

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director



ESTIMATED TIME
2 Hours

DATE: September 15, 1995

SUBJECT: Sablefish and Halibut IFQs

ACTION REQUIRED

- (a) Receive report from the IFQ Industry Implementation Team.
- (b) Receive RAM status report of IFQ fisheries and update from IFQ Research Planning Team.
- (c) Final review of regulatory amendment for early sablefish opening in the Aleutian Islands.
- (d) Discuss halibut Area 4 suballocations.
- (e) Discuss omnibus amendment package for 1996 and 1997.
- (f) Receive IPHC report on bycatch compensation procedure.

BACKGROUND

Report of the IFQ Industry Implementation Team

The IFQ Industry Implementation Team convened a telephone conference on September 13, 1995 to discuss the status of recent Team recommendations to the Council and new industry proposals. Their minutes are included as Item C-2(a).

Status Report of IFQ Fisheries

The NMFS Restricted Access Management Division will provide a report on the IFQ halibut and sablefish fisheries through early September (Item C-2(b)(1)).

Donna Parker, Alaska Department of Commerce and Economic Development, and Phil Smith, NMFS RAM, will report on recent progress by the IFQ Research Planning Team, comprised of staff from the NMFS, Council, and State of Alaska. The report describes the activities required for assessing the first year of the halibut and sablefish IFQ program (Item C-2(b)(2)). The Team's timeline includes a preliminary analysis from RAM of the initial issuance of QS and a summary of IFQ program costs at the December 1995 Council meeting. A final report on all phases of the IFQ assessment will be provided to the Council at the April 1996 meeting. Additional elements to be included in the final report will include: (1) distributional effects; (2) conservation and management effects; (3) impacts on communities and individuals; (4) enforcement and safety issues; and (5) identification of recent participants who did not receive initial QS.

Aleutian Island Sablefish Season Opening

In June 1994, the Council initiated a regulatory amendment to open the Aleutian Islands for 1995 on January 1 for sablefish on 25% of the preliminary TAC set each September. In September 1994, NMFS reported that they had not proceeded with the amendment, citing the complexity of the changes to the regulations, the small number of beneficiaries, and the lack of concurrence by IPHC. The Council reviewed a draft RIR prepared by Council staff at the June 1995 meeting. The Council directed that the analysis be revised before release for public review to address: (1) a limit on the amount of IFQs to be harvested in the extended season, and (2) requiring participants to possess sufficient halibut IFQ to cover bycatch. Final action in September 1995 makes it unlikely that regulations for an early IFQ sablefish season in the Aleutian Islands could be in place by January 1, 1996; however, industry indicated that the season extension is not necessary for the 1995 season.

The revised RIR was mailed to you on August 25th. The management alternatives are:

- Alternative 1. Status quo. Sablefish and halibut seasons would remain concurrent throughout the range.
- Alternative 2. Allow a reopening of the IFQ sablefish fishery in the Aleutian Islands, beginning January 1 after the regular IFQ fishery.
- Alternative 3. Allow a year-round IFQ sablefish fishery in the Aleutian Islands, beginning with the regular IFQ fishery.
 - Option A. Retention of halibut would be prohibited.
 - Option B. Retention of halibut would be required by sablefish IFQ holders, limited to their remaining halibut IFQ.

While fish availability, market conditions, and weather contribute to the decision of when and where to fish, Figure 1 indicates that at least one vessel in 1993 and 1994 fished for sablefish more than the eight months that now constitute the 1995 IFQ season.

IFQ amounts received by participants in 1995 were lower than their recent, pre-IFQ average landings, since more persons were issued IFQ than had fished in any given year. Also, IFQs were reduced by 3% for the CDQ program. The nine participating vessels received an average AI sablefish IFQ allocation of 64,000 lb, approximately 71% of total average landings. Given the reduced IFQ allocations, it is likely that the regular IFQ season is sufficient in which to harvest each vessel's sablefish IFQ. Also, the 1996 AI sablefish quota is expected to be the same as or slightly lower than the 1995 quota.

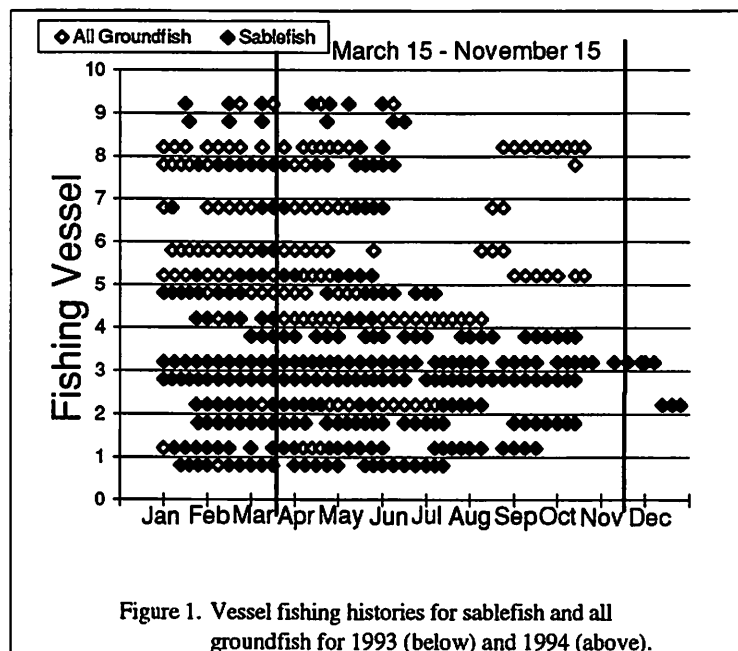


Figure 1. Vessel fishing histories for sablefish and all groundfish for 1993 (below) and 1994 (above).

The analysis indicates that nine vessels may potentially participate in an extended sablefish season (based on open access fishing in 1993 and 1994) under Alternatives 2 and 3. Additional requirements under Option B, whereby Aleutian Island area sablefish IFQ holders must also possess sufficient Area 4 halibut IFQ to cover bycatch, potentially reduces participants to five in Area 4A and three in Area 4B. Small issuances of halibut IFQs in these areas may further limit actual participants in each area. Vessels wishing to participate in the extended season, but limited by their initially issued Area 4 halibut IFQs, may need to purchase additional halibut IFQs to meet the requirements under Option B. The availability of halibut IFQs for purchase by owners of freezer vessels (Class A) may limit participation.

	Alternative 1	Alternative 2 Option A	Alternative 2 Option B		Alternative 3 Option A	Alternative 3 Option B	
			4A	4B		4A	4B
Vessels	0	9	5	3	9	5	3

The IPHC discussed an early sablefish fishery at their 1995 annual meeting. The Commission expressed concern that an increase in the number of vessels might occur if the fishery is opened in the winter, as other fishing activities are limited at that time. Halibut mortality would increase as a result, conflicting with their goal of reducing halibut bycatch mortality. The Commission took no formal action, but did provide the Council with an evaluation of the effects of a winter fishery (see Appendix 1 of the RIR).

The IFQ Industry Implementation Team reviewed this proposal in May 1994, April 1995, and September 1995. The Team did not support changes to the sablefish season opening in May 1994. In April 1995, the Team stated that the issue was market-oriented, and that both sablefish and halibut market conditions were likely to change under the IFQ program. The Team listed a number of factors related to their recommendation for the status quo: (1) the extended IFQ harvesting season; (2) vessels hiring out to harvest additional CDQ along with their IFQ; (3) general concerns over sablefish stock declines; (4) marketing advantages for early sablefish landings; (5) concerns over early fishing on migrating sablefish stocks; (6) interest in a concurrent opening with halibut; while recognizing: (7) the Council's intent on preserving historical fishing practices; and (8) anticipated low halibut bycatch. They recommended reevaluating this proposal at the end of 1995 and supported Alternative 2, reopening in January after the regular IFQ fishery (rather than advancing 25% of estimated IFQ), only if the Council proceeds with the proposed action. In September 1995, the Team reaffirmed their recommendation to table this amendment until after the completion of the 1995 IFQ season.

In November 1994, the Enforcement Committee agreed that an earlier opening in the Aleutian Islands was enforceable, but that catch must be deducted from the IFQ quota share. At their April 1995 meeting, the committee discussed that the TAC would not yet be determined nor would the IFQ, certificate, and card be issued under an early sablefish opening. They expressed concern over the lack of weighing and reporting requirements in the IFQ program, particularly in this fishery. They identified concerns related to inconsistency between State and Federal management restrictions on sablefish including avoidance of the 2% Research Plan fee by claiming State water landings and emphasized that inconsistency between the two programs hampers enforcement.

Area 4 Suballocations

The International Pacific Halibut Commission has requested that the Council consider a change in apportioning TACs for 1996 and beyond. Commission staff has recommended distributing halibut quotas in subareas of Area 4 according to the proportion of biomass in each area, which was calculated in 1994 based on habitat area estimates (Sullivan and Parma, 1994). Commission staff has recommended moving towards the biomass method for Areas 4A and 4B given the considerable stock separation in those areas. Staff noted that there was no conservation basis for catch limits in Areas 4C, 4D, and 4E. They suggested that catch limits be apportioned based on biomass distributions for Areas 4A, 4B, and combined Areas 4C-E, with the Council making subarea allocations for the combined areas (Item C-2(d), Appendix II).

The Council could proceed in two ways. The Council could develop a catch sharing plan that would framework a formula to apportion subarea allocations within Area 4. Under this approach, the Council would choose the subarea proportions once and the subarea allocations would automatically be generated from the formula each year when the Commission determines the Area 4 catch limit. The Council could choose between the historical allocation method currently applied to Area 4 catch limits and the biomass method recommended by Commission staff. The Council could change these proportions as necessary through regulatory action.

Commission staff has indicated its preference for biologically based management and a transition from status quo to the biomass method in allocating subarea catch limits. The biomass method has severe ramifications on the distribution of harvest, shifting harvest from Area 4B and 4C to Area 4A, 4D, and 4E (Table 1).

Table 1. 1995 halibut quota calculations (pounds) for Area 4 based on IPHC area biomass, 3-yr phase-in, and NPFMC historical allocations.

Area	IPHC CONSTANT EXPLOITATION YIELDS					TOTAL ALLOWABLE CATCHES		
	% Biomass	IPHC Area Method	IPHC Phase-in	Historical Method	% Allocation	IFQ TAC	CDQ TAC	CDQ % by area
4A	41.3%	2,440,000	2,000,000	1,950,000	33%	1,950,000	0	0%
4B	19.6%	1,160,000	1,600,000	2,310,000	39%	1,848,000	462,000	20%
4C	1.6%	90,000	500,000	770,000	13%	385,000	385,000	50%
4D	30.9%	1,830,000	1,500,000	770,000	13%	539,000	231,000	30%
4E	<u>6.4%</u>	<u>380,000</u>	<u>300,000</u>	<u>120,000</u>	<u>2%</u>	<u>0</u>	<u>120,000</u>	<u>100%</u>
Total	100%	5,920,000	5,900,000	5,920,000	100%	4,722,000	1,198,000	

A catch sharing plan for Area 4 would allow the Council to adopt its preferred allocations for all Area 4 areas. The Council could also adopt the Commission's staff recommendation to set allocations for Areas 4A, 4B, and combined 4C-E based on the biomass method, and suballocate among the subareas within the combined catch limit based on historical apportionments (Table 2). Note that only Areas 4C, 4D, and 4E would be set by the Council, with Area 4A and 4B determined by the Commission.

Alternatively, the Council could maintain the status quo. Under this scenario, the subarea allocations are open to debate each year at the IPHC annual meeting.

Table 2. IPHC halibut regulatory subarea allocations (000's of pounds) for Area 4, 1983-95.

Year	4A		4B		4C		4D		4E		Total lb
	lb	%	lb	%	lb	%	lb	%	lb	%	
1983	1,200	46.1	800	30.7	400	15.8	200	7.6	closed		2,600
1984	1,200	39.3	1,000	32.7	400	13.1	400	13.1	50	1.6	3,050
1985	1,700	40.0	1,300	30.5	600	14.1	600	14.1	50	1.2	4,250
1986	2,000	39.6	1,700	33.6	600	11.8	700	13.8	50	1.0	5,050
1987	1,750	36.6	1,750	36.6	600	12.5	600	12.5	75	1.6	4,775
1988	1,900	35.1	2,000	37.0	700	12.9	700	12.9	100	1.9	5,400
1989	1,800	36.0	1,900	38.0	600	12.0	600	12.0	100	2.0	5,000
1990	1,500	36.5	1,500	36.5	500	12.1	500	12.1	100	2.4	4,100
1991	1,700	36.1	1,700	36.1	600	12.7	600	12.7	100	2.1	4,700
1992	2,300	36.3	2,300	36.3	800	12.6	800	12.6	130	2.1	6,330
1993	2,000	33.1	2,300	38.1	800	13.2	800	13.2	130	2.2	6,030
1994	1,800	33.1	2,100	38.8	700	12.9	700	12.9	100	1.9	5,400
1995	1,950	32.9	2,310	39.0	770	13.0	770	13.0	120	2.0	5,920
Total	22,800	36.4	22,600	36.1	8,070	12.9	7,970	12.7	1,105	1.8	62,605

To have a catch sharing plan in place for the IPHC Annual Meeting in January 1996, the Council needs to review an analysis of the catch sharing plan and make a final decision in December 1995. Proposed alternatives for analysis might include:

Alternative 1: Status quo.

Under the status quo, the IPHC would continue to set Area 4 catch limit apportionments. The Council would continue to make recommendations on subarea allocations. However, the Commission's policy to establish regulatory areas to distribute harvest in proportion to the biomass in each area and the Council's preferred allocative strategy would continue to conflict.

Alternative 2: Create a catch sharing plan for halibut regulatory area 4.

Option A. Adopt a historical allocation method to select subarea apportionments for Area 4.

The Council could use subarea allocations for Area 4 from 1983 (when the subareas were established) through 1995 as the basis for catch sharing, or select apportionments based on more current fishing activity.

Area	83-95 Average	Current Allocation
4A	36.4	33
4B	36.1	39
4C	12.9	13
4D	12.7	13
4E	<u>1.8</u>	<u>2</u>
	100%	100%

Option B. Adopt the biomass method to select apportionments for Area 4A, 4B and combined Areas 4C-E and adopt a historical allocation method apportioning among Areas 4C, 4D, and 4E.

Implementing a catch sharing plan that would combine the biomass method for selecting catch limits for Areas 4A, 4B, and Areas 4C-E and an allocation method for subareas 4C, 4D, and 4E would achieve the Commission's goal to apportion the halibut regulatory area catch limits on biologically based management and the Council's

goal of maintaining the historical harvest distributions. Table 3 depicts the effect on 1995 halibut TAC and CDQ apportionments under this scenario.

Table 3. Alternative 2, Option B Area 4 area biomass distributions and resulting 1995 TACs (pounds).

Area	IPHC CONSTANT EXPLOITATION YIELDS				TOTAL ALLOWABLE CATCHES	
	% Biomass	IPHC Area Method	Historical Method	% Allocation	IFQ TAC	CDQ TAC
4A	41.3%	2,440,000	1,950,000	33%	2,440,000	0
4B	19.6%	1,160,000	2,310,000	39%	928,000	232,000
4C-E	38.9%	2,300,000	1,660,000	28%		
		4C	1,067,000	46.4%	533,500	533,500
		4D	1,067,000	46.4%	747,000	320,000
		4E	166,000	7.2%	0	166,000
Total	100%	5,920,000	5,920,000	100%	4,648,500	1,251,500

Omnibus Amendment

In June, the Council reviewed a list of recommended changes to the halibut and sablefish IFQ program from the IFQ Industry Implementation Team and requested that NMFS report which changes could be implemented via frameworking at the September meeting. NMFS staff will have a report at meeting time.

IPHC Bycatch Compensation Procedure

The IPHC has developed a new bycatch compensation procedure that incorporates pre-recruitment migration. Several major changes are also made to the basic model to determine how and where setline quotas are reduced by the compensation procedure. IPHC staff will review their report, "A Bycatch Compensation Procedure Incorporating Downstream Migration of Juvenile Halibut" (mailed to you on September 15).

