

2010 catch is through September 25 and 2009 catch is through September 26 unless otherwise stated.

Bering Sea and Aleutian Islands

Bering Sea Pollock

The 2010 B season opened June 10. NMFS reallocated 4,500 metric tons (mt) from the incidental catch allowance to the non-Community Development Quota (CDQ) directed fisheries. The final annual allocations are 353,466 mt for inshore processors, 282,773 mt for catcher/processors (C/Ps), 70,693 mt for motherships, and 81,300 mt for CDQ. Sixteen C/Ps (15 in 2009), 14 catcher vessels (CV) delivering to motherships (17 in 2009), and 81 CVs (79 in 2009) delivering to inshore processors participated. Motherships finished their B season during the week ending September 11, and the C/P and inshore sectors are projected to finish in October.

Salmon in the pollock fishery

The 2010 catch is 8,358 non-CDQ and 335 CDQ Chinook salmon compared to the 2009 catch of 11,977 non-CDQ and 447 CDQ Chinook salmon. For non-Chinook salmon, the 2010 catch was 11,444 non-CDQ and 517 CDQ compared to the 2009 catch of 45,176 non-CDQ and 950 CDQ. The decrease in 2010 is mostly from the inshore sector. In 2010, the Chinook Salmon Savings Area remains open.

BSAI Trawl groundfish total catch (mt)

The most changes between 2010 and 2009 were the increased catch from non-pelagic trawl C/Ps, and the pelagic trawl decreased for CVs and increase for C/Ps.

<u>Year</u>	<u>NPT CV</u>	<u>NPT C/P</u>	<u>PTR CV</u>	<u>PTR C/P</u>	<u>Total</u>
2010	35,043	316,190	424,916	372,139	1,148,288
2009	35,218	290,575	442,524	360,989	1,129,306

Trawl halibut mortality

The 2010 total trawl halibut mortality is 5% lower than the 2009 total. Most of the decrease compared to 2009 is in the pollock and yellowfin sole targets. In 2010, the trawl halibut mortality is 340 mt from CVs and 1,967 mt from C/Ps. "Other" includes arrowtooth flounder, Atka mackerel, flathead sole, other flatfish, and rockfish.

2010 Total – 2,307 mt

Pacific cod 284 mt, Pollock 246 mt, Rock sole 806 mt, Yellowfin 599 mt, Other 371 mt

2009 Total – 2,428 mt

Pacific cod 225 mt, Pollock 428 mt, Rock sole 528 mt, Yellowfin 794 mt, Other 454 mt

On September 13, 2010, NMFS reallocated the projected unused amounts of 340 mt of halibut mortality, 48,000 red king crab, 290,000 Zone 1 bairdi tanner crab, and 880,000 Zone 2 bairdi tanner crab from the BSAI trawl limited access sector to the Amendment 80 cooperative.

Atka mackerel

Seven C/Ps and one CV registered for the 2010 A and B season harvest limit area fisheries in 542 and 543: three in the Amendment 80 cooperative, four in the Amendment 80 limited access sector, and one in the BSAI trawl limited access sector. These are the same vessels that registered in 2009.

Pacific cod

Reallocation

On August 27, 2010, NMFS reallocated 500 mt from trawl CVs to hook-and-line and pot CVs < 60 feet length overall. On September 9, 2010, NMFS reallocated 4,000 mt from the trawl CVs to the AFA C/Ps (600 mt) and Amendment 80 cooperative (3,400 mt). In late October NMFS will assess the remaining Pacific cod for another reallocation.

Hook-and-line catcher/processors

The B season opened August 15, 2010, with about 35,334 mt of Pacific cod available compared to 45,013 mt in 2009. For the 2010 B season the hook-and-line C/Ps are operating under a voluntary cooperative and weekly catch rates are lower than 2009.

Twenty-four C/Ps are targeting Pacific cod compared to 34 C/Ps in for the same time period in 2009. The B season halibut mortality average is 22 mt/week.

<u>Week ending</u>		<u>Week ending</u>	
8/21/2010	1,831	8/22/2009	4,084
8/28/2010	2,614	8/29/2009	3,629
9/04/2010	2,381	9/05/2009	3,331
9/11/2010	2,148	9/12/2009	3,072
9/18/2010	2,176	9/19/2009	3,470
9/25/2010	2,224	9/26/2009	3,283
Total	13,375		20,869

Hook-and-line catcher vessels

The fishery for hook-and-line CVs \geq 60 feet LOA remains open with no participation. In 2009, the fishery remained open with no participation until November 2 when NMFS closed the directed fishery and reallocated 312 mt to hook-and-line C/Ps.

Hook-and-line and pot catcher vessels < 60 feet length overall

In 2010, NMFS reallocated 1,200 mt in March and 400 mt in April from jig gear and 500 mt in August from trawl CVs to the < 60 foot category. The fishery reopened August 27, and about 403 mt of the 5,098 mt allocation remains.

Jig

In 2010, seven CVs have harvested 342 mt and 166 mt remains in the allocation. The average weekly rate in September was 24 mt/week. In 2009, three vessels targeted Pacific cod during the summer and reported 13 mt.

Pot

The C/P and CV B seasons opened September 1, 2010. During the B season four C/Ps caught 1,007 mt and the fishery closed September 23. Three C/Ps are continuing to fish in State waters since the Federal pot CV fishery remains open. The C/P catch continues to accrue to the pot C/P allocation, but NMFS will consider their catch when closing the pot CV fishery.

The B season pot CVs >= 60 ft fishery opened September 1, 2010, with about 5,424 mt available. For the B season seven vessels have caught 1,469 mt and 3,955 mt remains. No closure date has been projected. In 2009, pot CV effort was low and the fisheries remained open until December 31, 2009.

Trawl

The 2010 C season opened June 10 and 683 mt remains. During the C season about 819 mt was caught mostly by vessels in the pollock fishery. The 2009 C season remained open until November 1, catching 1,250 mt.

The Amendment 80 cooperative has taken 82 percent of their allocation including the 3,400 mt reallocation from trawl CVs. The Amendment 80 limited access fishery was closed all year and the sector has taken 90 percent of their allocation. The AFA C/P fishery closed February 18.

Arrowtooth flounder and Greenland turbot

The directed fisheries opened May 1. Four trawl C/Ps targeted Greenland turbot in the Aleutian Islands subarea and directed fishing closed June 29, 2010. In the Bering Sea 11 hook-and-line C/Ps were in the turbot target from May to August. In 2010, non-pelagic trawl C/P catch increased to 31,900 mt for arrowtooth flounder compared to the pre Amendment 80 catch in 2007 of 7,000 mt. The non-pelagic trawl C/P catch of Greenland turbot increased in 2010 to 1,780 mt from the 2007 catch of 340 mt.

Amendment 80 species

The 2010 catch of Amendment 80 species increased compared to the 2009. NMFS reallocated 6,000 mt of rock sole from the ICA and 20,000 mt of yellowfin sole from the BSAI trawl limited access sector to the Amendment 80 cooperative.

<u>Species</u>	<u>2010</u>	<u>2009</u>
Atka mackerel	51,761	49,623
Flathead sole	18,544	17,957
Pacific ocean perch	13,224	12,618
Rock sole	49,929	46,979
Yellowfin sole	99,501	93,456

Gulf of Alaska

Pacific cod

The B season Pacific cod fisheries opened September 1.

Central GOA

The Central GOA inshore fishery closed on TAC September 13 (in 2009 on October 1) with about 1,700 mt remaining to support other fisheries. NMFS will consider reopening the Central GOA inshore sector depending on the amount of Pacific cod remaining after trawl gear reaches the halibut mortality limit. The annual catch is from: non-pelagic trawl CVs 50%, pot CVs 31%, hook-and-line CVs 17%, trawl and hook-and-line C/Ps 1%, and pelagic trawl and jig 1%.

Western GOA

In the Western GOA the inshore fleet is catching about 1,200 mt/week with about 2,380 mt remaining. A closure is projected for the first full week of October. NMFS expects some effort to switch to pollock when it opens October 1. The annual catch is from: non-pelagic trawl CVs 11%, pot CVs 57%, hook-and-line CVs 9%, hook-and-line C/Ps 17%, pelagic trawl CVs 5%, and jig 1%.

Pollock

The C season fisheries in areas 610, 620, and 630 opened August 25. NMFS closed directed fishing for 620 pollock on September 7 and 610 on September 10. In area 630, participation for the August 25-27 opening was low. NMFS reopened the 630 C season for 24 hours on September 18. The D season fisheries in areas 610, 620, and 630 opened October 1. NMFS closed area 630 after 36 hours at midnight, October 2, and will monitor areas 610 and 620 closely.

Rockfish Pilot Program (RPP)

Information on the Rockfish Program can be found at <http://alaskafisheries.noaa.gov/sustainablefisheries/goarat/default.htm>. The directed fisheries for the vessels in cooperatives opened May 1, 2010. The limited access fisheries opened July 1.

Deep and Shallow Water Complex Trawl Fisheries

The 3rd season allocations became available July 1, 2010, with 191 mt more (400 mt minus 209 mt allocated to the Rockfish Program) for the deep-water complex and 200 mt more for the shallow-water complex. For deep-water, 479 mt of halibut mortality accrued through the 3rd season limit of 591 mt (not including the RPP). For shallow-water, 522 mt of halibut mortality accrued through the 3rd season limit of 750 mt. Both complexes remained open September 1 when the fourth seasonal allowance of 150 mt of halibut mortality for the shallow water complex became available. Based on historic rates NMFS closed the shallow water complex September 3. Only 70 mt of halibut mortality was taken in the trawl Pacific cod fishery and NMFS reopened the shallow-water complex September 11. Both complexes remained open when the remaining amount of halibut mortality for trawl gear became available October 1. As of September 25, 734 mt of halibut mortality remains for deep-water and shallow-water complexes (including the Rockfish Pilot program).

Hook-and-line gear

Halibut mortality for the hook-and-line fleet is at 210 mt of the 290 mt annual limit. This leaves 80 mt remaining. At the current average weekly rate of 7 mt of halibut mortality, the hook-and-line Pacific cod fishery is not projected to close soon. For 2010, the C/Ps accrued 109 mt and the CVs accrued 101 mt. In 2009, the hook-and-line fishery remained open with a total of 284 mt of halibut mortality.

Status of FMP Amendments
October 1, 2010

FMP Amendment Status: <u>Actions Since June 2010</u>	Date of Council Action	Start Regional Review	Transmittal Date of Action to NMFS HQ for Review	Proposed FMP Amendment Notice of Availability Published	Proposed Rule Published in Federal Register	Final Rule or Notice of Approval Published in Federal Register
Amendment 30 (KTC) – Arbitration System Changes	June 2008	PR: 1/28/09				
Amendment 31 (KTC) – C-Share Active Participation	June 2008					
Amendment 34 (KTC) – Adjustments to GOA sideboards for BSAI crab vessels	Oct 2008	PR:3/29/10				
Amendment 86 (GOA) – fixed gear endorsement for Pacific cod Approved September 30, 2010	June 4009	PR:12/4/09		July 2, 2010 75 FR 38452 EOC: August 31, 2010	July 23, 2010 75 FR 43118 EOC: Sept. 7, 2010	
Amendment 91 (BSAI) BS Chinook Salmon bycatch management Approved May 14, 2010	June 4009	PR: 12/17/09	PR: 2/8/10 FR:7/19/10	February 18, 2010 75 FR 7228 EOC: April 19, 2010	March 23, 2010 75 FR 14016 EOC: May 7, 2010	August 30, 2010 75 FR 53026 Effective Sept. 29, 2010
Amendment 94 (BSAI)-require modified nonpelagic trawl gear for directed flatfish fishing in the Bering Sea subarea.	October 2009	PR: 4/5/10 FR: 9/1/10	PR: 6/22/10 FR: 9/16/10	June 29, 2010 75 FR 37371 EOC: August 30, 2010	July 15, 2010 75 FR 41123 EOC: August 30, 2010	
Amendment 95 (BSAI skates) and 96/87 (groundfish ACLs)	10/09 (skates) 4/10 (ACLs)	PR: 5/12/10 FR: 9/2/10	PR: 6/28/10 FR: 9/17/10	July 2, 2010 75 FR 38454 EOC: August 31, 2010	July 16, 2010 75 FR 41424 EOC: August 31, 2010	
Amendments to all FMPS to authorize permit fees (101/92/36/14/10)	October 2009					
Amendment 83 (GOA) Pacific cod sector splits	December 2009					
Amendment 88 (GOA)-Central GOA rockfish program – Draft regulations for Council review October 2010	June 2010					

Status of FMP Amendments
October 1, 2010

FMP/Regulatory Amendment Status: <u>Actions Since June 2010</u>	Date of Council Action	Start Regional Review	Transmittal Date of Action to NMFS HQ for Review	Proposed FMP Amendment Notice of Availability Published	Proposed Rule Published in Federal Register	Final Rule or Notice of Approval Published in Federal Register
Amendment 93 (BSAI)-Modify Amd 80 sector coop formation criteria	February 2010					
Exemption to west region landing requirements for WAG	April 2010		ER extension 8/9/10			August 17, 2010 75 FR 50716
Amendment 97 (BSAI) – Amd 80 lost vessel replacement	June 2010					
Groundfish/Crab Regulatory Amendments						
CDQ regulation of harvest	MSA requirement Council - June 2007	PR: 12/17/08	PR: 6/10/10		July 13, 2010 75 FR 39892 EOC: August 12, 2010	
Observer Program regulation revisions	June 2008	PR: 2/25/09 FR: 5/7/10	PR: 9/8/09 FR: 8/5/10		September 30, 2009 74 FR 50155 EOC: October 30, 2009	
BSAI fixed gear parallel fishery management measures	June 2009	PR: 6/3/10				
Data collection program to assess effectiveness of Bering Sea Chinook salmon IPA to minimize bycatch (Draft forms and regulations back to Council at October 2010 meeting)	December 2009					

Status of Regulatory Amendments
October 1, 2010

Regulatory Amendment Status: <u>Actions Since June 2010</u>	Date of Council Action	Start Regional Review of Rule	Transmittal Date of Rule to NMFS Headquarters	Proposed Rule in <i>Federal Register</i>	Final Rule Published in <i>Federal Register</i>
Groundfish/Crab Regulatory Amendments					
Remove weighing req. for crab landings & rept. for processed product	NMFS	PR: 3/16/10 FR: 8/26/10	PR: 7/15/10 FR: 8/31/10	August 10, 2010 75 FR 48298 EOC: August 25, 2010	September 16, 2010 75 FR 56485 Effective September 16, 2010
eLandings changes to improve and update methods and procedures	NMFS				
Permits requirements-improve efficiency, flexibility and clarify regulatory text	NMFS				
Halibut Regulations					
Remove halibut/sablefish quota from initial recipients who never have fished or transferred quota	June 2006	PR: 8/12/09	PR: 7/16/10	August 23, 2010 75 FR 51741 EOC: 9/22/10	
Clarify charter logbook submission requirements	NMFS	PR: 1/12/10	PR: 4/2/10	75 FR 22010 April 27, 2010 EOC: May 12, 2010	
Establish new minimum vessel ownership criteria for using hired skipper of 12 months and 20% interest	December 2007				
Halibut catch share plan <u>Draft regulations available for Council review at its October meeting</u>	October 2008				
Revise angler endorsements on charter halibut permits	April 2010	PR: 4/29/10 FR: 8/17/10	PR: 6/10/10 FR: 8/31/10	July 6, 2010 75 FR 38758 EOC: August 5, 2010	September 17, 2010 75 FR 56903 Effective October 18, 2010

Status of Regulatory Amendments
October 1, 2010

Regulatory Amendment Status: <u>Actions Since June 2010</u>	Date of Council Action	Start Regional Review of Rule	Transmittal Date of Rule to NMFS Headquarters	Proposed Rule in <i>Federal Register</i>	Final Rule Published in <i>Federal Register</i>
Other					
Revision to the Fisheries Loan Program and to include the CDQ and Crab IFQ lending programs	NMFS			May 5, 2010 75 FR 24549 EOC: June 4, 2010	
Notice of fee percentage for Crab Rationalization cost recovery	NMFS		7/19/10		July 23, 2010 75 FR 43247

Regulatory Actions Completed in 2010
October 1, 2010

- Allow online transfers for CDQ , crab IPQ, and cooperatives: October 7, 2009 (74 FR 51515) , effective November 6, 2009
- Subsistence Halibut – Include Certain Rural Residents: November 4, 2009 (74 FR 57105), effective December 4, 2009
- Withdraw proposed rule to revise MRA accounting period for non-AFA C/Ps for selected groundfish species in the BSAI December 10, 2009 (74 FR 65503)
- Notice of 2009 standard prices and fee percentage for the IFQ cost recovery program in the halibut and sablefish fisheries December 11, 2009 (74 FR 65741)
- Limited entry system for owners of halibut charter businesses January 5, 2010 (75 FR 554), effective February 4, 2010
- Emergency rule to exempt IFQ issued for the Western Aleutian Islands golden king crab fishery from the West regional designation and individual processing quota (75 FR 7205; February 18, 2010)
- Correction to reinstate regulations requiring the IFQ permit holder be aboard the vessel at all times during a fishing trip and be present during the landing of harvested fish. (75 FR 20526; March 6, 2010)
- Final 2010 and 2011 harvest specifications, apportionments, and Pacific halibut prohibited species catch limits for the groundfish fishery of the GOA. (75 FR 11749; March 12, 2010)
- Final 2010 and 2011 harvest specifications, apportionments, and prohibited species catch limits for the groundfish fishery of the BSAI. (75 FR 11778; March 12, 2010)
- Annual management measures governing the Pacific halibut fishery. 75 FR 13024; March 18,2010)
- Notice of 2010 GHM for charter fishery in 2C and 3A (75 FR 17131; April 5, 2010)

Bering Sea Aleutian Islands Catch Report
(includes CDQ)
Through: 25-SEP-10

National Marine Fisheries Service
Alaska Region, Sustainable Fisheries
Catch Accounting



Bering Sea

Sea- sons	Account	Total Catch	Quota	Remaining Quota	% Taken	Last Wk Catch
	Other Rockfish (includes CDQ)	166	412	246	40%	1
	Pacific Ocean Perch (includes CDQ)	893	3,256	2,363	27%	18
	Sablefish (Hook-and-Line and Pot)	455	1,116	661	41%	15
	Sablefish CDQ (Hook-and-Line and Pot)	138	279	141	49%	6
	Sablefish (Trawl)	17	1,186	1,169	1%	0
	Sablefish CDQ (Trawl)	1	105	104	1%	0
	Greenland Turbot	1,371	3,587	2,216	38%	0
	Greenland Turbot CDQ	11	452	441	2%	0
X	Pollock, AFA Inshore	347,279	353,466	6,187	98%	3,695
X	Pollock, AFA Catcher Processor	281,033	282,773	1,740	99%	250
X	Pollock, AFA Mothership	70,576	70,693	117	100%	0
X	Pollock CDQ	81,077	81,300	223	100%	0
	Pollock, Incidental Catch, non-Bogoslof (includes CDQ)	19,216	24,768	5,552	78%	746
	Pollock, Incidental Catch, Bogoslof (includes CDQ)	52	50	-2	103%	0

Note: All weights are in metric tons.

Bering Sea Aleutian Islands Catch Report
(includes CDQ)
Through: 25-SEP-10

National Marine Fisheries Service
Alaska Region, Sustainable Fisheries
Catch Accounting



Aleutian Islands

Species	Account	Total Catch	Quota	Remaining Quota	% Taken	Last Wt Catch
	Other Rockfish (includes CDQ)	348	472	124	74%	10
	Pacific Ocean Perch, Eastern	2,669	3,768	1,099	71%	0
	Pacific Ocean Perch, Eastern CDQ	386	452	66	85%	0
	Pacific Ocean Perch, Central	3,126	3,813	687	82%	89
	Pacific Ocean Perch, Central CDQ	382	457	75	84%	0
	Pacific Ocean Perch, Western	5,292	5,840	548	91%	218
	Pacific Ocean Perch, Western CDQ	477	700	223	68%	26
	Atka Mackerel, Eastern ICA	72	75	3	95%	1
	Atka Mackerel, Eastern (Jig)	0	106	106	0%	0
	Atka Mackerel, Eastern CDQ	2,466	2,547	81	97%	0
X	Atka Mackerel, Eastern (Trawl)	11,007	21,072	10,065	52%	0
	Atka Mackerel, Central ICA	27	75	48	36%	3
X	Atka Mackerel, Central (Trawl)	18,788	26,357	7,569	71%	1,356
	Atka Mackerel, Central CDQ	3,039	3,167	128	96%	26
X	Atka Mackerel, Western (Trawl)	14,392	18,346	3,954	78%	2,359
	Atka Mackerel, Western ICA	26	50	24	52%	4
	Atka Mackerel, Western CDQ	1,944	2,204	260	88%	378
	Sablefish (Hook-and-Line and Pot)	685	1,242	557	55%	14
	Sablefish CDQ (Hook-and-Line and Pot)	201	310	109	65%	17
	Sablefish (Trawl)	61	440	379	14%	0
	Sablefish CDQ (Trawl)	4	39	35	9%	0
	Greenland Turbot (includes CDQ)	1,823	1,900	77	96%	1
X	Pollock	50	15,500	15,450	0%	0
X	Pollock CDQ	0	1,900	1,900	0%	0
X	Pollock, Incidental Catch (includes CDQ)	989	1,600	611	62%	42

Note: All weights are in metric tons.

Bering Sea Aleutian Islands Catch Report
(includes CDQ)
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National Marine Fisheries Service
Alaska Region, Sustainable Fisheries
Catch Accounting



Bering Sea Aleutian Islands

Species	Account	Total Catch	Quota	Remaining Quota	% Taken	Last Wk Catch
	Alaska Plaice (includes CDQ)	13,901	42,500	28,599	33%	275
	Arrowtooth Flounder	34,007	63,750	29,743	53%	319
	Arrowtooth Flounder CDQ	761	8,025	7,264	9%	26
	Flathead Sole	17,774	53,580	35,806	33%	166
	Flathead Sole CDQ	770	6,420	5,650	12%	85
	Northern Rockfish (includes CDQ)	3,206	6,154	2,948	52%	566
	Other Flatfish (includes CDQ)	2,080	14,705	12,625	14%	17
	Other Species (includes CDQ)	18,462	42,500	24,038	43%	554
X	Pacific Cod, Catcher Processor (Amendment 80)	19,171	23,597	4,426	81%	945
X	Pacific Cod, Catcher Processor (AFA)	4,032	4,067	35	99%	2
X	Pacific Cod, Catcher Vessel (Trawl)	28,126	28,809	683	98%	38
X	Pacific Cod, Catcher Processor (Hook-and-Line)	51,055	73,000	21,945	70%	2,224
X	Pacific Cod, Catcher Vessel (Hook-and-Line >= 60 ft)	1	300	299	0%	1
X	Pacific Cod, Catcher Processor (Pot)	2,250	2,248	-2	100%	207
X	Pacific Cod, Catcher Vessel (Pot >= 60 ft)	8,637	12,591	3,954	69%	299
X	Pacific Cod (Jig)	344	510	166	68%	7
	Pacific Cod (Hook-and-Line and Pot < 60 ft)	4,695	5,098	403	92%	11
	Pacific Cod, Incidental Catch (Hook-and-Line and Pot)	109	500	391	22%	17
X	Pacific Cod CDQ	14,452	18,059	3,607	80%	54
	Rock Sole	48,752	80,370	31,618	61%	646
	Rock Sole CDQ	1,177	9,630	8,453	12%	45
	Rougheye Rockfish (includes CDQ)	202	465	263	43%	6
	Shortraker Rockfish (includes CDQ)	210	329	119	64%	5
	Squid (includes CDQ)	387	1,675	1,288	23%	3
	Yellowfin Sole	98,412	195,567	97,155	50%	2,510
	Yellowfin Sole CDQ	1,089	23,433	22,344	5%	210
Total:		1,244,596	1,653,757	409,161	75%	18,513

Other flatfish: all flatfish species, except for Pacific halibut, flathead sole, Greenland turbot, rock sole, yellowfin sole, arrowtooth flounder, and Alaska plaice.

Other rockfish: all Sebastes and Sebastolobus species except for Pacific ocean perch, northern, shortraker, and rougheye rockfish.

Other species: sculpins, sharks, skates, and octopus.

For changes to the harvest specifications refer to <http://alaskafisheries.noaa.gov/2010/hschanges.htm>

Gulf of Alaska Catch Report

Through: 25-SEP-10

National Marine Fisheries Service
Alaska Region, Sustainable Fisheries
Catch Accounting



Western, Central Pollock

Sea- sons	Account	Total Catch	Quota	Remaining Quota	% Taken	Last Wk Catch
X	Pollock, 610 Shumagin	18,792	26,256	7,464	72%	3
X	Pollock, 620 Chirikof	23,540	28,095	4,555	84%	0
X	Pollock, 630 Kodiak	13,340	19,118	5,778	70%	1,286

Western Gulf

Sea- sons	Account	Total Catch	Quota	Remaining Quota	% Taken	Last Wk Catch
	Arrowtooth Flounder	1,630	8,000	6,370	20%	12
	Deep Water Flatfish	2	521	519	0%	0
	Shallow Water Flatfish	73	4,500	4,427	2%	1
	Flathead Sole	275	2,000	1,725	14%	0
	Rex Sole	100	1,543	1,443	6%	0
	Pacific Ocean Perch	3,138	2,895	-243	108%	0
	Rougeye Rockfish	93	80	-13	116%	0
	Shortraker Rockfish	64	134	70	47%	0
	Thornyhead Rockfish	125	425	300	29%	1
	Pelagic Shelf Rockfish	528	650	122	81%	1
	Northern Rockfish	2,030	2,703	673	75%	0
	Other Rockfish	355	212	-143	168%	1
X	Pacific Cod, Inshore	16,349	18,687	2,338	87%	1,133
X	Pacific Cod, Offshore	1,521	2,077	556	73%	115
	Sablefish (Hook-and-Line)	1,200	1,328	128	90%	22
	Sablefish (Trawl)	38	332	294	11%	0
	Big Skate	112	598	486	19%	1
	Longnose Skate	65	81	16	81%	6

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**National Marine Fisheries Service
Alaska Region, Sustainable Fisheries
Catch Accounting**



Central Gulf

Sea- sons	Account	Total Catch	Quota	Remaining Quota	% Taken	Last Wk Catch
	Arrowtooth Flounder	15,638	30,000	14,362	52%	172
	Deep Water Flatfish	445	2,865	2,420	16%	3
	Shallow Water Flatfish	4,339	13,000	8,661	33%	311
	Flathead Sole	2,690	5,000	2,310	54%	27
	Rex Sole	2,932	6,403	3,471	46%	9
	Pacific Ocean Perch	9,346	10,737	1,391	87%	41
	Rougheye Rockfish	206	862	656	24%	0
	Shortraker Rockfish	131	325	194	40%	0
	Pelagic Shelf Rockfish	2,214	3,249	1,035	68%	0
	Northern Rockfish	1,461	2,395	934	61%	0
	Thornyhead Rockfish	270	637	367	42%	0
	Other Rockfish	396	507	111	78%	1
	Pacific Cod, Rockfish Program	697	768	71	91%	0
X	Pacific Cod, Inshore	31,423	33,104	1,681	95%	78
X	Pacific Cod, Offshore	3,115	3,678	563	85%	69
	Sablefish (Hook-and-Line)	3,552	3,608	56	98%	15
	Sablefish (Trawl)	636	902	266	71%	1
	Big Skate	1,806	2,049	243	88%	22
	Longnose Skate	697	2,009	1,312	35%	19

Eastern Gulf

Sea- sons	Account	Total Catch	Quota	Remaining Quota	% Taken	Last Wk Catch
	Rougheye Rockfish	140	360	220	39%	1
	Shortraker Rockfish	253	455	202	56%	1
	Thornyhead Rockfish	147	708	561	21%	1
	Pacific Cod, Inshore	848	1,816	968	47%	20
	Pacific Cod, Offshore	1	201	200	0%	0
	Big Skate	138	681	543	20%	3
	Longnose Skate	122	762	640	16%	0

Note: All weights are in metric tons.

Report run on: September 30, 2010 5:18 AM

Gulf of Alaska Catch Report

Through: 25-SEP-10

National Marine Fisheries Service
Alaska Region, Sustainable Fisheries
Catch Accounting



West Yakutat

Sea- sons	Account	Total Catch	Quota	Remaining Quota	% Taken	Last Wk Catch
	Arrowtooth Flounder	140	2,500	2,360	6%	0
	Deep Water Flatfish	7	2,044	2,037	0%	0
	Shallow Water Flatfish	1	1,228	1,227	0%	0
	Flathead Sole	0	1,990	1,990	0%	0
	Rex Sole	2	883	881	0%	0
	Pacific Ocean Perch	1,928	2,004	76	96%	11
	Pelagic Shelf Rockfish	75	434	359	17%	0
	Other Rockfish	128	273	145	47%	0
	Pollock	1,635	2,031	396	80%	87
	Sablefish (Hook-and-Line)	1,381	1,410	29	98%	3
	Sablefish (Trawl)	145	210	65	69%	0

Southeast

Sea- sons	Account	Total Catch	Quota	Remaining Quota	% Taken	Last Wk Catch
	Arrowtooth Flounder	75	2,500	2,425	3%	0
	Deep Water Flatfish	3	760	757	0%	0
	Shallow Water Flatfish	1	1,334	1,333	0%	0
	Flathead Sole	0	1,451	1,451	0%	0
	Rex Sole	0	900	900	0%	0
	Pacific Ocean Perch	0	1,948	1,948	0%	0
	Pelagic Shelf Rockfish	11	726	715	2%	0
	Other Rockfish	33	200	167	17%	0
	Pollock	0	9,245	9,245	0%	0
	Demersal Shelf Rockfish	121	295	174	41%	1
	Sablefish (Hook-and-Line)	2,540	2,580	40	98%	39

Entire Gulf

Sea- sons	Account	Total Catch	Quota	Remaining Quota	% Taken	Last Wk Catch
	Atka Mackerel	2,348	2,000	-348	117%	4
	Other Skates	1,206	2,093	887	58%	45
	Other Species	1,425	4,500	3,075	32%	51
Total:		180,217	292,855	112,638	62%	3,616

Deep water flatfish: Dover sole, Greenland turbot, and deepsea sole.

