waters  
6 and if we reach that, this is what happens.

7           The other side of that is that,  
8 well what happens if the states go over their  
9 targets? Well, does that affect federal  
10 waters? What we're trying to do is say no, we  
11 need to work with the states that it's a  
12 balanced thing. There would be some state  
13 accountability measures, but the states would  
14 come up with those and we can enforce them  
15 federally unless it's something from the  
16 United States.

17           MR. O'SHEA: We've seen those two  
18 dimensions. One is going up front before the  
19 season even opens. You're going to have an  
20 idea of what the states are going to do. So  
21 that may put you in an overfished situation.  
22 And then the second case is what in fact do

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1 they do?

2 MR. RISENHOOVER: Right. And so  
3 part of that management uncertainty is, well,  
4 how has it worked in the past? Has a certain  
5 sector, states, commercial, whoever have that  
6 sector gone over? And if they've gone over  
7 for five years in a row, one might believe  
8 that they're going to do it again. And so  
9 that would affect how you would set your  
10 target points.

11 MR. O'SHEA: So just one last  
12 point. That shifts the burden then to the  
13 federal permit holders.

14 MR. RISENHOOVER: It could, yes.  
15 And we've talked a lot about, you know, as you  
16 set this ACLs in federal waters, what happens  
17 to states, or in state waters? And we've had  
18 some cases where this has come up.

19 MR. O'SHEA: Thank you.

20 MR. RISENHOOVER: Chris?

21 MR. DORSETT: I'm curious if you're  
22 going to issue some technical guidance

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1 documents, like for example, the paper from  
2 '98 that will kind of accompany the guidance.

3 And I'm particularly interested in the  
4 Lenfest working group that's looking at  
5 productivity, susceptibility of species and  
6 setting ACLs.

7 MR. RISENHOOVER: So on the first  
8 one, we've been working with Steve's folks to  
9 talk about, you know, data needs and some of  
10 the technological parts of this, so that may  
11 happen. Our first goal is to get these guide  
12 limits out. On the other one, on the Lenfest,  
13 we just see some similarities here. We did in  
14 the proposed rule mention the word  
15 vulnerability, and I did not say we need to  
16 get a new word for that, but vulnerability  
17 which is kind of a product of susceptibility  
18 and productivity. So that if you have a stock  
19 that's highly productive and not really  
20 susceptible to the fishery, it's not very  
21 vulnerable. Whereas if it is highly  
22 susceptible to the fishery, low productivity,

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1 maybe something like sharks, that's an example  
2 I have, then you may need to move some of this  
3 away. You know, keep your OFL and your ABC  
4 further apart, maybe set your limit below  
5 that. So we do have some those concepts, but  
6 it's not based exactly on the Lenfest.

7 VICE CHAIR BALSIGER: Well, will  
8 there be something that will be -- something  
9 to issue to help the Councils do that type of  
10 analysis, or the SSCs, or will you just lay  
11 those concepts out and then have the Councils  
12 dig in?

13 MR. RISENHOOVER: Right now, we're  
14 probably just going to lay those concepts out  
15 and then try to work with the Councils to work  
16 through that.

17 MR. BILLY: Steve?

18 MR. MURAWSKI: I just wanted to  
19 comment on two things. First of all, Lenfest.

20 The second issue is one of the  
21 things that we're trying to work on in our  
22 technical guidelines in addition to, you know,

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1 what's in the national standard, you know, the  
2 concepts, you know, that were strapped to one  
3 another's -- put together I think kind of hold  
4 true, you know, we need an offset. The offset  
5 should be greater, you know, as the degree of  
6 precision. The biggest issue that we've got  
7 right now is how do we handle that. And so  
8 we're doing a lot of work internally to become  
9 -- we need better guidelines on that. Because  
10 frankly, the Councils are going to be, you  
11 know, bumping up against annual fishing for  
12 the known knowns. But it's the known unknowns  
13 that are basically going to, you know, be the  
14 big challenge.

15 MR. RISENHOOVER: Let's do one more  
16 question and then I'm going to press on just  
17 to keep us on track.

18 Tom?

19 MR. RAFTICAN: On ecosystem, do you  
20 do any overlaps say with, you know, the  
21 fishery and then forage or something like --

22 MR. RISENHOOVER: The Councils

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1 could. That can be a way they address forage.

2 If they're worried about, you know, the  
3 forage fish, whatever it is needs to be  
4 managed. They're afraid it's going to become  
5 overfished or overfishing is occurring, then  
6 that would probably push it over into the  
7 fishery and it would need an ACL. If they  
8 say, well, you know, it's highly productive  
9 and we don't see any susceptibility to the  
10 fishery really, maybe it becomes an ecosystem  
11 component stock. But the Council needs to do  
12 an analysis to tell us why they're doing it  
13 one way or another. So it's not going to be  
14 an automatic split. In the FMP right now,  
15 they mention stocks in the fishery that are  
16 managed. If they want to move one of those  
17 current stocks in the fishery into an  
18 ecosystem component status so it doesn't need  
19 the ACL, they would have to do a public  
20 analysis or a public process and analysis to  
21 do that.

22 That help?

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1 MR. RAFTICAN: A little.

2 MR. RISENHOOVER: A little bit. So  
3 there are some decisions to be made in the  
4 future there. Because again, what we're  
5 worried about is if we try to do an ACL for  
6 everything on the reef, all our resources are  
7 going to be spread out. We need to  
8 concentrate our resources on what matters  
9 right now and then we can work on those  
10 ecosystem components. But yes, forage fish is  
11 something that people are talking about where  
12 should, where should it fall? How should we  
13 manage it? But again, we're not prescribing  
14 anything in this. It would be more up to the  
15 Councils on what they like.

16 Okay. I'm going to press on with  
17 NEPA.

18 MR. BILLY: Just to let you know,  
19 Tom and Gary -- he feels he can do what he  
20 needs to do in about a half-hour, so --

21 MR. RISENHOOVER: Okay.

22 MR. BILLY: -- that gives you a

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1 target of 9:30 instead of 9:15. You've got  
2 about 20 more minutes.

3 MR. RISENHOOVER: Okay. I can do  
4 that. But, you know, we got to reserve time  
5 for Gary, because I have questions of Gary.

6 MR. BILLY: All right.

7 MR. RISENHOOVER: Okay. The second  
8 really big thing we're working on is this NEPA  
9 guideline, you've seen the proposed rule on  
10 that, and I'll give you some of the comments.

11 But just to remind you what the Act said,  
12 Congress directed us to revise our NEPA  
13 procedures relative to the Magnuson Act to try  
14 and make the time lines better to streamline  
15 the process. And they indicated that this  
16 should be our sole way of doing environmental  
17 analysis with FMPs.

18 So we put out a public notice  
19 again, worked with the Councils through their  
20 Council chairs coordination committee. They  
21 actually put out a straw man. We put out some  
22 questions. We took public comment on those

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1 and then developed our proposed rule. So the  
2 proposed rule was released I believe back in  
3 May. So our goals in this one were, you know,  
4 obviously we had to comply with both NEPA and  
5 the MSRA, the Magnuson Act. We just needed to  
6 mesh the time lines a little bit more. We  
7 were going to adhere to the policy and  
8 principles that are in the current CEQ  
9 guidelines. So if you look at the draft  
10 guidelines we put out, it follows fairly  
11 closely to current CEQ guidelines which allow  
12 for individual agencies as well to do their  
13 own guidelines. So we did get legislative  
14 authority, but we could have actually done it  
15 under the current CEQ guidelines as well.

16 We mentioned integrate them. We  
17 looked at the CCC, the Council Chair's  
18 Coordination Committee straw man that they put  
19 out. And our goal was to keep public comment  
20 as part of the process, but have that as part  
21 of the Council process. And I think I can  
22 talk a little bit more about that.

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1                   So we started with their  
2 guidelines, I guess probably major proposed  
3 changes. So we took the -- and kept the basic  
4 documents. So there are still EAs,  
5 environmental assessments, and categorical  
6 exclusions, and findings of no significant  
7 impacts, but we added this new -- and I don't  
8 know why they didn't put on here, but new  
9 forms of documentation which the IFEMS, the  
10 Integrated Fishery Ecosystem Management  
11 Statement -- I think that's what it is.

12                   So anyway, we created this new  
13 document, but a lot of the Councils were doing  
14 that anyway. If you think of your Council  
15 experiences, a lot of times the EISs and the  
16 plan amendments, they're all in the same  
17 document. And so we thought by trying to  
18 guide the Councils to integrating those all  
19 the time, that would be helpful. But that  
20 wouldn't be helpful because they wanted to see  
21 every EIS document. So that was a new  
22 documentation.

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1           We also encouraged frameworking and  
2 tiering so that you would have this IFEMS  
3 document that you could then tier off. So if  
4 it was analyzed in that document, you wouldn't  
5 need another environmental document to move  
6 forward with an action that had already been  
7 analyzed. Again, part of this was trying to  
8 get the documentation down a little.

9           We tried to maintain some public  
10 comment. That was one of the ones that folks  
11 really hit us on where if you look at the  
12 public comment now on an EIS, it's about 45  
13 days. Under our proposed rule, that could  
14 have gone up to 90 days because there would be  
15 a comment period at the Council level before  
16 they vote, which we thought was important.  
17 Right now sometimes they vote first under  
18 preferred alternative. Other times they don't  
19 before they take public comment. But then  
20 there would also be 45 days of public comment  
21 at the secretarial level, so you could have  
22 had 90. However, we did say you could shorten

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1 the Council comment period and you could  
2 shorten the public comment the Secretary would  
3 take and that knocked it down to -- you know,  
4 in the rare case that would happen, it would  
5 be 29 days. And the environmental community  
6 was very concerned that Councils would  
7 strategically drive that so everything would  
8 have, you know, a maximum of 29 days of public  
9 comment. In writing it, we thought we could  
10 be more in the 60 to 90 days public comment on  
11 environmental documents as opposed to the  
12 current 45. So we lost a little bit of public  
13 relations work on that one. So those are some  
14 of the things that were in this.

15 And the other thing, if we kind of  
16 moved it down to the Council level, right now  
17 it's done differently in each of the regions  
18 how the Council participates in the  
19 development of EISs. This would have said  
20 that the scoping would have occurred at the  
21 Council level. Sometimes it does now.  
22 Sometimes the Secretary does that separately.

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1 It depends on where you live. So we tried to  
2 align those. And another broad concern was,  
3 you know, are we delegating that to the  
4 Councils.

5 So I guess I did talk about this.  
6 The length of the public comment period was a  
7 major issue. And then the second one was the  
8 one I was just talking about, how NEPA is  
9 developing and by the Council to provide the  
10 Secretary. And the proposal that was out  
11 there, we tried to make very clear that this  
12 is still the Secretary's document. NEPA is a  
13 requirement for the federal agencies, not the  
14 Councils. The Councils would only help us  
15 inform that NEPA development process. By  
16 having NEPA developed at the Council level,  
17 again you get that. The Council puts it out  
18 for public comment and then addresses those or  
19 considers those comments before they vote.  
20 Then it's submitted to the Secretary and then  
21 the Secretary would have another public  
22 comment period on that to ensure there weren't

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1 any concerns. So we would have retained  
2 review of that.

3 So as I said, we published it in  
4 May. We held three public hearings. We held  
5 numerous meetings with the Councils. We also  
6 held a workshop with folks on the proposed  
7 rule to help us move toward a final rule.  
8 Where we are right now -- I guess I should  
9 say, I think it was actually -- this should be  
10 250,000 comments, none of which accused my mom  
11 of anything, but there was some mention of me  
12 and -- what was it, a spineless mammal. I  
13 thought all mammals had spines. So if anybody  
14 knows about a spineless mammal, other than me,  
15 I'd like to know what that is.

16 So we did get a -- this really  
17 brought out a lot of ■- this brought out a lot  
18 of comments, a lot of people deeply concerned  
19 about is this, you know, subsuming NEPA  
20 completely into the fisheries management  
21 process. On the other side, people were  
22 saying, no, this subsumes the fisheries

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1 management process completely into NEPA. So  
2 very polarized comments on this, my mother  
3 aside.

4 So we got all the comments. We've  
5 developed a final rule and that is currently  
6 pending at OMB and we'll see how things go in  
7 the coming weeks on whether that comes out.  
8 But that's public. You can go on the OMB web  
9 site and see that it's there. You can't see  
10 what's in it, but that's where we are in  
11 that process.

12 A couple other things I'll touch on  
13 real quickly and then we'll see if there are  
14 any questions.

15 The MRIP program replacing the  
16 MRFSS program, looking at the NAS study.  
17 We've had a real outreach program on that,  
18 moving it through. Again, the big part of  
19 that is developing this registry. A proposed  
20 rule for that came out in June. Public  
21 comment is closed. I'm not sure how many they  
22 got on that. But the final rule for that

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1 program is also pending at OMB right now. So  
2 we hope to have that out. The Act, that's one  
3 of the requirements in the Act, that this  
4 program be established by January 1, 2009.  
5 We're going to be very close to that. Part of  
6 this is getting that registry established and  
7 whether a state program can be used for that  
8 registry, or if the Secretary needs to  
9 implement their own registry. There's more  
10 information coming out on that.

11 They have an implementation plan on  
12 the web site. I want to make sure folks  
13 realize that. This implementation plan is  
14 already up there. So if you want some initial  
15 information, the web site's there, but the  
16 general web site will help you as well.

17 Limited access privilege programs.  
18 We set a goal internally inside the  
19 administration for doubling the number of  
20 these programs to 16. We're up to about 11  
21 right now. So we're on track. I'll talk a  
22 little bit more about LAPP programs tomorrow,

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1 I guess. The major accomplishment here was  
2 the report there at the bottom that design and  
3 use of limited access privileges programs that  
4 marks coauthor/coeditor of. So that's the  
5 basic guidance right now. What we're doing is  
6 soliciting public comment on LAPP programs, on  
7 whether folks thought we needed some more  
8 regulatory guidance. We're going through  
9 those comments right now to decide if we want  
10 to propose formal guidance. It wasn't a  
11 requirement of the Act. Folks thought we  
12 needed some additional guidance, so we're  
13 looking at that. But this is a staff resource  
14 problem. Right now we just don't have any  
15 people to work on it until we get over the ACL  
16 on it.

17 And then a couple additional rule  
18 makings related to the LAPP programs. The IFQ  
19 referendum guidelines. The Act requires that  
20 if you're in New England or the Gulf of Mexico  
21 and want to implement an IFQ program, you need  
22 to have a referendum. We've got guidance

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1 pending on that. We've got a proposed rule  
2 out, got comments. We're just trying to wrap  
3 that up.

4 Experimental fishing permits, EFPs.  
5 Again regionally based, nationally  
6 streamlined program. We've had a proposed  
7 rule out. Got a lot of comments on that.  
8 We're trying to finalize those now. So those  
9 two will be coming out soon, too.

10 Another big part of the Act are the  
11 international provisions related to IUU. We  
12 need to have a biannual report to Congress in  
13 January that identifies those nations that are  
14 conducting IUU. And then we also need a  
15 process for certifying whether they, the  
16 individual nations, or the competent Regional  
17 Fishery Management Programs is doing anything  
18 to solve that. So we do have a proposed rule  
19 that's also pending at OMB right now on how we  
20 would do that. So there will be a public  
21 comment on that IUU rule hopefully in the near  
22 future.

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1           Just a final couple quick ones.  
2           Deep sea coral. Authorized a deep sea coral  
3           program. We've put that together. We've put  
4           out a draft plan on a research and technology  
5           program. We've announced availability of that  
6           research and management strategic plan. It's  
7           out for public comment right now. You have  
8           until January 17th to give us comments on  
9           that.

10           Then we talked a little bit about  
11           peer review. The Act says Councils may  
12           establish a peer review process. Steve and  
13           his folks are trying to get some guidance out  
14           on what that means, how would the language  
15           work, how do we again, across eight Councils,  
16           have some standards that they would follow.  
17           So we have an advanced notice of proposed rule  
18           making out on that right now. So there's  
19           plenty of opportunity to comment on things, if  
20           you don't have anything to do.

21           And then I'll wind it up here with  
22           the web site I mentioned at the beginning.

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1 It's where I go for my information, so  
2 hopefully other folks will, too. We're trying  
3 to keep that updated.

4 So, questions? We've got six  
5 minutes before Gary rocks on budget.

6 MR. DiLERNIA: Alan, the angler  
7 registry program, when it was first passed and  
8 the last re-authorization, I said to myself,  
9 this should be easy to get the states down to  
10 -- those states that don't have fishing  
11 licenses, to have licenses in place. And I  
12 thought at the time that what the feds were  
13 going through was an exercise that would  
14 really not be implemented. I now am -- my  
15 opinion on that is 180 degrees around now at  
16 this point. The states, there's obviously  
17 budgetary problems of where they are. I sense  
18 that a number of the states in the Northeast,  
19 the governors are resistant to pass  
20 recreational license programs. And so, I  
21 mean, as much as I've seen it planned in New  
22 York, I don't see it happening soon. And so,

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1 you know, I'm glad that -- you know,  
2 eventually you had to bold with it, but I hope  
3 all those ducks are in place and they'll hold  
4 well because I really -- that's going to  
5 happen. I see so many of the states up in the  
6 Northeast that I didn't think it would ever  
7 happen before, I thought okay, this is enough.

8 Bills will be enough of a push. But until  
9 you start charging the fees, it's just --  
10 states are not going to -- they're going to  
11 let you do it for them.\*\*

12 MR. RISENHOOVER: Right.

13 MR. DiLERNIA: Which is  
14 unfortunate, I think.

15 MR. RISENHOOVER: The states could  
16 charge a fee and keep the money. If we charge  
17 a fee, it's goes back to the general treasury.

18 MR. DiLERNIA: Right.

19 MR. RISENHOOVER: So there's that.

20 And we thought the same thing, that this  
21 would kind of force some of the states to --  
22 you know, anything's better if we do it

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1       instead of the feds, which I think I believe  
2       in that as well, except for fisheries  
3       management -- but anyway, so -- yes, Steve,  
4       did you want to add to that?

5                   MR. MURAWSKI:     Just tell me, the  
6       dialogue that we've had with a lot of the  
7       Northeast states, I'm thinking a bit more  
8       positive.  A lot of the states are actually  
9       waiting until our final rule is published  
10      because they need a piece of paper to go to  
11      their legislatures with.  So, you know, for  
12      example, we've had some pretty productive  
13      discussions in Massachusetts.  New Hampshire  
14      is a little bit of an outlier.  Gordon, of  
15      course is working for us now in that program.  
16      And he's got a lot of internal discussions at  
17      the state level.

18                   MR. DiLERNIA:    I mean, internally  
19      in New York we're -- we've advocated clearly.  
20      My very first issue at fisheries management  
21      over the -- whole 30 years ago was a block of  
22      saltwater license in New York State.  That

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1 was the very thing that was in the drift to.  
2 And now I'm probably the most vocal supporter  
3 of having the license in the state. But what  
4 I hear from the governor's office and all, is  
5 uh-uh. You know, now Jersey is saying no, no,  
6 no. And so that's why I just encourage you.  
7 And I hope I'm wrong, because I really feel we  
8 should have it, but it just seems that in this  
9 fiscal climate, things are not going to happen  
10 right away.

11 MR. RISENHOOVER: Right. And a lot  
12 of these are kind of getting interrelated,  
13 especially on recognition data and ACLs, you  
14 know, better data, better management, some of  
15 the overruns in the past.

16 Eric?

17 MR. SCHWAAB: Well, just a quick  
18 comment on that. I agree with Steve and Tony.

19 I think that one of the things the states are  
20 waiting for is, first of all, the rule. And  
21 secondly, there's sort of a grace period there  
22 between now and 2011 when it's free at the

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1 federal level. And so the states aren't in a  
2 rush. But I think they're going to get there  
3 before 2011 for the most part.

4 MR. BILLY: Erika?

5 MS. FELLER: You just touched for a  
6 moment on the changes in the fishing permit  
7 rules.

8 MR. RISENHOOVER: Yes.

9 MS. FELLER: Are there any sort of  
10 high points where there wouldn't be changes  
11 that you can see?

12 MR. RISENHOOVER: There's a lot to  
13 the rule on the difference between research  
14 set asides and staff research on whether they  
15 would need a rule exempting fishing permit or  
16 not. The Act says we don't regulate science,  
17 the research side. And so this would have  
18 closed what some argue was a loophole that  
19 anybody could do -- under the guise of  
20 research you could actually be fishing out of  
21 season. So there was that.

22 We tried to set some standards

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1 across the country so that EFPs would be  
2 handled in the same way -- we got a lot of  
3 comment on that. So the proposed language is  
4 somewhat different than what we proposed. But  
5 if you're interested, I can, you know, get you  
6 a summary of that or, you know, the comment  
7 period is closed, but the rules would be on  
8 our web site as well.

9 MR. DEWEY: You touched briefly on  
10 the ocean acidification requirement, there at  
11 section 701 of the re-authorization bill. And  
12 that directed the Commerce Secretary to  
13 request the NRC to do a study. Can you give  
14 more specifics on what's in that.

15 MR. RISENHOOVER: I can't, but I'll  
16 turn that to Steve.

17 MR. MURAWSKI: Yes, what we've done  
18 is we've given the National Research Council  
19 the funding to initiate that study. There's a  
20 call for membership on that panel right now.  
21 We're actually going to split that study. The  
22 National Science Foundation is interested in

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1 going part way, and actually two other bureaus  
2 of NOAA -- in particular the coral program and  
3 the climate program are interested in  
4 splitting it with us as well. It's about a  
5 \$400,000 study. That's what the NRC studies  
6 cost these days. So, you know, we should  
7 point out that the other, you know, NSF and  
8 then the other bureaus of NOAA are there.

9 We anticipate a preliminary report  
10 in February, like an interim report and then a  
11 final report. It's about an 18-month study,  
12 when you wrap up everything. But I think the  
13 Ocean Studies Board is very keen in this  
14 study. This is clearly an issue that has kind  
15 of popped up on the radar scope and they want  
16 to be relevant as the new crowd, you know, is  
17 going to run the, government and starts to  
18 play with this issue.

19 MR. BILLY: Other questions?  
20 Comments?

21 MR. RISENHOOVER: If you have  
22 anything, check the web site, if you can't

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1 find it there give us a call. Thanks.

2 MR. BILLY: Thank you very much,  
3 Alan.

4 Okay. I'd like to move on then.  
5 the next briefing is from Gary Reisner, the  
6 director of the NMFS Office of Management and  
7 Budget. He's going to provide us an update on  
8 budget and transition.

9 Gary?

10 DR. HOLLIDAY: These are slides  
11 that are not on the web site.

12 MR. REISNER: Yes, I wasn't aware I  
13 was going to make a presentation on this, so I  
14 sort of put these together yesterday. And  
15 I'll go through this fairly quickly.

16 You guys have seen this slide  
17 before. It's essentially showing the  
18 Congressional request and the enacted numbers.

19 They're not showing up very good in the  
20 colors. But in general, the taller line is  
21 the enacted, the lower line is the President's  
22 budget. Until you get over to '09, you have

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1 our request and then the House and the Senate  
2 mark there.

3 You see a lot of fluctuation. The  
4 line draft here is the enacted levels in real  
5 terms. And so you see it's not gone up. It's  
6 sort of fluctuated around and downward, but in  
7 '09 are requested about 782 million.

8 So here's our request.  
9 Seven-hundred- eighty-two million, that's in  
10 total. It's about 46 million below the  
11 enacted level, 13 million below last year's  
12 request. However, within that, we have about  
13 10 million in net adjustments. What that is  
14 is inflation, pay raises that are mandated by  
15 Congress and other adjustments to inflation.  
16 Those are sort of our highest priority because  
17 we're going to pay them. No matter what, we  
18 have to. And then 34 million in net program  
19 changes, which I'll go over in a second.

20 In part, getting down to these  
21 numbers is that if you look at the '08 enacted  
22 level, there's about 53 million in

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1 Congressionally- directed projects, earmarks.

2 And so those aren't in our request in large  
3 part.

4 I thought I'd throw this up just so  
5 you can see the various priorities, or the  
6 splits in our budget for the programmatic  
7 activities. The red part on the bottom is for  
8 the MSRA fisheries management.  
9 Magnuson-Stevens makes up almost half of our  
10 budget. The yellow on the top is actually  
11 activities. It includes aquaculture,  
12 cooperative research, information systems,  
13 Antarctic research and a few other sundry.  
14 NEPA money is in there. The 89 million is our  
15 law enforcement and observers programs.  
16 Within that, about 56 million is for  
17 enforcement. About 33 is for observers around  
18 the country. And the 43 million, the small  
19 component there, is for habitat. And within  
20 that, we have about 21 million for habitat  
21 protection activities, essentially ESA  
22 activities and other consultations. And then

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1 about 22 million for restoration activities.  
2 So the Open Rivers Program, community-based  
3 restoration programs.

4 This is a breakout essentially of  
5 the 34 million you saw on the other slides so  
6 that you can understand at least what I  
7 priorities are for '09, whether we ever see  
8 these or not, that's sort of up to Congress.  
9 But I told you the 10 million is our ATB,  
10 which is our inflation area and mandatory pay  
11 raises that we have to cover.

12 The next biggest component is  
13 Magnuson- Stevens re-authorization and we have  
14 almost 32 million that we've requested in our  
15 budget for that. And the largest component  
16 again, as I mentioned yesterday, was this  
17 expanded stock assessment activity so that we  
18 can get good information to develop the ACLs.

19 We also have some funds for IUU  
20 enforcement and economics and social science.

21 That's one of the areas where we have  
22 problems. And some of our regulatory analyses

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1 is getting good information on the  
2 socioeconomic impacts.

3 We have funding for Atlantic  
4 salmon, which is an increase, and I'll  
5 explain. We do have an increase there. It's  
6 going towards conservation planning, Section  
7 6-type activities related to Atlantic salmon.

8 And we have an increase for Open Rivers.  
9 Together, those things are about \$10 million.

10 And if you'll notice, in '08 we had  
11 requested, and it was enacted, \$10 million for  
12 acquiring and removing two dams on the  
13 Penobscot River and building a fish ladder.  
14 That's not in our '09 request, but those  
15 funds, we moved to the Open Rivers Initiative  
16 and up into the Atlantic salmon Section 6  
17 activities, not specifically for the dams, but  
18 for Atlantic salmon activities in general.

19 We also have restorations in the  
20 President's request, about \$40 million. What  
21 had happened in '08, as we were going forward,  
22 is both the House and the Senate, we had good

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1 marks from the House and the Senate and  
2 essentially fully funded our request, plus  
3 then they added on their earmarks. And as  
4 negotiations with the White House went on and  
5 on and the President stuck to his guns and  
6 said no increases, our number kept going down  
7 in total, but the earmarks stayed about the  
8 same. So they took all the funds from our  
9 priority programs. So for example, we had  
10 money that we had requested for LAPPs that  
11 didn't get in '08. We had other things for  
12 stock assessments that didn't get in there.  
13 So these are trying to restore that back to  
14 our original request.

15 Then we had some significant  
16 decreases. Pacific Salmon Coastal Recovery  
17 Fund. It's been between \$60 and \$90 million  
18 over the last few years; 66 last year. Given  
19 the guidance that we got within the  
20 administration to be able to hit our  
21 priorities and fund Magnuson- Stevens, we had  
22 to cut that. In addition, we have the

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1 reduction that I explained on the -- and that  
2 was about 35 million, or 30 million. We have  
3 the reduction in Penobscot River restoration  
4 activities. That was 10 million. And then  
5 some smaller reductions in our Columbia River  
6 buyout work where we're reducing the amount on  
7 an annual basis, but hopefully we'll be able  
8 to continue that work for a longer period of  
9 time. So that makes up our request and the  
10 priorities that we have.\*\*

11 MR. DEWEY: Gary, what was the  
12 Pacific salmon reduction? What was the bottom  
13 line?

14 MR. REISNER: Thirty-two million.  
15 Okay. So it went down to \$35 million. And  
16 then we had -- there was some money in our PAC  
17 account, which is our procurement acquisition  
18 construction account, of 2 million. In fact,  
19 all of these increases that we have here are  
20 in our operating account. We have a number of  
21 accounts, but essentially the biggest one is  
22 called operations, research and facilities.

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1 And that's our operating account. And all of  
2 these increases are associated with putting  
3 money into our operations. Pacific salmon  
4 coastal recovery fund is a separate account,  
5 so that's gone down.

6 MR. BILLY: Erika?

7 MS. FELLER: Gary?

8 MR. REISNER: Yes?

9 MS. FELLER: In addition to what's  
10 in Atlantic salmon, were other funds requested  
11 for Section 6 operation of states activities?

12 MR. REISNER: Not specifically. We  
13 were going to use some of the money that we  
14 have in our base for endangered species. But  
15 no, we didn't have any increases over and  
16 above -- about \$1 million that we've been  
17 spending on Section 6 activities.

18 Any other questions on this? I  
19 only have a couple more slides here, so I'm  
20 trying to save you time.

21 This is just a summary of our  
22 activities. You saw the pie chart before. We

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1 have protected resources. We have fisheries  
2 management, enforcement and habitat,  
3 conservation and then the other activities.  
4 And I said that's the ORF. That's our  
5 operations, research and facilities line.  
6 That's our major operating account.

7 We also, it looks funny to see this  
8 other discretionary account minus 76 million.

9 There's another account that we have that's  
10 actually -- that minus 76 offsets increases  
11 that we have in the other mandatory accounts.

12 We have an account that's called the "Promote  
13 and develop fisheries of the U.S." -- it's a  
14 real long name, but it's essentially a promote  
15 and develop account. It's automatically  
16 funded with a portion of the excise taxes we  
17 collect on imports, tariffs that we collect on  
18 imports. What remains in the fund is to be  
19 used for SK,[Saltonstall-Kennedy program] but  
20 what Congress has done over the years, and  
21 frankly we've continued it in the  
22 administrations request, is ultimately in

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1 order not to do it, we have to find it, is we  
2 take money out of that account and transfer it  
3 into the ORF operating budget. And it reduces  
4 our budget authority that we're requesting  
5 from the Hill. It's essentially financing our  
6 operations.

7 Any remainder that's left in the  
8 promote and develop goes to the  
9 Saltonstall-Kennedy Grant Program. In the  
10 past, essentially they've transferred the  
11 whole amount. This past year we've had about,  
12 I think, four or five million in there. In  
13 fact, we ran a competition on grants for that  
14 for the first time in many years. I think  
15 we're going to try to do it again this year,  
16 assuming that Congress leaves it alone and  
17 doesn't up the amount of offsets that they  
18 want to take out of it.

19 I'm not going to go through all of  
20 these. Again, we have increases in protected  
21 resources that I talked about. Magnuson-  
22 Stevens increases. We have an additional

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1 amount, a little amount, a million dollars for  
2 enforcement activities related to IUU  
3 enforcement and almost a million dollars for  
4 additional observer coverage. I think that's  
5 primarily going to be used to pilot some  
6 observer activities in fisheries that don't  
7 have observers to see whether in fact we may  
8 need more observer coverage in those  
9 fisheries.

10 We have in habitat conservation, it  
11 looks like it's going down, and it is in large  
12 part because of the Penobscot River reduction  
13 of 10 million. But that's offset by the 5  
14 million below or 5 million we're requesting  
15 for Open Rivers. And then we have another 1.5  
16 million for deep coral work, and that's  
17 related also to Magnuson-Stevens  
18 re-authorization.

19 As you can see, if you look at  
20 what's in the House and the Senate, in fact  
21 the House has their numbers about 34 million  
22 above our request and it's about 90 million

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1 above the enacted level, but they fully funded  
2 our MSRA request, as did the Senate. The  
3 House has provided about 10 million additional  
4 for protected species, primarily in earmarks  
5 for monk seals and Hawaiian sea turtles.

6 So as you go through here, you  
7 look, oh, well heck, you know, the House and  
8 the Senate this year actually have almost  
9 fully funded our request and then added  
10 additional earmarks on top of that. And so if  
11 we were to get either of them, I think we'd be  
12 in pretty good shape. And it's a little  
13 frustrating in fact because we'd finally  
14 gotten two good budgets. Generally, the House  
15 is substantially less than the Senate and  
16 sometimes below our request. This year that's  
17 not the case, however, we can't act on them  
18 because we're under a CR. So that's a little  
19 bit of a tease to see this, and I can tell you  
20 it frustrates many of our employees,  
21 particularly in the field who don't understand  
22 the nuances of Congressional actions, and a

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1 number of our partners who think, oh, they see  
2 this and it's going to be available.

3           And that leads me to the last thing  
4 I wanted to talk about is the continuing  
5 resolution. Because right now we're operating  
6 under a continuing resolution, and the way a  
7 continuing resolution operates, if you look at  
8 the '08 level, we have to operate at the '08  
9 level, but we can't spend more during the CR  
10 period than we spent last year during that  
11 same time. Okay. So it's a seasonal rate.  
12 Okay? And so every year you're under --  
13 because we were under a CR last year and we  
14 were under a CR the year before that.

15           Now it's not really a big deal if  
16 the CR only lasts a couple of months or it  
17 goes into December, but when it flops over  
18 into the second quarter, it really creates  
19 problems for us and for most of the people  
20 that work with us. And in fact, if you read  
21 the language in CRs, they say you need to  
22 minimize your spending so as not to preempt

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1 the prerogatives of Congress. All right?  
2 Because they want to come in at the end of the  
3 day and move things around. So let's say you  
4 have a grant line, like the Councils, for  
5 examples; that's all grants, and you spend it  
6 in the first quarter and they come back and  
7 want to change that, you've already spent it.

8 You've usurped their prerogatives. So in  
9 fact we don't do grants in the first quarter,  
10 until the very end of the first quarter,  
11 anyway. We'll look to see if there's any  
12 additional funds. And in particular, the  
13 Councils are a special animal because they  
14 only get funding from us and they operate on a  
15 January-to-January basis. So generally, late  
16 in December we'll try to find money from the  
17 various accounts that haven't spent it under  
18 the CR and put a grant out and give them  
19 essentially one-quarter funding to carry them  
20 through the second quarter.

21 So CRs are very frustrating for me  
22 and, I can tell you, for our employees. They

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1 say, oh, we've got all these increases. Why  
2 can't we just spend the money? We know it's  
3 going to be there. Well, the risk is, like  
4 last year, where our mark was good, the  
5 request was good, the House mark was good, the  
6 Senate mark was good, but at the end of the  
7 day when they came in and finally negotiated a  
8 number, our actual enacted level went down  
9 substantially and the only thing that  
10 sustained it were the earmarks because they  
11 funded the earmarks out of our base request.  
12 So it's a risky time for us to be spending  
13 money. We are trying to put some extra money  
14 on Magnuson-Stevens activities. I've talked  
15 to people in NOAA, DoC, OMB. The problem we  
16 have is the deadlines for 2010 and 2011 don't  
17 go away just because we're under a CR. Any of  
18 the increases that we have in here were to get  
19 us started earlier in the process that we can.  
20 We're delayed six months this year to get  
21 some of this money to do some of the  
22 assessments and the ACL work, well we're only

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1 a year away from the requirements here and  
2 we're likely to miss our mark on that. We're  
3 not saying we will, but there's that  
4 potential.

5 MR. DiLERNIA: Gary, on the  
6 quarters, when you were describing the funding  
7 that you put to the Councils, you're saying  
8 your budget year is different than your  
9 calendar year, isn't it?

10 MR. REISNER: That's correct, but  
11 --

12 MR. DiLERNIA: That starts when,  
13 the budget the year starts --

14 MR. REISNER: Our budget year  
15 starts --

16 MR. DiLERNIA: October 1?

17 MR. REISNER: -- normally October  
18 1, yes.

19 MR. DiLERNIA: Right.

20 MR. REISNER: Unless we're under a  
21 CR.

22 MR. DiLERNIA: So, in January

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1 you're starting your second quarter?

2 MR. REISNER: We're starting our  
3 second quarter in January. The Councils  
4 operate on a January-to-January grant.

5 MR. DiLERNIA: Right.

6 MR. REISNER: All right? They only  
7 get funding from us. So by the end of  
8 December, they're running pretty low on cash.

9 MR. DiLERNIA: Okay.

10 MR. REISNER: Okay? And so we try  
11 to get them money at least by the end of  
12 December so that as they roll into January  
13 they have some cash. You know, I don't know  
14 whether it was hyperbole or crying wolf, but  
15 there were a couple of Councils last year that  
16 were talking of furloughs and layoffs. I'm  
17 not sure that would have happened. And every  
18 year so far we've been able to cobble together  
19 enough money to give them essentially a  
20 quarter of their annual grant amount to carry  
21 them through.

22 MR. BILLY: Gary, was there any

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1       indication that Congress will deal with any of  
2       the budget bills during the lame duck session?

3               MR. REISNER:    I was going to talk  
4       about that.    There has been no talk that I've  
5       heard or no serious talk about addressing the  
6       '09 CR.    That seems to be right now off the  
7       table.    The discussion right now relates to a  
8       stimulus package.    In fact, the other day I  
9       asked my folks to look and see what  
10      everybody's saying.    Pelosi and Hoyer are  
11      saying that if they can't get a commitment  
12      from Bush and the Senate and the Republicans  
13      to allow a stimulus and some loans for the  
14      auto industry to go forward, they may not come  
15      back into session.    The Senate is going to  
16      come back in session because they bring in  
17      their new members, and they had already  
18      planned to come back.    But on the House side,  
19      it's all talk about a stimulus package.

20               In the Senate, you know, Senator  
21      Byrd has stepped down from the Appropriations  
22      Committee and the younger individual, Senator

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1 Inouye is taking over. It's unclear to me how  
2 we will fare in either the House or Senate  
3 next year. I think this administration may  
4 have focus on restoring some reductions in  
5 environmental activities, but frankly my fear  
6 is those will be high profile environmental  
7 issues at EPA and Interior, and ocean issues  
8 might not rise up to the surface. I don't  
9 know that that will happen or not. I worry  
10 doubt that.