IFQ INDUSTRY IMPLEMENTATION MEETING MINUTES SEPTEMBER 13, 1995

The IFQ Industry Implementation Team (Team) convened a telephone conference September 13, 1995 to discuss the status of IFQ changes the Team presented to the Council in June 1995 and new industry proposals. Present for the meeting were Jeff Stephan, (Chair), John Bruce, Norman Cohen, Don Iverson, Jack Knudsen, Linda Kozak, Kris Norosz, Harold Thompson, and John Woodruff. Jake Phillips and Drew Scalzi were absent.

Also present were Jane DiCosimo (Council staff), John Lepore, Jay Ginter, Phil Smith, Jesse Gharrett, Shawn Carey, Robin Martin, Brad DeYoung, Frank Pfeiffer, Steve Meyer, Jon Pollard, Susan Auer (all of NMFS), Heather Gilroy (IPHC), Seth Macinko (ADF&G), and Capt. Bill Anderson (D17 USCG). Additional participants included Kevin O'Leary, Joe Sullivan, Mary Standaert, and Lisa Polito.

Phil Smith, NMFS RAM, presented an update on the status of initial IFQ application processing, QS transfers, registered buyers and transaction terminals, and IFQ landings of the halibut and sablefish fisheries. He also provided a report of the IFQ Research Planning Team, comprised of staff from the NMFS, Council, and State of Alaska. The report describes the activities required for assessing the first year of the halibut and sablefish IFQ program. The Team's timeline includes a preliminary analysis from RAM of the initial issuance of QS and a summary of IFQ program costs at the December 1995 Council meeting. A final report of all phases of the IFQ assessment will be provided to the Council at the April 1996 meeting. Additional elements to be included in the final report will include: (1) distributional effects; (2) conservation and management effects; (3) impacts on communities and individuals; (4) enforcement and safety issues; and (5) identification of recent participants who did not receive initial QS. The Research Planning Team has suggested that two industry surveys by Gunnar Knapp of UAA could be reviewed by the Team at their next meeting. Jane DiCosimo, Council staff, noted that Dr. Knapp requires a response by November 1. She will distribute the surveys either by mail for Team members to respond directly to Dr. Knapp or will include them for review at the next meeting if it is convened by the deadline.

John Lepore discussed a report prepared for the Council on recent IFQ program recommendations by the Team. He reported that those management actions that are fixed, e.g., sweep-ups and use caps, could be frameworked. He also reported on the status of amendments previously approved by the Council. Amendment 32/36 (One-Time Transfer of CDQ Compensation QS) was nearly ready for Secretarial Review. Amendment 33/37 (Freezing of Non-IFQ Species) was still being prepared. The Interim Rule on IFQ fishing in multiple areas, one of the Team's April recommendations for Council consideration, became effective August 25, 1995. Heather Gilroy, IPHC staff, reported that the IPHC and NMFS were working to simplify the clearance requirements, which are affected by that action, at the next Commission meeting in January 1996.

Jane DiCosimo updated the Team on the status of the final RIR for extending the Aleutian Island IFQ sablefish season. The analysis was revised following Council recommendations and it was released for public review in August. Mary Standaert requested that the Team reconsider its previous recommendations (no season extension in May 1994 and delay action until after the 1995 IFQ season ends in April 1995). The Team reaffirmed its April position and recommended tabling final action until after the IFQ season ends to evaluate the need for extended fishing time.

Steve Meyer, NMFS Enforcement, and Capt. Bill Anderson, D17 USCG, discussed enforcement issues related to the IFQ program and of concern to the Team. The Team discussed the requirement for a vessel owner to remain on board until cleared by Enforcement and deferred additional discussion to the next meeting.

The Team then discussed old and new business. Linda Kozack requested clarification of the description of the Team's recommendations for Bering Sea use caps. Current regulations [§676.22(f)(3)] stipulate that halibut Area 4 use caps may not exceed ½ % of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, combined. The 1995 QS pool totals 32,887,259 QS units for Area 4. The ½% limit for all of Area 4

equals 164,436 QS units. This is very restrictive and some fishermen feel that they can not even buy enough QS to make a trip worthwhile in the BSAI. For example, if all of the quota allowed in Area 4 were concentrated in Area 4C, the total 1995 IFQ pounds would equal 15,949 lb, a rather low amount. Most individual's QS, however, is distributed among multiple areas, further exacerbating the problem of low limits. At their April meeting, the Team recommended that the Council consider analyzing ownership caps of ½%, 1%, and 2%, with a preferred option to reestablish historic catch levels as an upper limit.

Three new industry requests were considered by the Team (see attachments). Beth Stewart, Aleutians East Borough, requested a repeal of the "Sitka Block" provision of the halibut and sablefish IFQ programs. Team members stated that since this item would be considered through the 1995 groundfish amendment proposal process and the Team had made a recommendation in April 1995 to evaluate the Block Program after the first year of IFQ fishing, no further action was needed by the Team.

Bob Alverson, FVOA, requested that vessels be allowed to land up to 10,000 lb dressed weight of either halibut or sablefish from multiple areas even if the pounds exceeds the remaining QS in an area that is being fished. The Team discussed that Council action in June 1995 met much of the request. An interim rule became effective on August 25, 1995 to allow IFQ vessels to fish for halibut or sablefish in a regulatory area in which persons aboard the vessels hold IFQ, even when the amount of IFQ held for the area is less than the total amount of IFQ species on board the vessels, if IFQ recordkeeping requirements are met and an observer is on board. The Team recommended that this proposal be placed on the next meeting's agenda so the issue of excluding observer coverage on small vessels IFQ fishing on small QS in multiple areas could be further discussed.

Joe Sullivan, of Mundt, MacGregor & Assoc., proposed that IFQ allocations be made between vessel categories according to their actual catch in each category during the qualifying years, rather than on a proportional basis. The Team discussed the Council's original decision to not allow fishermen to choose their vessel class designation of QS. It was suggested that a regulatory amendment to eliminate the Category D vessel class would resolve a majority of the halibut IFQ cases. The Team will consider this request further at their next meeting.

The Team decided to convene their next meeting in Anchorage either in late October or mid-November. Team members would be contacted regarding meeting dates.

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MUNDT, MACGREGOR, HAPPEL, FALCONER, ZULAUF & HALL

ATTORNEYS AT LAW

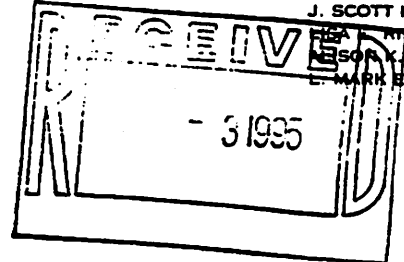
SPENCER HALL, JR.
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JANET H. CHEETHAM
OF COUNSEL

June 28, 1995



IFQ Program
Industry Implementation Committee
c/o North Pacific Fishery Management Council
Post Office Box 103136
Anchorage, Alaska 99510

Re: Allocation of Quota Shares by Vessel Class

Dear Committee Members:

The purpose of this letter is to request that the Committee address the current IFQ regulations concerning allocation of quota share by vessel class in cases where qualified persons had landings in more than one class, and to suggest that the applicable regulations be revised.

We represent two individuals who qualified for allocations of halibut and sablefish quota shares. Both individuals harvested fish with "C" class and "D" class vessels during the qualifying years. Both individuals have received allocations of quota shares assigned to each vessel category in proportion to their landings in that category, pursuant to 50 CFR 676.20(c)(6)-(9). In both cases, the result has seriously disadvantaged the affected fishers. In one case, the proportional allocation formula resulted in the fisher receiving allocations of IFQ as small as 200 pounds per fishing area, amounts far too small to harvest economically. In the other, the fisher received allocations between vessel classes substantially different than his historical catch pattern, which have forced him to restructure his fishing business in a manner that significantly increases his operating costs.

Both of these results are contrary to two of the basic intents and purposes of the IFQ Program; i.e., enabling fishers to optimize the value of their catch history, and allowing fishers to conduct their operations in a pattern substantially the same as that of their qualifying years.

Industry Implementation Committee
June 28, 1995
Page 2

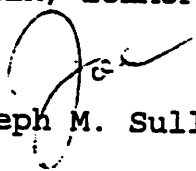
MUNDT, MACGREGOR, HAPPEL,
FALCONER, ZULAUF & HALL

We believe that fishers should be allowed to request that their allocations be made between vessel categories according to their actual catch in each category during the qualifying years, rather than on a proportional basis. Doing so should have the adverse effect on quota management (as it would not affect the TAC allocated per area) nor should it disadvantage other fishers.

On behalf of both individuals we represent, we have appealed the proportional allocation, but have had no response yet. We are concerned that we may receive an adverse response at such a late point in time that it will be difficult to effect the change we are requesting in a timely fashion. We are therefore requesting that the Implementation Committee review this matter at its earliest convenience, and provide a strong recommendation that the proportional allocation formula be modified per our request. Should you have any questions or concerns regarding this matter, please feel free to contact me.

Very truly yours,

MUNDT, MacGREGOR, HAPPEL,
FALCONER, ZULAUF & HALL



Joseph M. Sullivan

JMS:tc:mls
LCommit2.050

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**FISHING VESSEL OWNERS' ASSOCIATION
INCORPORATED**

ROOM 232, WEST WALL BUILDING • 4005 20TH AVE. W.
SEATTLE, WASHINGTON 98199-1290

SINCE 1914



August 29, 1995

*Mr. Jeff Stephans
Chairman
Implementation Committee for
Halibut/Sablefish IFQs
North Pacific Fishery Management Council
P. O. Box 103136
Anchorage, AK 99510*

Dear Jeff:

During the first year of operation of the IFQ program, it has become evident that there are a few things that may need being changed in order that the program runs smooth. One issue that my members have brought to my attention is the issue of small QS in several adjacent regulatory areas.

The areas in particular that I have heard about are the Bering Sea areas for halibut and West Yakutat and S.E. Alaska district for sablefish. The situation arises when someone has two to four thousand pounds in 2 or 3 areas each and is required to return to port once poundage on board is equal to the poundage available to you in any given area. Numerous amounts of small quota seem to be going un-caught because of this. We would like your committee to discuss the following option.

PROPOSAL:

A vessel may land up to 10,000 pounds dressed weight of either halibut or sablefish from multiple areas even if the 10,000 pounds exceeds the remaining QS in an area that is being fished.

FAX

(206) 283-3341

LATITUDE: 47° 39' 36" NORTH

DIAL "A VESSEL"

(206) 283-7735

LONGITUDE: 120° 22' 58" WEST

EXAMPLE:

<u>Quota Available</u>	<u>Area</u>
3,000 lbs. Halibut	4A
3,000 lbs. Halibut	4C
3,000 lbs. Halibut	4D

One trip of 9,000 pounds would be allowed to be landed. Any amount landed over 10,000 lbs. would cause the current rules to be enforced.

Your thoughts and committee's discussion would be appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert D. Alverson", with a long horizontal flourish extending to the right.

**Robert D. Alverson
Manager**

RDA:cb

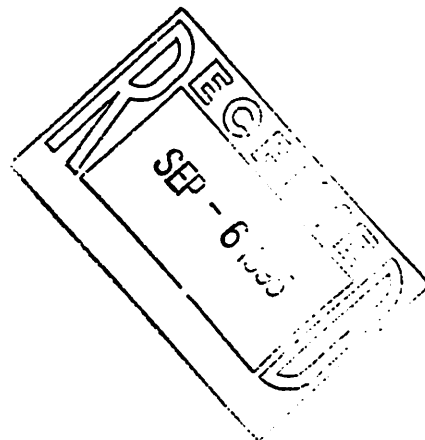
**cc: NPFMC
John Bruce
Jack Knutsen
Don Iverson**

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON

September 1, 1995



Rick Lauber, Chairman
North Pacific Fisheries Management Council
P.O. Box 103136
Anchorage, AK 99510

Dear Mr. Lauber:

Enclosed you will find Resolutions 96-8, 96-10 which were adopted by unanimous consent of the Aleutians East Borough Assembly.

Commercial fishing is the economic and cultural mainstay of our communities.

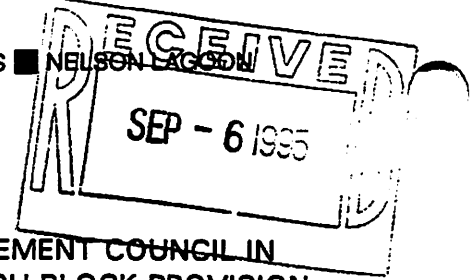
We appreciate your consideration.

Sincerely,

Dick Jacobsen
Mayor

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF
■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON



RESOLUTION 96-8

A RESOLUTION TO THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL IN SUPPORT OF THE REPEAL OF THE HALIBUT AND SABLEFISH BLOCK PROVISION OF THE IFQ PROGRAM.

WHEREAS, the "Sitka block" provision contained in the halibut and sablefish IFQ programs has created substantial problems for small boat and entry level fishermen by creating extreme difficulty for those wishing to sell or acquire small amounts of halibut and sablefish; and

WHEREAS, many fishermen in the Aleutians East Borough were issued very small quota shares (in some cases as low as 45 pounds) which are too small to fish and are "blocked" so that they are virtually unmarketable and force the owner to either locate a very large and very expensive "block" to continue fishing or just keep the small boat quota in the drawer; and

WHEREAS, the communities of the Aleutians East Borough are wholly dependent upon the commercial fisheries in the Gulf of Alaska and Bering Sea/Aleutian Islands; and

WHEREAS, halibut and sablefish have been in the past and may in the future be a vital component of a healthy and diversified fishing package; and

WHEREAS the block provision presents an insurmountable barrier to rational business planning, entry level fishing, and small boat flexibility; and

WHEREAS, the Council's regulations have in the past and will in the future affect the residents of these communities; and

WHEREAS, the Council is the appropriate regulatory body to eliminate the present barrier in light of its impacts to fishery dependent communities.

NOW THEREFORE, BE IT RESOLVED BY THE ALEUTIANS EAST BOROUGH THAT

The North Pacific Fishery Management Council exercise its power to repeal this onerous regulation.

PASSED AND APPROVED BY THE ALEUTIANS EAST BOROUGH ASSEMBLY, this
31 day of August, 1995.


MAYOR

CLERK/PLANNER
P.O. BOX 349
SAND POINT, ALASKA 99661
(907) 383-2699
(907) 383-3496 FAX

BOROUGH ADMINISTRATOR
1600 A STREET, SUITE 103
ANCHORAGE, ALASKA 99501-5146
(907) 274-7555
(907) 276-7569 FAX

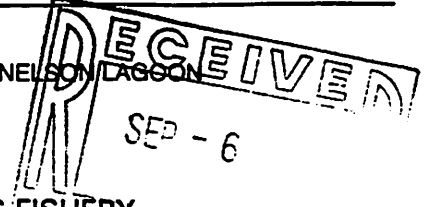
FINANCE DIRECTOR
P.O. BOX 49
KING COVE, ALASKA 99612
(907) 497-2588
(907) 497-2386 FAX

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON

RESOLUTION 96-10



A RESOLUTION IN SUPPORT OF CHANGING THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL'S REGULATION THEREBY ALLOWING AKUTAN TO QUALIFY AS AN ELIGIBLE COMMUNITY FOR PURPOSES OF THE COMMUNITY DEVELOPMENT QUOTA PROGRAM.

WHEREAS, the village of Akutan has been certified by the Secretary of the Interior pursuant to the Native Claims Settlement Act; and

WHEREAS, the residents of the village of Akutan conduct more than one-half of their current commercial and subsistence fishing effort in the waters of the Bering Sea/Aleutian Islands management area; and

WHEREAS, the only impediment to Akutan's eligibility for participation in the Council's Community Development Quota program is the Council's finding that the large groundfish processing plant located near Akutan provides sufficient benefits from the groundfish industry; and

WHEREAS, the existence of a groundfish processing plant has not provided the residents of Akutan with an opportunity to participate in the Bering Sea/Aleutian Islands groundfish fisheries; and

WHEREAS, the Community Development Quota Program represents the only viable means for the village of Akutan to develop meaningful participation and benefits from the nearby groundfish fisheries; and

WHEREAS, the North Pacific Fishery Management Council's regulations are the only impediment to Akutan's official participation in the Aleutian Pribilof Island Community Development Association.