Shallow water flatfish: flatfish not including deep water flatfish, flathead sole, rex sole, or arrowtooth flounder.

Gulf of Alaska Catch Report

Through: 25-SEP-10

**National Marine Fisheries Service
Alaska Region, Sustainable Fisheries
Catch Accounting**



Other rockfish in the Western and Central Regulatory Areas and in the West Yakutat District: slope rockfish and demersal shelf rockfish.

Other rockfish in the Southeast Outside District: slope rockfish.

Slope rockfish: aurora, blackgill, bocaccio, chilipepper, darkblotch, greenstriped, harlequin, pygmy, redbanded, redstripe, sharpchin, shortbelly, silvergrey, splitnose, stripetail, vermilion, and yellowmouth.

In the Eastern GOA only, "slope rockfish" also includes northern rockfish.

Demersal shelf rockfish: canary, china, copper, quillback, rosethorn, tiger, and yelloweye.

"Pelagic shelf rockfish" means *Sebastes variabilis* (dusky), *S. entomelas* (widow), and *S. flavidus* (yellowtail).

Other species: sculpins, sharks, squid, and octopus.

For changes to the harvest specifications refer to <http://alaskafisheries.noaa.gov/2010/hschanges.htm>

**Bering Sea Aleutian Islands Prohibited Species Report
(includes CDQ fisheries)**

Through: 25-SEP-10

**National Marine Fisheries Service
Alaska Region, Sustainable Fisheries
Catch Accounting**



Chinook Salmon

Trawl Gear

Seasons	Account	Units	Total Catch	Limit	Remaining	% Taken	Last Wk Catch
	BS Pollock (Pelagic)	Count	8,384	26,825	18,441	31%	195
	BS Chinook Salmon PSQ	Count	335	2,175	1,840	15%	0
	AI Pollock (Pelagic)	Count	1	647	646	0%	0
	AI Chinook Salmon PSQ	Count	0	53	53	0%	0
Total:			8,720	29,700	20,980	29%	195

Halibut Mortality

Non-Trawl Gear

Seasons	Account	Units	Total Catch	Limit	Remaining	% Taken	Last Wk Catch
	Halibut Mortality (Non-Trawl)	MT	385	832	447	46%	19
Total:			385	832	447	46%	19

Trawl Gear

Seasons	Account	Units	Total Catch	Limit	Remaining	% Taken	Last Wk Catch
	Halibut Mortality (Trawl)	MT	2,286	3,300	1,014	69%	44
Total:			2,286	3,300	1,014	69%	44

Trawl and Hook-and-Line Gear

Seasons	Account	Units	Total Catch	Limit	Remaining	% Taken	Last Wk Catch
	Halibut Mortality PSQ	MT	116	393	277	29%	1
Total:			116	393	277	29%	1

Herring (includes CDQ fisheries)

Trawl Gear

Seasons	Account	Units	Total Catch	Limit	Remaining	% Taken	Last Wk Catch
	Pacific Cod	MT	0	29	29	0%	0
	Rockfish	MT	0	10	10	0%	0
	Rock Sole, Flathead Sole, Other Flatfish	MT	1	29	28	3%	0
	Pollock, Atka Mackerel, Other Species	MT	162	214	52	76%	0
	Pollock Pelagic	MT	259	1,508	1,249	17%	2
	Yellowfin Sole	MT	3	169	166	2%	0
	Greenland Turbot, Arrowtooth, Sablefish	MT	0	14	14	0%	0
Total:			425	1,973	1,548	22%	2

**Bering Sea Aleutian Islands Prohibited Species Report
(includes CDQ fisheries)**

Through: 25-SEP-10

**National Marine Fisheries Service
Alaska Region, Sustainable Fisheries
Catch Accounting**



Opilio (Tanner) Crab - COBLZ

Trawl Gear

Sea- sons	Account	Units	Total Catch	Limit	Remaining	% Taken	Last Wk Catch
	Opilio Crab	Count	1,624,314	3,884,550	2,260,236	42%	46
	Opilio Crab PSQ	Count	8,931	465,450	456,519	2%	299
Total:			1,633,245	4,350,000	2,716,755	38%	345

Bairdi Crab, Zone 1

Trawl Gear

Sea- sons	Account	Units	Total Catch	Limit	Remaining	% Taken	Last Wk Catch
	Bairdi Crab	Count	121,052	741,190	620,138	16%	1,218
	Bairdi Crab PSQ	Count	9,448	88,810	79,362	11%	0
Total:			130,500	830,000	699,500	16%	1,218

Bairdi Crab, Zone 2

Trawl Gear

Sea- sons	Account	Units	Total Catch	Limit	Remaining	% Taken	Last Wk Catch
	Bairdi Crab	Count	285,329	2,250,360	1,965,031	13%	231
	Bairdi Crab PSQ	Count	12,281	269,640	257,359	5%	2,658
Total:			297,610	2,520,000	2,222,390	12%	2,889

Red King Crab, Zone 1

Trawl Gear

Sea- sons	Account	Units	Total Catch	Limit	Remaining	% Taken	Last Wk Catch
	Red King Crab	Count	51,285	175,921	124,636	29%	4,970
	Red King Crab PSQ	Count	603	21,079	20,476	3%	0
Total:			51,888	197,000	145,112	26%	4,970

"Other flatfish" for PSC monitoring: all flatfish species, except for Pacific halibut (a prohibited species), flathead sole, Greenland turbot, rock sole, yellowfin sole, arrowtooth flounder.

COBLZ: C. Opilio Crab Bycatch Limitation Zone. 50 CFR 679.21(e) and Figure 13.

Zone 1: Federal Reporting Areas 508, 509, 512, 516.

Zone 2: Federal Reporting Areas 513, 517, 521.

Data is based on observer reports extrapolated to total groundfish harvest. Estimates for all weeks may change due to incorporation of late or corrected data.

Gulf of Alaska Halibut Mortality Report

Through: 25-SEP-10

National Marine Fisheries Service
Alaska Region, Sustainable Fisheries
Catch Accounting



Trawl Fisheries

Deep Water Species Complex

Season	Begin	End	Total Catch	Limit	Limit Remaining	% Taken
1st Season	20-JAN-10	01-APR-10	75	100	25	75%
2nd Season	01-APR-10	01-JUL-10	346	300	-46	115%
3rd Season	01-JUL-10	01-SEP-10	58	400	342	15%
4th Season	01-SEP-10	01-OCT-10	32	0	-32	0%
Total:			510	800	290	64%

Shallow Water Species Complex

Season	Begin	End	Total Catch	Limit	Limit Remaining	% Taken
1st Season	20-JAN-10	01-APR-10	160	450	290	35%
2nd Season	01-APR-10	01-JUL-10	270	100	-170	270%
3rd Season	01-JUL-10	01-SEP-10	92	200	108	46%
4th Season	01-SEP-10	01-OCT-10	165	150	-15	110%
Total:			688	900	212	76%

Year-To-Date

Account	Total Catch	Limit	Limit Remaining	% Taken	Last Wk Catch
Trawl Fishery	1,266	2,000	734	63%	20

Other Hook-and-Line Fisheries

Season	Begin	End	Total Catch	Limit	Limit Remaining	% Taken
1st Season	01-JAN-10	10-JUN-10	140	250	110	56%
2nd Season	10-JUN-10	01-SEP-10	0	5	5	3%
3rd Season	01-SEP-10	31-DEC-10	70	35	-35	199%
			210	290	80	72%

Deep-water species complex: sablefish, rockfish, deep-water flatfish, rex sole and arrowtooth flounder. Shallow-water species complex: pollock, Pacific cod, shallow-water flatfish, flathead sole, Atka mackerel, and 'other species'.

No apportionment between shallow-water and deep-water fishery complexes during October 1 to December 31 (300 mt allocated).

Other hook-and-line fisheries means all hook-and-line fisheries except sablefish and demersal shelf rockfish in the Southeast District.

Halibut mortality for the demersal shelf rockfish fishery. Southeast District is not listed due to insufficient observer coverage.

Gulf of Alaska Halibut Mortality Report

Through: 25-SEP-10

**National Marine Fisheries Service
Alaska Region, Sustainable Fisheries
Catch Accounting**



Data is based on observer reports extrapolated to total groundfish harvest. Estimates for all weeks may change due to incorporation of late or corrected data.

Note: All weights are in metric tons.



**UNITED STATES DEPARTMENT OF
National Oceanic and Atmospheric Ad**

National Marine Fisheries Service

P.O. Box 21668

Juneau, Alaska 99802-1668

September 28, 2010

AGENDA B-2
Supplemental
OCTOBER 2010

RECEIVED
SEP 29 2010

Mr. Chris Oliver, Executive Director
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, Alaska 99501-2252

Dear Chris:

On September 17, 2010, we approved Amendment 94 to the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Islands Management Area (RIN 0648-AY34). This amendment:

- 1) requires modified nonpelagic trawl gear to be used for directed fishing for flatfish in the Bering Sea subarea to reduce the potential adverse effects of nonpelagic trawl gear on benthic habitat by raising the trawl sweeps off the bottom;
- 2) modifies the Northern Bering Sea Research Area to establish a Modified Gear Trawl Zone where nonpelagic trawl gear used in this area must be modified, regardless of the species targeted;
- 3) revises the eastern boundary of the Saint Matthew Island Habitat Conservation Area to protect additional blue king crab habitat from the potential adverse effects of nonpelagic trawl gear; and
- 4) implements several housekeeping items recommended by the Council.

A final rule to implement Amendment 94 will follow at a later date.

Sincerely,

James W. Balsiger, Ph.D.
Administrator, Alaska Region





**UNITED STATES DEPARTMENT OF
National Oceanic and Atmospheric Administration**

National Marine Fisheries Service

P.O. Box 21668

Juneau, Alaska 99802-1668

September 28, 2010

AGENDA B-2
Supplemental
OCTOBER 2010

Mr. Chris Oliver, Executive Director
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, Alaska 99501-2252

RECEIVED
SEP 29 2010

Dear Chris:

On September 22, 2010, we approved Amendments 95 and 96 to the Fishery Management Plan (FMP) for Groundfish of the Bering Sea and Aleutian Islands Management Area (BSAI) and Amendment 87 to the FMP for Groundfish of the Gulf of Alaska (RIN 0648-AY48). These amendments manage skates in the BSAI and update the FMPs to comply with National Standard 1 guidelines on annual catch limits and accountability measures for groundfish management. A final rule to implement these amendments will follow at a later date.

Sincerely,

James W. Balsiger, Ph.D.
Administrator, Alaska Region





UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration

National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

AGENDA B-2
Supplemental
OCTOBER 2010

September 22, 2010

Commissioner Denby Lloyd
Alaska Department of Fish & Game
1255 West 8th Street
P.O. Box 115526
Juneau, AK 99811-5526

RECEIVED

SEP 27 2010

Dear Mr. Lloyd:

The National Marine Fisheries Service (NMFS) is currently preparing draft regulations to implement the North Pacific Fishery Management Council's (Council's) proposed halibut catch sharing plan (CSP) for Southeast Alaska (Area 2C) and the Central Gulf of Alaska (Area 3A). To ensure that the CSP proposed rule meets Council intent, NMFS plans to provide draft regulations to the Council for review at its October 2010 meeting.

The CSP has three components: (1) a combined catch limit annually specified by the International Pacific Halibut Commission (IPHC) that is allocated between the commercial and charter halibut fisheries using percentage allocations recommended by the Council; (2) management measures (CSP restrictions) for charter vessel anglers that are intended to maintain harvest to the charter allocation and promulgated annually by the IPHC using a nondiscretionary process proposed by the Council; and (3) the opportunity for commercial halibut individual fishing quota (IFQ) holders to lease (transfer on an annual basis) halibut IFQ to charter halibut permit holders as Guided Angler Fish (GAF).

Assuming the Council concurs with NMFS this October that the draft proposed regulations reflect its intent, we anticipate that the proposed rule would be published in the *Federal Register* for public review and comment late this year. Pending consideration of public comment and approval of the CSP by the Secretary of Commerce, a final rule likely would be published by mid-2011. This schedule would allow new CSP halibut allocations and associated CSP restrictions to be implemented through the IPHC process in early 2012, when the IFQ to GAF transfer and accounting system will be fully functional.

The Council recommended that the Alaska Department of Fish & Game (ADF&G) provide specific data elements for implementation of the CSP. In order to proceed with the proposed rule, NMFS will need confirmation from you that if the CSP is approved, ADF&G would provide (1) annual projections of charter halibut harvest in pounds for Area 2C and Area 3A for the upcoming year under various regulatory scenarios outlined in the CSP, (2) an annual average weight of halibut landed for the Area 2C and Area 3A charter fishery during the previous year (for conversion of IFQ to GAF), and if applicable, (3) the projected number of charter halibut that will be harvested in the upcoming year and the maximum size of one halibut that can be retained per calendar day by charter vessel anglers in Area 2C or Area 3A.



The CSP restrictions for charter vessel anglers in Area 2C and Area 3A for the upcoming year would be determined by the combined catch limit specified by the IPHC and projections of charter halibut harvest for each area. In January 2009, ADF&G staff prepared an analysis to assess the feasibility of projecting charter halibut harvest under the CSP. As detailed in that analysis, at least two, and possibly three, projections of charter halibut harvest for the upcoming year would be required for both Area 2C and Area 3A.

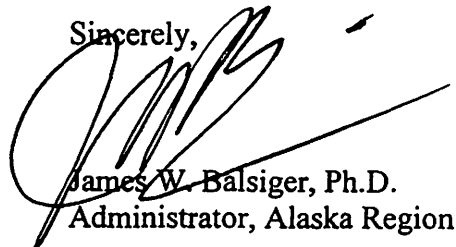
We also request confirmation that ADF&G would provide an annual average weight of halibut harvested in the Area 2C and Area 3A charter fisheries during the prior year. The area-specific average weights would be used to convert pounds of halibut IFQ to number(s) of GAF halibut for GAF transfers and to convert GAF to pounds of halibut when returned to the IFQ account from which it was originally transferred.

In years where the CSP restriction limits charter vessel anglers in Area 2C or Area 3A to retaining one halibut of a maximum size limit per calendar day, we request confirmation that ADF&G would determine the maximum size limit with the best information available and consistent with the algorithm specified in the CSP regulations.

Additionally, NMFS proposes to work with ADF&G and Council staff to develop a process for the Council's Scientific and Statistical Committee (SSC) to regularly review ADF&G's charter halibut harvest projection methodology. This process would provide the SSC with an opportunity to comment on the technical components of the projection methodology as ADF&G refines it from year to year.

ADF&G staff has been provided a copy of a preliminary draft proposed rule to implement the CSP for review and comment prior to the October Council meeting. We look forward to ongoing coordination with your staff to implement the CSP in Area 2C and Area 3A.

Sincerely,



James W. Balsiger, Ph.D.
Administrator, Alaska Region

cc: Chris Oliver, North Pacific Fishery Management Council



**UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration**

*National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668*

AGENDA B-2
Supplemental
OCTOBER 2010

September 24, 2010

RECEIVED
SEP 24 2010

Mr. Eric Olson, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, Alaska 99501-2252

Dear Chairman Olson:

We would like to review with the North Pacific Fishery Management Council (Council) the draft regulations for the halibut catch sharing plan (CSP) for International Pacific Halibut Commission (IPHC) regulatory Area 2C (Southeast Alaska) and Area 3A (Southcentral Alaska) to ensure they are consistent with Council intent. The Council's proposed CSP has three components: (1) a combined catch limit annually specified by the IPHC that is allocated between the commercial and charter halibut fisheries using percentage allocations proposed by the Council; (2) annual management measures (CSP restrictions) for the charter halibut fishery that are intended to maintain harvest within the range targeted by the Council for the charter allocation and specified annually by the IPHC using a nondiscretionary process proposed by the Council; and (3) the opportunity for commercial halibut individual fishing quota (IFQ) holders to lease (transfer on an annual basis) halibut IFQ to charter halibut permit holders as Guided Angler Fish (GAF).

The purpose of the review is to highlight those areas in the regulations where it was necessary for NMFS to make assumptions about Council intent for purposes of implementation and enforcement of the CSP. This letter will summarize those issues for the Council and provide a rationale for the assumptions made in the draft CSP regulations. We have enclosed a draft copy of the regulations for Council review that shows the potential revisions to current regulations. At the Council meeting, NMFS staff will be prepared to provide an overview of the draft CSP regulations and the issues raised in this letter. Please note that although we developed the draft CSP regulations with input from staff of the Council, Alaska Department of Fish and Game, IPHC and NOAA General Counsel, these regulations may undergo further refinement as we prepare the CSP proposed rule for agency review.

1. Effective CSP restriction when projected charter harvest is below allowable range specified by the Council

The Council recommended that the CSP restrictions for charter vessel anglers be determined each year following the IPHC's specification of a combined catch limit for Area 2C and Area 3A. The Council's preferred alternative establishes allocations to the commercial and charter sectors at identified levels of halibut abundance and the CSP restrictions for the charter sector, as determined by projections of associated charter halibut removals. Attachment 1 presents the suite



of CSP allocations and bag limit and size limit restrictions at designated tiers of halibut abundance.

In situations where the projected charter halibut harvest falls below the lowest level of the allowable range around the charter sector allocation in the appropriate tier, the Council motion states that:

“charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.”

NMFS assumed that if projected charter halibut harvest under the default CSP restriction is below the lowest level of the allowable range, a second projection of charter harvest would be prepared assuming that the CSP restriction is the default CSP restriction specified under the next higher trigger (i.e., the next less restrictive CSP restriction). If that projected harvest is equal to or less than the highest value of the allowable range for the next higher trigger, the effective CSP restriction for the year would be the default CSP restriction of the next higher trigger. If the projected harvest is greater than the highest value of the allowable range for the next higher trigger, the effective CSP restriction would be the default CSP restriction of the initial trigger, even though projected charter harvest under that CSP restriction was below the allowable range (see Attachment 1 to this letter and Tables 5 and 6 on pages 32 and 35 of the enclosed draft regulations).

In Attachment 1, for example, if the appropriate halibut abundance tier for Area 2C is tier 3, the allowable projected charter harvest ranges from 11.6% to 18.6% of the annual combined catch limit, and the default CSP restriction is that charter vessel anglers may retain two halibut, and one halibut must be less than 32 inches in length. If the projection of charter halibut harvest under the default CSP restriction is 11.0%, a second projection would be prepared using the default CSP restriction under the “next higher trigger,” which is that charter vessel anglers may retain two halibut of any size. If the second projection of charter halibut harvest under a two halibut of any size daily bag limit is less than or equal to 18.6% of the combined catch limit, the two halibut of any size daily bag limit would be the effective CSP restriction for that year. If the second projection of charter halibut harvest under a two halibut daily bag limit is greater than 18.6% of the combined catch limit, the effective CSP restriction would be the default CSP restriction under tier 3; charter vessel anglers may retain two halibut, and one halibut must be less than 32" in length.

2. Line limit in Area 2C

The Council motion was silent on whether the Area 2C line limit currently in regulation¹ should be retained under the CSP. NMFS assumed the Council intended to remove the Area 2C line limit from federal regulations for three reasons. First, the CSP restrictions identified by the

¹ Current regulations at 50 CFR 300.65(d)(2)(iii) restrict the number of lines used to fish for halibut onboard a vessel in Area 2C to six or the number of charter vessel anglers, whichever is less.

Council to control harvest to specified management objectives did not include line limits. Second, the six-line limit does not directly restrict halibut retention by charter vessel anglers, which is the focus of CSP restrictions under the Council's preferred alternative. Instead, the draft CSP regulations would remove existing harvest restrictions such as the Area 2C one halibut daily bag limit, and specify that the effective CSP restrictions would be determined by the CSP, as presented in Attachment 1. Following that rationale, NMFS assumed that the CSP restrictions presented in Attachment 1 also would replace the existing Area 2C line limit.

Third, the original objective for the federal line limit regulations to help control charter angler fishing effort has largely been achieved by the new angler endorsement on charter halibut permits established under the charter vessel limited access program. Similarly, United States Coast Guard safety regulations also limit the number of passengers for hire that may be onboard most charter vessels.

3. Rules for Community Quota Entities (CQEs) transferring IFQ to GAF or receiving GAF

The Council motion stated:

“With regard to CQE leasing, any quota which a CQE holds, regardless of its origin, could be leased up to 100% to eligible residents of the CQE community.”

The Regulatory Impact Review prepared for the CSP and reviewed by the Council at the time of final action in October 2008 stated (page 102):

“A CQE is allowed to lease 100 percent of the halibut they hold to eligible residents in their communities. This means a CQE may convert 100 percent of its annual IFQ to GAF for use on its halibut community harvest permit, may lease 100 percent of its IFQ out as GAF to another CQE, may lease 100 percent of its IFQ to community residents (subject to current holding limitations), or may lease GAF to its own community residents that hold community charter halibut permits. Therefore, the only limitation on CQE leases is that no individual that receives IFQ (or GAF derived from that IFQ) may hold, individually or collectively, more than 50,000 lb of halibut IFQ and GAF derived from the IFQ, combined.”

NMFS drafted the final rule to comply with the description in the analysis regarding the Council's intent for the instances in which CQEs transferring IFQ to GAF or receiving GAF from an IFQ permit holder would be exempt from the transfer limits the Council specified for GAF² (see §300.65(c)(6)(iv)(F) on page 19). Attachment 2 presents the draft CSP rules for transfers between IFQ and GAF for CQEs.

² Commercial halibut QS holders may lease up to 1,500 pounds or 10 percent (whichever is greater) of their annual IFQ to charter halibut permit holders (including themselves) for use as GAF on charter halibut permits. No more than 400 GAF may be assigned to a GAF permit linked to a charter halibut permit endorsed for 6 or fewer charter vessel anglers, and no more than 600 GAF may be assigned to a GAF permit linked to a charter halibut

In summary:

A CQE would be exempt from the IFQ to GAF transfer limits when the CQE transfers IFQ as GAF to:

- (a) itself for use with a charter halibut permit³ or a community charter halibut permit⁴ it holds,
- (b) an eligible community resident holding a charter halibut permit, or
- (c) another CQE for use with a charter halibut permit or a community charter halibut permit held by the CQE receiving GAF.

A CQE would not be exempt from the IFQ to GAF transfer limits when the CQE:

- (a) receives GAF from an IFQ permit holder that is not a CQE, or
- (b) transfers GAF to a charter halibut permit holder that is not an eligible resident of the community represented by the CQE.

All IFQ to GAF transfers involving a CQE would be subject to the IFQ program use cap at 50 CFR 679.42(f)(6), which specifies that “No individual that receives IFQ derived from halibut QS held by a CQE may hold, individually or collectively, more than 50,000 lb (22.7 mt) of IFQ halibut derived from any halibut QS source (*see §300.65(c)(6)(iv)(E)(4) on page 19*).

The draft regulations at §300.65(c)(6)(iv)(F)(2) (*see page 19*) also reflect a discussion in the October 2008 draft Regulatory Impact Review (pages 102 and 103) about the definition of “eligible community resident” for purposes of GAF transfers:

“The term “resident” needs to be clarified in this context because businesses are expected to hold CHPs. For a business to be considered a resident of a community it could either be required to be headquartered in the community or operate in that community. One purpose of this provision is to increase economic activity in these remote communities that do not have a “fully” developed halibut charter industry. Requiring that the charter activity takes place in the community will help insure the community derives economic

permit endorsed for more than 6 charter vessel anglers (*see §300.65(c)(6)(iv)(E) on page 18*). NMFS will evaluate these limits individually and collectively, consistent with the application of use caps in the IFQ program.

³ Current regulations at 50 CFR 300.67(k)(4)(i) and (ii) authorize eligible CQEs to hold charter halibut permits, in addition to community charter halibut permits that will be issued at no cost. Eligible CQEs in Area 2C may hold a maximum of four charter halibut permits and four community charter halibut permits, for a total of eight. Eligible CQEs in Area 3A may hold a maximum of seven charter halibut permits and seven community charter halibut permits, for a total of fourteen.

⁴ Current regulations at 50 CFR 300.67(k)(5) require that every charter vessel fishing trip authorized by a community charter halibut permit must begin or end within the boundaries of the community represented by the CQE holding the permit. The regulations do not require that an eligible community resident of the CQE community use the community charter halibut permit.

benefit from those operations. Therefore, it is assumed that “resident” means that the CHP holder must operate their business out of the community.”

The draft regulations revise the definition of eligible community resident for purposes of IFQ to GAF transfers under the Area 2C and Area 3A CSP (*see page 43*). A person (either an individual or a non-individual entity) holding a charter halibut permit would have to either begin or end a charter vessel fishing trip authorized by their charter halibut permit within the boundaries of the community represented by the CQE to qualify as an eligible community resident of that CQE for purposes of IFQ to GAF transfers⁵. If a CQE transfers IFQ as GAF to an eligible community resident, the transfer would not be subject to the IFQ to GAF transfer limits.

4. Retention of logbooks for two years

The draft regulations add a new requirement at §300.65(d)(2) for the person to whom the Alaska Department of Fish & Game issues a Saltwater Sport Fishing Charter Trip Logbook (*see page 20*). That person would be required to retain the logbooks for their charter operation for two years following the end of the fishing season and make the logbooks available for inspection by an authorized officer. This additional requirement is necessary for enforcement of the CSP and other regulations pertaining to charter operators and charter vessel anglers, such as GAF use.

The logbook is an official record of the fishing activity that occurred during all fishing trips. In addition to having the logbooks onboard a vessel during a charter vessel fishing trip (will be required under limited access program at §300.66(w), *see page 26*), retention of logbooks for a period of time is necessary to facilitate investigations of complaints or possible violations that are received after the fishing activity occurs.

5. Prohibition on conducting commercial and charter fishing from the same vessel on the same day

The Council motion stated:

“Commercial and charter fishing may not be conducted from the same vessel on the same day.”

The draft CSP regulations include this prohibition at §300.66(i) (*see page 24*). The draft regulations also include a prohibition at §300.66(h) (*see page 24*) on charter and subsistence fishing from the same vessel on the same day, based on Council and NMFS staff understanding that the Council’s recommendation implied this prohibition.

⁵ The analysis did not define “operate their business out of the community,” so NMFS applied the same requirement for using community charter halibut permits (*see footnote 4*) to the definition of eligible community resident for purposes of IFQ to GAF transfers involving CQEs.

Secondary issues initially highlighted in the October 2008 implementation plan

6. GAF permit issuance and use

The Council motion stated:

“A LEP (Limited Entry Permit) holder may lease IFQ for conversion to GAF for use on the LEP” (emphasis added).

The October 2008 CSP implementation plan indicated that charter halibut permit holders receiving GAF would be issued a separate GAF permit. Designating GAF on a charter halibut permit could negatively impact charter operations. If GAF were designated on the charter halibut permit, NMFS would have to reissue the charter halibut permit to reflect the modified GAF balance for each GAF transfer. This would require a charter halibut permit holder to return their charter halibut permit to NMFS for each GAF transfer. Under the charter halibut permit program, charter operators will be required to have onboard the vessel the original copy of the charter halibut permit they are using to authorize the charter vessel fishing trip (*see §300.66(s) on page 25*). This requirement enables enforcement of the charter halibut permit program to ensure that each operator has a valid charter halibut permit onboard the vessel. The transit time required for returning a charter halibut permit to NMFS, modifying the permit for a GAF transfer, and returning the permit to the permit holder could disrupt the business operations of the charter halibut permit holder.

Under the draft CSP regulations, charter operators engaging in GAF transfers would receive a GAF permit, which would be linked to only one charter halibut permit (*see §300.65(c)(iii)(A)(4) on page 17*) for the rest of that year. The draft regulations require a person to identify the charter halibut permit his or her GAF permit would be linked to when applying for a transfer of IFQ to GAF. This is effectively the same as designating GAF on a charter halibut permit.

7. Conversion of IFQ to GAF

The Council motion stated:

“The conversion between annual IFQ and GAF would be based on average weight of halibut landed in each region’s charter halibut fishery (2C or 3A) during the previous year as determined by ADF&G.”

The draft regulations include this recommendation at §300.65(c)(6)(ii)(F) (*see page 16*). The whole pounds of IFQ transferred to or from an IFQ permit holder in Area 2C or Area 3A would be equal to the whole number(s) of GAF transferred to or from the GAF account of GAF permit holder in the corresponding area, multiplied by the estimated average weight of halibut harvested by charter vessel anglers for that area. NMFS would not transfer fractions of pounds, but would round up to the nearest whole pound when transferring IFQ to GAF and when transferring GAF to IFQ.

8. Daily electronic reporting of GAF

The draft regulations require GAF permit holders to report retained GAF by midnight of the day on which it is retained using a NMFS-approved electronic reporting system (*see §300.65(d)(4)(iii)(A) on page 22*). As noted in the October 2008 CSP implementation plan, real time reporting of GAF landings and other GAF account and permit information is essential to support participant access to current account balances for account management. GAF permit holders also would be required to report GAF in Alaska Department of Fish & Game logbooks onboard the vessel (*see §300.65(d)(4)(ii)(B)(6) on page 22*).

Management personnel need real-time account information to manage permit accounts, conduct transfers, assess fees and generate accurate public data reports that track harvest. Enforcement personnel need real-time account information to monitor GAF use and monitor compliance with authorized GAF harvests and other program rules.

9. Return of GAF to IFQ permit holder

The Council motion stated:

“Unused GAF may revert back to pounds of IFQ and be subject to the underage provisions applicable to their underlying commercial QS either automatically on November 1 of each year **or upon the request of the GAF holder** if such request is made to NMFS in writing prior to November 1 of each year.” (emphasis added)

As discussed in the October 2008 CSP implementation plan, the draft CSP regulations require that the GAF permit holder and the IFQ permit holder from which they received GAF complete an application to transfer (return) GAF to IFQ (*see §300.65(c)(6)(ii)(A) and (B) on page 13*). A transfer of IFQ to GAF is voluntary, thus NMFS interpreted the Council’s motion to recommend that a voluntary transfer (return) of unharvested GAF to IFQ could take place prior to November 1, at which time any unharvested GAF would automatically be returned by NMFS to the IFQ permit holder.

To reflect the voluntary nature of transfers between IFQ and GAF prior to November 1, the draft regulations require that both parties engaging in a GAF transfer (either a transfer of IFQ to GAF or a voluntary return of GAF to IFQ) complete and sign a transfer application for submittal to NMFS.