11 MR. BILLY: One more question.  
12 There's precedent in the past for a new  
13 administration to toss out an existing pending  
14 budget, set of budget bills, and start fresh.  
15 Is there any indication the new  
16 administration is considering that?

17 MR. REISNER: Well, there are two  
18 things. I think given that Congress was --  
19 and the last Congress was still Democratic  
20 controlled and now you have a Democratic  
21 president, I don't think they're going to  
22 start at zero. However, with all the

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1 problems, and I'm talking '09 now, that are  
2 facing the Congress when they come back, and  
3 the President, there's a possibility that they  
4 will just come back and say we're going to --  
5 for '09, we're going to do a full year CR,  
6 which essentially is they take the '08 number  
7 and straight line it. Now that's problematic  
8 for us because we have some serious increases  
9 that we need to put to Magnuson-Stevens. Now  
10 there are some earmarks that we might be able  
11 to redirect, although I can tell you that  
12 that's pretty tough, and we get a lot of  
13 pressure.

14 Jim?

15 VICE CHAIR BALSIGER: Well, I think  
16 this is exactly what a risk discussion needs  
17 to get to, because this committee is for NOAA,  
18 it's not for NMFS. So if we're straight  
19 lined, as you put it, from '08 to this year,  
20 and this committee has any ideas as to whether  
21 NMFS should get a little bit more or satellite  
22 should get a little bit more as we straight

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1 line it, this is a NOAA committee. So I think  
2 that's the point we need to get to see if  
3 there's any philosophy or advice that should  
4 go to I guess Bill Brennan on continuing NMFS  
5 budget as opposed to exactly continuing all of  
6 the line office budgets.

7 MR. REISNER: Yes, and I mentioned  
8 some of our increase is 30 million for  
9 Magnuson- Stevens, say, well, if you look at  
10 the satellite request, we're talking a couple  
11 100 million in shortfalls that may happen if  
12 we're straight lined in NOAA. So there's  
13 going to be pressure on any funding, and it's  
14 conceivable we could come out of a CR, a long-  
15 term CR with less money because within the CR  
16 process NOAA itself can reallocate funds to  
17 the priorities that they think are most  
18 critical.

19 MR. BILLY: Is this an example of  
20 the kind of thing that we ought to -- once we  
21 sort of develop a position, if in fact we feel  
22 strongly about some of these priorities in the

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1 budget, pending budget, that ought to be  
2 brought up in the context of talking with the  
3 transition team? Or is there another avenue  
4 to pursue this kind of thing? Should we meet  
5 with the current acting administrator of NOAA?  
6 Should we do both?

7 MR. REISNER: You know, if the  
8 transition team members, and you may know more  
9 than I, I haven't seen a list of who the  
10 transition team is going to be for the  
11 Department of Commerce yet or NOAA, for that  
12 matter, but you can certainly educate them and  
13 talk to them to what you think are your  
14 priorities and the why. You can't lobby  
15 inside the government, inside the Executive  
16 Branch. You can say that. But, you know, I  
17 wouldn't say it's lobbying. I would say  
18 you're giving them -- here's an informed  
19 discussion about what will happen. The thing  
20 about, and I don't mean this cavalierly,  
21 hurricanes are important, but if we get a bad  
22 forecast on a hurricane, it has significant

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1 impacts, but nobody's going to get sued. Our  
2 problem is that our mandates are such that if  
3 we don't meet them, we will get sued. All  
4 right? So if we don't meet our  
5 Magnuson-Stevens requirements, setting ACLs  
6 and accountability measures, we will be sued.

7 And then the courts will start directing how  
8 we're supposed to do things. Or other  
9 constituents, whether they be industry or  
10 environmentalists, on protected species,  
11 whether it be MMPA or ESA, if we don't address  
12 the interactions with fisheries and other  
13 activities appropriately, we will get sued,  
14 and the courts will tell us how to do it. And  
15 it can have significant impacts.

16 So I worry about that a lot, that  
17 we don't have the luxury of just sort of being  
18 close enough. We either have to get over the  
19 hurdle or we're going to get sued.

20 MR. BILLY: Larry?

21 MR. SIMPSON: Thank you, Mr.  
22 Chairman. First I want to -- quick story.

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1 When you were talking about younger and aging  
2 Congress and so forth, John Graves told me  
3 personally one time that back when the balance  
4 was real delicate between the Republicans and  
5 the Democrats, the most important person in  
6 the Senate was the Senate physician. That was  
7 back when Strom Thurmond was there.

8 But the comment about -- the  
9 serious comment about your statement  
10 initially, and it relates to what Jim was  
11 saying. He said, you kept talking about our  
12 priorities, the Agency's priorities. That  
13 becomes abundantly apparent and extremely  
14 focused and important when you get to see all  
15 this. Then it should be more about not your  
16 priorities, but our priorities. Because you  
17 do have other constituencies besides just the  
18 Councils. Then you have other  
19 responsibilities than just the Councils. And  
20 I've said this and stated this in testimony,  
21 you know, the Councils' activities of  
22 management and ACLs and all that's important,

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1 but there is an inverted pyramid of all  
2 discussions that comes down to a single  
3 inverted pyramid point. And that's data. If  
4 you don't do the data, close shop, let's go  
5 home.

6 So and when you talk about, and I  
7 saw some numbers that I'm not particular happy  
8 with in regards to some of these things, but  
9 when you talk about your priorities, it should  
10 be more about our priorities. And that's my  
11 point.

12 MR. BILLY: Randy?

13 MR. CATES: Thank you, Chairman.  
14 Several meetings of ours, I don't know if it  
15 was in New York or Florida, we had a long  
16 discussion about our responsibility as an  
17 organization and who we advise. And this is  
18 exactly why I think at that time I was saying  
19 our bylaws state we shall advise the Secretary  
20 of Commerce. This is coming to be very  
21 important. We need to get -- open that door  
22 and just be able to work together. Otherwise,

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1 we're talking to the wrong people. So I guess  
2 my question goes back to, you know, where are  
3 we at with that? Have we made any progress?

4 MR. BILLY: We briefed the NOAA  
5 leadership. For example, on the 2020  
6 document, it's been forwarded to the  
7 Secretary's office. But I think the answer to  
8 your question is no, not directly.

9 MR. CATES: To follow up on that, I  
10 would think we have an opportunity coming up  
11 with the new administration to basically our  
12 handbook and say -- it says we shall do this  
13 and maybe we would get a fresh start.

14 MR. BILLY: Mark?

15 DR. HOLLIDAY: Yes, just a  
16 reminder, in terms of progress, there's  
17 nothing in the charter that prohibits you from  
18 talking directly to the Secretary of Commerce.

19 It's only based on historical precedent how  
20 you've chosen to advise administrations in the  
21 past. So you don't need permission or new  
22 authority to go talk directly to the NOAA

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1 administrator, or the deputy secretary of  
2 Commerce, or the Secretary of Commerce himself  
3 or herself. There is no new authority  
4 necessary. It's just simply how you've chosen  
5 to exercise your responsibilities in the past.

6 And so I think Randy's comment is, perhaps  
7 this is a break point with a new  
8 administration and the transition teams  
9 finding out it is that you want to advise, but  
10 you don't need any further permission to do  
11 that. It's just a matter of the mechanics of  
12 getting in line to talk to these people and  
13 whether they're willing and able to do that in  
14 a timely fashion.

15 MR. BILLY: This Jim and then that  
16 Jim.

17 VICE CHAIR BALSIGER: This Jim? I  
18 think Mark is right, but this is probably a  
19 time when you -- the flexibility inherent to  
20 what Mark said is important because we don't  
21 know how the new administration will work.  
22 And the new Secretary of Commerce may be

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1 interested in fisheries and that's where the  
2 decisions are made, in which case we want to  
3 have the ability to go there. Or more than  
4 likely, it will be the way it has been before,  
5 the Secretary of Commerce will defer almost  
6 all of that stuff to NOAA. And so then you  
7 want to be able to talk to NOAA. So I think  
8 keeping the flexible approach here is probably  
9 appropriate.

10 MR. BILLY: Mr. Gilmore?

11 MR. GILMORE: I guess in that line  
12 I was, you know, sort of what's the timing on  
13 this? When does the CR expire? When will we  
14 get a sense of whether they will do an  
15 omnibus?

16 MR. REISNER: The CR is due to  
17 expire March 6th. So Congress can act any  
18 time before that to enact the full year  
19 budget, or a long-term CR, which essentially  
20 is a full year budget. If they are not going  
21 to take it up in this lame duck session, then  
22 I think you're looking at pretty close to the

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1 beginning of March before we are going to see  
2 anything. Because they're going to have to  
3 come back. They will have new members. The  
4 administration will also be putting together  
5 and abbreviated 2010 request. All right?  
6 Because they will have to start working on  
7 that. So it's going to be a full schedule  
8 when they come back. Okay?

9 MR. BILLY: Randy and then Tony.

10 MR. CATES: We have in the budget  
11 main factor ability? We do get that meeting  
12 request? How do we do that?

13 DR. HOLLIDAY: Yes.

14 MR. BILLY: Tony?

15 MR. DiLERNIA: Yes, Gary, when you  
16 negotiate your budget with the Congressional  
17 staff, you're working with the staffers from  
18 the -- which subcommittee?

19 MR. REISNER: It's primarily the  
20 House and the Senate Appropriations  
21 Subcommittee for Commerce, Justice, Science.  
22 Okay?

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1 MR. DiLERNIA: CJS. Okay.

2 MR. REISNER: And so each of those  
3 have a majority clerk, a minority clerk and  
4 then, at least on the majority side, generally  
5 there's a few analysts. So we have an analyst  
6 on the House side that deals with NOAA and we  
7 have an analyst on the -- well, actually we  
8 don't have one right now.

9 MR. DiLERNIA: NOAA or NMFS?

10 MR. REISNER: Deals with NOAA, not  
11 NMFS. Just like at OMB, OMB's a little  
12 different, there are two analysts, one that  
13 deals with the wet side, which is essentially  
14 living marine resources, oceans, NOS and fish.  
15 And then an analyst who deals with the dry  
16 side, which is the satellites and weather  
17 service finances.

18 MR. BILLY: Heather?

19 MS. McCARTY: Gary, what is the  
20 status of '08 earmarks that are in your  
21 continuing resolution picture? What happens  
22 with those?

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1           MR. REISNER: By definition, under a  
2 CR there are no earmarks. In fact, there are  
3 no lines. So, if we're under a CR, there are  
4 actually none of these protected resources,  
5 fishery management, enforcement. We have  
6 flexibility to establish priorities within the  
7 amounts that are ultimately appropriated and  
8 given to us. On the other hand, there's no  
9 number for National Marine Fisheries Service,  
10 so there's no 828 there at the bottom. All  
11 right? There's just one big number for our  
12 operating account and our operating account,  
13 or financial net, includes all the other line  
14 offices. So it includes weather service, it  
15 includes NOS and all the operations. So there  
16 are no earmarks. Now, that's -- theoretically  
17 that's the case. In fact, when we've been  
18 under other long-term CRs, we have had trouble  
19 not funding some earmarks. But we have been  
20 able to work with the recipients and exert a  
21 little more pressure than we would have  
22 otherwise as to the day you should be doing

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1 stuff that is supportive of our work.

2           There is a distinction between a  
3 short-term CR, which is the one that goes to  
4 March 6th, and a long-term CR, which is  
5 essentially a full-year appropriation. In a  
6 short-term CR, again, we can't preempt the  
7 prerogatives of Congress, so you can't start  
8 new programs and you can't end existing  
9 programs. Now you can minimize funding them  
10 to the degree you can, but you can't really  
11 stop them. If there's a long-term CR, then  
12 that sort of goes away. And again, you don't  
13 have any line items. But you certainly have  
14 informal guidance on what you are supposed to  
15 be doing.

16           VICE CHAIR BALSIGER: So, Gary, on  
17 that, you can't start or end a program, is a  
18 program equivalent to an earmark?

19           MR. REISNER: Earmarks would be  
20 considered programs except to the extent that  
21 they are grant programs, because we can't  
22 issue grants.\*\*

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1                   VICE CHAIR BALSIGER: And so if we  
2 have earmarks funding, you know, the Alaska  
3 Eskimo Whaling Commission, would they get  
4 funded by a grant, even though you can't end  
5 that program or that earmark, you can't fund  
6 it because we can't issue grants?\*

7                   MR. REISNER: That's correct. Now  
8 if things go into the -- well, what's the  
9 word? We will get guidance on that in a -- so  
10 that's a good example. So let's say we get a  
11 full-year CR and there's really no guidance on  
12 what we would do. Then we could fund that.  
13 Or at the risk of alienating important people,  
14 we could decide not to fund that. Okay? And  
15 that's where the where the problems multiply.

16                   And when we had this issue in, I think it was  
17 2007; we had a full-year CR. All right? A  
18 number of our longstanding earmarks, we  
19 reduced the amount of money that went to those  
20 earmarks, and for those that we continued, we  
21 required the recipients to document how they  
22 were going to meet our mission requirements,

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1 our strategic plan to get that funding.

2 MR. BILLY: Randy, one more and  
3 then I think we're going to have to wrap this  
4 up.

5 MR. CATES: Gary, do you have -- or  
6 I don't know if you're planning on having any  
7 kind of talk about your loan programs within  
8 the afternoon.

9 MR. REISNER: I'm going to talk --  
10 I think tomorrow there's a discussion in the  
11 afternoon on infrastructure activities and I'm  
12 going to go through the loan program and  
13 capital construction then.

14 MR. BILLY: Okay. Yes?

15 MR. JONER: Could I ask a question?  
16 Are we going to have more discussion on this  
17 later, kind of a statement from you?

18 MR. BILLY: Well, I was going to  
19 make ■- a couple of observations. One is I  
20 would like to suggest that you find a way  
21 through Mark to keep the Committee informed of  
22 the status of this area. We can decide how to

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1 do it, the frequency and what it is you're  
2 able to share.

3 MR. REISNER: This area being?

4 MR. BILLY: The budget.

5 MR. REISNER: The budget in  
6 general?

7 MR. BILLY: Yes, continuing  
8 resolutions. And particularly if there is a  
9 trend towards a certain outcome or any new  
10 developments.

11 And then my second point is that we  
12 might, as a committee, want to think about the  
13 timing of your next meeting. I know we have  
14 talked about the possibility of having it a  
15 little earlier than June, maybe even March of  
16 April, but if this expires in early March, we  
17 might want to start thinking now while we are  
18 here about maybe even earlier than that, both  
19 tied into our interests regarding the  
20 transition and in particular if there's  
21 something we want to accomplish regarding the  
22 budget process. So I'm just laying that on

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1 the table. We can talk some more about it  
2 later.

3 Any other comments on this? Randy?

4 MR. CATES: Well, I think if we're  
5 going to do something, we need to do it a lot  
6 sooner than that, maybe not as a committee,  
7 but maybe as a one or two-person thing. I  
8 think that's what we need to think about this.

9 Because if we wait until then, it's too late.

10 MR. BILLY: Okay. You all set?

11 MR. REISNER: Yes.

12 MR. BILLY: Okay. Thank you very  
13 much.

14 Let's take about a 15-minute break.

15 (Whereupon, the above-entitled  
16 matter went off the record at 10:14 a.m. and  
17 resumed at 10:28 a.m.)

18 MR. BILLY: Okay. I think we  
19 should get started again.

20 The next item on our agenda is an  
21 update briefing on ecolabeling. And Mark  
22 Holliday is going to provide the briefing.

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1                   So, Mark, the floor is yours.

2                   DR. HOLLIDAY: Thank you, Tom. You  
3 all have in your folders an annotated agenda  
4 for this item. It's a one-pager describing  
5 what the purpose is for this agenda item.

6                   I'm here this morning to provide  
7 you an update on your recommendation from the  
8 July MAFAC meeting that you made to NOAA  
9 Fisheries for seafood certification and the  
10 public education and information effort  
11 associated with ecolabeling.

12                   For those of you who have been on  
13 the Committee, you recall back at our December  
14 meeting Florida you met and responded to a  
15 request from NOAA Fisheries that MAFAC give an  
16 opinion and evaluate and recommend what the  
17 role the U.S. Government should have in the  
18 area of ecolabeling and certification of  
19 seafood as sustainability. What should be the  
20 Government's function and role,  
21 responsibility? Should there be a federal  
22 ecolabel out there in addition to a third

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1 party or private sector labels for  
2 sustainability?

3 So we started off in December with  
4 a presentation, laid some of the framework and  
5 groundwork, defining terms, what was an  
6 ecolabel, what some of the current third-party  
7 issues were. We laid out for you what the  
8 current position of the NOAA Fisheries Service  
9 was with respect to these third-party labels--  
10 that we neither supported nor endorsed them  
11 and that for our purposes the standards for  
12 sustainability were the 10 national standards  
13 contained in the Magnuson-Stevens Act. Those  
14 were our statutory responsibilities to  
15 implement policies and regulations governing  
16 the sustainability of fisheries.

17 But we wanted your opinion and your  
18 input on whether or not, given changing  
19 circumstances in the environment, there was a  
20 need for additional roles where the Federal  
21 Government could be involved with in the  
22 certification and labeling effort.

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1           And so you asked us to come back  
2           and provide more information at the July  
3           meeting. In the interim FAO has continued its  
4           ongoing efforts on sustainability and  
5           ecolabeling. They had another workshop in  
6           March of this year where they conducted for  
7           that meeting an inventory of many of the  
8           private and third-party labels ranging from  
9           things like the aquarium cards, the seafood  
10          cards, red, yellow, green species, all the way  
11          through to the formal Marine Stewardship  
12          Council sustainability certification  
13          processes. So we've provided that information  
14          back to you. And at the July meeting we  
15          continued to have a discussion about the  
16          relative merits pros and cons, the issues. We  
17          had some presentations from John Connelly who  
18          serves on the board of MSC, who is also a  
19          MAFAC member, on the consumer response to  
20          certification and whether or not it's having  
21          an impact, making a difference into people's  
22          seafood choices derived from the use of a

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1 label on a product.

2 We also had as one of the public  
3 speakers at the meeting, Kitty Simonds from  
4 the Western Pacific Fishery Management Council  
5 who presented an assessment of the Hawaii  
6 Longline Fishery and their self-certification  
7 according to the FAO guidelines for  
8 sustainable fisheries, and she presented an  
9 idea that the Agency should be involved in  
10 federal ecolabeling.

11 So this is all context to where we  
12 have been. Following was the motion passed  
13 and adopted by MAFAC that's in italics.  
14 Again, if you can't read it, it's in your  
15 handouts in your folder. "NOAA should provide  
16 a plan to provide a mark and/or other  
17 acknowledgement for use on or with domestic  
18 fishery products that are sustainable managed  
19 in accordance with U.S. national standards.  
20 Further that NOAA make a substantial effort to  
21 improve public education efforts through  
22 FishWatch and other means regarding the status

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1 of U.S. fish and shellfish stocks and the  
2 health benefits of consuming them." So this  
3 is a mouthful, but this was the negotiated  
4 outcome of your deliberations at the July  
5 meeting.

6 So this was the recommendation from  
7 MAFAC coming back to NOAA Fisheries, and  
8 discussed at our NOAA Fisheries Service  
9 Leadership Council meeting in August. The  
10 leadership Council is the directors of all of  
11 our laboratory, our fishery science centers,  
12 our regional offices; remember the map from  
13 yesterday? All of those facilities have a  
14 principal director, as well as the office  
15 directors and the front office director at HQ  
16 -- direct reports to Jim, so that's our board.

17 Our board of directors is called the  
18 Leadership Council.

19 So we met hearing that and in  
20 response to our original question about what  
21 our role should be. And after debating the  
22 merits and the pros and cons, this is what our

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1 leadership came back with. We had two  
2 recommendations that they agreed to and  
3 endorsed, the first being that it was  
4 recommended that the Leadership Council not  
5 endorse the creation of a specific federal  
6 ecolabel. And two, "It is recommended that  
7 NOAA Fisheries focus its resources instead on  
8 expanding and approving efforts to communicate  
9 and acknowledge the status of sustainability  
10 of U.S. fisheries in accordance with U.S.  
11 national standards. Further, that NOAA  
12 Fisheries should make a substantial effort to  
13 improve public education efforts through  
14 FishWatch," again mimicking the second half of  
15 the recommendation from the MAFAC motion.

16 "The scope of these efforts should  
17 include domestic production and wild and  
18 aquaculture stocks subject to federal  
19 stewardship." So it is making clear that it  
20 was not just the wild harvest, but also  
21 standards from sustainability from those  
22 fisheries, those living resources raised

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1 through aquaculture facilities.

2           So as a result, the two actions  
3 coming out of that in terms of direction to  
4 carry out those things, the first was an  
5 action to amend -- and PDS is an acronym for  
6 our policy directive system. And before I  
7 finish my remarks today, I want to make sure  
8 people know where to find that. The policy  
9 directive system is a web site containing an  
10 inventory of all the NMFS policies and  
11 procedures and guidance that governs the  
12 Agency. So we have a system of policy records  
13 that helps direct staff and carry out our  
14 mission over time.

15           So the Leadership Council asked or  
16 passed to amend this policy directive that we  
17 already have for certification on ecolabeling  
18 within 90 days to issue some procedural  
19 guidance governing the Agency's response when  
20 we get requests. If you remember in July we  
21 had this question about when we are being  
22 requested to issue a statement on the

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1 sustainability of a fishery, whether it comes  
2 from an industry, from the government or the  
3 public, what do we do with that?

4           So it's not an ecolabel. It's not  
5 a physical label that's put on a product. But  
6 people are asking since you are managing  
7 fisheries through the Regional Council  
8 systems, and you manage them in accordance  
9 with national standards, can you issue some  
10 sort of statement or certification that this  
11 fishery is being managed sustainably? And so  
12 the action was to come up with a procedural  
13 directive and the criteria of how we would  
14 determine that, including a definition of  
15 sustainability for purposes of this directive.

16       And again, our context is the 10 national  
17 standards of Fisheries Conservation and  
18 Management Act. I'll go through that in a  
19 little more detail in a moment.

20           The other action to take was the  
21 second one here. "Develop, approve and  
22 initiate within 120 days a multi-year,

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1 agency-wide sustainability communications and  
2 marketing strategy that focuses on the  
3 positive accomplishments of the U.S. domestic  
4 fishery stewardship highlighting successes and  
5 obtaining the sustainability standards  
6 associated with MSRA. Again, the context  
7 going back to our 10 national standards of  
8 Fisheries Management.

9 So those were the consequences  
10 subsequent to our July MAFAC meeting at the  
11 NOAA Fisheries leadership level.

12 And included on the web site is a  
13 draft of a modification of our policy  
14 directive system and it's sort of in a fake  
15 red line here. The red text is changes to our  
16 existing policy. The black text is the policy  
17 as it was currently written. And so I  
18 included this in the briefing paper background  
19 advance materials looking for your comment and  
20 feedback on this. It's very brief. It's  
21 about two pages. Again, the policy is being  
22 amended. We have an existing policy that

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1 clarified our roles and responsibilities with  
2 respect to these private sector labels. Now  
3 we're trying to answer the question "Well,  
4 what happens when we get asked to issue some  
5 statement of sustainability by, again, the  
6 industry themselves about the fishery that  
7 they are working or from the public at large?"

8 Are we going to have some measure of whether  
9 or not or a fishery is sustainable. And this  
10 is our first step of working in that  
11 direction.

12 The most salient parts of this  
13 gives the background. So we have a statement,  
14 our existing policy objective, the first  
15 black. It's our policy, has been since 2005,  
16 to neither endorse nor participate directly or  
17 indirectly in the private sector certification  
18 of fisheries. So we're not trying to be in  
19 competition or endorsing one private sector or  
20 one advocacy group's version of sustainability  
21 versus another. We're sticking to the  
22 statutory responsibilities.

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1           And then we are saying that in  
2 response to this request we are proposing;  
3 again, this is a draft, to issue a statement  
4 that says we will respond to requests from  
5 industry, government or public for a statement  
6 certifying a sustainable managed fishery in  
7 appropriate circumstances. And what are those  
8 circumstances? That's where we begin to drill  
9 down.

10           There's a lot of words here. Maybe  
11 it's too much to try to digest by looking at  
12 it on the screen. And I'm not looking for  
13 complete comments during my remarks, but this  
14 is being given to you and over the course of  
15 the next four weeks or so you can individually  
16 look at it and send specific feedback to us.  
17 But as a group, I wanted to make you aware of  
18 the most significant parts of it. And it  
19 basically comes down to for those species for  
20 which we have direct responsibility for. So  
21 as a federal agency, we have statutory  
22 responsibility for these federal species.

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1 Those are the ones that we're going to be  
2 proposing to issue this statement of whether  
3 or not it's sustainable to be based on  
4 conformance with the definition or criteria  
5 for sustainably managed as described further  
6 on in the document. That determination would  
7 be made for a specific calendar year because  
8 circumstances in a fishery change over time.  
9 And so it would be for a given time period,  
10 proposing that as a calendar year.

11 And one of the basic premises that  
12 the stock should not be determined to be  
13 sustainable if overfishing is occurring or the  
14 stock is in an overfished condition for the  
15 year in question. And so this is sort of a  
16 baseline criteria for sustainability.

17 But for those fisheries that are  
18 managed by a Regional Council, this is where  
19 we have the directives that are already -- the  
20 Magnuson Act directs us directly by giving us  
21 these criteria and standards for that under  
22 the national standards.

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1           What about stocks in which we are  
2 not just the sole responsible party, but we  
3 manage them jointly with others? So under  
4 item 1-C, we talk about these circumstances.  
5 If it's exclusively a state-managed fishery,  
6 we're not going to opine on somebody else's  
7 ability to offer a certification of  
8 sustainability if it's solely state-managed.  
9 Same thing if there's an international fishery  
10 for which we're not a party to or not directly  
11 involved in the management, we're not going to  
12 put our statement out there. But for those  
13 where we are partners, where we have  
14 collateral or collaborative participation in  
15 the management of that through a Regional  
16 Fishery Management Organization, for example,  
17 that we would be willing to issue some  
18 certification whether or not that fishery was  
19 sustainably managed as long as that Regional  
20 Fishery Management Organization or this joint  
21 entity had a substantial equivalent  
22 sustainability standards to the Magnuson Act's

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1 10 national standards. So we're trying to  
2 rely on this baseline of statutory basis,  
3 statutory authority for sustainability and  
4 that's the reference point or that's the  
5 benchmark against we would issue some  
6 statement of sustainability.

7 So there's a lot of words here, but  
8 the bottom line is we're going to be proposing  
9 to develop these criteria in our proposed  
10 definition of what is a sustainable managed  
11 fishery, is one where fishing activities do  
12 not cause or lead to undesirable changes in  
13 biological and economic productivity,  
14 biological diversity or ecosystem structure  
15 and function from one generation to the next.

16 And this is not original. This is taken from  
17 the FAO guidelines, not on ecolabeling, but on  
18 the fishery management practices. The exact  
19 title is, "The Code of Conduct for Responsible  
20 Fishing." That's the definition of a  
21 sustainable fishery and the U.S. is party to  
22 that code of conduct and has endorsed it. And

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1 so rather than try to reinvent the wheel, are  
2 we adopting that.

3 And then our next step as we  
4 proceed to think about this would be to marry  
5 up this definition with the standards and  
6 criteria that are in the Magnuson Act to  
7 provide some guidance to ourselves about how  
8 to make these determinations over the long  
9 haul for those domestic fisheries and  
10 jointly-management fisheries that we're  
11 involved with.

12 So sort of recapping, we have come  
13 full circle now in the course of the last 10  
14 months or so from asking the question what do  
15 you think about the idea of an ecolabel?  
16 We've assessed the pros and cons. There are  
17 some good points. There are some bad points.

18 There are some financial implications. There  
19 are some legal implications, some authority,  
20 limitations on that to the point where we want  
21 to provide people with factual information  
22 about what's going on with the fisheries, but

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1 we don't want to get into a competition with  
2 other people who have different judgments and  
3 other agendas for promoting a particular view  
4 of sustainability or what that means. So  
5 we're going to fall back on our statutory  
6 requirements in Magnuson and look at it on a  
7 case-by-case basis to make these  
8 certifications. And the certification could  
9 be as simple as a statement made coincident  
10 with an annual report on the stock assessment.

11 There could be a column that says these  
12 fisheries or these stocks are sustainably  
13 managed according to these criteria. It could  
14 take any number of different forms. There's  
15 no one -- I think it's less important to worry  
16 about the specific form it takes, because  
17 we're not going to have a ecolabel, but we are  
18 going to have a clear transparent process with  
19 criteria that would be available to determine  
20 whether or not it's meeting those standards.

21 So that's where this has come and  
22 that's where we stand right now. And I'll

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1 turn it back to Tom for questions and  
2 comments.

3 MR. BILLY: Heather?

4 MS. McCARTY: I'm still trying to  
5 read this whole thing on-line here. Does it  
6 talk about aquaculture stock as well as wild  
7 stock? I can't see that and I don't have it  
8 all here.

9 DR. HOLLIDAY: The policy statement  
10 doesn't go into the separate criteria for  
11 aquaculture. There will be what we call a  
12 procedural directive. That's referenced in  
13 here that additional guidance will be issued  
14 in the form of these procedures and criteria  
15 and instructions. And that's where we have  
16 the differentiation between aquaculture and  
17 wild harvest.

18 MR. BILLY: Just one point of  
19 clarification. This first decision, it seems  
20 like the wording ought to be "the Leadership  
21 Council does not endorse the creation of."  
22 This says that it is recommended that they

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1 don't, but it doesn't --

2 DR. HOLLIDAY: Well, this was the  
3 motion. The wording that was lifted was this  
4 was recommended.

5 MR. BILLY: And so they --

6 DR. HOLLIDAY: And the motion was  
7 voted on and it passed.

8 MR. BILLY: Okay. The Leadership  
9 Council does not endorse the creation of a  
10 federal ecolabel.

11 VICE CHAIR BALSIGER: Of course  
12 that Leadership Council isn't MAFAC.

13 MR. BILLY: Fair enough. Yes.

14 Okay. Who else had a question?  
15 Dave?

16 MR. WALLACE: Mark, I guess a quick  
17 statement. MSC started off by trying to get  
18 fisheries to go along with voluntarily going  
19 through their certification program and a  
20 number of groups balked at that for a number  
21 of reasons, but the primary one was the  
22 financial burden that it places on the

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1 industry to prove that their sustainable. And  
2 in the United States fisheries who are not  
3 overfished and overfishing is not occurring  
4 is, by the Magnuson-Stevens Act, supposed to  
5 be sustainable in the long term.

6 My firm worked on one, MSC thought  
7 that -- and I'm sorry, John Connelly is not  
8 here, because it would -- I was hoping that he  
9 would be here for this discussion. MSC then  
10 changed their tactic. They went to the big  
11 buyers, whether they be Wal-Mart or Cisco or  
12 any of the big distributors, and then got a  
13 commitment out of them that they would require  
14 it. Now that's a very clever way to do it  
15 because then they mandate it through the back  
16 door. So one of my clients asked me to help  
17 and then he just literally ran out of money  
18 and couldn't do it. And so he is going to be  
19 penalized for having a sustainable fishery  
20 which is in the EEZ of the United States and  
21 with no international implications and no  
22 state implications. And it seemed to be

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1 perfectly reasonable to me and to a number of  
2 other people that the Federal Government,  
3 through the Council system, should say this  
4 fishery is not overfished. This fishery is  
5 not being overfished. Overfishing is not  
6 occurring. It has been on this path for a  
7 long period of time. We don't have protected  
8 species problems. We don't have EFH problems.  
9 We don't have bycatch problems. Through the  
10 same thing that FAO and MSC go through, we  
11 actually go through all that now and it seemed  
12 to be perfectly reasonable like Norway and  
13 other countries where they said, "Under our  
14 way of managing fisheries this is a  
15 sustainable fishery and so we deem it  
16 sustainable at least in the short term."  
17 Because they all have time frames.

18 And so what this decision has  
19 really done is put the small well-managed  
20 fisheries in an economic -- it's created an  
21 economic pressure for them that they won't be  
22 able to overcome. And so I guess I'm

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1 disappointed in the decision.

2 DR. HOLLIDAY: Well, I followed  
3 your logic up to the last statement. Because  
4 I think everything you said is the system is  
5 what we're doing. We're not issuing an  
6 ecolabel. We're not issuing a decal that's  
7 going to be on a product. And we're not going  
8 to have NOAA responsible for the chain of  
9 custody of that product through the  
10 marketplace to enforce that label's integrity.

11 But we are going to say that these fisheries  
12 that are managed by this federal process are  
13 in accordance with these standards and they  
14 are sustainable.

15 So this has been discussed at  
16 length in our deliberations here at MAFAC and  
17 at the different components of seafood  
18 certification and the ecolabel itself and  
19 seafood certification. So all of those things  
20 that you said, that's what this policy will  
21 do. It will endorse fisheries that are  
22 managed in accordance with federal statute

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1 that abide by these different criteria that  
2 dedicate environmental and ecological  
3 consequences and are not getting in an  
4 overfished condition, that overfishing is not  
5 occurring. All of those things will be as  
6 part of this certification of a sustainably  
7 managed fishery.

8 MR. WALLACE: May I follow up? You  
9 know, I guess the question then is is the  
10 Agency willing to go out and literally educate  
11 one way or the other the buyers of this so  
12 that then they say, well, this is not an MSC  
13 or another third-party rating group, but we  
14 we're going to accept this? Because just by  
15 saying, you know, it's out there on our  
16 FishWatch, you know. This was a hard sell by  
17 MSC and --

18 DR. HOLLIDAY: Right. Yes, and I  
19 think the second component of the  
20 recommendation in terms of promoting and being  
21 more proactive in education, I mean, some of  
22 these decisions are buyer-to-buyer decisions.

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1       And so if you want to enter into that market  
2       and the buyer of that product is putting a  
3       condition for MSC labeling or something else,  
4       those are decisions that we can't enter into.

5       But we can say that, you know, if you're  
6       interested in knowing what a sustainable  
7       fishery is, within the United States, the  
8       statute has laid out for us what those  
9       criteria and standards are. And we're going  
10      to be actively promoting identification of  
11      those fisheries that are fulfilling those  
12      standards and requirements and using that  
13      information and that second component of these  
14      actions.       This multi-year sustainability  
15      communications and marketing strategy that's  
16      focusing on delivering that information. At  
17      that point, that's our competition with MSC or  
18      any of these other third-party sectoral  
19      sustainability --.

20                   MR. BILLY:    Okay.    Randy and then  
21      Chris.

22                   MR.    CATES:        Thank    you,    Mr.

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1 Chairman.

2 Mark, I'm reminded of a couple  
3 thoughts on this. One is, managing a fishery  
4 is really complicated. And I know this is a  
5 tough, tough issue for your office and your  
6 agency and you personally. I have a question,  
7 but I'm going to ask our board, is this the  
8 best we can do? And I don't think we're going  
9 to have all the answers today. I think this  
10 is a subject that's vitally important for our  
11 fisheries and for this committee.

12 Having said that, what I've gone  
13 through and read so far, if a fishery such as  
14 the Hawaii Longline Association that meets the  
15 standards and can obtain the simple letter of  
16 certification, how can they use that? Can they  
17 make their own label? Put it on their mark  
18 and say we are NOAA certified? Can they use  
19 NOAA's label? What do you foresee how they're  
20 going to utilize that information? Because  
21 what we're dealing with is the example that  
22 was just brought to you. It is blackmail in

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1 many aspects from the private sector saying  
2 going to the buyers, use our mark for  
3 negotiating with the buyers. It's occurring  
4 right now. All you have to do is re-brief  
5 these efforts.

6 So the fisherman are really looking  
7 to the Agency and to us for leadership here.  
8 How can we prevent this extortion, taxation,  
9 however you want to call it? Because that's  
10 what we're really talking about. That would  
11 be my question. How can we use this  
12 certification?

13 DR. HOLLIDAY: Right. And I think  
14 there's -- of the example that you gave how it  
15 could be used. I think any example is  
16 legitimate in terms of promoting this  
17 endorsement short of saying there's a NOAA  
18 label that's going to be associated with a  
19 product because that raises these concerns.  
20 And we talked about this in July, about the  
21 chain of custody and even Kitty admitted  
22 that's another ball game if you're going to

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1 try to certify an individual piece of product  
2 with a NOAA logo. That chain of custody and  
3 the cost associated with the enforcement of  
4 that and the integrity of that is something  
5 that we're not prepared to undertake.

6 Now the chain of custody for the  
7 private sector is paid for by the customer, I  
8 mean, by the business. So now [if a federal  
9 ecolabel was created] we're asking for that  
10 unfunded burden to be placed on the  
11 government, and we're not prepared to take an  
12 unfunded mandate and I don't think it's  
13 necessarily the largest part of the issue.  
14 Because as we discussed, the greatest supply  
15 of our domestic consumption is not from these  
16 fisheries that we're talking about, that we  
17 have a federal certification. Two-thirds to  
18 three-quarters of our supply is imported  
19 product that we're not in charge of managing.  
20 Some part of our domestic supply is managed  
21 by a state and not by the Federal Government  
22 where we couldn't, we wouldn't want to pass

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1 judgment on whether a state's criteria for  
2 internal water management meets the Magnuson  
3 Act. That's not within our authority to do.

4 Coming down to a small part of that  
5 total chain of supply, that would actually be  
6 covered currently by this policy. So the  
7 large part of it is promoting what is a  
8 sustainable fishery from the Federal  
9 Government's perspective under our  
10 responsibilities and under our statutes. And  
11 making that widely known, widely available and  
12 putting that information into outreach and  
13 education efforts in the marketplace for  
14 consumers, for buyers and anybody else who's  
15 willing to have an open mind about what the  
16 factual and statutory basis of our fishery  
17 management process in the U.S. is all about.