NOW, THEREFORE, BE IT RESOLVED BY THE Mayor and Assembly of the Aleutians East Borough, that:

The North Pacific Fishery Management Council take action to permit Akutan's participation in the Community Development Quota Program.

PASSED AND ADOPTED by the Aleutians East Borough Assembly, this 31 day of August, 1995.


MAYOR

ATTEST:



CLERK/PLANNER
P.O. BOX 349
SAND POINT, ALASKA 99661
(907) 383-2699
(907) 383-3496 FAX

BOROUGH ADMINISTRATOR
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FINANCE DIRECTOR
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**GROUND FISH FISHERY MANAGEMENT PLAN AMENDMENT PROPOSAL
North Pacific Fishery Management Council**

Name of Proposer: Aleutians East Borough

Date: August 21, 1995

Address: P.O. Box 349
Sand Point, AK 99661
or
2767 John Street
Juneau, AK 99801

Telephone: 383-2699 or our Juneau Office at 364-3555

Fishery Management Plan: Halibut and Sablefish

Brief Statement of Proposal: Repeal the "Sitka Block" provision of the Halibut and Sablefish IFQ programs.

Objectives of Proposal: (What is the problem?) The Block provision of the halibut and sablefish IFQ programs severely impede the ability of small boat operators and entry level fishermen to either purchase incremental shares of these resources, or to dispose of small blocked shares that were originally issued. These small blocks are generally unfishable and also unattractive on the market.

Need and Justification for Council Action: (Why can't the problem be resolved through other channels?) Only the Council has the authority to amend this regulation.

Foreseeable Impacts of Proposal: (Who wins, who loses?) The winners will be those fishermen who were issued small blocks of halibut and/or sablefish and now want to divest themselves of these unusable shares, or who want to acquire additional shares to make a fishable package. Other winners include small boat/entry level fishermen who want to get into the halibut and/or sablefish fisheries, but who cannot make a large investment all at once.

Are There Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem? We have identified no new alternatives. While the block provision was designed to prevent excessive shares accruing to large vessels, its negative aspects outweigh its usefulness. The vessel size category provisions are adequate to address this concern.

Supportive Data & Other Information: What data are available and where can they be found: We believe that the only supportive data exist in the anecdotal information provided by fishermen who will be available to testify before the Council on this issue.

Signature:

LATE

Lowell Stambaugh
HCR 78 Box 623A
Naselle, WA 98638

September 12, 1995

The Advisory Committee to the Ram Division
Access Unlimited, Inc.
Strategic Fishing Alternatives
326 Center Avenue, #202
Kodiak, Alaska 99615

Dear Committee Members;

I would like to propose the following changes to the administrative rules for the Halibut Fishery:

#1. Proposed that for Areas 4 and possibly 3B that the size of allowable block combinations be tripled or at least doubled. That the sweep up combinations ceiling be in the 2-4,000 lb range for those areas.

#2. Proposed that the D & C vessel class be combined in those areas, eliminating D class as a category, perhaps entirely.

I put forward the following reasons to adopt these changes:

Historically the block system, as structured, was most strongly supported in SE Alaska and may well be suited to the situation there. However, few fishers westward have the same views. Many Quota Share blocks are logistically unfishable as even combined (swept up and reblocked). They result in combinations that are yet too small to make a viable profit on a fishing trip. This is a financial hardship to the owners of those shares, reducing even more their value. The boat class restriction places them with far fewer fishing options as well.

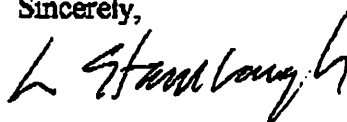
One would hardly stand alone in pointing to the weather and the distances between market ports in the westward areas. These, of course, motivate participants to look to larger boats and fish blocks to reduce risks of all kinds.

In the current situation, in area 4A, there exist many very small blocks. The rules of assignment of QS resulted in the creation of blocks far smaller than the "trip harsests" in qualifying years. There is a need to allow the participating remaining boat operators to return to a similar operating economic trip platform.

Even the present buyers westward are not as interested in less than a ton of fish to deal with.

It seems to me that these suggestions will result in a better fishery. I thank you for your attention and your efforts on behalf of the fishery.

Sincerely,



Lowell Stambaugh

IFQ IMPLEMENTATION REPORT (Council Agenda Item C-2)

September, 1995

Richard B. Lauber, Chairman
North Pacific Fishery Management Council
P.O. Box 10316
Anchorage, Alaska 99510

Dear Mr. Chairman:

This report is designed to bring you and the Council up-to-date, once again, on the implementation of the halibut and sablefish Individual Fishing Quota (IFQ) program. Herein, I discuss both the "numbers" and a variety of implementation policy issues. Enforcement and regulatory issues are being dealt with elsewhere on your agenda.

As you know, there are a number of elements to the program, so if I have overlooked an item or issue that you would like to see addressed, please let me know.

INITIAL APPLICATION PROCESSING

The RAM Division received over 7,600 Requests for Application (RFAs), each of which represented an application for either halibut or sablefish QS (in appropriate IFQ Regulatory Areas and vessel categories). Because each application may result in issuance of more than one type of QS permit, the following table displays the numbers of QS permits that have been issued (including permits issued for CDQ compensation):

	<u>Halibut</u>	<u>Sablefish</u>	<u>Total</u>
Blocked Permits (73%)	5,900	1,360	7,260
Unblocked Permits (27%)	<u>1,610</u>	<u>1,020</u>	<u>2,630</u>
Total QS Permits Issued:	7,510	2,380	9,890

These numbers are rounded and may not be precise. More detailed information on initial issuance of QS (by IFQ area and residence, for instance) is under development and will be presented at the Council's December meeting.

Initial Administrative Determinations:

An applicant who has failed to demonstrate his/her eligibility for QS, or some related claim (vessel category, qualifying pounds, etc.), is issued an Initial Administrative Determination (IAD) by the RAM Division. As of September 20, the Division had issued 1,596 such Determinations. Reasons for denials include:

<u>Reason</u>	<u>Number of Denials</u>
Untimely Applications	101
Not Eligible for Quota Share	1,190
Conflicts with other Applicants*	136
Denied Vessel Category Claim	22
Partial Denial of Claimed Pounds	134
Multiple Reasons/Miscellaneous	<u>13</u>
TOTAL DENIALS	1,596

* Conflicts, by definition, involve at least 2 applicants; these data display the number of applicants involved in the conflicts, so the number of conflict cases is smaller.

These represent virtually all denied claims to initial issuance of QS. Although a few more claims continue to trickle in, only a handful (5 or 6) have not been addressed with an IAD.

Appeals

Only 149 appeals of Initial Determinations have been lodged with the Office of Administrative Appeals. As of September 20, 14 final decisions have been issued, and an additional 19 have been processed; final decisions on those are under preparation, and should be issued soon.

The following table displays (by category of denial), the numbers of IADs issued, Appeals filed, and Decisions completed (as of September 20, 1995):

<u>Category</u>	<u>IADs</u>	<u>Appeals</u>	<u>Decisions</u>
Late Apps.	101	30	9
Conflicts (parties)	136	40	2
Pounds Claimed	134	27	2
Vessel Category	22	6	
Ineligible	1,190	45	1
Misc.	<u>13</u>	<u>1</u>	-
TOTALS	1,596	149	14

In addition to formal final decisions having been issued, a number of the "conflict" cases have been settled and dismissed.

These numbers are significantly lower than we had anticipated. appeals are to the 1,573 Determinations whose deadline for appealing expired on, or before, September 20, 1995. In other words, only 9.3% of all denied applications have thus far been appealed.

TRANSFERS OF QUOTA SHARE

Transfers of QS/IFQ:

As of September 20, the Division had completed processing 372 sablefish QS and IFQ transfer requests and 973 halibut QS and IFQ transfer requests, for a total of 1,345. These numbers include "regular" transfers, transfers

by lease, and transfers resulting from "sweeping up" small blocked QS permits into new blocks. Attached to this memorandum is a report that displays, by species and area, the number of QS units that have been transferred and the nature of the transfer (regular, lease, or sweep-up).

Additionally, the data display how many transfers have resulting in Alaskans (and non-Alaskans) receiving QS. There continues to be a net gain for Alaskan residents amounting to slightly over 1,000,000 units of sablefish QS (resulting from 51 transfers to Alaskans, v. 36 transfers from Alaskans to non-Alaskans) and almost 1,300,000 units of halibut QS (resulting from 126 transfers to Alaskans, v. 87 transfers from Alaskans to non-Alaskans).

Transfers to "IFQ Crew Members":

Included in the above numbers are transfers to 253 individuals (including 191 Alaskans) who did not receive QS by initial issuance, but who established their eligibility as an "IFQ Crew Member" and "bought in" to the fisheries. As of September 20, the Division had approved the issuance of 703 Transfer Eligibility Certificates to those IFQ Crew Members.

LANDINGS OF IFQ HALIBUT AND SABLEFISH

The attached tables display the numbers of vessel landings (as of June 9, 1995) and (by IFQ Regulatory Area) the amount of product (in pounds) that has been landed. As you can see, 5,208 halibut vessel landings have been made (36% of the total halibut TAC in the IFQ fisheries remains to be harvested) and 2,171 sablefish vessel landings have been made (22% of the sablefish TAC in the IFQ fisheries remains to be landed). There have also been 19 vessel landings of CDQ sablefish and 867 vessel landings of CDQ halibut.

The data also display the locations of IFQ landings. Kodiak is the major halibut port, with almost 5,000,000 pounds of halibut landed (more than twice as much as each of the three "runners-up" - Sitka, Dutch Harbor/Unalaska, and Seward). Seward is the major sablefish port, with over 8,600,000 pounds landed. Sitka is not far behind, with over 5,000,000 pounds of sablefish.

REGISTERED BUYERS AND TRANSACTION TERMINALS

Landings of IFQ halibut and sablefish must be made by Registered Buyers and must be recorded using Electronic Transaction Terminals and Printers (unless they don't function properly, in which case Enforcement officials may grant a waiver to the requirement). As of September 20, the Division has issued 891 Registered Buyer Permits, of whom 283 have made landings of IFQ halibut and black cod. Additionally, 338 electronic Transaction Terminals and Printers have been distributed to registered buyers, CDQ groups, harbormasters and other officials; however, only 148 terminals have been used to record landings.

Problems with the transaction terminals has been a source of embarrassment and frustration (embarrassing and frustrating for us, and certainly frustrating to the processors and others who have attempted to use the terminals). Just when we thought that everything was working as it should, we would find that the satellite systems confounded the data transmission.

Solving these problems, once and for all, remains a high priority of the Division.

RESEARCH ON THE PERFORMANCE OF THE IFQ PROGRAM

We remain committed to the effort to periodically and comprehensively conduct research on the verifiable performance outcomes of the IFQ Program. To that end, we have worked with an inter-agency "IFQ Research Planning Team" to set in motion the necessary work. The Planning Team's report is being provided to the Council under separate cover.

MISCELLANEOUS IMPLEMENTATION ISSUES

Requirement that Hired Skippers Fish on IFQ Holders' Vessel:

As of September 20, the Division had issued 351 IFQ Permit Cards to "Hired Skippers" (persons hired by IFQ permit holders to fish the IFQ) at the request of 215 such IFQ permit holders.

We have implemented the Council's recommendation that we "tighten up" on the requirements for issuing these cards. We have re-designed the form for requesting the cards, making it very clear that the IFQ holder must own (have an ownership interest in) the vessel upon which s/he wishes his/her IFQ to be fished; further, we now require that each request for a card be accompanied by the USCG Abstract of Title that displays the current ownership interest of the IFQ holder. Also, we print the ADF&G number of the vessel on the hired skipper card. These changes were effective on July 1.

Recording the Name of the Lienholder on QS Certificates:

At your request, we have re-designed the QS Certificate to include a place for the lienholder (if any) to be printed. We also have provided a space for the lienholders' representative to sign a release of the lien when the terms of the loan have been satisfied.

Our transfer data reveal that 143 liens have been filed against halibut QS and 47 against sablefish QS. Please note that these numbers are only the liens reported to the RAM Division, and do not include those that may be filed under the Uniform Commercial Code.

CONCLUSION

The program continues to perform as advertised. This is due, in large measure, to the patience and resilience (and continuing good humor) of the industry, which has worked closely with us during this first year of full implementation.

Thank you for your continuing support as we have worked to implement this program. Be assured that we will work with you as you consider amendments to improve it.

Sincerely,

Philip J. Smith
Chief, RAM Division

National Marine Fisheries Service
P.O. 21668
Juneau Ak 99802-1668

Prepared: 20-Sep-95 10:50
Restricted Access Mgmt Division
(800) 304-4846

Total IFQ Landings - Pounds and Percentages by Port

From 01-MAR-1995 To 20-SEP-1995

Port	Halibut			Sablefish		
	Vessel Landings	Pounds Landed	% of Total	Vessel Landings	Pounds Landed	% of Total
ALASKA						
AKUTAN	7	21,958	0.09	2	132,724	0.37
ANCHORAGE	24	114,545	0.48	2	1,105	0.00
ANGOON	94	50,610	0.21			
BEAVER INLET				1	2,520	0.01
CHIGNIK	11	42,372	0.18	1	3,446	0.01
CORDOVA	127	635,403	2.65	67	1,420,884	3.99
CRAIG	162	291,659	1.22	32	266,210	0.75
DUTCH HBR/UNALASKA	266	2,425,900	10.12	237	4,277,281	12.01
EDNA BAY	28	13,331	0.06			
ELFIN COVE	75	86,125	0.36	8	49,179	0.14
EKCURSION INLET	42	149,592	0.62	23	311,447	0.87
FALSE PASS	2	1,398	0.01	5	62,891	0.18
GUSTAVUS	35	38,812	0.16			
HAINES	33	28,329	0.12	1	216	0.00
HALIBUT COVE	3	2,040	0.01			
HOMER	432	1,715,441	7.16	102	1,242,378	3.49
HOONAH	235	625,799	2.61	72	716,600	2.01
HYDER	4	1,573	0.01			
JUNEAU	151	322,491	1.35	18	180,807	0.51
KAKE	98	314,120	1.31	15	272,763	0.77
KASILOF	2	6,557	0.03			
KENAI	95	224,725	0.94	11	235,024	0.66
KETCHIKAN	139	376,401	1.57	32	370,804	1.04
KING COVE	63	401,910	1.68	34	715,644	2.01
KLAWOCK	5	4,452	0.02	1	7,582	0.02
KODIAK	568	4,911,941	20.50	202	3,829,126	10.76
METLAKATLA	15	36,900	0.15			
NIKISKI	9	32,867	0.14	2	49,220	0.14
NINILCHIK	34	107,185	0.45	1	95	0.00
PELICAN	209	627,617	2.62	169	1,684,845	4.73
PETERSBURG	387	1,887,963	7.88	85	1,475,530	4.14
PORT ALEXANDER	53	58,507	0.24	6	23,069	0.06
SAND POINT	57	285,182	1.19	24	637,239	1.79
SELDOVIA	9	1,821	0.01			
SEWARD	379	2,269,630	9.47	382	8,651,460	24.30
SITKA	740	2,316,796	9.67	425	5,129,075	14.41
SKAGWAY	2	2,391	0.01			
ST GEORGE	62	21,810	0.09			
ST PAUL	55	162,530	0.68	2	3,673	0.01
THORNE BAY	1	3,234	0.01			
VALDEZ	49	125,566	0.52	16	197,561	0.55
WHITTIER	28	50,309	0.21			

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Prepared: 20-Sep-95 10:50
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Total IFQ Landings - Pounds and Percentages by Port

From 01-MAR-1995 To 20-SEP-1995

Port	Halibut			Sablefish		
	Vessel Landings	Pounds Landed	% of Total	Vessel Landings	Pounds Landed	% of Total
WRANGELL	121	392,661	1.64	6	32,509	0.09
YAKUTAT	176	568,204	2.37	113	2,168,620	6.09
CALIFORNIA						
EUREKA				1	38,152	0.11
FORT BRAGG	1	141,478	0.59			
OREGON						
ASTORIA	1	8,641	0.04			
AURORA	1	10,359	0.04			
LINCOLN CITY	1	7,163	0.03	1	2,316	0.01
WARRENTON	3	144,104	0.60	2	1,727	0.00
WASHINGTON						
ANACORTES	2	20,054	0.08	1	2,487	0.01
BELLEVUE	4	28,486	0.12	2	96,886	0.27
BELLINGHAM	44	914,532	3.82	26	247,269	0.69
EDMONDS	1	50,248	0.21			
GRANITE FALLS				1	7,220	0.02
ILWACO	2	31,252	0.13	1	1,867	0.01
LA CONNER	5	56,281	0.23	1	759	0.00
PORT TOWNSEND	1	36,970	0.15			
RANIER	1	5,579	0.02			
SEATTLE	29	471,221	1.97	28	994,943	2.79
CANADA						
PRINCE RUPERT	18	216,949	0.91	9	52,544	0.15
UNKNOWN						
HOOHAH	1	481	0.00			
LA CONNOR	1	9,651	0.04			
UNKNOWN	15	50,295	0.21	1	2,071	0.01

National Marine Fisheries Service
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Prepared: 20-Sep-95 10:50
 Restricted Access Mgmt Division
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Total IFQ Landings - Pounds and Percentages by Port

From 01-MAR-1995 To 20-SEP-1995

Port	Halibut			Sablefish		
	Vessel Landings	Pounds Landed	% of Total	Vessel Landings	Pounds Landed	% of Total
Total	5,218	23,962,401	100.01	2,171	35,599,768	99.98

Notes:

1. This report summarizes fixed gear IFQ landings reported by Registered Buyers. At sea discards are not included.
2. Halibut weights are reported in net (headed and gutted) pounds. Sablefish weights are reported in round pounds.
3. "Vessel Landings" include the number of landings by participating vessels reported by IFQ regulatory area. Each such landing may include harvests from more than one IFQ Permit Holder.
4. Landings at different harbors in the same general location (e.g. "Juneau, Douglas, and Auke Bay") have been combined to report landings to the main port (e.g. "Juneau").
5. Due to rounding, percentages may not total to 100%.
6. Data are derived from initial data entry procedures and are preliminary. Future review and editing may result in minor changes.