10. Cost recovery fees for GAF

The October 2008 CSP implementation plan stated:

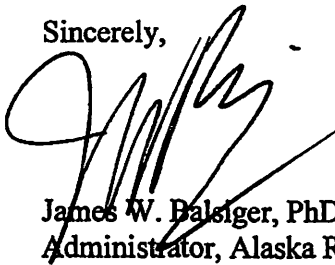
“The commercial IFQ holder would be responsible for all cost recovery fees in IFQ pounds harvested for his/her IFQ permit(s) and also for pounds transferred and harvested as GAF which originated from his/her IFQ account(s).”

The draft regulations implement this approach at §679.45 (see page 50). As discussed in the CSP implementation plan, the draft regulations specify that NMFS would determine the cost recovery liability for IFQ permit holders based on the value of all landed IFQ and GAF derived from his or her IFQ permits. NMFS would convert landings of GAF in Area 2C or Area 3A to IFQ equivalent pounds (see issue 7 above) and multiply the IFQ equivalent pounds by the standard ex-vessel value computed for that area to determine the value of IFQ landed as GAF. The value of IFQ landed as GAF would be added to the value of the IFQ permit holder's landed IFQ, and the sum would be multiplied by the IFQ fee percentage to estimate the person's IFQ fee liability.

The standard ex-value applied to GAF landings would be calculated based on the actual ex-vessel values of IFQ halibut landings based on information provided in the IFQ Buyer Reports price, and the draft regulations specify that the standard ex-vessel value cannot be challenged by the IFQ permit holder.

I appreciate the opportunity to review the draft regulations for the halibut CSP with the Council. NMFS staff will be available to answer any questions the Council may have regarding the proposed regulatory approach for implementing the Council's motion on the halibut CSP.

Sincerely,



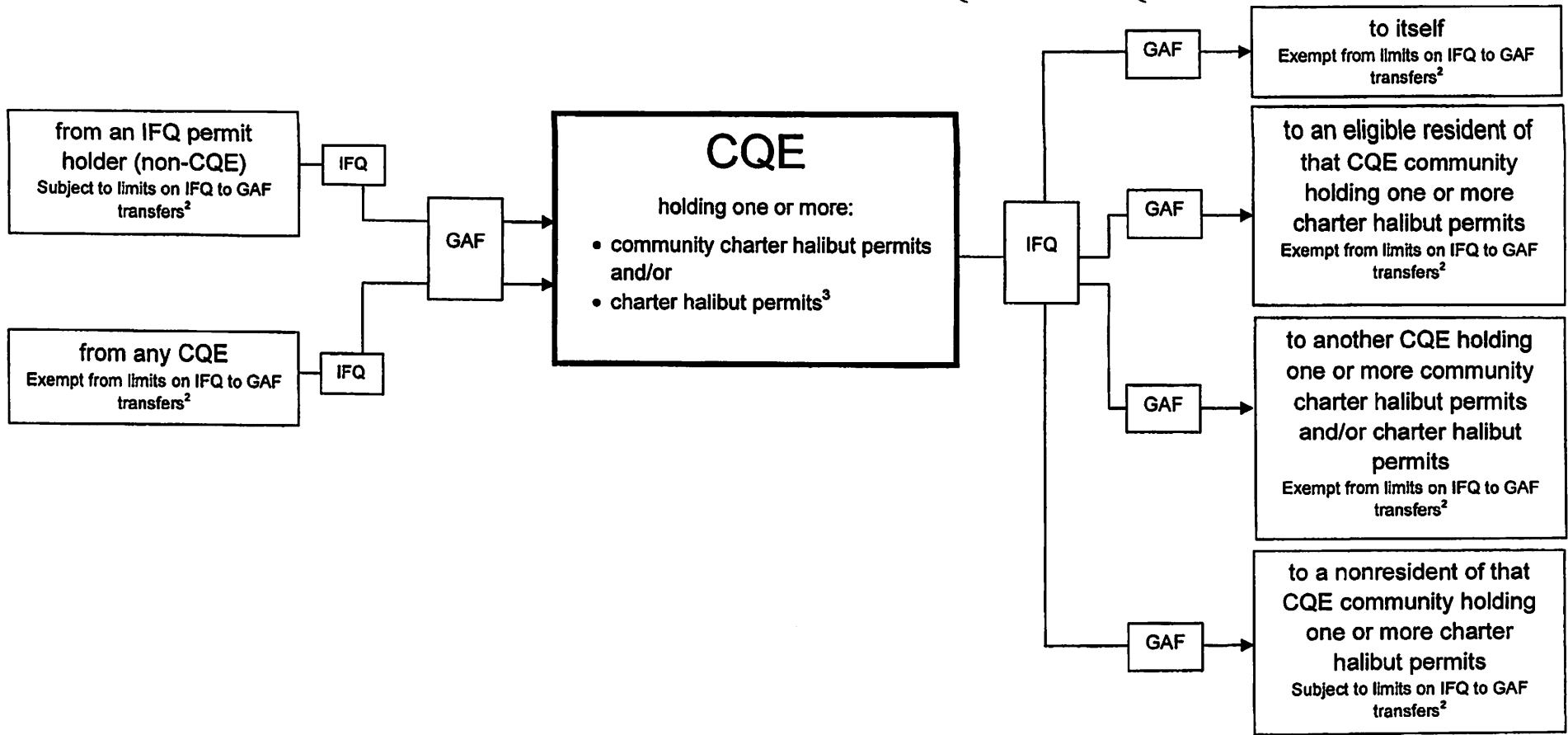
James W. Balsiger, PhD
Administrator, Alaska Region

Attachments

Attachment 1 - CSP allocations and bag limit and size limit restrictions

Preferred Alternative: Area 2C				
Annual Combined Catch Limit (million lb)	Allocation	Charter Fishery Bag & Size Limit Regulations		
		Default CSP restriction: If charter harvest within allocation range	Next lower trigger CSP restriction: If charter harvest projected to exceed allocation range	Next higher trigger CSP restriction: If charter harvest projected to be below allocation range
Tier 1 <5	Comm alloc = 82.7% Charter alloc = 17.3% Charter range = 13.8-20.8%	One fish	Maximum size limit imposed that brings harvest to <17.3%	One fish
Tier 2 ≥5 - <9	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	One fish	Maximum size limit imposed that brings harvest to <15.1%	Two fish, but one must be less than 32" in length
Tier 3 ≥9 - <14	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	Two fish, one must be less than 32" in length	One fish	Two Fish
Tier 4 ≥14	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	Two Fish	Two fish, but one must be less than 32" in length	Two Fish
Preferred Alternative: Area 3A				
Annual Combined Catch Limit (million lb)	Allocation	Charter Fishery Bag & Size Limit Regulations		
		Default CSP restriction: If charter harvest within allocation range	Next lower trigger CSP restriction: If charter harvest projected to exceed allocation range	Next higher trigger CSP restriction: If charter harvest projected to be below allocation range
Tier 1 <10	Comm alloc = 84.6% Charter alloc = 15.4% Charter range = 11.9-18.9%	One fish	Maximum size limit imposed that brings harvest to <15.4%	One fish
Tier 2 ≥10 but <20	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	One fish	Maximum size limit imposed that brings harvest to <14.0%	Two fish, but one must be less than 32" in length
Tier 3 ≥20 but <27	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	Two fish, one must be less than 32" in length	One fish	Two Fish
Tier 4 ≥27	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	Two Fish	Two fish, but one must be less than 32" in length	Two Fish

Attachment 2 – Draft rules for transfers between IFQ and GAF for CQEs¹



¹ All IFQ to GAF transfers involving a CQE would be subject to an individual use cap under the IFQ program at 50 CFR 679.42(f)(6), which specifies that "No individual that receives IFQ derived from halibut QS held by a CQE may hold, individually or collectively, more than 50,000 lb (22.7 mt) of IFQ halibut derived from any halibut QS source.

² IFQ to GAF transfer limits: Commercial halibut QS holders may lease up to 1,500 pounds or 10 percent (whichever is greater) of their annual IFQ to charter halibut permit holders (including themselves) for use as GAF on charter halibut permits. No more than 400 GAF may be assigned to a GAF permit linked to a charter halibut permit endorsed for 6 or fewer charter vessel anglers, and no more than 600 GAF may be assigned to a GAF permit linked to a charter halibut permit endorsed for more than 6 charter vessel anglers. Community charter halibut permits will be endorsed for 6 charter vessel anglers. IFQ to GAF transfer limits will be evaluated "individually and collectively".

³ Current regulations at 50 CFR 300.67(k)(4)(i) and (ii) authorize eligible CQEs to hold charter halibut permits, in addition to community charter halibut permits that will be issued at no cost. Eligible CQEs in Area 2C may hold a maximum of four charter halibut permits and four community charter halibut permits, for a total of eight. Eligible CQEs in Area 3A may hold a maximum of seven charter halibut permits and seven community charter halibut permits, for a total of fourteen. Current regulations at 50 CFR 300.67(k)(5) require that every charter vessel fishing trip authorized by a community charter halibut permit must begin or end within the boundaries of the community represented by the CQE holding the permit. The regulations do not require that an eligible community resident of the CQE community use the community charter halibut permit.

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North Pacific Fishery Management Council Motion on Area 2C/3A Catch Sharing Plan

Agenda Item C-1(b) – Halibut Charter Catch Sharing Plan

Motion to establish a halibut charter allocation and management plan based on bag limits

The purpose of the proposed action is to create a catch sharing plan that establishes a clear allocation, with sector accountability, between charter and setline sectors in Areas 2C and 3A. The Council requests that the IPHC annually set a combined charter and setline catch limit to which the allocation percentage for each area will be applied to establish the domestic harvest targets for each sector. This action also establishes the management actions for the charter sector at identified combined charter and setline catch amounts.

The Council recognizes that management measures are imprecise therefore a small variance can be expected to occur around the allocation. The Council's expectation is that the variances will balance over time to ensure IPHC conservation and management objectives are achieved.

Element 1 – Initial allocation and bag limits.

Area 2C

In 2C, when the combined charter and setline catch limit is less than 5 million pounds, the charter allocation will be 17.3% of the combined charter and setline catch limit. When the combined charter and setline catch limit is 5 million pounds and above the allocation will be 15.1%. Management variance not to exceed 3.5 percentage points (plus or minus) may occur around this allocation. The Council's expectation is that the variances will balance over time to ensure IPHC conservation and management objectives are achieved.

Trigger 1: When the combined charter and setline catch limit is below 5 Mlb, the halibut charter fishery will be managed under a 1 halibut daily bag limit. The allocation for the charter sector will be 17.3% of the combined charter and commercial catch limit. The charter sector's expected catch may vary between 13.8% and 20.8%. However, if the charter harvest for an upcoming season is projected to exceed 20.8% of the combined charter and setline catch limit, then a maximum size limit will be implemented to reduce the projected harvest level to be lower than 17.3% of the combined charter and setline catch limit, and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that IPHC Area) that is lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

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Trigger 2: When the combined charter and setline catch limit is ≥ 5 Mlb and < 9 Mlb, the halibut charter fishery shall be managed under a 1 halibut daily bag limit. The charter sector's allocation will be 15.1% of the combined charter and setline catch limit. The charter sector's expected catch may vary between 11.6% and 18.6%. However, if the charter harvest for an upcoming season is projected to exceed 18.6% of the combined charter and setline catch limit, then a maximum size limit will be implemented to reduce the projected harvest level to 15.1% of the combined charter and setline catch limit and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that IPHC Area) that is lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

Trigger 3: When the combined charter and setline catch limit is ≥ 9 Mlb and < 14 Mlb, the halibut charter fishery shall be managed under a 2 halibut daily bag limit (only one of which may be longer than 32 inches). The charter sector's allocation will be 15.1% of the combined charter and commercial catch limit. The charter sector's expected catch may vary between 11.6% and 18.6%. However, if the charter harvest for an upcoming season is projected to exceed 18.6% of the combined charter and setline catch limit, then the charter fishery will revert back to a 1 halibut daily bag limit and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that IPHC Area) that is lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

Trigger 4: When the combined charter and setline catch limit is ≥ 14 Mlb, the halibut charter fishery will be managed under a 2 halibut daily bag limit. The charter sector's allocation will be 15.1% of the combined charter and setline catch limit. The charter sector's expected catch may range between 11.6% and 18.6%. However, if the charter harvest for an upcoming season is projected to exceed 18.6% of the combined charter and commercial catch limit, the charter fishery will revert back to a 2 halibut daily bag limit, only one of which may be longer than 32 inches.

Area 3A

In 3A, when the combined charter and setline catch limit is less than 10 million pounds, the charter allocation will be 15.4% of the combined charter and setline catch limit. When the combined charter and setline catch limit is 10 million pounds and above, the allocation will be 14.0%. Management variance not to exceed 3.5 percentage points (plus or minus) may occur around this allocation. The Council's expectation is that the variances will balance over time to ensure IPHC conservation and management objectives are achieved.

Trigger 1: When the combined charter and setline catch limit is < 10 Mlb, the halibut charter fishery will be managed under a 1 halibut daily bag limit. The charter sector's allocation will be 15.4% of the combined charter and setline catch limit. The charter sector's expected catch may vary between 11.9% and 18.9% of the combined charter and setline catch. However, if the charter harvest for an upcoming season is projected to exceed 18.9% of the combined charter and setline catch limit, then a maximum size limit will be implemented to reduce the projected charter harvest below 15.4% of the combined charter and setline harvest and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that IPHC Area) that is

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lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

Trigger 2: When the combined charter and setline catch limit is \geq 10 Mlb and $<$ 20 Mlb, the halibut charter fishery will be managed under a 1 halibut daily bag limit. The charter sector's allocation will be 14.0% of the combined charter and setline catch limit. The charter sector's expected catch may vary between 10.5% and 17.5% of the combined charter and setline catch limit. However, if the charter harvest for an upcoming season is projected to exceed 17.5% of the combined charter and setline catch limit, then a maximum size limit will be implemented to reduce the projected charter harvest level to 14% of the combined charter and setline catch limit and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that IPHC Area) that is lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

Trigger 3: When the combined charter and setline catch limit is \geq 20 Mlb and $<$ 27 Mlb, the halibut charter fishery will be managed under a 2 halibut daily bag limit (only one of which may be longer than 32 inches). The charter sector's allocation will be 14.0% of the combined charter and setline catch limit. The charter sector's expected catch may vary between 10.5% and 17.5% of the combined charter and setline catch limit. However, if the charter harvest for an upcoming season is projected to exceed 17.5% of the combined charter and setline catch limit, then the charter fishery will revert back to a 1 halibut daily bag limit and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that IPHC Area) that is lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

Trigger 4: When the combined charter and setline catch limit is \geq 27 Mlb, the halibut charter fishery will be managed under a 2 halibut daily bag limit. The charter sector's allocation will be 14.0% of the combined charter and setline catch limit. The charter sectors expected harvest may range between 10.5% and 17.5% of the combined charter and setline catch limits. However, if the charter harvest for an upcoming season is projected to exceed 17.5% of the combined charter and setline catch limit, the charter fishery will revert back to a 2 halibut daily bag limit, only one of which may be longer than 32 inches.

In Areas 2C and 3A, there is no retention of halibut by skipper and crew while paying clients are on board.

Element 2 – Annual regulatory cycle/timeline.

It is not the Council's intent to revisit or readjust bag limits; such bag limit changes will be triggered by changes in combined charter and setline catch limits established annually by the IPHC. Bag limits will be implemented by the IPHC based upon their determination of the combined charter and setline catch limits and the bag limit parameters described above.

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Element 4 – Timeline—DELETE FROM ANALYSIS

Element 5 – Supplemental, individual use of commercial IFQ to allow charter limited entry permit holders to lease commercial IFQ, in order to provide additional anglers with harvesting opportunities, not to exceed limits in place for unguided anglers.

- A. Leasing commercial IFQ for conversion to Guided Angler Fish (GAF).
1. A LEP (Limited Entry Permit) holder may lease IFQ for conversion to GAF for use on the LEP.
 2. Commercial halibut QS holders may lease up to 1500 pounds or 10 percent (whichever is greater) of their annual IFQ to LEP holders (including themselves) for use as GAF on LEPs. If an IFQ holder chooses to lease to a CQE, then the same limitations apply as if they were leasing to an individual charter operator—1500 lbs or 10% whichever is greater—the 100% has no application here. With regard to CQE leasing: any quota which a CQE holds, regardless of its origin, could be leased up to 100% to eligible residents of the CQE community. For example, a CQE may hold quota share derived from purchase, lease from another qualified CQE, or leased from an individual, and then lease out up to 100% of the quota it holds.
 3. No more than 400 GAF may be assigned to an LEP endorsed for 6 or fewer clients.
Suboption: No more than 600 GAF may be assigned to an LEP endorsed for more than 6 clients.
- B. LEP holders harvesting GAF while participating in the guided sport halibut fishery are exempt from landing and use restrictions associated with commercial IFQ fishery, but subject to the landing and use provisions detailed below.
- C. GAF would be issued in numbers of fish. The conversion between annual IFQ and GAF would be based on average weight of halibut landed in each region's charter halibut fishery (2C or 3A) during the previous year as determined by ADF&G. The long-term plan may require further conversion to some other form (e.g., angler days).
- D. Subleasing of GAF would be prohibited.
- E. Conversion of GAF back to commercial sector.

Unused GAF may revert back to pounds of IFQ and be subject to the underage provisions applicable to their underlying commercial QS either automatically on November 1 of each year or upon the request of the GAF holder if such request is made to NMFS in writing prior to November 1 of each year.
- F. Guided angler fish derived from commercial QS may not be used to harvest fish in excess of the non-guided sport bag limit on any given day.
- G. Charter operators landing GAF on private property (e.g., lodges) and motherships would be required to allow ADF&G samplers/enforcement personnel access to the point of landing.
- H. Commercial and charter fishing may not be conducted from the same vessel on the same day.

Halibut Catch Sharing Plan Matrices

Area 2C

Combined Fishery Catch Limit (million lb)	Allocation	Charter Fishery Bag & Size Limit Regulations		
		If charter harvest is within the allocation range (default)	If charter harvest under default regulations is projected to:	
			Exceed the allocation range	Be below the allocation range
<5	Comm alloc = 82.7% Charter alloc = 17.3% Charter range = 13.8-20.8%	One Fish	Maximum size limit imposed that brings harvest to <17.3%	One Fish
≥5 - <9	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	One Fish	Maximum size limit imposed that brings harvest to 15.1%	Two fish, but one must be less than 32" in length
≥9 - <14	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	Two fish, one must be less than 32" in length	One Fish	Two Fish
≥14	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	Two Fish	Two fish, but one must be less than 32" in length	Two Fish

Area 3A

Combined Fishery Catch Limit (million lb)	Allocation	Charter Fishery Bag & Size Limit Regulations		
		If charter harvest is within the allocation range (default)	If charter harvest under default regulations is projected to:	
			Exceed the allocation range	Be below the allocation range
<10	Comm alloc = 84.6% Charter alloc = 15.4% Charter range = 11.9-18.9%	One Fish	Maximum size limit imposed that brings harvest to <15.4%	One Fish
≥10 - <20	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	One Fish	Maximum size limit imposed that brings harvest to 14.0%	Two fish, but one must be less than 32" in length
≥20 - <27	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	Two fish, one must be less than 32" in length	One Fish	Two Fish
≥27	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	Two Fish	Two fish, but one must be less than 32" in length	Two Fish

DRAFT FOR SECRETARIAL REVIEW
Regulatory Amendment for a Catch Sharing Plan
For the Pacific Halibut Charter and Commercial Longline
Sectors in International Pacific Halibut Commission
Regulatory Areas 2C and 3A

Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis

Date: September 28, 2010

Lead Agency: North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, Alaska 99501

Responsible Official: Dr. James Balsiger, Alaska Regional Administrator
National Marine Fisheries Service
709 W. 9th Street
Juneau, Alaska 99802-1668
(907) 586-7221

Contact: Jane DiCosimo
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, Alaska 99501
(907) 271-2809

Abstract: This analysis examines proposed changes to the management of Pacific halibut in the charter fisheries and commercial setline fisheries in International Pacific Halibut Commission (IPHC) Regulatory Areas 2C and 3A in the Gulf of Alaska. The preferred alternative would implement a catch sharing plan for the charter and commercial sectors in these areas to resolve conservation and allocation concerns that have resulted from increased harvests in the charter halibut fishery in both areas, and decreased catch limits in the commercial setline fisheries in Area 2C. The plan would: (1) replace the current guideline harvest levels (GHLs); (2) set initial allocations for each sector; (3) implement management measures to limit charter harvests to the allocations; and (4) allow charter halibut limited entry permit (LEP) holders to lease halibut individual fishing quota from commercial quota share holders, to increase their seasonal allocations for use by their clients. The plan would require pre-season notice of upcoming management measures to allow an uninterrupted charter season. The Council intends that the allocations to both sectors vary with halibut abundance; hence, its preferred alternative includes a fixed percentage allocation. The initial charter sector allocation would be 17.3 percent of the Area 2C combined commercial and charter catch limit when it is determined by the IPHC to be less than 5 Mlb; the allocation would be 15.1 percent when the combined catch limit is 5 Mlb or more. The initial charter sector allocation would be 15.4 percent of the Area 3A combined catch limit when it is determined by the IPHC to be less than 10 Mlb; the allocation would be 14 percent when the combined catch limit is 10 Mlb or more. The allocations for the lowest tier of combined catch limits used the same formula selected by the Council to set the GHLs. These percentages were the highest charter percentage allocation options that were considered by the Council and would yield the largest projected gross revenue for the charter sector each year. The allocations at higher combined catch limits are the second highest percentage allocation options for each area considered by the Council. The analysis found that these allocations would exceed projected future harvests and that more restrictive management measures would not be required. The Council selected a different percentage of the combined catch limit in each area, because the initial allocations could have very different impacts as a result of the size of the current CEY relative to historical CEYs. The plan would also identify specific management measures that would be triggered at different combined catch limits and identifies a market-based approach for individual charter LEP holders, who are willing buyers, to increase the charter sector allocation by compensating individual commercial IFQ holders, who are willing sellers, for their transferred quota. The plan would include a prohibition on retention of charter halibut by skippers and crew onboard under all allocations and triggers in both areas.

The preferred alternative was selected in October 2008; additional analyses to support the preferred alternative were reviewed by the Scientific and Statistical Committee and accepted by the Council in February 2009. The analysis was submitted to NMFS in September 2009, and resubmitted in August 2010, after additional revisions.

EXECUTIVE SUMMARY

The analysis contained in this document examines three alternatives for managing the charter fisheries and commercial setline fisheries for Pacific halibut in International Pacific Halibut Commission (IPHC) Regulatory Area 2C and Area 3A in the Gulf of Alaska. Alternative 1 is the No Action Alternative and would continue management of the charter halibut sector under the Guideline Harvest Level (GHL) Program. The Council would consider annual changes to the management measures to control charter halibut harvests to the GHL, if a GHL is exceeded. It could take three years to implement revised management measures to reduce charter halibut harvests, so as to not exceed the GHL. Alternative 2 would replace the GHL Program with a catch sharing plan (CSP) for the two areas, under which the Council would set initial allocations of halibut harvests for the charter sector and for the commercial Individual Fishing Quota (IFQ) sector. This plan would allow holders of Charter Halibut Limited Entry Permit, Community Charter Halibut Permits, and Military Charter Halibut Permits (collectively referred to as LEPs throughout this analysis) to lease commercial halibut IFQ, for use by clients on the permit holder's charter vessels, so that the operator's clients may fish under the same halibut size and bag limits as do unguided anglers. Alternative 3 (Preferred Alternative) also would replace the GHL Program and create CSPs that would set initial allocations between the two sectors in each area and allow leasing of commercial setline IFQs to increase the charter sector allocations, and allow charter halibut limited entry permit (LEP) holders to lease halibut individual fishing quota from commercial quota share holders. By leasing quota, charter LEP holders would be able to increase their seasonal allocations for use by their clients.

The Council intends that the allocations to both sectors vary with halibut abundance; hence it selected a fixed percentage allocation in its preferred alternative. The plan would require pre-season notice of upcoming management measures to allow an uninterrupted charter halibut season. The initial charter sector allocation would be 17.3 percent of the Area 2C combined commercial and charter catch limit when it is determined by the IPHC to be less than 5 Mlb; the allocation would be 15.1 percent when the combined catch limit is 5 Mlb or more. The initial charter sector allocation would be 15.4 percent of the Area 3A combined catch limit when it is determined by the IPHC to be less than 10 Mlb; the allocation would be 14 percent when the combined catch limit is 10 Mlb or more. The allocations for the lowest tier of combined catch limits are based on 125 percent of the 2001-2005 average charter harvest, which was the same formula selected by the Council to set the GHLs (although in fixed pounds). These percentages were the highest percentage allocation options to the charter sector that were considered by the Council and would yield the largest projected gross revenue each year. The allocations at higher combined catch limits are the second highest percentage allocation options for each area considered by the Council. The analysis found that these allocations would exceed projected harvests from 2009 through 2011 and that more restrictive management measures would not be required. The Council selected a different percentage of the combined catch limit in each area because the initial allocations could have very different impacts as a result of the size of the current CEY relative to historical CEYs. The plan also identifies specific management measures that would be triggered at different combined catch limits and identifies a market-based approach for individual charter LEP holders, who are willing buyers, to increase the charter sector allocation by compensating individual commercial IFQ holders, who are willing sellers, for their transferred quota. The plan would include a prohibition on retention of charter halibut by skippers and crew.

The Council selected its preferred alternative in October 2008. Supplemental analyses of aspects of the preferred alternative were reviewed by the SSC, and accepted by the Council, in February 2009 and incorporated into this analysis. The draft final analysis was submitted to NMFS in September 2009. Recommended revisions from informal reviews by NMFS, and additional revisions of the analyses of the preferred alternative that were requested by the Council, were incorporated into this draft.

Environmental Assessment

The Environmental Assessment (EA) assesses the potential biological, social, and economic impacts of proposed regulations to: 1) set an initial allocation between the charter and commercial halibut sectors with accompanying harvest restrictions to limit charter harvests to the respective allocations in Area 2C and Area 3A; and 2) implement a market-based program for the charter sector to increase its initial allocations through individual transfers of commercial halibut IFQs.

The problem statement that was adopted by the Council reads:

The absence of a hard allocation between the commercial longline and charter halibut sectors has resulted in conflicts between sectors, and tensions in coastal communities that are dependent on the halibut resource. Unless a mechanism for transfer between sectors is established, the existing environment of instability and conflict will continue. The Council seeks to address this instability, while balancing the needs of all who depend on the halibut resource for food, sport, or livelihood.

The purpose of the proposed action is, first, to create a catch sharing plan that would set an initial allocation between the charter halibut sector and commercial longline halibut sector, and reduce the time lag between occurrence of an overage and a management response; and, second, to allow the charter sector to increase its initial allocation by compensating the commercial sector for any future reallocations above the level set at initial allocation by using a market-based approach. The proposed sector allocations are intended to stop the uncompensated *de facto* reallocation from the commercial sector to the charter sector. The GHL has been exceeded in Area 2C and Area 3A each year since its implementation in 2004, despite restrictive control measures that were recommended by the Council and implemented by NMFS. Charter halibut harvests have grown at an average annual rate of 6.8 percent in Area 2C and 4.1 percent in Area 3A, from 1998 through 2006. The number of active vessels, the total number of clients, the average number of clients per trip, and the average numbers of trips per vessel, are all at their highest levels in the recorded data period of 1998 through 2006. The number of clients per trip has increased steadily in recent years. This indicates that client demand for charter services has been met by the charter sector increasing the supply of trips over those years. It is also likely that the recent economic downturn and the one-fish bag limit in Area 2C have decreased demand for charter trips.

List of Alternatives

Alternative 1. Status quo

Alternative 2. Establish a catch sharing plan that includes sector accountability

Element 1 – Initial allocation

Option 1: Fixed percentage¹

	Area 2C	Area 3A	Based on ² :
a.	13.1 %	14.0%	125% of the 1995-1999 avg. charter harvest (current GHL formula)
b.	17.3 %	15.4 %	125% of the 2001-2005 avg. charter harvest (GHL formula updated thru 2005)
c.	11.7 %	12.7%	current GHL as percent of 2004 charter harvest
d.	15.1 %	12.7%	2005 charter harvest

¹ Under Option 1, the Council would request that the IPHC set a combined charter and commercial catch limit and apply the catch sharing plan allocations to the two sectors.

² Baseline formula for allocation options are provided only for reference as to how the percentages were derived

Option 2: Fixed pounds³

	Area 2C	Area 3A	Based on ² :
a.	1.43 Milb	3.65 Milb	125% of the 1995-1999 avg. charter harvest (current GHL)
b.	1.69 Milb	4.01 Milb	125% of the 2000-2004 avg. charter harvest (GHL updated thru 2004)
c.	1.90 Milb	4.15 Milb	125% of the 2001-2005 avg. charter harvest (GHL updated thru 2005)

Suboptions under Options 2a, 2b, and 2c:

Stair step up and down. The allocation in each area could be increased or reduced in stepwise increments, based on a change in the total CEY or a change in the combined commercial and charter catch limit. If the halibut stock were to increase (decrease) by 15 percent to 24 percent from its average total CEY for the base period selected for the initial allocation at the time of final action, then the allocation would be increased (decreased) by 15 percent. Likewise, if the stock were to increase (decrease) by 25 percent to 34 percent, then the allocation would be increased (decreased) by an additional 10 percent. If the stock continued to increase (decrease) by at least 10 percent increments, the allocation would be increased (decreased) by commensurate increments.

Sub-option to Suboption under Options 2a, 2b, and 2c:

Stair step provision would be tied to:

- 1) Baseline years as proposed
- 2) CEY:
 - a) 2006 through 2008
 - b) 2008
- 3) Baseline of combined commercial & charter catch limit in:
 - a) 2006 through 2008
 - b) 2008

Option 3: 50 percent fixed/50 percent floating allocation⁴

	Area 2C		Area 3A	
	50 percent of:	and 50 percent of:	50 percent of:	and 50 percent of:
a.	13.1 %	1.43 Milb	14.1 %	3.65 Milb
b.	16.4 %	1.69 Milb	15.9 %	4.01 Milb
c.	17.3 %	1.90 Milb	15.4 %	4.15 Milb

Element 2 – Annual regulatory cycle.

