

North Pacific Fishery Management Council

David Benton, Chairman
Chris Oliver, Acting Executive Director



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December 1, 2000

DRAFT AGENDA
147th Plenary Session
North Pacific Fishery Management Council
December 6-12, 2000
Hilton Hotel
Anchorage, Alaska

The North Pacific Fishery Management Council will meet December 6-12, 2000, at the Hilton Hotel in Anchorage, Alaska. Other meetings to be held during the week are:

Committee/Panel

Advisory Panel
Scientific and Statistical Committee
ADFG Stakeholder Meeting

Beginning

8:00 am, Mon., December 4 (Dillingham/Katmai Rm)
8:00 am, Mon., December 4 (King Salmon Room)
6:00 pm, Tue., December 5 (King Salmon Room)

All meetings will be held at the hotel unless otherwise noted. All meetings are open to the public, except executive sessions of the Council. Other committee and workgroup meetings may be scheduled on short notice during the week, and will be posted at the hotel.

INFORMATION FOR PERSONS WISHING TO PROVIDE PUBLIC COMMENTS

Sign-up sheets are available at the registration table for those wishing to provide public comments on a specific agenda item. Sign-up must be completed **before** public comment begins on that agenda item. Additional names are generally not accepted **after** public comment has begun.

Submission of Written Comments. Any written comments and materials to be included in Council meeting materials must be received at the Council office **by 5:00 p.m. (Alaska Time) on Wednesday, Nov. 29, 2000.** Written and oral comments should include a statement of the source and date of information provided as well as a brief description of the background and interests of the person(s) submitting the statement. Comments can be sent by mail or fax--please **do not** submit comments by e-mail. **It is the submitter's responsibility to provide an adequate number of copies of comments after the deadline.** Materials provided **during** the meeting for distribution to Council members should be provided to the Council secretary. A minimum of 18 copies is needed to ensure that Council members, the executive director, NOAA General Counsel and the official meeting record each receive a copy. If copies are to be made available for the Advisory Panel (23), Scientific and Statistical Committee (13), staff (10) or the public (50) after the pre-meeting deadline, they must also be provided by the submitter.

FOR THOSE WISHING TO TESTIFY BEFORE THE ADVISORY PANEL

The Advisory Panel has revised its operating guidelines to incorporate a strict time management approach to its meetings. Rules for testimony before the Advisory Panel have been developed which are similar to those used by the Council. Members of the public wishing to testify before the AP **must** sign up on the list for each topic listed on the agenda. Sign-up sheets are provided in a special notebook located at the back of the room. The deadline for registering to testify is when the agenda topic comes before the AP. The time available for individual and group testimony will be based on the number registered and determined by the AP Chairman. **The AP may not take public testimony on items for which they will not be making recommendations to the Council.**

FOR THOSE WISHING TO TESTIFY BEFORE THE SCIENTIFIC AND STATISTICAL COMMITTEE

The usual practice is for the SSC to call for public comment immediately following the staff presentation on each agenda item. In addition, the SSC will designate a time, normally at the beginning of the afternoon session on the first day of the SSC meeting, when members of the public will have the opportunity to present testimony on any agenda item. The Committee will discourage testimony that does not directly address the technical issues of concern to the SSC, and **presentations lasting more than ten minutes will require prior approval from the Chair.**

COMMONLY USED ACRONYMS

ABC	Acceptable Biological Catch	MSFCMA	Magnuson-Stevens Fishery Conservation and Management Act
AP	Advisory Panel	MMPA	Marine Mammal Protection Act
ADFG	Alaska Dept. of Fish and Game	MRB	Maximum Retainable Bycatch
BSAI	Bering Sea and Aleutian Islands	MSY	Maximum Sustainable Yield
CDQ	Community Development Quota	mt	Metric tons
CRP	Comprehensive Rationalization Program	NMFS	National Marine Fisheries Service
CVOA	Catcher Vessel Operational Area	NOAA	National Oceanic & Atmospheric Adm.
EA/RIR	Environmental Assessment/Regulatory Impact Review	NPFMC	North Pacific Fishery Management Council
EEZ	Exclusive Economic Zone	OY	Optimum Yield
EFH	Essential Fish Habitat	POP	Pacific ocean perch
FMP	Fishery Management Plan	PSC	Prohibited Species Catch
GHL	Guideline Harvest Level	SAFE	Stock Assessment and Fishery Evaluation Document
GOA	Gulf of Alaska	SSC	Scientific and Statistical Committee
HAPC	Habitat Areas of Particular Concern	TAC	Total Allowable Catch
IBQ	Individual Bycatch Quota	VBA	Vessel Bycatch Accounting
IFQ	Individual Fishing Quota	VIP	Vessel Incentive Program
IPHC	International Pacific Halibut Commission		
IRFA	Initial Regulatory Flexibility Analysis		
IRIU	Improved Retention/Improved Utilization		
ITAC	Initial Total Allowable Catch		
LAMP	Local Area Management Plan		
LLP	License Limitation Program		