National Marine Fisheries Service
P.O. 21668
Juneau Ak 99802-1668

Prepared: 20-SEP-95 10:44
Restricted Access Mgmt Division
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1995 Individual Fishing Quota (IFQ) Allocations and Landings

From 01-MAR-1995 through 20-SEP-1995

Area	Species	Vessel Landings	Total Catch Pounds	TAC		
				Allocation Pounds	Remaining Pounds	Percent Remaining
2C	halibut	2,298	6,119,018	9,000,000	2,880,982	32
3A	halibut	2,164	12,497,274	20,000,000	7,502,726	38
3B	halibut	342	2,301,342	3,700,000	1,398,658	38
4A	halibut	173	1,315,821	1,950,000	634,179	33
4B	halibut	75	1,069,585	1,848,000	778,415	42
4C	halibut	129	299,441	385,000	85,559	22
4D	halibut	27	348,871	539,000	190,129	35
4E	halibut	0	0	0	0	0
Total		5,208	23,951,352	37,422,000	13,470,648	36
SE	sablefish	824	9,998,325	12,996,900	2,998,575	23
WY	sablefish	361	7,414,876	8,586,917	1,172,041	14
CG	sablefish	649	12,189,265	15,167,648	2,978,383	20
WG	sablefish	157	3,617,878	4,585,568	967,690	21
AI	sablefish	87	1,674,327	2,910,072	1,235,745	42
BS	sablefish	93	705,097	1,410,944	705,847	50
Total		2,171	35,599,768	45,658,049	10,058,281	22

Notes:

1. This report summarizes fixed gear IFQ landings reported by Registered Buyers. At sea discards are not included.
2. Halibut weights are reported in net (headed and gutted) pounds. Sablefish weights are reported in round pounds.
3. "Vessel Landings" include the number of landings by participating vessels reported by IFQ regulatory area. Each such landing may include harvests from more than one IFQ Permit Holder.
4. Due to rounding, percentages may not total to 100%.
5. Data are derived from initial data entry procedures and are preliminary. Future review and editing may result in minor changes.

National Marine Fisheries Service
 P.O. 21668
 Juneau Ak 99802-1668

Prepared: 20-SEP-95 10:44
 Restricted Access Mgmt Division
 (800) 304-4846

1995 Community Development Quota (CDQ) Allocations and Landings

From 01-MAR-1995 through 20-SEP-1995

Area	Species	Vessel Landings	Total Catch Pounds	<----- Tac ----->		
				Allocation Pounds	Remaining Pounds	Percent Remaining
4B	halibut	0	0	462,000	462,000	100
4C	halibut	375	389,198	385,000	4,198	1
4D	halibut	115	229,279	231,000	1,721	1
4E	halibut	377	94,025	120,000	25,975	22
Total		867	712,502	1,198,000	485,498	41
AI	sablefish	11	251,601	727,649	476,048	65
BS	sablefish	8	76,861	352,800	275,939	78
Total		19	328,462	1,080,449	751,987	70

Notes:

1. This report summarizes fixed gear CDQ landings reported by Registered Buyers. At sea discards are not included.
2. Halibut weights are reported in net (headed and gutted) pounds. Sablefish weights are reported in round pounds.
3. "Vessel Landings" include the number of landings by participating vessels reported by IFQ regulatory area. Each such landing may include harvests from more than one CDQ Permit Holder.
4. Due to rounding, percentages may not total to 100%.
5. Data are derived from initial data entry procedures and are preliminary. Future review and editing may result in minor changes.

National Marine Fisheries Service
P.O. 21668
Juneau Ak 99802-1668

Prepared: 20-Sep-95
Restricted Access Mgmt Division
(800) 304-4846

sablefish

Transfers of Quota Shares and Individual
Fishing Quota Between Alaskans and Non-Alaskans

Area	To Alaska		From Alaska		Inside Alaska		Outside Alaska		Area Totals	
	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units
SE	17	863,734	14	275,147	65	2,762,924	29	1,305,519	125	5,207,324
WY	8	462,997	5	333,863	24	918,452	19	808,145	56	2,523,457
CG	17	1,443,599	10	976,636	38	2,762,382	20	1,575,533	85	6,758,150
WG	5	367,779	4	316,325	7	453,343	5	261,866	21	1,399,313
AI	3	199,814	2	373,577	3	23,416	3	490,496	11	1,087,303
BS	1	8,273	1	11,880	2	293,417	3	98,789	7	412,359
TL	51	3,346,196	36	2,287,428	139	7,213,934	79	4,540,348	305	17,387,906

Leases of Quota Shares and Individual
Fishing Quota Between Alaskans and Non-Alaskans

Area	To Alaska		From Alaska		Inside Alaska		Outside Alaska		Area Totals	
	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units
SE	3	343,853	1	110,053	1	117,937	5	566,677	10	1,138,520
WY	3	128,035	0	0	1	119,762	5	539,794	9	787,591
CG	5	949,408	0	0	2	183,592	6	1,089,504	13	2,222,504
WG	3	577,971	1	43,416	0	0	7	3,096,517	11	3,717,904
AI	1	277,356	0	0	1	13,499	6	4,261,878	8	4,552,733
BS	1	252,067	0	0	0	0	4	1,393,833	5	1,645,900
TL	16	2,528,690	2	153,469	5	434,790	33	10,948,203	56	14,065,152

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sablefish

Sweep-ups of Quota Shares and Individual
 Fishing Quota Between Alaskans and Non-Alaskans

	Area To Alaska		From Alaska		Inside Alaska		Outside Alaska		Area Totals	
	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units
SE	0	0	2	4,095	4	5,404	0	0	6	9,499
WY	0	0	0	0	1	678	0	0	1	678
CG	0	0	1	1,121	2	13,543	1	6,356	4	21,020
WG	0	0	0	0	0	0	0	0	0	0
AI	0	0	0	0	0	0	0	0	0	0
BS	0	0	0	0	0	0	0	0	0	0
TL	0	0	3	5,216	7	19,625	1	6,356	11	31,197

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halibut

Transfers of Quota Shares and Individual
Fishing Quota Between Alaskans and Non-Alaskans

Area	To Alaska		From Alaska		Inside Alaska		Outside Alaska		Area Totals	
	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units
2C	41	897,182	34	954,643	238	5,976,045	43	1,251,178	356	9,079,048
3A	63	4,158,972	29	2,254,774	279	13,935,817	47	3,656,956	418	24,006,519
3B	12	289,816	14	806,770	51	2,929,517	13	1,115,316	90	5,141,419
4A	8	217,264	10	296,965	26	714,380	3	49,191	47	1,277,800
4B	2	41,181	0	0	5	159,726	2	41,700	9	242,607
4C	0	0	0	0	3	105,330	0	0	3	105,330
4D	0	0	0	0	1	39,715	1	69,848	2	109,563
4E	0	0	0	0	0	0	0	0	0	0
Tl	126	5,604,415	87	4,313,152	603	23,860,530	109	6,184,189	925	39,962,286

Leases of Quota Shares and Individual
Fishing Quota Between Alaskans and Non-Alaskans

Area	To Alaska		From Alaska		Inside Alaska		Outside Alaska		Area Totals	
	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units
2C	2	29,720	1	58,629	1	13,354	2	11,159	6	112,862
3A	2	256,601	0	0	2	74,803	5	925,587	9	1,256,991
3B	1	107,753	0	0	1	187,068	2	169,280	4	464,101
4A	0	0	0	0	2	118,108	2	110,076	4	228,184
4B	0	0	0	0	0	0	2	189,889	2	189,889
4C	0	0	0	0	0	0	0	0	0	0
4D	0	0	0	0	0	0	0	0	0	0
4E	0	0	0	0	0	0	0	0	0	0
Tl	5	394,074	1	58,629	6	393,333	13	1,405,991	25	2,252,027

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halibut

Sweep-ups of Quota Shares and Individual
 Fishing Quota Between Alaskans and Non-Alaskans

Area	To Alaska		From Alaska		Inside Alaska		Outside Alaska		Area Totals	
	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units	Count	QS Units
2C	1	1,121	1	3,999	6	8,934	0	0	8	14,054
3A	1	2,039	0	0	11	24,322	0	0	12	26,361
3B	0	0	2	2,970	0	0	0	0	2	2,970
4A	0	0	0	0	1	6,198	0	0	1	6,198
4B	0	0	0	0	0	0	0	0	0	0
4C	0	0	0	0	0	0	0	0	0	0
4D	0	0	0	0	0	0	0	0	0	0
4E	0	0	0	0	0	0	0	0	0	0
T1	2	3,160	3	6,969	18	39,454	0	0	23	49,583

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Count of Alaskans/Non-Alaskans obtaining Transfer Eligibility Certificates by demonstrating IFQ Crew Member (crewmember) status, and entering the fishery by receiving QS by transfer. These are individuals who did not receive QS by initial issuance.

Number of Alaskan "crewmembers" receiving Transfer Eligibility Certificate:	538
Number of non-Alaskan "crewmembers" receiving Transfer Eligibility Certificate:	165

Total Transfer Eligibility Certificates Issued:	703

Number of "crewmembers" who have received sablefish QS by transfer
(by IFQ area)

Area	Alaskans	non-Alaskans
-----	-----	-----
AI	2	1
BS	0	2
CG	12	5
SE	20	17
WG	1	3
WY	9	7

Number of "crewmembers" who have received halibut QS by transfer
(by IFQ area)

Area	Alaskans	non-Alaskans
-----	-----	-----
2C	73	29
3A	95	23
3B	18	6
4A	13	4
4B	3	1
4C	1	0
4D	1	1

Number of "crewmembers" who have received QS by transfer (sablefish)

Alaskan :	32
non-Alaskan:	26

Number of "crewmembers" who have received QS by transfer (halibut)

Alaskan :	175
non-Alaskan:	48

Number of "crewmembers" who have received QS by transfer (both species, all areas)

Alaskan :	191
non-Alaskan:	62

Report of the IFQ Research Planning Team

September, 1995

SUBMITTED TO:

North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99510

INTRODUCTION

In consideration of the intense public interest in the short and long-term effects of the Pacific halibut and sablefish Individual Fishing Quota (IFQ) program, and in response to specific requests from Governor Knowles and Council members, an inter-agency team of professionals has been assembled to undertake research on the performance of the program. This document (and its attachment) is the team's first report to the Council and the interested public.

The team has met twice this summer. The outcome of those meetings is that we have reached consensus on the types of research that should be undertaken, the scope of such research, the most appropriate agency(ies) to do the work, and a preliminary time-table for producing the reports.

Those participating in Planning Team activities include the following:

State of Alaska:	Donna Parker, Department of Commerce and Economic Development Seth Macinko, Department of Fish & Game Marianne McNair, Department of Fish & Game Kurt Schelle, Commercial Fisheries Entry Commission Ben Muse, Commercial Fisheries Entry Commission
University of AK:	Gunnar Knapp, Institute of Social and Economic Research
NPFMC:	Marcus Hartley Jane DiCosimo
IPHC:	Bob Trumble
NMFS:	Joe Terry, AFSC/REFM Division Jeff Passer, Enforcement Division Jessica Gharrett, RAM Division Phil Smith, RAM

As a first order of business, we have agreed:

1. There is a high degree of public interest in the performance of the IFQ program. As a result, there is an obligation to provide decision-makers and the public with a variety of objective information. Information about the program should be presented in a straight-forward manner so that those receiving it are allowed to draw their own conclusions as to whether the program is "good" or "bad" or needs to be changed (and, if so, in what way).
2. Therefore, any assessment (evaluation) of the IFQ program and its impacts should be professional, objective, coordinated between interested parties, premised on independently verifiable data, and subject to peer review.

MAJOR AREAS OF INQUIRY

The Planning Team has agreed to examine the performance of the program from a variety of perspectives. Below, we list each major element of inquiry (a summary table of activities is attached).

I - Distributional Effects of the IFQ Program

This report will be produced by the State of Alaska, Commercial Fisheries Entry Commission, with funding provided by NMFS/Alaska Region (assuming availability of FY96 funds). CFEC will conduct a broad review of distributional patterns. The precise scope of work is still under development; however, in general terms, the report will address the following:

- * Comparison of the predicted initial distribution of QS with the actual initial issuance;
- * Changes in the distribution resulting from QS/IFQ transfers (patterned on the CFEC's annual publication *Changes in the Distribution of Alaska's Commercial Fishing Permits*, understanding that the unique characteristics of QS/IFQ add several elements of complexity). The report would address changes by...
 - type of QS/IFQ (species, area, vessel category, blocked or unblocked),
 - type of "person" (corporation, individual, partnership, etc.) holding it,
 - residency status of the holder,
 - age distribution of QS holders,
 - new QS holders (i.e., "IFQ Crew Members")
 - consolidation of QS and Fishing Operations, and
 - "Sweep-Up" of blocked QS into new blocks;
- * Transfer information, including frequency, reported reasons for transfer, reported price statistics, collateralization of QS, volume of transfers, etc.; and,
- * Comparison of landing patterns, and possible other distributional effects of the program, resulting from analysis of pre- and post- IFQ program data.

II - Conservation Effects of the IFQ program

This report will be prepared by the NMFS Fisheries Science Center in Seattle. The Center will collect and analyze observer and log-book data, as available (for the groundfish fisheries, including sablefish) and will work cooperatively with the Halibut Commission (which generates considerable data and engages in extensive analysis of CPUE and other conservation concerns related to the halibut fisheries).

The following nine conservation issues have been identified:

- * Fishing mortality from lost/abandoned gear;
- * halibut and sablefish by-catch and discards in other fixed gear fisheries (including halibut discards in the fixed gear sablefish fishery);
- * groundfish discards in halibut and sablefish fisheries (including sablefish discards in the halibut fishery);
- * high-grading and discards of sub-legal halibut in the halibut fishery;
- * under-reporting of landings;
- * exceeding TACs;
- * pressure to increase TACs;
- * spatial and temporal distributions of catch; and,
- * halibut CPUE data.

