



UNITED STATES DEPARTMENT OF COMMERCE  
National Oceanic and Atmospheric Administration  
National Marine Fisheries Service  
P.O. Box 21668  
Juneau, Alaska 99802-1668

B-5

December 11, 1996

Richard Lauber, Chairman  
North Pacific Fishery Management Council  
605 West 4th Avenue, Suite 306  
Anchorage, Alaska 99501-2252

### COUNCIL REPORT -- NMFS/RAM DIVISION

- Status of Vessel Moratorium Program
- Halibut/Sablefish IFQ Program; 1996 Season

Dear Chairman Lauber and Council Members:

This report will bring you and the Council up-to-date on implementation activities associated with the two limited access programs identified above. If, after reviewing this information, you still have questions, please let me know.

### VESSEL MORATORIUM PROGRAM

Issuance of Vessel Moratorium Qualifications (VMQs) to current owners of qualifying vessels, and Vessel Moratorium Permits (VMPs) with respect to those qualifying vessels, began last spring. Implementation of the program (which was somewhat delayed due to the government shut-down and other unavoidable circumstances) required establishing a database (the "Official NMFS Moratorium Record") that contained the names, fishing history (area, species and gear), and characteristics (Length Overall) of each qualifying vessel.

Applications for VMQs and VMPs from the vessels' current owners are matched against the Official Record; if the claims on the applications are supported with that information, the requested VMQ (and, if applied for, the VMP) is issued. If the claim is not supported, the applicant receives an Initial Administrative Determination (IAD) from the RAM Division. Included with the IAD is an interim, non-transferable VMQ/VMP, which allows the applicant to deploy a vessel while additional work on the application, including formal adjudication, is completed. Although interim VMPs allow the vessel to fish, they are not transferable.

By its terms, each IAD provides the applicant with 60 days, during which time they may either submit additional evidence to the RAM Division (thereby seeking reconsideration of the IAD), or simply appeal the IAD to the Office of Administrative Appeals. Failure to do either results in the revocation of the interim VMQ/VMP and (in most cases) issuance of VMQs and VMPs in accordance with the Official Record.



The tables below display the status of applications received for the Moratorium program (as of November 30, 1996):

Vessel Moratorium Qualifications Issued:	1,835
Interim Vessel Moratorium Qualifications Issued:	<u>106</u>
<b>Total Moratorium Qualifications:</b>	<b>1,941</b>

By the terms of the regulations, VMQs (but not interim VMQs) are transferable.

Vessel Moratorium Permits Issued:	1,790
Interim Vessel Moratorium Permits Issued:	<u>106</u>
<b>Total Moratorium Permits</b>	<b>1,896</b>

Initial Administrative Determinations issued, and appeals therefrom, are displayed below:

IADs (Denials of all or Part of a Claim):	500
IADs Appealed to Office of Admin. Appeals:	74

The majority of IADs appealed to the Office of Administrative Appeals resulted from an IAD that denied only part of an applicant's claims (i.e., the application was otherwise approved, but the Division could not verify a specific gear/species combination, vessel length, etc.). Reasons for appeals are set out below:

Species and gear endorsements:	20
Vessel Length Overall:	18
Vessel Ownership (qualification of applicant):	8
Vessel Qualification:	17
Multiple claims:	11

Of the 74 appeals from IADs, 3 have been settled or dismissed; the remainder (71) are pending final determinations (as noted above, during the pendency of the administrative adjudication process, interim VMQs and VMPs remain in effect -- fishing activity is not interrupted).

As reported in September, there is no application deadline for the Moratorium program. As a result, it is unknown how many VMQs/VMPs may eventually be issued by the Division; however, because fewer than 1 dozen have been issued since September, we feel fairly confident that the vast majority of those who either need or want such permits have already made their claims.

## HALIBUT/SABLEFISH INDIVIDUAL FISHING QUOTA (IFQ) PROGRAM

The second year of fishing under the halibut and sablefish IFQ program concluded on November 15. Below, we discuss the program from a variety of perspectives, including 1996 season start-up problems, 1996 fishing activity, QS/IFQ transfer activity, status of IFQ appeals, the status of public contact with the Division, Magnuson-Stevens Act amendments effecting the IFQ program, and plans for the 1997 IFQ season.

### The 1996 IFQ Season -- Start-Up Problems

As reported at the April and September Council meetings, the RAM Division encountered a number of difficulties at the beginning of the year. Computer programming issues, greatly complicated by the calculation and allocation of 1995 overages and underages, had the staff scrambling for most of the month of February, and the first two weeks of March.

Another early problem was the continuing failure of the electronic Transaction Terminals, used to make IFQ landings; however, a major inter-Divisional effort by the Alaska Region appears to have effectively addressed that problem, as discussed below.

### 1996 IFQ Fishing

In spite of the start-up problems, fishing during the 1996 season went smoothly, and a much higher percentage of the available 1996 IFQ TACs were harvested. At the conclusion of the season on November 15, only 5% of the state-wide halibut IFQ TAC remained to be harvested, and only 6% of the state-wide sablefish IFQ TAC remained to be harvested [as of last year, the remaining statewide halibut IFQ TAC amounted to 13%, while the remaining statewide sablefish IFQ TAC amounted to 10%]. Note that these numbers do not include CDQ allocations.

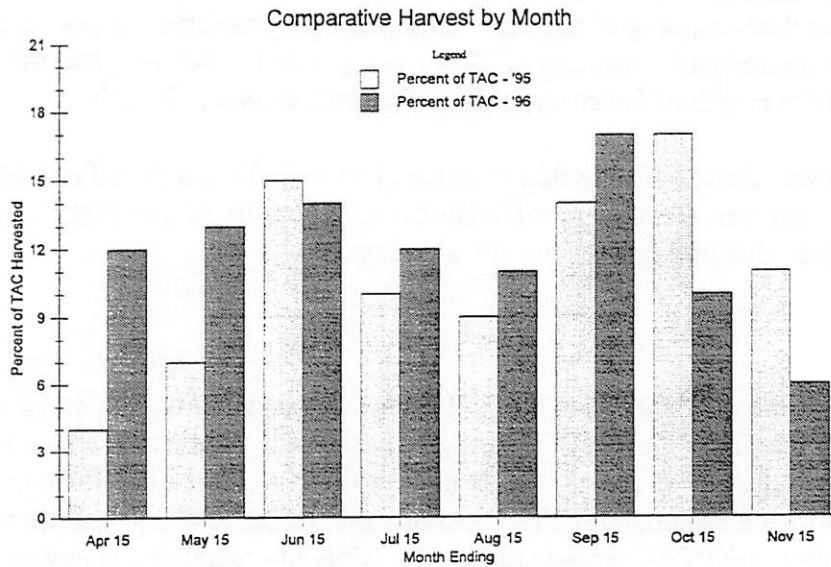
By area, the remaining 1996 halibut IFQ TACs ranged from 3% (634,400 pounds) in area 3A to 23% (88,500 pounds) in area 3B. Remaining sablefish TACs show somewhat greater variation, ranging from only 3% (350,500 pounds) in the Central Gulf to 27% (266,000 pounds) in the Bering Sea.

One significant change from 1995 is the rate at which the IFQ TAC was harvested. This is particularly true in the halibut fishery, in which a much larger percent was harvested much earlier than 1995. Overall, the variations in percent of harvest by month were similar to last year's (June, September, and October of both years were the three months with the greatest halibut harvest, while April, May, and June were the "top three" months for sablefish). The big difference, however, is the amount of halibut that was landed during the first two months of both years -- by May 15, 1996, fully 23% of the IFQ TAC had been harvested, as against 11% during those two months in 1995. The graphs (overleaf) display these phenomena in greater detail.

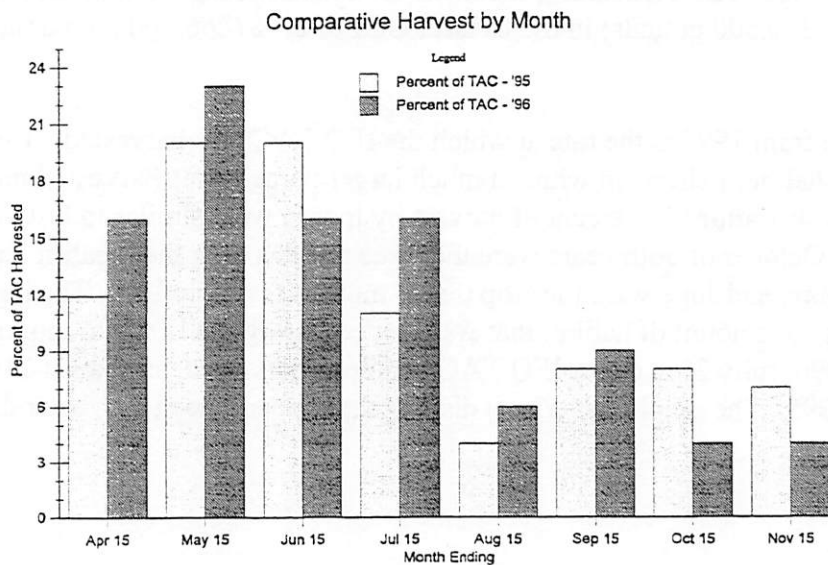
## Comparative Monthly Harvest (as % of TAC) -- 1995 v. 1996 IFQ Seasons

The graphs below compare the rates of IFQ harvest (displayed as the percentage of the TAC, by month, for both the halibut and sablefish IFQ fisheries), during 1995 and 1996. They **do not** include either the TAC or the harvest rates for the CDQ fisheries.