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Estimated Hours

- | | |
|---|----------------------------|
| A. CALL MEETING TO ORDER | |
| (a) Approval of Agenda | • |
| (b) Approval of Minutes of Previous Meetings | • |
| B. REPORTS | |
| B-1 Executive Director's Report | • |
| B-2 State Fisheries Report by ADF&G | • |
| B-3 NMFS Management Report | • |
| B-4 Enforcement and Surveillance Reports | • |
| B-5 USFWS Report on Sea Otters | • |
| B-6 IPHC Report on Quotas/Discard Mortality Rates | • |
| B-7 Marine Research Report | • |
| | (4 hours for
A/B items) |
| C. NEW OR CONTINUING BUSINESS | |
| C-1 <u>Halibut Subsistence Review</u>
Review inclusion of Adak. | (2 hours) |
| C-2 <u>Crab Rationalization</u>
Discuss and provide direction as appropriate. | (1 hour) |
| C-3 <u>EFH/HAPC Stakeholder Process</u>
Report and discussion. | (1 hour) |
| C-4 <u>Halibut Charter IFQ Program</u>
(a) Review corrected data and progress on analysis.
(b) Review discussion paper on community set-aside of initial charter
IFQ allocation. | (3 hours) |

- C-5 Steller Sea Lion Issues (20 hours)
Review BiOp and associated Steller sea lion protective measures and take action as appropriate.
- C-6 American Fisheries Act (8 hours)
(a) Review preliminary co-op performance reports and co-op agreements.
(b) Report from industry on Pacific cod sideboard issues.
- C-7 CDO Oversight (1 hour)
Discuss and provide direction as appropriate.

D. FISHERY MANAGEMENT

- D-1 Groundfish Management (10 hours)
(a) Review BSAI SAFE document and catch and bycatch specifications for 2001.
(b) Review GOA SAFE document and catch and bycatch specifications for 2001.
(c) Discuss BSAI Pacific cod pot gear suballocations: Problem Statement and direction.
- D-2 Staff Tasking (4 hours)
(a) Industry/staff reports on potential salmon bycatch measures.
(b) Report to Congress: Council discussion and direction.
(c) Review overall project tasking and provide direction.

E. PUBLIC COMMENTS

F. AP/SSC APPOINTMENTS

G. CHAIRMAN'S REMARKS AND ADJOURNMENT

Total Agenda Hours: 54

TIME SUMMARY

Total agenda hours	54.00 hours
Lunches - 7. days (1 hr ea)	7.00 hours
Breaks (3/day, 15 min ea x 7 days)	<u>5.25 hours</u>
Total estimated hours required:	66.25 hours

Meeting as follows:

Wed. - Tue - 8am-5:30pm = 9.5 hours x 7 = 66.5 (Total number of hours available)

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Certified: David Benton
Date: 11/28/00

MINUTES Scientific Statistical Committee October 3-4, 2000

The Scientific Statistical Committee met October 3-4, 2000 at the Centennial Building in Sitka, Alaska. All members were present except Sue Hills, Doug Larson and Terry Quinn:

Rich Marasco, Chair
Doug Eggers
Al Tyler
Steve Berkeley

Jack Tagart, Vice Chair
Jeff Hartman
Steve Hare

Keith Criddle
Dan Kimura
Seth Macinko

C-1 PACIFIC COD - STELLER SEA LIONS

The SSC received a report from Sue Salveson that outlined the analyses currently underway by NMFS evaluating the alternative management options as requested by the Council at the September meeting. The SSC notes that in its September minutes numerous issues were identified that should be addressed in the development of the revised EA/RIR. It was indicated that an attempt will be made to address as many of these suggestions as time permits.

C-4 HALIBUT CHARTER IFQ PRELIMINARY REVIEW

Chuck Hamel and Jane DiCosimo (NPFMC) reported on the status of the Halibut Charter IFQ EA/RIR analysis.