18 MR. BILLY: To follow up on that a  
19 little bit, if a firm, a fisherman, a company  
20 or industry association wrote to the Agency  
21 and asked whether this particular fishery is  
22 sustainably managed, the Agency then would

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1 respond back under this new --

2 DR. HOLLIDAY: Our policy is saying  
3 that's a legitimate responsibility and a role,  
4 but in practice I don't think the Agency's  
5 going to be waiting for letters to come in.

6 MR. BILLY: They're not?

7 DR. HOLLIDAY: The second part here  
8 is saying we are going to take a very  
9 proactive approach to developing that  
10 information and promoting that, disseminating  
11 that in advance.

12 MR. BILLY: Fair enough. But also  
13 a firm or an industry association can have a  
14 letter in hand that they take to a buyer to  
15 say, but look, this is sustainable. We  
16 qualify, whatever, however all that works out.

17 So that option would be available to the  
18 private sector using what you're prepared to  
19 --

20 DR. HOLLIDAY: The information  
21 would be available to anybody who had need or  
22 want for that information. Sure.

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1                   MR. BILLY:   Okay.   Short of a mark  
2                   on the package?

3                   MR. CATES:    To follow up on that,  
4                   from my perspective we're sort of getting that  
5                   from a fisherman's point of view?   I mean, if  
6                   you have that letter, that's a start.   The  
7                   best of the thing overall would be to have a  
8                   label and I think industry can fund it, should  
9                   fund it.    I don't think it should be a  
10                  subsidized thing.    That label is what we  
11                  really need to get to counter the other label.

12                  And so I guess where it stands day, I go back  
13                  to Hawaii and say we can apply for this pass,  
14                  but then we go to make our label.   I think at  
15                  the very least it would be nice to see a  
16                  no-label sustainable fishery.   So we're kind  
17                  of there, but we're not there yet.

18                  DR. HOLLIDAY:   I understand, and we  
19                  did go through the pros and cons of going all  
20                  the way forward with a federal label.   We  
21                  looked at the statutory authorities and we  
22                  looked at the financial implications of doing

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1 that and we did indeed stop short of -- if you  
2 remember the difference between the seafood  
3 certification and the labeling component of  
4 this topic, we're going to seafood  
5 certification, but we're not going to the --

6 MR. BILLY: I'm going to move on.  
7 Chris?

8 MR. DORSETT: I'm curious about  
9 your discussions regarding agency resources  
10 necessary to respond to industry requests.  
11 For something like in overfished or Pacific  
12 overfishing you have the FSSI. I mean, you  
13 can easily make a determination there, but  
14 when you look at the sustainably managed  
15 definition you bring in factors such as  
16 bycatch and TACs on habitat, protected species  
17 interactions, etcetera. It seems to me they'd  
18 have to analyze each fishery on a case-by-case  
19 basis to determine if you're going to issue  
20 some kind of statement of sustainability. And  
21 that seems to me to sort of be pretty  
22 resource-intensive and you need to work out

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1 what level of bycatch is acceptable, what  
2 level of habitat impacts are acceptable,  
3 etcetera. So I just want to get a better  
4 sense of how that process might work out and  
5 the resources that might have --

6 DR. HOLLIDAY: Right. Well, I  
7 think there are two. The reference to  
8 resources and the existing policy that you  
9 bring up had to do with the impact on the  
10 Agency as a result of MSC certification, being  
11 asked to provide special research, conduct  
12 special research, to conduct special analyses  
13 as part of the certification process for this  
14 third party. And so terms and conditions for  
15 maintaining that label over time for MSC  
16 certification, we were being asked to develop  
17 research agendas that were supportive of the  
18 private sector's criteria, for what was  
19 important in the area of data collection and  
20 analysis and research. And so we're trying to  
21 put a lid on that happening and that was the  
22 reference in there originally.

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1           But to your point about is this  
2 resource neutral, I mean if we're going to be  
3 certifying these fisheries, it goes to our  
4 discussion yesterday about ecosystem  
5 approaches to management. I think we have to  
6 have this score card of these different  
7 criteria across -- you know, sustainability  
8 first and foremost in Magnuson is about  
9 overfishing and overfished states. But  
10 through the rest of the national standards on  
11 bycatch, ecological considerations, all of  
12 these things are factors that are going to be  
13 considered in determining whether or not this  
14 fishery meets this measure of sustainability.

15       And so I think we're doing these things. We  
16 have research projects. We have litigation  
17 projects. We have tradeoffs between habitat  
18 loss and protections. And so this is  
19 something that's not going to be revenue  
20 neutral, but it's not going to require lots of  
21 new revenue, lots of new funds. We're trying  
22 to integrate the information that we have

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1 about these different fisheries and we're  
2 managing that and making judgments based on  
3 that.

4 MR. BILLY: I have --

5 DR. HOLLIDAY: I'm sorry. Again,  
6 we talked about these integrated ecosystem  
7 assessments yesterday, these IEAs, and that's  
8 part of where we're trying to move into  
9 capturing this information for those and make  
10 these judgments.

11 MR. BILLY: I have on the list now  
12 Bill, Heather and Larry and then I think I'm  
13 going to shut it off. We can decide tomorrow  
14 if we want to continue having this item on the  
15 agenda for our next meeting and continue to  
16 pay attention to how this is developing, and  
17 perhaps consider further advice to NOAA  
18 Fisheries as appropriate.

19 Bill?

20 MR. DEWEY: Okay. Mark, I was  
21 looking for some clarification on the  
22 Leadership Council's second recommendation on

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1 the outreach and education efforts. It says  
2 that the scope of the efforts would include  
3 domestic production of wild and aquaculture  
4 stocks subject to federal stewardship. And  
5 specifically that subject to federal  
6 stewardship on -- you know, from a shellfish  
7 industry standpoint, obviously we're not, you  
8 know, under federal management, or at least a  
9 lot of us. So, we've got this new nationwide  
10 48 permit that's going through consultation  
11 and the services and does that constitute  
12 federal stewardship, am I to look to being  
13 able to participate in this through that?

14 DR. HOLLIDAY: I don't know the  
15 answer to that. I think the premise that we  
16 started with was we don't want to set  
17 ourselves up in making judgments about things  
18 that we don't have authority. And so we were  
19 trying to be very careful about using federal  
20 responsibilities, federal authorities. And so  
21 although we have consultative roles in  
22 providing input on permits that are issued by

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1 other people, it was neither a primary  
2 responsibility of ours -- it was a little --  
3 we didn't want to be in a position of trying  
4 to impose our judgment on other people's  
5 standards and, you know, primarily  
6 responsibilities. But specifically, to your  
7 question, I'm not sure how that would work  
8 out.

9 MR. DEWEY: I can assure you we'd  
10 like some clarification on that.

11 MR. BILLY: Heather?

12 MS. McCARTY: On the question that  
13 Bill just asked, what I was referring to. The  
14 second point is the Leadership Council says,  
15 you know, subject to federal stewardship, but  
16 the statement here that you're proposing  
17 doesn't really address anything other than  
18 those stocks managed by NMFS. So I think  
19 there is a little bit of a disconnect there  
20 and it needs to be further explained. That's  
21 not really a question; that's just a comment.

22 DR. HOLLIDAY: If I could just

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1 direct you to that quickly. If you are  
2 anticipating that there would be a federal  
3 responsibility of legislation, you have to  
4 look to the past in setting up criteria and  
5 standards, you want to be aware or sensitive  
6 to that when developing this policy.

7 MS. McCARTY: Then I have another.  
8 You were talking about funding earlier for  
9 different parts of this program. Do you  
10 anticipate that additional funding will be  
11 necessary for the marketing/information aspect  
12 of this, or do you think you've got sufficient  
13 funding in your current marketing/information  
14 program to do what you're proposing to do?

15 DR. HOLLIDAY: Well, I think Alan  
16 in the communications department -- this  
17 program that's under Alan's office in  
18 sustainable fishery, is the responsible party  
19 for this. I don't want to speak for them, but  
20 I think the consensus that we've all said is  
21 that we want to do more than what we're  
22 currently doing. So if we can do more with

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1 the same amount of funds that we have -- there  
2 are probably some efficiencies that we could  
3 get a little bit more out of the money that we  
4 have, but if we really are talking about  
5 national campaigns or, you know, education, K  
6 through 12, or other areas where you really  
7 make a dent in people's association with a  
8 sustainable fishery is, I think there are  
9 implications on the -- resource implications  
10 with that second recommendation. And again,  
11 it depends how rigorous a program or vigorous  
12 program do you want. We haven't spelled that  
13 out, so I don't think we have a price tag  
14 associated with it.

15 MR. BILLY: Larry?

16 MR. SIMPSON: Thank you, Mr.  
17 Chairman.

18 Thank you, Mark, and the Agency. I  
19 think this is a good start. I think this is  
20 good work to address an issue that is  
21 important. And I just want to commend you for  
22 the actions and the future actions that will

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1 occur.

2 I need a little clarification. In  
3 the circumstance of the non-federally managed  
4 species and in the circumstance where there is  
5 a cooperative effort with regional management  
6 bodies, and I'm assuming the Commission would  
7 be a regional management body?

8 DR. HOLLIDAY: Sure.

9 MR. SIMPSON: Okay. And would you  
10 have cooperative data collection activities  
11 and you have a fishery that's occurring both  
12 in state waters and in federal waters, the  
13 actual fishery, and you have stock assessments  
14 and SEDAR assessments, these type of fisheries  
15 can be certified by the National Marine  
16 Fisheries Service, NOAA Fisheries. Is that  
17 the case?

18 DR. HOLLIDAY: I think it comes  
19 down to if we do have shared management --

20 MR. SIMPSON: Shared management  
21 meaning data collection, SEDAR, fisheries in  
22 both state and federal waters and association

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1 with Regional Fisheries Management bodies?

2 DR. HOLLIDAY: Yes, I think it  
3 comes back down to the statutes -- we have  
4 that statutory authority to enter into joint  
5 management and I don't want to split hairs  
6 here, but I think that's an important -- I  
7 understand what your point is about data  
8 collection and it's a joint effort to ensure  
9 that we're using the best scientific  
10 information, but I don't think we have the  
11 authority to say that if it's truly a fishery  
12 that's managed under state authority; in other  
13 words, the state is the one that is issuing  
14 regulations and carrying out the principles of  
15 that state law, that the Federal Government  
16 would be issuing a statement that that state  
17 is doing something sustainable or not.

18 MR. SIMPSON: It's not so much the  
19 state as the fishery. It's either sustainable  
20 or it's not. And I need a clear -- maybe not  
21 now, but at some point, I need a clear  
22 direction as are you going to be able to make

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1 a pontification on whether the fishery is  
2 sustainable or not based on these -- you  
3 mention that there was a way with regional  
4 management and cooperative --

5 DR. HOLLIDAY: Right. I think it  
6 hinges again on -- believe me, Larry, this is  
7 a work in progress.

8 MR. SIMPSON: Okay.

9 DR. HOLLIDAY: I don't think I have  
10 the answers --

11 MR. SIMPSON: Okay.

12 DR. HOLLIDAY: -- to every  
13 permutation, but I believe I understand the  
14 direction that you're going in. I think we  
15 have to be crystal clear about what is inside  
16 this area of "pontification" and what's  
17 outside.

18 MR. SIMPSON: Okay. I'll talk to  
19 you later.

20 MR. BILLY: Okay. Mark, anything  
21 else? I have one final question related to  
22 this document.

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1 DR. HOLLIDAY: Yes?

2 MR. BILLY: I thought I understood  
3 you to say that you are planning to make that  
4 available to us with a comment period.

5 DR. HOLLIDAY: It was posted in  
6 advance of the meeting, so it's on the web  
7 site.

8 MR. BILLY: Oh, it is? Oh, okay.  
9 All right.

10 DR. HOLLIDAY: And I said at the  
11 outset that if you have individual comments in  
12 addition to any consensus comments that have  
13 been made -- didn't come out of the meeting  
14 particularly, but if you have individual  
15 comments that I could get in the next three to  
16 four weeks, that would be the most highly  
17 useful period.

18 MR. BILLY: Okay. So I encourage  
19 the members to take advantage of that  
20 opportunity.

21 MS. McCARTY: You said we were  
22 going to have another discussion about this

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1 later on in the agenda?

2 MR. BILLY: No, but we could when  
3 we talk about agenda items for the next  
4 meeting, we could decide to exclude this item  
5 on the agenda once more as this continues to  
6 unfold and be informed and perhaps takes the  
7 other decisions or whatever.

8 VICE CHAIR BALSIGER: Yes. And  
9 Mark said this, as he said, it's a work in  
10 progress. So and it says draft up there in  
11 big letters. So we may or may not decide  
12 ultimately that we should have a letter that's  
13 sent out, you know, which is something Randy  
14 was looking for. Maybe we'll say it's enough.

15 It's on the web. Print it off. Things like  
16 that. So I think you probably want to --  
17 whether it comes up at the meeting itself or  
18 whether you just want to be able to read it in  
19 the comments.

20 MR. BILLY: Yes?

21 MS. McCARTY: With that in mind, I  
22 would -- since this is something we asked for

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1 specifically in going through this process,  
2 maybe we ought to have a time towards the end  
3 of the meeting where we decide on what we  
4 might want to say collectively. That would be  
5 my preference on this agenda item.

6 MR. BILLY: Is that the sense of  
7 the Committee? Yes? Yes? Okay. All right.  
8 We'll do that.

9 Okay? All right, we'll make a  
10 note, we'll do that. Okay? All right. Let's  
11 go on then. The next item is to update and  
12 other information on the status of the Vision  
13 2020 paper, as well as the transition report.

14 So, let me first call on Tony to share with  
15 us where things stand regarding the 2020  
16 paper. We talked about two areas. One was  
17 the recognition of the need to update the  
18 paper as appropriate. And the second related  
19 to insuring its broad circulation, getting it  
20 in the appropriate hands.

21 So, Tony, the floor is yours.

22 MR. DiLERNIA: Thank you, Mr.

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1 Chairman.

2 Just an update on the actions that  
3 have occurred in relationship with 2020 since  
4 our last meeting. In September the report was  
5 formally delivered to Mary Glackin over at  
6 NOAA and the decision to deliver to Mary  
7 Glackin was because she is the senior civil  
8 person, civil servant there, though she will  
9 not change in leadership. Whereas all the  
10 political appointees will change with the next  
11 administration, Mary will remain. And she's  
12 also in charge or responsible for developing  
13 the transition and coordinating the transition  
14 for NOAA. And so we felt that we had already  
15 delivered it to Dr. Balsiger at the July  
16 meeting, and so there was a need to go beyond  
17 that. And rather than go through the  
18 Secretary or to the admiral or all those who  
19 were rotating out, we felt it would be best to  
20 go to Ms. Glackin.

21 And so we delivered it to her. I  
22 participated via conference telephone call

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1 from New York. Chairman, Dr. Billy was there  
2 joined with Dr. Holliday. I'm not sure who  
3 else may have been there from NMFS. And we  
4 had a very lively discussion. I was impressed  
5 she read it. First of all, she complimented  
6 us for keeping it down to the number of pages  
7 that we did. She was happy that it was as  
8 condensed as it was because she was able to  
9 find the time to read it. And judging by the  
10 questions that she asked, it was very clear  
11 that she had read the report.

12 One of her concerns was how fully  
13 the report was vetted prior to our publishing  
14 the final recommendations. And we reviewed  
15 with her the process that we had taken to  
16 develop the report from the initial charge  
17 from Dr. Hogarth to develop the report through  
18 the various steps that we took in developing  
19 the recommendations to the posting of the  
20 draft report on the website to publicizing the  
21 report in a number of fisheries magazines. We  
22 made sure that we got it out to the Councils.

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1 We asked for recommendations after we  
2 publicized it, we distributed it, we took the  
3 recommendations, we reviewed the  
4 recommendations and developed the final  
5 report. She was satisfied that we had fully  
6 vetted the report and she was very happy to  
7 accept it.

8 Since then, the staff has done a  
9 fabulous job of producing two documents, which  
10 are in your folders at your spots and they're  
11 also available on line.

12 One is a two-page document which  
13 does a wonderful job -- really, Dr. Holliday,  
14 thank you very much. You've done a great job  
15 with this document in summarizing the 28 pages  
16 into two pages.

17 So we have this document. And  
18 secondly, they took the time to develop a  
19 PowerPoint presentation, which is also at your  
20 place. There we go. This is the first  
21 two-pager. And the PowerPoint that we can use  
22 when we brief individuals on the report

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1       itself.

2                   What we'd like to do, take a few  
3 minutes to kind of go through the PowerPoint  
4 very quickly now that they're in front of you,  
5 and just to go through it very quickly and  
6 then to -- I'd like to have a little bit of a  
7 discussion regarding where do we go with the  
8 report at this point?   And secondly, the  
9 Committee has already agreed that the Vision  
10 2020 is a living document, one that would be  
11 revisited on a regular basis and updated.   And  
12 so the Committee should perhaps begin to  
13 develop a policy regarding the document and  
14 how often it should be revisited or where it  
15 should be updated.

16                   I guess this briefing is especially  
17 important for our new members.   For the  
18 veterans here, we know this document.   Myself,  
19 my next meeting will be my last meeting, and  
20 then someone else will have to take over  
21 ownership of the document and the process.

22                   Mark, can I ask you to just go

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1 through the PowerPoint very quickly for us,  
2 please?

3 MR. HOLLIDAY: You want me to walk  
4 it through?

5 MR. DiLERNIA: Yes.

6 MR. HOLLIDAY: Yes, I was just  
7 going to help put the slides together.

8 MR. DiLERNIA: Oh, no, I'm good.

9 MR. HOLLIDAY: So this was designed  
10 to introduce the topic of this briefing paper  
11 to a wide audience. It wasn't targeted for  
12 any particular constituency. I think the  
13 notion was we wanted to give -- so the context  
14 of why this group was involved in developing  
15 some future looking vision, the objectives of  
16 the report, the findings and recommendations  
17 in a tidy fashion.

18 So a little bit of background about  
19 MAFAC itself, what the Committee is organized  
20 to do. The objective for the document itself  
21 and this was a quote from Dr. Hogarth's  
22 original email to MAFAC creating clear,

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1 simple, non-jargon language, the stakeholders'  
2 consensus, desire to reach a state of domestic  
3 and international fisheries. The  
4 organization of the report. You remember we  
5 looked at trends, we projected what we saw as  
6 future trends that would impact stewardship of  
7 fisheries. Based on those trends and their  
8 impacts, we'd look at what some of our  
9 conclusions or findings would be and then what  
10 would we say about that, what would we  
11 recommend that NOAA, the Department, Congress  
12 do to prepare and respond to those findings  
13 and trends.

14 Some of these were summarized into  
15 specific impacts on fishing, some were on  
16 aquaculture. We had different categories,  
17 different themes throughout the document. So  
18 we tried to highlight some of the more  
19 important summary issues that were influencing  
20 this. Future trends in seafood demand,  
21 population growth, competition for resources,  
22 recreational sector, the growth of that, the

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1 demand on science, the demand on analysis to  
2 help support that stewardship mission.  
3 International. It was not just a domestic  
4 issue, whether it's international fisheries or  
5 international choices on pollution, habitat,  
6 long-term climate issues. All of these things  
7 that were driving policy-making in the area of  
8 fisheries management.

9           Some of our findings about domestic  
10 production, both in terms of the ability to  
11 supply it and concerns in the public about the  
12 quality and the labeling of seafood. Very  
13 strong emphasis on the future role of  
14 aquaculture and being -- demand for seafood  
15 and its economic importance to the  
16 organization.

17           Some of the tools that MAFAC  
18 anticipated working to help meet these future  
19 trends and demands, including LAPP programs,  
20 as well as, you know, the context of fishery  
21 sectors and coastal communities. We're going  
22 to talk about coastal infrastructure tomorrow,

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1 and again, as an example of what we meant by  
2 that.

3           Some of our findings.     Some of  
4 these obviously seem self-evident to those  
5 around the table, but we're trying to tell the  
6 story to -- designed the PowerPoint for a  
7 broad audience. And then getting down to the  
8 24 recommendations that were contained in the  
9 PowerPoint with examples that the 20 people  
10 who did the report itself in the appendix.  
11 And where they could find the report and give  
12 a little bit of self-promotion for MAFAC for  
13 developing and championing this idea,  
14 delivering this strategy.

15           MR. DiLERNIA: Thank you, Mark.

16           MR. HOLLIDAY: Fourteen slides.  
17 Pretty quick.

18           MR. DiLERNIA: That's great.  
19 Fourteen slides is pretty quick and that's the  
20 whole idea behind the report actually is to  
21 get out of the weeds and to get up a little  
22 bit higher and just give an overview, to

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1 direct general policy rather than get mucked  
2 up in some of the details.

3 So the question now becomes there's  
4 a couple of items that have to be decided, Mr.  
5 Chairman. Number one, where does the MAFAC  
6 Committee recommend that we go with the  
7 document? Number one. And number two, what  
8 type of process should we follow in updating  
9 or revising this document? So those are the  
10 two questions that I think should be decided  
11 by the Committee and I don't know if anyone  
12 has any recommendations. I don't want to  
13 install my -- or just inject my opinion right  
14 away if some of the committee members have any  
15 ideas regarding this.

16 MR. BILLY: The status of the  
17 document is that it has been accepted by NOAA,  
18 correct?

19 MR. DiLERNIA: Yes.

20 MR. BILLY: So the question of  
21 what's done with it, we can make  
22 recommendations, but it would be NOAA that

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1 would follow through? For example, if we  
2 thought it was important that we put one in  
3 the hands of all of the new members of  
4 Congress, that's something the Committee could  
5 recommend and NOAA would follow up on? As an  
6 example, distribution of it in other venues?  
7 But my point really is we recommend and it  
8 would be up to NOAA to follow through to them,  
9 if they agree.

10 MR. DiLERNIA: Well, our  
11 responsibility is to advise the Secretary. So  
12 my recommendation would be that once we know  
13 who the new NOAA administrator is going to be  
14 is to request a meeting with that individual,  
15 to brief that individual on the document.  
16 Perhaps not to the Secretary's level, but I  
17 would go with the new NOAA administrator. And  
18 yes, I would also recommend that it be  
19 distributed to the members of Congress. But I  
20 would recommend that yourself or some  
21 representative of the Committee meet with the  
22 new NOAA administrator regarding the report.

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1 MR. BILLY: Okay. Other comments?  
2 Are there other ways in which we want the  
3 document to be made available? Has it in fact  
4 been given to the various trade magazines?

5 MR. DiLERNIA: The original  
6 document was publicized in National Fisherman.  
7 It was also -- the existence of the draft  
8 document was distributed to all the Councils,  
9 commissions.

10 MR. BILLY: Yes.

11 MR. DiLERNIA: We requested that  
12 comments be sent in. Those comments were sent  
13 in and were reviewed, and were considered in  
14 the preparation of the final document.

15 MR. BILLY: Okay.

16 MR. DiLERNIA: I would, if I may  
17 also, once the NOAA administrator is briefed,  
18 then I would recommend a briefing to the  
19 appropriate staff members on the Hill  
20 subcommittees affecting NOAA and whomever is  
21 responsible for oversight on those  
22 subcommittees. I think it would be useful to

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1 the Agency for the Committee to sit with the  
2 staff members of the subcommittees and I think  
3 it's a very positive document and I think that  
4 in the briefing that would result from this  
5 document to staff members, we would be able to  
6 present a very positive image of NOAA during  
7 that briefing.

8 MR. BILLY: Okay. All right.  
9 Randy?

10 MR. CATES: I think Tony said  
11 everything I was going to say, but I would  
12 just add two things. One, we send it up, but  
13 we also take it to our constituents and send  
14 it down, as far as down as the individual  
15 fishing groups, not must Councils, because it  
16 gets buried in the Councils many times.

17 The other question I would have,  
18 and it really comes back to a budgeting issue,  
19 if we're going to start working to become more  
20 relevant, somehow we need to find out how  
21 we're going to fund ourselves, the ability to  
22 take it to Congressional staff members and how

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1 do we do that? Not only who does it, but  
2 financially how are we going to be able to do  
3 that?

4 MR. BILLY: Okay. Yes, Tony?

5 MR. DiLERNIA: Well, we're  
6 fortunate that our -- if you're going to a  
7 Hill briefing, we're fortunate that our  
8 current chairman lives right in the area.  
9 It's a subway ride, it's a Metro ride away.  
10 For me it's an Amtrak ride away. So the  
11 expense of doing that in a face-to-face  
12 briefing is not that expensive with regard to  
13 the overall budget going across to the  
14 Committee. Once you go beyond that, then  
15 perhaps then were additional expenses, but it  
16 isn't that much, and keep IT in the D.C. area.

17 MR. BILLY: Heather?

18 MS. McCARTY: Maybe we should just  
19 have a motion on this to sort of wrap it up.

20 MR. BILLY: Okay.

21 MS. McCARTY: If you think that's  
22 appropriate.

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1 MR. BILLY: Yes, I think that's  
2 very appropriate.

3 MS. McCARTY: Well, I move that  
4 MAFAC recommend that the Vision 2020 document  
5 be presented to the new NOAA administrator, be  
6 given to the members of Congress, and that the  
7 staff on the appropriate subcommittees be  
8 briefed at the appropriate time by the  
9 appropriate people.

10 MR. DiLERNIA: Second.

11 MR. BILLY: Okay.

12 MR. CATES: We need to add  
13 Secretary of Commerce, who we work for.

14 MR. BILLY: Okay.

15 MS. McCARTY: And if possible,  
16 Secretary of Commerce.

17 MR. DiLERNIA: Second.

18 MR. BILLY: So, any other  
19 discussion?

20 MR. JONER: I just wonder if we  
21 need to have a little more active presentation  
22 to the Councils. Have you seen this at our

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1 Council at all? It might be on the table with  
2 10,000 other handouts, you know?

3 MS. LOWMAN: Oh, yes. I mean, they  
4 mentioned it and --

5 MR. JONER: Yes, so maybe just a  
6 short 15- minute presentation given by MAFAC  
7 members at each of the Councils, because you  
8 have a pretty good audience there, you know,  
9 the industry, and then you can follow up. I  
10 mean, reading this, you know, we're really  
11 looking forward. I'm impressed. I'm happy to  
12 be here.

13 MR. BILLY: I'm glad.

14 MR. JONER: Yes, I think, you know,  
15 putting something down on the table where some  
16 bored participant at the meeting is going to  
17 read it is a lot different than getting up  
18 there and talking about it. And it wouldn't  
19 take -- it wouldn't cost anything. We are all  
20 depending on it.

21 MR. BILLY: Jim?

22 VICE CHAIR BALSIGER: My comment

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1 was going to be similar, except to Congress.  
2 You know, I think rather than making 100 and  
3 450 copies -- I don't know how many  
4 Congressmen, and sending them all to them,  
5 when there's an opportunity to bring it and  
6 hand it to them, and obviously they aren't  
7 going to make that many trips, but when you  
8 know you're going to have a trip, give it to  
9 them and hit a highlighter to it and say  
10 here's something we did. It's way better than  
11 just having it mailed to them and sitting on  
12 their desk.

13 MR. CATES: Hey, Jim, I have a  
14 question. When we go to D.C., like how we did  
15 with the aquaculture field, we presented it to  
16 the staffers. Can we do the same thing in  
17 this format where we put the word out and have  
18 them come to a central location somewhere and  
19 you present to all the staffers?

20 VICE CHAIR BALSIGER: Well, I think  
21 the answer is yes, but it's not always that  
22 easily done because not everyone would be

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1 interested in it. And so we have legislative  
2 affairs people that know what interests are  
3 and what topics are coming up and stuff like  
4 that. So probably utilizing that would be  
5 better.

6 MR. BILLY: Vince?

7 MR. O'SHEA: On the Congress thing,  
8 I'm a little confused about that, about what  
9 we would really be saying, because this group  
10 is supposed to advise the Secretary of  
11 Commerce and NOAA, which is the Executive  
12 Branch of Government. I'm not really sure  
13 what signal going to Congress is. I mean,  
14 maybe it's just the sentence from the Agency  
15 saying we like this advice that we got and we  
16 intend to go forward. But it seems to me  
17 symbolically you're trying to -- you know, it  
18 could be read as putting pressure on you guys  
19 to take the advice because Congress is -- now  
20 we're going to get Congress to get on board  
21 with this. But maybe that's a minor  
22 consideration. But it just seems weird,

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1 giving advice to the Agency. Wouldn't it be  
2 up to the Agency to share that with Congress?

3 VICE CHAIR BALSIGER: I think  
4 probably it's up to the Agency, but I know  
5 that other people talk to Congressmen all the  
6 time on various issues. And if you just  
7 happen to be on MAFAC and have this along,  
8 saying here's something that we discussed; you  
9 might want to look at it, or something, is my  
10 advice. But maybe we could ask Gary if I'm  
11 stepping -- that's what I would do.

12 MR. REISNER: Well, I think Vince  
13 makes a good point to the degree that if we  
14 have taken the advice and we agree with it,  
15 then I think we can share it ourselves or have  
16 other envoys share it. But yes, I do think  
17 that we have to implicitly say or explicitly  
18 say we support the findings and  
19 recommendations.

20 MR. BILLY: Okay. Bill?

21 MR. DEWEY: Well, I would just like  
22 to support Heather's suggestion that we try to

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1 incorporate into this doing formal  
2 presentations to the Councils. I mean, we  
3 have a nice brief PowerPoint that has been  
4 developed and I think it would be a great tool  
5 to bring it forward to the Councils.

6 Relative to Congressional visits,  
7 you know, the shellfish growers make an annual  
8 trip and make their rounds, and I think it  
9 would be a great document for me to be handing  
10 out. I'm just saying, this is a citizens  
11 stakeholder group. It advises the Secretary  
12 of Commerce and, you know, just so you're  
13 informed, these are some recommendations we're  
14 going forward with.

15 MR. BILLY: And that it has been  
16 accepted by NOAA Fisheries.

17 Heather?

18 MS. McCARTY: Mr. Chairman, I guess  
19 listening to the conversation here, I think  
20 that some of these things are best done by  
21 committee members to have the House discuss.  
22 But the point is being made that going to

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1 Congress is probably not our job on behalf of  
2 the staff and that rather the recommendation  
3 that we're making in the motion would be  
4 passed onto NOAA, NMFS to do those kinds of  
5 briefings if and when appropriate themselves  
6 rather than the members of this committee.  
7 Maybe just a clarification in the motion, a  
8 kind of amended clarification.

9 MR. BILLY: Okay. Any other  
10 comments? Yes, Mark?

11 MR. HOLLIDAY: To Heather's  
12 comment, I don't necessarily think it's an  
13 either/or. I think if NOAA were to schedule a  
14 briefing with the Hill on a MAFAC product, it  
15 would be nice to have somebody from MAFAC  
16 along to jointly do this. And so I don't  
17 think it's MAFAC going up to the Hill by  
18 themselves, or the -- Jim's suggestion is a  
19 good one, if you're there anyway and you want  
20 to talk about it, but I think this idea of, if  
21 NOAA really embraces the recommendations and  
22 we want to organize some briefing, it would be

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1 good to have a representative from the  
2 Committee along to represent the Committee's  
3 interests as well. So it's seen as a stronger  
4 message than either one of us doing it  
5 separately.

6 MR. BILLY: Dorothy?

7 MS. LOWMAN: We talked in another  
8 meeting that maybe when we schedule the spring  
9 meeting that it would be in Washington, D.C.  
10 and there might be some opportunities for even  
11 a subgroup or that a person -- particularly  
12 key people in your particular Congressional  
13 areas to, you know, stop in and make the  
14 point.

15 MR. BILLY: Yes. Tony?

16 MR. DiLERNIA: There's often been a  
17 sub or undercurrent amongst the Committee  
18 about how this Committee could become more  
19 relevant. We've heard that, let's face it.  
20 Our primary responsibility is the Agency; I  
21 recognize that, and that's the number one  
22 person we talk to. But when you speak to

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1 staff, you are making yourself more relevant  
2 also. And so as long as you speak to staff in  
3 such a way that it's done in the fashion that  
4 promotes our primary client; the Agency, then  
5 we both elevate the Agency and you elevate the  
6 stature of your committee.

7 MR. BILLY: Okay. Steve?

8 MR. MURAWSKI: I just to make one  
9 comment on this document. It's already having  
10 an impact. One of the things that we've done  
11 for the transition to the next administration  
12 is to write a series of internal transition  
13 documents and we've done one on oceans and  
14 marine life. And the recommendations that are  
15 coming out of this study actually were pulled  
16 in with transition document, you know,  
17 verbatim. And so they're there.

18 To Tony's point, if I could, it's a  
19 very good point and it's very critical right  
20 now because a number of the people who  
21 traditionally have focused on fisheries-  
22 related issues are Congressman Saxton and

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1 Congressman Gilchrist, they're gone, right?  
2 So we need to start cultivating new faces.  
3 You know, who's going to care about this? And  
4 I think this gets your foot in the door. You  
5 know, this is, instead of just coming here  
6 with your hat in hand, you've got 11:39:16  
7 So, you know, particularly identifying those  
8 people that are interested, the constituency,  
9 that want to do something. I think the time  
10 is now. Obviously, I can't lobby either. But  
11 that's the real world. Losing a couple of  
12 those faces has been very difficult.

13 MR. SIMPSON: If I may, Mr.  
14 Chairman, it's been a long slide downhill for  
15 fishermen with people who want to champion  
16 your cause. And then those two or three, and  
17 then there's half a dozen of others. It's  
18 something we all need to do. This is  
19 important, guys, the legislators, and pay  
20 attention to it.

21 MR. BILLY: I think we would  
22 benefit from taking a little bit of time to

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1 get a resolution in writing --

2 MS. McCARTY: I'll do that.

3 MR. BILLY: -- that takes account  
4 of the comments that have been made and then  
5 come back to it either later today or  
6 tomorrow.

7 So if that's acceptable to the  
8 Committee and to --

9 MS. McCARTY: I'll write it up.

10 MR. DiLERNIA: Table the motion.

11 MR. BILLY: Okay. All those in  
12 favor?

13 ALL: Aye.

14 MR. BILLY: Opposed? Tabled.

15 Yes?

16 MR. FLETCHER: Let me ask another  
17 question that really wasn't part of the  
18 motion, and that was this is a living document  
19 and it needs to be revisited again. I just,  
20 as a suggestion, think that we'll be seeing  
21 changes on a regular basis, but not enough to  
22 where you've got to revisit this every year.

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1 But perhaps say every five years might be an  
2 appropriate time frame and then have it as a  
3 more or less long-term standing agenda item  
4 for the Committee to come back and update it  
5 and make it relevant as the future --

6 MR. BILLY: Yes, and this also  
7 speaks to one of the objectives in the  
8 annotated agenda, which raises the question  
9 about what the Committee would like to receive  
10 regarding the 24 recommendations. And the  
11 thought that occurs to me is the idea of the  
12 Agency identifying someone that would -- kind  
13 of like what was done with Magnuson-Stevens ■  
14 would annually sort of report on the progress  
15 that's been made on the 24 recommendations.  
16 And as we monitor the progress, we can  
17 consider whether we need to step back and  
18 modify or strengthen the report in some  
19 particular manner.

20 Yes, Tony?

21 MR. DiLERNIA: Yes, with Bob's  
22 comment, Fletcher's comment and yourself, I

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1 agree with you we should -- I'm not sure a  
2 year is -- every year to look at it, because  
3 it's supposed to be a long-term vision and to  
4 look at it on a yearly basis, I'm not so sure  
5 -- well, the longest of journeys is made with  
6 the first step. So perhaps it should be on a  
7 yearly basis. But it took us three years to  
8 write 28 pages. It took us three years. So,  
9 five years from now it might be really ancient  
10 history. I'm not sure.

11 So I'm undecided. I myself am  
12 undecided. I just know that for us to develop  
13 a document takes a very long time. We wait  
14 the five years. You know, you and I are  
15 short-timers. I think we need to maintain an  
16 institutional memory regarding the document,  
17 you know, its development and its continued  
18 growth. So, while perhaps a year is too short  
19 a time, I think five years is too long a time.

20 MR. BILLY: Yes, Cathy?

21 MS. FOY: My thought is that this  
22 document is specifically pertinent to that

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1 transition time. So maybe if we timed it on  
2 an election cycle, four years is not a whole  
3 lot shorter, or shorter than five, but as long  
4 as we've got access to newly-elected officials  
5 --

6 MR. BILLY: Yes. There's a  
7 reelection of the House in two years and then  
8 there's the president in four years.

9 Dave?

10 MR. WALLACE: I agree, but I think  
11 that four years is too much and I really  
12 expect dramatic changes in the next two years,  
13 partly from what Steve said, you know, we're  
14 going to lose two of the key people in the  
15 House and we're going to lose a key person in  
16 the Senate, Senator Stevens. And then we're  
17 going to have an administration that we know  
18 where they're going to get some of their  
19 advice, and hopefully they see our document  
20 and they accept that as advice, but there  
21 you're getting advice from a number of  
22 different sources. And I think that two years

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1 from now we need to go look at what they've  
2 done and then modify this document to address  
3 their issues.

4 MR. BILLY: Okay. Would you make  
5 that in the form of a motion?

6 MR. WALLACE: I so move. The  
7 motion is I suggest, I recommend that we in  
8 fact review and modify as necessary our 2020  
9 document in two years.

10 MR. BILLY: Or on a two-year cycle?

11 MR. WALLACE: I don't know. And I  
12 don't think that we need to do a -- we could  
13 then -- once we review it, then decide how  
14 much longer we need.

15 MR. BILLY: We have a motion. Is  
16 there a second?

17 MR. RAFTICAN: Second.

18 MR. BILLY: Any further discussion?

19 All those in favor say aye.

20 ALL: Aye.

21 MR. BILLY: Opposed? Okay.

22 Tony, is there anything else?

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1 MR. DiLERNIA: That's all at this  
2 time, Mr. Chairman. Thank you. I will not be  
3 here tomorrow, so perhaps we can revisit the  
4 motion that was tabled by the end of today.