### Halibut IFQ Fishery



### Sablefish IFQ Fishery



## 1996 IFQ Fishing -- Ports of Landing

The following tables show the "Top Five" ports of landing for IFQ halibut and sablefish during the 1996 season, as well as landings in all ports outside of Alaska. They also show the percent of landings in each port during 1995.

### Halibut Landings by "Top Five" Ports, as of 11/30/96

<u>Port</u>	<u>Vessel Landings</u>	<u>Pounds Landed</u>	<u>1996 Percent</u>	<u>1995 Percent</u>
Kodiak	865	7,170,941	20.2	19.2
Homer	763	3,943,651	11.1	6.8
Seward	435	3,201,294	9.0	10.1
Dutch Hbr/Unalaska	301	2,897,170	8.2	10.5
Sitka	1,027	2,825,565	7.9	9.8
Total "Outside"	205	3,875,345	10.9	9.0

### Sablefish Landings by "Top Five" Ports, as of 11/30/96

<u>Port</u>	<u>Vessel Landings</u>	<u>Pounds Landed</u>	<u>1996 Percent</u>	<u>1995 Percent</u>
Seward	384	7,881,643	23.7	25.1
Sitka	453	4,888,448	14.7	14.8
Kodiak	285	3,827,924	11.5	10.9
Dutch Hbr/Unalaska	233	3,713,124	11.2	11.4
Petersburg	97	1,701,031	5.1	4.2
Total "Outside"	88	1,938,303	5.8	3.8

#### Notes to Tables:

1. "Vessel Landings" include the number of landings by participating vessels reported by IFQ regulatory area. Each such landing may include harvests from more than one IFQ holder.
2. Halibut weights are reported in net (headed and gutted) pounds; sablefish weights are reported in round pounds.
3. Landings at different harbors in the same general location (e.g., Juneau, Douglas, and Auke Bay) have been combined to report landings to the main port (e.g., "Juneau").
4. Data are derived from initial data entry procedures and are preliminary; future review and editing may result in changes being made.

## 1996 IFQ Fishing -- Registered Buyers and Transaction Terminals

Registered Buyer Permits (RBPs) are issued annually by the RAM Division. During 1996, the Division issued 862 permits, but well under one-half (338) of those Registered Buyers actually reported landings of halibut or sablefish. These data are similar to last year's, when there were far more RBPs than Registered Buyers with recorded landings. To this point, there is no clear explanation for this; however, because the RBP application process is simple, and the permits are free, it could be that a number of persons get the permit to have available "just in case" it may be needed (in particular, this observation applies to individual "catcher-seller" fishermen).

Landings of IFQ halibut and sablefish must be made using electronic Transaction Terminals (supplied and programmed by NMFS). As noted above, the opening of the 1996 season saw almost universal failure of the devices, in spite of efforts between the end of 1995 and the beginning of the 1996 season to correct the problems. In response, Regional Administrator Steve Pennoyer appointed an inter-Divisional team of information management specialists to find out what was wrong, and to implement a solution.

After several weeks, it was determined that the terminals needed to be re-programmed. Over the late spring and early summer a major effort to reprogram and redeploy the transaction terminals was undertaken. As a result, 244 (out of a total of 364) terminals were "up-graded" to Version 3.1 software, and returned to the Registered Buyers for use. Most of the reprogramming was completed by early June, but still, not all terminals worked; because of chronic communications failures in a few remote locations (Atka, Tununak, etc.), some of the Terminals were never used.

By the end of the season, a total of 115 of the Terminals had been used for reporting landings. After the reprogramming effort, more than 75% of all IFQ/CDQ landings were being made with the transaction terminals. The following table displays Terminal use throughout 1996, inclusive of the early part of the season:

Total halibut/sablefish landings:	10,251
Total landings using Terminals:	6,659
Percent of landings using Terminals:	55%

As the region moves toward Electronic Reporting of landings in all fisheries, steps are being taken to insure to incorporate the landings data needed for the IFQ program. There is a possibility that landings in the future will be recorded using a PC-based system, rather than Transaction Terminals. Also, additional data may be collected from each landing (such as log book information, ex-vessel price, etc.); however, those changes are not expected to occur during the 1997 season.

## Hired Skippers and Vessel Ownership Information

Throughout the 1996 IFQ season, the RAM Division issued 390 "Hired Skipper" IFQ Permit Cards to persons who were not QS holders but who were designated by one or more QS holder(s) to fish their IFQ. The privilege of hiring a skipper is restricted to those holding processor shares (Vessel Category "A" QS) and to initial issues of catcher vessel QS, who may hire a skipper to

fish their IFQ, but only if they own the vessel upon which the fishing is to occur (an exception to this rule is individuals holding QS in the SE and 2C IFQ regulatory areas; in those areas, the privilege of hiring a skipper is restricted to initial issuees who are partnerships or corporations). As they currently function, the hired skipper regulations provide a way for a catcher vessel QS holder to "lease" his or her QS/IFQ; i.e., to gain benefit from the QS without actively participating in the fishery.

To insure that this privilege is not abused, the Division seeks evidence that the QS holder "owns" the vessel upon which the designated hired skipper is to fish (and imprints the vessel ADF&G number on the hired skipper card); as a result, we can report that hired skippers were deployed on 258 different catcher vessels.

It is not clear, however, that Council intent with respect to the vessel "ownership" requirement is being implemented. As the following table displays, over one-half (139) of the vessels identified by QS holders as the vessel that was to be used by a hired skipper were vessels in which the QS holder held less than a 50% ownership interest, and for 91 of those 139, the QS holder held 1% or less ownership interest in the vessel.

<b>Total Vessels:</b>	<b>258</b>
< 50 Ownership %:	139
(0 - 1 Ownership % = 91)	
> 50 Ownership %:	85
Unknown Ownership %:	34

As the Division is required to interpret "owns the vessel" (upon which a hired skipper is to fish) as the equivalent of "holding an ownership interest in the vessel," rule-making will be required to more coherently implement Council intent with respect to the leasing restrictions.

#### 1996 Underharvest and Overharvest

A preliminary analysis of 1996 landings data shows that the number of IFQ permits on which underfishing was recorded was much greater than those on which overfishing was recorded. The following tables display, by species and area, the estimated over/under fishing during 1996:

<u>Halibut</u> <u>Reg. Area</u>	<u>Permits</u>		<u>Pounds</u>		<u>Pounds</u> <u>Difference</u>
	<u>Under</u>	<u>Over</u>	<u>Under</u>	<u>Over</u>	
2C	1,452	344	685,967	(70,279)	615,688
3A	1,853	515	1,130,281	(181,702)	948,579
3B	571	206	266,917	(81,288)	185,629
4A	322	103	215,627	(5,287)	210,340
4B	113	22	327,033	(22,480)	304,553
4C	64	16	106,428	(6,372)	100,056
4D	50	18	78,319	(9,998)	68,321
<b>Totals</b>	<b>4,425</b>	<b>1,224</b>	<b>2,810,572</b>	<b>(377,406)</b>	<b>2,433,166</b>

<b>Sablefish Reg. Area</b>	<b>Permits</b>		<b>Pounds</b>		<b>Pounds Difference</b>
	<b>Under</b>	<b>Over</b>	<b>Under</b>	<b>Over</b>	
AI	110	15	581,454	(17,906)	563,548
BS	119	17	371,292	(6,719)	364,573
CG	376	198	392,551	(139,699)	252,852
WG	150	51	238,936	(75,327)	163,609
WY	229	123	156,956	(98,023)	58,933
SE	<u>380</u>	<u>176</u>	<u>244,834</u>	<u>(101,607)</u>	<u>143,227</u>
<b>Totals</b>	<b>1,364</b>	<b>580</b>	<b>1,986,023</b>	<b>(439,281)</b>	<b>1,546,742</b>

**Notes to Tables:**

1. These data are preliminary and may not result in like numbers being added to (in the case of "underages") or subtracted from (in the case of "overages") IFQ permits during the 1997 season.
2. As used in these tables, the term "permits" means the total number of combined area/species/vessel category IFQ harvest privileges that were issued at the beginning of the 1996 season; it does not include replacements of permits (because of lost or stolen documents), reissuance of permits due to transfers, etc.
3. Subtracting the "difference" above from the TACs for the various areas will not necessarily yield reliable data on the total pounds harvested by area; in most areas, small amounts (<2%) of total IFQ pounds were withheld from issuance, as a result of pending appeals, restricted QS held by persons not eligible to receive IFQ, IRS "holds" on issuance, etc.
4. There is no IFQ fishing in halibut regulatory area 4E; in that area, 100% of the TAC is allocated to the CDQ fishery.

**Unfished 1996 IFQ Permits**

As was the experience during 1995, not all who held IFQ fished it during the season. In fact, almost 80% (79.9% of halibut and 77.5% of sablefish) of the permits with less than 1,000 pounds were unfished during 1996. As the following table displays, the percentage of permits that were fished rose dramatically as the size of the permit increased.