While the overall tenor and detail contained in the document are reasonable, there are a few issues that should be addressed before initial review of the analysis:

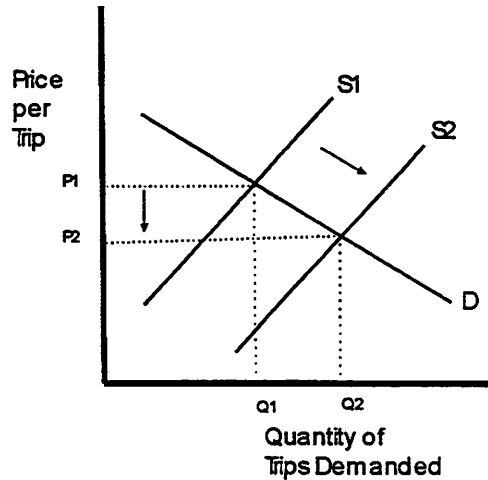
1. The SSC concurs with the staff recommendation to postpone initial review of this EA/RIR until revised ADF&G estimates can be incorporated into the analysis.
2. The document describing the proposed analysis of halibut charter IFQ alternatives suggests that the primary motivation for the development of such a program is excess capacity. This is consistent with the Council's problem statement. However, the consequences of excess capacity in the charter boat and commercial fisheries requires a more thorough discussion. The SSC illustrates the form of differences in Appendix 1.

3. The Council's intent and motivation with respect to IFQ or QS transfer restrictions should be elaborated.
4. If the Council chooses to consider community quotas as a component of the charter IFQ analysis, the characteristics of the community QS program need to be fleshed-out and the discussion of potential economic and social consequences needs to be expanded. The current discussion suggesting that the creation of community QS would exacerbate "excess capacity" in the charter fishery is flawed because of the apparent desire to allow selected groups to become involved in the fishery and confusion associated with the "excess capacity" problem discussed in item 2.
5. Issuance of QS to non-persons (e.g. companies, corporations) creates an absentee owner class. It would be helpful to this analysis if the Council could comment on whether absentee ownership is or is not a concern in the charter fishery.
6. The selection of any particular set of potential IFQ recipients (stakeholders) should be an explicit decision of the Council and should not be driven by data availability. Once the Council has decided which classes of stakeholders to recognize, criteria can be defined to identify members of those stakeholder classes. For example, while MSFCMA requires that limited entry allocations be based, at least in part, on previous participation in the fishery, the criteria for determining the magnitude of that allocation and the extent of past participation are not specified in law. Consequently, it would be consistent with MSFCMA to acknowledge a very broad set of stakeholders (e.g. skippers, owners, anglers) under mechanisms as varied as equal shares, random shares assigned by lottery, or shares proportional to historic days fished, catches, or landings.
7. While there are substantial advantages to markets as an allocative mechanism, it would be naïve to assume that the creation of charter IFQs and allowing transfers of QS will eliminate requests for the Council to intervene to the advantage of various interest groups. Therefore, language suggesting that IFQ eliminates allocation squabbles should be modified.
8. Retrospective analyses of the impacts of implementation of a charter IFQ program requires tracking the transfer of quota shares over time. Flagging QS initially allocated to charters would facilitate tracking patterns of transfer. It is suggested that staff consult with the RAM Division on the feasibility of implementing such a tracking system.
9. The analysis associates economic productivity with economic efficiency. When constructing limited entry programs, it is not accurate to characterize "efficiency" and social goals as in opposition to one another. The analysis needs to be broadened to recognize that "economic efficiency", properly construed, includes social objectives.

Appendix 1

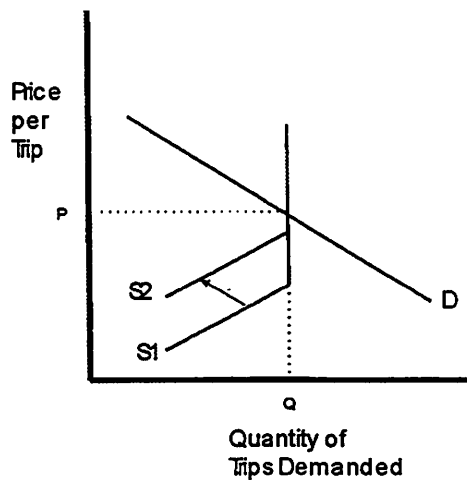
The discussion regarding "excess capacity" incorrectly characterizes the economic aspects of a charter fishery. In a charter fishery without capacity constraints, increases in the number of charter operators lead to the adoption of profit maximizing combinations of inputs and services. That is, operators choose to adopt inputs that minimize operation costs and maximize revenues. The entrance of additional service providers creates a two-fold pressure to increase the "quality" of services offered (at a given price) or to reduce the price per trip