The initial charter allocation would be a common harvest pool for all charter limited entry permit holders. It would not close the fishery when the charter allocation is exceeded. Instead, the allocation would be linked to an annual regulatory analysis of management measures (delayed feedback loop) that takes into account the projected CEY for the following year and any overages by the charter industry in the past year(s). This system would work best if there is not a time lag between the overage year and the year of implementation of new regulations. The Council will not systematically revisit or readjust the sector split. An allocation overage would trigger the regulatory process automatically, in contrast with current GHL

³ Under Option 2, the Council would request that the IPHC use the fixed pound allocation as the number for charter halibut removals from Areas 2C and 3A that is included each year in its "Other Removals" deduction from the Total Constant Exploitation Yield (CEY).

⁴ Under Option 3, the Council could select either of two approaches: a) as stated under footnote (1) and b) the Council would request that the IPHC deduct the fixed portion of the allocation from "Other Removals" and deduct the floating portion of the allocation from a combined charter and commercial sector fishery catch limit.

management. Any underages would accrue to the benefit of the halibut biomass and would not be reallocated or paid forward.

Element 3 – Management toolbox

Tier 1 measures will be used by the Council to try to manage the charter common pool for a season of historical length and a two-fish daily harvest limit. Tier 2 measures will be used if Tier 1 measures are inadequate to constrain harvest by the charter common pool to its allocation. Due to the delayed feedback loop in implementation of management measures, management measures will, in general, be more restrictive, to ensure that the charter sector allocation is not exceeded. In providing predictability and stability for the charter sector, it is likely that charter-allocated fish may be left in the water.

Tier 1	Tier 2
One Trip per Vessel per Day	Annual Catch Limits
No Retention by Skipper and Crew	One-fish bag limit for all or a portion of the Season
Line Limits	Closure for all or a portion of the Season
Second Fish of a Minimum Size	
Second Fish at or below a Specific Length	

Element 4 – Timeline⁵

Element 4 would identify a preferred alternative for the timing of future regulatory actions. It would not be implemented in regulation.

Element 5 – Supplemental, individual use of commercial IFQ

Charter limited entry permit holders would be allowed to lease commercial IFQ, in order to provide additional anglers with harvesting opportunities, not to exceed limits in place for unguided anglers.

- A. Leasing commercial IFQ for conversion to Guided Angler Fish (GAF).
 - 1. An LEP (Limited Entry Permit) holder may lease IFQ for conversion to GAF for use on the LEP.
 - 2. Commercial halibut QS holders may lease up to 1,500 pounds or 10 percent (whichever is greater) of their annual IFQ to LEP holders (including themselves) for use as GAF on LEPs. A CQE may lease up to 100 percent of its annual IFQ for use as GAF on their own LEPs.
 - 3. No more than 200 or 400 fish may be leased per LEP.
 - Suboption: LEPs w/endorsement for more than 6 clients may not lease more than 400 or 600 fish.
- B. LEP holders harvesting GAF, while participating in the charter halibut fishery, are exempt from landing and use restrictions associated with the commercial IFQ fishery, but are subject to the landing and use provisions detailed below.
- C. GAF would be issued in numbers of fish. The conversion between annual IFQ and GAF would be based on average weight of halibut landed in each region’s charter halibut fishery (2C or 3A), during the previous year, as determined by ADF&G. The long-term plan may require further conversion to some other form (e.g., angler days).
- D. Subleasing of GAF would be prohibited.
- E. Conversion of GAF back to commercial sector:

⁵ The Council identified a preliminary preference for a three year timeline that would include an opportunity for adequate public comment on the analysis, prior to final action.

1. GAF holders may request that NMFS convert unused GAF into IFQ pounds for harvest by the owner of the Quota Share, in compliance with commercial fishing regulations.
2. Unused GAF may revert to pounds of IFQ and be subject to the underage provisions applicable to their underlying commercial QS
 - Option a: automatically on October 1 of each year; or
 - Option b: upon the request of the GAF holder, if such request is made to NMFS in writing prior to October 1 of each year.
- F. Guided angler fish derived from commercial QS may not be used to harvest fish in excess of the non-charter bag limit on any given day.
- G. Charter operators landing GAF on private property (e.g., lodges) and motherships would be required to allow ADF&G samplers/enforcement personnel access to the point of landing.
- H. Commercial and charter fishing may not be conducted from the same vessel on the same day⁶.

Element 6 – Catch accounting system

1. The current Statewide Harvest Survey and/or logbook data would be used to determine the annual harvest.
2. A catch accounting system will need to be developed for the GAF fish landed in the charter industry.
3. As part of data collection, recommend the collection of length measurements when supplemental IFQs are leased for use and compare to the annual average length to make sure that accurate poundage of removals is accounted for and to allow length measurement information gathered to be used in the formulation of the average weight used in the conversion of IFQs to GAF.

Alternative 3. (Preferred Alternative) Establish a catch sharing plan that includes sector accountability

Initial Allocation and Associated Management Measures

In Area 2C, when the combined charter and setline catch limit is less than 5 million pounds, the charter allocation will be 17.3% of the combined charter and setline catch limit. When the combined charter and setline catch limit is 5 million pounds and above, the allocation will be 15.1%. Management variance not to exceed 3.5 percentage points (plus or minus) may occur around this allocation. The Council's expectation is that the variances will balance over time to ensure that IPHC conservation and management objectives are achieved.

Trigger 1: When the combined charter and setline catch limit is below 5 Mlb, the halibut charter fishery will be managed under a one-halibut daily bag limit. The allocation for the charter sector will be 17.3% of the combined charter and commercial catch limit. The charter sector's expected catch may vary between 13.8% and 20.8%. However, if the charter harvest for an upcoming season is projected to exceed 20.8% of the combined charter and setline catch limit, then a maximum size limit will be implemented to reduce the projected harvest level to be lower than 17.3% of the combined charter and setline catch limit; and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that Area) that is lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

Trigger 2: When the combined charter and setline catch limit is greater than or equal to 5 Mlb and less than 9 Mlb, the halibut charter fishery shall be managed under a one-halibut daily bag limit. The charter

⁶ The analysis assumes that this management measure also implies that charter and subsistence harvests may not be conducted from the same vessel on the same day.

sector's allocation will be 15.1% of the combined charter and setline catch limit. The charter sector's expected catch may vary between 11.6% and 18.6%. However, if the charter harvest for an upcoming season is projected to exceed 18.6% of the combined charter and setline catch limit, then a maximum size limit will be implemented to reduce the projected harvest level to 15.1% of the combined charter and setline catch limit; and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that Area) that is lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

Trigger 3: When the combined charter and setline catch limit is greater than or equal to 9 Milb and less than 14 Milb, the halibut charter fishery shall be managed under a two-halibut daily bag limit (only one of which may be longer than 32 inches). The charter sector's allocation will be 15.1% of the combined charter and commercial catch limit. The charter sector's expected catch may vary between 11.6% and 18.6%. However, if the charter harvest for an upcoming season is projected to exceed 18.6% of the combined charter and setline catch limit, then the charter fishery will revert back to a 1 halibut daily bag limit; and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that Area) that is lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

Trigger 4: When the combined charter and setline catch limit is greater than or equal to 14 Milb, the halibut charter fishery will be managed under a two-halibut daily bag limit. The charter sector's allocation will be 15.1% of the combined charter and setline catch limit. The charter sector's expected catch may range between 11.6% and 18.6%. However, if the charter harvest for an upcoming season is projected to exceed 18.6% of the combined charter and commercial catch limit, the charter fishery will revert back to a 2 halibut daily bag limit, only one of which may be longer than 32 inches.

In Area 3A, when the combined charter and setline catch limit is less than 10 million pounds, the charter allocation will be 15.4% of the combined charter and setline catch limit. When the combined charter and setline catch limit is 10 million pounds and above, the allocation will be 14.0%. Management variance not to exceed 3.5 percentage points (plus or minus) may occur around this allocation. The Council's expectation is that the variances will balance over time to ensure IPHC conservation and management objectives are achieved.

Trigger 1: When the combined charter and setline catch limit is less than 10 Milb, the halibut charter fishery will be managed under a one-halibut daily bag limit. The charter sector's allocation will be 15.4% of the combined charter and setline catch limit. The charter sector's expected catch may vary between 11.9% and 18.9% of the combined charter and setline catch. However, if the charter harvest for an upcoming season is projected to exceed 18.9% of the combined charter and setline catch limit, then a maximum size limit will be implemented to reduce the projected charter harvest below 15.4% of the combined charter and setline harvest; and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that Area) that is lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

Trigger 2: When the combined charter and setline catch limit is greater than or equal to 10 Milb and less than 20 Milb, the halibut charter fishery will be managed under a one-halibut daily bag limit. The charter sector's allocation will be 14.0% of the combined charter and setline catch limit. The charter sector's expected catch may vary between 10.5% and 17.5% of the combined charter and setline catch limit.

However, if the charter harvest for an upcoming season is projected to exceed 17.5% of the combined charter and setline catch limit, then a maximum size limit will be implemented to reduce the projected charter harvest level to 14% of the combined charter and setline catch limit and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that Area) that is lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

Trigger 3: When the combined charter and setline catch limit is less than or equal to 20 Mlb and less than 27 Mlb, the halibut charter fishery will be managed under a two-halibut daily bag limit (only one of which may be longer than 32 inches). The charter sector's allocation will be 14.0% of the combined charter and setline catch limit. The charter sector's expected catch may vary between 10.5% and 17.5% of the combined charter and setline catch limit. However, if the charter harvest for an upcoming season is projected to exceed 17.5% of the combined charter and setline catch limit, then the charter fishery will revert back to a one-halibut daily bag limit; and if the projected charter harvest results in a catch rate (percentage of projected charter harvest divided by the combined commercial and charter catch limit for that Area) that is lower than the lowest charter harvest percentage in that trigger range, then the charter harvest shall be managed under the daily bag limit of the next higher trigger, so long as the projected charter harvest percentage of the combined commercial harvest catch limit falls within the percentage range included under that trigger.

Trigger 4: When the combined charter and setline catch limit is greater than or equal to 27 Mlb, the halibut charter fishery will be managed under a two-halibut daily bag limit. The charter sector's allocation will be 14.0% of the combined charter and setline catch limit. The charter sectors expected harvest may range between 10.5% and 17.5% of the combined charter and setline catch limits. However, if the charter harvest for an upcoming season is projected to exceed 17.5% of the combined charter and setline catch limit, the charter fishery will revert back to a two-halibut daily bag limit, only one of which may be longer than 32 inches.

In Areas 2C and 3A, there is no retention of halibut by skipper and crew while paying clients are on board.

Guided Angler Fish

The Catch sharing plans include the supplemental, individual use of commercial IFQ to allow charter limited entry permit holders to lease commercial IFQ, in order to provide additional anglers with harvesting opportunities, not to exceed limits in place for unguided anglers⁷.

- A. Leasing commercial IFQ for conversion to Guided Angler Fish (GAF).
 1. An LEP (Limited Entry Permit) holder may lease IFQ for conversion to GAF for use on the LEP.
 2. Commercial halibut QS holders may lease up to 1,500 pounds or 10 percent (whichever is greater) of their annual IFQ to LEP holders (including themselves) for use as GAF on LEPs. If an IFQ holder chooses to lease to a CQE, then the same limitations apply as if they were leasing to an individual charter operator—1,500 lb or 10% whichever is greater—the 100% has no application here. With regard to CQE leasing: any quota which a CQE holds, regardless of its origin, could be leased up to 100% to eligible residents of the CQE community. For example, a CQE may hold quota share derived from purchase, lease from another qualified CQE, or leased from an individual, and then lease out up to 100% of the quota it holds.
 3. No more than 400 GAF may be assigned to an LEP endorsed for 6 or fewer clients.

⁷ While the Council's language says, "not to exceed," the Council intends that charter clients who fish with LEP holders who possess GAFs would be allowed to fish under regulations "equal" to those for non-guided anglers.

Suboption: No more than 600 GAF may be assigned to an LEP endorsed for more than 6 clients.

- B. LEP holders harvesting GAF while participating in the charter halibut fishery are exempt from landing and use restrictions associated with commercial IFQ fishery, but subject to the landing and use provisions detailed below.
- C. GAF would be issued in numbers of fish. The conversion between annual IFQ and GAF would be based on average weight of halibut landed in each region's charter halibut fishery (2C or 3A) during the previous year as determined by ADF&G. The long-term plan may require further conversion to some other form (e.g., angler days).
- D. Subleasing of GAF would be prohibited.
- E. Conversion of GAF back to commercial sector.
Unused GAF may revert back to pounds of IFQ and be subject to the underage provisions applicable to their underlying commercial QS either automatically on November 1 of each year or upon the request of the GAF holder if such request is made to NMFS in writing prior to November 1 of each year.
- F. Guided angler fish derived from commercial QS may not be used to harvest fish in excess of the non-charter bag limit on any given day.
- G. Charter operators landing GAF on private property (e.g., lodges) and motherships⁸ would be required to allow ADF&G samplers/enforcement personnel access to the point of landing.
- H. Commercial and charter fishing may not be conducted from the same vessel on the same day.

Description of Alternatives

Alternative 1 (No Action) would continue management of the charter sector under the Guideline Harvest Limit (GHL) program and harvest control measures. The status quo allows the charter sector in Areas 2C and 3A to harvest up to (and beyond) the GHLs. The GHL is established annually for Areas 2C and 3A, and may be adjusted downward, based on the total CEY that is determined by the IPHC. Such an adjustment occurred in Area 2C in 2008, when the GHL was reduced from 1,432 Mlb to 931,000 lb, and in 2009 when the GHL was reduced to 788,000 lb.

The status quo includes current federal and state regulations that would otherwise remain unchanged. Current federal regulations for Area 2C Pacific halibut charters include: 1) a one-fish (of any size) bag limit; 2) a prohibition on the catch and retention of halibut by charter vessel guides, operators, and crew; and 3) a limit on the number of lines used to fish for halibut must not exceed six or the number of charter vessel clients onboard the charter vessel, whichever is fewer. Current federal regulations for Area 3A permit a two-fish (of any size) bag limit for Pacific halibut charters. State of Alaska Emergency Order No. 2-R-3-03-09 was issued in 2009 to: 1) prohibit the catch and retention of halibut by charter vessel guides, operators, and crew, while paying clients are on board the vessel; and 2) limit the number of lines used to fish for halibut to no more than the number of charter vessel clients onboard. The emergency order was effective from May 23 through September 1, 2009.

Alternative 2 contains multiple options, under six primary decision **elements**. It comprises a complex suite of management and regulatory permutations; some are complementary, while others are mutually exclusive. Element 1 (initial allocation), Element 3 (management tool box), and Element 5 (use of commercial IFQs to increase the initial charter allocation) contain the key features of the proposed catch sharing plan. Element 2 (annual regulatory cycle), Element 4 (timeline for action), and Element 6 (required catch accounting system) are procedural.

Alternative 2 would replace the GHL Program and determine a new way to limit charter halibut removals. Under Element 1, allocations to the charter sector would be based on combined catch limits that would be

⁸ The Council chose the term "mothership" in this context, referring to floating lodges or support vessels for smaller fishing vessels used to carry clients. It has a different meaning than that used for groundfish fisheries.

set annually by the IPHC as (a) a percentage; (b) a fixed poundage allocation; or (c) a combination of the two approaches. Element 3 would establish management actions for the charter sector at identified combined charter and setline catch amounts. Under Element 5, charter LEP holders would be allowed to lease commercial halibut IFQ, to increase the charter allocation above the initial charter sector allocation, set by the Council under this action. Commercial halibut IFQ leased for use by the charter sector would be converted from pounds to numbers of fish (using average halibut weight, determined by the ADF&G) and designated as "Guided Angler Fish." Uncaught GAF would be returned to the commercial sector, as IFQ, using the same conversion factor (See Section 2.5.7 and Section 2.6). GAF would be harvested under the same bag and size limits that are set for the unguided sport sector.

The Council selected its **Preferred Alternative** (Alternative 3) from the elements and options under Alternative 2, along with innovative approaches that resulted from Council discussion during final action, additional staff research, and public testimony. The preferred alternative would replace the current GHL Program with a target charter initial allocation, based on halibut abundance and a market-based mechanism to increase the charter allocation. It also would establish the management actions for the charter sector at identified levels of halibut abundance, as modified by projections of associated charter halibut removals. The preferred alternative would allow the selection of the appropriate management measures to move up or down to the next tier each year. The suite of allocations and bag limit and size limit restrictions at designated triggers are listed below.

Preferred Alternative: Area 2C				
Combined Fishery CEY (million lb)	Allocation	Charter Fishery Bag & Size Limit Regulations		
		If charter harvest within allocation range	If charter harvest projected to exceed allocation range	If charter harvest projected to be below allocation range
Tier 1 <5	Comm alloc = 82.7% Charter alloc = 17.3% Charter range = 13.8-20.8%	One fish	Maximum size limit imposed that brings harvest to <17.3%	One fish
Tier 2 ≥5 - <9	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	One fish	Maximum size limit imposed that brings harvest to <15.1%	Two fish, but one must be less than 32" in length
Tier 3 ≥9 - <14	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	Two fish, one must be less than 32" in length	One fish	Two Fish
Tier 4 ≥14	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	Two Fish	Two fish, but one must be less than 32" in length	Two Fish
Preferred Alternative: Area 3A				
Combined Fishery CEY (million lb)	Allocation	Charter Fishery Bag & Size Limit Regulations		
		If charter harvest within allocation range	If charter harvest projected to exceed allocation range	If charter harvest projected to be below allocation range
Tier 1 <10	Comm alloc = 84.6% Charter alloc = 15.4% Charter range = 11.9-18.9%	One fish	Maximum size limit imposed that brings harvest to <15.4%	One fish
Tier 2 ≥10 but <20	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	One fish	Maximum size limit imposed that brings harvest to <14.0%	Two fish, but one must be less than 32" in length
Tier 3 ≥20 but <27	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	Two fish, one must be less than 32" in length	One fish	Two Fish
Tier 4 ≥27	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	Two Fish	Two fish, but one must be less than 32" in length	Two Fish

Under the plan, the Council would annually request that the IPHC set a combined charter and commercial catch limit. The combined catch limit, along with projected charter harvests, would determine the daily bag limit and/or size-limit regulations governing charter anglers. The Council intends that the bag limit and/or size limits be implemented under annual IPHC regulations, and not be subject to separate Council action and NMFS rulemaking. Therefore, these tiers would be implemented in federal regulations and

published in an annual notice, prior to the start of the charter halibut fishery. The regulations, therefore, would explicitly describe how the charter halibut projections would be determined, the management tiers, the resulting management measure(s), and how the management measure was selected. No action would be required by the IPHC, other than to set a combined charter and commercial catch limit. NMFS would issue a notice of the management measures to be in effect for the charter sector in the next season, based on a description of procedures for their determination that would be published in regulation.

The Council recognizes that management measures are imprecise and, therefore, a small variance can be expected to occur around the allocation. Management measures dictated by the plan would result in charter harvests that *average* the target allocation. Charter regulations could vary from year to year, based on abundance as established by the IPHC. The Council's expectation is that the variances will balance, over time, to ensure conservation and management objectives are achieved. The Council's language implies, however, that its goal for the average error in projected charter harvests should be around zero. *But the Council accepts that charter halibut removals may exceed the sector allocation in some years, and removals may be under the allocations in other years.*

Proposed management measures fall into four tiers for each area. While the daily bag limit and size limit regulations in the third and fourth tiers are specific, the maximum size regulations in the first two tiers were not defined in the preferred alternative, as the Council intends to provide fishery managers with flexibility in times of low halibut abundance, by reducing harvest while having the least effect on the charter industry and its clients. The preferred alternative states that the charter fishery will operate under a one-fish daily bag limit under the first two tiers. If, however, the charter harvest as a percentage of the combined charter and setline catch limit exceeds a specified percentage in either tier, *then a maximum size limit of the one fish would be implemented to reduce the projected harvest level to be lower than x.x% of the combined charter and setline catch limit.* This number ("x.x") changes with area and tier. In Area 2C, this number is equal to 17.3 percent in Tier 1 and 15.1 percent in Tier 2. In Area 3A, this number is equal to 15.4 percent for Tier 1 and 14.0 percent for Tier 2.

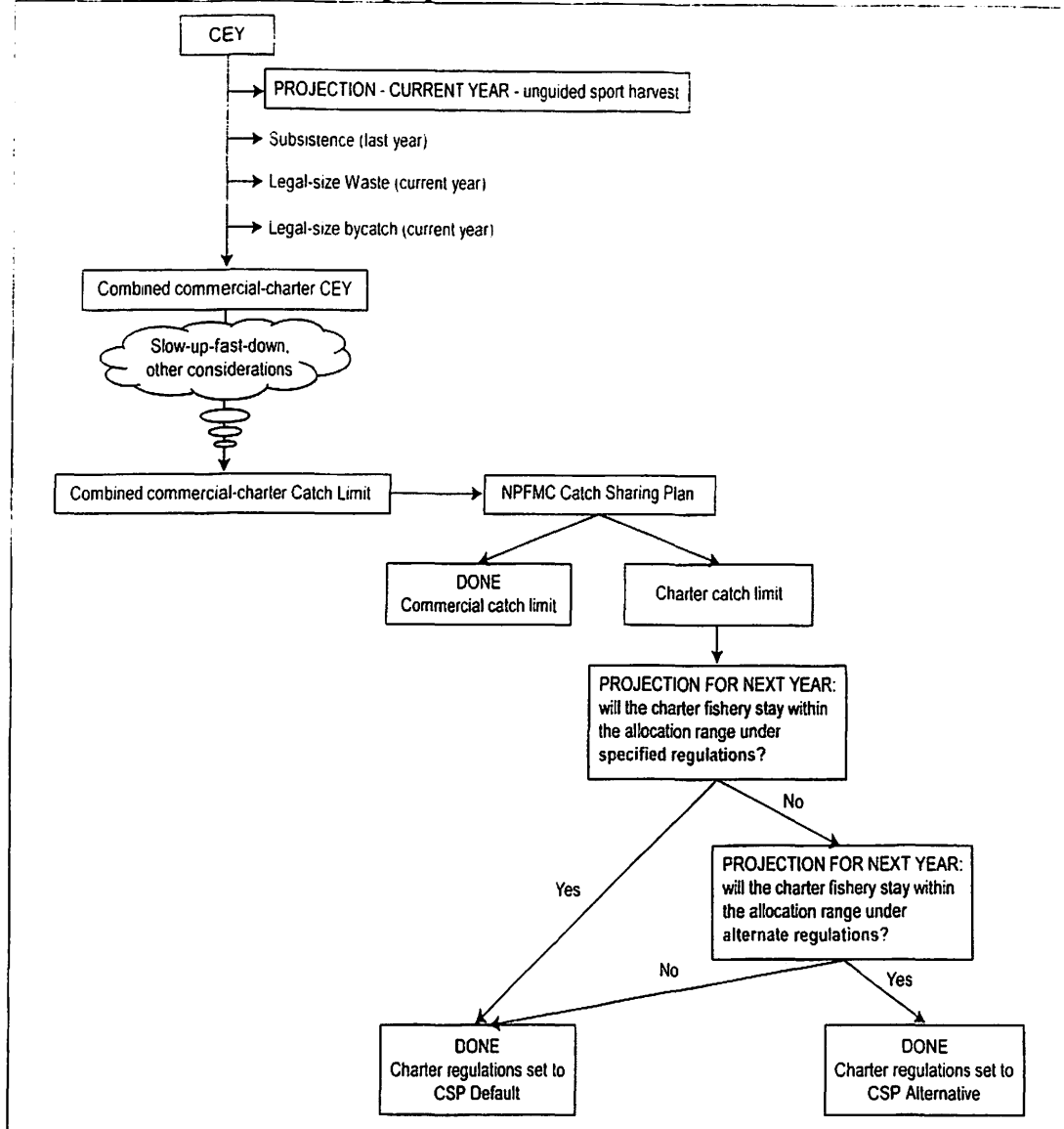
The preferred alternative incorporates new components that previously had not been analyzed. The lack of a specific length in the length limit language in Tiers 1 and 2 raised technical questions with respect to their implementation. A contractor prepared a supplemental analysis on implications of selecting a maximum length limit to manage charter halibut harvest in times of low abundance (King 2009). ADF&G staff prepared a supplemental analysis of the feasibility of projecting charter harvest as proposed under the preferred alternative (Meyer 2009). The SSC reviewed the reports and provided its recommendations to the Council in February 2009. The contractor developed an algorithm for annual implementation of a maximum length limit, if indicated as necessary to limit charter halibut harvests to its allocation, which has been incorporated into this draft of the analysis. Additional Council and public guidance on these implementation issues can be provided to NMFS during the public comment period.

The Council stated that it does not intend to revisit or readjust bag limits in separate actions; such bag limit changes would be triggered automatically by changes in combined charter and setline catch limits, which would be established annually by the IPHC. Bag limits would be implemented under IPHC regulations, based upon its determination of the combined charter and setline catch limits and the bag limit parameters described above.

Element 5 would allow persons holding an LEP to acquire commercial IFQ in order to relax charter angler harvest regulations. A charter LEP holder may lease commercial IFQ,⁹ NMFS would transfer them into Guided Angler Fish (GAF) and allow their clients to fish under regulations implemented for unguided anglers, rather than under those for charter anglers fishing under the charter allocation for the common pool.

⁹ Leased IFQ pounds will be converted to numbers of halibut upon transfer to the charter sector. Charter operators then may allow their clients to harvest the leased halibut to increase their bag limit to that set for unguided anglers.

Annual regulatory process as proposed under the Preferred Alternative



Effect of Alternatives

The proposed alternatives address allocation of the Pacific halibut resource between the commercial setline and charter sectors. While the preferred alternative would affect harvest levels and fishing practices of individuals participating in both sectors, total halibut removals would not be affected. The IPHC factors estimated halibut removals into the halibut stock assessment when setting annual commercial longline catch limits. Therefore, none of the proposed alternatives is expected to significantly impact the halibut stock. None is expected to affect the physical environment, benthic community, marine mammals, seabirds, or non-specified groundfish species. The data are insufficient to evaluate whether groundfish stocks may be affected by the preferred alternative. There may be an effect on the human environment, as there are winners and losers under any sector allocation. The Council attempted to mitigate the impacts of the initial allocation on the charter sector by allowing charter limited entry permit holders to acquire additional allocation from the commercial sector, through financial compensation. Charter clients who fish with these permit holders would be allowed to fish under regulations for non-guided anglers.

Regulatory Impact Review

The economic impacts of the alternatives considered in this analysis are discussed in terms of the status quo, the elements and options under Alternative 2, and Alternative 3 (Preferred Alternative).

Alternative 1. Status quo

The status quo is defined by the management measures that were in place for past fishing seasons and measures that are currently in place or are expected to be in place in future years. Charter harvests were projected for 2007 through 2011, based on current management measures and historical harvest trends. Those estimates are compared to GHLS that are based on IPHC CEY projections.

Under the GHL Program, NMFS would notify the Council of a GHL overage, in writing within 30 days of being advised of the overage if the charter sector's harvest exceeds the GHL (in year 1), based on a report by ADF&G (in year 2). The Council has identified a suite of management tools that it would consider for implementation, if an overage occurs (in year 2 or 3). An appropriate combination of management measures in a new analysis could be implemented by the Secretary of Commerce to constrain charter harvests (in year 3 or 4).

Area 2C The Area 2C GHL was reduced from 1.432 Mlb to 931,000 lb in 2008 and, subsequently, to 788,000 lb in 2009. Management measures in 2008 included the reduced GHL; the proposed halibut charter limited entry program; a two-fish daily bag limit with a requirement that one of the two halibut be less than or equal to 32 inches; a prohibition on harvesting of halibut by captain and crew; and a line limit that is set equal to the number of clients on the vessel, or six lines, whichever is fewer. NMFS implemented a one-fish bag limit in Area 2C, on May 6, 2009, at 74 FR 21194. The Court refused a request to grant a preliminary injunction to implementation of the one-fish bag limit on June 4, and the one-fish bag limit was implemented on June 5. Client demand for charter trips in Area 2C is assumed to decline as a result of maintaining the one-fish bag limit.

Area 3A The GHL remains unchanged at 3.650 Mlb in Area 3A. A two-fish daily bag limit (of any size), a prohibition on halibut harvests by skipper and crew, and line limits equal to the number of paying clients aboard the vessel are assumed to be in place for the entire 2007–2011 time period. The charter LEP is also assumed to be in place in the future, but it is not expected to impact the amount of charter harvest. Client demand in Area 3A is assumed not to change as a result of maintaining these management measures.

Projections The projections used in this analysis are based on trends that occurred prior to the economic slowdown that has affected the U.S. and broader world economies. Reductions in consumer income and consumer confidence may reduce demand for charter halibut fishing trips more than the models used in this amendment indicate. It is not possible to quantify reductions in demand that may occur as a result of current economic conditions, because client demand data for the years of the economic "slow down" were not available when the analysis was conducted.

Because changing the daily bag limit from two fish to one fish is expected to impact client demand in Area 2C, harvest projections account for that demand change. A projection also was made that assumed no change in client demand. Because of uncertainty in changes in client demand, the two projections were averaged to calculate the point estimates used in this analysis. The harvest projections using the other demand assumptions are included in the analysis, but for simplicity are not directly compared to the allocation options.

Charter harvest projections were provided for 1995 through 2011 using an autoregressive integrated moving average or "ARIMA" model. Estimates included 95 percent confidence intervals around the harvest point estimates. The reader is cautioned that the standard errors and the resulting 95 percent confidence intervals represent the confidence intervals associated with estimates of the mean harvest estimate. They are not 95 percent confidence intervals for the harvest itself. Therefore the analysis

estimates the mean harvest prediction and not a 95 percent confidence interval of harvest itself. For more information see Section 2.5.