<b>Species Unfished</b>	<b>[-Percent of Permits Unfished (by pounds displayed on Permits)-]</b>			
	<b><u>0 - 1,000</u></b>	<b><u>1,001 - 4,999</u></b>	<b><u>5,000 - 9,999</u></b>	<b><u>&gt; 10,000 Pounds</u></b>
Halibut	79.9%	20.5%	2.9%	0.2%
Sablefish	77.5%	27.4%	9.2%	1.2%

It was this phenomenon that caused the Council to propose a change to the "sweep-up" rules (so that very small blocks of halibut QS could be "swept up" (i.e., combined) until they formed a new block that would be equal to, or less than, 3,000 pounds of halibut and 5,000 pounds of sablefish (based on 1996 TACs and Quota Share Pools). It is anticipated that this new rule will be in effect in early 1997. The result should be accelerated consolidation of these very small blocks -- and a higher percentage of IFQ permits being fished during 1997.



## Transfer of QS and IFQ

As of November 30, 1996, the RAM Division had completed processing a total of 3,584 transactions involving the transfer of QS [by permanent QS transfer, by transfer of IFQ only (lease), or by "sweep-up"]. By far the largest number of permanent QS transfers have been for the halibut fishery (2,552 halibut QS transfers v. 697 sablefish QS transfers), while the opposite is true of transfers of IFQ only (127 sablefish v. 82 halibut).

Transfer rates have remained relatively constant between 1995 and 1996, as shown below:

	<u>Halibut</u>	<u>Sablefish</u>
1995 Permanent QS Transfers	1,217	352
1996 Permanent QS Transfers	1,335	345
1995 Leases (IFQ-only Transfers):	31	76
1996 Leases (IFQ-only Transfers):	61	51
1995 Sweep-Ups:	31	15
1996 Sweep-Ups:	<u>51</u>	<u>19</u>
<b>Total Transfers ('95 + '96):</b>	<b>2,726</b>	<b>858</b>

In the halibut fishery, 385 permanent QS transfers to Alaskans from non-Alaskans, and 354 permanent QS transfers from Alaskans to non-Alaskans, yielded a net gain of QS to Alaskans in the amount of 5,179,220 units. Transfer of halibut IFQ only (leases) during both the 1995 and 1996 seasons resulted in IFQ derived from an additional 1,940,709 units of QS being transferred to Alaskans.

In the sablefish fishery, 121 permanent transfers to Alaskans from non-Alaskans, and 87 permanent transfers from Alaskans to non-Alaskans, yielded a net gain of QS to Alaskans in the amount of 6,776,082 units. Transfer of sablefish IFQ only (leases) during both the 1995 and 1996 seasons resulted in IFQ derived from an additional 7,440,502 units of sablefish QS being transferred to Alaskans.

**Note:** The designation of a person as an "Alaskan" or a "non-Alaskan" is premised upon the addresses provided by the parties; the RAM Division makes no attempt to verify a person's legal residence.

As displayed above, through November 30, 1996, there have been 82 sweep-ups of very small blocks of halibut QS and 34 sweep-ups of sablefish QS. The rate of QS consolidation by sweep-up is expected to increase when the new rule raising the sweep-up limits becomes operational.

## New Entrants to the Fisheries

A feature of the IFQ program is that only those who received QS by initial issuance and those individuals who qualify as "IFQ Crew Members" (by demonstrating that they have served at least 150 days on the harvesting crew in any U.S. fishery) may receive unrestricted Catcher Vessel QS/IFQ (i.e., Catcher Vessel QS that yields IFQ) by transfer. Those who have gained the status

of eligibility to receive QS and IFQ by transfer are issued Transfer Eligibility Certificates (TECs).

As of November 30, 1996, the RAM Division had processed 1,297 applications for TECs from individuals who did not receive QS by initial issuance. Of the TECs issued, 984 (75.9%) were issued to Alaskans, while 313 (24.1%) were issued to non-Alaskans. Of those who received TECs, 605 [of whom 463 (76.5%) were Alaskans and 142 (23.5%) were non-Alaskans] actually received QS by transfer for the first time. The following table displays the total QS units received by these individuals.

	<u>Units of Halibut QS</u>	<u>Units of Sablefish QS</u>
<b>Alaskans</b>	22,034,692	3,595,974
<b>non-Alaskans</b>	7,079,763	3,167,227

**Note:** The designation of a person as an "Alaskan" or a "non-Alaskan" is premised upon the addresses provided by the parties; the RAM Division makes no attempt to verify a person's legal residence.

#### Liens Filed Against QS

At the request of the industry, and in anticipation of the possibility of a future Congressional mandate, the Division has been "informally" recording liens against QS. Although such "unofficial" liens are not exclusive, they do serve to provide some measure of security for lenders and other creditors.

As of November 30, 1996, the Division had recorded 848 liens against QS. The following table displays the number of such liens by type of lienholder and the total number of QS units against which the liens are recorded.

<u>Lienholder</u>	<u>Liens</u>	<u>QS Units</u>
State of AK Loan Program	78	5,304,525
CFAB	99	9,628,430
Private Banks & Farm Credit	405	44,601,090
Processors	33	2,935,294
Individual Lenders	108	4,528,266
CDQ Group(s)	35	310,614
Child Support Enforcement	42	879,022
Internal Revenue Service	48	<u>942,813</u>
<b>Total of Liens &amp; QS Units</b>	<b>848</b>	<b>69,130,054</b>

A new provision in the Magnuson/Stevens Fishery Conservation and Management Act requires NMFS to establish a "centralized" and "exclusive" lien registry system for all Limited Access Permits issued under the Act. As a practical matter, this will affect the Alaska Region and the IFQ program far more than any other region. Steps are now being taken to implement the registry requirement by the statutory deadline of April 11, 1997.

## Status of Appeals of Initial Administrative Determinations

From late 1994 through the end of November, 1996, the RAM Division issued approximately 1,700 Initial Administrative Determination (IADs) on applications for QS. Each IAD represented a denial, in whole or in part, of an applicant's claims before the Division. As of November 30, 1996, only 168 appeals (< 10%) of those IADs had been lodged with the Office of Administrative Appeals.

As to the disposition of those appeals, the Office of Administrative Appeals reports as follows:

### **Summary of IFQ Appeals by Activity:**

Appeals settled or otherwise dismissed:	22
Final Decisions published:	64
Decisions Drafted (unpublished):	38
Appeals Pending:	44
New Appeals (not accepted/not included)	2

### **Nature of IFQ Appeals (by Category of Denial):**

Basic Eligibility for QS:	47
Ownership/Lease Conflict:	38
Untimely Applications:	34
Additional Qualifying Pounds:	20
Successor-in-Interest:	13
Vessel Category Determination:	7
Legal Arguments:	5
Miscellaneous:	7

### **Other Actions:**

Decisions on Reconsideration:	4
Reconsiderations Pending:	6
Reconsiderations Denied:	2
Final Determinations Appealed to the District Court:	6

### **Reasons of Appeals to the U.S. District Court:**

Ownership/Lease Conflict	4
Untimely Application	1
Successor-in-Interest	1

## Public and Industry Contact

At the outset of IFQ program implementation, the Division committed to being as responsive as practicable to the industry and to the public. Although the sheer volume of communications has sometimes been overwhelming (during FY96, we received over 27,000 calls on the "800" number), those efforts have generally been well-received by the public.

During 1996, the Division has undertaken direct communications with the industry in the following ways:

- Publication and distribution of *The 1996 IFQ Season - A Report to the Fleet*, a document distributed to all IFQ holders and Registered Buyers when the 1996 IFQ permits and cards were distributed;
- Attendance at workshops in Kodiak and Sitka, discussing the known data on changes to the distribution of harvest privileges under the IFQ program;
- Staffing booths at Fish Expos in Kodiak and Seattle;
- Extensive use of the print and broadcast media to provide information on program changes;
- Preparation and distribution of an updated *Report to the Fleet* in mid-July, in which season activities and pending regulatory changes were discussed;
- Preparation and distribution of a *Special Notice* to all catcher-vessel QS holders, explaining the changes resulting from final approval of the "Buy-Up/Fish-Down" amendment;
- Continued publication and distribution (via the NMFS Bulletin Board, the Alaska Region's Internet Home Page, and facsimile) of weekly reports on allocations and harvest of IFQ/CDQ halibut and sablefish, ports of landing, and transfers of QS/IFQ;
- Preparation and distribution of periodic reports to the Council;
- Producing custom reports from program data; and,
- Receiving, and responding to, over 2,500 telephone calls/month.

Suggestions for improving on these efforts are always welcome.

#### IFQ Research

At your Sitka meeting, the Council received a comprehensive report on the variety of research projects that were undertaken to measure the performance of the IFQ program through the end of 1995. To insure that a solid base for IFQ research is maintained, we have solicited another proposal from the State Commercial Fisheries Entry Commission to update its report on the distributional effects of the program through the end of 1996.

#### Magnuson-Stevens Act Amendments

Some of the recent amendments to the Magnuson-Stevens Act will directly affect the IFQ program. Those with the largest potential for direct program impact during 1997 include:

- Lien Registry. As noted above, the Act requires that a Lien Registry be established by no later than April 11, 1997, and work to accomplish that is currently under way.
- IFQ/CDQ Fees. Under the Act, NMFS must collect annual fees of up to 3% of the *ex-vessel* value of IFQ and CDQ landings. The mechanism for implementing this requirement is under discussion, but no decisions have yet been made.
- IFQ Research. The National Academy of Sciences (NAS) is directed to conduct a comprehensive study of IFQ programs, and to provide their findings and recommendations to the Congress by January 1, 1998. To our knowledge, this effort has not yet begun; however, we expect to be fully engaged in providing information to the study team.