5 MS. McCARTY: I'll do it this  
6 afternoon.

7 MR. DiLERNIA: Thank you, Heather.

8 MR. BILLY: Okay.

9 MR. DiLERNIA: Thank you, sir.

10 MR. BILLY: Okay. Any other point  
11 on 2020?

12 Okay. I'd like to move on then and  
13 ask Jim Gilmore to brief us on the status of  
14 our transition paper and any other discussion  
15 we ought to have regarding it.

16 MR. GILMORE: Well, I think we can  
17 be brief about this. We walked through the  
18 memorandum yesterday. The Committee has  
19 agreed to the document, forwarded it onto NOAA  
20 where it resides, as does the Declaration of  
21 Independence, in some hallowed case, I'm sure,  
22 in the Commerce Department.

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1 As I think --

2 MR. BILLY: That's the fisheries  
3 independence, yes.

4 MR. GILMORE: And so I think the  
5 issue for discussion is our target audience on  
6 this. You know, it's really not the outgoing  
7 folks who are there, but the incoming folks  
8 and I guess my recommendation would be that we  
9 would seek to have a sit-down with the  
10 incoming Under-Secretary and walk through  
11 these issues.

12 Building on Gary's comments today,  
13 we do have a couple of the budget items  
14 highlighted in here on stock assessment work  
15 and LAPP development, so we can roll in those  
16 issues that were identified earlier this  
17 morning.

18 And so I guess, you know, my  
19 suggestion would be that we just ask the  
20 incoming Under-Secretary to meet with  
21 representatives of MAFAC so we can formally  
22 hand them the document and walk through these

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1 issues.

2 MR. BILLY: Okay. Dorothy?

3 MS. LOWMAN: Well, I think there  
4 might be an earlier opportunity if we can get  
5 with the transition team and, you know,  
6 provide them with some of these ideas, too.

7 MR. BILLY: Jim?

8 VICE CHAIR BALSIGER: Did we talk  
9 about that yesterday, or was that a different  
10 meeting? Maybe that was in Fort Lauderdale.  
11 But I think Dorothy is exactly on. You know,  
12 last time when Admiral Lautenbacher didn't get  
13 appointed for almost a year, I don't think.  
14 And so, I do think that we should be flexible  
15 as a group and take -- if there's an  
16 opportunity when transition people come in who  
17 would be willing to meet with MAFAC people, we  
18 should do that and not wait for a NOAA  
19 administrator or a fisheries assistant -- what am  
20 I -- the AA, or others. The earliest  
21 opportunity.

22 MR. BILLY: Larry?

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1                   MR. SIMPSON:       Just reinforcing  
2                   that, I just got an email where the  
3                   Environmental Defense Fund is recommending  
4                   stuff to the transition team. And I just got  
5                   it a few minutes ago.

6                   MS. LOWMAN:     Yes, they just put a  
7                   big report.

8                   MR. SIMPSON:     I think MAFAC and the  
9                   people who are knowledgeable about the issues  
10                  --

11                  VICE CHAIR BALSIGER:     Our chief  
12                  scientist, since that came out, has  
13                  constructed an excellent four or  
14                  five-paragraph response to it, which I don't  
15                  know that you have time to hear it, but it's  
16                  very good, actually.

17                  MR. BILLY:     So the Committee then  
18                  understands that NOAA Fisheries will inform us  
19                  when and if there's an opportunity to meet  
20                  with the transition team and we'll follow up  
21                  and use the material we've prepared for that  
22                  purpose?

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1                   VICE CHAIR BALSIGER:     I think  
2                   that's reasonable.  But I think flexibility is  
3                   the key here.  They may not even come to see  
4                   me, you know?  We just don't know what they  
5                   will do, so we're standing by and got our  
6                   skates on.

7                   MR. BILLY:  Okay.  Does that sound  
8                   like an acceptable arrangement?

9                   Yes, Heather?

10                  MS. McCARTY:  We should also give  
11                  them a 2020 document.

12                  MR. BILLY:  That would be included,  
13                  yes.  Together, yes.  That's the way we'd  
14                  forward it, including the 2020 document.

15                  MS. McCARTY:  Okay.

16                  MR. BILLY:  To NOAA leadership.

17                  Any other comments on this?

18                  Yes, Erika?

19                  MS. FELLER:  Well, I mean, I might  
20                  be just splitting hairs, but I guess I kind of  
21                  wonder if the Committee should, you know, be  
22                  reaching out and requesting an opportunity to

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1 meet with the transition people. I'm kind of  
2 struck by what Dr. Balsiger just said, that  
3 they may not even talk to him. I mean, you  
4 know, I sort of feel like we've got something  
5 to communicate to people and that there should  
6 be some kind of letter or communication from  
7 this Committee to that group that's submitted  
8 for charter.

9 MR. BILLY: Yes. Dorothy?

10 MS. LOWMAN: To that extent, I  
11 actually did email yesterday one of the  
12 members of the transition team at Commerce and  
13 said, hey, do you have a sense of, you know,  
14 how we might approach this? And I got an email  
15 back saying that Monica Medina was going to be  
16 the NOAA lead and it wasn't going to be public  
17 until Friday. And it gave me her email and  
18 said, you know, maybe you want to send her an  
19 email on Friday. But, you know, that might be  
20 something you might want to do.

21 MR. BILLY: Okay. We can do that.

22 It's going to get clearer in just a few days

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1 and then I think we can communicate a  
2 strategy. I like your idea. I don't know if  
3 that's what they want. They may signal  
4 face-to-face, they may signal in writing.  
5 I've had experience over a long time where you  
6 don't know and you want to be as responsive as  
7 you can. And so, the suggestion of staying  
8 loose and kind of figuring out the best way.  
9 So, we don't want to miss the opportunity.  
10 It's just how we do it.

11 MR. GILMORE: In addition, just to  
12 kind of get into that gray area, you know, so  
13 we're here to make recommendations to the  
14 Under- Secretary. And, you know, the  
15 transition team kind of is an interim  
16 Under-Secretary, so I mean, is there a problem  
17 with us writing a letter to a transition team  
18 and saying we've prepared several documents  
19 that are relevant to the transition and we  
20 request a meeting with the transition team?

21 VICE CHAIR BALSIGER: Our brain  
22 trust is over there. I can't read your body

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1 language, so --

2 MR. BILLY: Okay. So is that the  
3 desire of the Committee, that we write a  
4 letter and at the appropriate time offer our  
5 documents and request a face-to-face to answer  
6 any questions they might have?

7 I see a lot of heads shaking yes,  
8 so we'll take that approach. I don't think we  
9 need a motion on that. We'll just do that.  
10 Okay?

11 All right. Anything else, Jim?  
12 Okay.

13 MR. DiLERNIA: Tom?

14 MR. BILLY: Yes? Sorry.

15 MR. DEWEY: No, I just had a  
16 question. We were offered the opportunity to  
17 comment on the administration's transition  
18 documents, or NOAA's transition documents.  
19 And I was just wondering if we'd be able to  
20 get a copy of the final versions that went  
21 forward.

22 DR. HOLLIDAY: Yes.

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1 MR. BILLY: Okay. So, Mark, you'll  
2 follow up on that?

3 DR. HOLLIDAY: Yes.

4 MR. BILLY: I think it was said  
5 yesterday that they're incorporating our  
6 comments or responding to them as they go  
7 through it. That was underway, so I think  
8 getting a copy of the final version would be  
9 very useful. It would also inform us in terms  
10 of what differences may exist between what  
11 we've prepared and what NOAA's providing the  
12 transition team.

13 Okay. Any other business? Okay.

14 MR. JONER: When are we going to  
15 take up the discussion on the budget  
16 situation, just kind of I guess the aerial  
17 reconnaissance versus the boots on the ground?  
18 Satellites versus politicians.

19 MR. BILLY: I was going to meet  
20 with Jim and Mark and figure out when we can  
21 fit that into the agenda sometime tomorrow.

22 MR. JONER: Okay.

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1 MR. BILLY: And I'll let you know,  
2 you know, this afternoon.

3 MR. JONER: No, I just wondered if  
4 we were doing it today or tomorrow.

5 MR. BILLY: Okay. Mark, you have  
6 any announcements?

7 DR. HOLLIDAY: No, I don't have any  
8 announcements, but I would encourage us to try  
9 to get back from lunch on time today, because  
10 we have some outside speakers coming in and  
11 we'd like to show them that we're well-run and  
12 managed.

13 MR. BILLY: Okay.

14 MR. DiLERNIA: To that point,  
15 Junior's was great, but it took a long time to  
16 get there.

17 MR. BILLY: And Deanie's is fast.

18 All right.

19 (Whereupon, the above-entitled  
20 matter went off the record at 11:56 a.m. and  
21 resumed at 1:00 p.m.)

22

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1 A-F-T-E-R-N-O-O-N S-E-S-S-I-O-N

2 1:10 p.m.

3 MR. BILLY: All right. We're going  
4 to get started again.

5 The next set of presentations focus  
6 on LAPPs in the Gulf of Mexico. And again,  
7 I'd like to remind you that while we're going  
8 to focus in on the Gulf of Mexico, which is  
9 really good because it's sort of going from  
10 the policy now to the actual implementation  
11 and how it applies in a given set of  
12 circumstances.

13 We want to, as a committee, think  
14 nationally as well in terms of what we're  
15 hearing this afternoon and how it might impact  
16 things nationally. So, I just wanted to  
17 remind all of you of that.

18 DR. HOLLIDAY: Just a point of  
19 information, we have four speakers and then we  
20 have an hour set aside for discussion, any  
21 recommendations or building consensus on  
22 something with respect to the topics. So

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1 there's plenty of time, because we want to  
2 make sure we allow the speakers to get through  
3 their material. So this block runs from 1:00  
4 until 3:00 on the agenda. So I just wanted to  
5 be clear how we were organizing ourselves with  
6 the four speakers and a block of item for the  
7 Committee to consider that.

8 MR. BILLY: So four speakers with  
9 approximately an hour and then another hour  
10 for discussion. Okay?

11 So the first presenter is Phil  
12 Steele, the Assistant Regional Administrator  
13 for Sustainable Fisheries here in this region.

14 So, Phil, the floor is yours.

15 MR. STEELE: Thank you, Mr.  
16 Chairman. Tough crowd here today. I should  
17 have got you all early this morning.

18 My presentation today is going to  
19 focus on two LAPPs activities in the Gulf of  
20 Mexico, one on the red snapper IFQ which is  
21 underway and ongoing now, and another one on a  
22 potential LAPPs that we are looking at for our

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1 grouper/tilefish fisheries in the Gulf.

2 As a little side bar and having a  
3 discussion with Dr. Murawski at lunch, it's  
4 interesting how the names of these programs  
5 have changed over the years. When I first  
6 became involved with them, they were ITQs and  
7 then they went to IFQs, then they went to  
8 DAPPs and LAPPs and now they're catch share  
9 fisheries.

10 Regardless of what you call them, I  
11 think the body of evidence out here is  
12 mounting that these programs have worked  
13 fairly well for some of the larger fisheries  
14 in the United States, in Alaska, sablefish  
15 fisheries, so forth and so on, to increase  
16 profitability, to help with some of the  
17 over-capitalization, some of the market flux.

18 Whether or not these systems are going to  
19 work entirely for some of our more depressed  
20 stocks or not, the ones that are undergoing  
21 overfishing or are overfished, I think the  
22 book's still out on them. They certainly have

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1 a possibility.

2 As Larry said yesterday, most  
3 things in the Gulf of Mexico that are  
4 contentious are red. Whether that be red  
5 grouper or red tide, and red tide being the  
6 biological entity and also the University of  
7 Alabama's football team. LSU is good.  
8 Certainly red snapper.

9 What I'll do with you a little bit  
10 here today is take you through the red snapper  
11 IFQ program, kind of give you a little idea of  
12 what the fishery looks like, why we did what  
13 we did, what we've accomplished so far, some  
14 of what we've learned and some of the  
15 challenges that we have in the future.

16 Red snapper fishery in the Gulf of  
17 Mexico is predominantly a hook and line  
18 fishery, bandit gear. You can see how the  
19 effort is kind of dispersed. Historically,  
20 the commercial red snapper fishery has been  
21 basically a Western Gulf fishery and still is  
22 predominantly today. We've seen increased

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1 catches in the Eastern Gulf of Mexico off the  
2 West Coast of Florida, which is a good thing.

3 A lot of people say there's more red snapper  
4 out there, there's so many out there they  
5 can't get to the grouper. Why don't we give  
6 them more? How come this is? We got to  
7 understand that under the recovery program,  
8 that's the way it's supposed to be. The stock  
9 is supposed to be recovering. Just to give  
10 you a little idea here, too. And also some of  
11 the catch in Western Florida, some of these  
12 guys may be fishing other areas in Latin  
13 America. There's no doubt that the stock of  
14 red snapper in the Eastern Gulf is increasing.

15 Red snapper status. This is kind  
16 of doom and gloom. Look at how the spawning  
17 stock has bottomed out. See how it's  
18 decreased over the years. It's down to around  
19 two and three percent of where it should be.  
20 See that little blue line. That's a little  
21 encouraging. We'll know a little bit better  
22 at our 2009 stock assessment really how this

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1 fishery stands, but everything I've been  
2 hearing, the stock is rebounding in most  
3 areas, even off the West Coast of Florida -- I  
4 mean, the East Coast of Florida, which is kind  
5 of interesting.

6 The Regulations pre-IFQ. We did  
7 everything to this fishery but drill holes in  
8 the bottom of the boat to keep the guys from  
9 fishing. We had short mini-seasons, we had  
10 class 1 and class 2 license, we had a spring  
11 and a fall quota. We had these 10-day little  
12 mini- seasons where you could go out February  
13 through September, October and fish for nine  
14 days. It has a size limit and a trip limit.  
15 Two-thousand-pound trip limits and a 200-pound  
16 trip limit.

17 We've done a lot to this fishery,  
18 and as you can see, it didn't really work too  
19 well. The fishery, all the reasons for an  
20 IFQ, it was over-capitalized, the race for  
21 fish was on all the time. We went over the  
22 quotas a lot, many years, probably nine out of

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1 the past 17, not a lot, but we went over it.  
2 Short fishing seasons. Terrible safety at sea  
3 problems. We lost a number of boats since  
4 I've been in NMFS, not necessarily the  
5 fishermen's boats have gone done, but fishing  
6 that Gulf of Mexico in the winter time is a  
7 tough time to do it. Market gluts and also a  
8 high bycatch and discard mortality rates.  
9 Everything is associated with the fishery.  
10 Here's what we had. I'm showing those short  
11 seasons. During the late '90s, the average  
12 fishing season for red snapper in the Gulf was  
13 reduced to 90 out of 365. Now it's 365 days a  
14 year.

15 Quota management, that big blip in  
16 '96 was when we increased the quota, actually  
17 for the whole fishery to 9.12 million pounds.

18 In hindsight that probably was not one of our  
19 better moves. But be that as it may, you see  
20 some of the quota overages we had. Nine out  
21 of 17 years and we kind of mimic the same kind  
22 of thing in recreational fisheries.

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1           The red snapper fishery is divided  
2 51-49 percent, respectively, commercial/rec  
3 for the red snapper fishery. Quota is down  
4 quite a bit. We've almost cut it in half  
5 under the rebuilding plan.

6           The IFQ history. An interesting  
7 time line. Look at 1995 to 2007. It took us  
8 12 years to get any limited access privilege  
9 to go into this fishery, although we were  
10 ready to push the button in 1996 until  
11 Congress put the moratorium on the fishery  
12 itself. Soon after the moratorium ended, we  
13 started working with the red snapper ad hoc  
14 committee, a group of fishermen all around the  
15 Gulf of Mexico and developed a profile. We  
16 did the first referendum. We did amendment  
17 26, which is the red snapper IFQ, and the  
18 second referendum, which both of them were  
19 overwhelmingly passed by almost 90 percent of  
20 the fishermen. And then in January 2007, by  
21 God, we got it implemented. People started  
22 fishing. A lot of people didn't think we

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1 could do it.

2 Key components of this thing.  
3 Initially those class 1 and class 2 red  
4 snapper fisheries I talked to earlier, they  
5 were the only ones who were eligible to get  
6 initial shares. Their shares were based on  
7 two criteria. The class 1 guys who've been  
8 around a long time, have a long landings  
9 history, got the ten best years. The class 2  
10 guys only came in the beginning about 1998,  
11 got probably five best years. And an  
12 ownership cap. The ownership cap was  
13 established as that person held the highest  
14 IFQ share at the time of the implementation of  
15 the IFQ process. And the appeals process also  
16 as we normally do. Hardships were not  
17 considered. Things that were subject to  
18 appeal were your landings records and whether  
19 or not you actually had the permit at the time  
20 it was implemented. And of course a program  
21 review every five years, which is still  
22 required.

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1           We allow transfers the first five  
2 years only between reef fish permit holders.  
3 The AO and the Council thought that this  
4 fishery should for the first five years go to  
5 those people who had the vested interest in  
6 historical landings data, the people that had  
7 gone out and created the fishery. Their the  
8 ones that should benefit from the IFQ for the  
9 first five years. After the first five years  
10 are up, anybody can come get these shares.

11           Now still to fish these shares,  
12 actually go out and catch the fish, you still  
13 got to have a commercial reef fish permit.  
14 Say I wanted to buy and sell some to somebody,  
15 I didn't have it, I could still sell these  
16 shares to anybody who wanted to come get them.

17           In fishing, you got to have a commercial reef  
18 fish permit.

19           We got a three percent cost  
20 recovery fee, which let me tell you, comes  
21 nowhere of paying the cost of this fishery. A  
22 thousand of hours of staff time. I kind of

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1 think the fishery is probably going, including  
2 law enforcement, a couple million dollars a  
3 year at least. Last year's 2000 cost recovery  
4 was about \$300,000. This year we're kind of  
5 on the same mark. Again, you got to remember  
6 that cost recovery is based on exponential  
7 price. We're not saying there's any illegal  
8 activities going on out there, but I did see  
9 some IFQs here, saying some pounds of fish, it  
10 was sold for pennies, which I know is probably  
11 not the way it is, but be that as it may.

12 Quota adjustments is another thing  
13 we allow. The quota goes up and down, we  
14 adjust the proportion, the proportion of  
15 shares with the fishermen according to how  
16 much they got initially.

17 One of the best things I liked  
18 about this system, in talking about first  
19 designing it, I wanted to get away from paper.

20 Paper is just too slow. We wanted real time  
21 data. So I figured the best way to do this is  
22 to go the Internet route. That's what we did,

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1 just set up an Internet-based system where  
2 fishermen come into the dock that day, go to  
3 the dealer. It's all set up on the computer.

4 Punch in their codes. They get an approval  
5 code. They punch in amount caught, what they  
6 paid, what the cost recovery is of all those  
7 into our system. Real time data every day.  
8 If this did nothing else, it brought a lot of  
9 fishermen and a lot of dealers in the Gulf of  
10 Mexico into the 21st Century, because they had  
11 to buy a computer. But this is the best way  
12 we found out and the system is working quite  
13 well.

14 Law enforcement. This system was  
15 based around a lot of the implications in the  
16 system are based around law enforcement.  
17 Dockside law enforcement is one system that we  
18 wanted. So we have vessel monitoring systems  
19 in all our red fish boats right now. We also  
20 have, like I just told you, an electronic  
21 accounting system. One thing that helps our  
22 law enforcement officers out there also,

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1 before you land your fish, you got to call in,  
2 let them know you're coming so they can be at  
3 the dock to inspect your catch, if they want  
4 to. And we got some restrictions on  
5 off-loading between 6:00 a.m. and 6:00 p.m. on  
6 a daily basis.

7 By the way, a lot of these things  
8 that I'm showing you now, we're hoping to  
9 transition over to the grouper IFQ, almost  
10 exactly so we can use the same system.

11 Success in this thing, you can see  
12 we've had, even with some kind of, I thought,  
13 low number, we saw a definite increase in  
14 price, definite increase in quality of this  
15 fish. And we have the red snapper on the  
16 market. You can go find red snapper from the  
17 Gulf of Mexico any time of year just about  
18 now, which is really something to see. So  
19 it's working.

20 A little bit here. Reduction and  
21 directed bycatch. I'd like to say that the  
22 IFQ system was definitely responsible for

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1 reducing bycatch. See what it was, when we  
2 had a 15- inch size limit, but what we did  
3 with this system also when we implemented the  
4 IFQ, is that we reduced the minimum size so we  
5 reduced the amount of bycatch. Prior to it,  
6 landings to discards were one, landings to  
7 discards here with the IFQ system, primarily  
8 because of the reduction in minimum size, is  
9 almost quadrupled. We have very limited  
10 observer data on this and I'm hoping that the  
11 2008 season will see a little bit more  
12 reduction, get a clearer pictures that's not  
13 shadowed so much by the decrease in the  
14 minimum size.

15 Successes. We caught almost a  
16 whole part of the quota. There were some  
17 people who did not fish their quota all, so  
18 they lost money. Why they did, who knows, but  
19 they did it. We had a year-round season,  
20 greater price stability. And we had some  
21 consolidation of shares, which is all the big  
22 things that you look to see in an IFQ program.

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1                   Ongoing challenges. Our quota is  
2 down to 2.55 million, because we're in a  
3 rebuilding plan. Hopefully, when the 2009  
4 stock assessment comes out, we'll see a little  
5 bit more increase in the stock and maybe the  
6 quota will go up a little bit.

7                   Limits. Availability of share  
8 allocations. This has been a problem. A lot  
9 of the shares went to the big players on the  
10 West Coast in the Western Gulf. A lot of the  
11 Eastern Gulf guys who fish grouper didn't get  
12 these shares. And there are winners and  
13 losers in every IFQ, but I'm hoping that  
14 increased our discard for red snapper. But  
15 I'm hoping once the grouper IFQ programs comes  
16 on, these people will get together and start  
17 trading shares off and make this less of a  
18 problem.

19                   Lessons learned. We kind of put  
20 this program together with bubble gum and  
21 baling wire. I mean, I got people from all  
22 over. We had to get an IT component, a law

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1 enforcement component, an SF component, the  
2 lawyers of course, and the AP. For anybody,  
3 if you're thinking about doing this, get your  
4 AP up and running early. That's what we did  
5 with the grouper. Get the fishermen that are  
6 out there to help you design the system. That  
7 way it'll make it easier and more palatable to  
8 everybody.

9 Time and implementation is  
10 important. If you're going to implement in  
11 2010, you'd best be working on your system  
12 real hard right now, which is what we're  
13 doing, for the grouper thing. And you need to  
14 plan for a long time for implementation, just  
15 for the electronics and the technical part of  
16 this thing. You're going to think you're  
17 going to implement an IFQ program in four  
18 months, it ain't going to happen, just from an  
19 IT perspective.

20 And you need to outreach. One  
21 thing before we implemented the red snapper  
22 IFQ program, I went up to the Alaska region

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1 and received their opinion from there, and one  
2 of the things they told me, they said the best  
3 thing, the most important thing you need to do  
4 about this program is have a lot of outreach,  
5 getting out to the fishermen, telling them how  
6 it works, what to expect. We did that. It  
7 made the transition a little bit easier.

8           Okay.   Onto to grouper/tilefish.  
9 Same kind of stuff I'm going to go over with  
10 you. This program is not implemented yet. We  
11 have a final rule for the referendum, which we  
12 will conduct December the 1st with those  
13 fishermen who are entitled to vote in the  
14 referendum. We'll be conducting that in  
15 December. If in fact the referendum is  
16 approved, we will go back to the Council with  
17 the referendum results. I'm hoping later than  
18 sooner. At that time they can vote to submit  
19 amendment 29 to the Reef Fish Plan, which is  
20 the IFQ to the Secretary of Commerce, for  
21 review and approval. And then we got about  
22 eight or nine or ten months to get all the

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1 regulatory actions done, plus get the system  
2 up and running. So it's going to be a pretty  
3 tight time line.

4 The grouper/tilefish fishery.  
5 Quite a large fishery; almost 11 million  
6 pounds versus a little over two-and-a-half  
7 million pounds of red snapper. Eight shallow  
8 water species, five deep and five tilefish.

9 Status of these stocks. You can  
10 see the red grouper stock assessment is  
11 rebuilt. The problem I'm a little concerned  
12 with out there is they can't catch their  
13 quota. I wonder why that is? Gag is also  
14 undergoing overfishing. We're not sure of the  
15 overfished status quite yet. And  
16 remaining species, we don't have a clue,  
17 especially like in deep waters. We've never  
18 had a stock assessment done on the status at  
19 all, so it's kind of hard tell what the status  
20 is.

21 Little different fishery here. As  
22 you can see, the majority of the shallow water

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1 grouper occurs off the West Florida shelf. By  
2 and far, 98 percent of the shallow water  
3 grouper are caught off the West Coast of  
4 Florida. Deep water grouper a little bit  
5 different. It's kind of spread out a little  
6 bit. Again, the majority of these grouper  
7 species are caught off that hard rock  
8 substrate off of this Florida shelf. We do  
9 have a deep water grouper and tilefish fishery  
10 in the Western Gulf of Mexico with the Central  
11 Gulf catching a smaller proportion.

12 MR. CATES: What's your definition  
13 of deep water? How deep?

14 MR. STEELE: Six-hundred feet or  
15 more. That's pretty deep for these guys for  
16 the Gulf.

17 Current regulations. Same kind of  
18 stuff. We got moratoriums. There's no  
19 additional reef fish permits being issued. We  
20 have quotas on these guys. Trip limits of  
21 6,000 pounds trying to slow down the rate for  
22 fish. We've done a lot to these guys. We

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1 have seasonal area restrictions that cover  
2 some of our spawning aggregations. Gear  
3 restrictions. Can't use long lines inside of  
4 certain areas, things like this. Size limits,  
5 closed areas, all the tool box that you'd  
6 normally associate with trying to regulate a  
7 fishery.

8 This is just some of our closures.  
9 You get an idea why we need to deal with  
10 these races to fish. Shallow water grouper  
11 fishery is -- which includes red, gag and  
12 black, our main fisheries. Last couple of  
13 years they haven't been coming close to  
14 catching their quota. Deep water grouper, you  
15 can see it's getting shorter and shorter every  
16 year. It's a very attractive product,  
17 especially for the northern markets, but I  
18 think people think -- and, Mark, you can help  
19 me with this -- they think that deep water  
20 flesh, is it better for you and whatever.  
21 Anyway, they're getting top price for these  
22 things and this fishery is getting shut down

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1 sooner and sooner every year. And then  
2 tilefish is another one. You can see we've  
3 had closure in the tilefish every year.

4 So one thing, one reason why we need an  
5 IFQ.

6 Again, the same reasons going on in  
7 the grouper fishery is with red snapper.  
8 We've got derby fishing that's going on out  
9 there. We want to reduce the capitalization  
10 for this fishery. There's probably a thousand  
11 boats out there, a thousand reef fish permits,  
12 not all of them are fishermen. There's a lot  
13 of boats out there. We want to lengthen the  
14 fishing season and lower operating costs, all  
15 the other things that we did for red snapper,  
16 to keep this product on the market year-round.

17 We import a lot of grouper, too.

18 Key elements of this thing. It  
19 would be basically the same as the red  
20 snapper. We figured if it isn't broke, you  
21 know, don't fix it. The referendum as  
22 mandated by Magnuson, we'll be conducting that

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1 next month. All active commercial reef fish  
2 permits holders are eligible for this thing in  
3 the program. The transfer is going to be the  
4 same. The first five years the commercial  
5 reef fish permit holders only. After five  
6 years, U.S. citizens and so forth.

7 The landings data here is a little  
8 bit shorter. It's only from 1999 to 2004.  
9 That was upon the recommendations of the AP.

10 Key elements. The same kind of  
11 stuff. There would be a cap on ownerships.

12 Appeals process. We use our same  
13 web-based online reporting system. We have a  
14 little bit different situation here. We call  
15 it multi- use allocation. Without going into  
16 too much detail of this thing, which I'm not  
17 quite sure I understand all of it myself, as  
18 evidenced by this map, I think that's it, what  
19 basically we're doing is that we're making  
20 allowances for bycatch. So these are our  
21 major grouper species. Say if you go out,  
22 what we'll do when we finally get this done,

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1 is that you'll have X amount of shares for red  
2 grouper or for gag grouper, for black grouper,  
3 whatever. So when you go out and catch a lot  
4 of red, once you've done all that, you can  
5 transfer some of your allocations basically  
6 from one species to the other. If you get on  
7 a bite of red and you don't have much of that,  
8 you can take your gag allocation. It's  
9 basically to try and reduce bycatch and get  
10 these fish in the docks and count towards your  
11 quota. It's kind of complicated, but  
12 according to my LAPPs person, it will work.

13 This is just a problem we had with  
14 gag and black. We've had to adjust some of  
15 the quota shares because gag and black are  
16 very similar and some of these fishermen can't  
17 tell the difference, or we can't tell the  
18 difference.

19 Time lines. I said here's how it's  
20 gone. In February, we got our first AP  
21 meeting. Three years later in the winter  
22 we're going to conduct a referendum. We hope

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1 the Council takes final action on this thing  
2 and hold me to that time line right there, or  
3 find me a new job.

4 Questions. If you've got any  
5 questions, don't ask me. I've got a new LAPPs  
6 data management branch. The guy that heads it  
7 up is Andy Strelcheck. Probably knows more  
8 about IFQs than anyone else in this -- around  
9 except for maybe Martin. If you got any, let  
10 me know. And that's about it.

11 Questions?

12 MR. BILLY: Okay. Bob?

13 MR. FLETCHER: I have a couple.  
14 First, after the five years when any U.S.  
15 citizen can purchase quota, can they also buy  
16 a reef fish permit so they can fish the quota?

17 MR. STEELE: There is the  
18 moratorium on issuance of reef fish permits,  
19 but you can buy a permit, if you can find  
20 them. They're going for about \$25,000 or  
21 \$30,000.

22 MR. FLETCHER: Well, in order to be

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1 able to fish you got to have both the quota  
2 and the permit and you got to buy both of  
3 them, or whatever.

4 The other question is, what kind of  
5 a reaction to all of this has there been from  
6 the recreational fishing community?

7 MR. SIMPSON: Take it away.

8 MR. STEELE: Yes. Okay. Well, a  
9 lot of people -- I won't say a lot of people,  
10 there is a segment of our fishing society who  
11 view IFQs as giving away of a public resource,  
12 and they don't like that, in general. And  
13 there's been quite a bit of opposition from  
14 certain sectors in recreational fishing. But  
15 again, there are certain segments of the  
16 recreational for-hire fishery who are looking  
17 at the possibility of integrating IFQs into  
18 their systems. So it's kind of a mixed bag,  
19 and it changes over time. There has been  
20 opposition to IFQs in general from a lot of  
21 folks, because they think you're giving away a  
22 public resource and why by God should you have

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1 those fish and we don't? That's not going to  
2 change.

3 MR. BILLY: Okay. Martin?

4 MR. FISHER: It's just a point of  
5 clarification. Could you flip back to that  
6 slide that talked about when it changes after  
7 the five years? Can you turn to that one?  
8 Because I was under the impression that the  
9 program comes up for review, but it wasn't a  
10 mandatory release of the --

11 MR. STEELE: No. Wrong.

12 MR. FISHER: That's wrong?

13 MR. STEELE: It's after five years.  
14 That's the way it stands now and that's the  
15 alternative. It will be reviewed. I mean,  
16 Magnuson mandates that.

17 MR. FISHER: Right.

18 MR. STEELE: But that's the  
19 preferred alternative now.

20 MR. FISHER: Okay.

21 MR. STEELE: It's just exactly like  
22 the red snapper was. And the AP wanted that.

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1 I mean, there were some people on the AP who  
2 wanted to be able to sell these shares to  
3 anybody. You know, because I mean, it's a  
4 market-based system, so maybe Joe Blow would  
5 give me more money than Mike Murphy would.

6 MR. FISHER: So it's preferred  
7 alternative at the Council level?

8 MR. STEELE: Yes, this is what's in  
9 the document now.

10 MR. FISHER: Okay.

11 MR. STEELE: I mean, again, the  
12 document has not been submitted for  
13 Secretarial review and the Council has not  
14 taken final action on it.

15 MR. FISHER: Right.

16 MR. STEELE: So until that happens,  
17 but that is what's been analyzed and reviewed,  
18 yes.

19 MR. FISHER: Okay. Thank you.

20 MR. BILLY: Any other questions?

21

22 Cathy?

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1                   MS. FOY: Do you have shareholders  
2 combining resources to use one or two boats  
3 and fish their quota together?

4                   MR. STEELE: Absolutely it happens.

5                   It does happen. It's been kind of a problem  
6 with the red snapper IFQ program. But the way  
7 we set it up, when you hit the dock we wanted  
8 you to have the amount of fish that -- the  
9 amount of allocation in your count that you  
10 had landed, so it's a law enforcement thing.  
11 We've had it where some people have come in --  
12 the IFQ systems allow this, where for some  
13 people would come in and say "I'm fishing,"  
14 and I come in and I go to use their  
15 allocation. That's not what we wanted.

16                   But to answer your question  
17 directly, we have had a -- there will be --  
18 like some of these processors out there have  
19 four or five boats, and it made it easy just  
20 to collapse their account and do one big  
21 account where you could use any of your five  
22 boats to fish. So it has happened. And we've

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1 had some consolidation with some of the --  
2 like I showed you in the update, maybe 40 or  
3 50 of the accounts out there. Some of these  
4 accounts were real small. I mean, some of  
5 these odd guys only got one or two pounds. I  
6 mean, but we had to give it to them. That's  
7 just what the law says. And a lot of those  
8 accounts have been consolidated, and there  
9 have been a number of fishermen who either  
10 bought other allocations from other fishermen  
11 or they've collapsed their own accounts. It  
12 does happen, yes.

13 MS. FOY: And are you getting your  
14 three percent cut every time some of those  
15 shares change hands, allegedly?

16 MR. STEELE: Allegedly. Like I say,  
17 law enforcement is pretty hot on these guys.  
18 I mean, they've done a really good job through  
19 your joint enforcement agreements across the  
20 Gulf of Mexico. We've spent millions on this.  
21 This was the whole part of the red snapper  
22 IFQ program, because there was so much illegal

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1 -- well, there was some illegal activity out  
2 there, where a lot of fish were sold under the  
3 table. And now what you've got is that you've  
4 got a fishing industry that realizes if you're  
5 cheating me, you're taking money out of my  
6 pocket, and that ain't going to happen. So  
7 they're pretty much onto it. But all the  
8 concern is, and I've got this red snapper IFQ  
9 report that we did for 2007; if any of you all  
10 want a copy of that, it's online, and you look  
11 at some of the range of where the prices are  
12 paid, and you'll see ten cents a pound, twenty  
13 cents a pound. Red snapper is not that cheap  
14 for the most part, so that three percent, I  
15 expect we probably got, I don't know, two-  
16 thirds or a-half of what we should have  
17 gotten. And it's not illegal to sell red  
18 snapper for 50 cents a pound, although I think  
19 law enforcement may have some views on  
20 collusion about that, but it's only hurting  
21 the fishermen.

22 MR. BILLY: Vince?

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1 MR. O'SHEA: Thank you, Mr.  
2 Chairman.

3 Phil, it's a great a presentation,  
4 a lot of information here. Thank you very  
5 much.

6 I'm interested in the interface on  
7 your electronic reporting when the boat comes  
8 in. Presumably, you get two inputs. One is  
9 what the boat said they're unloading and  
10 selling and then from the dealer to sort of  
11 verify that. Can you briefly describe how  
12 that happens?

13 MR. STEELE: Sure.

14 MR. O'SHEA: Is that the right  
15 assumption?

16 MR. STEELE: Yes, I appreciate it.

17 MR. O'SHEA: You don't get just one  
18 guy reporting?

19 MR. STEELE: No, what happens at --  
20 okay. I'm out fishing. First of all, I call  
21 law enforcement three hours out and say, "Hey,  
22 I'm coming in." And we're actually changing

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1 this a little bit now, so you're going to call  
2 me three hours out and you're coming in and  
3 you tell me how many pounds you got on board  
4 where the counts come out of. But anyway, the  
5 fisherman comes into the dock and they can't  
6 transport these fish, by the way, on a truck  
7 or anything. You can come to the dock and  
8 pull up to the fish house, but if you  
9 transport this fish in a truck, you got to  
10 have an approval for it, which means you got  
11 to call us and get all this stuff. Fisherman  
12 comes in, unloads his fish. He comes up to  
13 the fisherman and they pull up this screen  
14 right here. He's got his own user ID and PIN  
15 number. They both have the little screen  
16 there. Enter, you know, X amount of fish. I  
17 paid this amount of pounds. It automatically  
18 calculates the -- it takes -- it's just like  
19 your PIN number on your bank account. It  
20 deducts that amount from your shares. It  
21 tells you how much you owe the Federal  
22 Government and then it all goes into one big

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1 system.

2 If you don't pay, then your  
3 account, after a quarter, your account gets  
4 suspended and you get a real nasty letter from  
5 me saying pay up or --

6 MR. O'SHEA: Yes, but tell me about  
7 the deal. I mean, so what's to keep the guy  
8 from saying I only weigh in at ten pounds?

9 MR. STEELE: Nothing. Except law  
10 enforcement. Fishermen, like I say, they're  
11 pretty much --

12 MR. O'SHEA: So there isn't a  
13 similar parallel reporting from the dealer  
14 saying he bought 10 pounds from the guy?

15 MR. STEELE: I mean, the guy can  
16 come in and say, yes, if he had 100 pounds and  
17 said, well -- you don't say 10 pounds, that's  
18 why we call law enforcement. Every landed  
19 transaction, we got -- law enforcement can be  
20 there and they'll be right there. But, you  
21 know --

22 MR. SIMPSON: Collusion can't

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1 happen? The two have to work together for the  
2 one ticket.

3 MR. STEELE: Yes.

4 MR. SIMPSON: They both have to  
5 sign, in essence?

6 MR. STEELE: They acknowledge it  
7 and all this stuff. And once this is all done  
8 and entered, get an approval code. We check  
9 automatically to make sure you have that much  
10 allocation. It's all done automatically.