Projections for 2007 through 2011 are used to compare projected charter harvest to various charter allocations (Table ES-1). Comparing the Area 2C harvest projections and the GHL estimates that were provided by the IPHC indicates that the charter sector would not stay within its allocation from 2008 through 2011. The GHLS from 2007 through 2011 fall outside of the 95 percent confidence intervals for the means estimated for those years. Therefore, implementing a one-fish daily bag limit in Area 2C is expected to allow the charter sector to annually harvest about 250,000 lb more than its GHL over the time period being considered. Stricter management measures would likely be required to keep the charter sector within its GHL. *These projections will be too low, if harvest effort or average weights go up suddenly. These increases will erode the estimated harvest savings of the management measures and harvest could be more similar to the unadjusted projection than the adjusted projection. Conversely, the harvest projections will be too high, when the economy is weaker than it was during the years prior to 2007, resulting in decreases in demand for charter trips below those projected in this forecast.*

Charter harvests in Area 3A are projected to increase every year from 2007 through 2011. It is projected to increase to about 3.5 Mlb. Harvest projections indicate the charter sector would stay within its 3.65 Mlb GHL every year during 2007 through 2011. *This projection assumes that skipper and crew have been reporting their harvest as charter harvests in the Statewide harvest surveys. If this assumption is incorrect, then harvest will be higher by approximately 10 percent and above the GHL.* Based on projections, additional charter harvest restrictions would not be required to keep the fleet within its GHL. However, because the trend indicates the charter harvest is increasing, the charter fleet may exceed its GHL in the future. See Appendix A for a discussion of the unadjusted and adjusted harvest projections and below for figures showing the adjusted and unadjusted projections.

Table ES-1 Projected charter harvest and GHL under the status quo, 2007–2011

Year	Area 2C				Area 3A			
	Projected Harvest (Mlb)	Lower 95% CI (Mlb)	Upper 95% CI (Mlb)	GH L (Mlb)	Projected Harvest (Mlb)	Lower 95% CI (Mlb)	Upper 95% CI (Mlb)	GH L (Mlb)
2007	1.456	1.376	1.536	1.432	3.152	3.003	3.300	3.65
2008	1.496	1.406	1.586	0.931	3.372	3.206	3.539	3.65
2009	1.045	0.944	1.145	0.788	3.482	3.297	3.667	3.65
2010	1.080	0.969	1.191	1.217	3.473	3.270	3.677	3.65
2011	1.126	1.004	1.249	1.432	3.560	3.338	3.782	3.65

Source: IPHC estimates of GH L and NEI estimates of charter harvest.

Note: ADF&G’s final estimate of halibut harvested by charter anglers in 2007 was 1.918 Mlb in Area 2C and 4.002 Mlb in Area 3A. Both of those harvest estimates, released by ADF&G in a letter to the IPHC on November 5, 2008, are substantially larger than the projections used for 2007 in this analysis.

The accuracy of the adjusted harvest projections in each area is subject to certain caveats. Charter harvest in Area 3A depends on whether or not skipper and crew have been reporting their halibut harvest as charter harvest. If they have been reporting it (as assumed in this analysis) then harvest is expected to be generally near or below the GH L. If skippers and crew have not been reporting their harvests while under charter in the SHWS, then no reduction in harvest from the skipper and crew ban on retaining halibut is expected. Under those circumstances actual harvest in Area 3A will more closely match the unadjusted harvest projection, which would exceed the GH L.

If the estimated effect of the 32-inch length restriction on the second halibut, which was instituted in Area 2C in 2007, was eroded by increasing harvest effort or increasing average weights, then overall actual harvest will more closely match the unadjusted harvest projection, which will exceed the GHL in Area 2C (Figure ES-1 and Figure ES-2). Final ADF&G estimates of 2007 harvest confirmed that this did occur.

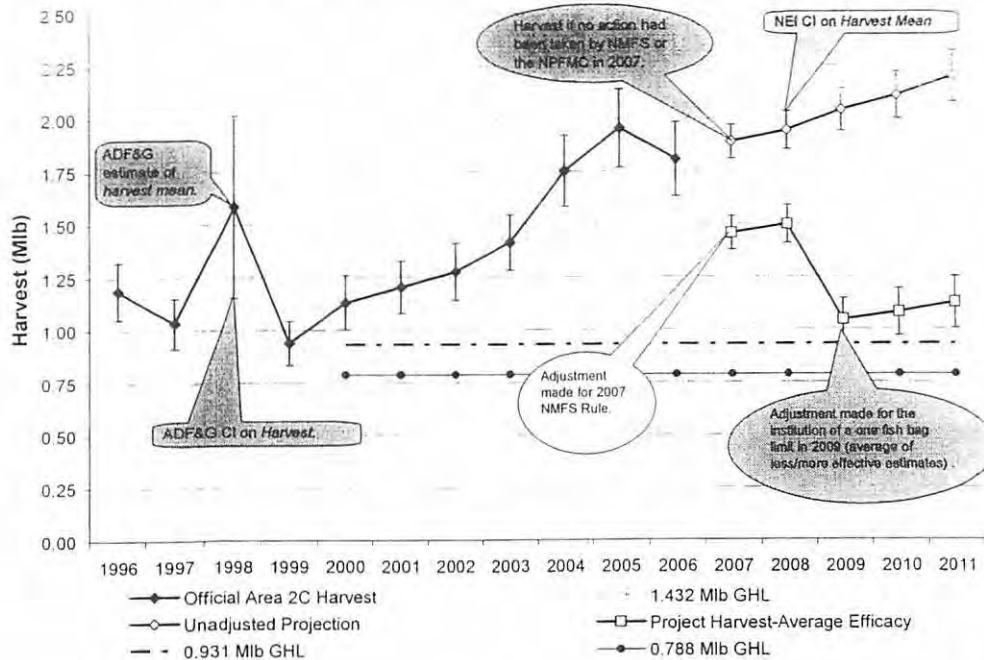


Figure ES-1 Past Area 2C harvests compared with model estimates of the mean of future harvests adjusted for actual 2007 management measures continued through 2011

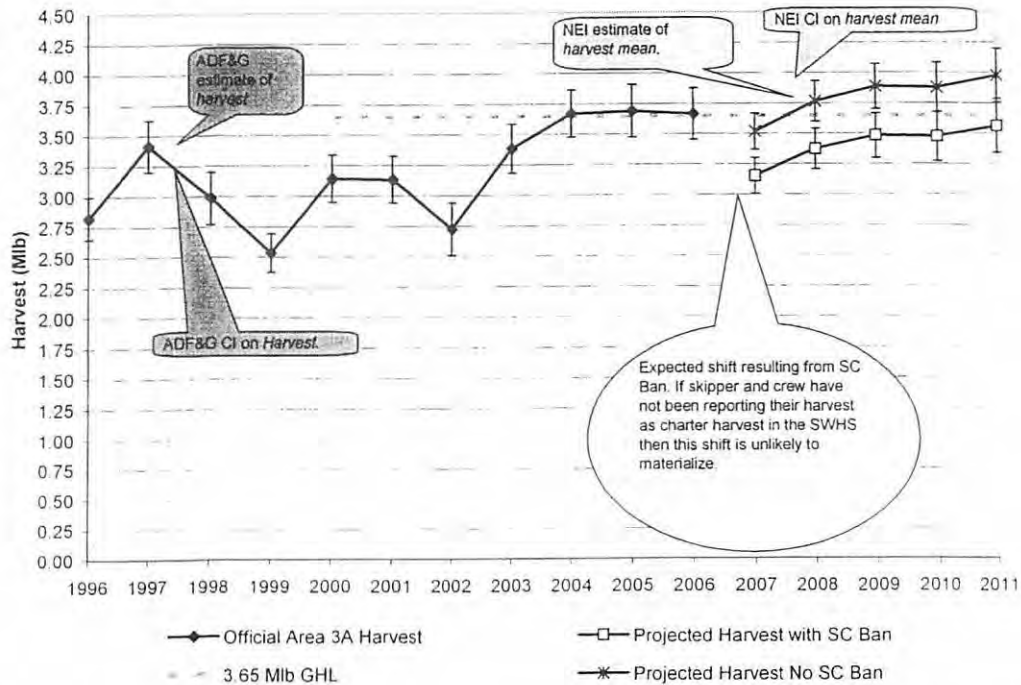


Figure ES-2 Past Area 3A harvests compared with model estimates of the mean of future harvests adjusted for a ban on skipper and crew harvest.

The weak economy is expected to reduce demand for trips to Alaska, halibut charter trips, and charter angler halibut harvests. The magnitude of the decline cannot be projected with information that is currently available. However, the decline in demand is expected to shift the projected harvest line down, so the gap between the 788,000 lb GHL and the projected harvest would be smaller than portrayed in the Area 2C figure. In the Area 3A figure, the reduction in demand is expected to provide more of a buffer between the GHL and the projected harvest.

Harvest projection data for 2008 indicates that the Area 2C charter angler harvest increased by about 80,000 lb from 2007 to 2008 (ADFG 2009). Total Area 2C charter harvest was about 2.0 M lb. The increase in pounds harvested is a result of an increase in the average size of halibut harvested, but a reduction in the total number of halibut harvested by charter anglers. The 11 percent increase in the average size of halibut harvested more than offset the reduction in the number of halibut harvested. Projections for 2009 were unavailable.

In Area 3A, the pounds of halibut harvested by charter clients are projected to have decreased from 4.0 M lb in 2007, to 3.4 M lb in 2008. The decline is a result of about 38,000 fewer halibut being harvested. The average size of charter caught halibut increased from 16.9 lb to 17.0 lb. Decreases in the numbers of halibut harvested by clients in both areas seem to indicate that demand for charter trips did decline in 2008.

ADF&G's preliminary estimates for the 2009 season suggest that charter harvests fell from 2008 levels in Area 2C and Area 3A. In Area 2C, which operated under a one-fish bag limit for a full season for the first time, the total number of logbook trips fell 52 percent, while the estimated harvest is 35 percent below the 2008 harvest amount. The estimated harvest reduction is lower than the reduction in the number of trips, because anglers were able to increase the average weight of their fish in all sampling areas, save one. ADF&G is currently estimating a 2009 harvest of 1.244 Mlb in Area 2C. This analysis and prior analyses have mentioned the fact that anglers may be able to compensate for changes in bag limits by targeting larger fish. This ability is enhanced when anglers face less competition on the water. ADF&G's estimate is within the harvest range estimated by the "Status Quo Less Effective" version of the charter halibut harvest projection model, and roughly ten percent above the range estimated by the mid-range model (see Table 36).

In Area 3A, which operated under the two-fish bag limit, ADF&G estimates that the number of trips fell by 21 percent from 2008 levels, while harvest fell by a similar percentage to 2.564 Mlb. Given that Area 3A harvest had been relatively stable for a number of years and operated under the same bag limit in 2008 and 2009, it would seem reasonable to suggest that the more than 20 percent decline in trips and harvest is likely the result of the weak national economy. If this assertion is correct, then it might also be reasonable to suggest that, *ceteris paribus*, roughly two-fifths of the decline in trips in Area 2C was related to the economy and three-fifths of the reduction was related to the change in the bag limit.

Alternative 2. Establish a catch sharing plan that includes sector accountability

Element 1 – Initial Allocation

Element 1 would revise federal regulations to create a catch sharing plan for Pacific halibut between the charter sector and the commercial setline sector in Areas 2C and 3A. Common pool allocations would be set for harvest by charter anglers. Clients of charter LEP holders would be allowed to harvest up to a specified portion of a combined charter and commercial setline catch limit (set by the IPHC each year); the remainder of the combined limit would be allocated to the commercial setline sector. If the charter allocation is exceeded during a year, the fishery would not be closed in-season. Instead, additional management measures would be implemented to constrain harvests to the allocation when an overage occurs or when an overage is projected to occur. A timeline of the period it would take to determine when

an overage has occurred, and when new management measures would be implemented under Options 1 through 3, is discussed under Element 2. The CSP would work best if the time lag is minimized between the overage and when constraining management measures are implemented. However, a two or three year lag may occur.

Guided anglers must abide by any possession limits, bag limits, and/or size limits that are in place for the charter sector in an area when harvesting from the common pool. GAF, leased from the commercial sector, may allow charter LEP holders to offer their clients the opportunity to harvest halibut under the same regulations (when more liberal) that apply to unguided anglers. Any such halibut, harvested outside of the charter fishery regulations, must be identified as GAF (or will be subject to an enforcement action). GAF will not be counted against the common pool harvest, because a member of the commercial sector is compensated to allow the charter harvest to increase by reducing their personal allocation. Because the commercial sector is compensated for the halibut, the catch is deducted from the commercial allocation.

The Council considered three methods to determine the size of the common pool allocation to the charter sector. The first method has four allocation options, based on fixed percentages of a combined catch limit. The percentages are determined by using formulas based on historical charter harvest. The second method has three allocation options based on a fixed number of pounds of halibut. A suboption would cause the fixed pounds to vary, in steps associated with predefined changes in the area-specific CEY or combined catch limit. The suboption causes the fixed pound allocation to behave like a percentage based allocation that changes the amount of halibut assigned to the charter sector in predefined steps. The third set of options combines fixed pounds and fixed percentages; it uses half of the result from the fixed pound allocation and half the result of the fixed percentage option for the same base time period.

Charter harvest estimates were compared to each charter sector allocation to identify which allocations would fund the common pool, without the need to impose restrictive management measures. It is important to note that charter harvest estimates were derived using demand projections that were based on historical activity. That activity occurred during years when the general economic conditions were stronger than they have been during the latter part of 2008 and 2009. The weak economy over the past year-plus has resulted in declines in Alaska tourism. Some tourism industry officials¹⁰ have indicated that business in the Alaska tourism industry could be down by as much as 30 percent in 2009. This decline is coming after a year when the tourism industry was flat. The decline in tourism is expected to decrease the demand for charter trips. The impact in Area 2C will depend on whether cruise ship clients take charter trips. The cruise ship sector has indicated that bookings are dramatically lower in 2009. Royal Caribbean has reduced the number of ships in Alaska from three to two (a reduction of about 40,000 passengers, annually). This is due to reduced demand as a result of the world economy and the \$50 per passenger tax added in 2007.¹¹ To spur sales, companies have reportedly lowered prices to fill their ships. Some of the deepest discounts are reported to be \$299 for a seven night cruise. This raises the question of how many of the people enticed to take a cruise by the lower price would spend an equal amount of money for a halibut charter fishing trip? That question cannot be answered with available information; however, if the decline in charter demand is proportional to the decrease in projected tourism, the number of trips could decrease by as much as 30 percent in 2009. Declines in demand for charter trips of that magnitude would compound decreases in demand that would occur as a result of changing the daily bag limit from two fish to one fish. Because these changes in the economy have only recently occurred, the data are not available to adjust the models used in this amendment. The reader is cautioned that charter harvests in future years could be overstated, perhaps substantially, by the projections, unless factors that affect demand like consumer confidence, tourism, and disposable income return to levels that occurred prior to 2008.

¹⁰http://www.traveldailynews.com/pages/show_page/28670

¹¹<http://www.professionaltravelguide.com/Travel-News/Cruise/Royal-Caribbeans-capacity-cut-worries-Alaska-tourism-groups-p1881858/>

The anticipated decrease in demand for halibut charter trips means that the difference between the projected harvest and the projected sector allocation is likely overstated in cases where the allocation is too small. When the allocation is projected to exceed harvest, the actual difference may be greater. These impacts should be considered when reviewing future charter harvests projected in this analysis.

Option 1a allocations are calculated using 125 percent of the 1995 through 1999 average charter harvest (current GHF formula). That option results in the charter sector being allocated 13.1 percent of the combined catch limit in Area 2C, and 14.0 percent in Area 3A. IPHC staff has provided estimates of projected commercial and charter catch limits for 2007 through 2011 (Table ES-2). The catch limits incorporate the “slow up, fast down” (SUFDF) methodology that is used by the IPHC.

Table ES-2 Combined commercial and charter catch limit using slow up-fast down

Year	2C	3A
2007	10.21	33.00
2008	7.91	27.62
2009	6.81	28.33
2010	6.76	30.29
2011	7.06	33.00

Source: IPHC

The projected poundage allocations that result during 2007 through 2011 are outside of the 95 percent confidence intervals of projected harvest in Area 2C. On average, the charter sector is projected to exceed its allocation by an average of 230,000 lb per year over the five-year period, not accounting for changes in exogenous economic factors. In Area 3A, the allocation is projected to exceed the charter harvest by an average of 886,000 Mlb per year, with the same caveat.

Option 1b (125 percent of the 2001 through 2005 average charter harvest - GHF formula updated through 2005) results in the charter sector being allocated 17.3 percent of the combined catch limit in Area 2C, and 15.4 percent in Area 3A. The Area 2C allocation is projected to exceed charter harvest during 2007. During 2008 through 2011, the charter allocation is projected to fall below the 95 percent confidence intervals for charter harvest. Over the five-year average, the charter sector is projected to be over its allocation by an average of 100,000 lb, *ceteris paribus*. In Area 3A, the charter sector allocation is projected to exceed its harvest every year during 2007 through 2011. *Both of these estimates are subject to the caveats noted above.*

Option 1c (current GHF as percent of 2004) results in the charter sector being allocated 11.7 percent of the combined catch limit in Area 2C, and 12.7 percent, in Area 3A. The Area 2C allocation is projected to be less than the charter sector’s harvest each year. Over the five-year period, the charter sector is projected to exceed its allocation by an average of 330,000 lb per year, *ceteris paribus*. In Area 3A, the charter allocation is projected to exceed its harvest each year. They are projected to harvest an average of 460,000 lb less than they would have been allocated during 2007 through 2011, *ceteris paribus*.

Option 1d (2005 charter harvest) would yield an allocation of 15.1 percent of the combined catch limit in Area 2C, and 12.7 percent in Area 3A. The Area 2C allocation is projected to exceed charter harvest during 2007. During 2008 through 2011, the charter allocation is projected to be less than the 95 percent confidence interval for charter harvest. Over the five-year average, the charter sector is projected to be under its allocation – without adjustment - by an average of 70,000 lb. In Area 3A, the charter sector allocation is projected to exceed its allocation every year from 2007 through 2011, *ceteris paribus*. Over that five-year period, the charter sector would be projected to exceed its allocation by 460,000 lb per year, absent accounting for structural changes in the economy. The Area 3A allocation is the same under both Options 1c and 1d.

The allocations under Option 2 would issue the charter sector a fixed number of pounds every year. Option 2a would allocate the Area 2C charter sector 1.43 Mlb per year, and the Area 3A charter sector would be allocated 3.65 Mlb per year. Option 2b would allocate the Area 2C charter sector 1.69 Mlb per year, and the Area 3A charter sector would be allocated 4.01 Mlb per year. Option 2c would allocate the Area 2C charter sector 1.90 Mlb per year, and the Area 3A charter sector would be allocated 4.15 Mlb per year. Allocations of that magnitude are projected to exceed the charter sector's harvest almost every year under Options 2b and 2c, *ceteris paribus*. The allocation under Option 2a is projected to fall within the 95 percent confidence interval for harvest in 2007 and 2008. During the period from 2009 through 2011, the allocation is projected to exceed harvest demand, because of the one-fish bag limit. In Area 2C, the charter sector's allocation is projected to exceed its harvest by an average of 190,000 lb (Option 2a). Its allocation is expected to exceed its harvest by an average of 450,000 lb (Option 2b), and 660,000 lb (Option 2c) over the 2007 through 2011 time period. In Area 3A, charter allocations are projected to exceed its harvest by an average of 240,000 lb (Option 2a), 600,000 lb (Option 2b), and 740,000 lb (Option 2c), over that same time period, *ceteris paribus*.

A suboption would implement a stair-step up and stair-step down that adjusts the charter allocation when the total CEY or combined catch limit changes a predefined amount. The starting point from which changes are measured is projected to have a substantial impact on future allocations in Area 2C. Allocations based on a stair-step using historical area-wide CEYs will tend to reduce the charter allocation. Allocations based on a stair-step using 2008 coast-wide CEY is projected to increase the allocation over time. Stair-steps that are linked to the 2008 combined catch limit do not trigger a change in the allocation over the time period being considered.

If Option 2a were selected, no changes would occur when the CEY changes by less than 15 percent. Changes greater than 15 percent would trigger adjustments in the charter allocation. The first step changes the initial allocation by 15 percent, in the direction of the CEY or combined catch limit change. Each additional 10 percent change triggers an additional 10 percent change in the charter sector's allocation, again, in the same direction. In Area 2C, the first step is triggered by a 15 percent change in the CEY or combined catch limit, and results in the allocation increasing (decreasing) 210,000 lb. In Area 3A, the allocation is changed by 550,000 lb. Each additional 10 percent increase (decrease) in the CEY results in the charter sector's allocation increasing (decreasing) 140,000 lb in Area 2C, and 360,000 lb in Area 3A.

Because the initial allocation is larger under Option 2b, the changes in the allocation at each step are also larger. In Area 2C, the initial 15 percent increase (or decrease) in the allocation increases (or decreases) the amount by 250,000 lb. Each additional 10 percent increase (or decrease) increases (or decreases) the allocation by 170,000 lb. In Area 3A, the initial change is 600,000 lb, and each additional 10 percent change adjusts the allocation by 400,000 lb.

Since the initial allocation is larger under Option 2c than either of the other two options, the changes in the allocation at each step are also larger. In Area 2C, the initial 15 percent increase (decrease) in the allocation increases (decreases) the amount by 280,000 lb. Each additional 10 percent increase (decrease), increases (decreases) the allocation by 190,000 lb. In Area 3A, the initial change is 620,000 lb, and each additional 10 percent change moves the allocation by 410,000 lb.

Option 3 allocations are based on 50 percent of the percentage allocation and 50 percent of the fixed pound allocation. Because the allocations are based, in part, on fixed pounds, the charter sector allocation has a floor below which the allocation would not decrease, unless resource conservation considerations dictate such a reduction. By design, the allocations under Option 3 always fall between the allocations that would occur using the same years under Options 1 and 2. *When biomass is increasing, however, the allocation is smaller than the percentage based alternatives under Option 1, using the same base period years. A decreasing biomass will result in the allocation being smaller than the fixed poundage allocation, but larger than the percentage based allocation.*

Option 3a (based on 1995 through 1999) results in an Area 2C allocation that is projected to be within the 95 percent confidence interval of 2007, 2010, and 2011 harvests, emphasizing once again that no adjustment for exogenous economic factors have been made. In 2008, the allocation is projected to be less than the charter harvest. The charter allocation is projected to exceed harvest in 2009. Over the five-year period, on average, the charter sector's allocation is projected to be 20,000 lb less than its harvest, *ceteris paribus*. In Area 3A, the allocation is projected to exceed harvest every year. Over the five-year period, on average, the charter sector's allocation is projected to be 560,000 lb over its projected harvest, even without the aforementioned economic recalibration.

Option 3b is based on 2000 through 2004. Because those years were not included as the baseline in an alternative under Option 1, the percentage was calculated for Option 3 using the same formula used in Options 1a and 1b. Option 3c is based on 2001 through 2005. Both Options 3b and 3c are projected to yield allocations that are larger than the charter sector's projected harvest during 2007 and 2009, through 2012, *ceteris paribus*. In 2008, the charter allocation would be expected to fall within the 95 percent confidence interval for charter harvest. In Area 2C, the charter harvests, on average, are projected to exceed the Option 3b allocation harvest by 220,000 lb, and the Option 3c harvest, by 160,000 lb, again with no adjustment for recent exogenous economic factors. In Area 3A, the allocations, on average, are projected to exceed the Option 3b harvest by 1.02 Mlb, and the Option 3c harvest, by 600,000 lb, *ceteris paribus*.

The Area 2C allocations that would exceed the status quo harvest projections over the five years being considered are Options 1b, 2a, 2b 2c, 3b, and 3c, even absent accounting for the economic changes. The other allocation options are projected to be less than needed, *ceteris paribus*, given the status quo management measures. In Area 3A, all of the allocations are projected to be sufficient to meet projected harvest over the time period considered, without adjustments. However, if the growth trends in halibut charter harvest regain levels seen in the 2000 through 2007 period, the fixed poundage options (Options 2a through 2c) are projected to result in more restrictive management measures.

Element 2 – Annual regulatory cycle

Under Options 1 through 3 in Element 1, managing the charter halibut sector, so as to constrain it to its allocation, would be achieved through an annual (if necessary) regulatory analysis. This management assessment would take into account the projected CEY for the following year and any overages incurred by the charter industry in the past year(s).

The Council wrestled with what has been described as a “delayed feedback loop,” within the context of State of Alaska data availability and federal rulemaking. Three to four years may elapse between the time in which 1) an overage occurs; 2) ADF&G reports that an overage has occurred; 3) the Council selects a preferred alternative to address the overage; and 4) new regulations are in effect.

The Council considered methods that would reduce the time between a charter allocation overage and implementation of regulations to eliminate the overage, under Options 1 through 3 of Element 1. The Council was advised that federal rulemaking requirements could not be streamlined. The management agencies could, perhaps, shorten the time lag by replacing the Statewide Harvest Survey data that is released in September each year with in-season reports from the charter logbook database.

Element 3 – Management toolbox

The Council announced that its policy would be to select a preferred alternative from the list of possible management measures from its ‘toolbox’ in a future action and rulemaking, after it has been notified that a charter sector allocation has been exceeded. The estimated effects of potential management measures are provided only to illustrate how the Council's policy may be implemented in the future. The Council would select the tool (or tools) that allow it to reduce charter harvest to the allocation.

Element 3 would establish two tiers of measures that the Council could use to manage the charter common pool allocation (Table ES-3). Tier 1 measures would be considered to manage for a season of historical length and a two-fish daily harvest limit. Tier 2 measures would be used if Tier 1 measures are inadequate to constrain charter harvest to its allocation. Due to the inherent delay in implementation of regulations after an overage, the Council cautioned that management measures may be disproportionately restrictive to the estimated level of reduction, to ensure that the charter sector allocation is not exceeded in the future (i.e., punitive). In providing predictability and stability for all those that use this resource, the full charter allocation may not be harvested in every year and/or every area. No regulations would be generated under Element 3.

Table ES-3 Proposed Management Measures by Tier

Tier 1	Tier 2
One Trip per Vessel per Day	Annual Catch Limits
No Retention of Halibut by Skipper and Crew	One-fish bag limit for all or a portion of the Season
Line Limits	Closing the charter fishery for all or a portion of the Season
Second Fish of a Minimum Size	
Second Fish at or below a Specific Length	

Table ES-4 Estimated Effect of Management Measures

Tier	Management Measure	Sub-Option	Estimated Harvest Reduction	
			Area 2C	Area 3A ¹
	One Trip per Vessel per Day	None	1.8% – 2.4%	5.5% – 6.3%
	No Retention by Skipper and Crew	None	4.3% – 4.7%	10.4%
	Line Limits ²	None	Not Analyzed	Not Analyzed
Tier 1	Second Fish of a Minimum Size ³	45 Inches	18.8% – 27.0%	32.5% – 39.3%
		50 Inches	23.1% – 30.8%	36.9% – 43.3%
	Second Fish at or below a Length Limit ⁴	32 Inches	19.7% – 26.1%	18.2% – 24.5%
		34 Inches	Not Analyzed	15.2% – 21.1%
		36 Inches	Not Analyzed	12.1% – 18.3%
Annual Catch Limits	Four Fish	16.4%	6.5%	
	Five Fish	9.3%	4.1%	
	Six Fish	4.3%	2.1%	
Tier 2	One-fish bag limit for All or a Portion of the Season ⁵	Full Season	39.7% – 57.8%	47.1% – 62.9%
		May	1.8% – 2.6%	5.0% – 6.6%
		June	10.0% – 14.6%	12.4 – %16.5%
		July	14.5% – 21.1%	17.8% – 23.8%
		August	12.0% – 17.5%	9.9% – 13.2%
		September	1.4% – 2.0%	1.8% – 2.9%
Season Closure ⁶	Full Season	100.0%	100.0%	
	May	5.2%	10.5%	
	June	25.7%	26.0%	
	July	35.4%	37.7%	
	August	29.9%	21.2%	
	September	3.7%	4.0%	

1. Numbers for Area 3A reflect the analysis for NPFMC (2007c) updated with ADF&G's final 2006 harvest estimates.

2. Neither NPFMC (2007b) nor NPFMC (2007c) analyzed line limits as an individual option.

3. Upper estimates for each Area include an assumption of a 10 percent reduction in the demand for halibut charter trips.

4. Upper estimate assumes that anglers catch the average fish below the length limit based on biomass. Lower estimate assumes that anglers are able to high-grade by one two-inch size class. These estimates do not account for changes in demand that have occurred since 2006 including those changes resulting from a weak or recessionary national economy.

5. Upper estimates include an assumption of a 30 percent reduction in the demand for halibut charter trips. The analysis did not make any adjustments for anglers rescheduling their trips to other parts of the season which do not include the one-fish bag limit.

6. Estimates based on ADF&G data provided for NPFMC (2007b) and NPFMC (2007c). Estimates do not include the effect of anglers migrating to other months or otherwise adapting to the closure. Source: NPFMC (2007b) and NPFMC (2007c).

Element 4 - Timelines

Potential timelines for implementing new regulations identified a three- or four-year regulatory cycle. The Council noted that only its analytical timeline was flexible; the schedule for NMFS rulemaking is not.

Element 5 – Supplemental, exclusive use of Guided Angler Fish

Element 5 would revise commercial halibut IFQ regulations to allow halibut charter LEP holders to annually lease commercial IFQ from commercial QS holders. Such leases would provide charter anglers with additional harvesting opportunities. The LEP holder would request NMFS Restricted Access Management Program to convert the leased IFQ into Guided Angler Fish (GAF). When using GAFs,

charter angler's harvesting opportunities would be the same daily bag and size limits in place for unguided halibut sport fishing anglers. Guided anglers without access to GAF would operate under the bag and size limits implemented for the charter sector.