### 1997 Season - Changes

The Fish Management Division is reporting on the status of regulatory amendments that effect the IFQ program. As a result of these program changes, some adjustments to program administration during 1997 are indicated. Among the changes we anticipate are:

- Full implementation of the "Fishdown" amendment. This will result in changes to the face of the 1997 IFQ permits (in addition to vessel category upon which the IFQ may be fished, the permit will display the maximum length-overall of the vessel).
- Implementation of the new "sweep-up" limits. As mentioned above, we anticipate that this amendment will result in greater consolidation of small blocks of QS (and, consequently, a much higher percentage of IFQ permits being fished during 1997).
- Implementation of the new (higher) Area 4 halibut "Use Caps."
- Full implementation of the changes to the landing requirements (owner-on-board requirement and changes to the shipment reports), as well as continuing improvements to the Transaction Terminal reporting system.
- A variety of smaller changes.

To fully inform the fleet of the the status of the IFQ program, and changes to it, we plan to produce another "booklet" of information for distribution to the industry in February (when the 1997 IFQ permits and cards are mailed out).

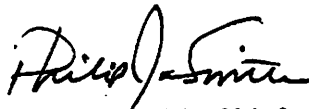
### Conclusion

Notwithstanding the controversy it has engendered, the halibut/sablefish IFQ program continues to perform as anticipated by the Council. The 1996 season ran smoothly -- most of the TAC was harvested, QS transfers (including leases) were processed, cards were issued, etc. Anecdotal information available to the Division (and reported in the press) indicates that in *ex-vessel* and wholesale product prices, product quality, and safety in these fisheries was improving, and that

the other goals of the program were being realized. As amendments and other steps to "fine tune" the program are made, we will work with the fleet to insure that they are expeditiously and effectively implemented.

Finally, this reports is only a summary of the steps taken during 1996 to implement and manage the many elements of the IFQ program. If I've left anything out, or if you have questions about anything herein, please let me know.

Sincerely,



Philip J. Smith, Chief  
Restricted Access  
Management (RAM) Division

TO: IFQ Industry Implementation Team

FROM: Mike Sigler

RE: Sablefish Longline Survey

DATE: October 9, 1996

During 1995 and 1996, NMFS asked the fishing fleet to voluntarily avoid encounters with the annual sablefish survey. Targeting on survey stations during or shortly before survey operations may result in underestimated survey catch rates and lower quotas. Information describing our experience with voluntary closure areas was sent to you earlier. The purpose of this memo is to provide information on the possible size and length of closure areas so that the IFQ Implementation Team can consider whether they want to recommend regulatory closure areas.

Closure area size ranged from 90 - 180 nautical miles of coastline length (average 130 nautical miles. Closure length ranged from 13 - 22 days (average 16 days). The closure length allows for a 7 day "rest" period prior to surveying. For example, the eastern and western halves of the Western Gulf would close in overlapping periods of 13 and 14 days:

1997 Sablefish Longline Surveys -- Areas and Tentative Dates

<u>Area</u>	<u>Position</u>	<u>Dates</u>
Western Gulf	170 00'W - 164 00'W	May 30 - Jun 12
Western Gulf	164 00'W - 159 00'W	Jun 5 - 18

The purpose of dividing the Western Gulf into two areas is to leave some area open. The entire Western Gulf would be closed for one week when the periods overlap.

Regulatory closure areas, if they are all gear, will also affect the July rockfish trawl fishery based on patterns from 1995 and 1996. We have discussed the voluntary closure areas in 1995 and 1996 with both longline and trawl groups. If the IFQ Implementation Committee feels regulatory closures are necessary, I suggest that the trawl groups be contacted and brought into the discussion.

## 1996 Longline Survey / fishery interactions

### Survey Schedule

The fishery encounters which occurred *in 1995* were rockfish trawlers in the central Gulf in the first half of July and longliners near Cape Spencer after mid-August. The 1996 schedule was adjusted to reduce these encounters. The survey reached the mid-point of the Central area by July 1, leaving the western half of the Central area available to trawlers after the July 1 opening. The survey did not reach the eastern Gulf of Alaska until July 18. In 1995 the eastern area had closed on July 9, but in 1996, the fishing continued through July. The survey reached Sitka by August 11 so the area north of Sitka would be available for troller/longliners to fish during the mid-August troll closure without affecting the survey in 1996 .

### Fishery Occurrences

Commercial fishing also was observed nearby survey stations in 1996 (Figure 1). Some observations were from the survey vessel. Other observations were from the observer database. An observation was classified as an encounter if the observation was within 1 nautical mile and one week prior to sampling a survey station. Note that coverage of fishing activity is incomplete because the observer records only haulback position, not all fishing vessels carry an observer, and observations from the survey vessel are restricted by radar range. Freezer longliners were encountered in the Aleutian Islands region and Western area, catcher longliners in the Aleutian, Western, Central, and Southeastern areas, and trawlers near Portlock Bank.

The encounters with freezer longliners (4 vessels) this year was new and may be due to the earlier survey schedule. These freezer longliners had apparently recently finished their turbot season and were taking ITQ sablefish. It is not clear if our efforts to inform fishermen of the need to avoid the survey has reached this segment of the industry.

There was one encounter with a (catcher) longliner in the Aleutians, two encounters with longliners in the Western Gulf near the Shumagins, and two encounters in the Central Gulf near Kodiak.

The encounters with trawlers in the Central Gulf that occurred in 1995 seemed to have been reduced due to the schedule change and industry cooperation. However, considerable trawl activity (8 vessels) occurred in 1996 in two gullies east of Kodiak Island: a gully near Portlock Bank (Figure 2a); and Amatuli (Seward) gully (Figure 2b). These gullies are not included in the computation of the index of the exploitable population, but these gulleys are sampled to index prerecruits. Efforts to include precruit abundance in the assessment model will benefit from accurate monitoring of these areas.

Representatives of the Kodiak Vessel Owners Association were concerned that trawl activity affected the survey index from Seward to Yakutat (KVOA letter dated 8/12/96). There was considerable activity in the survey area within one week of sampling, but it appears, that with one exception, the haulback positions were either slightly shallower than the survey or appeared to be clustered on the slope between stations (Figure 3a-d). There was one trawl haul on Pamploma Spur only two days before the survey station there was sampled (Figure 3e). Trawl activity was observed in Alsek Gulley and Spencer Gulley which, while nearby the stations, appeared to avoid encounters with the survey station.



Encounters with catcher longliners recurred in Southeast Alaska (Figure 4). Encounters occurred at stations off Chichagof I., Kruzof I., Sitka Id., Baranof I. (2 vessels), and Cape Ommaney.

No vessels which were known to have encounters with the survey in 1995, were observed to have encounters in 1996.

Area	Stations	Number and type of vessels
S. Aleutians near 174 W	AI 59	1 freezer longliner
N. Aleutians near 180 W	AI 42	1 freezer longliner, 1 catcher longliner
N. Aleutians near 178 W	AI 54	1 freezer longliner
N. Aleutians near 176 W	AI 40	1 freezer longliner
near Dutch Harbor	5	2 freezer longliners
near Shumagin Islands	8	2 catcher longliners
off Kodiak	20	2 catcher longliners <sup>a</sup>
gully near Portlock Bank	86	8 trawlers
Amatuli (Seward) gully	87	1 trawler
Pamplona Spur	32, 78	1 trawler
Spencer Gully	160, 260	1 trawler <sup>b</sup>
off Chichagof Island	39	1 catcher longliner
off Kruzof Island	40	1 catcher longliner
off Sitka	41	1 catcher longliner
off Baranof Island	81, 42	2 catcher longliners <sup>c</sup>
off Cape Ommaney	43	1 catcher longliner, 1 freezer longliner <sup>d</sup>

a - The fishing vessel otherwise avoided the survey area. This encounter was one set 7 days prior to sampling.

b - The fishing vessel, although avoiding the survey stations themselves, often fished nearby the survey stations during survey operations, for example stations 160, 260.

c - The fishing vessel set nearby, but not on, the survey station one day prior to sampling.

d - After the captain of the freezer longliner called to check on the survey progress, the survey plan changed due to another fishing vessel on station 43, so that 43 was sampled later than planned.