(of a given quality). The combination of these attributes is that an increase in the number of charter operators results in an increase in consumer surplus and in social welfare (the sum of consumer and producer surplus) as long as the number of active charter operators does not increase to the point that congestion and localized depletion externalities serve to reduce the value of trip attributes to the charter customers. These effects can be represented graphically:



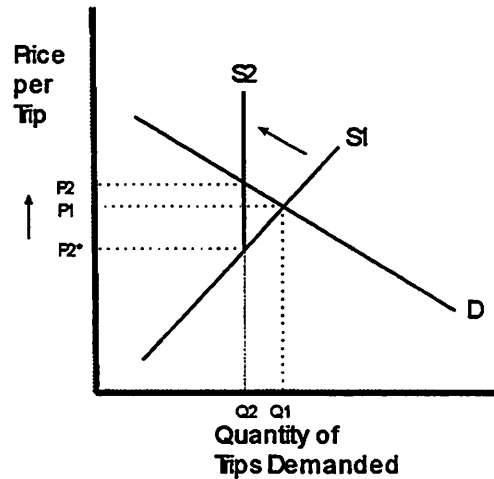
As the number of firms offering charter services increases, the supply function for charter trips shifts to the right (from S1 to S2). If all other trip characteristics remain constant and the demand for charter trips remains constant, the market-clearing price for a charter trip will fall (from P1 to P2) and the number of trips taken will rise (from Q1 to Q2). The consumer surplus is the integral between the market-clearing price and the demand (willingness-to-pay) function over quantity demanded and is a strictly increasing for price decreases. Producer surplus, the integral between the market clearing price and the supply function, also increases, although lower cost service providers will replace high cost service providers. These results are classical outcomes of competitive market equilibrium.

In contrast, in the usual case of the open access fishery where there is a binding limit to production (e.g. the TAC), the race for fish induces the adoption of cost increasing technologies that result in an upwards shift of the supply function as represented in the following figure.



Here, the increased supply costs have no effect on the number of trips taken or on the price per trip, thus the consumer surplus is unchanged. However, because the costs are increased without a concomitant increase in revenues, the producer surplus is reduced. These results reflect the classical outcome of the race for fish.

Reducing or capping the number of charter vessels would create partial monopoly power. The consequences are represented in the following figure:



Here, the initial market equilibrium (Q_1, P_1) is a competitive market equilibrium, with the properties of maximizing the sum of consumer and producer surplus. Restricting the number of participants (or equivalently, capping the number of participants in the face of expanding demand) creates a kink in the supply function, pushing the market equilibrium price to P_2 and reducing the consumer surplus. Because the charter operators' access to halibut is assured through IFQs, their costs for providing Q_2 trips decrease to P_2^* . Producer surplus increases, but not by as much as the reduction in consumer surplus, thus society as a whole is worse off. This is the classical result of deadweight loss under markets with monopoly power.

D-1(a) INTERIM AND PRELIMINARY SPECIFICATION FOR 2001 FOR THE BERING SEA/ALEUTIAN ISLANDS AND THE GULF OF ALASKA

A presentation was made by Tamara Faris (NMFS) on the Draft EA/RIR for the Proposed and Interim 2001 Alaska groundfish catch specifications. The SSC received the document immediately prior to presentation and therefore had no chance for a review. If meaningful SSC comment on the Proposed and Final Catch Specifications is expected then it is important that the document be made available a week or so prior to the December Council meeting.

A very brief review of the document did reveal an unexplained difference between the 2001 Interim Catch Specifications (listed in Tables 1 and 2) and the calculated totals using the formula prescribed for their computation. On page 8, it is stated: "Interim specifications are, with a few exceptions, one-fourth of the proposed TAC specifications...." In table 1, few of the 2001 Interim Specifications (column 7) are 25% of the proposed 2001 TAC (column 5). This discrepancy needs to be explained. The SSC recommends that the EA contain an explicit species specific set of algorithms for setting interim specifications.

D-1(b) BSAI PACIFIC COD POT GEAR SPLIT (CP/CV)

Nicole Kimball and Darrell Brannan provided the SSC an overview of the EA/RIR proposing a permanent allocation of TAC shares between Pacific cod pot catcher vessels and pot catcher processors. The SSC finds the document informative but notes the following concerns:

- (1) The problem statement is borrowed from Amendment 64 that allocated Pacific cod TAC between longline and pot fisheries. As such it does not apply specifically to the recommended action to further allocate TAC within the pot sector. Consequently, a revised problem statement should be developed.
- (2) Because of recent approval and implementation of the LLP program, and pending approval for species specific gear endorsements under the LLP program, and final determination of numbers of vessels qualifying, it is difficult to accurately characterize the fishery status quo. The Council would facilitate that process by expressing their intent as to what constitutes status quo.
- (3) The analysis should be expanded to include two items:
 - (a) description and discussion of spatial/temporal distribution of Pacific cod catch stratified by fleet (Pot CP vs CV),
 - (b) analysis of catch within and outside Steller sea lion critical habitat; and
 - (c) under the proposed alternatives, there should be a discussion of the opportunity/likelihood for development of harvester cooperatives.