The most important implications under Element 5 include the following:

- In Area 3A, the proposed IFQ leasing levels should provide adequate GAF to preserve historical harvest opportunities, and allow charter sector growth in the near future.
- In Area 2C, the proposed IFQ leasing levels may inhibit charter sector growth by 2011, depending on 1) which allocation the Council selects; 2) future growth in the number of charter clients; and 3) halibut biomass in that area.
- IFQ, and consequently GAF, availability will vary with biomass, average weights, and IPHC policy decisions.
- There are no data to suggest what price LEP holders might pay for leasing GAF.
- The element contains GAF-equivalent leasing limits for LEP holders. LEP on vessels with an endorsement for 6 or fewer passengers would be limited to leasing between 200 and 400 GAF per season. The element contains a sub-option whereby LEPs used on vessels with passenger endorsements greater than 6 could lease 600 GAF. The Council considered a range of 400 GAF to 600 GAF. The higher leasing allowances (e.g., 400 GAF, 600 GAF) would preserve historical harvest opportunities under a restrictive management regime, such as a one-fish bag limit. The exception is for approximately 15 percent of the fleet in Area 3A, which has higher than average harvest levels. These vessels would need higher GAF leasing limits under a one-fish bag limit.
- For determining average harvest weights:
 - The current system of calculating average charter harvest weights from the previous year would not be available for IFQ conversion until the end of the following season. For example, the final estimate of average weight for 2007, would not be available until September 2008;
 - If there is a change in the average weight from year to year, it would become apparent the following year that the charter operator paid either too much, or too little for GAF. Since the conversion is a linear function of the average weight, the percentage error in the amount of IFQ converted would equal the percentage difference in the average weights from year to year. These differences would likely cancel out only for charter LEP holders and IFQ holders who convert on a regular basis over an extended number of years, assuming all else is equal;
 - The time lag in estimation of average weight may also affect catch accounting. It is assumed that GAF harvest is tallied as commercial catch, since it is converted from IFQs (i.e., it will not count against the charter common pool allocation). Because the conversion of IFQ to GAF would likely be based on preliminary estimates of average weight from the previous year, the accurate accounting of GAF removals could not be obtained until the final estimates of harvest are available the following year. The degree to which this accounting error becomes an issue depends on the magnitude of GAF conversions. If conversions are a small proportion of the commercial catch limit, the error may not be worth addressing;
 - Perhaps a more important consideration is whether the average weight of the charter harvest (common pool) should be used to convert IFQ for GAF, or whether the average weight of GAF should be used. The average weight of GAF may be higher than the average weight of all charter halibut under certain conditions. In addition, the average

weight of GAF would be dependent on the distribution of harvest among subareas of Area 2C or Area 3A. Average weight currently varies quite a bit from port to port. If a high proportion of GAF are harvested from areas with larger fish, this would result in a higher average weight. Alternatively, if GAF are used late in the season, when supplemental halibut are needed to continue operation (i.e., the common pool is depleted), the average size fish may be smaller, due to local depletion caused by removals earlier in the season;

- Under certain conditions, the average weight of GAF may not exceed that of common pool fish. For example, if the charter fishery is restricted by a one-fish bag limit, then common pool fish may have a higher average weight than GAF, due to high-grading. Under a one fish limit, some anglers would try to harvest the largest fish possible.

Element 6 – Catch Accounting System

Element 6 encompasses the record keeping and reporting requirements to implement the Council's preferred alternative. An interagency working group has developed a draft implementation plan for the proposed action http://www.alaskafisheries.noaa.gov/npfmc/current_issues/halibut_issues/CHIPFinal_supp1008.pdf. A final implementation plan will be prepared by NMFS.

Alternative 3. (Preferred Alternative) Establish a catch sharing plan that includes sector accountability

The preferred alternative would set initial sector allocations between the commercial setline and charter sectors, implement charter management measures each season in accordance with the sector allocation and halibut abundance, and include a GAF Program to allow charter LEP holders to increase their allocations by allowing them to lease commercial IFQs for use by their clients. Clients would be provided with additional harvesting opportunities by using GAFs, not to exceed limits in place for unguided anglers. Using GAFs, Areas 2C charter clients could harvest 2 halibut per day, while those not using GAFs would be limited to one fish. It is not expected that the charter sector in Area 3A would have an incentive to lease GAF in the near future, because the bag limit is expected to remain at two fish for charter and non-guided anglers. If this changes in the future, leasing of GAF may benefit some Area 3A clients and LEP holders.

Key features distinguish the preferred alternative from Alternative 2. First, the action includes a range around the allocation that acknowledges that procedures for estimating sport harvests are inexact. The range is intended to reflect to some degree the error around sport harvest estimates. Second, the preferred alternative would identify trigger points, based on the combined charter and commercial catch limit that would be implemented annually, through a notice to the public. This approach eliminates the time lag between the year in which overages/underages occur and the year in which revised regulations are implemented that is inherent under Alternative 2. The preferred alternative identifies four trigger points for each area, which are associated with certain baseline bag limits and size limits. The baseline measures outlined in the preferred alternative's tier system could be modified if estimates of charter harvests fall outside the target range of the baseline measure(s). ADF&G would project the next year's harvest using bag limit and size limit restrictions to match the charter sector allocation, based on the IPHC combined catch limit. This method would eliminate the lag between overages and implementation of stricter regulations to limit harvests. Whether estimates of adjustments to angler demand for trips can be made with enough precision to keep the charter angler harvest within their target harvest will be determined in its application. If the projected harvest by charter anglers from the common pool is outside the target harvest range, the regulations could be modified to the measures identified in the *next* tier prior to the start of fishing that year, so that their projected harvest falls within the target range. This is a significant difference from the options under Alternative 2. Under each of those options, the charter angler regulations would not be modified until an overage/underage had occurred. The time lag to revise regulations was projected to be up to four years after an overage/underage occurred.

The tier system under Element 1 of the preferred alternative may not be sufficiently flexible to address a situation where harvest under the most restrictive regulatory option for some tiers (levels of combined catch limits) is still projected to exceed the desired allocation range. For example, suppose the combined catch limit for Area 3A is 21 M lb. If the projected harvest under the “default” bag limit of two fish with one fish under 32 inches exceeds the allocation range, the CSP states that the bag limit will be reduced to one fish. However, if fishing effort is so high that the projected harvest under a 1-fish bag limit still exceeds the allocation range, the allocation range will likely be exceeded. Because the preferred alternative states that measures under the *next* tier should be implemented, either the selection of the appropriate measure to restrict the charter harvest within the allocation range may be an iterative process (revised annually until the objective is achieved) or may never occur if the tier system was constructed too conservatively or too liberally to match an allocation range with an appropriate measure. The Council may choose to clarify whether the reference to the “*next higher trigger*” (emphasis added) matches its intent to set management measures to limit projected charter halibut harvests within the allocation range. In above example, the bag limit might be set at one fish with whatever maximum size limit is needed to bring the charter harvest within the allocation range of 10.5% -17.5%.

Based on IPHC projections of the combined catch limit through 2015, it is expected that the Area 2C charter fishery would be operating under Trigger 2 each year. Trigger 2 would allocate the charter sector 15.1 percent of the combined catch limit, impose a one-fish bag limit on the charter clients, and allocate the commercial setline fishermen the remaining 84.9 percent of the combined catch limit. The Area 3A charter fishery is projected to operate under Trigger 4, through 2015. Trigger 4 would allocate the charter sector 14.0 percent of the combined catch limit, the commercial sector 86.0 percent of the combined catch limit, and leave the charter angler halibut bag limit at two fish of any size.

Supplemental, individual use of commercial IFQ would allow charter limited entry permit holders to lease commercial IFQ, in order to provide anglers with additional harvesting opportunities. Eight elements of the GAF Program are listed (A through H) previously under the preferred alternative.

The language in the preferred alternative under Element 5 states that, “With regard to leasing: any quota which a CQE holds . . . could be leased up to 100% to eligible residents of the CQE community (emphasis added); however charter LEPs are not restricted to use by residents of CQE communities so if strictly applied, the preferred alternative would be more restrictive than could be implemented. This may have been a misunderstanding by the Council on how the charter LEP was structured, as that program was still under Secretarial Review. If implemented under the adopted language, the GAF Program could be implemented to only be used by a subset of those captains that are in contractual arrangement to use community LEPs that are *also* residents of CQE communities. The Council may wish to clarify its intent on this issue.

Economic Impacts of the Alternatives

For the proposed alternatives, the analysis assumes that the charter sector allocations would be a common pool of fish that clients of charter LEP holders would be allowed to harvest. Bag limits, seasons, and other management measures would be set pre-season to achieve the allocation, and there would be no inseason harvest monitoring (of common pool fish), other than the current logbook program or other monitoring methods required by NMFS. Adjustments to the bag limits and size limits would be made for the next fishing season, so that the common pool allocation would not be exceeded. The leasing of commercial IFQ also would be allowed. Leasing of IFQs allows individual charter LEP holders that hold GAF to use those fish for clients to exceed charter harvest bag and size limits (up to those limits in place for the unguided angler).

Quantitative estimates or confidence intervals for the magnitude of net national benefits under each element and option are unavailable. Determining which allocation would maximize net national benefits would require detailed information on costs and expenditures in both the commercial and charter sectors. In addition to cost information, demand for charter trips and angler willingness-to-pay for trips would also

be required. Collecting that information would be expensive and time consuming. Even if these data were available, changes in the halibut biomass will impact the optimal sustainable yield and the optimal allocation of halibut. Because of these ongoing changes to the resource, any allocation that is optimal when it is made (if the Council felt an "optimal" allocation was appropriate) likely would be suboptimal in the future. Leasing IFQ from the commercial sector in the form of GAF could adjust the amount of halibut available to charter clients and benefit both the commercial and charter sector. The benefits of the leasing provision for the charter sector will depend on the bag limits in place for charter and unguided anglers, availability of IFQ for lease, and the market price for those IFQs. The leasing of IFQs would tend to benefit both sectors if IFQs are available, and clients are willing to incur higher costs for a trip to harvest an additional halibut (under a one-fish bag limit, for example). Stakeholders from the commercial and charter sectors have testified in support of the proposed GAF Program, as a market-based mechanism for attaining a more nearly optimal allocation.

Quantitative estimates of regional economic impacts and their distribution, accruing from the proposed alternatives, are also unavailable. Nonetheless, this analysis recognizes and attempts to reflect, to the fullest extent practicable, the contributions that commercial fixed-gear halibut fishing and charter halibut fishing make to local and regional economic and social welfare and stability.

Charter Sector

The charter sector is comprised of business operators who are licensed by the State of Alaska to provide charter trips. The alternatives assume that charter operators must hold an LEP (currently under consideration by the Secretary) to legally operate in the fishery. It is not presently possible to provide estimates of the charter sector's net revenue. Additional information on both the revenues generated by the charter sector and the costs associated with providing charter services would be needed. There is not a complete set of data on the prices charged for a charter trip in Areas 2C and 3A. General information on trip prices is reported in the RIR, but those prices reflect only a small sampling, drawn from promotional advertising sources. Those samples are not intended to represent the mean trip price in any given area. Information is available from ADF&G saltwater logbooks on the number of trips taken in each area. In 2006, the charter sector took over 92,000 and 138,000 clients fishing in Areas 2C and 3A, respectively. While official figures are not available, average charter prices can range between \$150 and \$300 per person, depending on the type and length of the trip. Using an average price of \$225 per client, the halibut allocation to the charter sector, and average harvest rates per client, the analysis provides a rough estimate of gross revenues, solely from trip fees, of between \$7.4 million and \$17.8 million in Area 2C and \$26.3 and \$38.1 million in Area 3A. These numbers do not account for lodging revenues paid to charter lodge operators or other expenditures (e.g., plane tickets) made by charter clients. Consequently these numbers should not be considered an estimate of the "economic value", direct or indirect, of the charter fleet. Net revenues in the charter sector cannot be provided. Area-wide data are not available for either gross revenues or costs of operating the charter business. Both of these pieces of information are needed to estimate net revenues. The authority, cost, and time required to collect these data exceed those available for this action.

Criddle (2004, 2006) described four types of management combinations for a halibut fishery shared by a commercial and charter sector. One combination provided an example of when the commercial fishery was managed under an IFQ-based system and the charter sector was managed under a regulated open access sport fishery. Under the regulated open access system, it is assumed that the charter sector harvests are controlled by some combination of management measures. Criddle concluded that, when a sportfishing charter fleet is comprised of small homogeneous charter businesses (presumably in the absence of significant excess capacity), an increase in demand for trips would result in an increase in trip prices, in the short-run. Long-run effects depend on the types of management measures used to constrain charter harvests. Size limits, bag limits, annual harvest limits, line limits, and prohibition on captain and crew harvests, if some of the fish went to the clients, could reduce the angler or operator surpluses generated from the trips. Seasonal closures, restrictions on where fishing is allowed, or limits on the

number of clients, are examples of management measures that could increase the costs of providing trips. It is anticipated that all rents in the charter fleet would be dissipated under the LEP, if the capacity of the fleet does not limit competition for clients. If competition for clients is limited by the number of charter, then it is anticipated that the charter sector could generate rents.

The Council considered adding or removing management restrictions to or from the charter sector when its harvest is from 1 lb to 10 percent above or below its allocation. These benchmarks would provide a black and white definition of when management measures should be modified. However, the accuracy and timeliness of the charter harvest estimates and policy decisions/rulemaking could make modification of the management measures to conform to these benchmarks difficult. Instead, the Council selected a preferred alternative based on triggers and ranges that could be used to set charter angler harvest regulations prior to the start of the fishing year. This system is anticipated to limit the charter and commercial sectors to their respective percentages of the combined catch limit, but recognizes that the charter allocation may be exceeded or under harvested on an annual basis.

If management measures restrict charter harvests to its allocation, increased demand for charter trips would be offset by those more restrictive measures. In this case, increases in demand for charter trips would not be expected to directly impact the commercial sector, unless the shortage of charter seats induced a large increase in “unguided” effort. The commercial sector would be impacted if the charter sector were not constrained to its allocation or if the growth in demand for charter services by the public results in the Council recommending, and the Secretary increasing that sector’s allocation. It is also possible the commercial sector could petition the Council in the future to modify the charter allocation (although this is not the Council’s intent).

The preferred alternative also would allow charter LEP holders to lease GAF from the commercial sector. It is not possible to predict the quantity of IFQs that would be available for transfer each year. However, both the charter operator and the commercial IFQ holder must be willing parties for IFQs to be leased and converted into GAFs (i.e., the charter operator must pay a sufficient amount for the IFQs to compensate the commercial QS holder for forgone net revenues) (Criddle 2006).

Charter LEP holders who lease IFQs from the commercial sector would realize increased costs. Those costs would be passed on, in whole or in part, to charter clients, through higher trip prices. The increased costs and prices are expected to allow charter LEP holders to earn normal profits in the long run.

Commercial Halibut Fishery

Impacts of moderate fluctuations in stock abundance would lead to changes in the commercial quota under either a fixed or a percentage based charter allocation. Changes in the amount of halibut harvested by the commercial sector could impact ex-vessel prices, commercial net revenue, and post-harvest surplus. Given research conducted by Herrmann et al. (1999) on the price flexibility of Alaska halibut, the changes in ex-vessel price that result from increasing or decreasing the amount of commercial harvest in Areas 2C and 3A are expected to be very small under the preferred alternative. An allocation to the charter sector that decreases the commercial allocation is expected to result in a small increase in ex-vessel price, but an overall decline in the net revenue of commercial harvesters. Post-harvest surplus is directly related to the quantity of halibut on the market, so a decrease in commercial harvests would lead to a decrease in post-harvest surplus (Criddle 2006), *ceteris paribus*. If the allocation to the charter sector is set at a level that reduces its harvest during periods when the combined catch limit is steady, the commercial harvest would be increased and post-harvest surplus would increase. Criddle 2006 also provides a summary of how to conduct an analysis that would determine the net benefits to the commercial and charter sector under various allocations. While the analysis provides a description of how the analysis should be conducted, it does not provide a solution to the optimal allocation between the charter and commercial sectors. The data needed to complete that analysis are not available and economic changes that occur would alter the optimal allocation.

Halibut stock fluctuations may impact the asset value of QS held by commercial harvesters. If the changes to halibut stocks in Areas 2C and 3A occur frequently and are relatively small, they are not expected to impact QS values. However, if the stock size is expected to increase or decrease for a longer period of time, it would impact QS asset values. In that situation, a decrease in stock size would reduce QS values and an increase in stock size would increase QS values. Redistributing the amount of halibut that is assigned to the commercial sector could have a similar impact on QS values.

Because commercial QS are expected to generate lower net revenues over the next six years (based on IPHC CEY projections), the asset value of Area 2C QS is also expected to decline.¹² Persons that sell their QS could expect to receive less compensation. Shares would be acquired by “eligible” persons who believe stock abundance will increase over the longer-term. As a result, Area 2C QS holdings could be further concentrated (up to use caps). For QS holders that stay in the fishery, constraints on charter harvest growth would help preserve their portion of the combined catch limit.

The Area 2C commercial allocation is projected to be smaller (during the years considered in this amendment) under the fixed poundage allocations, relative to the percentage based allocations. This is because the projected CEY is smaller during those years, relative to the base years used to determine the allocations. Because the preferred alternative is a percentage based option, it is expected to allocate more halibut to the commercial sector than the fixed poundage options considered.

Because the commercial allocations in Area 3A are projected to be at or above historical levels in the near future, the QS values are not expected to change dramatically as a result of near-term declines in net revenue. If the trend of higher than historical average allocations is realized, the QS values may increase.

Increased demand for charter trips does not affect participants in the commercial fishery when expansion of the charter sector is constrained (Criddle 2006). The proposed harvest restrictions are assumed to constrain the amount of halibut the charter sector can harvest to its heir allocation, so the commercial allocation would not be reduced to accommodate increased charter harvests. It is also important to note that unless there are conservation concerns, charter overages would have a minor impact on future combined catch limits.

The commercial sector, however, would have been directly impacted by a charter allocation that is larger than the charter sector would harvest under the status quo. That scenario would allow the charter sector to increase its harvest, as client demand increases, until it reaches the allocation. From that point forward, the allocation would constrain the charter client harvests and the commercial sector would not be impacted by further increases in charter demand.

If some amount of halibut allocated to charter anglers are unused and is not reassigned to the commercial sector, that excess allocation to the charter sector would reduce the commercial allocation more than is necessary. Forgoing that harvest would reduce post-harvest surplus in that year. There may be off-setting “gains” to be had in the future, as halibut not removed through either charter or commercial fisheries, continue to grow, reproduce, and contribute to the halibut biomass. Determining the net effect of growth and reproductive rates, natural mortality rates, market demand for halibut, charter demand for halibut trips, and the appropriate discount rate(s), among other consideration, exceed current data and analytical capabilities. Nonetheless, these issues counsel care in drawing conclusions about “net benefits”.

Leasing of GAF would allow commercial QS holders to transfer IFQ to the charter sector. Theory suggests that the commercial sector would only be expected to lease IFQ to the charter sector if they receive sufficient compensation to offset the net revenue they would expect to derive from harvesting the fish themselves.¹³ Because individual commercial harvesters generate different amounts of net revenue

¹² If demand for charter trips is greater than the supply in Area 2C, the use of GAF may help stabilize both sectors.

¹³ The implicit assumption here is that anonymous actors in a competitive marketplace make individual, economically rational decisions concerning trade; however, in the real-world, sector conflicts, inter- and intra-

from their allocation, the commercial operations that generate the lowest marginal net revenue would be most likely to lease halibut, all else equal. Charter operations that have the highest net revenue per fish are expected to be the most willing buyers, if their net “benefit” per fish is greater than or equal to the lease cost per fish. It is possible that an operator could “lose” money on a GAF, but would only knowingly do so in order to “benefit” in other than net revenue terms (e.g., “client good will”, advertising “loss leader”, etc.). Leases are only projected to provide additional harvesting opportunities for charter anglers in Area 2C, through 2015, so in the short term the leasing of GAF is not anticipated to have a substantial impact in Area 3A.

Charter Clients

Charter trips hired by clients would not be constrained by the amount of halibut available to its sector in-season under the status quo or the proposed alternatives. However, demand for charter trips could decline under the preferred alternative, as more restrictive management measures are imposed (e.g., a one-fish bag limit in Area 2C) to keep the sector’s harvest within its proposed allocation, or supply of charter trips could be restricted in future seasons as an off-set for overages in the past. Demand for trips could also decline as a result of weak economic conditions. Because excess capacity is expected to continue under the proposed charter LEP, at least in the short term, a charter client would be expected to pay a price for a trip that would allow the “average” charter operator to earn normal profits (NPFMC 2006a).¹⁴

Status quo regulations are expected to be more restrictive in Area 2C, than in Area 3A. The continuation of current regulations was assumed in both areas (including a one-fish bag limit and possession limit of two daily bag limits in Area 2C). Those management measures are expected to reduce both consumer demand and consumer surplus, relative to regulations in place for Area 3A. Area 3A charter clients would remain under a two-fish bag limit and a possession limit of four fish. The numbers of halibut that may be harvested by a client during the year are not further restricted. Because of the different management measures assumed to be in place for the two areas, clients may choose to take a trip in Area 3A, instead of Area 2C. This behavior would shift demand from Area 2C to Area 3A. If non-residents increase the percentage of trips they take in Area 3A, it may increase overall consumer surplus, relative to what it would be if participation patterns remained static. A variety of attributes associated with Area 2C clientele make a sweeping transfer of demand “unlikely”¹⁵.

Differential trip pricing would, almost certainly, result if clients wanted to use GAF to relax their harvest restrictions. For example, if a client wanted to harvest two fish of any size in Area 2C, the client may need to compensate the charter operator for the additional cost associated with the lease of the required GAF. It is not possible to know how charter LEP holders would develop price structures for various types of trips. However, the use of GAF would increase trip costs and those costs are expected to be passed on to the client.

The LEP is assumed to not constrain clients booking a charter halibut trip. Competition for clients is expected to keep trip prices at a level that would, on average, allow charter LEP holders to only earn normal profits. All else being equal, the price of trips should not increase as a result of the common pool management measures. Trip prices would increase only for those clients that use GAF to increase the bag limit, if individuals are charged for the use of GAF. Seasonal discounts may continue to be offered,

community stressors, and personal animosities (alliances) will undoubtedly influence the relative “efficiency” of this market.

¹⁴ With surplus capacity and declining demand, the marginal operator will see all rents dissipated. Over time, all else equal, these conditions will drive excess capacity out of the sector.

¹⁵ A very substantial portion of those utilizing charter halibut fishing services in Area 2C are passengers aboard cruise ships, traversing the inside-passage. Halibut fishing is one, among many, possible “supplemental activities” they may choose during port-calls (i.e., charter halibut fishing is unlikely their primary purpose for the trip). These “inside-passage” cruises generally do not call on ports in Area 3A, effectively precluding easy transference of charter demand by these individuals during their cruise.

especially in Area 3A, as charter LEP holders attempt to attract clients during the non-peak seasons. Discounted trips have historically been available before mid-June and after mid-August. Discounted trips were widespread in 2009, presumably, owing to the worldwide economic downturn.

Halibut Processors

Halibut processors process both commercial and charter harvest. Processors may generate income from both sources or specialize in one or the other. Commercial halibut processors produce a variety of product forms and sell to a variety of markets. Representatives of the commercial sector have indicated that processors may receive from \$1.35 to \$2.00 per pound for “value added” custom processing of halibut (e.g., filleting, packaging, freezing). The analysis assumed \$1.75 per pound. They also indicated that halibut is important, because it helps to keep product flowing through the plants when other fisheries are closed or deliveries are slow. Without a sufficient supply of halibut, processors may find it difficult to keep plants open as many days as they are currently.

Processors of sport-caught halibut provide a service to sport fishermen. They typically portion, package, and freeze halibut for a fee of \$1.00 to \$1.50 per pound, incoming weight. Halibut is also an important part of their income, especially in areas that have a large sportfishing presence.

Consumers of Commercial Halibut

Decreases in the amount of halibut available to consumers would result in increases in halibut prices, all else being equal. As stated earlier, increases in ex-vessel price as a result of decreased supply are expected to be modest, given the price-flexibility of halibut. Even though price increases are expected to be relatively small, the combination of increased prices and reduced availability could decrease post-harvest surplus (Criddle 2006). The decrease in post-harvest surplus cannot be estimated for the various common pool allocation options. However, the options that generate the smallest charter allocation would result in the largest post-harvest surpluses accruing to consumers of commercially caught halibut, *ceteris paribus*. Alternatively, allowing the charter sector to lease commercial IFQ would, all else being equal, reduce the amount of halibut delivered to the commercial market, thus, reducing consumer surplus accruing to these consumers, if transfers occur. The actual impact on consumers will depend on the amount of halibut in the market from other areas of Alaska and Canada, in addition to the substitution effects of other species.

Communities

Economic activity resulting from the charter and commercial halibut fisheries generates income for residents of the communities where the economic activity occurs. Employment is also created in communities that provide goods and services to the fishing sectors.

The regional economic impacts under the status quo would likely differ from those under an allocation to the charter sector that imposes additional management constraints in future years. However, changes in regional economic impacts are not reflected in net national benefits.

Under the status quo, ignoring for the present the effects of the recent global economic contraction, the contribution to personal income and employment attributable to the charter sector is expected to increase in Area 3A, in the long-run. In Area 2C, the sector would experience declines in the short-term, as a result of stricter management measures imposed to keep the sector within its GHL (one-fish bag limit). If the CEY increases to higher levels in the future, the charter sector would be expected to increase its contribution to personal income and employment, above the 2009 levels.

No options are being considered that would further limit the harvest of the charter sector within a fishing season, once the season’s allocation is established. However, the one-fish bag limit in Area 2C will likely reduce client demand for trips in all Area 2C communities. When the number of trips taken is reduced, the charter sector would need fewer input supplies (e.g., bait, fuel) and it would reduce expenditures within the communities that supply those inputs. When they purchase fewer goods and services within the

community, it has a negative impact on that economy, if the reductions are not offset by increased purchases by other sectors (e.g., commercial halibut fishermen).

The allocations considered here would shift the respective amounts of halibut available to the commercial sector and charter sectors. The overall near-term CEY reductions are likely to have a larger impact on the Area 2C regional economies, than shifting the available halibut among sectors. However, shifts in the commercial/charter allocations would impact individuals and/or individual businesses within those communities more intensively than it would the aggregate regional economy, because spending by the two sectors would, to some extent, offset each other. However, because the port-of-origin and the composition of consumable inputs of the two sectors are not precisely equivalent, there will be “winners” and “losers” among and within communities. The attributable reduction in trips, by halibut fishing sector, by community, cannot be estimated, given available data. Information on the expenditures, by halibut fishing sector, by community, is also unavailable.

Rural communities that can take advantage of the more liberal CQE quota leasing provisions could benefit from the preferred alternative. Residents of communities associated with a CQE would have more flexibility in moving halibut from the commercial sector to the charter sector and vice versa. This is because IFQ held by CQEs are not limited by the 1,500 lb or 10 percent leasing restrictions that are placed upon other entities that hold QS.

Unguided anglers and subsistence harvesters

Continuation of the status quo is not expected to impose costs or provide additional benefits to unguided anglers, nor to personal-use or subsistence harvesters. Because halibut removals by these groups are deducted from the CEY, prior to determination of the catch limit, the amount of halibut harvested by the commercial and charter sectors does not impact the halibut available to these groups.

Imposing a limit on the amount of halibut that charter clients may harvest could result in some individuals that have access to a private boat fishing for halibut without a guide, when they would have used a guide service, all else being equal. Public comments for this action and prior Council actions pertaining to charter halibut fishing have included concerns about an increase in unguided or “bareboat” rentals. “Bareboat” rental companies provide vessels without crew, for the private uses of their clients. They do supply other equipment required for a successful fishing trip, such as maps, GPS locators, and fishing equipment. Public comment raised both safety and enforcement concerns about the effect of these businesses. The safety concerns focus on inexperienced boaters navigating in Alaska’s challenging marine environment. Enforcement concerns have focused on the suggestion that some businesses would claim that a boat rental is unguided, but then provide a guide who would not identify himself as such, if intercepted by enforcement staff. Both the NOAA Office of Law Enforcement and the USCG has informed the Council that they do not have concerns under the preferred alternative about boater safety. They will continue to enforce the current regulations regarding boater safety and those regulations are anticipated to provide adequate protections. If problems do occur in the future, the USCG will bring those issues to the Council’s attention and they can be addressed through the Council processor or through USCG regulations.

2.6 Analysis of Preferred Alternative

The preferred alternative sets a schedule of initial allocations between the halibut charter sector and commercial setline sector at levels of combined charter and commercial catch limits for Area 2C and Area 3A. These allocations act as triggers that automatically define charter harvest regulations for the upcoming fishing year. Regulations imposed at each trigger level are expected to keep the charter angler's harvest within an acceptable range of the allocation. ADF&G will use projections of charter angler's harvest to determine the percentage of the combined catch limit that is anticipated to be harvested by charter clients in those areas in the upcoming year. If the projected harvest falls within the acceptable range, the management measures for that trigger point would be implemented. If the charter harvest is projected to exceed the acceptable percentage, stricter charter regulations would be imposed to reduce the percentage of halibut harvested by the charter sector. If the charter sector is projected to harvest a percentage of the combined catch limit that is lower than the range, charter client harvest regulations may be relaxed to allow the sector to harvest more halibut. If the actual charter harvest varies from the projected amount, ADF&G may use that information in future years to modify its harvest estimation methods.

The preferred alternative also establishes a market based structure for a constrained-optimum allocation to occur under changing economic conditions in the future. The preferred alternative would allow the commercial sector to lease (annual) IFQ to the charter sector in Areas 2C and 3A. This provision meets the Council's objectives for the program, and the SSC and the academic literature have indicated that a market based system of inter sector trading is an efficient mechanism to create an optimal allocation, as economic conditions change. If this provision were not included in the preferred alternative, it was anticipated that the charter or commercial industry would be more likely to petition the Council to change the allocation in the future, because representatives of the charter sector indicated that the initial allocations, particularly in Area 2C, were insufficient to meet angler demand. The Council included inter sector trading as a feature of its preferred alternative as the mechanism by which the charter sector could increase its allocation and compensate the commercial sector for the latter's decreased harvests, at an individual level.

Allocation Trigger Points

Area 2C The Council selected four trigger points in Area 2C to determine charter sector harvest regulations. The lowest trigger point (Trigger 1) will be selected when the combined catch limit, set by the IPHC, is less than 5 Mlb. Trigger 2 is selected when the combined catch limit is 5 Mlb to 9 Mlb. Trigger 3 is implemented when the combined catch limit is 9 Mlb to 14 Mlb. Finally, Trigger 4 is implemented when the combined catch limit is 14 Mlb or greater. The charter sector allocation under the lowest level of abundance (Trigger 1) would be 17.3 percent, while the allocation would drop to 15.1 percent at higher levels of abundance (Triggers 2 – 4).

The strictest harvest regulations (smallest target harvest) for the charter sector would occur under Trigger 1. When the combined catch limit is less than 5 Mlb, the charter sector would be regulated with the intent that 17.3 percent of the available halibut would be harvested by charter anglers. The remaining portion of the combined catch limit (82.7 percent) would be allocated to the commercial setline sector. Charter angler's harvest under Trigger 1 would fall within the 0 lb to 864,999 lb range, if they stay within their target harvest (initial allocation). Charter anglers would have a one halibut daily bag limit. That halibut may or may not have a specific size limit. The size limit would depend on ADF&G's projection of the charter sector's harvest with and without a size limit. If needed, the size limit imposed would be set at a length that is projected to result in the charter anglers harvesting 17.3 percent of the combined catch limit.

