

APRIL 2000 COUNCIL MOTION FOR HALIBUT CHARTER IFQ ANALYSIS

Problem statement:

The Pacific halibut resource is fully utilized. The NPFMC recently adopted a GHL to resolve allocation issues between the guided sport sector and other users of the halibut resource. Upon adoption by the Secretary of Commerce, the GHL will stop the open-ended reallocation between commercial and guided sport fishermen, address a number of conservation concerns, and provide a measure of stability to the halibut fishery. Guided sport IFQs will address problems related to overcapitalization in the guided sport sector. Extending the existing halibut quota share program to include the guided sport sector, with provisions to recognize the unique nature of the guided sport sector, will resolve future allocation conflicts between the commercial and guided sport sectors, and provide access opportunities for halibut fishermen, processors and consumers.

The Council identified the following provisions of the proposed halibut charter IFQ program:

- It is the Council’s intent that the previously approved Guideline Harvest level (GHL) program be submitted for Secretarial review and implemented as soon as possible. The halibut charter IFQ program, when and if adopted by the Council and approved by the Secretary, would replace the GHL.
- The charter IFQ program would be limited to Areas 2C and 3A only and are not transferable across areas.
- The duration of charter IFQ would have no specific ending date.
- An appeals process would be based on
 - a) fact; and
 - b) hardship, similar to groundfish and crab license limitation program
- The charter IFQ program would be subject to cost recovery

The following options are not exclusive choices, that is, multiple options may be chosen under some issues. They have been organized in a top-down fashion to reflect the discussions necessary to develop the program.

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Issue 1. Initial QS may be based on:

- Option 1. 3.91 Milb in Area 3A and 1.40 Milb in Area 2C (125 % of 1995-99 logbook landings)
- Option 2. 3.20 Milb in Area 3A and 1.41 Milb in Area 2C (100 % of 1998 and 1999 logbook landings)

Issue 2. Distribution of QS may be based on:

- Option 1. 70% of 125% of 1998 and 1999 logbook average with an additional 10% (of the 125%) added for each year of operation 1995-97 (longevity reward). The balance could then be re-issued to the whole group of participants (some individuals vessel's total could be over 125% of the 1998 and 1999 logbook average, new entrants may receive only 70% of their 1998 and 1999 logbook average), or this balance could be set aside for initial issue hardships.
- Option 2. Modified Kodiak proposal: 5-30% for A, 33% for B, 37-62% for C
Part A: each individual gets an equal percentage of the qualified pool as identified by the Council's final action.
Part B: each individual's average 98/99 logbook harvest as percentage of overall harvest is multiplied by 33% of the average 1995-99 GHJ.
Part C: one point for each year of participation during 1995-99.
- Option 3. 50% of an individual's QS initial issuance would be fixed and the remaining 50% would float with abundance.

Issue 3. Qualification Criteria

Initial allocations will be based on an individual's participation and not the vessel's activity. Anyone not meeting the qualification criteria would have to purchase QS or transfer (lease) IFQs to participate in the halibut charter fishery.

- Option 1. Halibut charter operators who carried clients in 1998 and 1999 and who submitted ADF&G logbooks (as received by ADF&G by February 12, 2000)
- Option 2. Halibut charter operators who carried clients in 1998 or 1999 and who submitted ADF&G logbooks (as received by ADF&G by February 12, 2000)
- Option 3. Halibut charter operators who carried clients prior to June 24, 1998 and who submitted at least one ADF&G logbook (as received by ADF&G by February 12, 2000)
- Option 4. Four out of five years between 1995-1999 as evidenced by IPHC and CFEC licenses for 1995-99 and submitted logbooks for 1998 and 1999
- Option 5. Four out of five years between 1995-1999 as evidenced by IPHC and CFEC licenses for 1995-99 and submitted logbooks for either 1998 or 1999

Issue 4. Initial allocation of IFQs would be issued to U.S. citizens or to U.S. companies on the following basis:

U.S. ownership based on: a) 51% ownership; b) 75% ownership

- Option 1. Charter vessel owner/operator - individual who owns and operates (captains) the charterboat and charterboat business
- Option 2. Bare vessel lessee - person that leases a vessel and controls its use as a charterboat for this fishery. May operate the vessel or may hire a captain/skipper. Lessee determines when the vessel sails and by whom captained

- Option 3. Owners of charterboats that hired licensed captains/skippers - persons that owned the vessel that they controlled as a charterboat but hired a captain/skipper to operate the vessel
- Option 4. Hired skipper - individual without financial interest in the vessel, hired for the labor only of operating a charterboat and paid a wage or commission as compensation

Issue 5. To receive halibut IFQ by transfer:

- Option 1. Must be an individual initial charter issuee
 - Option 2. Must be a qualified individual charter operator:
 - a) as defined by State of Alaska requirement*
 - b) as defined by State of Alaska requirement* and hold a USCG license.
- *this would require a change in the commercial regulations to allow transfer of commercial QS/IFQ to charter operator
- Option 3. Must have transfer eligibility certificate

Issue 6. Transferability of QS (permanent) and IFQs (on annual basis [leasing])

- Option 1. Within the charter sector only
- Option 2. Two-way (between commercial and charter sectors).
 - a) 3-yr one way transfer from commercial to charter
 - b) 1-yr one way transfer from commercial to charter
- Option 3. Transferability of IFQs (leasing):
 - a) prohibit leasing within and/or between charter and commercial sectors
 - b) allow leasing within and/or between charter and commercial sectors
- Option 4. allow splitting of commercial blocks to transfer a smaller piece to the charter sector
- Option 5. allow splitting of commercial blocks once transferred to the charter sector
- Option 6. from A, B, C, and/or D commercial vessel category sizes to charter sector
- Option 7. from charter to commercial:
 - a) D category only
 - b) C and D category only
 - c) B, C, and D category
- Option 8. initial transfer from undesignated charter to a particular commercial vessel category locks in at that commercial category
- Option 9. Any charter QS transferred to commercial sector shall be:
 - a) blocked
 - b) blocked up to the limits of the commercial sweep-up and block limits
- Option 10. one transfer of QS/IFQ each year between sectors for each QS holder

Option 11. minimum size of transfer is range of 20-72 fish

Option 12. Designate QS pool into two classes for transfer from charter to commercial sector: transferable (25%) and non-transferable (75%) pools

Issue 7. Caps

Option 1. no caps - free transferability

Option 2. on percentage of annual IFQ transfers (de facto leasing) between sectors not to exceed 25% of total IFQ and 5% of annual IFQ transfers from charter to commercial; not to exceed the amount needed to meet the area GHL (1.4 M lb in Area 2C and 3.91 M lb in Area 3A) from commercial to charter

Option 3. on percentage of annual QS transfers between sectors not to exceed 25% of total QS and 5% of annual QS transfers from charter to commercial; not to exceed the amount needed to meet the area GHL (1.4 M lb in Area 2C and 3.91 M lb in Area 3A) from commercial to charter

Option 4. ownership cap of ¼, ½, and 1% of combined QS units in Area 2C and ¼, ½, and 1% of combined QS units in Area 3A and grandfather initial issues at their initial allocation

Issue 8. Miscellaneous provisions

Option 2. maximum line limit of 12 in Area 3A (remains at 6 lines for Area 2C), grandfather initial issues

Option 3. 10% rollover provision of total IFQs

Option 4. 10% overage provision of total IFQs to be deducted from next year's IFQs

Issue 9. IFQs associated with the charter quota shares may be issued in:

Option 1. Pounds

Option 2. Numbers of fish (based on average weight determined by ADF&G)

Issue 10. Reporting:

Option 1. Require operator to report landings at conclusion of trip

Option 2. ADF&G logbook