Due to the dated nature of the problem statement and the SSC's responsibility to comment on whether the EA/RIR adequately addresses the expressed problem, the SSC recommends the document be returned for further review prior to release for public review.

PACIFIC HALIBUT DISCARD MORTALITY

The SSC heard a report from Gregg Williams of IPHC on an alternative method for estimating halibut discard mortality. This analysis indicated that gear and target species specific discard mortality rates have been stable over the last ten years. It was suggested that the 10 year mean is a better predictor of bycatch mortality than the average of the previous two years, the method currently used to project preseason assumed discard mortality rates (DMRs). Considering the cost and manpower needed to develop new DMRs each year, IPHC recommends using the 10 year average and applying these estimates over a longer time period. The SSC recommends waiting until the Steller sea lion/Pacific cod issue is resolved before moving ahead on this issue as fishing areas, methods, and time frames may change enough to alter DMRs.

D-2 CRAB MANAGEMENT

Doug Pengilly presented the 2000 King and Tanner crab SAFE to the SSC. The SSC commends the crab plan team for continuing improvement of the SAFE with each iteration and its effort to examine crab overfishing definitions. The 2000 SAFE contains new information on crab bycatch, and crab stock and bycatch distribution maps.

The 2000 crab SAFE shows little recovery for the depressed crab stocks. For another year, only Bristol Bay red king crab and EBS snow crab are in condition to support any directed fishery. Bristol Bay red king crab is near B_{MSY} ; and EBS snow crab are slightly above their MSST. The 2001 snow crab GHL of 27.3 million pounds is actually lower than last year (28.5). This is due to the new opilio harvesting strategy adopted by the Alaska Board of Fish in March 2000 and a reduced number of males in the survey. It should be recalled that stock rebuilding plans are in place for EBS snow and tanner crabs, and St. Mathews blue king crab, so that these stocks are being cautiously managed according to our understanding of their biology.

MISCELLANEOUS - Team Appointments

It is recommended that Elizabeth Sinclair be appointed to the GOA Groundfish Plan Team. Ms. Sinclair replaces outgoing National Marine Mammal Laboratory (NMML) representative John Sease.

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ADVISORY PANEL MINUTES Centennial Hall, Sitka, Alaska October 2-5, 2000

Advisory Panel members in attendance:

Alstrom, Ragnar	Jones, Spike
Benson, Dave	Jordan, Melody
Bruce, John (Chair)	Kandianis, Teressa
Boisseau, Dave	Madsen, Stephanie (Vice-Chair)
Burch, Alvin	Nelson, Hazel
Cross, Craig	Ogden, Doug
Falvey, Dan	Ridgway, Michelle
Fanning, Kris	Steele, Jeff
Fuglvog, Arne	Stephan, Jeff
Fraser, Dave	Ward, Bob
Gundersen, Justine	Yeck, Lyle

C-2 (a) American Fisheries Act: EIS/Emergency Rule

The AP recommends the Council request NMFS move forward with the AFA emergency rule including the recent Council actions:

- 1) definition of "qualified catcher vessel"
- 2) revised formula for calculating inshore coop quota
- 3) revised crab cap calculations.

Additionally, the AP supports including the following in the emergency rule.

- 1) revised observer coverage for CPs and Motherships
- 2) revised inseason management for CPs and CVs sideboard closures and rollovers.

Motion passed 18-0.

C-2 (d) Inshore co-ops contracting with non-member inshore AFA CV's

The AP recommends the Council include in the AFA emergency rule, for implementation in January 2001, the proposal (as submitted by MTC, UCB, Trident and Unisea) for NPFMC and NMFS action to allow inshore coops with its processors approval, to contract with non-member inshore AFA CVs to harvest coop allocation.

Motion passed 18-0.