11 MR. SIMPSON: Thank you.

12 MR. BILLY: Okay. Cathy?

13 MS. FOY: Thank you, Mr. Chairman.

14 Phil, is there any effort on the  
15 part of NOAA to get catch-per unit effort data  
16 or locations of catch data with this?

17 MR. STEELE: Absolutely. The VMS,  
18 what's good about this, and we're working on  
19 it a little bit now. We haven't done a lot,  
20 but we know we want to do this. We've got VMS  
21 data and we've got catch locations, and we can  
22 develop some data and we hope to have this

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1 information available to the science centers  
2 in the next five or so. We haven't completed  
3 that, but that was one of the ideas I want to  
4 get the information on that. Locations,  
5 times, areas, the whole schmeer.

6 MR. BILLY: Okay. Dorothy?

7 MS. LOWMAN: So you have VMS, but  
8 do you have observers or any kind of at-sea  
9 monitoring?

10 MR. STEELE: Yes, it's not -- I  
11 think I'm going to ask Steve or ■ it's like one  
12 percent.

13 MS. LOWMAN: So, would you have any  
14 sense if you're having some at-sea discards,  
15 because you don't have the quota to cover it,  
16 so you just --

17 MR. STEELE: I'm sure we do, but we  
18 have limited observers out there. That's  
19 where that information I showed you earlier on  
20 discards came from. The discard rate has gone  
21 done considerably, but that first year it  
22 would probably give an increase in the size,

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1 where this year I think we'll get a better  
2 handle on what our real discard rates are.

3 MS. LOWMAN: So you think one  
4 percent will give you accurate information  
5 there?

6 MR. STEELE: Commercially?

7 MS. LOWMAN: Yes.

8 MR. STEELE: I'd like to have 100  
9 percent authority given by the industry.

10 MR. BILLY: Martin?

11 MR. FISHER: I have a question and  
12 a clarification for you, Vince, if I may. Can  
13 I start with that?

14 This is actually the participants'  
15 page. There's a dealer page that looks  
16 similar to this. I'm a dealer. I'm very  
17 integrated, so I'm all three. So if I'm  
18 buying fish from my own boat, for instance, I  
19 go to my dealer page. I put in the pounds,  
20 fisherman's ID, then push enter. Then it goes  
21 to where the fisherman has to put in his PIN.  
22 So the amount of fish that I'm buying is

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1 verified by the fisherman.

2 And my question for you is, sir;  
3 and by the way, I think you did an absolute  
4 fine job and you really gave us the full  
5 picture.

6 MR. FISHER: You really did. You  
7 did a great job, Phil. Thank you.

8 How many other fish in the Gulf  
9 region are coming up for IFQ in your  
10 estimation?

11 MR. STEELE: Well, let's get  
12 through this one first. I mean, that's 13  
13 species there with grouper and tilefish.

14 The possibilities of an IFQ? Oh,  
15 we've got mackerel for sure. There's other, I  
16 guess called "minor reef fish species."

17 MR. FISHER: Amberjack?

18 MR. STEELE: Yes, amberjack, things  
19 like that. We got to reach a point of  
20 diminishing return on these things. I mean,  
21 IFQ are certainly a great system, but you  
22 know, after a while, they're expensive.

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1                   MR. FISHER: Yes, but now that you  
2 have the infrastructure put together because  
3 of the red snapper, the cost of bringing  
4 grouper online will be, you know, minimal  
5 comparatively to the red snapper.\*\*

6                   MR. STEELE: Oh, absolutely.

7                   MR. FISHER: And the more species  
8 you add in, the bigger the return gets for the  
9 cost to cover.

10                  MR. STEELE: Well anyway, to answer  
11 your question, mackerel, which is certainly  
12 our -- you know, it's an 8-10-12 million pound  
13 fishery, that would certainly be one. I mean,  
14 who knows? I mean, shrimp fishery down the  
15 road and these other minor species, amberjack,  
16 things like these species.

17                  MR. FISHER: And where do you see  
18 the potential for the charter boat/head boat  
19 and/or recreational fishery?

20                  MR. STEELE: There is a group out  
21 there who would like to see IFQs in the  
22 charter/head boat fishery. Whether or not

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1 that happens, or the recreational fishery, I  
2 don't know.

3 MR. BILLY: I want to have us move  
4 on. But before I do, Jim is going to be  
5 leaving, and so I wanted to give him an  
6 opportunity to say a few words before he  
7 leaves us.

8 VICE CHAIR BALSIGER: Yes, sir.  
9 Thanks, Mr. Chairman.

10 Steve and I are heading off to  
11 D.C., where we're going to discuss program  
12 plans for all of NOAA, all the different line  
13 offices tomorrow, so it's a fairly interesting  
14 meeting, which I am looking forward to  
15 engaging in. But I appreciate the attendance  
16 here of everyone. Everyone's contributing,  
17 and as I said when we started, this is a group  
18 that we're looking to for our high-level  
19 policy decisions. We got the Councils for the  
20 regulations in every fishery.

21 So I think when you see stuff like  
22 Phil's presenting here, I think the questions

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1 are good because it clarifies stuff. But try  
2 to keep in mind, we're looking at how IFQs  
3 work for the country as a whole as opposed to  
4 solving Phil's exact problem down there. But  
5 that's kind of the level we're looking at.

6 But this is a good group of people  
7 and I enjoyed being with you, so thanks very  
8 much for taking time and doing that, and I'll  
9 see you whenever you decide to have one on the  
10 spring, I guess. And if you're through Silver  
11 Spring, look me up if you can. And I'm  
12 serious about that. I travel some, but if  
13 you're there, if you can stop in and see  
14 what's going on, it would help me to know what  
15 you're thinking, and there may some  
16 opportunities for figuring out how to make  
17 contacts. One of our key things I think is  
18 trying to develop some personal relationships  
19 with senators and Congressmen who'd be willing  
20 to take sort of the fishery agenda on as their  
21 personal things. So thanks.

22 MR. BILLY: Okay. Thanks a lot.

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1 MR. JONER: I want to say I really  
2 appreciate getting your weekly reports, and  
3 I'm impressed with your discipline to do it  
4 every week, when you're on the road so much.

5 VICE CHAIR BALSIGER: Well, I have  
6 to confess that --

7 MR. JONER: Well, you want to save  
8 this for later?

9 VICE CHAIR BALSIGER: But I don't  
10 do it all by myself.

11 MR. JONER: I realize that.

12 VICE CHAIR BALSIGER: But thanks.

13 MR. BILLY: Steve, you want to say  
14 anything, or no? No? Okay.

15 All right. Thanks.

16 Okay. We're going to move on now.

17 VICE CHAIR BALSIGER: Excuse me.  
18 Sam Rauch is of course one of the deputies,  
19 and he's going to be taking over, but we also  
20 have Pete Jones here from the corner offices  
21 and Gary Reisner for the 14th floor and Alan  
22 Risenhoover, who's spoken to you before. So

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1 we won't miss anything.

2 MR. BILLY: Yes, safe trip home.

3 All right. Next we're going to  
4 hear from Robert Gill. He's both a commercial  
5 fisherman and a member of the Gulf Council.

6 MR. GILL: Thank you, Mr. Chairman,  
7 and thank you all for letting me be here.

8 First of all, let me correct the  
9 title. I'm not a commercial fisherman. I  
10 don't have any of those skills whatsoever. I  
11 leave that to you to do it recreationally and  
12 Martin and Bill Tucker. I couldn't catch a  
13 fish if my life depended on it. But I am a  
14 fishmonger, so I have a fish house and I deal  
15 with fish, but I can't catch one.

16 I'm going to cut a lot of this  
17 short because Phil covered a lot of it. I'm  
18 going to try and give you my perspective of  
19 some of these things from the Council  
20 perspective, and maybe to a minor extent from  
21 the fish house dealer perspective. And some  
22 of this is duplicative, but I'm trying to put

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1 it in a different context.

2 One of the interesting aspects in  
3 these IFQs, in the red snapper, as I  
4 understand it, and I was not part of the  
5 process that went through that in the Council;  
6 by the time I got there it was implementation  
7 time, was that there was broad support for the  
8 IFQ. And that includes the recreational and  
9 charter boat, and industry and NGOs.

10 And, Phil, correct? That's my  
11 understanding.

12 Now we didn't have that in the  
13 second one. I'll talk about that more later.

14 But it was generally supported all the way  
15 around, first time around.

16 In terms of the  
17 twenty-two-and-a-half months experience you've  
18 had, the reaction from industry, the major  
19 shareholders are very high on it. As Phil  
20 alluded to, the minor shareholders on the West  
21 Coast of Florida, they're not and I'll talk  
22 about that a little bit more. And other than

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1 minor tweaks, I think it's remarkable that  
2 it's done as well as it has, given that they  
3 had a 45 percent reduction in TAC in the first  
4 year of operation. So from the standpoint of  
5 industry reaction, it's been very good. And  
6 as Phil may have mentioned, we have stock  
7 assessment in red snapper end of next year, so  
8 there's possible TAC mods that may come in and  
9 play a part there as well.

10 In terms of the grouper IFQ, as  
11 Phil mentioned, it's almost identical to red  
12 snapper except for the multi-use allocations.

13 Everything else is roughly the same. But my  
14 comment is that on that first five years where  
15 it's reef fish permit holders only in terms of  
16 transferability, I think that's a very good  
17 thing to let the system settle out to find the  
18 bugs, the law of unintended consequences, the  
19 little tweaks on the VMS and the landings.  
20 All these things that we haven't got done  
21 precisely, it allows us time to get it settled  
22 out before it goes open to any U.S. citizen or

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1 resident alien.

2 One of the differences, as Phil  
3 mentioned during the comment period, on the  
4 grouper IFQ is there's been strong opposition  
5 by the rec and charter boat sectors. I don't  
6 fully understand why the difference. There's  
7 been a lot of arguments made and some of them  
8 are, in my view, specious, but they've come  
9 out very strongly about it. So there's been  
10 some effort to derail, if you will, amendment  
11 29 in terms of approval if the referendum goes  
12 through. But the referendum, two arguments  
13 that Phil did make. One is that there's  
14 concern by the rec sector, at least that's  
15 what's been stated, that the allocation gets  
16 fixed if IFQ goes through, which is not true.

17 But there's a concern at least on the  
18 recreational sector side that the allocation  
19 will never change once an IFQ system is in  
20 effect, because one of the things about IFQs  
21 is if you change the system substantially,  
22 then you'll have to redo the referendum. But

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1 the prevailing view is that if there's any  
2 allocation change, assuming it's relatively  
3 minor, it's no different than a TAC change and  
4 changes the quota.

5 In terms of process consideration,  
6 strangely enough I agree with Phil. I think  
7 the AP approach is exactly the way to go,  
8 because you want to get the industry involved  
9 and you want to get them working on it. And  
10 we largely, on the Council side, followed most  
11 of the recommendations; not all, but mostly,  
12 so they did a lot of work and thinking about  
13 it themselves and how they wanted it. And  
14 that's how we ultimately went in the end  
15 result.

16 The other comment I'd make relative  
17 to the process is that as you know the Gulf of  
18 Mexico and New England have to have the  
19 referendum, and I generally view this as a  
20 negative thing as implanted there politically  
21 to inhibit IFQs. My view is the exact  
22 opposite. I think it's a good thing. It

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1 forces industry to get together and deal with  
2 the issue, and if you will, sell it. So we  
3 get a lot more involvement and Phil is one of  
4 those that was involved early on in terms of  
5 getting around to industry, being involved in  
6 the process and trying to convince fellow  
7 fishermen that it's a good system. And I  
8 think that's good. So, it takes a little bit  
9 longer and I guess it adds a little bit  
10 expense, but in the end result it gets more  
11 involvement and I think more involvement, by  
12 whatever sector, is good.

13 I would agree also with Phil that  
14 education is a big issue, and I didn't realize  
15 that he'd done the elastic trick, but just for  
16 example the difference that we have in the  
17 referendum of what a substantial fishermen is  
18 versus substantial participant, whether they  
19 could vote in the referendum and whether they  
20 qualify for IFQ, et cetera. A lot of  
21 misunderstanding, even to this day, on that  
22 very issue. So education is a big, big part

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1 of it.

2 In terms of where we go from here,  
3 I believe that the Gulf Council is favorably  
4 disposed towards IFQs. The vote for the  
5 referendum was thirteen to three on the  
6 grouper IFQ. And that included all the state  
7 directors. So my sense is that from a Council  
8 perspective there has been support for IFQs,  
9 which to me suggests that -- as the question I  
10 guess from Martin came that, yes, there will  
11 be future avenues and whatever seems  
12 appropriate to fit.

13 I see some issues-- and I'm not  
14 really predisposed to one side or the other--  
15 but I see some issues that in my mind anyway  
16 are yet unsettled in the IFQ system, and I'd  
17 like to share a couple of those with you. One  
18 of which is the red snapper rise on the West  
19 Coast of Florida. It seems to me that IFQs  
20 are fundamentally predicated on a relatively  
21 stable and quasi-static, if you will, not a  
22 strongly dynamic fishery. It's not doing ups

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1 and downs in any fashion. Well, in the case  
2 of red snapper, we had this rise of red  
3 snapper on the West Coast of Florida that's  
4 relatively recent. It was there years ago,  
5 but disappeared and now it's coming back. And  
6 meanwhile, we have the IFQ system come along,  
7 and it didn't account for a rise in snapper on  
8 the West Coast of Florida, so consequently all  
9 the fishermen that fish the West Coast, which  
10 was grouper, didn't get much in the way of red  
11 snapper shares. And ultimately that all gets  
12 evened out on the market forces, but initially  
13 on the red snapper side, not many shares  
14 available, couldn't come to agreements.  
15 Perhaps it was price, you know, maybe the guy  
16 that had them wanted more than the guy who  
17 wanted them was willing to pay. In any event,  
18 what we've had is a discard problem,  
19 regulatory discard in the sense that they had  
20 no shares, couldn't get any, and had to throw  
21 them over in order to get to the grouper. So,  
22 that's a problem that hopefully will be

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1 addressed here in our stock assessment 2009,  
2 but it's going to be a difficult one because  
3 then you have to figure out how these guys get  
4 shares outside the market or let the market it  
5 takes its place, which so far has been fairly  
6 slow to move.

7 Another one is, in my opinion, is  
8 new entrants, and there may some disagreements  
9 with this, but currently both IFQs, new  
10 entrants get in by buying in. And that works  
11 fine up to a point, I suspect, but and how the  
12 sablefish fisheries can be so darn successful  
13 that it's very difficult to do so. So in one  
14 sense the more successful you are, the higher  
15 the price goes and the bigger the barrier for  
16 new entrants. And British Columbia, they  
17 recognize that as a problem in their IFQ  
18 fisheries, but they haven't addressed it, nor  
19 are they discussing it. And Alaska has some  
20 issues with new entrants as well. So, that's  
21 one of those things that I'm not sure has  
22 settled out.

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1                   Similarly, in terms of leasing, in  
2 Alaska most of their IFQs, if I'm not  
3 mistaken, require an owner on board  
4 requirement for the IFQ share. In the Gulf,  
5 we're not doing that, so there may be some  
6 migration to leasing as these owners of boats  
7 get older, and that may or may not be the way  
8 everybody thinks it ought to go. So that has  
9 a potential for reconsideration.

10                   Finally, owner share issues. I've  
11 talked about the market forces. And red  
12 snapper's been very inelastic, and ultimately  
13 it ought to ease out, but at least initially  
14 there wasn't much flexibility, much movement  
15 on the market force of voter shares, so share  
16 availability was constrained and hence the  
17 fellows on the West Coast of Florida had  
18 difficulty getting any.

19                   Another issue that may arise is  
20 neither IFQ system has a use it or lose it  
21 provision. So if somebody has voter share,  
22 they don't have to use it; they could just sit

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1 on it. And that may be the way it goes down  
2 the road, but the vote we had on amendment 29  
3 was split even. In fact, Tom made the  
4 deciding vote and we don't have it there. So  
5 it seems to me that there's considerable  
6 difference on the Council in terms of whether  
7 that's appropriate or inappropriate.

8 And I guess that's all that I was  
9 trying to fill the holes in on Phil's  
10 conversation. Questions?

11 MR. BILLY: Any questions?

12 Yes, Bob?

13 MR. FLETCHER: The Pacific Council  
14 just adopted an IQ for ground fish last week,  
15 and one of the big controversies there had to  
16 do with processor shares. Was that an issue  
17 in either of your IQ systems?

18 MR. GILL: No, that has not been an  
19 issue and think part of the reason for that is  
20 size. We don't have processors of that kind  
21 of magnitude. Our fisheries are a lot  
22 smaller. So we have not -- for example, on

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1 the grouper we didn't even discuss that as an  
2 option.

3 MR. BILLY: Other questions? No?

4 MR. GILL: Thank you.

5 MR. BILLY: Okay. Thanks a lot.

6 Oh, sorry, Dorothy.

7 MS. LOWMAN: Well, I mean, I'm  
8 curious in both of these, because there's a  
9 provision in the IFQ, in the Magnuson Act  
10 about -- it says something about to hold,  
11 acquire and use IFQs you need to have a  
12 substantial participation in that fishery.  
13 And in our one that we just passed, too,  
14 anyone can own. And I just sort of wonder, and  
15 I guess you've already probably gone through  
16 the review on that and that's okay. But it  
17 just seemed like a little bit of a disconnect  
18 to allow anyone in the country to own it, and  
19 then have this element in the provisions. And  
20 so this might be more directed towards Sam  
21 than you.

22 MR. RAUCH: Well, I was going to

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1 direct it towards to Phil who is -- his  
2 program.

3 MR. STEELE: Well, it's kind of a  
4 long convoluted history on this thing.  
5 Initially under the red snapper, the fishermen  
6 wanted the fish to stay in the fishery,  
7 because they thought that they had a vested  
8 interest in things and so they allowed that.  
9 But again, after five years you can come and  
10 buy some shares. But again, the overriding  
11 element in this thing is that to fish those  
12 shares, you got to have a reef fish permit.  
13 Okay?

14 Now under grouper, because of the  
15 new language in the Magnuson, substantially  
16 fished or substantial participants, they  
17 looked at a lot of different things, but they  
18 said, you know, just because you don't have a  
19 reef fish permit, you can still sign you new  
20 allocations because you ran a fish house, you  
21 ran a boat and motor shop. So you can buy the  
22 shares. It's still kind of convoluted, but

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1 the fact of the matter is that permit is still  
2 there. To fish in this fishery, you got to  
3 have that permit. You can own shares, you're  
4 a substantial participant, we'll assign you  
5 shares, but you just can't fish on it.

6 MS. LOWMAN: So I guess to follow  
7 up and in the snapper after five years, anyone  
8 in the U.S. can -- I could buy shares? And  
9 the same with grouper. So that wasn't the  
10 conflict in that thing that says to hold,  
11 acquire or use?

12 MR. STEELE: That wasn't in  
13 existence for the red snapper, but it was with  
14 grouper. So they took a little bit broader  
15 view of this thing that we could assign new  
16 shares to other people. We didn't have to do  
17 that on the red snapper. But it's still -- I  
18 mean, I'm not sure what it -- well, I guess it  
19 does do some good. You can make a living  
20 selling those or renting those allocations  
21 out, like they do in red snapper or grouper.  
22 You just can't fish without that permit until

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1 that permit requirement goes away, which I  
2 don't see it doing. That to me is like the  
3 Magnuson-- that, you know, you can do all this  
4 other stuff, but you still go to have that  
5 permit.

6 MR. BILLY: Yes, I think we'll move  
7 on. Next we have Bill Tucker, who I  
8 understand is a commercial fisherman, and is  
9 going to share his views on LAPPs.

10 MR. TUCKER: How you all doing? My  
11 name is Bill Tucker. I'm a commercial  
12 fisherman out of Clearwater, Florida. I fish  
13 with electric reels and then the reef fish  
14 fisher--all groupers, some snappers, some  
15 amberjacks, a few mackerel, but primarily a  
16 grouper fisherman. I've been doing it since  
17 1985. I serve on the Gulf Council's Reef Fish  
18 Advisory Panel and the Red Snapper Ad Hoc IFQ  
19 Advisory Panel. I serve on that helping to  
20 develop that plan. And I serve on the Grouper  
21 IFQ Advisory Panel.

22 In the beginning I was reluctantly

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1 curious about IFQs years ago, and I was really  
2 quite suspicious of them. I've actually come  
3 to become an advocate of IFQs. I can tell you  
4 that there are two things that did help me  
5 from a fisherman's perspective on IFQs. And  
6 the first one is getting over the envy factor,  
7 the people having fishery resources allocated  
8 for their use. And I find that this is pretty  
9 widespread in the fishery, that one guy gets  
10 100,000 pounds and I get 20,000 pounds and  
11 there seems to be this natural envy that comes  
12 up. And when you feel that way, you're really  
13 blinded to any type of objectivity. So when  
14 you can get to the point where you say,  
15 "Listen, as long as I can do what I've been  
16 doing, what difference does it make what this  
17 guy's doing?" And then you start to open your  
18 mind to the opportunities ahead of you.  
19 And when you do that, then I think you can  
20 begin to look at the fishery instead of a  
21 fisherman's point of view in white foods, but  
22 you tend to look at them more as a manager.

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1           So I guess my little presentation  
2 is going to start with a rough overview of  
3 reef fish, and I'll talk about the grouper  
4 fishery a little bit, I'll talk about the  
5 snapper fishery, and then I'll try to  
6 intersperse with some positions and positives  
7 and negatives, maybe some recommendations.

8           I'm going to use my fisherman's  
9 PowerPoint here. So if the Gulf of Mexico is  
10 like this with Florida, the snapper fishery  
11 seems to be concentrated up in here. And then  
12 the shallow water grouper fishery seems to be  
13 up in here. The deep water grouper fishery --  
14 it looks like a big Venn diagram and  
15 everything over- crosses. So, anyway, now we  
16 got a black pen.

17           Anyway, so your snappers are up  
18 here-- but snappers, this is their primary  
19 range, but they also bleed down here in  
20 Florida, this being Florida. And your shallow  
21 water groupers kind of bleed over into the  
22 snapper fishery a little bit, and your deep

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1 water kind of bleeds into both of them.

2 So when Phil was talking about  
3 class 1 and class 2 permits, the class 1  
4 permits had a 2,000 pound trip limit. That  
5 was mostly the guys up here in the Northern  
6 Gulf. The guys that got a class 2 red snapper  
7 permit were mostly on the West Florida shelf  
8 and we call them mostly is by-catch. Of  
9 course the deep water grouper, they probably  
10 got -- some of them had class 1 permits and  
11 some of them probably had class 2 permits. My  
12 percentage was .00151 percent, and I think  
13 that gave me something like 351 pounds.

14 And how we talk about -- there are  
15 terminologies in the grouper fisheries. You  
16 have your shares, and that's a percentage.  
17 And then you have your -- this will be your  
18 quota. So your shares multiplied by your  
19 quota gives you your annual allocation. So  
20 when I talk about allocation, or I forget to  
21 leave the annual part on it-- but the  
22 allocation is what we get issued per year. So

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1 mine is .00151 percent times the two-and-a-  
2 half million pounds is about 351 pounds. I've  
3 bought and sold a bunch of allocation from  
4 fishermen and I know most of the class 1  
5 permit holders who had a lot of allocation,  
6 and I've purchased that for myself, used it as  
7 by-catch and I've also purchased it on behalf  
8 kind of as a broker for other fishermen. And  
9 that's been a big help.

10 As Phil was saying, you know, there  
11 is a shortage of it. They cut the TAC on red  
12 grouper, or red snapper. They cut it by 45  
13 percent. So the guys that were used to making  
14 their living catching snappers were basically  
15 cut in half. So they're using everything  
16 they've got and don't have enough. So it's  
17 really no wonder that the available allocation  
18 for us down here to deal with your bycatches  
19 is a shortage.

20 Now, you know, I laid all this  
21 stuff out and I tried to organize it, but I'm  
22 obviously not following it. It's been

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1 difficult to get, but if you compare what we  
2 have now, I've got enough to cover all my red  
3 snapper by-catch. I don't have a problem. My  
4 red snapper by- catch has gone from quite a  
5 bit down to zero because I purchased it.  
6 Because there's not much, supply and demand  
7 comes into effect and the price of it's pretty  
8 high. So snapper's running about  
9 four-and-a-quarter, four-fifty a pound. We've  
10 been paying between two-fifty and three bucks  
11 a pound for the allocation. Well, there's a  
12 lot of resistance of people paying that kind  
13 of money, you know, to catch a fish that they  
14 used to catch for nothing. But their memory  
15 kind of fades them somewhat because if you go  
16 back to the old system, it was only open for  
17 80 or 90 days. So most of these, they were  
18 throwing the fish back anyway. And because  
19 they resist purchasing the allocation, they  
20 don't make any money. They're wasting fish.

21 So it makes sense, even if you pay  
22 three bucks a pound for the allocation, I

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1 mean, you're standing there on your boat,  
2 you've got a red snapper in your hand. And  
3 it's a \$4 a pound fish. It's ten pounds.  
4 It's a \$40 bill standing in your hand. So,  
5 you know, and I don't mind spending 20 bucks  
6 to keep 20 bucks. You're spending 20 bucks to  
7 keep 10 bucks. It's still a 30 percent return  
8 on your money to the boat. You're not wasting  
9 it. And it comes in and it pays for fuel and  
10 it adds to our revenues. We've got it there  
11 anyway. So that's a little bit of insight  
12 there.

13 So anyway, for snapper we've got  
14 directed snapper fishermen and by-catch  
15 snapper fishermen. For grouper, we've got  
16 directed grouper fishermen and by-catch  
17 grouper fishermen. So when I talk about  
18 by-catch fishermen, that's what I'm talking  
19 about.

20 The grouper fishery, it's a  
21 fully-developed fishery. It's split up  
22 between shallow and deep water groupers,

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1 roughly based on depth, but it's defined by  
2 species. And there are some crossover species  
3 like scamp, but that's covered. We also  
4 have tilefish and tilefish are also included  
5 in the grouper IFQ coming up.

6 We've had commercial quotas for  
7 deep water grouper. We've got commercial  
8 quota for all the shallow water groupers put  
9 together. We've got a commercial quota for  
10 red grouper, and this coming year we're going  
11 to have a commercial quota for gag grouper.  
12 What has happened in the past is when you hit  
13 any one of these commercial quotas the season  
14 shuts down. And commercial quota for deep  
15 water groupers has been met each of the last  
16 several years and that fishery closes. Of  
17 course when the fishermen that are in a  
18 directed fishery for on species, when that  
19 closes, they shift effort into some other  
20 fishery, and an effort into that.

21 All of this stuff Phil covered.  
22 We've got about 1,000 permits in the fishery.

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1 I think there's about 300 of them catching  
2 about 90 percent of the fish. We have a lot  
3 of latent permits in the fishery. When we get  
4 a good year class of fish, this latent effort  
5 kind of comes to fruition and we end up with  
6 more quota closures.

7 We certainly have overcapacity in  
8 the fleet. And really, one of the most  
9 important things from a fisherman's point of  
10 view is having a year-round season. I mean,  
11 I've said it before that when tourists come to  
12 Florida and they're looking for -- from any  
13 state, they're looking for fresh local  
14 seafood. When the season's closed, it's  
15 basically a sign that the fishery is  
16 mismanaged, or something's wrong. You know,  
17 when they can come down to Florida and  
18 consistently get grouper on the menu, that's a  
19 good sign. It's good for fishermen, because  
20 the fishermen are in the marketplace. We're  
21 actually competing in the marketplace. When  
22 our seasons are closed, we're out of the

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1 market. Okay? We're in a really poor  
2 competitive situation because all the  
3 competition from overseas comes in and the  
4 import dealers come in and they say to the  
5 customers, you know, "Look, Mr. Restaurant  
6 Owner, you know, these guys have proven that  
7 they don't have a reliable supply in the  
8 marketplace. We're going to come in and we'll  
9 provide you a reliable supply."

10 So, you know, it's crucial that --  
11 year-round seasons are one of the things we're  
12 trying to solve with these IFQs.

13 In the grouper fishery, the Council  
14 initiated a control date for landings  
15 associated with IFQ allocation. We had a  
16 couple of closed seasons then they implemented  
17 this control date. During this time the  
18 grouper industry went to Congressman Young of  
19 Tampa, or at least our local Congressman to  
20 secure some Congressional funding for a  
21 buyout. The Council later developed amendment  
22 29, and the objective was to reduce

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1       overcapacity and rationalize effort in the  
2       grouper fishery. Amendment 29 considered days  
3       at sea, limited entry, permanent endorsements,  
4       buyout, status quo and IFQs. And the IFQs  
5       were selected as the management tool most  
6       likely to reduce overcapacity and rationalize  
7       effort.

8                 Since then the Council put together  
9       an AP and the AP and the Council together  
10      developed a grouper IFQ plan. That's going to  
11      go to referendum here in a couple weeks, and  
12      if all goes well should be implemented by  
13      January 2010. Okay. That's an overview of  
14      the grouper.

15                Now with red snapper, it was  
16      overfished, the fleet was overcapitalized,  
17      there's heavy recreational participation in  
18      both the grouper fishery and the red snapper  
19      fishery. Years ago the Council developed an  
20      IFQ for the red snapper fishery. Magnuson put  
21      a moratorium on it and put a stop to that.  
22      And then since then they did limited entry and

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1       endorsements in class 1 and class 2 permits.  
2       We had quota closures. They tried everything;  
3       none of it worked. The more they did-- like  
4       Phil said, they did everything but drill holes  
5       in the bottom of the boat. That's about  
6       right.

7                       When they went to the endorsement  
8       and the class 1 and class 2 permits that  
9       implemented trip limits, it's almost like it  
10      changed the psychology of the fishery, because  
11      you were limited to 2,000 pounds, there were  
12      only certain people that could catch the 2,000  
13      pounds, and it was go out and get it and come  
14      back. And it kind of became a race to see who  
15      could get the most, 2,000 pounds at a time.  
16      And it spawned this derby, and it just  
17      resulted in really short seasons and we could  
18      never satisfy the marketplace. We couldn't  
19      stretch it out, and because we were flooding  
20      the market on these little 10-day openings,  
21      all the fish were coming at one time and the  
22      price would just go in the dump. And, you

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1 know, when the price went down, the  
2 fisherman's only response is, "Well, I've got  
3 to go catch more." So they'd go catch more  
4 and they'd further flood the market and  
5 further drive the price down, and it was just  
6 a complete catastrophe.

7 On the size limit, red snapper had  
8 a size limit, and the size limit-- because of  
9 that, we had high discard rates and high  
10 discard mortality. We had quota closures.  
11 They were throwing a lot of fish back. And  
12 this discard-- another interesting thing: the  
13 directed snapper fishermen were throwing back  
14 so many fish, and they were talking about  
15 almost a river of fish flowing away behind the  
16 boat. And it was during this period that it  
17 seems to me that the porpoises learned how to  
18 eat these fish going back down, and then I  
19 guess they got a real good taste for it,  
20 because after a while they started eating them  
21 on the way up. And it's really become a  
22 problem. So we kind of trained them with some

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1 bad behavior.

2 During the closures the snapper  
3 boats would migrate to other fisheries,  
4 shifting it to other places.

5 So anyway, the Magnuson Act-- the  
6 MSA moratorium or IFQs expired. The Council  
7 developed a red snapper IFQ, and largely it's  
8 been very successful.

9 Now as far as, let's see,  
10 unexpected events. Because the timing of the  
11 implementation of the IFQ came at the same  
12 time with the 45 percent reduction in the TAC,  
13 there were a lot of fishermen out there that  
14 said, "See, I told you so. Now I'm catching  
15 half of what I was catching before; it's all  
16 the fault of the IFQs." So there's been a lot  
17 of dock talk and trashing the IFQ. Our  
18 problems are all from the IFQ. But the truth  
19 of the matter is, is that a reduction in  
20 opportunity to catch fish is because of the  
21 reduction in TAC. It's really got nothing at  
22 all to do with the IFQ. I get tired of making

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1 that argument, but I'd figured I'd make it  
2 here in case some of you hadn't heard it.

3 MR. DiLERNIA: How has your price  
4 changed? What's been the change in price?

5 MR. TUCKER: Change in price?

6 MR. DiLERNIA: Yes.

7 MR. TUCKER: The price has gone up.  
8 Price has gone up, or at least stabilized.  
9 We don't have these huge swings. It's been  
10 pretty steady.

11 MR. DiLERNIA: So your landings are  
12 down, but your price is up?

13 MR. TUCKER: Landings are down,  
14 price is up. I'm making more money on red  
15 snapper now than I ever have. But I'm a  
16 by-catch fisherman. And I think most of the  
17 other guys, even the directed fishery, are  
18 making more money.

19 Let's see. I talked about the  
20 allocation available for by catch is a little  
21 bit scarce. Again, the function of a  
22 reduction in the TAC.

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1           Let's see, and as far as predicted  
2 changes, yes, the prices have stabilized. The  
3 fleet is somewhat consolidated. It's been a  
4 voluntarily consolidation. Nobody got kicked  
5 out of the fishery with limited entry or  
6 endorsement programs where they didn't meet a  
7 certain catch threshold to qualify. So I got  
8 351 pounds. I'm in. You know, I'm buying  
9 allocation. I'm trying to expand it.

10           Also, there's-- consolidation  
11 happened in red snapper prior to the  
12 implementation as well as after the  
13 implementation. People saw it coming, they  
14 purchased permits with catch history and, you  
15 know, tried to preposition themselves for the  
16 IFQ.

17           Bycatch fisheries purchased  
18 allocation. I have done that.

19           As far as the reduction in discard  
20 mortality, and Phil talked about that, yes,  
21 the reduction in the size limit has had a  
22 major effect on reducing discard mortality.

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1 But, it's the IFQ that has allowed that to  
2 happen without driving it derby. So what I  
3 mean is that if we had gone-- if we had  
4 reduced the size limit prior to IFQ, with the  
5 catch-ability of those small fish so high, we  
6 would have caught that quota very quickly. So  
7 it's the IFQ that allows the reduction in the  
8 size limit not to result in a derby fishery.

9 Again, a year-round fishery is very  
10 important. With the IFQ, the fishermen are  
11 timing their trips with the weather and market  
12 conditions. Supply finally has become  
13 somewhat of a function of demand.

14 Lessons learned. Let's see.  
15 Control dates. Control date was real  
16 important. Our Council has a history of  
17 renegeing on control dates or going back on  
18 them. Anyway, the control dates are  
19 important. We had a control date, and we came  
20 in really pretty soon behind it and we started  
21 an advisory panel, and we've been developing  
22 this plan shortly after we had the control

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1 date. There were a lot of people who were  
2 hedging against that. The control date is in  
3 primarily to discourage people from adding  
4 effort to the fishery. And with the Council's  
5 history of not following their control dates  
6 or changing them, a lot of people just hedged  
7 against them. They entered the fishery, they  
8 invested money, they threw that heads-up to  
9 the wind, hoping that the Council would, you  
10 know, change their control date and now they'd  
11 be in. Fortunately, the Council did stick to  
12 it this time. I think they've set a good  
13 example. And my suggestion would be that when  
14 you set a control date, plan on coming in  
15 pretty quick and developing your IFQ, looking  
16 at it to determine whether that's something  
17 you want to do. Otherwise, people are going  
18 to hedge against it.

19 Let's see. A couple things I've  
20 noticed is it looks like from what I've seen,  
21 the IFQ appeals to people who have a long term  
22 vision in the fishery. People who have a long

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1 term vision are trying to buy shares and  
2 allocation. Because they're expensive,  
3 because you have to amortize it over, you  
4 know, five to seven years, this purchase, it's  
5 a big chunk of change to invest in it. Shares  
6 particularly, they're very expensive. You  
7 need to have a long-term vision. So  
8 consequently, the people who have a long-term  
9 vision are the buyers, and the people that  
10 don't have that tend to be the sellers. They  
11 want to get out. They want to take their  
12 asset and they want to sell it and move on.  
13 That works out okay.

14 MR. BILLY: Okay.

15 MR. TUCKER: Transferability in  
16 IFQs are very important. That's really the  
17 linchpin that makes the whole thing work. If  
18 it weren't for people being able to transfer  
19 -- my being able to purchase allocation from  
20 somebody else, the system just wouldn't work.

21 Also as the fee consolidates,  
22 there's fewer boats, there's fewer fishing

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1 opportunities. And as a result of that, it  
2 tends to professionalize the fleet. The jobs  
3 that are available tend to go to the most  
4 qualified and a lot of the -- it tends to  
5 clean up the docks quite a bit.

6 MS. FOY: You just touched on the--

7 MR. BILLY: Hold on.

8 MS. FOY: Has there been any new  
9 blood able to buy into your fleet, or can crew  
10 members ever afford to move up and become boat  
11 captain and share-owners?

12 MR. TUCKER: Well, my crew member  
13 has moved up to captain, and he's running the  
14 boat, and he's buying and selling allocation.

15 Actually, buying and using allocation. I  
16 know I have another guy that worked on my boat  
17 for a while, worked on a buddy's boat, and he  
18 has since gone and purchased a grouper boat in  
19 advance of the IFQ.

20 MS. FOY: So you think that trend  
21 will continue where the fishermen will  
22 continue to actually be owning the stock, run

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1 the boats?

2 MR. TUCKER: Well, I don't know  
3 about owning the stock, because I don't think  
4 we really do. I think we own the permits and  
5 the permits are --

6 MS. FOY: Well, it's the quota.  
7 The fishermen are going to be the ones that  
8 actually --

9 MR. TUCKER: Well, you know, I hope  
10 so. I mean, all we are is truck drivers. We  
11 own a boat. We own boats. We go out and  
12 catch fish. We bring it back. It's a  
13 resource. I mean, it belongs to you every bit  
14 as much as it belongs to me. And if you don't  
15 fish and catch your fish to eat, and you eat  
16 fish, then chances are if you're eating wild  
17 Gulf of Mexico seafood, you've got it all  
18 through a commercial fishing boat. So that's  
19 all we do, is we go catch the fish and bring  
20 it back to the marketplace. So the commercial  
21 allocation, I really think is a misnomer. I  
22 think it should be called the consumer

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1 allocation because that's where it's going.  
2 The recreational sector has demonized us quite  
3 a bit, almost as if we're people that don't  
4 have to fish under the recreational bag line.