III - "Impacts" of the IFQ program on Coastal Communities and Individuals

The State of Alaska (Departments of Commerce and Economic Development and Fish and Game), in cooperation with the University of Alaska, Anchorage (Institute of Social and Economic Research - ISER) will conduct this research. Two approaches are being taken.

ISER Saltonstall-Kennedy (S/K) Research:

With an S/K Grant, ISER is presently working on a project designed to address issues related to the impact of the IFQ program on coastal communities. Based on a 1994 survey of participants in the 1993 halibut and sablefish fisheries, as well as other research, ISER will produce four reports (a preliminary report on the survey results has already been published). The other three reports will include: a) an analysis of the halibut market and how it has changed since implementation of the program; b) an economic model for assessing the economic impacts of the halibut and sablefish fisheries on Alaska communities; and c) a long-run predictive analysis of potential changes in the fisheries and their impacts on Alaska communities, based on historical fishing records, the survey data, and actual information from the first year of the program. Additionally, ISER has recently been awarded a SeaGrant contract to do follow-up surveys in 1996 to assess the program's impact on those surveyed in 1993. The first two reports should be completed prior to the January Council meeting, while the third report should be available at the April meeting. These are "stand-alone" projects which are independent of other efforts to assess the effects of the program.

State of Alaska (ISER/Commerce/Fish & Game) Surveys:

The State (ISER, DCED, and F&G) is designing two surveys, one for QS/IFQ holders and one for Processors (Registered Buyers), the purpose of which is to gain information on changes in fishing operations (crew sizes and compensation practices, timing of fishing, relative prices -- ex-vessel, wholesale, and retail -- under the IFQ program, etc.).

The specific format and questions for these surveys is under development, with all members of the Research Planning Team invited to review and comment on the final design. Eventually, it may be possible to obtain similar information as part of NMFS/RAM administrative processes.

Meanwhile, for the first year, the cooperative ISER/Commerce approach will fill a needed gap in the research that needs to be undertaken..

IV - Other Reports

In addition to the above reports (which would be updated periodically), some "one-time" reports will be prepared, including...

- * **Initial Issuance Report** (RAM Division). How many applications, how many denials, how many appeals, disposition of appeals, etc. (essentially, a refinement of the information on program implementation that is periodically presented to the Council). This report may also (to the extent that it doesn't duplicate the information in the report on the distributional effects of the program) present summary data on the characteristics of initial issues.
- * **Cost of Implementation Report** (RAM Division). Analysis of actual costs of implementation (i.e., start-up and ongoing costs), including construction of the necessary bureaucratic infrastructure, application processing, computer programming, mailings, etc. (personnel, contracts, travel, etc.).
- * **Enforcement Report** (NMFS/Enforcement Division, Coast Guard). Analysis of enforcement activities (boardings, violations, etc.) and enforcement costs (similar to RAM analysis).
- * **Safety Report** (U.S. Coast Guard). Analysis of breakdowns, sinkings, loss of life, etc. A request for Coast Guard cooperation on the production of this report has been prepared and will be submitted to the Coast Guard by Steve Pennoyer, NMFS Regional Director.
- * **"Gap" Report** (RAM Division/State). This will be a summary profile, derived from fish ticket records and the QS Initial Issuance file, on those recent participants in the halibut and sablefish fisheries who did not receive QS by initial issuance.

TENTATIVE TIME-LINE

The Research Planning Team anticipates that a comprehensive "year-one" report, containing the elements described above, will be complete and ready for review and public distribution at the April, 1996, Council meeting. Meanwhile, portions of the information may be made available earlier, on roughly the following schedule:

- * September, '95. In addition to the RAM Division's periodic update on IFQ implementation and related issues, the IFQ Research Planning Team will present the evaluation plan.

- * December '95. It may be possible to have some preliminary (summary) data on some aspects of the first year of the program available for the December Council meeting.
- * January '96. The RAM Division is planning to produce a new booklet (reporting on "Year-One" of the program) for distribution to QS holders. The booklet will include summary data on transfers, landings, etc., as well as information on regulatory changes. IFQ forms that have been redesigned for the 1996 IFQ season will also be included. This booklet may be ready for distribution in January. Likewise, the State may have preliminary survey results available in time for the January Council meeting, and portions of the ISER report may also be available.
- * April '96. Year-one reports will be completed, coordinated, and compiled. Additionally, the ISER S/K project will be completed by that date. A full presentation on the findings could be presented to the Council at that time.

CONCLUSION

Those participating in the Research Planning effort are well aware of the level of public interest in the performance of the IFQ program and the way(s) in which it has affected the conduct of the fisheries and those who rely on them for their livelihoods. To that end, we are all committed to producing reports that will shed light on some of the most-asked questions about the impacts of the program.

We appreciate the Council's continuing interest in, and support of, this effort.

Donna Parker
State of Alaska, DCED

Phil Smith
NMFS/ RAM Division

Summary of Planned IFQ Research Activities

(September, 1995)

Report Element	Topics to be Addressed (Extract)	Responsible Agency(ies)	Expected Completion	Comments
Distributional Issues	<ol style="list-style-type: none"> 1. Comparing expected allocation against actual 2. Analysis of initial distribution of QS 3. Analysis of changes resulting from transfers 4. Report of landings of IFQ halibut/sablefish 	State/CFEC	April, 1996 with annual updates	Work to be funded by NMFS, with CFEC participation.
Conservation Issues	<ol style="list-style-type: none"> 1. Fishing mortality from gear loss 2. By-catch & discard analysis 3. High-grading and underreporting 4. Pressure to raise and/or exceed TACs 	NMFS/AFSC	April, 1996 with annual updates	Observer and log-book data, together with IPHC information will be used.
Community Impacts	<ol style="list-style-type: none"> 1. Survey work and economic modeling for projecting outcomes from IFQ program (independent, "stand-alone" project) 	UAA/ISER	April, 1996 (portions earlier)	ISER has an S/K Grant for this project.
Community & Individual Impacts	<ol style="list-style-type: none"> 1. Effects on fishing operations, including hiring and payment of crew and timing of fishing 2. Effects on ex-vessel, wholesale, and retail prices 	State - ISER, DCED & F&G (with RAM data support)	April, 1996 with periodic updates	Survey to be administered to QS/IFQ holders and registered buyers.
Initial Issuance	Who received QS upon initial issuance?	NMFS/RAM	Dec., 1995	Summary report.
Program Costs	Budget & staffing summary	NMFS/RAM	Dec., 1995	One-Time report.
Enforcement Issues	Boardings, citations, budget, etc.	NMFS Enforcement	April, 1996	Could be annual .
Safety Report	Summary of safety data in target fisheries	Coast Guard	April, 1996	Could be annual.
"Gap" Report	Profile of recent participants who did not receive QS by initial issuance	NMFS/RAM and State	April, 1996	One-Time report.

Prepared by: Phil Smith
NMFS/RAM Division; 9/10/95

DISCUSSION PAPER FOR AREA 4 SUBALLOCATIONS

INTRODUCTION

The staff of the International Pacific Halibut Commission recently reported that they were reassessing their methods to apportion halibut TAC among subareas of Area 4. In mid-1994, the habitat area of each halibut regulatory subarea was assessed and weighted with CPUE to estimate percent biomass in those areas. The Area 4 TAC was apportioned with the percent biomass to attain proportional harvest recommendations for each subarea. In a discussion of the IPHC's new methodology at their January 1995 meeting, the Council urged the IPHC to phase in over several years any changes to area TACs if no significant risk to the resource would occur by delaying reapportionment of the resource among subareas (Appendix I). Such a reapportionment would have significantly changed the poundage equivalents of IFQs and CDQs in the respective areas at the onset of the IFQ and CDQ program if implemented in 1995 (Table 1). Commission staff recommended phasing in this new strategy over three years to minimize its impacts. The Commission set the catch limits based on the historical proportions of the past few years and has suggested referring future BSAI allocations among subareas to the Council (Appendix II).

The IPHC stock assessment for Area 4 is conducted on the combined 4A through 4E areas due to the lack of historical data for Area 4 subareas, unlike assessments for Areas 2 and 3 which are done for individual subareas. Commission staff recommended phasing in proportional harvests for Areas 4A and 4B for 1995 and will likely do so for 1996. The Commission noted that historical catch limits in Areas 4C, 4D, and 4E were not based on conservation and that their policy of distributing harvest in proportion to biomass for each regulatory area would suggest that they begin to set area quotas accordingly now that habitat data is available to revise subarea biomass abundances.

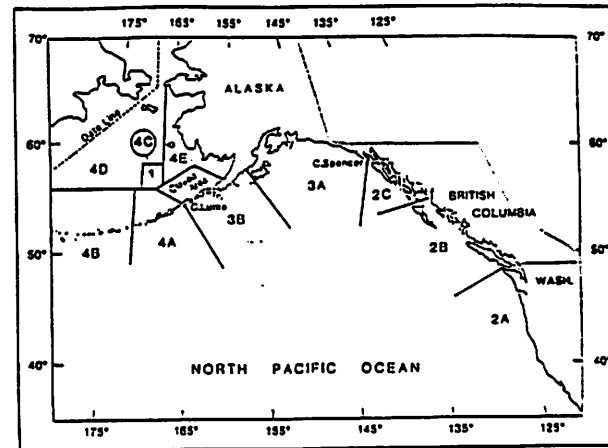
Commission staff has recommended moving toward an equal exploitation strategy for Areas 4A and 4B since considerable stock separation exists between the Aleutian Islands and Bering Sea. The Commission has suggested combining Areas 4C, 4D, and 4E in 1996, with the Council allocating among the user groups in those areas since continued separation of Areas 4C-E may create a conflict between their harvest philosophy (catch limits proportional to biomass) and the Council's allocative decisions. This is similar to Area 2A management where the Commission sets the area catch limit and the Pacific Council sets management allocations within the area through a catch sharing plan (Appendix III). This paper reviews the history of Area 4 halibut allocations, stock assessment implications on future allocations, and management alternatives for Bering Sea allocations.

Table 1. Area 4 biomass distributions and resulting 1995 TAC calculations (Source: IPHC)

Area	Habitat Area (nm ²)	CPUE (lb/skate)	Biomass (%)	Area CEY Method (millions of pounds)	IPHC Method	Historical Method
4A	8,183	386.85	41.3	2.44	2.0	1.95
4B	6,118	246.24	19.6	1.16	1.6	2.31
4C	561	225.25	1.6	0.09	0.5	0.77
4D	5,605	423.76	30.9	1.83	1.5	0.77
4E	<u>4,910</u>	<u>100.50</u>	<u>6.4</u>	<u>0.38</u>	<u>0.3</u>	<u>0.12</u>
Total	25,377	224.50	100	5.92	5.9	5.92

Description of current regulatory areas for Area 4

- Area 4A** all waters west of Area 3B (all waters between Cape Trinity and a line extending southeast from Cape Lutke, Unimak Island) and the Bering Sea closed area that are south of 56-20'N and east of 172-00'W.
- Area 4B** all waters in the Gulf of Alaska and Bering Sea west of Area 4A and south of 56-20'N.
- Area 4C** all waters in the Bering Sea north of Area 4A and the closed area that east of 171-00'W, south of 58-00'N, and west of 168-00'W.
- Area 4D** all waters in the Bering Sea north of Areas 4A and 4B, north and west of Area 4C, and west of 168-00'W. [Subarea 4D-N implemented for 1993-94.]
- Area 4E** all waters in the Bering Sea north and east of the closed area, east of Areas 4C and 4D, and south of 65-35'N



Regulatory areas for the Pacific halibut fishery.

STOCK ASSESSMENT INFORMATION

Sullivan and Parma (1995) described the procedure that allows the IPHC to develop subarea quotas within Area 4 using the same methodology that has been used to determine area specific constant exploitation yields (CEYs) from the combined Area 2A-2B assessment. This method recently assessed historical fishing grounds as a measure of area and CPUE as a measure of fish density to partition total halibut abundance for the area into abundance estimates for each subarea to which the constant exploitation rate is applied. The CEY is determined by applying a 0.30 harvest rate to the estimated exploitable biomass. In 1995 the IPHC staff proposed that this rate be applied to the estimated biomass levels for the start of the new fishing year (1995) rather than to estimated biomass levels derived for the start of the previous year (1994) as has been done in the past. The yield resulting from the application of this rate represents 30% of the estimated exploitable biomass for 1995. Given the CEY, the recommended allowable catch is determined by accounting for removals from other sources (i.e., sport catch, wastage, bycatch, and personal use).

Table 1 shows the Bering Sea subareas, the estimated habitat from historical fishing grounds, an average CPUE from data gathered over the last five years, the percent of the stock exploitable biomass associated with each subarea, and the subarea CEY resulting from the application of the 0.30 constant harvest rate. These subarea CEYs would be used to determine harvests that are proportional to biomass. The current IPHC method is based on a 3-year phase-in, while the historical method maintained the quotas in the same proportion as recent years.

HISTORY OF AREA 4 ALLOCATIONS

Since 1977, area designations, catch quotas, and trip limits were instituted for the halibut fishery (Appendix IV). A summarized history of Area 4 allocations by the IPHC and Council is listed in Table 2 and described below. Figure 1 depicts the regulatory areas for 1977-94.

1982 The Northern Pacific Halibut Act of 1982 was enacted on May 17. Under Section 5(c), the Council was authorized to develop regulations for the halibut fishery, including limited entry regulations, which are in addition to and not in conflict with Commission regulations. Such regulations shall not discriminate between residents of different states and shall be consistent with limited entry criteria in the Magnuson Act. If necessary, allocations shall be fair and equitable to all fishermen, based upon the rights and obligations in

existing law, reasonably calculated to promote conservation, and carried out in such manner that no particular individual, corporation, or other entity acquires an excessive share of the halibut fishing privileges. The Council was provided the authority during a 3-year development period to establish a commercial halibut fishery in the Bering Sea north of 56° N for rural coastal villages of Alaska.

1983 Area 4 was first subdivided in 1983 with a separate catch limit in 4C for the Pribilof and Nelson islands. Fishing periods were four days on and one day off, with a vessel clearance requirement in Dutch Harbor between openings for non-resident vessels fishing in 4C.

1984 Area 4C was subdivided in 1984 to create Area 4E, resulting in area designations used through 1987. A catch limit of 50,000 lbs was established, along with a two day on/one day off season. Area 4C openings were reduced to 1-day on /1-day off to make that fishery less attractive to non-resident fishermen. Non-resident vessels were required to clear through Dutch Harbor between openings. Area 4E was created to insulate Nelson Island from large boats fishing around the Pribilof Islands.

1987 Trip limits were adopted for 4C by the IPHC in 1987, with the stated reason that the U.S. Department of Commerce had a trust relationship with the Pribilofs, and therefore was duty bound to create an economy there to replace the fur seal harvest. The IPHC approved a 10,000 lb trip limit until 40% of the area catch was taken. NMFS implemented the trip limits to apply to only 25% of the catch limit and recommended that the Council make allocative decisions related to halibut.

In December the Council set for Area 4C: trip limits of 10,000 lbs for the first 50% of the area limit, and 20,000 lbs thereafter. For Area 4E: 6,000 lb trip limits and a prohibition on non-resident vessels from fishing in the area until local vessels had attained 80% of the area catch. IPHC apportioned 700,000 lb quota to Area 4C and 100,000 lb quota to Area 4E. IPHC also accepted the remaining Council recommendations. Two other proposals, to establish a fishery in Bristol Bay and a small regulatory area around Atka Island, were considered allocative and denied.

1988 On May 13, the Secretary of Commerce disapproved the 80% direct allocation to local fishermen in 4E stating it was superfluous to achieving the Council's stated halibut allocative objective of maintaining and assuring the status quo distribution of halibut harvested by resident and non-resident fishermen in Area 4E. It was deemed redundant in combination with the vessel-clearance and trip limit provisions because 85% of the 4E harvest was achieved by local fishermen.