C-2 (b) Groundfish Processing Sideboards and Excessive Share Caps

Excessive Share Caps - The AP recommends the Council postpone indefinitely any action on excessive shares. The AP is concerned that the establishment of an excessive processing share could lessen competition for purchases of pollock. Any significant consolidation would trigger a review by the Department of Justice to assure it does not have anti-competitive impacts. Furthermore, the Steller sea lion regulations

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may require flexibility in the harvesting and processing sectors that can not be anticipated at this time. The AP notes that there is no specific date in the AFA by which the Council is to recommend an excessive processing share to the Secretary of Commerce. *Motion passed 11-7.*

A motion recommending an excessive share limit of 30% failed 6-12.

Minority Report

We, the undersigned AP members believe that the AP's motion to postpone any action on processing excessive share caps indefinitely violates the statutory mandate to establish such caps.

Motions were made for a 25% and 30% cap. Both levels provide some room for acquisition by even the largest entity and represent a significantly larger cap than the 17.5% in the statute.

Since the Council took no action on Dooley-Hall, independent catcher vessels are already seeing a competitive disadvantage. Should unchecked consolidation in the processing sector be allowed, these vessels will be completely unprotected from significant adverse impacts resulting from AFA.

It is extremely unlikely that the Council would be able to address consolidation after it occurs. We have very little faith that a review by the justice department would result in maintaining a meaningful level of competition in a timely fashion. We are concerned that the impact of consolidation at high levels will have impacts on other groundfish, crab, salmon, and halibut fisheries.

Dave Fraser

Jeff Stephan

Hazel Nelson

Ragnar Alstrom

Michelle Ridgway

John Bruce

Kris Fanning

Processing Sideboards - The AP recommends that the Council not take action on AFA processing sideboards at this time. The AP further recommends that the Council consider modifications of the IR/IU requirements for flatfish as an alternative means of protecting non-AFA processors. Any modifications to IR/IU would apply to both non-AFA and AFA vessels. Main motion passed 17-0-1. Additionally, the AP requests the analysis include a recency requirement for trawl vessels. (*Motion passed 9-8.*)

C-2 (c) P.cod Sideboard Issues

The AP understands the concerns highlighted by the three non-AFA cod vessels. The AP strongly encourages a continued dialog between AFA and non-AFA vessels to resolve this issue.

Motion passed unanimously 17-0.

Catch monitoring and Control Plan

The AP received a presentation outlining the elements being considered by NMFS for a proposed rule for new AFA catch and monitoring and scale requirements for the BSAI pollock fishery. The AP urges the Council to identify the problem that these new requirements are trying to address. If the Council finds sufficient cause to address inshore catch accounting, the AP recommends that NMFS proposed November workshop evaluate the need for improving accounting systems in the inshore sector. The AP feels that rather than create a new accounting system, the Catch Monitoring and Control Plan (CMCP) should incorporate improvement to existing means of catch accounting, such as:

- increased standards for scale accuracy and monitoring
- adjust inshore plant observer duties to include some catch weight monitoring

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- with industry input, develop a set of best management practices - style protocols to standardize catch accounting systems
- develop a system for cross-checking accounting between observers, processors and NMFS records to ensure that resource use accounting objectives are met.

Motion passed 14-0.

C-3 Halibut Subsistence

The AP recommends the Council adopt Alternative 2, allowing the harvest of halibut for subsistence.

We further recommend adoption of Option 1 : define subsistence as:

Long term, customary and traditional use of halibut for food (or non-economic consumption) for families in a non-commercial manner.

Option 2: Define Eligibility

The AP recommends the Council adopt the State of Alaska criteria for rural communities (as described in the EA at Table 5.4 and specifically including the communities of Shishmaref and Diomedes and Adak and that;

- Suboption A use
1. Members of Alaska Native Federally-recognized Tribes with customary and traditional use of halibut; and
 2. Other permanent rural residents* of communities with customary and traditional use of halibut.

It is the intent of the AP that members of Federally-recognized tribes be allowed to practice subsistence in any community listed in table 5.4. Non tribal members would be limited to the community of residence.

A motion to adopt Option B: Alaska rural residents as defined in ANILCA and identified in the table 5.4 and will also include other communities for which customary and traditional findings are developed in the future. failed 9-11-2.*

Minority Report

We, the undersigned, believe that the AP's vote against Option 2, Sub-option B is against the fair and equitable sharing of resources in the name of subsistence between native and non-native rural users.

*Michael Jones
David Benson*

*Lyle Yeck
Doug Ogden*

*Kris Fanning
Teresa Kandianis*

Stephanie Madsen

Option 3: Define legal gear

The AP recommends the Council adopt a combination of Suboption A and B to read as follows:

The legal gear for subsistence halibut fishing is set and hand held gear, including longline, handline, rod and reel, spear, jigging and hand troll gear of not more than 30 hooks.