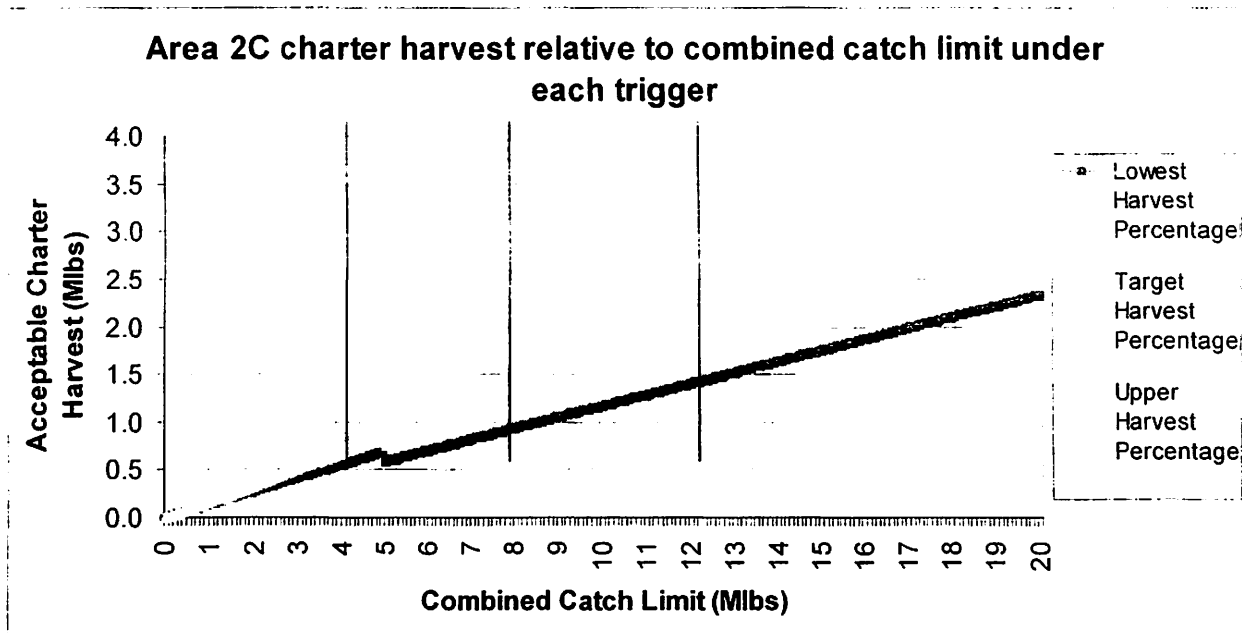


Figure 18 Area 2C charter harvest relative to combined catch limit under each trigger

The Council acknowledged the difficulty in managing the charter harvest to a precise amount; therefore, it identified a harvest percentage range that it considers to be an acceptable margin of error. For Trigger 1, the range is 13.8 percent to 20.8 percent of the combined catch limit. Because the charter sector is assumed to harvest 17.3 percent of the combined catch limit, any variation in its harvest percentage would result in the combined catch limit either being over or under harvested. Allowing for some error is not expected to adversely impact halibut biomass. Some years, the charter sector would be expected to exceed its target removals. Other years, the charter sector would be expected to harvest less than its target allocation. The annual overages and underages in harvest that are expected to occur should balance out so the average annual harvest is 17.3 percent. However, the Council intends that if the charter harvest percentage is projected to be less than the target range, charter angler restrictions would be relaxed, that year, to the regulations defined under Trigger 2. If they are projected to allow charter anglers to harvest too much halibut, the regulations would be required to modify the size limit for the one-fish bag limit, to decrease projected removals, as best determined by ADF&G.

Because the combined catch limit varies from 0 lb to 5 Mlb under Trigger 1, and the acceptable harvest percentage ranges from 13.8 percent to 20.8 percent, the range of harvest under Trigger 1 can vary by over 1 Mlb. When the largest acceptable percentage of harvest by the charter sector is combined with the largest possible catch limit, the charter sector could harvest 1,040,000 lb of halibut. If the combined catch limit was 0 lb, of course, neither the charter sector nor the commercial setline fishery would be issued an allocation. Both fisheries would be prohibited from harvesting halibut that year, due to conservation concerns over the halibut resource.

If the charter sector is projected by ADF&G to exceed 20.8 percent of the combined catch limit, then a maximum size limit would be imposed on the one fish. The objective is to limit harvest between 13.8 percent and 20.8 percent of the combined catch limit. ADF&G would assume responsibility for determining the appropriate size limit. Whenever the charter harvest is projected to be less than 13.8 percent of the combined catch limit, then ADF&G would consider if Trigger 2 harvest regulations would allow the sector's harvest to increase to the acceptable range. Because Trigger 2 still requires a one-fish daily bag limit, it may not provide enough flexibility to sufficiently increase the charter harvest percentage between 13.8 percent and 20.8 percent of the combined catch limit. Trigger 3 regulations

could then be implemented to allow the charter sector to harvest its allocation. Trigger 3 regulations would allow the charter sector to harvest a second halibut, but that fish would have size restrictions.

Small combined catch limits also raise the question of whether there is a point at which the allocation is too small to open the fishery. Hare (2007) describes how the current IPHC harvest policy decreases the 20 percent target exploitation (in Areas 2C and 3A) when the spawning biomass is between the threshold reference point (the point at which the harvest rate begins to be set lower than the target harvest rate) and the limit reference point (point at which fishing ceases). This strategy decreases harvest rates in order to slow the decline of the female spawning biomass, but still allow a fishery. However, the IPHC is reviewing its harvest strategy, and that review is not complete.

Management agencies that oversee the commercial setline and charter fisheries would need to determine if the fisheries should be opened when a small combined catch limit is calculated using the IPHC harvest policy in place at the time. In the charter sector, the Council recommended that ADF&G set conservative harvest restrictions on the size of the one halibut allowed to be retained, to keep the charter sector within its allocation.

In the commercial fishery, NMFS would decrease the IFQ to QS ratio as a function of its percentage of the combined catch limit. Each QS holder would then receive a smaller allocation. Individual IFQ holders are responsible for keeping their harvests within their allocations. Because each person is responsible for staying within their allocation, it is possible for NMFS to manage small allocations. To make harvesting smaller allocations of halibut more economical, IFQ holders may consolidate their catch on fewer vessels. This is already being done by some IFQ holders. Reducing costs allows IFQ holders to either increase their profits or decrease their costs, without acquiring additional IFQ.

Charter LEP holders may find it more difficult to market trips with stricter harvest restrictions. Charter operators have testified before the Council about the negative impacts the one-fish bag limit had on client bookings in Area 2C. They have often stated that the specter of a one-fish daily bag limit caused clients to cancel trips. Some clients, reportedly, rebooked their trip in Area 3A, where a two-fish bag limit remains in place. Decreasing the likelihood that clients would be able to harvest even one halibut of any size is anticipated to cause further demand reductions in Area 2C.

Council analyses (NPFMC 2007 and NPFMC 2008) have discussed the impacts of bag limits and size limits on halibut harvests. Those analyses provided estimates of harvest changes when different regulatory restrictions are implemented. Making those estimates would be even more difficult in the near term, as a result of changing economic conditions. King (2009) provided a discussion paper to the SSC that describes a methodology to determine which management measures would result in specific levels of harvest. This analysis does not attempt to estimate the size limits that would need to be implemented at specific combined catch limits. That calculation would be left to the ADF&G to determine on an annual basis, using the best information available. NMFS would publish a notice of action that informs the public of regulations that would be implemented each season.

It is not possible to state a precise impact of Trigger 1, because of the wide range of charter harvests that could occur and the lack of information on future size limits that may be imposed on the one halibut that anglers would be allowed to retain. Charter sector members have indicated that a one-fish bag limit would have a substantial negative impact on their businesses. At the firm level, if too many clients move to another area to fish, or decide not to fish altogether, it could make the firm unprofitable. If the firm is unable to survive the decrease in client demand, it may have to diversify its operation or exit the halibut charter industry.

Trigger 2 would be selected when the combined catch limit is set between 5 Mlb and 9 Mlb. Under this trigger, the charter sector's target harvest would be 15.1 percent of the combined catch limit. The percentage of the combined catch limit is a 2.2 percent decrease from the 17.3 percent target under

Trigger 1. The remaining 84.9 percent of the combined catch limit would be allocated to the commercial setline sector.

While the trigger point does cause a substantial shift in the allocation (2.2 percent of the total), the larger target harvest percentage under Trigger 1 allows the charter sector to have a larger target harvest allocation when the combined catch limit is at lower levels. Some members of the charter sector have argued that a fixed allocation is needed to provide stability for their sector. While the larger allocation at lower levels of the combined catch limit does not guarantee a sufficient amount of halibut to meet the charter sector client's demand for halibut trips, it does ensure that more halibut is allotted to the charter sector when combined catch limits are low. The change in allocations that would occur at the break-point of Trigger 1 and Trigger 2 could place increased public and political pressures on the IPHC when it is setting the combined catch limit, if it is close to the 5.0 Mlb threshold.

The acceptable range of the combined catch limit for the charter sector to harvest is 11.6 percent to 18.6 percent. This percentage range and the Trigger 2 range for the combined catch limit results in a charter sector harvest range between 580,000 lb and 1.674 Mlb, depending on the combined catch limit. The difference between the largest and smallest allowable harvest is over 1 Mlb. That harvest range is larger than the current 788,000 lb GHL.

Charter angler harvest regulations under Trigger 2 would include a one halibut daily harvest limit. As under Trigger 1, ADF&G would determine whether a size limit is necessary and what the appropriate size limit would be to achieve the desired level of harvest. The stricter the size limit, the greater impact it is projected to have on client demand for charter trips. When fewer charter trips are taken, fewer halibut are projected to be harvested.

The total amount of charter halibut that could be harvested, while still remaining within its acceptable range, is between 0.58 Mlb and 1.67 Mlb. That range is determined by the size of the combined catch limit and the percentage of the total that the charter clients harvest. If the charter sector harvests right at the 15.4 percent target, variation in the combined catch limit would result in the charter sector harvesting between 0.76 Mlb and 1.40 Mlb.

As under Trigger 1, if the charter sector is not projected to harvest enough halibut to reach 11.6 percent of the combined catch limit, the harvest regulations defined under Trigger 3 could be implemented. Trigger 3 harvest regulations would include a two-fish daily bag limit, with one of the fish being less than 32" in head-on length. If the charter harvest was projected to be greater than 18.6 percent, a size limit would be imposed on the one fish clients may harvest.

Trigger 3 would be selected when the combined catch limit ranges between 9 Mlb and 14 Mlb. The charter sector's target harvest would be 15.1 percent of the combined catch limit set by the IPHC. This target harvest and defined range for the combined catch limit means the charter sector would harvest between 1.40 Mlb and 2.11 Mlb of halibut. Because of the uncertainty of projecting charter harvest in a given year, the Council has determined that a range of 11.6 percent to 18.6 percent is an acceptable margin of error. When the upper and lower levels of combined catch limit and charter harvest percentages are considered, the potential range of acceptable charter harvest is between 1.04 Mlb and 2.60 Mlb.

Charter angler's daily bag limit would be two halibut under Trigger 3. One of the halibut must be less than 32" in head-on length. The order in which the halibut are harvested is not important. However, once an angler has harvested a halibut 32" or more in head-on length, they must carefully release any halibut they catch that is 32" or greater. The angler may continue fishing in order to harvest a halibut that is less than 32", if they have not harvested one that size. It is also legal to harvest two halibut that are less than 32" as the daily bag limit.

Trigger 4 regulations are implemented when the combined catch limit is 14 Mlb or more. At a 14 Mlb combined catch limit the charter sector's target harvest (15.1 percent) is 2.11 Mlb. The acceptable harvest (11.6 percent to 18.6 percent) is 1.62 Mlb or more, depending on the combined catch limit. It is possible

that client demand would not be sufficient to harvest the charter allocation if high combined catch limits are set. If a level of combined catch limit is set by the IPHC such that the charter sector cannot harvest its 15.1 percent allocation, the halibut in excess of the charter and commercial harvest would not be harvested and would accrue to the halibut biomass. It is not expected that the Area 2C combined catch limit would reach a level that would exceed the amount the charter sector could harvest, given its allotted percentage. Under no circumstances would charter anglers be allowed to harvest a bag limit of more than two halibut of any size.

Should ADF&G project that the charter sector would harvest more than 18.6 percent of the combined catch limit under the two-fish bag limit, Trigger 3 regulations could be imposed that would require one of the halibut to be less than 32" in length.

Projected 2C Trigger Levels: Projections of the combined catch limit through 2015 for Area 2C, indicate that the charter sector would be operating under Trigger 2, each year. Table 71 shows the projected combined catch limit for the years 2010 through 2015 that were provided by the IPHC. The combined catch limit projections ranged between 6.76 Mlb and 8.60 Mlb. Trigger 2 is implemented when the Area 2C combined catch limit is over 5 Mlb, but less than 9 Mlb, and each projected combined catch limit falls within that range. Under Trigger 2, the charter angler daily bag limit is set at one fish.

Table 71 Projected Trigger in Area 2C, 2010-2015

Year	Combined Catch Limit (Mlb)	Target Charter Harvest (Mlb)	Projected Trigger	Bag Limit	Size Limit	Commercial Allocation (Mlb)
2010	6.76	1.02	2	1	?	5.74
2011	7.06	1.07	2	1	?	5.99
2012	7.51	1.13	2	1	?	6.38
2013	7.98	1.20	2	1	?	6.77
2014	8.36	1.26	2	1	?	7.10
2015	8.60	1.30	2	1	?	7.30

Source: IPHC staff provided combined catch limit projections for the years 2008 through 2015. Only the years 2010 through 2015 are included in this table. The size limit would be determined by ADF&G as described in Meyer (2009).

It is not possible to project if there would be a size limit, or what it would be, each year. The size limit would be implemented only if ADF&G projects the charter harvest would be equal to or exceed 18.6 percent of the combined catch limit. If projected charter harvest is greater than or equal to 18.6 percent of the combined catch limit, ADF&G would determine what size limit would be needed to reduce charter harvest to 15.1 percent of the combined catch limit.

The commercial setline allocation is projected to be 5.74 Mlb in 2010 and annually increase until it reaches 7.30 Mlb in 2015. These allocations are well below the commercial catch limits of over 8.5 Mlb from 2001 through 2003 and in 2007; the commercial allocations were only about half of those that were over 10.5 Mlb from 2004 through 2006. The decrease in the commercial setline limit, from 2006 to 2008, means that the revenue IFQ holders derive from their harvest declined, because the change in exvessel price (from \$3.75 in 2006 to \$4.38 in 2008) did not offset the decrease in production.

Area 3A The Council identified four trigger points for Area 3A. As in Area 2C, the trigger points are based on the combined catch limit that would be set by the IPHC. Trigger 1 is implemented when the combined catch limit is set at less than 10 Mlb. Trigger 2 is implemented when the combined catch limit is between 10 Mlb and 20 Mlb. Trigger 3 takes affect when the combined catch limit is between 20 Mlb and 27 Mlb. Trigger 4 regulations are implemented when the combined catch limit is 27 Mlb or more. The charter sector allocation under the lowest level of abundance (Trigger 1) would be 15.4 percent, while the allocation would drop to 14.0 percent at higher levels of abundance (Triggers 2 – 4).

Under Trigger 1, the charter sector's target harvest is set at 15.4 percent of the combined catch limit. If the charter sector harvests exactly 15.4 percent of the combined catch limit, they would be allowed to harvest up to 1.54 Mlb of halibut. Uncertainty in management of charter client harvests has prompted the Council to define a range of charter harvest that would be considered acceptable. For Trigger 1, that range is 11.9 percent to 18.9 percent of the combined catch limit. Depending on the size of the combined catch limit, the charter sector could harvest up to 1.89 Mlb of halibut and still be within the acceptable range.

The commercial sector would be allocated the remaining 84.6 percent of the combined catch limit. If the combined catch limit was 9.99 Mlb, the commercial allocation would be just under 8.46 Mlb. As the combined catch limit decreases under Trigger 1, the commercial allocation decreases linearly (Figure 19). For example, if the combined catch limit decreased by 100,000 lb, the commercial allocation would decrease by 84,600 lb and the charter sector's target harvest would decline by 15,400 lb. These decreases are easily derived, because the allocations are based on the percent of the combined catch limit that each sector is allotted.

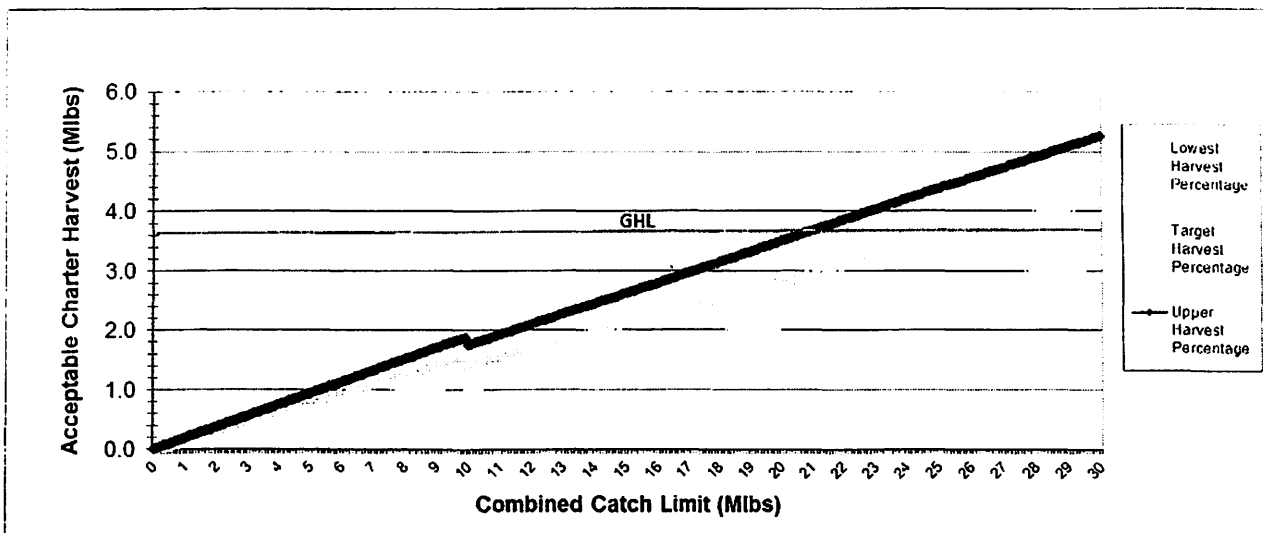


Figure 19 Area 3A charter harvest relative to combined catch limit under each trigger

Trigger 2 is implemented when the combined catch limit is set between 10 Mlb and 20 Mlb. The charter sector's target harvest is 14.0 percent of the combined catch limit. Trigger 2 requires that charter sector clients be limited to a one-halibut daily bag limit, if they are projected by ADF&G to harvest between 10.5 percent and 17.5 percent of the combined catch. The acceptable harvest range for these percentages would fall between 1.05 Mlb and 3.50 Mlb, depending on the combined catch limit. When the charter sector is projected to harvest less than 10.5 percent of the combined catch limit, the charter regulations could be relaxed to allow clients to harvest two halibut, with one of the fishing being less than 32" in length. The 32" length restriction could also be removed if the sector is still projected to harvest less than 10.5 percent of the combined catch limit.

Figure 19 shows that the charter sector's target harvest decreases at the break point between Trigger 1 and Trigger 2. The reason for the decrease is the reduction in the target harvest percentage from 15.4 percent in Trigger 1 to 14.0 percent in Trigger 2. The decrease in the charter sector's target harvest, when the combined catch limit increases one pound to a 10.00 Mlb combined catch limit, is 140,000 lb. The 140,000 lb decrease in the charter sector's target harvest is due solely to the change in the target harvest percentage. The 140,000 lb decrease to the charter sector's target harvest is then allocated to the commercial sector as a 140,000 lb increase to its allocation. While the trigger point does cause a substantial shift in the allocation (1.4 percent of the total), the larger target harvest percentage under Trigger 1 allows the charter sector to have a larger target harvest when the combined catch limit is at lower levels. Some members of the charter sector have argued that a fixed allocation is needed to provide

stability for their sector. While the larger allocation at lower levels of the combined catch limit does not guarantee a sufficient amount of halibut to meet the charter sector client's demand for halibut trips, it does ensure that more halibut is allotted to the charter sector when combined catch limits are low.

The change in allocations that would occur at the break-point of Trigger 1 and Trigger 2 could place increased public and political pressures on the IPHC when it is setting the combined catch limit, if it is close to the 10.00 Mlb threshold. When the combined catch limit is close to the Trigger 1 and Trigger 2 break point, the charter sector may try to justify a combined catch limit that is just under 10.00 Mlb. That would ensure that their target harvest is larger and acceptable harvest range is larger. Recall that Trigger 1 and Trigger 2 both have a one-fish bag limit if projected harvest falls within the acceptable range. The upper end of the acceptable range is 1.4 percent higher under Trigger 1. That means as little as a one pound change in the combined catch limit could increase the amount of halibut the charter sector could harvest and remain under the cap by about 140,000 lb. While the change in the acceptable range would probably have little impact on the charter sector's harvest regulations, it is likely important, at least from a political perspective, to stay within their acceptable harvest range. The larger cap would help them achieve that goal. Under that same scenario, the commercial sector would likely argue that the combined catch limit should be set just over 10 Mlb. Setting the combined catch limit over 10 Mlb, would directly increase each QS holder's allocation by about 1.4 percent.

The commercial sector is allocated 86.0 percent of the combined catch limit under Trigger 2. That percentage equates to a range of 8.60 Mlb to 17.20 Mlb being allocated to the Area 3A QS holders depending on the combined catch limit.

Trigger 3 is implemented when the combined catch limit is between 20.00 Mlb and 27.00 Mlb. Under Trigger 3, the charter sector's target harvest would be 14.0 percent of the combined catch limit. The Council has identified a range of 10.4 percent to 17.5 percent as being acceptable. Trigger 3 automatically implements a two-fish daily bag limit, where one of the fish must be less than 32" in head-on length. If the charter sector is projected to harvest less than 10.4 percent of the combined catch limit, the length limit on the second fish would be removed, so long as the charter sector is not projected to exceed 17.5 percent of the combined catch limit. If the charter sector is projected to harvest in excess of 17.5 percent of the combined catch limit, the charter sector's daily bag limit would be decreased to one fish.

The commercial sector is allocated 86.0 percent of the combined catch limit under Trigger 3. Depending on the combined catch limit set by the IPHC, the commercial sector would be allocated between 17.20 Mlb and 23.22 Mlb.

Trigger 4 would be implemented when the combined catch limit in Area 3A is set at 27.00 Mlb or more. Charter clients would operate under a two-fish daily bag limit, with no length restrictions, if their annual harvest is projected to fall within the acceptable range. The charter sector's target harvest is 14.0 percent of the combined catch limit under Trigger 4, as it was under Trigger 2 and Trigger 3. A 14.0 percent target equates to a minimum of 3.78 Mlb of halibut allocated to the charter sector. As the combined catch limit increases from 27.00 Mlb, the charter harvest would increase linearly. The acceptable percentage harvest range is between 10.5 percent and 17.5 percent of the combined catch limit. Should the charter sector be projected to harvest less than 10.5 percent of the combined catch limit, it would still be limited by the two-fish daily bag limit. If the charter sector was projected to harvest more than 17.5 percent of the combined catch limit, stricter bag limits would be placed on the charter clients to constrain their harvest to the target.

Projected Area 3A Trigger Levels: Projections of the combined catch limit through 2015 in Area 3A indicate that the charter sector would be operating under Trigger 4 each year. Table 72 shows the projected combined catch limit for 2010 through 2015 that were provided by the IPHC. The combined catch limit projections ranged between 30.29 Mlb and 42.08 Mlb. Trigger 4 is implemented when the Area 3A combined catch limit is greater than or equal to 27.00 Mlb. Each projected catch limit is greater than 30.00 Mlb and the combined catch limit trend is increasing.

Table 72 Projected Trigger in Area 3A, 2010-2015

Year	Combined Catch Limit (Mlb)	Target Charter Harvest (Mlb)	Projected Trigger	Bag Limit	Size Limit	Commercial Allocation (Mlb)
2010	30.29	4.24	4	2	None	26.05
2011	33.00	4.62	4	2	None	28.38
2012	35.94	5.03	4	2	None	30.91
2013	38.63	5.41	4	2	None	33.22
2014	40.74	5.70	4	2	None	35.04
2015	42.08	5.89	4	2	None	36.19

Source: IPHC Staff provided combined catch limit projections for 2008 through 2015. Only data for 2010 through 2015 are included in this table.

Trigger 4 results in a charter angler bag limit of two fish and no size limit on either fish. Charter anglers have the same bag and size limits that they currently have under the status quo GHL. Client demand for trips would not change as a direct result of the 3A bag and size limit regulations.

Because the combined catch limit is projected to increase over the time period considered, implementation of the preferred alternative would have a minimal impact on Area 3A relative to the status quo. Demand could actually increase if persons that had considered a trip in Area 2C opt to take the trip in Area 3A, because of the projected one-fish bag limit in Area 2C. That would shift some amount of effort from Area 2C to Area 3A, if trips were available from LEP holders at the time and location they wanted to fish. The number of clients that would move their halibut trip from one area to another cannot be quantified. Charter operators in Area 2C have indicated that those lost clients would reduce their profitability or make their operation unprofitable. If revenue is reduced to a point that all costs (including opportunity costs) are not met, they may exit the fishery as a result. Persons that were issued a non-transferrable LEP would not have the ability to sell that permit to another charter operator and the number of vessels that could operate in the fishery at a given time would be reduced. If the permit was transferrable, they could sell the permit to a willing buyer. The revenue from the permit sale would provide some compensation for leaving the fishery.

Decreases in the combined catch limit could potentially trigger a one-fish bag limit in the future in Area 3A. Current projections do not indicate this is a likely outcome in the near future. However, client demand for Area 3A trips would be expected to decrease, if a one-fish bag limited would be implemented. The decreased demand would result in fewer trips being taken and harvest would decrease. The amount that demand would decrease is dependent on the strictness of the harvest regulations (potential size limit on the one-fish bag limit).

Effects of allocation The Preferred Alternative would generate target harvests that are very similar to the allocations under Element 1, Option 1d (Table 38) for Area 2C. None of the options are projected to require more restrictive management measures than the status quo over the years being considered. This occurs because the charter sector is allocated 15.1 percent of the combined catch limit under both options (1d and the Preferred Alternative) when the combined catch limit is 5 Mlb or greater. The difference between the two options is that measures would be adjusted to keep the charter sector within its allocation three to four years sooner⁶⁹ under the Preferred Alternative. Actual harvest is expected to more closely mirror the allocation under the Preferred Alternative, especially in the first years of implementation. How

⁶⁹ Regulations would be adjusted prior to the start of the fishing season based on projected harvest during the upcoming year under the Preferred Alternative, and they would be adjusted through regulation after an overage was determined to have occurred under Alternative 2, Element 1, Option 1d. This analysis has estimated that it would be at least three years after an overage occurred before the regulations could be revised and implemented.

close the allocation would be to harvest depends on the ability of ADF&G to predict future harvest under specific bag and size limits and adjust those limits to reflect the annual allocations.

The Council has stated that its objective is to keep total charter angler harvests at or below the sector's allocations. The Council previously considered and rejected using a five-year rolling average to determine if the charter sector had exceeded its allocation. The approach was dropped because of difficulties associated with using "old" data to manage current overages. The Council then considered adjusting the management measures when the charter sector is determined to be over or under its allocation by 0, 5 percent, or 10 percent. Because of timing associated with getting final estimates of charter harvest from ADF&G, the official estimate of charter catch may not be available until the fall of the next year or even later (see discussion of Alternative 2, Element 2). In addition, concern over the accuracy of those data resulted in ADF&G reviewing its data collection programs. That review is ongoing, but early results indicate that differences in reported harvests occurred when comparing the mail survey and logbook harvests. ADF&G is continuing to examine these differences to determine why they have occurred. The Preferred Alternative does not link future regulatory changes to past overages, given the timeliness of the data and time required to implement regulatory amendments. The Preferred Alternative proactively uses historical information and an understanding of the fishery to project future harvests under various size limits and daily bag limits. Adjusting those angler regulations before the start of the fishery is expected to result in more timely and more accurate management of the charter sector's allocation.

Table 73 indicates the charter sector in Area 2C would generate between \$9.5 million and \$10 million, annually, between 2009 and 2011 under the Preferred Alternative. These revenue estimates are down about 30 percent from the \$14.5 million projected for 2007.

Table 73 Estimated charter operator revenue from trips in Area 2C, 2007-2011 (\$ Million)

Year	Percentage Based Allocations				Fixed Pound Allocations			Mixed Allocations			Pref Alt
	1a	1b	1c	1d	2a	2b	2c	3a	3b	3c	4
2007	12.54	16.56	11.20	14.45	13.41	15.84	17.81	12.97	15.53	14.51	14.45
2008	9.72	12.83	8.68	11.20	13.41	15.84	17.81	11.56	13.82	13.24	11.20
2009	8.36	11.04	7.47	9.64	13.41	15.84	17.81	10.88	13.00	12.64	9.64
2010	8.30	10.96	7.41	9.57	13.41	15.84	17.81	10.85	12.96	12.61	9.57
2011	8.67	11.45	7.74	9.99	13.41	15.84	17.81	11.04	13.18	12.78	9.99

Assumptions: Trip prices are \$225. The number of clients fishing is estimated by dividing the target allocation divided by the historical average catch per trip.(24 lb per client)

The Preferred Alternative does not limit the amount of halibut the charter sector may harvest *during* a season, either by changing bag limits, length limits, or other angler regulations in-season. Management measures are adjusted to limit harvest based on the charter sector's allocation *before* the fishing season starts. This approach has the potential to limit overages sooner than would occur under the three options under Alternative 2, Element 1. Charter LEP holders would also be given the opportunity to lease halibut from the commercial sector to provide greater flexibility for their clients to harvest halibut. Element 5 – Supplemental Individual use of GAF, provides a more detailed discussion of leasing and its impacts.