In December, the Council maintained status quo for Area 4C and recommended a series of early season short openings for Area 4B near Atka in June and July for 1989 and 1990, with an early season limit of 500,000 lbs.

1989 The Council recommended removing the 500,000 lb cap and the 2-year stipulation for Area 4C after the Commission expressed concern with the Council's December 1988 recommendation, indicating that the catch limit might be reached as early as the July 10-12 opening and prevent subsequent 1-day openings in July.

In September, the Council forwarded to the Commission a proposal by the Bristol Bay Co-op to benefit local communities for a small halibut fishery in Bristol Bay between Cape Newenham and Stroganoff Point, extending 20 miles offshore. Two openings were proposed: June 1-15 for 25,000 lbs and August 1-15 for 25,000 lbs. In December, the Council recommended extending 4C trip limits of 10,000 lbs to the entire quota for 1990 to encourage halibut fishing among Pribilof Island longliners.

Table 2. Catch limits (000s of pounds) by IPHC regulatory area for the years 1977 through 1992.

Year	Catch Limit										Total
	Area 2			Area 3		Area 4					
				3A, 3B	3C						
1977	11,000			11,000	no limit	no limit					22,000
1978	9,000			11,000	no limit	no limit					20,000
	Can. Waters		U.S. Waters								
1979	6,000		3,600	11,000	no limit	no limit					20,600
1980	6,100		3,200	10,000		1,000					20,300
	2A	2B	2C	3A	3B						
1981	200	5,400	3,400	13,000	2,000	1,000					25,000
1982	200	5,400	3,400	14,000	3,000	1,500					27,500
						4A	4B	4C	4D	4E	
1983	200	5,400	3,400	14,000	5,000	1,200	800	400	200	closed	30,600
1984	300	9,000	5,700	18,000	7,000	1,200	1,000	400	400	50	43,050
1985	500	10,000	9,000	23,000	9,000	1,700	1,300	600	600	50	55,750
1986	550	11,200	11,200	28,100	10,300	2,000	1,700	600	700	50	66,400
1987	550	11,500	11,500	31,000	9,500	1,750	1,750	600	600	75	68,825
1988	480	12,500	11,500	36,000	8,000	1,900	2,000	700	700	100	73,880
1989	426	10,000	9,500	31,000	8,500	1,800	1,900	600	600	100	64,426
1990	315	7,800	8,000	31,000	7,200	1,500	1,500	500	500	100	58,415
1991	271	7,400	7,400	26,600	8,800	1,700	1,700	600	600	100	55,171
1992	396	8,000	10,000	26,600	8,800	2,300	2,300	800	800	130	60,126
1993	600	10,500	10,000	20,700	6,500	2,000	2,300	800	800	120	54,340
1994	550	10,000	11,000	26,000	4,000	1,800	2,100	700	700	100	56,950
1995	520	9,500	9,000	20,000	3,700	1,950	1,800	400	500	0	47,370

1990 The Council recommended additional openings in Area 4B to provide extra fishing opportunities to local fishermen; one percent of the area quota (10,000 lb) was harvested in the additional opening. In February, Area 4E was extended past Cape Newenham into Bristol Bay and then subdivided into northern and southern areas with 70,000 and 30,000 lb quotas, respectively, to maintain equivalent exploitation rates in these areas and avoid localized depletions.

The Council recommended a limit of 10,000 lb per fishing period throughout the season for Area 4C. The area catch limit was taken in five 1-day openings compared to thirteen 1-day openings in 1989. Residents caught 35% of the quota, compared to 50% in 1989.

The Council requested that the Commission establish a separate regulatory area in Area 4E, independent of the original Area 4E area around Nelson and Nunivak Island, with its own quota and season. Bristol Bay was allocated 30,000 lb, and the Nelson Island area was allocated 70,000 lb.

1991 In Area 4B, a series of 12-hour openings were recommended for June and July by the Council to encourage local participation. After six openings, half of the area limit had been landed, mostly by large, non-resident vessels. The remaining catch was reserved for the August 19 period as was agreed at the annual Commission meeting. A large fleet participated in this fishery which was shortened from three days to one.

The Council requested that the Commission establish Area 4C seasons concurrent with other fixed gear seasons to encourage wider distribution of fishing effort. The 10,000 lb trip limits in 1990 did not increase the local share of the catch as intended; sixteen local fishermen caught 28% of the total catch, compared to 35% in 1990. Area 4E was separated into Area 4E-SE with 30,000 lb and Area 4E-NW, with 70,000 lb. After August 1, 50% of any remaining poundage from 4E-NW would be transferred to 4E-SE. The 6,000 lb trip limits would still apply. In the twenty 2-day fishing periods prior to August 1, the catch in 4E-NW was 10,000 lb, so half of the remaining 60,000 lb was transferred. In 4E-SE, 25,000 lb was landed in three 2-day openings. Both areas were opened for 2-day fishing periods from August 1-15. Despite the transfer, Area 4E-SE landings totaled only 1,000 lb. August 4E-NW landings totaled 68,000 lb, such that the total Area 4E limit of 100,000 was met.

1992 The Commission added Nazan Bay to Area 4B as a clearance location for fishermen to monitor participation in the halibut fishery in the western Aleutians and required non-resident vessels to clear through a port at the edge of the area to discourage non-residents from overwhelming the Pribilof fleet. Restrictive fishing period limits were imposed for Area 4D, opening the fishery for only 48 hours (August 6-8).

1993 The Commission created a new subarea within Area 4D, called 4D-N at 62-30'N, to allow exploratory fishing around St. Lawrence Island. A special catch limit of 20,000 pounds was allocated to this area from the total 4D catch limit. Only one fisherman fished in this area, delivering less than 1,000 lb. Unharvested poundage from that allocation reverted back to the general Area 4D after August 12.

1994 As requested from the Conference Board, no fishing limits were implemented in any of the Bering Sea areas during the first August openings. Area 4D closed after one opening, but Areas 4A and 4B opened concurrently with Areas 3A and 3B with similar fishing period limits in September. Area 4C closed slightly over the catch limit after 15 one-day openings. Area 4E had the largest overage by percentage (20%), although the actual amount was only 20,000 pounds.

MANAGEMENT ALTERNATIVES

Management alternatives for setting Area 4 catch limits and allocations, from status quo to redistributing quotas based on current biomass are presented below. Ramifications on the halibut CDQ program must also be considered, however, since they are distributed according to existing subareas (Table 3). Areas 4A-4E can be maintained as CDQ areas and CDQ percentages can be recalculated from combined area catch limits.

Table 3. Quota reserved for the Community Development Quota Program by area.

Area 4A	0%
Area 4B	20%
Area 4C	50%
Area 4D	30%
Area 4E	100%

ALTERNATIVE 1. Status quo. Area 4 halibut catch limits should be set by the IPHC.

The Commission has historically set catch limits for the halibut regulatory areas and would continue to do so in the future. The Council has made allocative decisions, such as trip limits and subarea designations. The current subarea catch limit percentages are based on the Council's preference for recent historical catches.

The Commission could continue to set area-wide catch limits, and the Council could continue to make allocations. If the Council chooses the status quo, the Council may want to express its intent to the Commission as to its current preferred strategy for setting subarea quotas (i.e., fixed percentages versus phase-in of the proportional harvest strategy). In 1995, the Council stated its preference for phasing in the Commission's new application of the proportional harvest strategy for Area 4 subareas. Commission staff also recommended phasing in the proportional harvest strategy for Area 4 subarea catch limits now that the halibut grounds have been assessed. The Commission deferred the phase-in (i.e., stayed with fixed subarea percentages) to allow the Council to consider alternative management strategies for Area 4.

ALTERNATIVE 2. Revise Area 4 halibut regulatory area allocations.

Revise Area 4 halibut regulatory areas such that: (1) existing Areas 4A and 4B would be retained; but (2) Areas 4C, 4D, and 4E would be combined to create one Bering Sea regulatory area. The Council would then allocate area-wide catch limits among users employing:

- Option 1. the proportional harvest strategy;
- Option 2. a phase-in of the proportional harvest strategy;
- Option 3. historical catch limits (set as a percentage of the "pie;" or
- Option 4. other allocative strategies.

The Commission has stated that their support of proportional harvests may conflict with the Council's support of the economies of western Alaska communities. Areas 4A and 4B could continue to benefit from separate management. Stock structure is sufficiently distinct in these areas to warrant continued separation. Areas 4C, 4D (4D-N), and 4E (4E-SE and 4E-NW) were designed for allocative reasons. The Council may wish to reconsider these subarea designations due to changes in the prosecution of the fishery under the newly implemented IFQ program. These subareas may no longer be needed to reduce conflict among commercial users since IFQ fishermen may now spread their effort in space and time. However, overfishing and localized depletion could still occur under IFQs since high CPUEs may not necessarily be evident from high fishing pressure on small areas or steady pressure for long periods of time on larger areas. Area 4E would be effectively separated from 4C and 4D since that area is reserved 100% for the CDQ fishery.

References

Sullivan, P. and A. M. Parma. 1995. Population Assessment, 1994. IPHC, P.O. Box 95009, Seattle, Wash. 98145-2009.

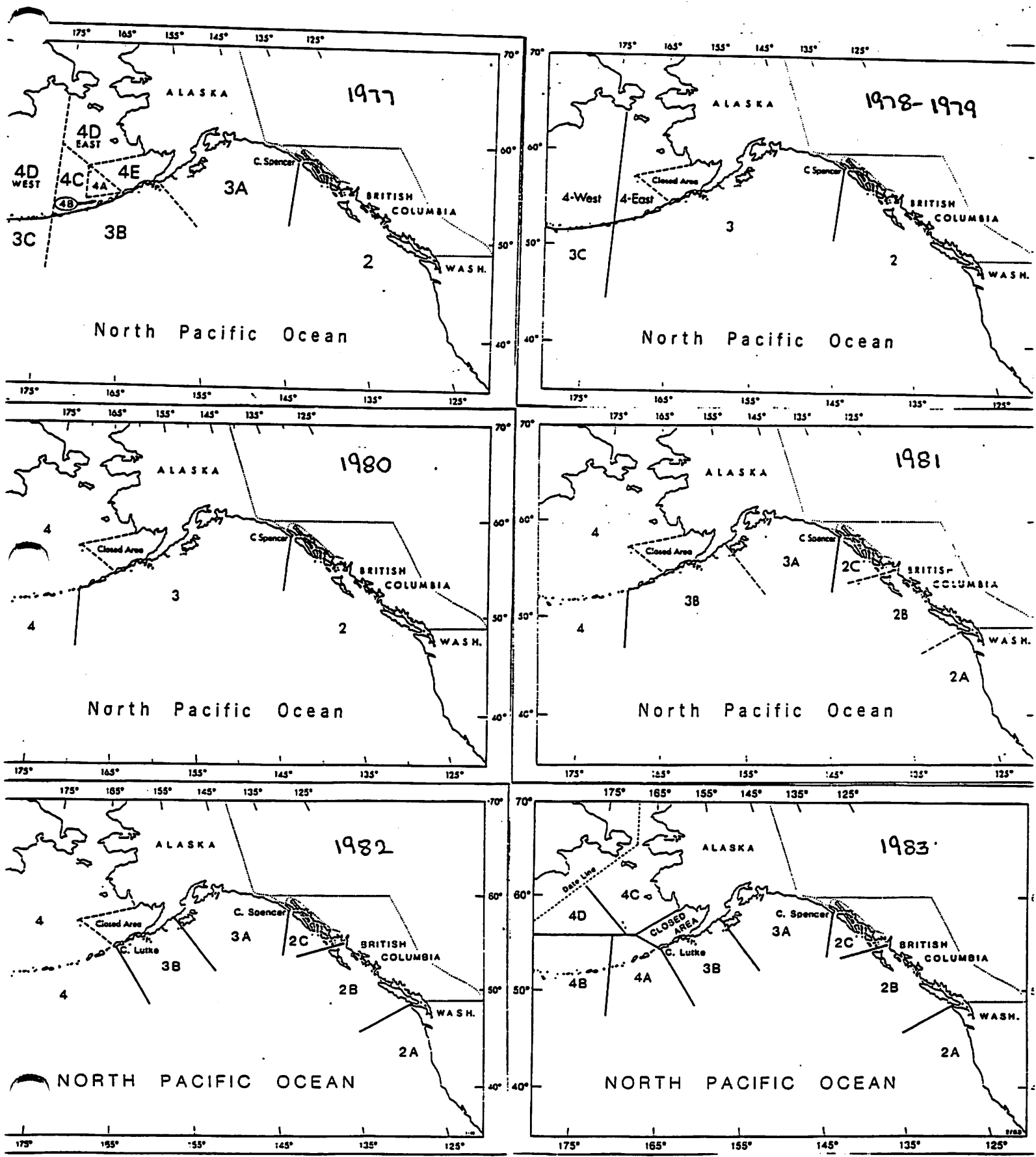
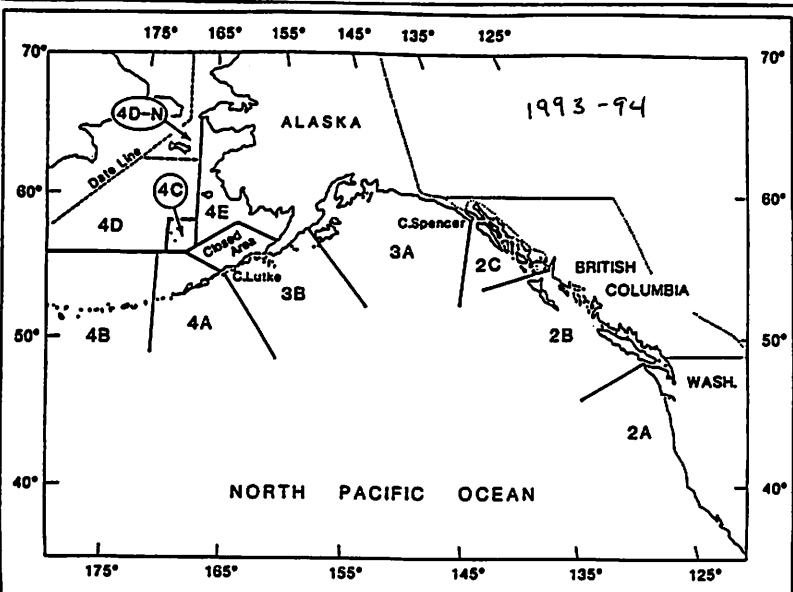
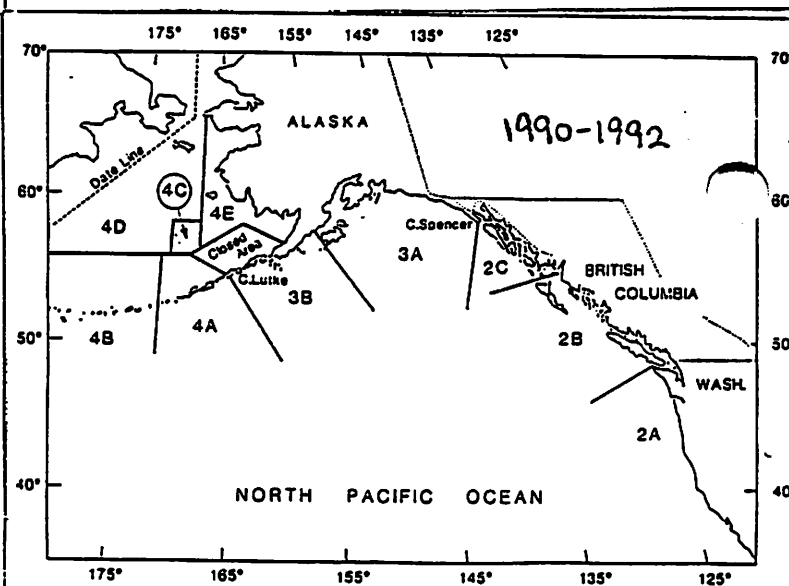
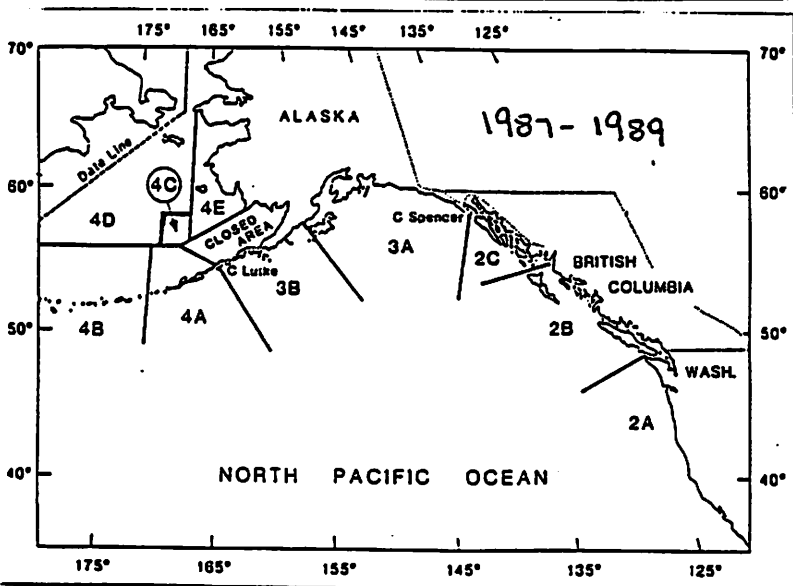
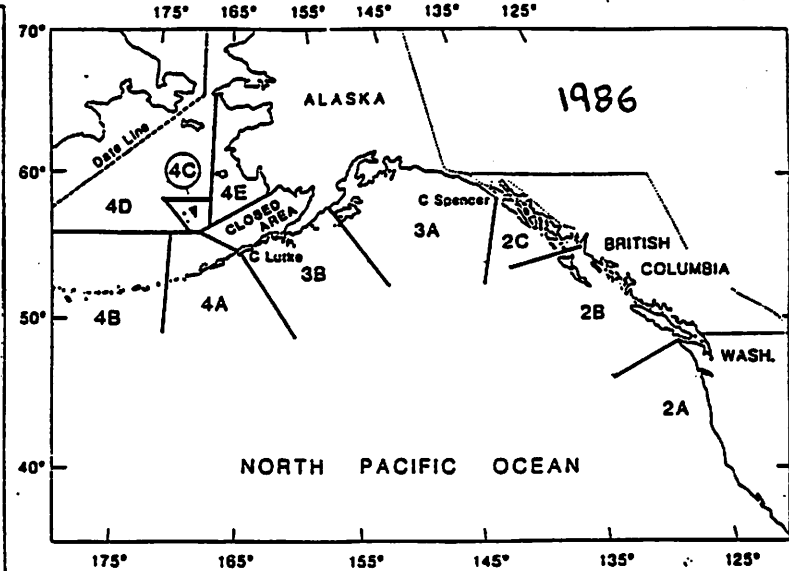
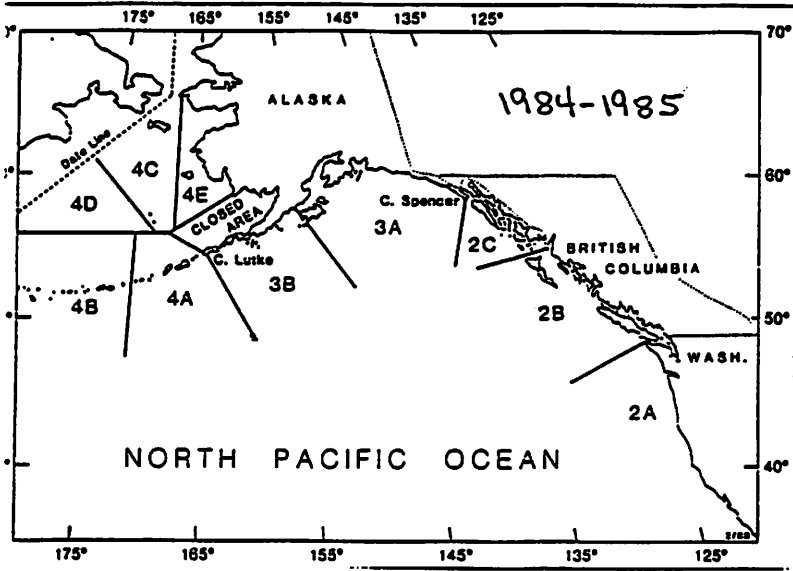