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Additionally, the AP recommends the Council adopt Suboption C: allow tribal governments to contract with NMFS to allow proxies to be used by designated fisherman to fish for the community using up to 2 skates, up to 100 hooks each (per vessel).

The AP also recommends the Council adopt the revised Suboption D: Allow retention of subsistence halibut using commercial gear while CDQ fishing in Areas 4C and 4E. In 4E, halibut under 32 inches may continue to be retained for subsistence use. In area 4C retained subsistence halibut shall be marked and hailed prior to landing. (*Motion passed 19-0*).

Option 4: Allow the customary and traditional trade of subsistence halibut.

The AP recommends:

Suboption A 3: Customary and traditional trade through monetary exchange shall be limited to an annual maximum of \$400.

It is the intent of the AP that when proxy fishing--the monetary value of \$400 can not be stacked.

Suboption B 4: Customary and traditional trade through non-monetary exchange is allowed with anyone.

Further, the AP recommends that no customary and traditional trade be allowed to occur upon the premises of commercial buying operations, or with a registered buyer. Additionally, no exchange of subsistence caught halibut from a monetary exchange, trade or barter will be allowed to enter commerce at any point.

Option 5-Define a daily bag limit

The AP recommends the Council adopt the following:

- 1) Statewide, a bag limit of 8 per day
- 2) Areas 2C and 3A a bag limit of 6 per day
- 3) 4C and 4E have no bag limit

Above limits are in effect unless changed by co-management or local area management plans.

(*Motion passed 16-4*).

Option 6- The AP recommends that the Council foster development of co-management agreements with Tribal and Federal governments and other local entities (where there is no tribe) to only collect information, and monitor subsistence harvest and further refine local area halibut subsistence plans for approval by the Council.

Main motion passed 15-4-3.

Additionally, the AP recommends that no halibut caught in sportfishing shall be possessed on board a vessel when other fish or shellfish aboard the said vessel are destined for commercial or subsistence use, sale trade or barter.

No halibut caught in subsistence fishing shall be possessed on board a vessel when other fish or shellfish aboard the said vessel are destined for commercial use or sale, with the exception of areas 4C and 4E.

Motion passed 18-0.

C-4 Halibut Charter IFQ

The AP recommends the Council adopt the staff recommendations for restructuring the halibut charter IFQ alternatives for analysis with the following changes:

ISSUE 1. Initial QS may be based on:

Option 1. 12.68% in Area 2C and 14.94% in Area 3A of combined commercial and charter halibut quota

SUBOPTION: Use the State of Alaska's corrected numbers

Option 2. 14.74% in Area 2C and 14.00% in Area 3A of combined commercial and charter halibut quota

SUBOPTION 1: Use the State of Alaska's corrected numbers

Suboption 2: 50% of an individual's QS initial issuance would be fixed and the remaining 50% would float with abundance.

Option 3. Set-aside 1-2 ½% of combined commercial charter TAC for Gulf communities

A. Equal pounds from commercial and charter

B. Proportional amount based on split (15/85)

C. 100% out of charter (Motion passed 16-2)

Issue 2. Initial allocation of QS 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

Include discussion regarding criteria used for IFO regulations and applicability of MARAD regulations

Option 1. Charter vessel owner/operator - person 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

Include an outline of criteria that could be used to determine a bare boat vessel lesee

~~Option 3. Charter vessel owner that hired licensed captains/skippers - person that owned the vessel that they controlled as a charterboat but hired a captain/skipper to operate the vessel~~

~~Option 4. Hired skipper - person without financial interest in the vessel, hired for the labor only of operating a charterboat and paid a wage or commission as compensation~~

~~Option 5. Charter vessel/business owner - person who owns the charterboat and charterboat business~~

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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.

The AP endorses the Halibut Charter IFQ Committee's recommendation to use the most inclusive proxy for logbook participation that is, "active vessel" as defined as having turned in one logbook page with positive catch or effort. We also recommend that the ADF&G Guide and Business registration be made a mandatory proxy for participation for all options where the issue is a bare vessel lessee. Neither CFEC vessel registration nor IPHC licensing would be required of bare vessel lessees.