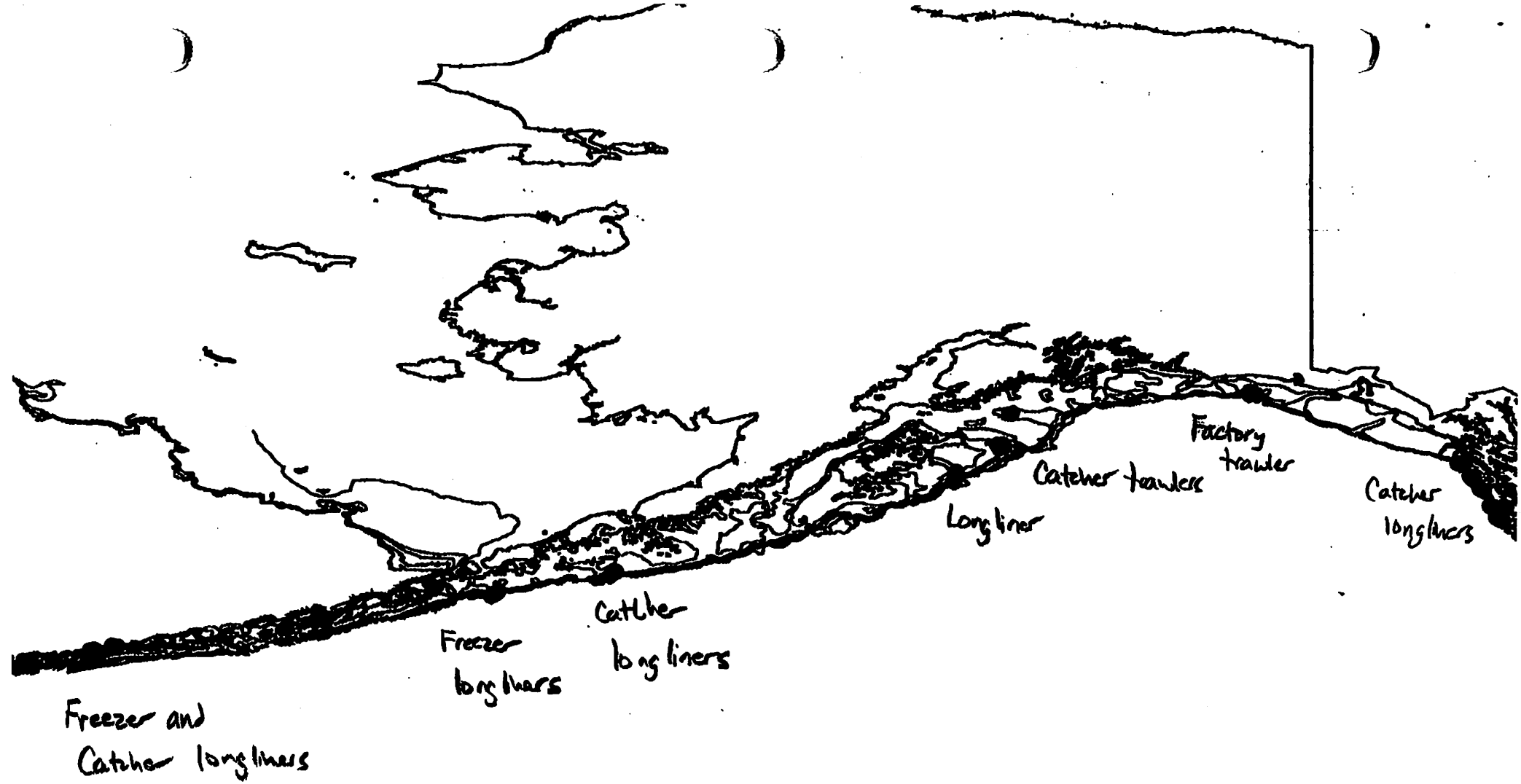
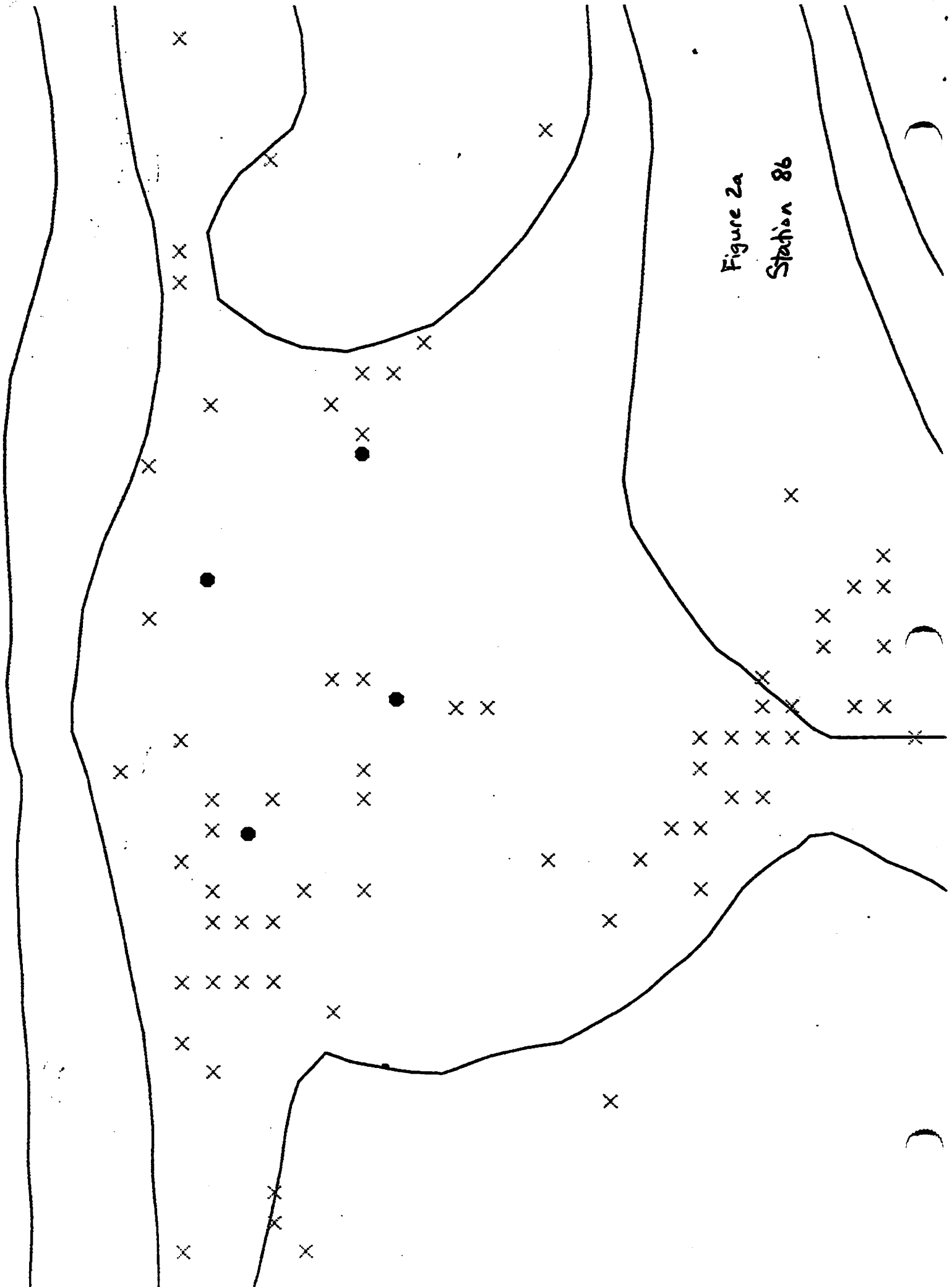
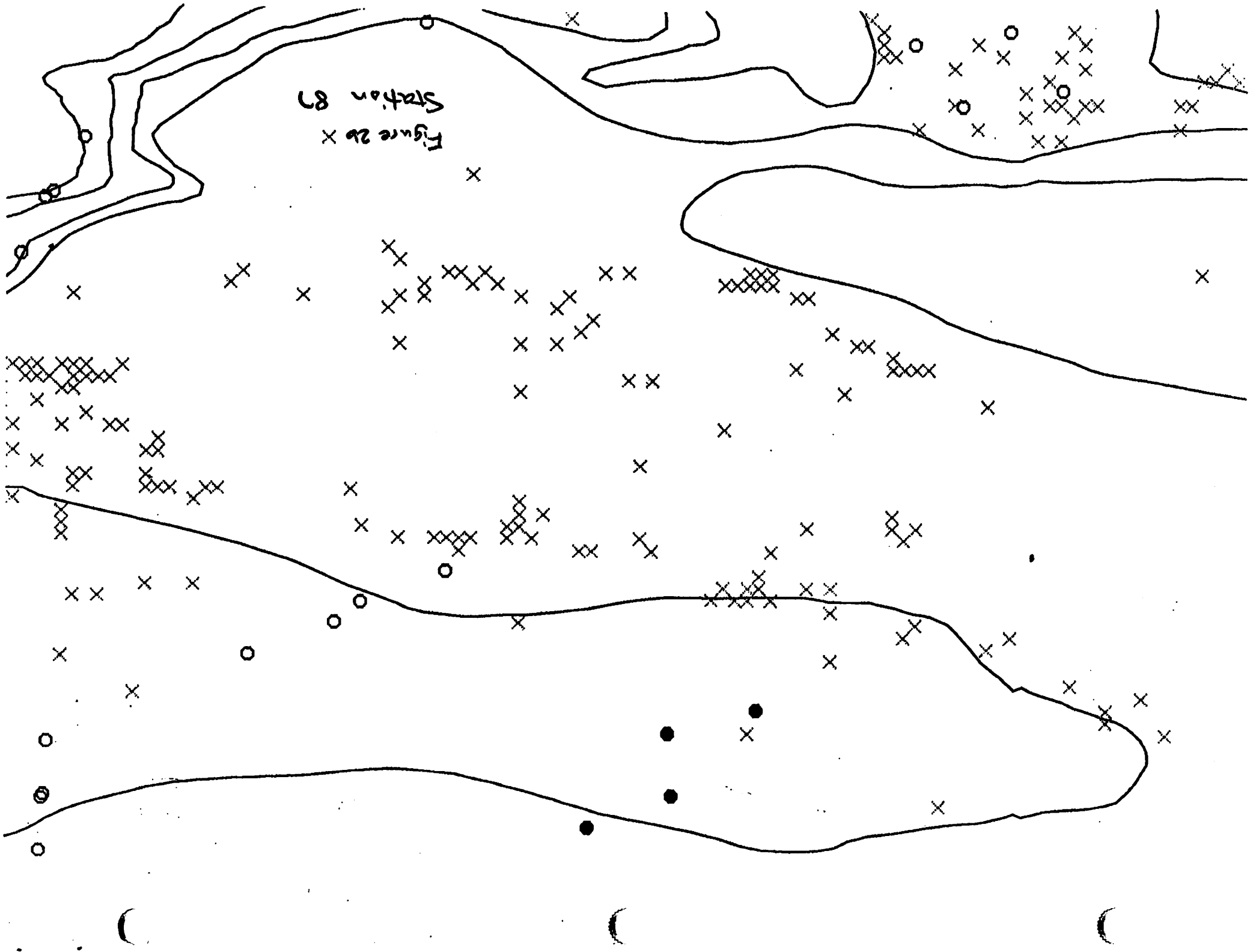