5 So they've mis-characterized the commercial  
6 fisherman. You know, I think that there's  
7 certainly a place for recreational fishing and  
8 commercial fishing, and I think that because  
9 there's -- I think the division does make  
10 sense.

11 MS. FOY: But you do feel that the  
12 demographics are not going to change and your  
13 fishery will continue to have a --

14 MR. TUCKER: The demographics in  
15 the fishery -- well, they will change, because  
16 you're consolidated.

17 MS. FOY: Well, no, I --

18 MR. BILLY: Okay.

19 MS. FOY: Let me preface this. I  
20 was a crew member in Alaska, and I always had  
21 the feeling that if I stuck with it long  
22 enough, I could move up through the fishery to

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1 be an owner, the quota owner. So do you still  
2 feel like that's the case?

3 MR. GILL: I do. And when you look  
4 at red snapper and you look at -- prior to  
5 IFQs, we had these class 2 permits which the  
6 higher trip limit permits, and they were going  
7 for \$50,000 to \$70,000 just for the permit.  
8 So there was a barrier to entry in the red  
9 snapper fishery prior to the implementation of  
10 IFQs, very similar to what we have with IFQs.

11 So I think that as you're in fisheries,  
12 particularly ones that are meeting the quota,  
13 and particularly ones that you're targeting a  
14 fish that's as dumb to a hook as the red  
15 snapper are, and those things will -- I mean,  
16 they'll eat a bear, so when you have fish that  
17 are easy to catch like that, catch-ability is  
18 high and they're high-dollar fish, and again  
19 it tends to fit the price of a permit up.  
20 Whether the permit is, you know, a relatively  
21 open access permit or whether it's limited to  
22 a percentage of the allocation. So yes, I

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1 think there are ways. But yes, you know, any  
2 time it has value or it's more expensive, it's  
3 a higher barrier to entry. I think one of the  
4 ways that you can do that is to structure your  
5 IFQs so that you can collateralize the share  
6 and where a bank will actually lend money on  
7 it, and that way it levels the playing field  
8 so that you could go to the bank and if I had  
9 cash and you didn't, you could go to the bank  
10 and have an equal shot at it as I do.

11 MR. BILLY: Okay. Have you covered  
12 your essential points? Because there are  
13 several people now in the queue to ask you  
14 questions.

15 MR. TUCKER: Yes, I have a couple  
16 more things, recommendations, and that's what  
17 you want to hear?

18 MR. BILLY: Yes.

19 MR. TUCKER: Cross-sector trading  
20 between recreational and commercial, if you're  
21 looking at that, I would say only do it if  
22 it's a two-way street, otherwise you're just

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1       bleeding it off from one sector into another.

2                   And I would also recommend anybody  
3       developing these to read that book "Sharing  
4       the Fish" by the National Research Council --  
5       what is it -- national -- yes, something like  
6       that. That's a good book.

7                   And again, the shares themselves, I  
8       think it's a consumer allocation as far as  
9       being open to any American, you know, I would  
10      like to see that stay in the commercial sector  
11      so that it can go to the consumer. So, I'll  
12      wind it up there.

13                  MR. BILLY:    Okay.   Hold on.   Stay  
14      up there a second.

15                  Martin?

16                  MR. FISHER:   Oh, I was teasing.

17                  MR. BILLY:    Okay.

18                  Heather?

19                  MS. McCARTY:    Yes, thanks, Mr.  
20      Chairman.

21                  I had a question about something I  
22      think you said about the grouper program,

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1 which is a long ways back, but I didn't want  
2 to interrupt you. Did you say that there was  
3 overcapacity in that fishery --

4 MR. TUCKER: Yes.

5 MS. McCARTY: -- and latent  
6 permits?

7 MR. GILL: Latent permits, yes.

8 MS. McCARTY: You did? And then  
9 you said that reduction by buyouts was a part  
10 of the list of choices for the red snapper?

11 MR. TUCKER: Yes, we consider  
12 buyouts in the grouper IFQ -- in amendment 29.  
13 The purpose of amendment 29 was to reduce  
14 overcapacity and rationalize effort. And the  
15 alternatives for which we chose to accomplish  
16 those goals included a buyout.

17 MS. McCARTY: Was amendment 29 the  
18 grouper or the red snapper?

19 MR. TUCKER: Snapper was 26;  
20 grouper's 29.

21 MS. McCARTY: So you did have a  
22 buyout -- you did not?

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1 MR. TUCKER: We considered it.

2 MS. McCARTY: You considered it,  
3 but you didn't do it?

4 MR. TUCKER: We rejected it.

5 MS. McCARTY: And why?

6 MR. TUCKER: We'd had some previous  
7 experience with an industry-funded buyout that  
8 was not widely accepted and questioned by a  
9 lot of people. And the first phase of the  
10 industry-initiated buyout was limited entry  
11 that essentially kicked out the bottom, I  
12 think it was 30 or 40 or 50 percent of the  
13 participants. It kicked them out with limited  
14 entry. So we had a very foul taste in our  
15 mouth about that. And we didn't think it was  
16 going to really work, because what are you  
17 buying? I mean, when you buy somebody out,  
18 what are you buying out? In the industry  
19 buyout, people were selling out based upon  
20 their catch history, and then everybody that  
21 was left in the fishery had to pay it back  
22 with five percent of their gross revenues for

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1 35 years. So we knew what we were buying when  
2 we were buying catch history. What were we  
3 getting? We were getting people off the  
4 water, but we weren't getting any catch  
5 history. We paying for catch history, but we  
6 weren't getting it.

7 So if you're paying to buy catch  
8 history out of the fishery, we ought to be  
9 getting what we pay for. And if you're doing  
10 that, why don't you just have an IFQ program?

11 You don't have to mandate that anybody leaves  
12 and you essentially have a voluntary buyout  
13 within the fishery with an IFQ.

14 MS. McCARTY: So are people are  
15 okay with the fact that there's latent permits  
16 that just show up when there's a higher  
17 allocation to that fishery, that's an okay  
18 deal with people?

19 MR. TUCKER: Well, that's the way  
20 it's been and we really haven't been -- and  
21 over the years, we've stayed within the  
22 quotas. But as some of that effort has

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1 expanded and we've hit these quotas, and when  
2 these good year passes come through a couple  
3 years in a row, we hit them hard and we had  
4 closed seasons, a lot of the guys behind the  
5 totem pole said, "Oh, we got a problem on the  
6 low end. Let's cut them off." Well, you  
7 know, we came with the IFQ. We said, listen,  
8 we don't have to cut anybody off. Everybody  
9 can participate. Look at the catch history.  
10 If these small producers are catching, you  
11 know, have a history of catching it, let them  
12 maintain that percentage. And the guys at the  
13 top end, let them maintain that percentage.  
14 So it doesn't matter. Everybody maintains a  
15 percentage.

16 The nice thing is that you allocate  
17 the reductions in harvest and reductions in  
18 TAC. You allocate it proportionately among  
19 the fleet. Otherwise, it's a race, so I can  
20 catch everything I caught last year in a  
21 reduced TAC and you, if you don't hustle,  
22 aren't going to catch anything because I'm

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1 going to catch them before you do. So the  
2 incentives are all wrong in that type of  
3 system. So yes, the latent effort is a  
4 problem in an open system, an open access  
5 system. Basically, it is a problem.

6 MS. McCARTY: Okay. Thank you.

7 MR. TUCKER: This is how we address  
8 it.

9 MR. BILLY: Okay. Thanks.

10 Cathy, did you --

11 MS. FOY: No.

12 MR. BILLY: Okay. Bob?

13 MR. FLETCHER: Yes, I appreciated  
14 your comments. Good perspective for us to  
15 hear.

16 I was curious, how big is your  
17 boat? How much fish do you carry? And under  
18 the IFQ system, do you see the opportunity to  
19 pursue other fisheries kind of at the same  
20 time? You run a trip for snapper and grouper  
21 and then go fish something else so that you  
22 can even augment your annual revenues?

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1                   MR. TUCKER: Well, I have a 40-foot  
2 boat. We run seven to ten-day trips. We  
3 average between 2,000 and 3,000 pounds a trip.  
4 About 65 percent of my catch is red grouper.  
5 I don't know, probably 30 percent of it's gag  
6 grouper and some snapper.

7                   What do I see in the future? I'd  
8 like to be able to continue what we've been  
9 doing. I'd like to catch more fish. I'd like  
10 to see the catch per unit effort come up. I'd  
11 like to be able to use my grouper shares, my  
12 grouper annual allocation as a bargaining chip  
13 in my negotiations to purchase snapper  
14 allocation. Because right now if you got  
15 snapper, if we both have reef fish permits and  
16 you have red snapper shares and I want red  
17 snapper shares to address my snapper by-catch,  
18 I need to talk to you. But because you have a  
19 reef fish permit and red snapper shares, and  
20 we don't have a grouper IFQ, but you don't  
21 need anything from me to deal with your  
22 grouper bycatch. So in an IFQ system, you're

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1 going to -- you know, if you don't have a lot  
2 of grouper allocation, you're going to need to  
3 talk to somebody like me for my grouper  
4 allocation and I'm going to need to talk to  
5 somebody like you for your snapper allocation.

6 And now all of a sudden, you know, we're kind  
7 of on the same page or we can work together a  
8 little bit better from my point of view.

9 MR. FLETCHER: And other fisheries,  
10 do you fish other ones besides grouper and  
11 snapper?

12 MR. TUCKER: A little bit of  
13 amberjack. We catch a few mackerels. But  
14 primarily we're engaged in the reef fish  
15 fishery.

16 MR. FLETCHER: Okay.

17 MR. BILLY: Thank you. Martin?

18 MR. FISHER: I don't know if this  
19 is the right time --

20 MR. TUCKER: It's probably not.

21 MR. FISHER: We discussed  
22 yesterday, or it's on the agenda that we have

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1 60 minutes of discussion, and I'd like to  
2 offer something to the Committee on the  
3 national level of what we might be able to  
4 propose to this or as a recommendation to  
5 ensure that future IFQs work smoothly and  
6 implementation, and the prosecution of them is  
7 to the full benefit of the fishermen that fish  
8 and the consumer. And I think those present  
9 here would really help with that, if this is  
10 indeed what we --

11 MR. BILLY: Okay. Let me come  
12 right back to, there are a couple more people  
13 on the list and then we'll hear what you  
14 recommend.

15 Erika?

16 MS. FELLER: Did you find that  
17 after the IFQ went into place there were fewer  
18 fishermen in the fishery? Did that have any  
19 kind of impact shore side? You know, are  
20 there the same number of ports out there, you  
21 know, with the processors who are receiving  
22 fish, or did effort tend to consolidate in

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1 some communities and others --

2 MR. TUCKER: Yes, I think there is  
3 some of that. Of course I'm on the West Coast  
4 of Florida and so my perspective is really  
5 kind of isolated there. I have heard that  
6 there has been some consolidation, and that  
7 some of the boats are going to a different  
8 fish house. Of course the storms have played  
9 an impact on that too and, you know, decimated  
10 a bunch of structure along the Gulf Coast, and  
11 that's got something to do with it. So how  
12 much is infrastructure and how much is  
13 consolidation? I really don't know. I  
14 imagine it's some of each. I'm sure there's  
15 more to that answer, but I forget it.

16 MS. FELLER: Did that question come  
17 up at all during the debate over the IFQ?

18 MR. TUCKER: Well no, I think we  
19 knew that it was going to consolidate and  
20 that's the idea. It really hasn't  
21 consolidated all that much. I think because a  
22 lot of people, you know, that have -- that

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1 were given these small allocations, you know,  
2 five pounds, a hundred pounds, three-hundred  
3 pounds, and we use that for our by-catch. So  
4 we want to build that. So, you know, I mean,  
5 I wouldn't want to see it consolidate, you  
6 know, too much less. I wouldn't want to see  
7 those permits or those IFQ accounts vanish  
8 because these guys that are fishing for  
9 groupers and amberjacks, you know, really need  
10 to get some allocation. They need to have an  
11 account in which to put it.

12 I would say that, you know, I hear  
13 this discussion about sea lords and a guy that  
14 has red snapper allocation, and you know, and  
15 I hear a lot of people, "Oh, he's a sea lord,  
16 he's no good. He's this, that and the other."

17 Well, that guy, you know, that sea lord is  
18 probably the guy I'm buying my red snapper  
19 allocation from to deal with my by-catch, so I  
20 think he's a saint. And, you know, and that's  
21 fine. You know, the fact that he gets some  
22 remuneration, you know, for sitting at the

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1 dock is fine. Because he's off the water,  
2 he's not impacting the resource. I'm on the  
3 water and I'm impacting the resource whether I  
4 keep them or throw them back. But if I keep  
5 them, I'm not throwing them back dead. And if  
6 I keep them, I'm counting them. If he's at  
7 the house in his rocker, he's not on the water  
8 impacting the resource. And so far, it looks  
9 like it's been pretty good because snappers  
10 are coming back gangbusters and, you know, I  
11 hope we can see this in the grouper fishery  
12 when we get the grouper IFQ in, because it's a  
13 beautiful thing in the snapper fishery because  
14 the fish are really coming back strong.

15 MR. BILLY: Okay. Tom?

16 MR. RAFTICAN: Yes, a couple of  
17 things. Phil was showing graphs on -- and  
18 some of the fisheries aren't coming back and  
19 really look like they weren't -- some were  
20 responding, but not all were responding.

21 MR. TUCKER: You mean the one with  
22 the blue line that came down and then went

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1 back up?

2 MR. RAFTICAN: Yes, there were  
3 three or four lines. One line came back up,  
4 the rest ran pretty consistent. One of the  
5 things you said before and kind of alluded to  
6 it right now is the river of [dead discarded]  
7 fish behind the boat. Does this system cause  
8 part of that, or is there a way that you can  
9 alter the system that we don't have to face  
10 the river of fish behind the boat?

11 MR. TUCKER: This fixed that. It  
12 has fixed that system, because the fish that  
13 were behind the boat were the regulatory  
14 discards that were less than 15 inches. That  
15 was the size limit. We had that in the old  
16 system. There was a 15-inch size limit. So  
17 anything over 15 inches went back. And  
18 because it comes up from depth, it embolizes.  
19 So it's holding gas. And when it goes over  
20 the side, if it's not properly vented or it  
21 can't swim down, it just drifts off. That's  
22 what we had. It was the reduction in the size

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1 limit that let us keep those fish instead of  
2 wasting them and throwing them back. We got  
3 them on the boat and we can keep them.

4 But we did the size limit after the  
5 IFQ. Had we reduced the size limit prior to  
6 the IFQ, what would have happened is all those  
7 fish would have come to the dock, they would  
8 have counted against the quota, then the quota  
9 would have been closed in a month or two  
10 months. Then the rest of the year, we'd be  
11 encountering those fish in our fishing  
12 activities and we'd be throwing them over the  
13 rest of the year instead. So the IFQ has  
14 allowed us to reduce the size limit on very  
15 catchable fish without causing a derby. If  
16 we'd reduced it earlier, everybody would have  
17 raced to catch them and they would have kept  
18 everything that came over the rail over 13  
19 inches. Do you follow me?

20 MR. RAFTICAN: Yes.

21 MR. TUCKER: So we have filled the  
22 quota and then as we were targeting groupers,

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1 the red snapper season would have been closed.

2 So every red snapper we caught in the grouper  
3 fishery, it would go over the side instead.  
4 So you're just squeezing the balloon. You  
5 know, you squeeze it here and it all ends up  
6 over here. In the IFQ system, we don't throw  
7 the 13-inch fish back. We keep them and we  
8 count them because they're easy to catch. You  
9 know, if we race out and catch them, we'd burn  
10 up our individual allocations and then we're  
11 off the water. So we stay within the quota  
12 and the incentive is to stretch the harvest  
13 out over the full year. Am I missing  
14 something here? You're following me?

15 MR. RAFTICAN: Yes.

16 MR. TUCKER: I might not be  
17 explaining it very well. It's what allows the  
18 reduction, the reduced size limit not to  
19 result in a derby.

20 MR. RAFTICAN: Do you still see the  
21 way we're doing in your grouper fishery?

22 MR. TUCKER: No, we don't have that

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1 in the grouper fishery. It's a different  
2 fishery. The grouper don't aggregate the way  
3 the red snappers do. Snappers you can drop  
4 down and you catch an awful lot of them in one  
5 spot. Groupers, and they use multiple hook  
6 rigs on the snapper. They might use a 30-hook  
7 rig dropping down and they bring up 30 of them  
8 at a time. In the grouper fishery, we're  
9 using one or two hooks. So while we do have  
10 undersized fish, you know, if we drop down and  
11 catch, you know, four or five undersized fish  
12 in a stop, we get up and move. We drive away  
13 from it. That's in the vertical line fishery.

14 In the longline fishery it's a  
15 little bit different because they're stringing  
16 out a 1,000 hooks at a time. So if they  
17 string in with a bunch of small fish, they do  
18 bring them up. But they're not coming -- you  
19 know, a lot of longliners.

20 MR. BILLY: Tony?

21 MR. DiLERNIA: Pass. Thanks.

22 MR. BILLY: Okay. We've got one

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1 more presentation. Alan Risenhoover is going  
2 to say a little bit about plans and funding.  
3 So the question is, should we do that and then  
4 come to your recommendation? Why don't we go  
5 ahead and get that done and then --

6 MR. RISENHOOVER: Yes, and I'm  
7 going to be hopefully painfully quick.

8 Okay. So I'm going to be real  
9 quick, because I think the discussion that was  
10 going on on the specifics is really important.

11 So you don't want the guy from headquarters  
12 to come kill that. But that's partially my  
13 job. And but what really strikes me is kind  
14 of how far we've come. You know, in the  
15 mid-'90s or the early '90s when I started  
16 working with the Fisheries Service, you know,  
17 IFQs were kind of the anathema. Nobody wanted  
18 that. It was awful. The Congressional  
19 moratorium in '96 and it continued through the  
20 appropriation bill. So I think we've really  
21 come a long way here on those. And then we've  
22 got these pretty much developing everywhere.

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1           So what I'm going to do is to try  
2           and bring this up a level and talk about  
3           around the country and some of the things the  
4           Agency is doing to try and stimulate these  
5           programs.

6           A little bit of DC speak here.  
7           Drivers for LAPPs. You'll notice none of  
8           these up here are what we've been talking  
9           about. We're now getting drivers from the  
10          fishermen. We want these to make sense for a  
11          variety of reasons that Bob and Phil have  
12          talked about here of why these are a good  
13          things. But in the budget world, we have  
14          drivers. Right? Gary loves drivers.

15          So here are the drivers we use.  
16          The main one I'm going to talk about is the  
17          goal to double the number of these programs.

18          And the initial problem we have is a  
19          definitional one. We started out saying we  
20          were going to double the number of LAPPs.  
21          Well, then Congress passed a bill and they  
22          defined LAPPs and it wasn't quite what we were

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1 counting. So we may be backing up a little  
2 and call them dedicated access programs or  
3 market-based programs, or something just to  
4 kind of try and keep the counting going.

5 So one thing we want to look at is  
6 what kind of what is the value of these? And  
7 so a year or so ago we got a group together  
8 and looked at the value at the time on how  
9 much these fisheries are worth to try and  
10 start quantifying how much of the U.S.  
11 fisheries are under a LAPP or a dedicated  
12 access program management. The numbers here  
13 are from 2007. We were at about 700 million.

14 By the end of 2008, we'll be a little bit  
15 above that. I've got some individual numbers,  
16 if you want to see that.

17 But looking at the programs over  
18 the horizon that are coming, we think we're  
19 going to be up to about 850 to 900 million ex  
20 vessel value on fisheries caught under LAPP  
21 programs. If you think of the current about 4  
22 billion ex vessel value of the U.S. fisheries,

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1 we're up to about one-fifth. And we did it on  
2 value because it's kind of a Department of  
3 Commerce thing, right? Value? And if you  
4 start doing it on things like landings and  
5 pounds, you've got some very low value  
6 fisheries with high poundage. And the Alaskan  
7 pollock [volume] kind of dwarfs everything.  
8 So value we thought was a good way to look at  
9 this.

10 And then the bottom bullet here is  
11 kind of what we've been hearing about, and  
12 it's good to hear kind of the real world  
13 examples of how this is to help fishermen from  
14 both Phil and Bob. And, you know, I think  
15 Phil said the value of snapper went up 15  
16 percent. So, you know, if we come back in a  
17 year or two and look retroactively at this,  
18 you know, maybe we're already up to a billion.

19 Maybe we're at more of a quarter or even more  
20 on value. So that's part of the drivers and  
21 the requirements that we try to say this is  
22 why we're trying to do this. Look at the

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1 value the nation is getting from these  
2 programs, as well as a steady supply, higher  
3 quality fish product.

4 So funding is a big deal because  
5 we've mentioned that for these programs  
6 there's a three percent cost recovery on the  
7 value of the fish landed. That doesn't really  
8 cover the costs of these programs, or it may  
9 not cover the cost of these programs. The  
10 other problem is you don't get that three  
11 percent until you've implemented it. So these  
12 are, as you can attest, I'm sure, very  
13 detailed hard-to-develop analysis-driven,  
14 got-to-get-the-infrastructure-in. So how do  
15 you get these programs started when they're so  
16 expensive? So what we've done is over the  
17 last few years we've built up a budget request  
18 that now totals \$6 million in '09 to get these  
19 programs developed. So if we can get an '09  
20 budget that funds the full \$6 million, we'll  
21 allocate that out to our field units to help  
22 them and help the Councils develop these

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1 programs around the country.

2 Now that \$6 million, the plan with  
3 it is to kind of roll it over time. So if  
4 you've got the grouper program being developed  
5 in the Gulf, they would get some money until  
6 it's implemented. Then the three percent  
7 kicks in and helps them fund that. I can now  
8 move that funding to a different region and  
9 have another one develop.

10 So part of the problem we've seen  
11 is, one, getting the money, and then, two,  
12 getting that rolling to go, because sometimes  
13 three percent that they're collecting doesn't  
14 cover it. So in '07, we got a million of that  
15 6 million total. Last year, '08, we got 1.2  
16 million of it and our budget request is for an  
17 additional 4.8. Four-point-eight plus  
18 one-point-two equals the six.

19 So this relates to our goal where  
20 we set a goal within the administration to  
21 double the number of these programs by 2010.  
22 That became kind of our performance measure

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1 and the driver and everything. We talked to  
2 OMB or the department budget people. It was  
3 like this is our goal, we got to meet it and  
4 it costs money. Since we didn't get the full  
5 amount the last couple years, we've pushed our  
6 performance measure back. We said, okay, you  
7 didn't give us the money. We're not going to  
8 have 16 in place by 2010. It's going to be 16  
9 in place by 2011.

10 And then I think this is probably  
11 the final one I'll show. These are the  
12 programs we have right now. There's the  
13 original eight we started with in 2006 that  
14 were implemented. We've added three in 2007.  
15 We added one in 2008. And then for the  
16 purposes of tracking to get to our 16, we've  
17 added these four others, which you can see up  
18 there. Tilefish. The Gulf of Mexico grouper  
19 we're counting on being in place by 2011.  
20 Comes in by 2012, that's good. The West Coast  
21 trawl IQ program is on there. There's also a  
22 couple that are developing that may be in

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1 place by 2011. I have had it put up there.  
2 One is the general category sea scallops. The  
3 Atlantic sea scallop general category IFQ has  
4 been approved. So there's at least 17 or 18  
5 that I think we can reasonably get to by 2011.

6 So that's kind of where we are.  
7 And again our budget is pending. Under the  
8 CR, it's unclear whether we're going to be at  
9 the 1.2 million level, or depending on how the  
10 budget works out this year, if we'll have the  
11 full 6 million.

12 So I'm going to stop there. I've  
13 got a few more slides that are the individual  
14 values of these fisheries, but I think that's  
15 probably good.

16 MR. BILLY: Okay. Martin?

17 MR. FISHER: Mr. Chairman, thank  
18 you.

19 Alan, how many of these are  
20 actually in development?

21 MR. RISENHOOVER: All through 2008.

22 We've got 12 implemented.

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1 MR. FISHER: Okay.

2 MR. RISENHOOVER: And we've made it  
3 not just when they're approved, actual  
4 implementation. So we've got 12 ready right  
5 now.

6 MR. FISHER: All right. And how  
7 many of the other four --

8 MR. RISENHOOVER: There's four or  
9 five. Are all --

10 MR. FISHER: Like grouper's in  
11 play. Are there others in play?

12 MR. RISENHOOVER: All of them are  
13 in play.

14 MR. FISHER: They're all in play.

15 MR. RISENHOOVER: And like I said,  
16 the Atlantic sea scallop has already been  
17 approved. I don't know why it's up there. So  
18 part of this is also trying to keep track of  
19 it.

20 MR. FISHER: And how many more do  
21 you anticipate after that?

22 MR. RISENHOOVER: We kind of worked

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1 with our region to look out. I mean, there  
2 are 20, 22 or so that are at different  
3 formative levels people are talking about.

4 MR. FISHER: Thank you.

5 MR. RISENHOOVER: But these are the  
6 ones that are actually in play that we've seen  
7 being worked on. And like No. 16 there, the  
8 West Coast trawl IQ, they approved it, or the  
9 Council approved it last week. It still has  
10 to go through Secretary.

11 MR. BILLY: Is that 20 or 22  
12 additional on top of this list?

13 MR. RISENHOOVER: No, total.

14 MR. BILLY: Total? Okay.

15 MR. RISENHOOVER: So we're at 16,  
16 but there's anywhere from six to eight more  
17 that are starting to be developed.

18 MR. BILLY: All right. Okay.  
19 Tony, did you have your hand up?

20 MR. DiLERNIA: No.

21 MR. BILLY: Okay. Bill?

22 MR. DEWEY: Alan, I understand that

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1 these are expenses that get set up, but what  
2 I'm not clear on is whether that three percent  
3 cost recovery is adequate to cover the cost.

4  
5 MR. RISENHOOVER: Right. And  
6 that's going to vary by each of them. I can  
7 give you some examples. Surf clam and ocean  
8 quahog, we don't collect fees in right now.  
9 So the Council is trying to get that up and  
10 running. That's about a \$750,000 program.  
11 Because of that fishery, it should be able to  
12 cover it. Georgia's Bank cod hook and sector,  
13 because of the new Magnuson Act definition,  
14 they aren't actually LAPPs, so they don't  
15 qualify for the three percent cost recovery.  
16 So that's another bit of an issue, as these  
17 programs develop, if they are designated as  
18 LAPPs, then cost recovery occurs. If they  
19 aren't, they can still be a broader market  
20 base.

21 The big one is the Pacific halibut  
22 and sablefish fishery. It's cost recovery,

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1 instead of doing the full three percent, they  
2 charge about probably two percent.

3 MR. REISNER: Yes, around two  
4 percent. But that one's --

5 MR. RISENHOOVER: So that one is  
6 covered.

7 MR. REISNER: -- covered, but some  
8 of the ones in the Gulf where the actual  
9 revenues are relatively low, we probably won't  
10 cover the full cost of administering it, but  
11 from a societal perspective the rents that are  
12 generated in the fishery itself are more than  
13 enough to cover the administrative costs.

14 MR. RISENHOOVER: So here's, you  
15 know, the 2006 estimated value of the  
16 fisheries. So like for example, South  
17 Atlantic wreck fish, because GAO came in and  
18 did a study and said the cost of that program  
19 is like \$2,500 a year for it's collected cost.

20 Well no, it was actually \$7,000. We probably  
21 couldn't collect \$7,000 for 7,000. We'd have  
22 to spend 15,000 to collect it. So, you know,

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1 there's a little foot dragging going on. But  
2 you can see that the Bering Sea pollock  
3 cooperatives are very big. The halibut,  
4 sablefish are very big.

5 The ones that are coming on. Red  
6 snapper is a nine to ten million dollar  
7 fishery. There is some concern on whether  
8 that's enough to cost recover everything  
9 that's been done. So we do look for other  
10 appropriations to help us cover those.

11 MR. BILLY: Okay. Heather?

12 MS. McCARTY: Yes, thank you, Mr.  
13 Chairman. I just wanted to point out the  
14 Alaska rockfish-pollock program. It's got a  
15 five-year term.

16 MR. RISENHOOVER: But we're  
17 counting. I say close off at OMB and ask for  
18 more money. Because, you know, it's that  
19 performance and results. You set out your  
20 performance, you show results, the money rains  
21 down.

22 MR. BILLY: Bob?

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1                   MR. FLETCHER:     Yes, thank you.  
2     Alan, I was curious, you've done enough on  
3     this and we've worked through the details on  
4     enough of these LAPP programs.    So are you  
5     going to begin to develop some generalized  
6     view of what might be of value in any future  
7     programs and are you kind of planning putting  
8     something out so that you can build the future  
9     programs based on the lessons from the ones  
10    that are already in place?

11                   MR. RISENHOOVER:    I think we do  
12    have something out and it's that LAPP  
13    technical guidance that Mark and Lee Anderson  
14    worked on.    Goes through a lot of that.    It  
15    doesn't tell you exactly how to do an IFQ or a  
16    LAPP program, but if you're going to, here are  
17    the considerations, here are some positive  
18    things, negative things, range of things the  
19    individual Councils look at.

20                   MR. FLETCHER:     And where is that  
21    available?

22                   MR. RISENHOOVER:    It's on the web.

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1 DR. HOLLIDAY: It's on the web and  
2 we can have copies.

3 MR. RISENHOOVER: Yes, so Mark and  
4 Lee Anderson have done a good job on that.  
5 And then a I mentioned I think this morning,  
6 we're also looking, do we need some more  
7 specific LAPP guidance that's of a more  
8 regulatory type to say you must do this if  
9 you're Council and you must consider that if  
10 you're a Council, and we're still up in the  
11 air on that.

12 MR. BILLY: Eric?

13 MR. SCHWAAB: Actually my question  
14 was similar to Bob's, but maybe more  
15 specifically, Alan, you know, some of the  
16 technologies or techniques that have been  
17 developed, are you actively working to sort of  
18 transfer them from place to place? And I'm  
19 thinking with things like the monitoring  
20 system with the red snapper that may be sort  
21 of applicable?

22 MR. RISENHOOVER: Right, and Phil

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1 mentioned that a little bit. Since we've had  
2 the experience in Alaska, we have some  
3 experience in the Northeast, now we've got a  
4 lot of experience in the Gulf, we don't have a  
5 formal kind of technology exchange program.  
6 We've talked about, you know, we want kind of  
7 a central LAPP database sort of. But again,  
8 the fisheries are so diverse and the programs  
9 are developed from the bottom up. I don't  
10 know that we'll get there. But as Phil  
11 mentioned, you know, we've traded staff  
12 between Alaska and the Southeast. Some folks  
13 who were in the Northwest a couple of months  
14 ago to talk to them. We've had a few trips up  
15 to the Northeast for more technology exchange  
16 and staff idea exchange on how these are  
17 developed.

18 Phil, anything you want to add to  
19 that?

20 MR. STEELE: No.

21 MR. RISENHOOVER: So it's not a  
22 formal centralized program, but we do try and

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1 share the info around.

2 MR. BILLY: Okay. Larry?

3 MR. SIMPSON: To that point, you  
4 know, establishing it and it seems to be a  
5 good system, it's an accountable system, et  
6 cetera, et cetera. But it is a dual system.  
7 It exists in the states in the trip ticket  
8 program. So the fishermen are having to do  
9 it, having to fill out two forms. What we're  
10 working now to try to sophisticate it to merge  
11 those into one. So I mean you've got to  
12 establish a program, but then there's other  
13 things, nuances that are emerging and so we  
14 only have to do it one time. That's just one  
15 example.

16 MR. RISENHOOVER: And just as a  
17 final thing, I don't know if there are more  
18 questions, just random thoughts, you know, our  
19 goal was to double the number by 2011 now. I  
20 think we're going to pretty certain to make  
21 that, but just to mention this -- I think  
22 Larry mentioned the EDF report that came out

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1 today, recommends that we get to a 50 percent  
2 of the fisheries in the U.S. have catch share  
3 programs by, I think it was 2012. Something  
4 like that. So, you know, we've been  
5 searching, what do we do as our goal beyond  
6 2011. That seems like a fairly high standard  
7 to have that many or at least analyze whether  
8 that many should have it, because we've always  
9 said, you know, those are right for some  
10 fisheries and maybe not right for others. And  
11 that's what the Councils need to look at.

12 MR. BILLY: Okay. Thank you.

13 Back to you, Martin? You had an  
14 idea on a recommendation?

15 MR. FISHER: Well, it's more of a  
16 discussion and sort of a fleshing out. Since  
17 I'm deeply involved in reef fishing in the  
18 Gulf, I've gotten to experience on all three  
19 levels what it means to be under this IFQ.  
20 And plus I was on the AP that developed the  
21 program, and one of the things we struggled  
22 most with in the AP was the definition of

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1 substantial participant and substantially  
2 fished. And I think the Council struggled  
3 with those two definitions as well. And it  
4 would be nice that if MAFAC thought so, that  
5 we could ask NOAA to give guidance to the  
6 Councils of what the parameters might be for  
7 those definitions. Those words come out of  
8 MSRA, I believe, and there was no definition  
9 attached to them. And it would be a much  
10 smoother process for the people involved if  
11 there was some kind of a parameter for those  
12 two ideas.

13 And also, in terms of  
14 implementation of the IFQ, the thing that  
15 makes it work for everybody is flexibility.  
16 And unfortunately the IFQ we're under now in  
17 red snapper and the one that we propose for  
18 grouper doesn't include enough flexibility for  
19 the fisherman to optimize his business plan.  
20 And particularly that comes into banking of  
21 allocation. And I can't really figure out the  
22 biological reason why if you're allowed to

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1 catch 1,000 pounds a year and you only catch  
2 500 why you can't add that onto your account  
3 for next year. It just doesn't make  
4 biological sense to me. And it would be of  
5 great benefit to everybody if we were allowed  
6 to have more flexibility without being  
7 penalized either by a reduction in share or  
8 whatever. And there has to be a better  
9 interface between the way the electronic  
10 reporting and enforcement works and what  
11 happens at the dock. And I'm not sure if  
12 that's outside the purview of the committee,  
13 but there are some guideline issues here that  
14 would benefit anybody that's coming up in the  
15 future.

16 MR. BILLY: Alan?

17 MR. RISENHOOVER: Well, on the  
18 first part of that I think yes, we are  
19 considering some guidelines and substantial  
20 participation is one of those things we've  
21 talked about. Can we come up with a  
22 definition for the Councils around the country

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1 without ordering one too much and not enough  
2 in another? We need to get a good policy out  
3 on cost recovery program so the Councils can  
4 think about it as well. And as the Council  
5 develops, you know, how many bells, whistles  
6 do you put on this before you're spending more  
7 than you recover. Well on that one, I think  
8 that's something the Agency's definitely going  
9 about.

10 On the flexibility on the specific  
11 program, I think probably Mark's may talk a  
12 little bit about that. But to me, just off  
13 the top of my head, that seems like more of a  
14 Council decision sort of thing that each  
15 individual Council, each individual fishery  
16 would have to work out. I don't know that we  
17 would come up, the Agency would call up and  
18 say you've got to have so much flexibility of  
19 certain characteristics.

20 MR. BILLY: Do you think --

21 MR. RISENHOOVER: And maybe the  
22 fishermen as well, now that fisheries --

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1                   MR. FISHER: Well, it seems like  
2 many members of the Committee are concerned  
3 about cost recovery. And perhaps there's  
4 something that can be done there. What's  
5 happened in red snapper is the rent of the  
6 allocation is up to three dollars a pound.  
7 And many of the people that are going fishing  
8 don't own the allocation. It's the owner of  
9 the boat that owns the allocation and he  
10 leases his boat out or he instructs his crew  
11 to go catch the fish. So what's happening is  
12 the owner buys the allocation for three bucks,  
13 the boat goes fishing, the boat gets two  
14 dollars and what gets put down on that piece  
15 of paper and put through the computer is two  
16 dollars or less a pound. So the program is  
17 suffering through -- it's not direct fraud,  
18 but one can say it's right there on the border  
19 line. So maybe NMFS could --

20                   MR. DiLERNIA: I have a question.  
21 Go ahead and finish and then I have a  
22 question.

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1                   MR. FISHER:       Well, I'm just  
2 suggesting that maybe NMFS could create a  
3 benchmark for the cost recovery fee that is  
4 the market price no matter what the sale price  
5 is. Something like that.

6                   MR. RISENHOOVER: Right.

7                   MR. FLETCHER: Alan, we can't hear  
8 you.

9                   MR. RISENHOOVER:       When I was  
10 talking cost recovery, I was talking a lot  
11 about what should those fees go for, because  
12 take grouper for example now, the Agency is  
13 investing in that. We can capture what the  
14 Agency is investing in that and then to  
15 increment above it is due to the IFQ is what  
16 the cost recovery would be applied on. You're  
17 taking that to a different way of how we  
18 recover costs from the individual program  
19 based on whatever arrangement to make sure  
20 we're capturing the true cost or the true  
21 three percent of whatever the --

22                   MR. FISHER:       The true -- yes,

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1 exactly. And maybe there should be a three  
2 percent surcharge on the transfer of  
3 allocations as well, because that would  
4 certainly generate for -- you know, especially  
5 in the deficient scenario like you have with  
6 grouper

7 MR. RISENHOOVER: And those are all  
8 things I think the Council can sort of work  
9 on. And so the Agency, you know, we can talk  
10 about how the Councils could or might use  
11 that, but it's not a requirement of the Act.