Figure 1 IPHC Regulatory Areas : 1977 - 1992



North Pacific Fishery Management Council

Richard B. Lauber, Chairman
Clarence G. Pautzke, Executive Director

605 West 4th Avenue
Anchorage, Alaska 99501



Mailing Address: P.O. Box 103136
Anchorage, Alaska 99510

Telephone: (907) 271-2809
FAX: (907) 271-2817

January 19, 1995

Dr. Don McCaughran, Director
International Pacific Halibut Commission
P.O. Box 95009, University Station
Seattle, WA 98145-2009

Dear Don:

The North Pacific Fishery Management Council met last week in Anchorage, and, among other items, considered several halibut issues of mutual concern to the Council and Commission. I know that Bob Trumble has reported to you on the meeting, but I wanted to recap some of the Council's discussions for the benefit of your annual meeting.

Halibut Charterboats

The sharing of the halibut resource between recreational and commercial fishermen off Alaska has become a prominent issue on the Council's agenda. We have had a work group chaired by Shari Gross considering over the past year how to manage growth in the charter industry fishery, but the group has not come up with any consensus solution. At last week's meeting, the Council adopted a draft problem statement and identified proposed solutions as detailed in attachment 1. The mix of measures would allow for a moratorium on the guided sport fishery, an allocation to the recreational fisheries (either just to the charter sector or to charter and noncharter combined), and possible use of IFQs. If a share of the halibut TAC is allocated to the sport fishery, the Council may delegate management of that fishery to the State of Alaska, once a decision on the appropriate cap is made.

The Council will come back to the charter issue in April for a status report, possible work plan, and a legal opinion from NOAA GC on delegating halibut recreational management to the State of Alaska. The formal draft analysis of the options is scheduled for review next December when we will be meeting once again in Anchorage.

I intend to keep you posted on developments at the Council level and hope that Bob Trumble and other IPHC staff will contribute actively to the analysis.

Early Aleutian Sablefish Opening

The Council has been requested to consider for 1996 an early opening in January of the sablefish IFQ fishery in the Aleutians. We will be completing a regulatory amendment to that effect for review in June. We will be seeking your advice on any biological concerns for the halibut resource if the sablefish early opening were adopted and halibut is taken in that fishery.

Handwritten:
 Alaska
 JP/KE

COMMISSIONERS

RICHARD J. BEAMISH
 NANAIMO, B.C.
 RALPH G. HOARD
 SEATTLE, WA
 KRIS NOROSZ
 PETERSBURG, AK
 STEVEN PENNOYER
 JUNEAU, AK
 ALLAN T. SHEPPARD
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ESTABLISHED BY A CONVENTION BETWEEN CANADA
 AND THE UNITED STATES OF AMERICA

February 17, 1995

RECEIVED

Dr. Clarence Pautzke, Executive Director
 North Pacific Fishery Management Council
 P.O. Box 103136
 Anchorage, Alaska 99510

Dear Clarence:

The International Pacific Halibut Commission, at its 1995 Annual Meeting in Victoria, B.C., agreed to maintain the harvest of Pacific halibut in subareas of Area 4 in the same proportion as in recent years. The Commission noted however, that there is no conservation basis for the catch limits in Areas 4C, 4D, and 4E. The present catch limits are more allocative than biologically based, although they do not put the stock at risk.

It is the Commission's policy to establish regulatory areas to distribute harvest in proportion to the biomass in each area. As long as Areas 4C, 4D, and 4E are separate, our management philosophy would indicate a transition from status quo to proportional harvest. For this meeting the staff developed a harvest distribution for Area 4 based on habitat (fishing area) and CPUE to provide a more scientifically sound procedure, as requested by our Commissioners. The procedure is the same as used in other areas. The proposed redistribution of harvest in Area 4 was substantially different from status quo in some subareas and would have interfered with the Council's IFQ/CDQ allocations.

We believe that continued separation of Areas 4C, 4D, and 4E may cause conflict between the Commission's harvest philosophy and the Council's allocation decisions. The Commission believes that one option would be to combine Areas 4C, 4D, and 4E in 1996, and rely on the Council to allocate directly among the groups that harvest halibut in these areas. The Commission staff has recommended moving toward the equal exploitation rate strategy in Areas 4A and 4B. There is considerable stock separation between those areas. Appropriate management will require coordination between the Council and the Commission. We recommend that the staffs of the Council and the Commission work jointly to prepare a plan to manage this area. Our staff will be pleased to assist in preparation of an EA/RIR that the Council will need in its deliberations.

Please let me know how you think we should proceed.

Sincerely yours,

Handwritten signature:
 Don.

Donald A. McCaughran,
 Director

cc: Commissioners

APPENDIX III

PACIFIC FISHERY MANAGEMENT COUNCIL AREA 2A HALIBUT CATCH SHARING PLAN

Allocation

Treaty Indian fisheries: 35%
Non-Indian commercial fisheries: 20.6%
Sport fisheries: 44.4%

Commercial fishery

Split into two sectors: Directed (85%) and Incidental (15%)
Directed fishery: south of 2A-1
Incidental troll fishery: managed on a ration of halibut to salmon

Sport fisheries

Possession limit: two daily bag limits north of Cape Falcon

IPHC licenses

Separate sport and commercial fisheries
Commercial licenses must be obtained prior to May 1
Commercial licenses must specify either directed or incidental fishery



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
Office of General Counsel
P.O. Box - 21109
Juneau, Alaska 99802-1109
Telephone (907) 586-7414

March 18, 1992

MEMORANDUM FOR: North Pacific Fishery Management Council

THROUGH:

Lisa L. Lindeman
Alaska Regional Counsel

FROM:

Jonathan Pollard
Attorney-Advisor

SUBJECT: The Council's role in developing allocation regulations for the Alaska halibut fishery

INTRODUCTION:

This memorandum summarizes the legal authority and responsibilities of the North Pacific Fishery Management Council and the International Pacific Halibut Commission ("IPHC") with respect to the halibut fishery, and describes the North Pacific Council's role in developing allocation regulations for the Alaska halibut fishery. This memo draws upon several sources, including the Convention Between the United States of America and Canada for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea, as amended ("Convention"), the Northern Pacific Halibut Act of 1982 ("Halibut Act"), several legal memos, and NOAA correspondence.

SUMMARY:

In 1987, NOAA determined that the IPHC has the authority to "conserve" the halibut stocks and allocate the available stocks between the United States and Canada, and that the Regional Fishery Management Councils have the authority to develop regulations to "allocate" halibut fishing privileges among U.S. fishers to promote social and economic purposes.

If the North Pacific Council determines that an allocation of halibut fishing privileges among U.S. fishers is necessary, the Council must develop the regulations and submit those regulations to the Secretary of Commerce for review. The Council's submission to the Secretary also must include supporting analyses and findings under the Halibut Act and other applicable law. The Secretary must

publish the Council's allocative regulations in the Federal Register as a proposed rule and accept public comment. If the Secretary approves the regulations after public comment, she will publish a final rule in the Federal Register.

The North Pacific Council cannot assume that its allocation goals will be met through a mere advisory letter to the IPHC; the Halibut Act and other Federal law require Secretarial review and adoption of the North Pacific Council's halibut allocation policies in a Secretarial rulemaking proceeding.

DISCUSSION:

Authorities and Responsibilities of the IPHC and Councils

In 1987, following the IPHC's controversial and predominately allocative trip limit recommendation in Area 4C, NOAA determined that the Convention authorized the IPHC to "conserve" the halibut stocks and allocate the available stocks between the United States and Canada. At the same time, NOAA concluded that the Halibut Act authorized the Regional Fishery Management Councils and the Secretary of Commerce to develop and implement regulations to "allocate" halibut fishing privileges among U.S. fishers to promote social and economic purposes. These conclusions were based upon the following points:

- Articles I and III of the Convention authorize the IPHC to develop and maintain halibut stocks so as to permit the optimum yield, which may be interpreted as limiting the IPHC to developing and maintaining stocks at sufficient levels to allow other entities, such as the Councils, the Department of Commerce, and Canada's Department of Fisheries and Oceans, to actually achieve the optimum yield in terms of social and economic factors;¹
- Article III, paragraph 3 of the Convention contains a list of the types of regulations the IPHC is authorized to undertake in order to develop and maintain the halibut stocks.² Nothing

¹ Compare the text of Magnuson Act section 301(a)(1), stating that fishery management plans and implementing regulations shall prevent overfishing "while achieving, on a continuing basis, the optimum yield from each fishery" If the negotiators of the 1979 amendments to the Convention had adopted this language in the Protocol, the IPHC doubtless would have had authority to identify and actually achieve the optimum yield, including its social and economic components, through IPHC regulations.

² Article III, section 3, authorizes the IPHC to

(a) divide the Convention waters into areas;

in this list explicitly states that the IPHC may use this authority to develop regulations to allocate halibut fishing privileges among U.S. fishermen to achieve social or economic purposes.

The IPHC can take official action only upon the concurrence of at least 2 of the 3 Commissioners from each country. It is extremely unlikely that negotiators of the 1979 amendments to the Convention intended to allow questions of domestic social and economic policy to be decided bilaterally.

NOAA also noted that Article I of the Convention authorizes Canada and the United States to promulgate laws, presumably including allocations, governing their domestic fisheries that are in addition to and more restrictive than IPHC regulations. Section 5(c) of the Halibut Act is such a law, providing in pertinent part that

[t]he Regional Fishery Management Council having authority for the geographic area concerned may develop regulations governing the United States portion of Convention waters, including limited access regulations, applicable to nationals or vessels of the United States, or both, which are in addition to, and not in conflict with regulations adopted by the [IPHC]. Such regulations shall only be implemented with the approval of the Secretary, shall not discriminate between residents of different States, and shall be consistent with the

-
- (b) establish one or more open or closed seasons as to each area;
 - (c) limit the size of the fish and the quantity of the catch to be taken from each area within any season during which fishing is allowed;
 - (d) during both open and closed seasons, permit, limit, regulate or prohibit the incidental catch of halibut that may be taken, retained, or possessed or landed from each area or portion of an area by vessels fishing for other species of fish;
 - (e) fix the size and character of halibut fishing appliance to be used in any area;
 - (f) make such regulations for the licensing of vessels and for the collection of statistics on the catch of halibut as it shall find necessary to determine the condition and trend of the halibut fishery and to carry out the other provisions of [the] Convention;
 - (g) close to all taking of halibut any area or portion of an area that the [IPHC] finds to be populated by small, immature halibut and designates as nursery grounds.

limited entry criteria set forth in [the Magnuson Act].³

The division of authority between "conservation" and "allocation" has been applied consistently since 1987. However, the line dividing conservation and allocation is not always bright, and should be drawn on a case-by-case basis. NOAA has recognized that virtually all conservation measures have some allocation impacts, and has stated that the IPHC may adopt regulations that have secondary allocation effects if there is some direct conservation rationale that otherwise falls within the IPHC's authority.⁴ However, regulations having domestic allocation of halibut fishing privileges as the sole or primary purpose must be developed by the Councils rather than by the IPHC.

Development and Implementation of Council Regulations Under Section 5(c) of the Halibut Act

As described above, the North Pacific Council may develop, and the Secretary may approve, regulations allocating halibut fishing privileges in waters in and off Alaska. These regulations must comply with the substantive and procedural requirements of the Halibut Act and other applicable Federal law, including the National Environmental Policy Act ("NEPA") and the notice-and-comment rulemaking provisions of the Administrative Procedure Act ("APA").

In May, 1987, the North Pacific Council approved management goals and procedures for development of halibut fishery regulations.⁵ These goals and procedures require the Council to develop regulatory text for the Secretary to publish for public comment in the Federal Register, review, and implement in virtually the same way the Council and the Secretary develop and implement fishery management plan amendments and regulations under the Magnuson

³ A NOAA General Counsel memorandum describes the Council's authority under section 5(c). See Travers, Patrick J., "Council Authority to Adopt Exclusive Registration Areas and Vessel Size Limits Under Section 5(c) of the Halibut Act in Order to Provide Special Protection to Developing Halibut Fisheries by Rural Alaskans," December 4, 1983.