Figure 1

Figure 2a  
Station 86



Station 87  
Figure 26 X



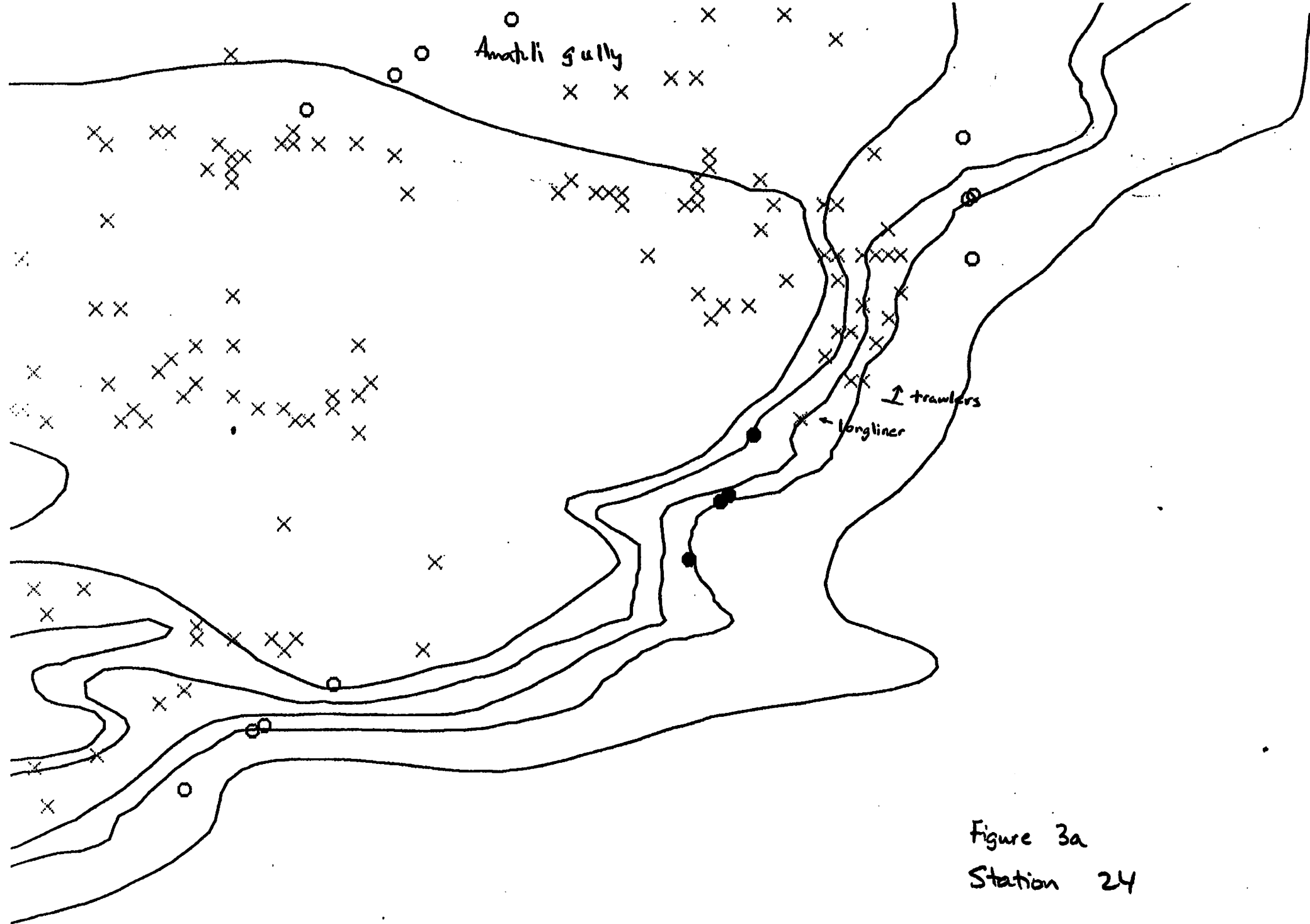


Figure 3a  
Station 24

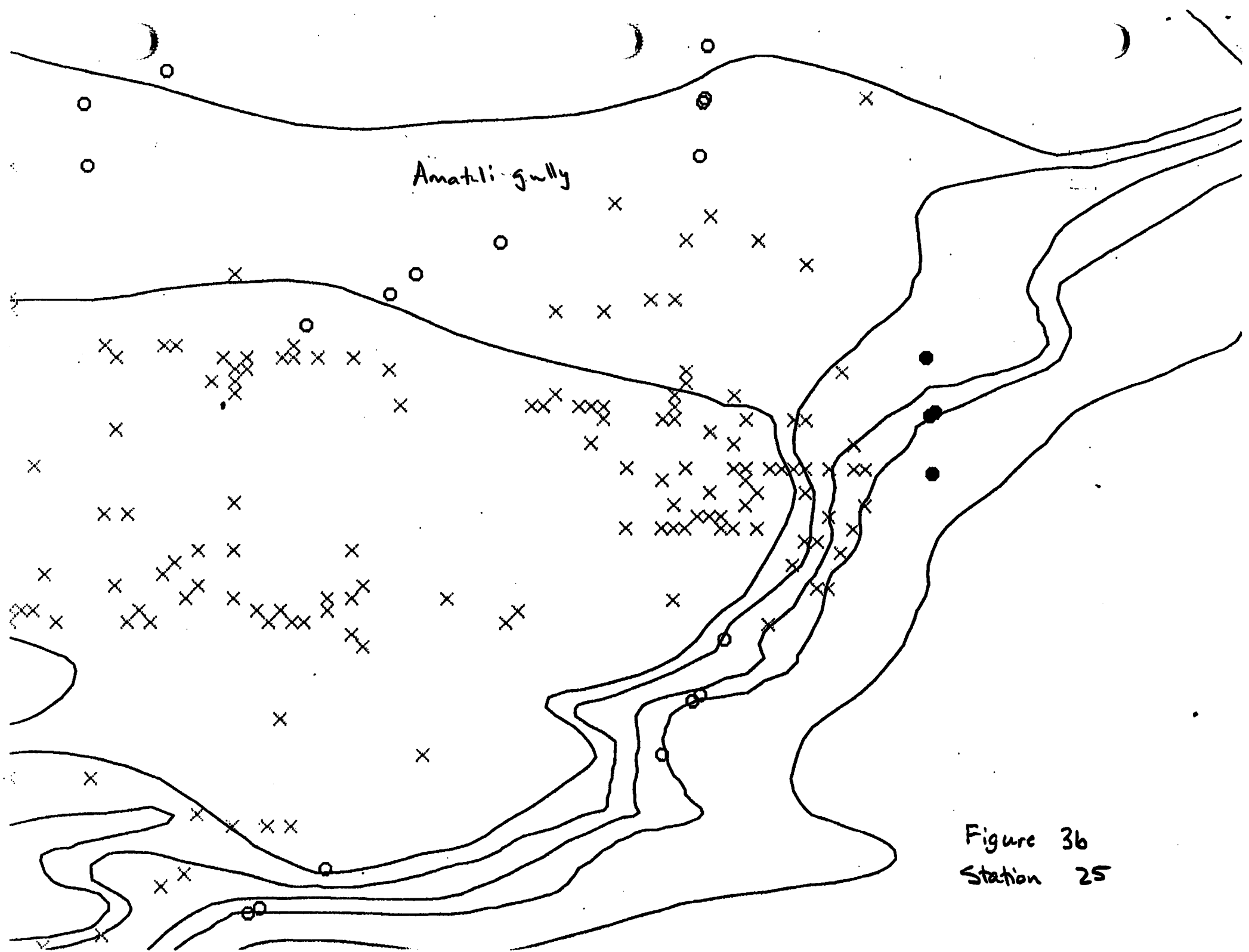