12 MR. BILLY: Martin, it sounds like  
13 a lot of things --

14 MR. FLETCHER: It sure does.

15 MR. BILLY: And we've run up on our  
16 coffee break. Let's take our break now and be  
17 back in about 15 minutes.

18 (Whereupon, the above-entitled  
19 matter went off the record at 3:04 p.m. and  
20 resumed at 3:21 p.m.)

21 MR. BILLY: In our continuing  
22 interests in the area of aquaculture, we

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1 decided to take advantage of our presence here  
2 down in the Gulf to learn a little more about  
3 some specific efforts that are underway here  
4 and be informed by that in terms of how that  
5 might impact our thinking on a national basis.

6 So before we get into it, I'd like to invite  
7 Sam Rauch to introduce himself and also to  
8 introduce the speakers that will be covering  
9 this subject.

10 MR. RAUCH: All right. I'm Sam  
11 Rauch. I'm sitting in for Jim Balsiger for  
12 the rest of this meeting. I'm his deputy, the  
13 deputy assistant administrator for regulatory  
14 affairs. I don't know whether Jim indicated  
15 he had been called back to D.C., so I'm  
16 filling in. And for those of you I don't  
17 know, that's who I am.

18 We've got three speakers in this  
19 particular portion of the panel. We've got  
20 Tom McIlwain, who many of you already know,  
21 who's the chairman of the Gulf Council and is  
22 going to talk about the Gulf Amendment which

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1 is under consideration still. And then we've  
2 got Peter Smith who will be talking about a  
3 pilot aquaculture program to provide industry  
4 perspective. And then following up is Michael  
5 Rubino from the aquaculture program. And  
6 we'll try to get through the speakers quickly  
7 so we can get to the overall discussion.

8 With that, Tom?

9 DR. McILWAIN: Thank you. Can you  
10 all hear me back there? I'm having trouble  
11 with my voice. But let me just say that I'm  
12 happy to be here at MAFAC. I did a tour on  
13 this committee back in the '80s, early '80s.  
14 Jim Gilmore was a young child at that time.

15 But no, it is good to be here and,  
16 one, I'm happy to be able to talk about  
17 aquaculture.

18 The Gulf of Mexico Fishery  
19 Management Council is in the process of  
20 actually developing an FMP, or fishery  
21 management plan. It started out as an  
22 amendment. We were looking at amending all of

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1 our fishery management plans and to somehow  
2 allow aquaculture here in the Gulf of species  
3 that are managed by the Council in the Gulf  
4 waters and it's evolved into a fishery  
5 management plan for a lot of different  
6 reasons. And I think it's a much cleaner way  
7 to go about it, rather than trying to amend  
8 all the plans. To get a plan amendment  
9 through, it's, you know, a couple of years  
10 nowadays and so this is a more expedient and a  
11 more holistic way to go about it. And  
12 obviously the purpose is to maximize the  
13 benefits to the nation by establishing a  
14 regional permitting process to manage the  
15 development of environmentally sound  
16 aquaculture industry in the Gulf of Mexico  
17 EEZ.

18 And there are some reasons for  
19 that. One, there's continued increased  
20 interest in trying to do this in the Gulf of  
21 Mexico. We kept hoping that the national  
22 legislature would go through and set up a

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1 framework. That hasn't happened, so we're  
2 moving forward with this program. General  
3 counsel has told us that aquaculture is  
4 considered fishing under Magnuson, so it gives  
5 us authority to do that. There's always a  
6 continuing growing demand and we've got a \$9  
7 billion treasury deficit in fishery.

8 And what will the process? It will  
9 create opportunities for people to get into  
10 the aquaculture industry should they desire.  
11 It sets up an environmentally sound  
12 sustainable industry or the parameters to  
13 affect that. It maximizes benefits of U.S.  
14 coastal resources for local, regional and  
15 national economies and assists NMFS and the  
16 Council in better achieving required  
17 objectives including optimizing yield and  
18 reducing fishing mortality on our wild stocks.

19 The other benefits. It will allow  
20 the yield to be optimized at a level above  
21 those achieved solely by wild stocks. I guess  
22 the best example of that on a worldwide basis

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1 would be salmon. What's cultured and on the  
2 market today is certainly much larger than  
3 what could ever have been achieved harvesting  
4 wild stocks and helps reduce fishing mortality  
5 on Council managed stocks. Maybe take some of  
6 the pressure off of those stocks.

7 What we've done is set up a  
8 regional permitting process, and this is again  
9 set up to create economic opportunities in  
10 aquaculture. In our fishery management plan  
11 there are 10 management actions in there with  
12 a range of alternatives within each action and  
13 we have selected preferred alternatives that  
14 hopefully the Council will take final action  
15 at its January meeting. At this previous  
16 meeting in November, we reviewed again all of  
17 the public input. The actual comment period  
18 ended on October the 27th. We were able to  
19 get a summary of the substantial comments and  
20 so we've tried to address that. We've got the  
21 NMPS regional office, the national office and  
22 our staff at the Council office in Tampa all

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1 going through and trying to make sure that we  
2 have accomplished all of the public comment in  
3 that document so that hopefully we can take  
4 final action and move it forward for  
5 Secretarial review.

6 And our primary goal is to increase  
7 MSY and OY federal fisheries in the Gulf. And  
8 this would be consistent with the goals and  
9 objectives of the Magnuson Act by  
10 supplementing the wild harvest caught species  
11 with cultured product.

12 And we'll quickly run through the  
13 management actions that we've considered and  
14 that were included in the document. I won't  
15 go into great detail. At the end of the  
16 thing, I'll give you a web site that you can  
17 go to and download the whole document. I have  
18 to tell you, at this point it's about 400-plus  
19 pages long. It's considerably grown over the  
20 last several years. We've actually been  
21 working on this, I think, going on six years  
22 now. So it's not a knee-jerk reaction to

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1 something that started yesterday.

2 But it actually will permit  
3 requirements eligibility and transferability.

4 You will have to have a NOAA Fisheries permit  
5 to operate an allowable aquaculture system in  
6 the Gulf of Mexico. It will allow you to  
7 harvest wild brood stock of an allowable  
8 aquaculture species native to the Gulf of  
9 Mexico for aquaculture and also land allowable  
10 culture species in U.S. ports. Such things  
11 today should you look at red drum, it's  
12 illegal to have red drum in an EEZ, but if  
13 you're going to culture it, you would have to  
14 have some mechanism to permit it. Cobia is  
15 another one that's being cultured. There are  
16 minimum size limits. If you took a boat load  
17 of fingerlings out there, you're in violation  
18 of the rules and regulations that are in place  
19 today. So there's a need and this sets up a  
20 framework for doing that. And then of course  
21 same thing is to move them back from their  
22 culture system back on shore should you choose

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1 to harvest a fish that would meet the minimum  
2 regulatory limits under the rules we operate  
3 under now.

4 We sell them only at the first  
5 point of sale. After that, they're in the  
6 market. Eligibility for a permit is limited  
7 only to U.S. citizens and permanent resident  
8 aliens and a Gulf of Mexico permit right now  
9 is transferable. It's kind of similar like to  
10 what you've heard under the IFQ systems.

11 The application process proposes  
12 conditions that must be met in order for an  
13 aquaculture operation to be permitted and  
14 these include things such as an assurance  
15 bond, locating cages, pens, the siting of the  
16 thing, maintaining genetic diversity. There's  
17 a great deal. We only allow for brood stock  
18 to be taken from the area in which you're  
19 going to be culturing these organisms. You  
20 can't use genetically-altered species or even  
21 Gulf stocks and you certainly can't bring in  
22 non- indigenous species.

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1 Right now we're proposing that the  
2 permit be in effect for 10 years and renewable  
3 in five- year increments. The reason for that  
4 is anything short of that, we start looking at  
5 investment money and you got to have some kind  
6 of payback period. Right now the Council will  
7 allow those species that we manage in all of  
8 those and we've exempted shrimp and corals.  
9 There is no offshore aquaculture in shrimp and  
10 corals we already allow to be aquacultured.  
11 And let me explain that a little bit.

12 Back 15 years ago, we had a huge  
13 industry here in the Gulf where divers were  
14 going out on natural reefs, knocking a piece  
15 of coral off, bringing it back, selling it in  
16 their shops. And they were really wreaking  
17 havoc on the limited number of reefs we have  
18 here. So the Council amended a coral  
19 management plan to allow for culture of what  
20 we call live rock. You can site a space and  
21 lease that and bring out various kinds of  
22 rock, put it on the bottom and allow it to

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1 naturally accumulate corals and other  
2 organisms. You can go back and harvest that,  
3 take it to your shop and then sell it.

4 The other thing, we have requested  
5 NOAA Fisheries to develop concurrent rule  
6 making to allow aquaculture in  
7 highly-migratory species. That's primarily  
8 directed at tunas. We can NOAA Fishery  
9 Service the authority to evaluate any proposed  
10 aquaculture system. That technology continues  
11 to change and improve, and rather than  
12 assigning a system that might work somewhere  
13 else, we'd prefer to have each one of them  
14 evaluated on a per-unit basis. And this  
15 provides obviously a great amount of  
16 flexibility.

17 Site requirements and conditions --  
18 not establish specific areas where marine  
19 aquaculture -- marine -- in their document.  
20 We actually define areas that you can't put it  
21 in. And so, that's pretty extensive. There  
22 are also some studies going on, actually going

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1 through Larry's office, that looks at all of  
2 the natural reefs, hard bottoms, shipping fair  
3 ways, location of oil rigs, goes on and on and  
4 on. So there are a lot of areas that you  
5 obviously can't physically put one now. So  
6 we're trying to define those so that we can  
7 look at sites. There's also the potential  
8 conflict between existing fisheries. Such as  
9 with shrimp, there should be trawlable ground.

10 So only those things would be taken into  
11 consideration in siting it.

12 You wouldn't want to site one.  
13 Unfortunately here in the Gulf, you can go out  
14 50 miles and still be at 50 or 60 feet of  
15 water, and that's not really conducive to a  
16 good aquaculture operation.

17 Restricted access zones. It would  
18 create a zone around the aquaculture facility  
19 that would be off limits to anybody other than  
20 those who are permitted to be in there. That  
21 right now is a controversial issue. Usually  
22 there are things that are probably going to

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1 aggregate fish around there. So and then  
2 we're proposing that the zoning would be the  
3 same size as that of the Corps of Engineers  
4 permit. Realizing that to effect one of these  
5 operations, you have to have a Corps of  
6 Engineers permit for the site. You have to  
7 have a NMFS permit to be able to do this. You  
8 have to have an EPA discharge permit. So all  
9 of those have other things attached to them  
10 that you've got to meet other criteria. We've  
11 been criticized for not doing some of those  
12 things ourselves, but NOAA doesn't have the  
13 authority legally to do that. We have to  
14 depend on the Corps and EPA to do some of  
15 these things.

16 Record keeping and reporting.  
17 There's about a three-page list, but it  
18 includes, you know, the permits that you'd  
19 have, the harvesting and landing of cultured  
20 fish, reporting incidents of disease,  
21 escapement, migratory birds and marine mammal  
22 entanglement, requiring an additional man who

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1 will keep record keeping. Then we've said  
2 because of Magnuson we have set an MSY. We've  
3 set that equal to OY and approximately is the  
4 total yield harvested by all of the permitted  
5 aquaculture operations annually but not to  
6 exceed 64 million pounds. The Gulf landings  
7 right now for snapper are only 5 million  
8 pounds, 5.1. And no individual corporation or  
9 other entity can produce more than 20 percent  
10 of that OY.

11 And then we've set up some  
12 framework procedures that will set up  
13 biological references points, MSY, OY and the  
14 management measures. And we also are  
15 proposing to appoint an aquaculture advisory  
16 panel to meet annually for evaluation of all  
17 of the activities that are going on. And that  
18 panel would be made up of Council staff, NMFS  
19 biologists and social scientists, the S&S  
20 committees from the Councils, socioeconomic  
21 panels, state university and private  
22 scientists.

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1           And then there are a number of  
2           appendices in the document and that includes a  
3           list of all of our FMPs.

4           Exempting fishing permits. Right  
5           now that's the only way you can put a cage in  
6           the water in the Gulf and I assume the rest of  
7           the country, is to have an exempted fishing  
8           permit. It's only good for one year.  
9           Nobody's going to fund anybody to do any kind  
10          of serious aquaculture with a one-year permit.

11          I'm not sure you could even get in the water  
12          and into operation in one year. And then all  
13          of the other information supporting the  
14          document.

15          And then I'll stop there and answer  
16          any questions.

17          MS. McCARTY: I have a couple  
18          questions. One is, do you anticipate that all  
19          of these aquaculture operations will be beyond  
20          three miles? You mentioned state permits as  
21          well as federal permits. Does that mean that  
22          some of them are inside three miles, or no?

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1 DR. McILWAIN: Well, they're in an  
2 EEZ.

3 MS. McCARTY: Okay.

4 DR. McILWAIN: Which is three miles  
5 off of Mississippi, Louisiana and Alabama.

6 MS. McCARTY: Right.

7 DR. McILWAIN: And it's actually  
8 nine miles off the coast of Texas and Florida.

9 MS. McCARTY: So the state permit  
10 issue comes into play regardless of the fact  
11 that it's in the EEZ?

12 DR. McILWAIN: I didn't hear you.

13 MS. McCARTY: You mentioned state  
14 permits and I was wondering if that was  
15 because some of these might be inside state  
16 waters, but you just said no, so --

17 DR. McILWAIN: No, I think that the  
18 rationale is that most of these operations are  
19 going to have to be supported from shore and  
20 hatcheries and other things to support it --

21 MS. McCARTY: I see.

22 DR. McILWAIN: -- will have to be,

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1 you know, permitted through the states, and  
2 all of the Gulf states have a mechanism to do  
3 that.

4 MS. McCARTY: I see. Okay. Then I  
5 have one other question, if I could.

6 You mention a cap of 64 million  
7 pounds. Do you have a provision in there to  
8 change that upwards if necessary in the  
9 future? Is that going to be reviewed and  
10 reconsidered?

11 DR. McILWAIN: Yes, that's part of  
12 the framework.

13 MS. McCARTY: Okay.

14 MR. BILLY: Okay. Randy?

15 MR. CATES: I have a couple items.  
16 I can just go down the list. I'll offer you  
17 what little knowledge I have on this subject.

18 DR. McILWAIN: Oh, thank you.

19 MR. CATES: The first one I  
20 question is having a radio signal. I think  
21 that's kind of a bad idea. If I understood  
22 you right, having a radio signal in each cage,

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1 because in your area, I mean with all of those  
2 hurricanes, you're going to have to be  
3 underwater. I can't imagine any company  
4 investing in anything that's going to be on  
5 the surface. So that's the first thing I'd  
6 question.

7 Term of 10 years. That's really  
8 short. As someone that's invested his own  
9 money, I would never have started on a 10-year  
10 term and I don't know any company that would  
11 ever consider that. So you can make your  
12 plan, but really it's kind of -- California,  
13 they have an offshore aquaculture plan but  
14 nobody's ever going to invest in it.

15 On section 12, I would caution  
16 about having NOAA or state -- because this has  
17 happened in Hawaii, even consider doing siting  
18 where you said, you elaborated which is  
19 better, of sitting, or it shouldn't be.  
20 Sitting is a very tricky thing that's  
21 evolving. I had an opportunity to go to  
22 Ireland where I went to a site where they put

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1 an operation in and I could not believe how  
2 bad of a site it was. And basically the owner  
3 said, well, the government did the siting for  
4 us. And he lost about \$8 million in one  
5 season. So I learned very quickly that we are  
6 learning where to site these things and I've  
7 never met any government official that I would  
8 trust that has that knowledge. This is the  
9 lack of experience.

10 Restrictions went -- about keeping  
11 other vessels out. I wouldn't go so far as  
12 doing that. We, in Hawaii, our experience,  
13 that has been a problem. I allow fishing  
14 around our site and we have a very good  
15 coexistence in allowing to do that. The other  
16 farm that's sited in Hawaii has gone the  
17 opposite way and tried to restrict and there's  
18 a lot of conflict. I don't really see the  
19 need to do that. So that's another offer of  
20 advice. Don't try and put a fence around out  
21 there, because that is the open ocean and  
22 anybody that knows fishermen, they don't take

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1 kindly to that.

2 Action 9 on the 20 percent. Each  
3 company can't produce more than 20 percent.  
4 I'd be cautious about putting that in too,  
5 because what if you're the only company? How  
6 do you -- or if you only have two companies.  
7 There's not going to be a gold rush here.  
8 It's going to take a lot to invest in this.

9 On action 10, your panel that you  
10 had. Really in balance to me, I don't see  
11 industry listed there. Got to have industry.  
12 They're the ones that are going to be out  
13 there doing the work, so when you create an  
14 advisory panel, please make sure you include  
15 industry. That's going to be vital.

16 Real briefly, corals. I wouldn't  
17 rule that out. I think there is a lot of  
18 opportunity that I'm working on in Hawaii of  
19 restoring reefs using our technology to do  
20 that. It's a new idea that NOAA's really kind  
21 of coming to the table and getting interested  
22 in. You may want to rethink that. It could

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1 be a good resource for you.

2 And finally, the only  
3 recommendation that I would have that's really  
4 vital is as you draft this, focus on one thing  
5 and that is production costs. When the  
6 company gets involved and they start getting  
7 all these restrictions and the production  
8 costs may go up, that's where you're going to  
9 have a problem. And what they end up doing,  
10 as my industry has a history of, is elevate  
11 the prices to support the higher production  
12 costs and rightly in terms in saying our  
13 product is better, commercial fishery product,  
14 pay \$20 a pound because we're better, cleaner  
15 and it's really wrong. And it's all related  
16 to production costs. So whatever rules you  
17 set up, just keep in mind to try and make it  
18 where production costs can be balanced and  
19 then you'll reduce conflict between  
20 aquaculture and fisheries.

21 So with that, I'll --

22 DR. McILWAIN: Let me just say a

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1 couple things. On the corals, we do have a  
2 plan in place where you can culture corals.  
3 So I think that's a fisheries issue. There's  
4 another whole plan that's out there and people  
5 have the opportunity to do that now. And the  
6 other thing I would say would be I agree with  
7 you on the points that you brought up. I  
8 guess the only I could say is this has been  
9 developed through the Council process, and I  
10 don't know how familiar you are with the  
11 Council process, but it's kind of like, you  
12 know, making sausage sometimes. You really  
13 don't want to see that. But it is a public  
14 process. I think it's a good progress. And a  
15 lot of the things that you brought up are  
16 actually compromises to be able to hopefully  
17 move the document forward. With the hope that  
18 it would be refined as a -- hopefully gets  
19 implemented and we start working in it and  
20 develop the rules for implementing that. You  
21 know, if I had my choice, the minimum permit  
22 would be 20 years; I think that's a realistic

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1 number, and with 10-year renewals. And so I  
2 can respond to each of those, but that's an  
3 example of what we have discussed. And it  
4 might be good to take a look at that. I mean,  
5 I wish we would have had you there to testify  
6 on occasions. Because you do have, you know,  
7 a good practical sense of what it takes to do  
8 this.

9 MR. BILLY: Okay. Martin?

10 MR. FLETCHER: Thank you, Mr.  
11 Chairman.

12 Well first of all, thanks, Dr.  
13 McIlwain, for coming all this way to present  
14 to us.

15 I'm a little unclear about which  
16 regulatory agency would be in charge of the  
17 infrastructure to support each company; in  
18 other words, the hatcheries and the on-shore  
19 sites. I mean, since they're going to be on  
20 state land, how is that going to be federally  
21 regulated?

22 DR. MCILWAIN: Well, I think the

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1 hatchery -- I'll use Mississippi, for example.

2 If I had a hatchery there producing  
3 fingerling cobia into the Gulf, I would have  
4 to have an aquaculture permit from the State  
5 of Mississippi to be able to do that.

6 MR. FLETCHER: Okay.

7 DR. McILWAIN: And so I would say  
8 it's probably much more restrictive than this.

9 I would say, on the other hand, most of you  
10 don't know me; I came from a university  
11 background, a research -- actually been  
12 involved in aquaculture I guess since about  
13 1967. And our laboratory that I work out of,  
14 part-time, I might add, is -- you know, we're  
15 focused on one thing and that's developing  
16 husbandry techniques for species that we feel  
17 like can be profitably raised such as cobia  
18 and red snapper and spotted sea trout, striped  
19 bass, other species. But it would be  
20 regulated under the states, but to take that  
21 product and move it offshore, you've got to  
22 have a federal permit through them, so that

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1 would be controlled by them.

2 MR. FLETCHER: But there wouldn't  
3 be any oversight on NOAA's part in terms of  
4 genetics and processed food and --

5 DR. McILWAIN: Actually, you know,  
6 I tried to simplify this. There are a lot of  
7 restrictions on where you can, you know, get  
8 the brood stock from, the genetic component of  
9 those fish, etcetera. Yes, they do and you  
10 have to declare that when you apply for a  
11 federal program, to be able to utilize those  
12 fish under federal waters.

13 MR. BILLY: Tony?

14 MR. DiLERNIA: Thank you, Mr.  
15 Chairman.

16 Tom, Randy said it and you  
17 mentioned it, and I'd like to bring it up  
18 also, regarding the term of the permits. On  
19 more than one occasion I've been contacted in  
20 New York from bank's hedge fund managers,  
21 venture capitalists considering putting money  
22 into aquaculture. And the number one thing

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1 that they're afraid of is the shortness of the  
2 terms of the permits. I guess you're looking  
3 at maybe five years before you first even  
4 begin to see some kind of a profit and you're  
5 already applying for renewals and who knows  
6 where -- change in administration, change in  
7 regulations. But so that's been the major --  
8 I haven't known a single person who's been  
9 willing to put money into a project because of  
10 the shortness of the terms. So 20 years I  
11 would think would be a minimum and I would  
12 recommend that. Because, as Randy said,  
13 you'll be developing a plan, but no one's  
14 going to want to go near it because it's a  
15 non-starter financially.

16 DR. McILWAIN: I would say to that,  
17 I wish you'd have been there to testify. No,  
18 you know, I'm aware of that.

19 MR. CATES: Is it too late?

20 MR. DiLERNIA: Yes, that's --

21 MR. BILLY: Yes. January they're  
22 finalizing it. Six years in the making.

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1 MR. DiLERNIA: It's a shame.

2 MR. BILLY: Okay. Bob?

3 MR. FLETCHER: Tom, thank you for  
4 coming and I recommend hot tea and honey and  
5 brandy.

6 DR. McILWAIN: I've tried it all  
7 and I don't know what it is. I've got some  
8 kind of allergy that's been going on for a  
9 long time.

10 MR. FLETCHER: Well, I just wanted  
11 to tell you we really appreciate bringing this  
12 to us. And I'm from the West Coast. We have  
13 a much bigger problem than you do, I think,  
14 trying to develop this whole approach. But in  
15 my mind the decision is, are we going to allow  
16 this to produce the product that the nation  
17 demands or are we going to continue to allow  
18 the importation of aquaculture product under  
19 very little control from outside? And I  
20 think the answer is we've got to do it and I  
21 think you're doing it the right way, and I  
22 appreciate it.

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1 DR. McILWAIN: Thank you. I agree  
2 with you. I think, you know, we're getting  
3 product. We know some of it's adulterated; we  
4 don't know how much. A lot of it, we don't  
5 know what it's totally adulterated with. Tom  
6 can elaborate on that. But, you know, I guess  
7 a lot of it depends on price. American  
8 consumer would focus on how cheap they can get  
9 it and they're not really focused on the  
10 consequences of doing that. We had the  
11 antibiotic scare with shrimp several years ago  
12 and, you know, there are other examples of  
13 that. But who knows? Because we're not  
14 capable of testing a lot of that product.

15 MR. BILLY: Yes, I think we're  
16 going to move on.

17 DR. McILWAIN: Okay. Thank you  
18 very much.

19 MR. BILLY: Thank you.

20 MR. SMITH: Thank you for inviting  
21 me. I'm Peter Smith. I'm with an engineering  
22 firm that's headquartered here in New Orleans,

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1 Waldemar Nelson & Company. I'll get into why  
2 I'm presenting a presentation of aquaculture  
3 in the Gulf of Mexico whenever I get into  
4 introducing the players on our playing team.

5 But basically, we're a managing and  
6 planning effort to put together a specific  
7 project in the Gulf of Mexico, a demonstration  
8 commercial scales aquaculture project in the  
9 Gulf of Mexico.

10 This is the official title of the  
11 study we're doing. It's basically to  
12 facilitate the development of offshore  
13 aquaculture in the Gulf. This is what we're  
14 really doing. We're planning a specific  
15 commercial scale project in the Gulf. By  
16 that, I mean we're going to determine what  
17 species, where it's going to be, how much it's  
18 going to cost, what the schedule is going to  
19 be and that kind of thing. We are funded  
20 through the planning effort; that is, those  
21 fundings that are actually implemented. So  
22 we're going to get to the end of our planning

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1 effort and then try to seek ways to raise  
2 money and actually go offshore and do the  
3 effort.

4 It's not a feasibility study on  
5 aquaculture in the Gulf of Mexico. Some of  
6 you may know that our firm managed the  
7 preparation of a feasibility study on Gulf  
8 offshore aquaculture about eight years ago  
9 that was published. At that time, we became  
10 convinced that it was a feasible thing to do  
11 from all kinds of areas of evaluation. We  
12 actually spent a few years after that as an  
13 engineering firm trying to raise money to go  
14 offshore and do it, and I'll get into a little  
15 bit of why that money was not raised at the  
16 end of my presentation. But it's not  
17 necessarily a feasibility study. It's a  
18 planning effort for a specific project.

19 Here are the components of the  
20 planning effort. Tom alluded to it, the  
21 siting criteria and I think Randy mentioned  
22 that he's afraid of government agencies trying

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1 to say where you can do it. Jeff Rester with  
2 the Commission is working with us. Kind of as  
3 an aside, he's gotten input from our technical  
4 team as to what considerations and criteria  
5 should be going into site selection. I think  
6 it's moving more toward areas to avoid as  
7 opposed to where areas to put aquaculture  
8 operations. So I don't know that your concern  
9 about having the government site a location  
10 for you is that -- I don't think it would  
11 happen in this case, is what I'm saying. And  
12 they're looking at, you know, areas to avoid  
13 specifically and I think Tom alluded to  
14 shipping fair ways, dredge material disposal  
15 sites, you know, those kinds of things,  
16 specific ecologically sensitive areas. All  
17 those would be avoided.

18 But Jeff is also looking into, you  
19 know, optimum currents, optimum salinities and  
20 all those will be factored into it. So I  
21 think it's more areas to avoid as opposed to  
22 areas to actually site it.

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1                    Selection of appropriate fish  
2 species for the Gulf. We started out looking  
3 at seven or eight species. Speckled trout,  
4 red snapper, red drum, pompano, cobia and the  
5 like, an amberjack species. Our species  
6 selection is evaluating all those. We'll be  
7 writing short white papers evaluating each of  
8 those species on a number of different  
9 criteria. Availability of fingerlings where  
10 they're commercially available, whether you  
11 have to raise them yourself and the cost of  
12 acquiring them; food conversion ratios for  
13 those species; adaptability to cage culture  
14 and number of different criteria are going  
15 into each of those evaluations. The thinking  
16 is that we'll end up with that committee  
17 recommended two or three species that would be  
18 the best to start out with in a commercial  
19 scale Gulf project.

20                    Selection of host platform. We as  
21 an engineering company are doing that part of  
22 it. We think that it would be very advisable

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1 to have because of the distances offshore that  
2 you're likely going to be depending on where  
3 you are. We think it would be very necessary  
4 for a successful operation to have a stable  
5 platform to work from. And that means  
6 necessarily oil and gas or other kinds of  
7 minerals extraction platform. We've designed  
8 a lot of those and worked with a lot of those  
9 different companies and I'll tell you a little  
10 bit as to where we're headed with that.

11 Selection of necessary supporting  
12 systems. You know, the feed systems, the net  
13 system, the feed delivery storage systems.  
14 We've got people working on all those. We're  
15 costing all those. Going on a platform,  
16 there's going to be a myriad of different  
17 kinds of costs. We need electricity, we need  
18 sewage treatment, we need crews quarters. Our  
19 vision would be that this platform would be  
20 continually manned with a three or four-person  
21 crew, probably working seven on/seven off,  
22 which is customary in the Gulf of Mexico for

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1 oil and gas work. We're also looking at risk  
2 management approaches, mainly insurance for  
3 both the crop and liability. Obviously with  
4 people working offshore, there's a lot of  
5 liability issues, so we're looking at  
6 insurance approaches to that.

7 Defining measures of success for  
8 the planning demonstration scale project.  
9 Those would be for production. And for your  
10 information, as manager of the project, I've  
11 defined the measure of success on the  
12 production side. That's putting 100,000 fish  
13 into the market place at the end of this, or  
14 100,000--plus. So my minimum size is putting  
15 100,000 fish into the marketplace as a  
16 demonstration scale project. There would also  
17 be measures of success defined on advancement  
18 of science and technology as part of the  
19 demonstration project and also for, you know,  
20 providing the least impact to the environment.

21 And then an outreach program.  
22 Actually this was added as we got into it,

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1 because of the opposition that has come up  
2 for, you know, actually opposing the  
3 aquaculture in the Gulf of Mexico. So we've  
4 gotten more involved in the outreach side of  
5 things. Working with LSU SEAGRANT fairly  
6 recently; Michael was there, Tom was there, to  
7 bring together a stakeholders group with some  
8 of the organizations that are opposing  
9 aquaculture in the Gulf and trying to answer  
10 questions.

11 Here's our team. Gulf States  
12 Marine Fisheries Commission. As I said, Jeff  
13 Rester is working with us. He's a member of  
14 the committee and he's working on the siting  
15 evaluation. The next three, the USM and Gulf  
16 Coast Research Laboratory, and the  
17 Mississippi, Alabama SEAGRANT and the LSU  
18 SEAGRANT. All of those entities are providing  
19 expertise to the planning team at no cost to  
20 the project. So at our last committee  
21 meeting, I think we had 20 people sitting  
22 around the table providing input.

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1 Louisiana University's Marine  
2 Consortium in Cocodrie, that's a marine  
3 research lab in Louisiana. It's made up of 13  
4 different state universities, I believe. Ed  
5 Chesney is a fishery biologist. He's the  
6 chairman of the species selection committee  
7 working with us and he's about to wrap up his  
8 work. Cargill, specifically Burris Feed out  
9 of Franklinton, Louisiana, they're working  
10 with us on feed selections for whatever  
11 species that are ultimately selected. They're  
12 also helping us with costing out the feed  
13 storage and delivery systems. Daybrook  
14 Fisheries, a Louisiana company, in Empire,  
15 South Plaquemines Parish. They're one of the  
16 largest menhaden fisheries in the country and  
17 they may actually end up, if this thing goes  
18 into actual implementation offshore, they  
19 could likely be the operating entity to manage  
20 it.

21 LA Fish, Harlan Pearce, who is on  
22 the Seafood Promotion and Marketing Board; I

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1 understand he's giving a presentation  
2 tomorrow, he's helping us on the marketing  
3 side and also in the species selection.  
4 Aquaculture Systems Technologies, they do a  
5 lot of work in the aquaculture systems, mainly  
6 the research systems and they would advance  
7 that technology quite a bit.

8           And then us, Waldemar Nelson &  
9 Company. The reason why we are involved,  
10 frankly and to be honest, we don't know that  
11 much about aquaculture, but we are pretty good  
12 project managers and we do a lot of  
13 engineering work offshore. In fact, 70  
14 percent of our work is for offshore oil and  
15 gas companies and minerals extraction  
16 companies. We're about 350 people in the  
17 company. We're headquartered in New Orleans.

18       About 120 people in an office in Houston,  
19 most of which are doing offshore oil and gas  
20 engineering projects. So that's why we're  
21 involved in it, for the knowledge of the  
22 offshore component.

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1           What this thing is probably going  
2 to look like whenever it's proposed in a  
3 planning effort, as I mentioned, it's going to  
4 be associated with an existing platform and  
5 there's a lot of benefits to that,  
6 particularly if you have to keep people  
7 offshore for extended periods of time, which  
8 we think you should. We're looking at  
9 probably submersible commercial scale cages.  
10 These cages that we're costing out now are  
11 anywhere from 3,000 cubic meters up to 11,000  
12 cubic meters. We may scale back that high end  
13 some a little bit by increasing stocking  
14 density in those cages.

15           Right now we're thinking there will  
16 be multiple cages in the demonstration  
17 project, at least two, maybe three and  
18 multiple species. And there will be varying  
19 grow-out periods for those species. We're  
20 going to spend some effort trying to pick at  
21 least one species that's got a short grow-out  
22 period with the intent of basically stocking

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1 the cage after hurricane season and harvesting  
2 that cage before the next hurricane season.  
3 So you're looking at probably a 10-month max  
4 grow-out period for as least one of those  
5 species. We'll probably also have another  
6 species or two that would go through a  
7 hurricane season and see how the cages and  
8 everything responded. We don't want a  
9 hurricane to come through, obviously, but if  
10 one does, we'd see how they respond. This  
11 area's seen enough hurricanes lately.

12 We expect the product to be placed  
13 in the commercial markets. As I mentioned,  
14 and at least my view of a commercial -- or a  
15 success on that end would be 100,000 fish.  
16 We'll probably end up stocking, at least in  
17 the preliminary design, we'll probably put in  
18 something like 200,000-plus fish into these  
19 two or three cages that we're thinking about.

20 And there would be an extensive  
21 environmental monitoring program. That's been  
22 one of the things that the opposition groups

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1 have been brought up over and over, you know,  
2 water quality impacts and sediment quality  
3 impacts associated with these. So there would  
4 be a pretty extensive program to monitor this  
5 as it goes through the demonstration program.

6 LSU SEAGRANT is working on that with  
7 us. I don't know the details yet, but as I  
8 said, it would certainly be water quality and  
9 sediment quality evaluations.

10 Here's our proposed schedule for  
11 this. It's extremely optimistic, the more I  
12 think about it. The first item is the only  
13 one that I can be assured of, that we're going  
14 to submit our report probably next month,  
15 about mid-next month, and I don't know how  
16 long it's going to take its way to work its  
17 way up to NOAA, but we assume that NOAA would  
18 get it probably in the January time frame.

19 And this is where it gets tricky,  
20 the second bullet item, the funding. I had  
21 kind of in the back of mind that this  
22 demonstration project, well even whenever we

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1 started, was going to be a \$3-\$5 million  
2 effort over an offshore period of a  
3 year-and-a-half or thereabouts. We're working  
4 on the cost estimates now. They're all coming  
5 together. I haven't seen anything that's  
6 going to sway me off of that yet. As to  
7 what's going to sway me off of that number, I  
8 still think it's going to be a \$3-\$5 million  
9 effort, at least at the scale we're looking  
10 at.

11 So best of all worlds, if we could  
12 get funding for that in three to six months,  
13 obviously with, you know, my original thought  
14 was to have a combination of federal-state.  
15 We've got three different states working on  
16 this with us. We have a combination of  
17 federal and state monies put into it and  
18 private monies put into it. We are talking  
19 with some private investors. Actually we're  
20 talking to Chevron. That's the only oil  
21 company we're talking to right now about  
22 provision of a platform. We've not approached

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1       them to put up any money yet. We've got to  
2       get past the hurdle of will you provide a  
3       platform to work from?

4               Chevron is interested, at least at  
5       the mid- management level, to work with us.  
6       Their lawyers are not interested in working  
7       with us because of all the issues that you can  
8       imagine, the liability concerns. It looks  
9       like the way it would work is that if this  
10      goes forward and we work a deal with Chevron,  
11      they would actually turn over a platform to  
12      the operating company for a year-and-a-half,  
13      if that's the period of time that we need it  
14      to work offshore. And then the operating  
15      entity would be responsible for all the  
16      liabilities for that period, but not for the  
17      ultimate decommissioning which comes into --  
18      you know, gets into multiple millions of  
19      dollars to decommission a platform.

20              And then the oil company would  
21      reacquire at the end of that after all of the  
22      nets are out of the water and brought back to

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1 shore. Chevron, if that's who it is, they  
2 would reacquire it and they would decommission  
3 it. They would pay to the tune of \$5 million  
4 to decommission that platform, which they  
5 would have done anyway. So we'll have to work  
6 with them to get the permission to extend the  
7 life of that platform out to do this project  
8 and there's mechanisms in place to do that,  
9 regulatory-wise.

10 So anyway, the last three items  
11 there is an optimistic schedule. It's all  
12 based on that second item. We think it  
13 necessary to put initial stocking of cages, if  
14 we're in a Gulf project in a truly exposed  
15 area after hurricane season, try to harvest as  
16 much as you can before the next hurricane  
17 season, at least until you know how the cages  
18 and the systems respond to significant storm  
19 events.

20 But if this all works out, you  
21 know, by the fourth quarter of 2010, we could  
22 actually have fish in the marketplace. That's

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1 the ideal scenario.

2 I was also asked to give a little  
3 discussion on what I think are the impediments  
4 to developing commercial scale operations in  
5 the Gulf. That first item is successful  
6 demonstration required. Whenever we were  
7 trying to raise money to go offshore and do it  
8 after we did the feasibility study some eight  
9 years ago, and there were two things that were  
10 holding us back after we bumped our head up  
11 against the wall for, you know, probably 15  
12 times talking to potential funders, a lot of  
13 them were -- that was the dot-com craze.  
14 Everybody wanted to invest in high tech, so  
15 this was obviously a risky operation and  
16 saying let me invest in high tech companies.  
17 If I'm going to be taking risk, let me do it  
18 on shore at least.

19 And then other one, it would always  
20 come down to take me out to where I can see  
21 one operating, preferably in the Gulf of  
22 Mexico. And then we'll talk about giving you

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1 money for this. So that's why I think a  
2 successful demonstration scale project -- and  
3 it's pretty significant production numbers  
4 that I've been talking about, would be  
5 required to actually get the business going in  
6 the Gulf of Mexico. We all -- I don't know  
7 about all of us, but a lot of us would like to  
8 see that get started in the Gulf.