The Preferred Alternative would allocate 14.0 percent to the charter sector in Area 3A, each year, because the combined catch limit is expected to be greater than or equal to 27 Mlb (Trigger 4) each year. This equates to Element 1, Option 1a. Table 40 indicates that this allocation exceeds the projected harvest amounts in the near term and no changes to the 2-fish bag limit are expected. Unharvest halibut will contribute to future biomass.

Table 74 shows that charter revenues are projected to range from \$29.0 million to \$34.7 million between 2009 and 2011. The assumptions used to generate these estimates are listed below the table. These estimates are not intended to represent total charter operator revenue; changing any of the assumptions would alter the estimated charter revenue from providing trips.

Table 74 Estimated charter operator revenue from trips in Area 3A, 2007-2011 (\$ Million)

Year	Percentage Based Allocations				Fixed Pound Allocation			Mixed Allocation			Pref Alt
	1a	1b	1c	1d	2a	2b	2c	3a	3b	3c	4
2007	34.90	38.12	31.43	31.43	27.38	30.08	31.13	31.14	34.71	31.28	34.65
2008	29.21	31.91	26.31	26.31	27.38	30.08	31.13	28.29	31.51	28.72	29.01
2009	29.96	32.72	26.98	26.98	27.38	30.08	31.13	28.67	31.93	29.05	29.74
2010	32.03	34.98	28.85	28.85	27.38	30.08	31.13	29.70	33.10	29.99	31.80
2011	34.89	38.11	31.43	31.43	27.38	30.08	31.13	31.13	34.71	31.28	34.65

Assumptions: Trip prices are \$225. The number of clients fishing is estimated by dividing the target allocation divided by the historical average catch per trip(30 lb per client)

Because the commercial sector is expected to be allocated 86.0 percent of the Area 3A combined catch limit under the Preferred Alternative, the charter sector's actual harvest would not affect its allocation in a year. Therefore, the commercial sector's allocation would only be affected by changes in the combined catch limit, until it falls below 10 Mlb. Only then would the charter sector's percentage of the combined catch limit increase to 15.4 percent, which would cause the commercial allocation to decrease to 84.6 percent of the combined catch limit. At the trigger point, a one pound increase in the combined catch limit to 10 Mlb would result in the commercial sector allocation decreasing by 140,000 lb and the charter allocation increasing that same amount. Because of this shift in allocation, each sector would likely lobby for the combined catch limit to be just over or under the 10 Mlb threshold to take advantage of the change in allocation percentages.

Increased demand for charter trips does not affect participants in the commercial fishery when the charter sector is constrained (Criddle 2006). The Preferred Alternative is assumed to constrain the amount of halibut the charter sector can harvest, so the commercial allocation would not be reduced by increased charter harvests; it is anticipated that the IPHC would use the charter allocations, and not charter harvests, in its determinations of the combined catch limits. Unless there are conservation concerns, charter overages would have a minor impact on future combined catch limits. However, the commercial sector would be directly impacted by a charter allocation that is larger than the charter sector needs to meet their client demand. That scenario would allow the charter sector to increase its harvest, as client demand increases, until it reaches its allocation. From that point forward, the allocation would constrain charter client harvests and the commercial sector would not be impacted by further increases in client demand.

The Council emphasized that it does not intend to revisit or readjust bag limits or size limits; such changes would be triggered automatically by changes in combined charter and setline catch limits established annually by the IPHC. Harvest limits would be implemented based upon determination of the combined charter and setline catch limits by the IPHC and the parameters described above under the Preferred Alternative. Those changes would occur through the process they have defined using input from the IPHC and ADF&G. All regulations that apply to the charter fishing season are expected to be implemented prior to the start of the fishing year and remain in place for the entire season.

To begin this process, the SSC reviewed two papers at its February 2009 meeting. One paper addressed procedures for setting the size limit at the lowest tier of halibut abundance. The second paper addressed approaches that would be used to project charter halibut harvests.

Two Implementation Issues Deferred to Final Analysis

In its selection of the Preferred Alternative for a Catch Sharing Plan, the Council based its decision on some of the concepts included under Alternative 2, but it incorporated several new aspects that had not previously been analyzed. At final action, the Council left two steps in the process of implementing the CSP unresolved; these two steps are highlighted in Figure 20.

Issue 1 - projecting charter halibut harvests to determine annual management measures; and

Issue 2 - selecting maximum size limit(s) of halibut under Tiers 1 and 2.

Subsequent analyses on Issue 1 (Meyer 2009) and Issue 2 (King 2009) were developed for SSC review in February 2009. The SSC provided its recommendations to the Council at the February 2009 Council meeting. The Council received the SSC recommendations, inquired about certain aspects of the SSC recommendations, identified that a forthcoming analysis by ADF&G of its logbook program may aid in addressing some of the missing data that are needed for future applications under the CSP, but did not provide further guidance on these issues. Therefore, the analysts proceeded with preparing the following supplemental analyses as directed by the Council during its final action deliberations in October 2008.

Harvest Projections

Meyer (2009) proposed alternative approaches for projecting charter halibut harvests with which to determine appropriate annual management measures (Appendix D), with the intent that the SSC would provide guidance on methods and practicality of implementation. He identified the unstated goal of the CSP to be that management measures dictated by the plan would result in charter harvests that average the target allocation. The implied goal of the projections is that the average error in projected charter harvests should be around zero.

The CSP proposes a fundamentally different way of accounting for charter removals than is currently used, and would require changes in the timing, number, and methods for ADF&G harvest projections. Currently, charter removals, other noncommercial removals, PSC losses, and waste (including mortality of sublegal commercial halibut) are deducted from the total allowable removals before the IPHC sets a commercial fishery catch limit. The IPHC typically deducts the previous year's estimates of these miscellaneous removals when setting the commercial catch limit for the upcoming year. Under the CSP, charter harvest would not be deducted, but would instead be part of the combined catch limit to be allocated according to the CSP. Unguided sport harvests would still need to be estimated (likely a projection) for the most recent year, for purposes of stock assessment. Meyer points out that the likely process with respect to charter harvest projections would be as follows:

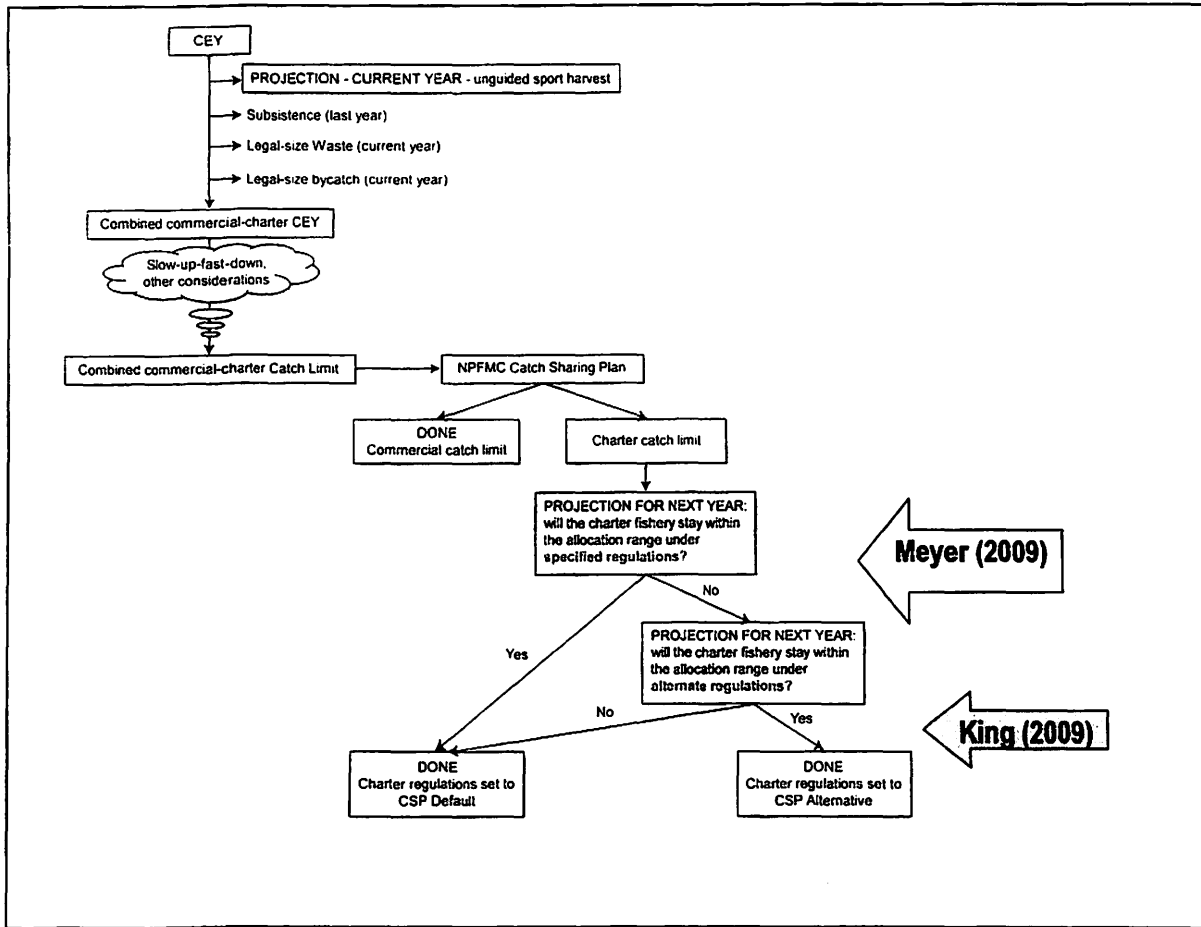


Figure 20 Process for implementing the Preferred Alternative Commercial and Charter Halibut Catch Sharing Plan for Area 2C and Area 3A.

1. October (year i): ADF&G provides charter and private sport harvest projections for year i to the International Pacific Halibut Commission (IPHC), so they can incorporate sport fishery removals into the stock assessment.
2. January (year $i+1$): The IPHC would approve a charter and commercial combined catch limit. Allocation percentages specified in the CSP would be applied to the combined catch limits for IPHC Areas 2C and Area 3A, to derive the commercial fishery catch limits.
 - (a) The combined catch limit would determine the default regulations for the charter fishery in each area (bag limits and size limits, if necessary) (Tables 1 and 2 of King 2009). Charter harvest would be projected (in weight units) for year $i+1$ under these default bag and size limit to determine whether it would fall within the specified allocation range.
 - (b) If the projected charter harvest exceeds the allocation range maximum, either a size limit would be implemented to bring charter harvest to the desired allocation or the regulations would revert to the next more restrictive level.
 - (c) If the projected charter harvest falls below the allocation range minimum, the regulations would be liberalized, but only if projected harvest for year $i+1$ under the more liberal regulations falls within the desired charter allocation range.

Therefore, at least two, and sometimes three charter harvest projections may be required for each area each year: (1) harvest for year i for stock assessment, (2) harvest for year $i+1$ under default regulations

determined by the level of the combined catch limit (scenario 3a above) and in some cases, (3) harvest for year $i+1$ to evaluate allocation under more liberal or more restrictive regulations (scenario 3b). He summarized his analysis in the following points.

- One-year and two-year projections are needed (up to 3/area/year)
- Forecasting under changing regulations
 - Simple one-time change
 - Time series basis contains multiple regulatory regimes
 - How to express uncertainty?
- Consequences of Errors
 - Large - Needlessly regulate fishery or fail to protect stock
 - Small - Do they balance?
- Use of Logbook Data Would Help
 - Better current-year estimates
 - One-year forecasts

In its review of Meyer (2009), the SSC made the following recommendations to the Council on how to proceed with implementing charter halibut harvest projections under the CSP, in its report at the February 2009 meeting (bolded text is from the SSC report).

*"Projecting charter halibut harvests is difficult, because it requires predictions or assumptions about how the consumer demand for charter trips will change through time, predictions or assumptions about how people will respond to regulatory change, as well as changes in the abundance, distribution, and size composition of halibut stocks. The limited time series data available for use in estimation severely constrains model complexity. The discussion paper effectively describes these limitations and how they affect forecast accuracy. It also describes asymmetries in risk and the distribution of risk that arises from under- and over-estimating catch. **The forecast methods used in the discussion paper are suitable, given current data limitations.** While the resulting forecasts have had large errors, errors of this magnitude are not surprising given the uncertainties in the data, variability in the processes affecting the halibut stock and its fisheries, and the shortness of the time series. **Consequently, the SSC believes that the magnitude and range of uncertainties will prevent the forecast accuracy to be anywhere near the plus or minus 3.5% allowed in the charter range allocation of the preferred alternative.***

*While the SSC believes that the current projections are appropriate, given current information, there are some avenues of research that warrant further investigation. A contingent behavior model estimated on survey data might provide improved estimates of changes in the demand for charter trips. Incorporating halibut stock dynamics into the projection model could provide improved estimates of catch rates and sizes. Logbook data that are currently being collected should provide the most promising source of timely estimates of current year catch that will be useful for updating catch projections. **The SSC recommends that data from logbooks be brought into the catch projection methodology, as soon as they can be properly validated.***

Maximum Size Limits

The second issue, which was addressed by King (2009) and in this analysis after the Council selected its Preferred Alternative, examines alternative methods to select a maximum length limit to manage charter halibut harvest in times of low abundance(http://www.alaskafisheries.noaa.gov/npfmc/current_issues/halibut_issues/1halibutCSPdisc709.pdf). The Council intends that the bag limit and/or maximum size limits would be implemented, along with the combined catch limits for Area 2C and Area 3A, in annual IPHC regulations, and not be subject to

separate Council review/action and NMFS rulemaking. Therefore, the four management tiers listed under the Preferred Alternative would be implemented in federal regulation upon Secretarial approval of the Preferred Alternative. Federal regulations accompanying this action, therefore, need to explicitly describe the tiers, the resulting management measure under each tier, how the charter halibut projections would be determined by ADF&G (see above discussion) and how the management measure would be selected. No action would be required by the IPHC, other than to set a combined catch limit for each area. NMFS would identify the management measures to be in effect for the charter sector in the next season in annual IPHC regulations, based on the projected charter sector harvest as the percentage of the combined catch limit identified in the Preferred Alternative.

The Council's preferred bag and length management measures fall into four tiers for each IPHC area. While the daily bag limit and length limit regulations in Tiers 3 and 4 are specific, the maximum length regulations in Tiers 1 and 2 are undefined as the Council intended to provide flexibility to fishery managers in time of low abundance by reducing harvest while having the least effect on the charter industry and its clients. The Council's language states that under both Tier 1 and 2, the Charter Fishery will operate under a one-fish daily bag limit. However, if the charter harvest as a percentage of the combined charter and setline catch limit exceeds a specified percentage in either Tier *then a maximum length limit will be implemented to reduce the projected harvest level to be lower than x.x%*⁷⁰ of the combined charter and setline catch limit (See Table 75 as an example of where this would apply). This language requires the use of equations in the regulations if the manager is to have flexibility in setting a length limit. The equations would allow NMFS to calculate the maximum length limit allowable in the fishery under a given set of assumptions.

Table 75. Area 2C Proposed maximum length limit under tiers 1 and 2

Tier	Combined Catch Limit (million lb)	Allocation	Charter Fishery Bag & Length limit Regulations		
			If charter harvest within allocation range	If charter harvest projected to exceed allocation range	If charter harvest projected to be below allocation range
1	<5	Comm alloc = 82.7% Charter alloc = 17.3% Charter range = 13.8-20.8%	One Fish →	Maximum length limit imposed that brings harvest to 17.3%	One Fish
2	≥5 - <9	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	One Fish →	Maximum length limit imposed that brings harvest to 15.1%	Two fish, but one must be less than 32" in length

The Council did not specify which assumptions should be used in making the maximum length limit calculations. First amongst these issues was whether to assume that anglers would harvest the average fish caught under the length limit in previous years in the fishery or whether that anglers will high-grade every fish, up to the length limit. Empirical evidence suggests that the former method overestimated the effect of the management measure in the context of a two-fish bag limit in prior analyses, while the latter method is more likely to result in foregone harvests by the charter sector, because it is unlikely that every angler will be able to catch a fish exactly the length of the limit.

There likely would be a number of maximum lengths that meet the Council's intent of reducing estimated harvest to below the stated target percentage for each method. The regulations should address how to account for decimal results; in most instances, length regulations have dealt in whole numbers and use inches as the measurement standard. The agency could chose to use centimeters, whole or otherwise, as the measurement standard, but will need to balance issues such as foregone harvest, potential for harvest estimation error, and enforcement when deciding whether to use whole or decimal limits and whether to

⁷⁰ This number changes with IPHC Area and Tier. In Area 2C this number is equal to 17.3 percent in Tier 1 and 15.1 percent in Tier 2 - 4. In Area 3A this number is equal to 15.4 percent for Tier 1 and 14.0 percent for Tiers 2 - 4.

use inches or centimeters. As most federal fishing regulations use whole inches as the enforcement standard, this analysis developed the equations using whole inches and assumes that any “remainders” above a whole inch would be rounded down, as rounding up would violate the limit placed by the Council on the target charter sector allocation.

Assumption of High Grading to the Length Limit Equations: The following displays the equations necessary to determine the maximum length limit under which anglers could operate and still stay at or under the Council’s prescribed share, if they were projected to harvest a given number of fish in a year. So, information which must be known before starting this calculation is:

- An established CCL for the upcoming year. This number will be provided by the IPHC.
- An estimated harvest for the upcoming year (i.e., the estimated number of fish anglers are likely to harvest under a one-fish bag limit).⁷¹
- The target allocation as established by the Council’s October 2008 action. This percentage is dependent on the CCL.

The following algorithm solves for the maximum length limit by using the IPHC length/weight equation for determining the maximum size in pounds.

Maximum Length Limit Algorithm

Step 1
$$P_{max} = \frac{W_{max} \cdot H_p}{C_L}$$

Step 2
$$P_{max} = \frac{6.921(10^{-6})L_{cm}^{3.24} H_p}{C_L}$$

Step 3
$$\frac{P_{max} \cdot C_L}{H_p} = 6.921(10^{-6})L_{cm}^{3.24}$$

Step 4
$$\frac{P_{max} \cdot C_L}{6.921(10^{-6})H_p} = L_{cm}^{3.24}$$

Step 5
$$\ln \left[\frac{P_{max} \cdot C_L}{6.921(10^{-6})H_p} \right] = 3.24 \ln L_{cm}$$

Step 6
$$\frac{1}{3.24} \ln \left[\frac{P_{max} \cdot C_L}{6.921(10^{-6})H_p} \right] = \ln L_{cm}$$

Step 7
$$e^{\frac{1}{3.24} \ln \left[\frac{P_{max} \cdot C_L}{6.921(10^{-6})H_p} \right]} = L_{cm}$$

Step 8
$$e^{\frac{1}{3.24} \ln \left[\frac{P_{max} \cdot C_L}{6.921(10^{-6})H_p} \right]} / 2.541 = L_{in}$$

Where:

P_{max} = Maximum target charter harvest percentage

W_{max} = Maximum allowable average weight under the length limit given the expectation of high grading to the limit

$W_{max} = W_{max}$ expressed as the IPHC length/weight equation = $6.921(10^{-6})L_{cm}^{3.24}$

C_L = Combined commercial charter catch limit in MLB

H_p = Charter harvest projection (Number of fish)

L_{cm} = Maximum allowable length in centimeters based on the IPHC length/weight equation

L_{in} = Maximum allowable length in inches.

Numerical Example: Under a combined catch limit of 7.5 Mlb in Area 2C, charter anglers may harvest up to 18.6 percent of the limit. In a fishery with no size restrictions, they are likely to harvest 72,500 halibut, at an average weight of 19.5 pounds, for a total weight of 1.414 Mlb or 18.9 percent of the

⁷¹ This element was not defined in the Preferred Alternative. An estimate of the number of fish is a critical element in the equation; therefore, harvest should be estimated using *both* average weight and number of fish, as opposed to just total harvest weight.

combined catch limit. This estimation triggers the step down function requiring the charter fishery to be managed to reduce its harvest to 15.1 percent of the combined catch limit; 15.1 percent of the combined catch limit with a harvest of 72,500 fish results in a required average weight of no more than 15.62 pounds. The equation must now solve for L_m using the combined catch limit, the target allocation, and the estimated 72,500 fish harvest. In this example the equation solves for a 35.97 inch fish (i.e., 91.40cm); a length that according to IPHC length/weight calculation corresponds to a halibut weighing 15.62 pounds. This weight multiplied by the estimated harvest of 72,500 fish would weigh 1.133 Mlb or 15.1 percent of the combined catch limit.

Guided Angler Fish Program

The Council adopted eight specific provisions (lettered A through H) that define its Preferred Alternative for a Guided Angler Fish program. Only two of the provisions had options from which the Council selected its preferred option. Six provisions are simply statements of Council intent.

This section addresses the unique features of the two options selected by the Council that distinguish the Preferred Alternative from Alternative 2. Under Provision A, the Council identified a limit on the number of halibut that a charter operator may assign to an LEP. Charter operators would be limited to assigning 400 or fewer GAF to each LEP that is endorsed for 6 or fewer clients. If an LEP is endorsed for more than 6 clients, a maximum of 600 GAF may be assigned for use with that permit. Linking the limits to a total number of GAF, instead of a number of IFQ pounds, eliminates fluctuations in the limit when the average halibut weight changes. It also provides stability, because the charter LEP holders know in advance the maximum number of GAF that may be assigned to an LEP.

Recall that LEPs are allowed to be stacked on a vessel to maximize efficiency by allowing an increase in the number of anglers a vessel may carry. Therefore, more than one LEP could be onboard a vessel at any one time. If an LEP is on a vessel that has room under the GAF cap, and the harvest is assigned to that LEP in the logbook, the charter operator could allow clients to retain GAF, even if another LEP on the vessel has reached its cap. It is important not to differentiate between caps on LEPs and vessels. When two LEPs are on a vessel for the purpose of carrying more than 6 clients, the cap is not set at 600 GAF for the vessel. The cap is 400 GAF for each of the LEPs on the vessel, with no more than 400 GAF assigned to an individual LEP.

If the combined catch limit is large enough to allow clients to operate under the same bag limits as unguided anglers, there would be no incentive for charter LEP holders to lease quota from commercial IFQ holders. In this scenario, leasing GAF would not provide any benefits to their charter clients and would increase the cost of operation. Because bag limits are set at the beginning of the year and are not changed in-season, charter LEP holders would know before the start of the season if there is any need to lease GAF. Based on the projections of future combined catch limits, it appears that leasing is more likely to need to occur in Area 2C. These charter anglers are projected to be under the Trigger 2 one-fish bag limit. In Area 3A, the charter sector is projected to be under Trigger 4 two-fish bag limit through 2015, so there would be no incentive for LEP holders to lease GAF.

From a purely economic perspective, the commercial sector's willingness to lease to the charter sector depends on the lease price, relative to the net price the commercial sector receives at the dock. Assuming profit maximizing behavior, when the lease price is greater than or equal to the net profit they generate from harvesting the halibut, they would be willing to lease IFQ. Other factors outside of the company's bottom line in a year may impact an IFQ holder's decision to lease IFQ. Factors such as crew employment, relationships with the charter sector, agreements with processors, or enjoyment derived from fishing are a few of many possible reasons that may affect decisions on whether to lease IFQ. Each IFQ holder would employ his/her own criteria when determining whether to lease some or all of available IFQ to the charter sector. These relatively small amounts of IFQ are also in demand by new commercial IFQ entrants (i.e., crew).

During public comment at the October 2008 Council meeting, several charter sector representatives were asked if they thought leasing would occur, if allowed to do so. Some charter operators expressed concern regarding the commercial sector's willingness to lease halibut to them. They stated a variety of reasons that included tensions that exist between the sectors, insufficient QS on the market, insufficient capital to lease the IFQs (especially smaller charter operations that are not associated with lodges), and uncertainty regarding the willingness of clients to pay extra to use GAF. Several commercial QS holders also were asked if they would be willing to lease halibut to the charter sector. Many indicated they would be willing to lease IFQ to the charter sector if it would help resolve the ongoing conflict between the sectors. Based on public testimony, it seems as if some IFQ would be made available to lease. Projections of the number of GAF that may be needed have been provided in Section 2.5. Based on public testimony, it is not possible to estimate the total amount or market price, of GAF that would be made available in each area.

Provision E would allow GAFs to revert back to the commercial sector at the written request of the GAF holder. The Council did not stipulate that commercial LEP holders that leased IFQ to the charter sector could refuse to take the IFQ back. Because the GAF is returned at the request of the charter operator, if the IFQ holder is concerned about getting the IFQ returned during the season, they would need to structure terms of the reversion in the private lease contract. In that contract, they could specify the terms and conditions of reimbursement that LEP holder would receive for returning GAF. Each contract could be structured to ensure that the buyer and seller agree to terms of the reversion. The proposed rule would address this issue in more detail. Had the Council not selected Provision E, then there would be no reversion provision and the lease agreements would become a temporary, one-way transfer that would expire at the end of the calendar year. The Council's Preferred Alternative identified November 1 as the date by which all unused GAF automatically would revert the commercial IFQ holder. Without specific language regarding compensation in the contracts, charter operators could lose the value of the GAF that is returned. Because the return of the IFQ is automatic and required in regulation, the charter operators may not have sufficient bargaining power to leverage a "fair" price for returned GAF. Unused GAF also may be returned to the IFQ holder prior to November 1, if the GAF holder submits a written request. The Council did not stipulate any circumstance wherein the IFQ holder can request the GAF revert to IFQ.

The preferred alternative is projected to limit Area 2C charter anglers to a one-fish bag limit through 2015. This provision would allow clients of charter LEP holders who use GAFs to return to historical daily bag limits, (presumably) for a fee, in Area 2C. GAF would not be expected to be used in Area 3A, until the regulations are more restrictive on charter anglers than on non-guided anglers.⁷²

Because a client must book a trip with an LEP holder that holds GAF if they wish to fish under restrictions in place for unguided anglers, and they must be willing to incur any additional expense of using GAF that the LEP is able to pass along, only a subset of the client population would benefit from the program. Charter anglers who are unable to book a trip with an LEP holder that has GAF available, or are unwilling to incur additional fishing costs, would continue to be bound by the one-fish bag limit expected to be in place in Area 2C. Those anglers would not derive any benefit from the GAF program.

Council Statement in Support of its Preferred Alternative: In addition to identifying its selection of elements and options in its Preferred Alternative, the Council's motion also provided its rationale as to why it was important to include leasing of commercial IFQs as GAFs, after it selected its initial allocation between the sectors. The Council's first point was that a market based system was supported by the SSC and academic literature. The SSC indicated that a "market-based transferrable system is the only practical way to approach an optimal allocation over time." Noting that the initial allocations in Area 2C are unlikely to meet the precise needs of either sector, a provision for a market-based reallocation was thought to increase the probability of general acceptance and success of the program.

⁷² The allocations under consideration are not a hard-cap within any specific season, so GAF would not come into play unless the charter sector "exhausted" the common pool in any given season and other restrictive management measures were not already in place.

The second point made by the Council was that the use of GAFs was supported throughout the stakeholder process as a means to redistribute halibut after initial allocation. The Advisory Panel also voiced strong support for leasing. However, several charter operators weakly supported the leasing provision and some opposed it at, and since, the October 2008 meeting.

The Council noted that leasing provisions were universally supported by those community representatives, tribal representatives, representatives of CQEs, and conservation advocates that testified before the Council in October 2008. The commercial sector also voiced strong support for the leasing provision at that meeting. The Council felt that the limited support for leasing by some charter operators could be attributed to the lack of clarity at the time, of whether a one-fish bag limit would be implemented in Area 2C in the foreseeable future as a result of this action and the tense relationship between the sectors in some Area 2C communities. Council members felt that if charter operators knew that the Council would select the present components of this preferred alternative, they may have been more supportive of the GAF program. Council members also felt that the leasing provisions provide increased fishing opportunities for charter anglers. While the use of leased fish (GAF) would likely increase the cost of a trip, anglers who want the opportunity to harvest two fish per day in Area 2C would have that opportunity using GAF.

Leasing IFQ would provide commercial QS holders greater flexibility when developing their annual harvest strategy. Currently many QS holders are prohibited from leasing their IFQs. This program would allow them to lease 10 percent of their IFQ allocation or 1,500 lb (whichever is greater). For persons that are issued 1,500 lb or less of IFQ, they could lease their entire allocation. This new opportunity to lease their IFQs could provide greater economic benefits to them.

This analysis indicates that the cost recovery fee paid by the commercial sector would be used to cover the cost of the GAF program. Charter LEP holders that lease the GAF would not be responsible for paying the cost recovery fee, since they do not generate exvessel revenue from the sale of halibut. Representatives of the commercial fleet have indicated that the fleet is willing to pay the cost of the GAF program through cost recovery. Members of the commercial fleet testified to the Council that they are willing to pay a larger percent of their exvessel revenue (it is limited to a maximum of 3 percent), if it is needed to fund the GAF program.

Arm's length contractual arrangements to lease IFQs would facilitate co-operative working relationships between sectors and may reduce current tensions. If both parties to the contract benefit from the arrangement, it could be expected to foster good working relationships. Over time, this cooperation could ease some of the tensions that developed in communities while this issue was debated.

Leasing insures better and timelier accounting. Tracking the use of GAF requires that individuals report GAF harvest to NMFS using the reporting system developed for that fishery (this would be addressed in the proposed rule and has been addressed in a preliminary NMFS implementation plan: http://www.alaskafisheries.noaa.gov/npfmc/current_issues/halibut_issues/CHIPFinal_supp1008.pdf). Close to real time reporting is required to add and subtract fish from a charter LEP holder's GAF account so that NMFS management and enforcement staff know how many GAF are available to harvest with a specific LEP. The current charter catch accounting system used by ADF&G does not need to track charter harvests in real time. ADF&G's goal is to determine total charter halibut harvest after the fishing season. The need to manage numbers of fish at an individual LEP level would require additional oversight and enforcement of the charter fleet relative to the current system.

2.7 Net Benefit to the Nation

Based on the costs and benefits discussed in the RIR, the proposed action appears likely to result in a modest net benefit to the Nation. Resolution of the struggle over apportionment of the available Pacific halibut CEY, between the commercial fixed-gear and charter fishing sectors, will enhance stability in both sectors over the long-run and facilitate attainment of OY for this high valued resource. Provision in this