Figure 3b  
Station 25

Figure 3c  
Station 27



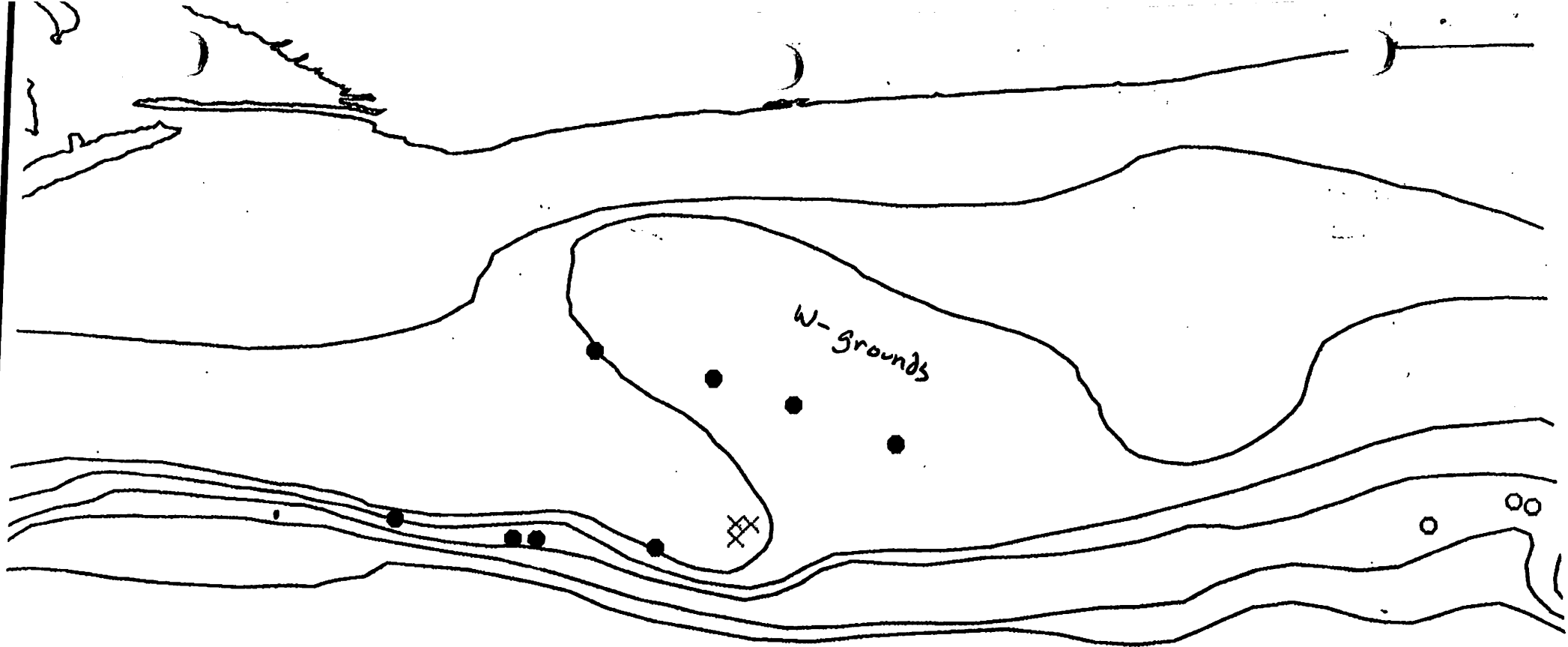
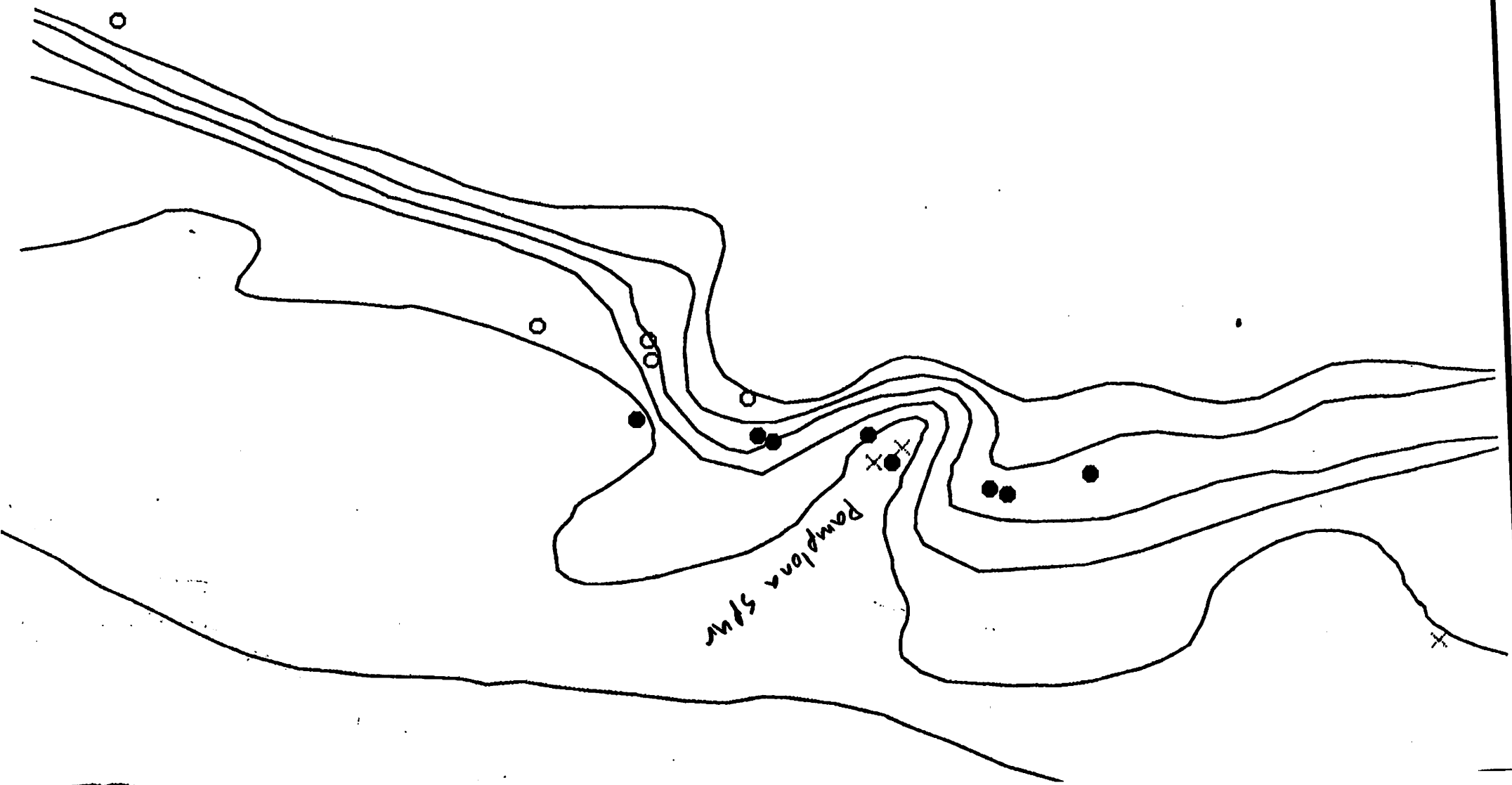