9 Permitting has been cited as an  
10 impediment with the aquaculture amendment that  
11 Tom's talking about. Assuming that gets  
12 through in some fashion or form, hopefully  
13 most of the permitting issues will go away.

14 And then the other thing which has  
15 surprised me a little bit was the organized  
16 opposition to Gulf aquaculture that has come  
17 up in the last year. I think it was mainly  
18 galvanized by the amendment going through the  
19 process, got people thinking about it and the  
20 opposition is coming from some unlikely areas,  
21 but it's coming. So there needs to be more  
22 effort, to my mind, put into putting out news

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1 bulletins, press releases, putting together a  
2 video on the pros and cons of aquaculture and  
3 getting it out on public broadcasting  
4 stations, and that kind of thing, to basically  
5 put the real truth out there to the general  
6 public.

7           So that's it. That's where we  
8 stand with it. If we get funded, we want to  
9 go out and do it. We think it's a good  
10 venture. We think it's a necessary venture to  
11 get out there. We all know the reasons why.  
12 So you want me to field questions now, or at  
13 the end? Or how do you want do this?

14           MR. BILLY: We can do a few  
15 questions right now.

16           MR. SMITH: Okay.

17           MR. BILLY: Martin?

18           MR. FISHER: Thanks so much for  
19 coming and thank you, Mr. Chairman.

20           MR. SMITH: Sure.

21           MR. FISHER: Just three short  
22 questions. What's your target weight for fish

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1 and your X containment price per pound, and of  
2 the two to three species that you think is  
3 going to wind up being and which are they?

4 MR. SMITH: All right. I'll kind  
5 of answer them in reverse order. We just put  
6 together some spreadsheets on -- so we could  
7 size cages, so we had to go through all those  
8 calculations that you just mentioned. If I  
9 had to guess right now, I'd say, if it's  
10 three, it would probably be -- the one thing I  
11 asked the species selection committee to do  
12 was to give us one that's kind of a slam dunk.

13 I don't want to -- you know, very little R&D  
14 associated with it. We know we can acquire  
15 brood stock, we can raise fingerlings, we can  
16 put it out there and we know how fast they  
17 grow, and we know they got a place in the  
18 market. So my guess is red drum would  
19 probably be such a species. My guess would  
20 also be that the one that grows the fastest  
21 that I can think of is cobia, to get it in  
22 that 10-month window or shorter than 10-month

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1 window, to get it up to market size and put it  
2 in the market. Red drum would be about, you  
3 know, two-and-a-half pounds. Cobia would be  
4 10 pounds, 12 pounds.

5 MR. FISHER: Ten pounds would be in  
6 a year?

7 MR. SMITH: Correct. They grow  
8 very fast.

9 MR. FISHER: Wow.

10 MR. SMITH: And then either a  
11 pompano or a snapper being a third species  
12 would be the one that at least we're basing  
13 the net sizing and the feed cost, the delivery  
14 system and cost for them. But, you know,  
15 that's only me. That's not the selection  
16 committee telling us that.

17 MR. FISHER: And if I may, what  
18 kind of food are you going to feed them and  
19 where does it come from?

20 MR. SMITH: It's going to be a  
21 manufactured pellet. You know, Cargill makes  
22 all kinds of it. They're on our team. David

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1 Burris who used to own Burris Feed until  
2 Cargill bought them out, he has given me a  
3 feed a number of that. I don't know what's in  
4 it. Obviously, it's gone some fish meal and  
5 oils in it. Depends on the species as to, you  
6 know, how much protein and how much other  
7 components he's got in it.

8 MR. FISHER: Thank you.

9 MR. SMITH: Sure.

10 MR. BILLY: Okay. Randy?

11 MR. CATES: Good luck.

12 MR. SMITH: Thank you.

13 MR. CATES: I have a couple of  
14 comments. 1999 I was part of the first  
15 demonstration project similar to what you're  
16 trying to do.

17 MR. SMITH: In Hawaii?

18 MR. CATES: In Hawaii.

19 MR. SMITH: Okay.

20 MR. CATES: Three-hundred-thousand  
21 dollars was our budget and we grew 100,000  
22 fish. We did a repeat of that a year later.

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1 Five- million dollars is a lot of money to do  
2 a demonstration budget, I would say. I would  
3 question whether NOAA would do that, because  
4 we have a lot of information. We've done this  
5 already. So if you do go forward, another  
6 recommendation I would have would be go with  
7 what you know works. Try not to reinvent the  
8 wheel.

9 MR. SMITH: In the way of systems  
10 or fish, or both?

11 MR. CATES: Everything.

12 MR. SMITH: Okay.

13 MR. CATES: Okay? As far as cages  
14 go, we don't have an 11,000 cubic meter cage  
15 out there that's been even out there yet.  
16 It's kind of a concept. We do have up to a  
17 6,000 cubic meter cage and there's only one  
18 cage so far that's been in an open ocean  
19 environment other than a new one that's only  
20 200 cubic meters. So very few options with  
21 what is out there.

22 If I was investing my own money,

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1 which I have and am, I would have no problem  
2 putting a cage in a hurricane area. We have  
3 had these systems in hurricanes around the  
4 world, so proving that feasibility, we have  
5 all this information already. Environmental  
6 monitoring, I hope you reach out and find out  
7 what we have done already and not repeat, when  
8 you talk about water quality. It's almost a  
9 non-issue now. So there's a lot of  
10 information that you can draw upon and not  
11 repeat --

12 MR. SMITH: Well, a lot of the  
13 opposition to the Gulf aquaculture keeps  
14 bringing that up. So I think we would have to  
15 some kind of monitoring component as part of a  
16 demonstration.

17 MR. CATES: We have --

18 MR. SMITH: I understand that, yes.

19 MR. CATES: We have the data.

20 MR. SMITH: Right.

21 MR. CATES: And the Federal  
22 Government has spent millions on this already.

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1                   And last thing I want to say is the  
2 species you mentioned, we know a lot of those  
3 already. Some of the questions that were  
4 asked, I can just recycle the information for  
5 you. Red drum is a pretty slow grower.  
6 Feeds. There's only really a few formulas for  
7 feeds for marine species. I could tell you  
8 what you would need to feed is probably going  
9 to be almost identical to what I feed.  
10 Because there's just not that many formulas  
11 out there.

12                   MR. SMITH: Who do you buy your  
13 feed from?

14                   MR. CATES: Scretting and Ziegler  
15 Feeds is the same formulas as Scretting and  
16 the same formula as Nelson Brothers who is now  
17 owned by Scretting.

18                   MR. SMITH: Yes.

19                   MR. CATES: Yes, good luck.

20                   MR. SMITH: Okay. Thank you.

21                   MR. BILLY: Yes, I think we're  
22 going to go on.

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1                   So, Michael?

2                   Thank you.

3                   MR. RUBINO: I'll go through this  
4 quickly. I'm sure you had lots of other  
5 questions and so you can get your discussion  
6 going.

7                   I was asked to provide sort of a  
8 perspective on this Gulf Amendment in terms of  
9 national efforts and implementing a 10-year  
10 plan.

11                   Certainly, this whole offshore or  
12 going to federal waters has been both an  
13 opportunity and a challenge. You know, a  
14 couple of days after the last Council meeting,  
15 the local Times-Picayune had an op-ed  
16 entitled, "Fish Farms Aren't the Answer."  
17 I'll just read a little bit.

18                   "If the United States wasn't the  
19 most overfed and wasteful nation in the first  
20 place, there wouldn't be a need to experiment  
21 with industrial scale fish farms that would  
22 pollution to our dying Gulf, undermine the

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1 integrity of the natural fish stock, and  
2 enrich a few trans-national companies at the  
3 expense of our local fishing communities."  
4 And it went on in that vein.

5 A couple of days later, the Fort  
6 Myers Southwest Florida News-Press ran and  
7 op-ed entitled, "Fish Farming Plan Worth  
8 Taking a Shot."

9 And one of the paragraphs is,  
10 "Maybe the best argument for fish farming is  
11 socioeconomic, a way for the hard-pressed  
12 commercial fishing industry to use its boats,  
13 its fish processing facilities and its salty  
14 labor force in a way that's locally profitable  
15 and less detrimental than fishing to wild  
16 fisheries. I say let them try it. With  
17 oversight by three federal agencies and  
18 thousands of environmentalists looking over  
19 those shoulders, go farm."

20 So both ends of the spectrum. You  
21 as MAFAC several years ago realized that, you  
22 know, even though this was an opportunity in

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1 terms of raising the level of debate in this  
2 country about the role of aquaculture,  
3 offshore is a technology for the future. It  
4 doesn't have a large existing constituency  
5 screaming for getting it done right now. I  
6 mean, there are some entrepreneurs and some  
7 others who want to do it, and some research  
8 institutions.

9 Most of commercial marine  
10 aquaculture in this country is shellfish  
11 farming and a resurgent salmon industry in  
12 Maine. The other big part of aquaculture is  
13 the use of hatcheries for enhancements in  
14 restoration aquaculture. Everything from  
15 salmon to white sea bass, to oysters, to maybe  
16 king crab.

17 So the 10-year plan takes a very  
18 broad view of what the agency should be doing  
19 in marine aquaculture and we're starting to  
20 implement that. So I didn't come here today  
21 to report on how we're implementing that. You  
22 can go to your web site and get lots of

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1 updates about what we're doing.

2 But the first part of the 10-year  
3 plan is to provide greater regulatory  
4 certainty, both in terms of a more efficient  
5 process for permits in state waters; shellfish  
6 or finfish and the federal rule therein, and  
7 doing something about federal waters where we  
8 don't have a framework. And there are a  
9 number of options, which you know. National  
10 legislation, going through the Council process  
11 or some other way to coordinate the various  
12 federal permits, yet to be invented.

13 National legislation didn't move  
14 this past year because it was an election  
15 year. But I would say a year ago at a meeting  
16 chaired by Bill Hogarth and Sam Rauch we  
17 worked out many of the issues between industry  
18 and environmental groups over the details of  
19 national legislation. There is a senate  
20 committee staff draft. It was not the federal  
21 proposal, but they took the federal proposal,  
22 got a lot of input. The Senate staff has

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1 drafted a national bill and it looks very  
2 similar to the California bill in terms of  
3 components in it. At least around the table  
4 it had agreements between all these various  
5 groups. So a lot of the hard work has been  
6 done and I'd like to see what the next  
7 administration, the next Congress, whether  
8 there's the political will to move something,  
9 but with exception of a few things like length  
10 of permit and how do you define environmental  
11 liability, most of the other issues have been  
12 addressed.

13 As Tom said, as a program, we have  
14 been working with the Southeast regional  
15 office and with the Gulf Council in terms of  
16 putting together from a technical perspective  
17 the plan, the rule and the environmental  
18 impact statement for this Gulf Amendment. And  
19 lately there have been a lot of very good  
20 comments that have come in from groups like  
21 Ocean Conservancy, the State of Florida, EPA  
22 and others that we're trying to make sure that

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1 we've addressed these comments, have the  
2 proper literature references and so on so that  
3 the plan is complete.

4 More broadly we've also been doing  
5 a whole variety of things to address social  
6 and economic and environmental concerns about  
7 marine aquaculture in general, which I think  
8 would help advance either national legislation  
9 or a Gulf Amendment, or the other parts of  
10 marine aquaculture. You know, we manage  
11 research grants of various sorts that look at  
12 not large scale demonstration projects because  
13 we don't have that kind of funding, but  
14 certainly research projects all of which have  
15 an environmental monitoring component and we  
16 are learning a lot of things from those.

17 The latest round of proposals is  
18 through the Saltonstall-Kennedy or S-K Grant  
19 Program. I would say three-quarters of the  
20 proposals that came in over the past few weeks  
21 were for aquaculture. So we will be very busy  
22 reviewing those projects over the next couple

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1 of months.

2 This past year we also published a  
3 study on the economics of offshore aquaculture  
4 looking at both the micro; can you make any  
5 money at this, and the macro; what's going on  
6 in terms of supply and demand trends, what  
7 about the effects on fishing and so on. And  
8 that's on the web site as well and I think it  
9 has some good discussion.

10 Peter mentioned one meeting here in  
11 New Orleans a few weeks ago where commercial  
12 fishermen and recreational fishermen,  
13 environmental groups, state agencies and  
14 others got around a table for a day in sort of  
15 an encounter session facilitated to talk about  
16 all of the issues surrounding offshore  
17 aquaculture.

18 Similar meetings were held in the  
19 past couple of months in California posted by  
20 the Aquarium of the Pacific in Long Beach and  
21 in Oregon hosted by the Hatfield Marine  
22 Science Center of Oregon State. Those were

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1 two-day meetings. Again all the issues out on  
2 the table.

3 The conclusion of all the meetings  
4 was we need pilot and demonstration projects.

5 We need things in the water that involve  
6 people that know how to do it, coastal  
7 communities, fishing groups so they can see,  
8 touch, feel and see how this works. Take some  
9 baby steps first before you go larger. And so  
10 I think collectively we need to figure out,  
11 you know, some kind of public/private  
12 partnership approach to these things.

13 There are some commercial  
14 operations that are ready to go if a permit  
15 system was in place. That money has been  
16 going to Belize, the Dominican Republic, the  
17 Bahamas, Mexico, Brazil, Venezuela, Costa  
18 Rica. Those are the ones I know about. All  
19 U.S. money. All companies that would like to  
20 set up shop here in the Gulf, or off San  
21 Diego, or some place else. So, it's there.

22 So do you need pilot demonstration

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1 projects, or do you just need a permit system  
2 in place and let the commercial sector do its  
3 thing? In some ways maybe you need both,  
4 because you do need to involve coastal  
5 communities. We do need to figure out a way  
6 to do this to benefit, you know, existing  
7 working waterfronts, existing constituencies.

8 You need the local support to be able to make  
9 this work.

10 A number of possibilities.  
11 Hubbs-Sea World has filed for permits from the  
12 Corps of Engineers and EPA in the State of  
13 California to do a three-year commercial  
14 project five miles off San Diego in federal  
15 waters. So that's in the works. There are a  
16 number of fishermen's cooperatives and others  
17 doing mussel farming close to federal waters  
18 and state waters from Maine down through  
19 Massachusetts looking at it. The last three  
20 permit applications I think are off Martha's  
21 Vineyard.

22 You know, George Nardi is not here,

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1 one of your new Council members, but he  
2 operates the first commercial cod operation.  
3 It's off Massachusetts. It's in state waters,  
4 but conceivably in the future they have their  
5 eye on federal waters. Randy can talk to the  
6 need in Hawaii to go to three miles or beyond.

7 I'm not sure you're there yet, but that's a  
8 possibility. Sablefish and other species in  
9 the Pacific Northwest, again they've got a lot  
10 of near shore sites but they may want to go to  
11 the space of Juan de Fuca in federal waters.

12 There's also a lot of interest in  
13 what's called integrated multitrophic  
14 aquaculture. We're funding a of couple  
15 projects through the National Marine  
16 Aquaculture Initiative looking at  
17 finfish/shellfish polyculture. We must have  
18 five or six proposals in the current round of  
19 S-K Grants looking at whether marine algae can  
20 combine with shellfish and combine with  
21 finfish farming. It's an exciting new area  
22 where you can use the different trophic levels

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1 and there's also some prophylactic or sort of  
2 probiotic approaches. Somehow the finfish do  
3 better having algae and mussels around them as  
4 well. Very interesting.

5 So that's just a very quick  
6 overview of sort of how this fits with  
7 national efforts.

8 Questions?

9 MR. BILLY: Any questions? Randy?

10 MR. CATES: Mike, can you think of  
11 anything that we can do to move along this  
12 whole thing at MAFAC?

13 MR. RUBINO: I think certainly as  
14 individuals we can. As MAFAC you had this  
15 discussion earlier in terms of transition  
16 documents and the 2020 Vision, which have very  
17 strong statements in support of aquaculture.  
18 It has strong statements in support of needing  
19 healthy commercial fisheries and aquaculture  
20 working in a symbiotic relationship. You  
21 know, the more you can get those documents out  
22 in some fashion and they become part of the

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1 conversation. You know, other groups do a  
2 transition document, they put it on their web  
3 site, they send it by email all over the  
4 country and hold a press conference. I'm not  
5 quite sure how MAFAC would do something like  
6 that.

7 MR. BILLY: We were thinking more  
8 of like in a news release and trying, you  
9 know, a way of getting an awful lot of hits  
10 on.

11 Dave?

12 MR. FISHER: The issue of  
13 environmental liability, is that the big  
14 killer, or is that one of them?

15 MR. RUBINO: One of them.

16 MR. BILLY: That's one of them.

17 MR. RUBINO: The two key issues  
18 whether it's the Gulf Amendment or national  
19 legislation would seem to be sticking points.

20 Our length of permit of 10 years versus 20  
21 years seems to me that could be finessed  
22 somehow. You could do 10 years with an almost

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1 automatic renewal for another 10, or something  
2 like that.

3           Liability is something we don't  
4 require of any other user of the marine  
5 environment other than oil and gas, and they  
6 have a history of it. And the California  
7 Marine Aquaculture Bill has a clause in there  
8 that says they're not just a bond that would  
9 cover of removing equipment and restoring the  
10 benthic environment, but would also cover  
11 unforeseen environmental liabilities to be  
12 defined by the Secretary of Natural Resources.

13       So somebody's going to have to draw a box  
14 around that. I think our approach has been,  
15 well we're not going to give a permit for a  
16 project that we think is going to cause a  
17 problem in the first place. Monitor it. If  
18 something happens, pull the plug. There are  
19 criminal and civil penalty liabilities.

20           So if certain constituencies insist  
21 on environmental liability, and I mean these  
22 constituencies I think would like to have

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1 environmental liability for all the uses of  
2 the marine environment. They're just starting  
3 with aquaculture because that's the current  
4 one that's there at the moment. You'd have to  
5 draw a box somehow around it. Otherwise, how  
6 could a company ever do it?

7 MR. BILLY: Randy?

8 MR. CATES: On this issue, what  
9 little industry we do have in the U.S., we're  
10 very, very concerned about a bad bill being  
11 passed versus no bill. And that's why it gets  
12 frustrating for us sometimes when we're not  
13 part of the discussions on what the crafting  
14 of the bill or what direction it's going.

15 The unlimited bond you're referring  
16 to in the short term of leases, there's a  
17 couple other issues, but those are the two  
18 basic ones. If it passes in that measure, I  
19 think you're going to see a resistance from  
20 the industry are probably the ones that are  
21 going to try and kill the bill. People hate  
22 hearing that, but if it's passed that measure,

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1 then it just sets a precedent that the  
2 existing industry can't function. So we're  
3 really watching that closely. Maine  
4 aquaculture is watching it as well as -- we  
5 talk about it all the time, what's happening.  
6 You know, we're trying to get the  
7 information. So it's very concerning.

8 MR. RUBINO: I think there's a  
9 question at your table?

10 MR. WALLACE: Similar to that, you  
11 know, what -- you're going to propose to have  
12 the bill reintroduced in the next Congress.  
13 What's the chances that we end up having so  
14 many poison pills added to the bill that we  
15 wish it hadn't been moved forward? You know,  
16 I think that that's a very real question.  
17 There could be a very real possibility they'll  
18 try to do that.

19 MR. BILLY: I think the problem is  
20 that's all unknown. We're all speculating  
21 about the new Congress and the new  
22 administration and it remaining to be seen.

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1 So, you know, we're just going to have to work  
2 our way forward and see how it sorts out and  
3 various interests will then try to implement  
4 things depending.

5 MR. RUBINO: I think from my  
6 perspective and the perspective of the  
7 aquaculture program, we've done what you have  
8 asked us to do. We've put together a trial  
9 balloon in terms of legislation. You know, it  
10 has three or four parts to it. It has a  
11 regulatory part for federal waters. It's got  
12 a research part -- this is not just an  
13 offshore bill as you've heard me say before,  
14 for a research program for all the marine  
15 aquaculture. The Senate committee draft has  
16 \$65 million penciled in for research. That's,  
17 you know, an authorizing figure, not and  
18 appropriate figure. There's a section in  
19 there that would institutionalize aquaculture  
20 within NOAA and create an advisory committee,  
21 perhaps as an appendage to MAFAC. And  
22 conceivably we also drafted language at the

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1 Committee's request to look at economic  
2 incentive provisions using the fishery finance  
3 program to make more loans to aquaculture.

4 So, you know, I think we can serve  
5 as a technical resource to you and other  
6 constituencies and to the committees and  
7 Congress, but I think there's plenty out there  
8 if people want to politically want to move  
9 something to run with it.

10 MR. BILLY: Tom?

11 MR. RAFTICAN: Yes, thank you, Mr.  
12 Chairman.

13 I just see a couple of issues that  
14 really stand in the way of moving forward  
15 here. The thing that impressed me a minute  
16 ago about when Peter spoke is, Peter, you run  
17 a project management company. My guess is  
18 you're doing this on spec. And if you're  
19 doing it on spec, you got to see a good bright  
20 side out there, or, you know, people don't  
21 invest money for the hell of it. So tell us  
22 about the upside instead of just the downside.

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1                   MR. SMITH: Well, we're not really  
2 doing it on spec. We're getting reimbursed,  
3 we're working under a grant. We're going to  
4 spend a lot more in terms of money than we  
5 take in. But still, we're not covered in --

6                   MR. RAFTICAN: Never mind.

7                   MR. BILLY: Okay. Any other  
8 thoughts from the Committee?

9                   MR. CATES: Is there any less  
10 commitment from NOAA? I mean, not NOAA,  
11 Fisheries. Where does Fisheries stand on  
12 this?

13                   MR. RAUCH: Well at the moment we  
14 are just as committed as we've always been.  
15 We have not heard from any of the transition  
16 people or the new administration. Obviously,  
17 NOAA, there's going to be a new political head  
18 of NOAA. There's going to be a new Commerce  
19 -- I don't know where we'll go. NOAA  
20 Fisheries is very committed to this. We see  
21 this as the way forward and are very  
22 supportive. But, frankly, I can't tell you

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1 what we're going to have to think in February.

2 MR. BILLY: Okay.

3 MR. JONER: I guess if I could ask  
4 them, I know this has just been asked, what do  
5 we do as a committee, but I'll guess I'll make  
6 that more specific. What can we do as a  
7 committee to kind of put a stake in the ground  
8 so when the new administration is in we say,  
9 well, this is where we are?

10 MR. BILLY: Well, I think that's in  
11 the transition document, and in Vision 2020.

12 MR. JONER: I guess I'm looking at  
13 maybe something a little more focused, like  
14 you know, we want to have a statement or  
15 something about whether it's -- this project  
16 here is somewhere else. I'm thinking out  
17 loud. You know, I guess last night when we  
18 left the aquarium I fit the description of the  
19 first article you read, the Times-Picayune. I  
20 was an overfed American after all those shrimp  
21 and grits. Now it's close to dinner, I'm  
22 hungry and I'm in favor of the second one.

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1 And it's kind of good to see that somebody out  
2 there is recognizing that this is something  
3 that's good for the coastal communities that  
4 are struggling. And why that connection  
5 hasn't been made and acted upon, I don't know.

6 I think that's where my rambling is focused.

7 MR. BILLY: Again, that is a  
8 feature of what we've written and highlighted,  
9 the coastal communities. But maybe a more  
10 proactive step is a right timing to have the  
11 Committee write to the new secretary and the  
12 under-secretary restating our strong support  
13 for this area.

14 MR. JONER: I guess that's where  
15 I'm -- rather than just wait for them to read  
16 something, find something. We send it out.  
17 This is something that needs to continue on.

18 MR. BILLY: We did get a very  
19 positive response from the current Secretary  
20 and he hosted the National Summit and I  
21 thought that did a lot of good and brought  
22 some real focus, and worked with the Hill in a

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1 difficult year trying to pursue the  
2 legislation. So, you know, I think it makes  
3 business sense. So whoever the new secretary  
4 is, as well as the under-secretary, we can  
5 reassert our continuing interest beyond what,  
6 you know, through a letter and refer to the  
7 other document.

8 MR. JONER: I think that's where I  
9 was talking about putting forth.

10 MR. BILLY: Is there support for  
11 that? Is that something that we want to plan  
12 to do?

13 MR. CATES: I think part of the  
14 discussion we might have later about  
15 face-to-face, maybe that would be part of that  
16 package, because I think that needs to happen.

17 I think when that discussion comes up, I'm  
18 assuming we're going to try and do that sooner  
19 than later.

20 MR. BILLY: Okay. All right.  
21 There's one matter of pending business; we're  
22 about at the bewitching hour here, but we have

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1 now a draft of a recommendation to the  
2 Secretary and we're going to put it up on the  
3 screen.

4 So, go ahead.

5 MS. McCARTY: I included the things  
6 that we talked about. There may be other  
7 things that we might want to add at this  
8 point. But I just included the ones we  
9 already talked about. I did not include the  
10 elements that we talked about having to do  
11 with the transition paper, which was a  
12 separate discussion, just to remind you. So  
13 we said a few other things about that which  
14 were not in this motion or any of the other  
15 motions that were accepted by the group.

16 DR. HOLLIDAY: Heather, can anybody  
17 not see it in the back? I can read it out  
18 loud, if that would help, or you can move  
19 forward or --

20 MR. BILLY: I think we can see it.

21 DR. HOLLIDAY: You can see it fine?

22 MR. BILLY: Yes, yes.

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1 DR. HOLLIDAY: Well enough. Okay.  
2 Was it just the five? Yes, there's only five  
3 points.

4 One thing from my notes from  
5 earlier, you had -- I forget whose friendly  
6 amendment it was, but talked about the  
7 Secretary briefing as opposed to just a NOAA  
8 level briefing. So I don't know if that was  
9 intentional or just an omission, but you did  
10 discuss that.

11 MS. McCARTY: Yes, I think I have  
12 that in the first one. Legal, administrative  
13 and the Secretary.

14 MR. DiLERNIA: What does four mean  
15 then, new administration leadership. I  
16 thought that was referring to the Secretary.  
17 To me I interpreted that as the Secretary, or  
18 as close to the Secretary as you could get  
19 without identifying, you know, the NOAA  
20 administrator is specifically cited, and I  
21 agree with that, but I guess four was  
22 referring to the Secretary?

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1 MS. McCARTY: Maybe it was, yes.  
2 Okay.

3 MR. DEWEY: I thought four was  
4 referencing the transition team.

5 MS. McCARTY: It was everybody. It  
6 was all of the above. I could have used that  
7 as a -- the transition team and the new  
8 administration, no matter how high up, as high  
9 up as we could go, really. It could be more  
10 specific.

11 MR. DiLERNIA: It's soft enough  
12 that it gives you a latitude, I guess.

13 MR. BILLY: Okay.

14 MS. McCARTY: If you want to  
15 mention the Secretary specifically, you could  
16 put it in either one of those statements.

17 MR. SCHWAAB: I would just suggest  
18 that we modify No. 4 to speak specifically to  
19 transition, leadership and the incoming  
20 Secretary of Commerce.

21 DR. HOLLIDAY: You're not going to  
22 ask me to publicly type are you?

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1 MS. McCARTY: Now, can you do that  
2 over there?

3 DR. HOLLIDAY: Transition?

4 MS. McCARTY: Yes, that was meant  
5 to refer to the transition element that we  
6 referred to in another place.

7 DR. HOLLIDAY: Erika, what was it  
8 that you --

9 MR. SCHWAAB: I mean, I would sort  
10 of word it as we're seeking, you know,  
11 proactively meetings with transition  
12 leadership and the incoming Secretary of  
13 Commerce with respect to the transition paper.

14 MS. McCARTY: Yes, I was trying not  
15 to mix the two. Talk it about it separately,  
16 but it makes sense to put it together.

17 MR. SCHWAAB: Mix the two, the  
18 transition and the Secretary or the two  
19 documents?

20 MS. McCARTY: The 2020 -- the two  
21 documents. Well, the two issues. The  
22 disposition and the 2020 report and what we

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1 were going to do with that, and then how we  
2 were going to deal with the whole transition  
3 issue. We had two separate discussions. But  
4 I did include the transition one in number 4  
5 because we had talked about using the 2020 for  
6 that discussion as well.

7 MR. BILLY: We used both documents,  
8 in other words.

9 MS. McCARTY: Yes. I believe that  
10 should be a separate one, myself.

11 MR. BILLY: This number 4, you  
12 mean?

13 MS. McCARTY: I do. I believe if  
14 you're going to start talking about ■- because  
15 I think it ought to be a separate motion,  
16 that's all. I think it ought to just be  
17 separate. We ought to say here's what we're  
18 going to do in transition. Here's what we're  
19 going to do with Vision 2020. It's two  
20 different things. I think somebody should  
21 make a motion that says we're going to seek  
22 meetings with transition team leadership and

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1 the new administration.

2 MR. DiLERNIA: Separate from this  
3 motion?

4 MS. McCARTY: Yes.

5 MR. DiLERNIA: So you have to pass  
6 this first.

7 MS. McCARTY: Yes.

8 MR. BILLY: Yes.

9 MR. DiLERNIA: Okay.

10 MS. McCARTY: That's what I think.

11 MR. SCHWAAB: And yet you address  
12 the transition paper in number 4?

13 MS. McCARTY: Yes, I included it  
14 because we said in this discussion that we  
15 were going to also use the 2020 paper when we  
16 talk to the folks in the transition area.  
17 That's why I included that.

18 MR. SCHWAAB: Ah.

19 MS. McCARTY: Because it was one of  
20 the things that we were going to do with the  
21 2020 paper.

22 MR. SCHWAAB: Okay.

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1 MR. BILLY: So is there a --

2 MR. DiLERNIA: Second. She made  
3 the motion. You making the motion, Heather?

4 MS. McCARTY: I make the motion.

5 MR. BILLY: Okay. Seconded. Any  
6 further discussion? All those in favor?

7 ALL: Aye.

8 MR. BILLY: Opposed. Okay.  
9 Thanks.

10 MR. SCHWAAB: Now there's a second  
11 motion, Mr. Chairman.

12 MR. BILLY: Thank you.

13 MR. SCHWAAB: That we proactively  
14 seek meetings with transition leadership and  
15 the incoming Secretary of Commerce to present  
16 the transition paper and the recommendations  
17 on behalf of MAFAC. And I guess I would  
18 invite input from NOAA as to what kind of a  
19 role you think you should play in that.

20 MR. BILLY: Well, why don't we just  
21 say we will meet with them? Proactively seek?

22

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1 MR. SCHWAAB: The second point is  
2 whether it's a MAFAC thing or whether it's a  
3 joint MAFAC and NOAA thing. That's the only  
4 thing I'm uncertain about.

5 MR. BILLY: Go ahead.

6 MR. RAUCH: This is the Secretary's  
7 committee. I certainly think it's perfectly  
8 appropriate for this Committee to seek a  
9 hearing with the Secretary.

10 MR. SCHWAAB: Okay.

11 MR. RAUCH: We can facilitate that.  
12 It becomes awkward if you direct us to do  
13 things in transition. But facilitating your  
14 meeting with the Secretary because you're the  
15 Secretary's own committee, I think that's  
16 perfectly appropriate.

17 MR. SCHWAAB: And then is there an  
18 objection if we sought a meeting with the  
19 transition leadership?

20 MR. RAUCH: They are  
21 representatives of the new Secretary.

22 MR. SCHWAAB: Okay. So we'd just

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1 leave it as MAFAC seeking those --

2 MR. RAUCH: Right. And we can  
3 facilitate that.

4 MR. SCHWAAB: Okay.

5 MR. RAFTICAN: Second.

6 MR. BILLY: Okay. Does someone  
7 have this down?

8 Does everyone understand what we're  
9 considering?

10 MS. McCARTY: Yes.

11 MR. BILLY: Okay. All right. All  
12 those in favor?

13 ALL: Aye.

14 MR. BILLY: Opposed? Okay.

15 MR. JONER: Mr. Chairman, I have a  
16 question. Are we going to talk about how  
17 these things will be coordinated? Who's going  
18 to go? Or this just something on an ad hoc  
19 when the chance arises. Do you want to wait,  
20 or how do you do this? Do we say we're going  
21 to have a team ready to go, or that a date  
22 comes and we send out an email and find out

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1 who's available?

2 MR. BILLY: Yes, well --

3 MR. JONER: For example, even more  
4 specifically, the meeting with the Councils?  
5 Are all the Councils covered here? So I guess  
6 if you're in a Council's territory, you --

7 MR. DiLERNIA: The original  
8 thinking, and I'd just offer that, I'm not  
9 saying that this how we should go, but the  
10 original thinking was when we first were going  
11 to shop around the document that individual  
12 members of MAFAC would make presentation to  
13 their individual Regional Fishery Management  
14 Councils regarding the document. And that was  
15 the plan, but then there wasn't enough budget  
16 to support the plan and there seemed to be  
17 some resistance on the part of some members  
18 regarding reporting within their own region.  
19 And so that plan was abandoned and defaulted  
20 to we'll send it to the Councils and we'll  
21 distribute it and if they ask for -- or, you  
22 know, we can go and see them. But I think

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1 what Steve is recommending is a good idea, you  
2 know, that the Councils receive a briefing and  
3 that it should be done by -- I mean, we all  
4 know our individual regions and Councils.

5 MR. JONER: You know, Dorothy and I  
6 could cover the Pacific. Randy's alone. I  
7 can go help him, you know?

8 MR. BILLY: Mark? How about you  
9 and I follow up on this and circulate an email  
10 that will provide an opportunity for the  
11 members of this Committee to volunteer to make  
12 the presentations? If we find we've got a  
13 gap, we'll figure out how to deal with it and  
14 cover that part of it. And in terms of how  
15 the rest of it's going to happen, I think in  
16 talking to Jim earlier, we've got to keep it a  
17 little ad hoc right now, because we don't know  
18 when all this is going to start to  
19 crystallize. So, our intentions are clear.  
20 We're going to have to rely on the NOAA  
21 Fishery leadership to coordinate with us and  
22 we'll let you know when and what was the --

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1 you know, I'm not sure from what I heard  
2 earlier there's going to be money to travel  
3 people, but maybe some of you will be coming  
4 here for something else. You know, we just  
5 figure that out when the time comes.

6 DR. HOLLIDAY: We did not discuss  
7 whether there were funds or not. There was a  
8 question asked by Randy if funds would be  
9 available for somebody to come and brief  
10 somebody and I said, an individual, I didn't  
11 think that would be a problem. If you're  
12 talking about 21 members of the Committee  
13 coming to do something, that's another [full]  
14 meeting. No. But I didn't say that we  
15 couldn't support anything because of financial  
16 reasons.

17 MR. BILLY: Oh, okay. Sorry, I  
18 just misunderstood.

19 MR. DiLERNIA: The original, we  
20 didn't want this going on the road.

21 MR. CATES: I have a question for  
22 the Committee, and that is if we're talking

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1 about briefing potentially the new secretary,  
2 or whoever will accept, in light of this  
3 morning's discussion on the budget problems, I  
4 had asked maybe we need to try and get a brief  
5 with Senator Inouye, who I think would be  
6 highly important. I think I can make that  
7 meeting happen, and I would see that as a one  
8 or two-person representative from MAFAC doing  
9 that at the same time, try and get the  
10 Secretary of Commerce and the Senator and say,  
11 look, we're facing a problem here that's going  
12 to cost taxpayers some money. If we don't  
13 implement some of the things that we talked  
14 about, we're going to get sued. That's going  
15 to cost taxpayers.

16 MR. BILLY: And impact local  
17 communities and further exacerbate the trade  
18 deficit.

19 MR. CATES: So if the Committee,  
20 if we decide we want to do that, let me know  
21 and I'll try and make that happen, but then if  
22 we're going to be on that schedule. And then

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1 the question is --

2 MR. BILLY: Jim?

3 MR. GILMORE: Sam, are we allowed  
4 to lobby Congress?

5 MR. RAUCH: Not as a group.

6 MR. GILMORE: As members as MAFAC?

7 MR. BILLY: Not as a group.

8 MR. RAUCH: Individually, you  
9 certainly are.

10 MR. GILMORE: Thank you. Well,  
11 briefing is not --

12 MR. RAUCH: Certainly if Congress  
13 requests a discussion on Vision 2020, I think  
14 it would be appropriate for NOAA to bring a  
15 member of MAFAC to discuss that. It's very  
16 conceivable that that could happen. I would  
17 be cautious about lobbying for money as a  
18 group, but as an individual. Even as a group,  
19 you could recommend that more money be  
20 appropriated. But you're right making the  
21 recommendation to the Secretary.

22 MR. REISNER: To the degree that

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1 MAFAC goes -- I think either you as a  
2 representative or the Secretary has to say  
3 "Yes, that's a good idea or not." And so it  
4 might go to the Secretary's advisory committee  
5 and not an independent advisory committee.

6 MR. CATES: Yes, we need to be  
7 clear on this.

8 MR. RAUCH: Well, it's a lot easier  
9 if Congress asks us, which is normally what --  
10 you know, I assume that's what would happen  
11 here.

12 MR. DiLERNIA: And Inouye's going  
13 to write you a letter. Inouye's going to  
14 write a letter for us.

15 MR. RAUCH: That's what I'm  
16 assuming would happen and then I think it  
17 would be appropriate for the Secretary to  
18 decide that the deliberations of MAFAC be  
19 shared with Congress.

20 MR. CATES: I can make that --

21 MR. DiLERNIA: Write the letter.

22 MR. BILLY: Okay. Any other

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1 business?

2 Mark, anything else?

3

4 DR. HOLLIDAY: 8:30 tomorrow?

5 MR. BILLY: 8:30 start time. Okay?

6 Thank you all very much. You worked hard

7 today.

8 (Whereupon, the above-entitled

9 matter was adjourned at 4:57 p.m., to

10 reconvene Friday, November 14, 2008 at 8:30

11 a.m.)

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