- Option 1. Initial issues who carried clients in 1998 and 1999 and who submitted ADF&G logbooks (as received by ADF&G by February 12, 2000)
- Option 2. Initial issues who carried clients in 1998 or 1999 and who submitted ADF&G logbooks (as received by ADF&G by February 12, 2000)
- Option 3. Initial issues 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. Initial issues who carried clients 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. Initial issues who carried clients 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. 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.~~
SUBOPTION: Base distribution on both total catch retained and caught and released
- Option 2. Modified Kodiak proposal: 5-30% for A, 33% for B, 37-62% for C (see attachment)
SUBOPTION: Base distribution on both total catch retained and caught and released
 - 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 qualified pool.
 - Part C: one point for each year of participation during 1995-99.

ISSUE 5. Transferability of QS (permanent) and IFQs (on annual basis [leasing])

Option 1 Nature of Charter Quota Share:

1. Owner/Operator, non-leasable

2. Owner only, leasable

SUBOPTION: Allow grandfather provisions to initial recipients to use hired skippers similar to the halibut sablefish IFQ program (Motion passed 11-7)

~~Option 1:~~ Option 2: Transfer of QS (permanent) and/or IFQs (leasing):

- A. prohibit transfers between charter and commercial sectors
- b) allow transfers between charter and commercial sectors
 - A. 1-yr one way transfer from commercial to charter
 - B. 3-yr one way transfer from commercial to charter
 - C. two-way (between commercial and charter sectors).

Suboptions under Options b (1-3):

- i. Designate QS pool into two classes for transfer from charter to commercial sector: transferable (25%) and non-transferable (75%) pools on an individual's basis.
- ii. Cap the percentage of annual IFQ transfers (de facto leasing) between sectors not to exceed 25% of total IFQs and 5% a range of 0-10% IFQs per year from charter to commercial; not to exceed the amount needed to meet the area GHL (12.68% in Area 2C and 14.94% in Area 3A) from commercial to charter.
- iii. on percentage of annual QS transfers between sectors not to exceed 25% of total QS and 5% a range of between 0&10% of QS per year from charter to commercial; not to exceed the amount needed to meet the area GHL (12.68% in Area 2C and 14.94% in Area 3A) from commercial to charter
- iv. A range of 0-10% leasing of Charter IFQ to charter from charter for the first 3 years

~~Option 2:~~ Option 3: Block restrictions

- a) any initially issued (i.e., unblocked) charter QS once transferred to commercial sector shall be:
 - 1. blocked
 - 2. blocked up to the limits of the commercial sweep-up and block limits
- b) allow splitting of commercial blocks to transfer a smaller piece to the charter sector
- c) allow splitting of commercial blocks once transferred to the charter sector

~~Option 3:~~ Option 4: Vessel class restrictions

- a) from A, B, C, and/or D commercial vessel category sizes to charter sector
 - 1) Owner/operator
 - 2) Hired skipper
- b) from charter to commercial:
 - 1. D category only
 - 2. C and D category only
 - 3. B, C, and D category
- c) initial transfer from undesignated charter to a particular commercial vessel category locks in at that commercial category

~~Option 4:~~ Option 5: One transfer of QS/IFQ each year between sectors for each QS holder

~~Option 5:~~ Option 6: Minimum size of transfer is range of 20-72 fish

ISSUE 6. To receive halibut QS and IFQ by transfer:

- Option 1. For the charter sector, must be either
- A. a initial charter issuee. or
 - B. qualified as defined by State of Alaska requirements for registered guides or businesses*
Suboption: 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 2. For the commercial sector, must have a commercial transfer eligibility certificate.

ISSUE 7. Caps

- Option 1. No caps - free transferability
- Option 2. 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 issuees
- 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)

Further, the AP recommends the Council ask the SSC to review the statistical reliability of current creel census to provide accurate estimation of sport caught halibut weight

Issue 10. Reporting:

- Option 1. Require operator to report landings at conclusion of trip
- Option 2. ADF&G logbook

Option 3. Expand implementation issues presented in the analysis to look at requiring a reporting station in every city and charter boat location to accurately weigh every halibut caught.

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Other issues:

The AP also recommends to add technical advisors to Charter IFQ Committee as a voting members - one each from area 2C and 3A. Further, the AP recommends that a member from GCCC be invited as a voting member

A motion to adopt the Halibut Charter IFQ Committee's recommendation "that the analysis is separable for Area 2C and 3A and recommend that the Council pursue and IFQ system for Area 3A only, in the event that there is not sufficient support for a program in Area 2C." Failed 5-8.

Main motion passed 15-3

Minority Report

We, the undersigned AP, believe the inclusion of the GCCC and commercial representative voting members on the Charter IFQ committee is premature. Further, we do agree that all other aspects of the analysis as approved move ahead.

Doug Ogden

Lyle Yeck

Robert Ward

Finally, the AP also unanimously approved the minutes from the September 2000 meeting.