Figure 3d  
Stations 31.62



Figure 3e  
Stations 32, 78



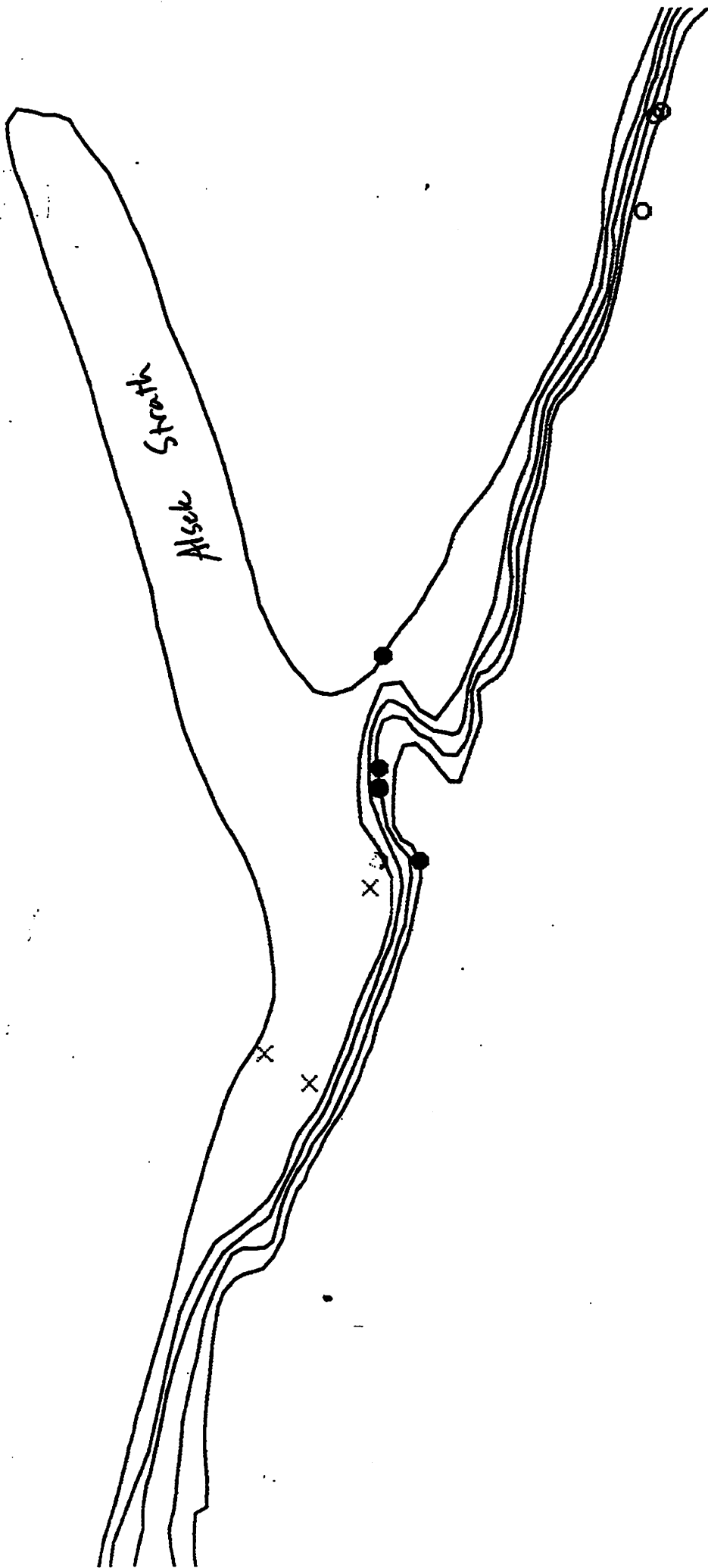
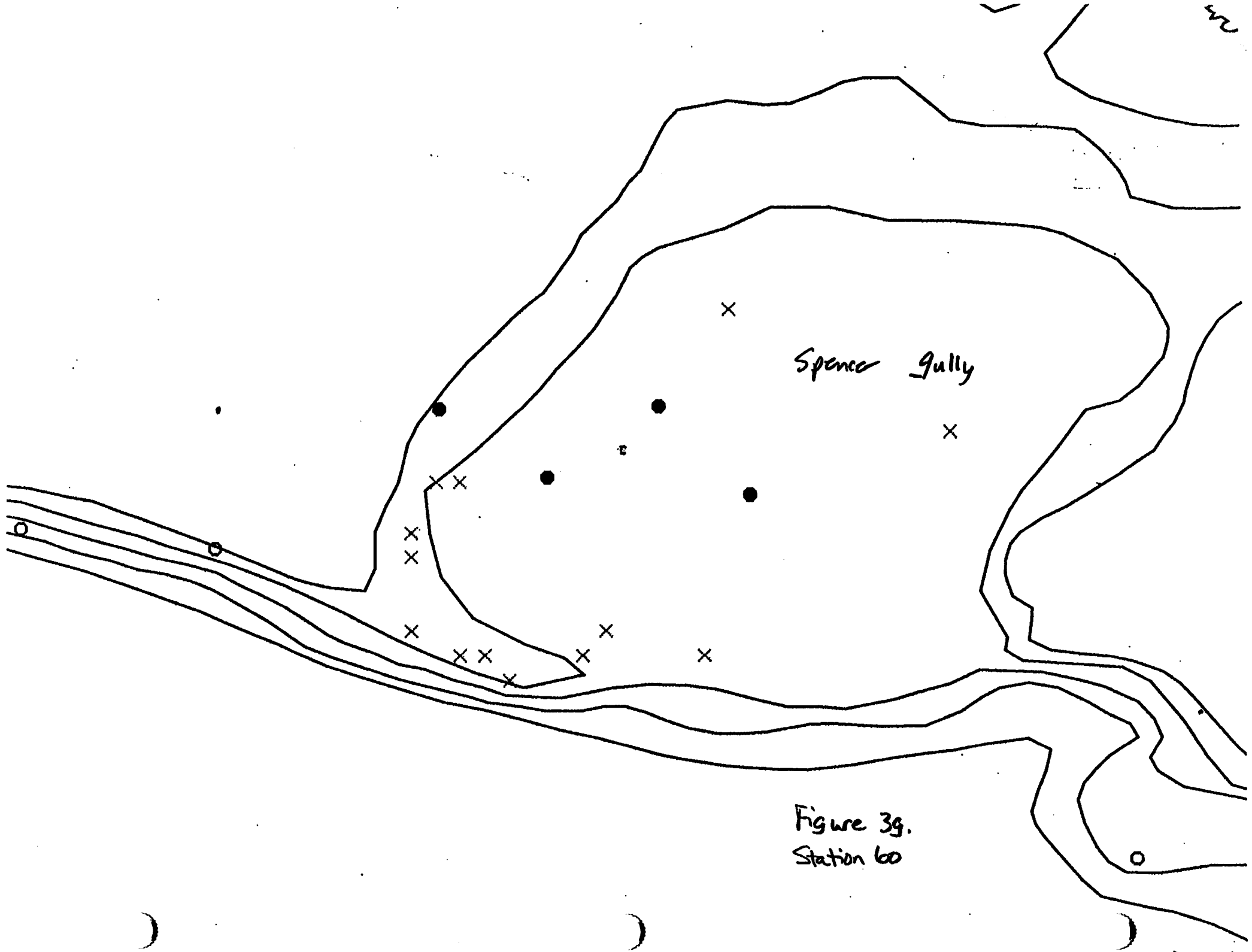


Figure 3f

Station 36



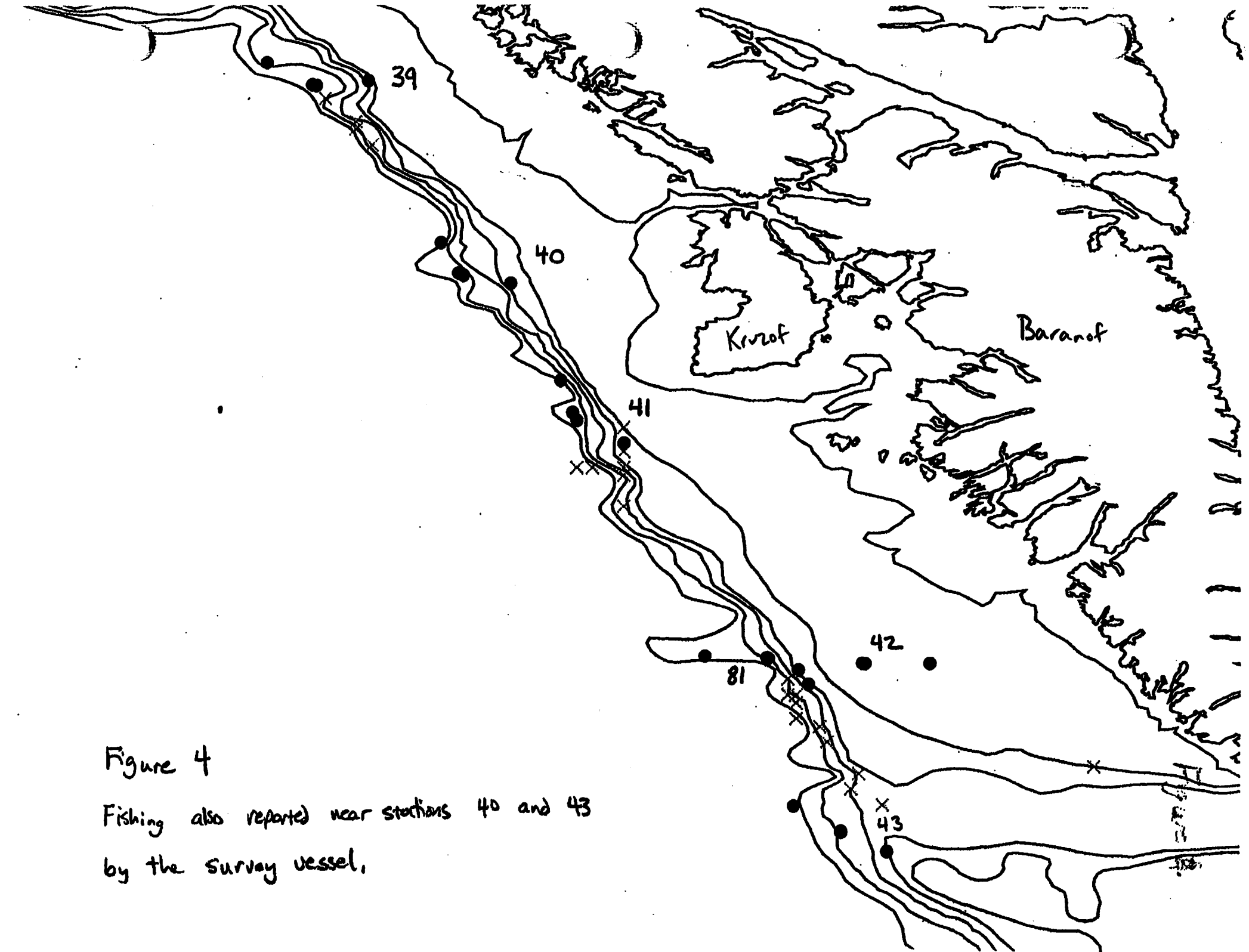


Figure 4

Fishing also reported near stations 40 and 43  
by the survey vessel.