⁴ In recent years the IPHC has adopted trip limits for "clean-up" openings when the remaining quota in an area is insufficient to support an otherwise unrestricted fishery. NOAA has determined that trip limits can be conservation-based notwithstanding their obvious allocative effects, provided that the administrative record indicates that halibut quotas likely would be exceeded without some limits on the harvest of halibut. The United States has approved IPHC trip limits under these circumstances and has successfully defended them in court as conservation measures within the IPHC's authority. U.S. v. Came, No. 88-3116 (9th Cir. 1989).

⁵ See NPFMC Reference Manual, Tab 10.

Fishery Conservation and Management Act. Final approved regulatory text is published in the Federal Register and is codified at 50 C.F.R. Part 301.⁶

The North Pacific Council approved its halibut management goals and procedures for the orderly development and implementation of halibut regulations consistent with Council priorities and applicable substantive and procedural requirements imposed by law. Recently, however, the North Pacific Council has attempted to achieve its allocative goals in Regulatory Area 4B simply by sending the IPHC a letter requesting the IPHC to take the Council's allocative wishes into account when the IPHC adopts new regulations for the halibut fishery. Such a letter is not a "regulation" developed by the Council and approved by the Secretary of Commerce under section 5(c) of the Halibut Act. Under these circumstances, the IPHC can accommodate the Council's goals only to the extent that the IPHC, and subsequently the United States Department of State, determine them within the IPHC's conservation and management authority under the Convention.

GCAK strongly advises the North Pacific Council to discontinue the practice of allocating halibut fishing privileges through letters to the IPHC and instead follow its approved procedures for the development of halibut fishery regulations.

cc: Jay S. Johnson
Lisa L. Lindeman
Eileen M. Cooney
Donald A. McCaughran

⁶ The Pacific Council approved somewhat different procedures for development and implementation of halibut allocations in Regulatory Area 2A off Oregon, Washington and California. The Pacific Council annually submits a "catch sharing plan" to the Secretary of Commerce. These plans describe specifically and in detail the Pacific Council's allocative objectives for the halibut fishery in Area 2A. The Secretary publishes the Pacific Council's plan in the Federal Register for public comment and reviews the plan for consistency with other applicable Federal law, including NEPA. The Secretary publishes the final approved plans in the Federal Register. If consistent with halibut conservation requirements, the IPHC implements approved catch sharing plans which are made applicable to U.S. national and vessels through IPHC regulatory text. The Pacific Council uses this procedure for simple allocations that are easily implemented through IPHC authorities.

MEMORANDUM

State of Alaska

To: IFQ Research Planning Team

Date: 7/5/95

From: Donna Parker
Fisheries Specialist
DCED

Subject: IFQ Data Gathering Inventory

**Inventory of Existing and Proposed Halibut and Sablefish
Impact Assessment Data**

Information ISER is Proposing to Collect

ISER is studying the potential effects of IFQ's for halibut and sablefish under a grant from the Saltonstall Kennedy Program. The scheduled date for completion of this project report is December 1995.

Research already completed by ISER includes information gathered from several sources including in-depth interviews with participants in the fishery before the IFQ program was implemented. This information provides a "snapshot" of the open access fishery in 1993 and includes information on the following issues:

- Landings by port
- Estimated composition of fleet
- Catch by size of vessel
- Average Operator's Share
- Average crew shares
- Other target species
- Where crews live
- Catches and prices
- Length of season

It also tracks halibut and sablefish market information over time including:

- Fresh/frozen marketshare
- Monthly holdings
- Ex-vessel prices (incl. Canadian)
- Wholesale prices (incl. Canadian)

ISER is now focusing on information gathering that will permit them to build a model to determine the economic impact of the IFQ program on local communities now and in the future. Information gathered as part of this effort includes:

Changes in markets and prices
Changes in who owns and or leases IFQ's
Changes in how people participate in the fishery and where they live
Changes in where vessels are home-ported and where they deliver fish
Changes in the economies of Alaska coastal communities

More specifically ISER will be looking at the following information:

Initial quota share allocation --- ISER is not a potential source of data about the initial quota share allocation. Rather, ISER will need basic initial allocation information from RAM to carry out their project.

Quota share transfers --- ISER is not a potential source of data on transfers. However they will need basic transfer information from RAM to carry out their project. In particular, ISER hopes to obtain information related to community and regional patterns of transfer, as well as transfer patterns relating to vessel size. But part of the research is aimed at addressing the longer-term question of what economics might predict longer term patterns of transfers, as opposed to what experience is able to demonstrate during the first year.

Quota share consolidation --- ISER is not planning to address this issue.

Quota share purchase financing --- ISER is not planning to address this issue.

Persons who received little or no quota share --- ISER has information from their survey about the characteristics of vessel owners who expected to receive little or no IFQ, as well as about crew. In this way they hope to be able to say something about how these people used to participate in the fishery and what their economic impacts were and how these impacts are likely to have changed.

Vessel operations --- The ISER survey provides information (as described above) about vessel operations in 1993, prior to implementation of IFQ's that could be used as a baseline. ISER expects to make projections about the long-term effects of IFQs on the following issues; amount of gear fished, overall cost and profitability of operations. This will be based on what economic analysis suggests is likely to happen over a period of years, as opposed to being based on what actually happens during the first year.

Crew employment and earnings --- The ISER survey also provides information about crews in 1993 that could be used as a baseline. ISER expects to make projects on long-term effects of IFQ's on the following issues; size of crew, days of employment, distribution of crew jobs by

residency, patterns of crew participation in other fisheries, percentage of crew income derived from halibut and sablefish as compared to other fisheries, total crew earnings. This too, is data gathered to determine what might happen over the long-term as opposed to what actually occurred during the first year.

Crew quota share --- ISER is not planning to address this issue.

Fleet composition --- The ISER survey provides information about the composition of the fleet for 1993 that could be used as a baseline. Again, ISER plans to use this information for a long-term analysis of what might happen over several years.

Landing patterns --- The ISER survey provides information about the distribution of landings for 1993 that could be used as a baseline. Again, ISER plans to use this information for a long-term analysis of what might happen over several years.

Processing --- ISER expects to gather and report information on the affect of the IFQ program on processing operations based on interviews with processors.

Transportation and distribution --- ISER expects to gather and report information on these issues based on interviews with processors and persons in the transportation industry.

Markets --- ISER expects to gather and report information on these questions based on available market data as well as interviews with processors and fishermen. However, the major purpose of their analysis of these questions is to understand the factors affecting retail prices to fishermen and the choices of product form. They do not expect the first year to necessarily represent how the market will evolve over the long run.

Community and regional impacts --- Understanding community and regional impacts in the long run is a major goal of the ISER research. To this end, ISER plans to 1) describe the economic impacts of the halibut and sablefish fisheries prior to IFQs (based on their survey of the 1993 fishery) and 2) describe how these changes might impact coastal community economies. An important part of the task will be to develop a way of reporting and adding together all the different ways in which communities are affected by the halibut and sablefish fisheries, including harvesting and processing jobs and incomes, as well as port services, transportation services, and indirect (multiplier) effects. ISER wants to be able to build a model that can determine that if a number of pounds landed in a community changes, what will it add up to in terms of the total effect on the community. They will be developing a methodology for projecting long-term economic changes in the communities as a result of the different kinds of impact that IFQ's may cause. This will involve

looking at changes that occur during the first few months, but most of the analysis will be based on economic modeling for the future.

Safety --- ISER is not planning research on this topic.

Program administration and enforcement --- ISER is not planning any research on these topics.

Conservation of fish stocks --ISER is not planning any research on this issue.

Overall effectiveness of the IFQ program in comparison with stated goals --- ISER is not planning to conduct research specifically aimed at comparing effects with stated goals. However, ISER research will be relevant towards understanding the following issues; reduction in excess harvesting capacity, overall increased economic efficiency, economic stability for fish harvesters and communities dependent on the resource, increased availability of fresh fish to the consumer.

See attached ISER document for more detail.

Information CFEC is Proposing to Collect

Comparisons of the predicted initial distribution of QS to the actual initial distribution of OS by;

Vessel class

Resident type of QS holder by state

Alaska and non-Alaska resident classification of QS holder

Census area within Alaska

Changes in the distribution of QS after initial allocation by;

Type of "person"

Type of resident

Age

New entrants

Transfer volume and market information on QS and ITQ by;

Volume and price statistics by species, area, vessel class, blocked and unblocked, time of season

Comparison of landing patterns before and after the OS/IFQ program. This will not include economic impacts of changes in landing patterns.

Consolidation of IFQ permit holders on fishing operations. For this task, CFEC proposes to examine the distribution of the number of QS/IFQ permit holders recording landings from each vessel. The number of vessels making landings, the number of days with landings, the

average catch per vessel also will be compared with pre-program data. These data will be examined by catch category (species, area, vessel class) and for combinations or aggregates of these categories.

Sweeping up of blocks under 1,000 pounds for halibut and 3,000 pounds for sablefish. CFEC will look at the following by QS category and ;

The reduction in the number of such blocks and the increase of such blocks by consolidation,

Prices associated with such consolidation and how they compare to prices of larger blocks and unblocked QS,

The percentage of such blocks which were fished, the percentage of IFQ from such blocks that was underharvested and overharvested. These percentages will be compared to the percentages of under or overharvested larger QS blocks or unblocked QS.

See attached CFEC proposal to RAM for more detailed information.

Information RAM is Proposing to Collect

RAM already provides regular information on the NMFS bulletin board which includes the following by area and species:

Vessel landings

Port landings

Total catch

Allocation pounds

TAC remaining by pounds and percent

CDQ allocation and landings

Transfer of QS and IFQ between Alaskans and non-Alaskans by unit count

Leases of QS and IFQ between Alaskans and non-Alaskans by unit count

Sweep-up of QS and IFQ between Alaskans and non-Alaskans by unit count

Number of QS permits issued

Number of crew members who entered the fishery

IFQ Crew TEC's issued

Extra cards issued to hired skippers

Number of owners who have skippers

Registered buyer permits issued

Quartile of QS by species and blocking

RAM proposes to either do in-house or contract out for regularly tracked information as described or similar to that proposed by CFEC. The exact parameters of this reporting system and annual report have not been determined.

RAM is also considering publication of a brief "Report to the Fleet" which will provide an annual overview of the information provided on their bulletin board.

RAM currently has no plans to survey vessel owners, processors or crew members.

Information gather by RAM on transfer forms includes the following:

Name, address, race or seller and buyer

Species, regulatory area, vessel category, units, blocked or unblocked,

Use of broker, broker fees

* QS price

QS poundage

* Reason for transfer

* How QS was located

* Relationship to QS holder

QS used for collateral, financing of QS purchase

What entities hold a lien against QS or IFQ

* Any agreements to return QS to transferor or otherwise dispose of QS to another person

* To date RAM has not had the time or staff to enter this information in their data base.

"Gap" Areas of Assessment Information

There is currently no way to determine the effect of the IFQ program on those participants who have been displaced by the the program.

There is currently only very limited information available to determine the effect on crew members.

Though ISER is proposing to interview processors and vessel operators on some of the effects of the IFQ program on their operations, the focus is limited and the scope of interviews may be insufficient to determine the effects because the interviews are designed to build a model rather than make a determination on actual impacts.

To collect additional information on these issues, surveys will probably be necessary. Also, appropriate questions added to permit, transfer and fish ticket forms may make collection of this information on a regular bases possible.

See attached preliminary surveys for more detail on information needed to make these assessments.

Though the IPHC collects information on the fishery, there may be insufficient data to determine the effect of the IFQ program on conservation of the resource, specifically local depletion caused by near-to-port fishing. It is unclear how the effects on bycatch are being monitored.

There is currently no assessment of enforcement issues.

**Institute of Social and Economic Research
University of Alaska Anchorage
3211 Providence Drive
Anchorage, Alaska 99508
(907) 786-7717 (phone)
(907) 786-7739 (fax)**

April 22, 1995

To: Dave Benton

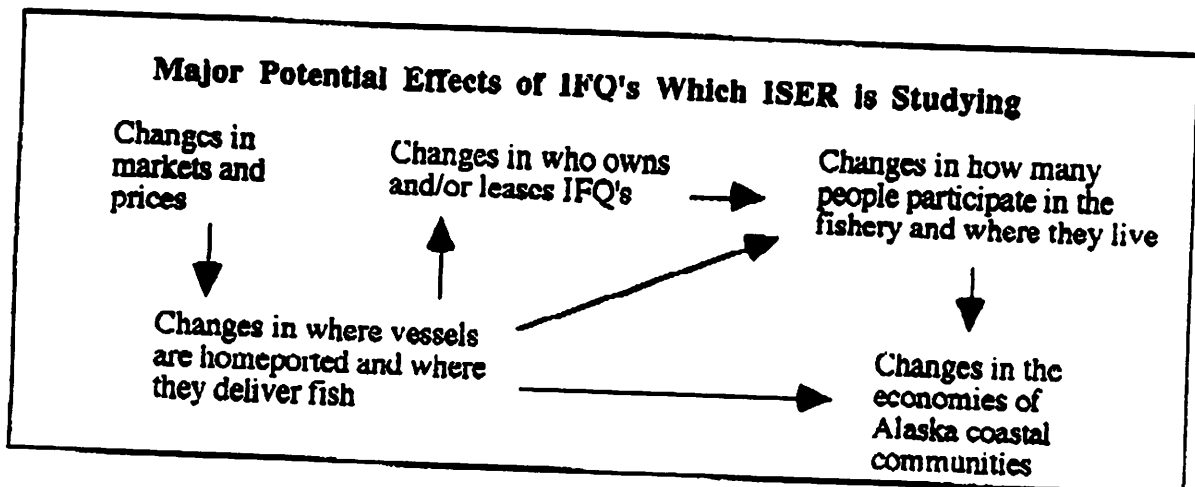
From: Gunnar Knapp
Professor of Economics

Re: ISER research on the effects of halibut and sablefish IFQ's

The Institute of Social and Economic Research (ISER) is studying the potential effects of IFQs under a grant from the Saltonstall Kennedy Program. Matthew Berman and I are the principal investigators for this study, which we expect to complete by the end of 1995.

The first part of the research involved a telephone survey of 391 permit holders who had fished for halibut or sablefish in 1993. This survey gathered a wide variety of information about who participated in the fishery and its economic effects prior to the implementation of IFQ's. We also asked questions about how permit holders expected their participation in the fishery to change with the implementation of IFQ's. In November 1994, Matthew Berman and Linda Leask reported on the results of the survey in a 20-page ISER publication entitled "On the Eve of IFQ's: Fishing for Alaska's Halibut and Sablefish."

The rest of the project involves research on several different fronts to examine how the halibut and sablefish fisheries may change over time with IFQ's, and how Alaska communities may be affected by these changes. The major potential effects of IFQ's which we are studying are summarized in the box below. The most technical part of the study involves an examination of changes which are likely to occur in where vessels are home-ported and where they deliver fish, in response to changes in ex-vessel prices and the opportunities to fish for extended seasons. Another important, but more speculative, part of the study will look at changes in who owns and/or leases IFQ's. Together, these changes may affect the economies of Alaska communities in a number of ways, including in particular employment and income in fish harvesting and fish processing as well as the sectors which support these activities.



The fact that the IFQ program is already underway will provide an opportunity to examine, in the course of our study, the kinds of changes that actually do take place during 1995. However, our major focus is on longcr-run effects that may take place over a number of years.

It is important to remember that some of the most significant economic impacts of the IFQ program may occur over an extended period of time, rather than in the first few years of the program. Using an example from a different fishery, changes in patterns of salmon limited entry permit ownership may have very important long-term consequences for rural Alaska communities. These changes are still occurring almost two decades after the limited entry program began, and we still do not know what eventual patterns of permit ownership may be.

STATE OF ALASKA

COMMERCIAL FISHERIES ENTRY COMMISSION

TONY KNOWLES, GOVERNOR

6600 GLACIER HWY, #100
JUNEAU, AK 99801
(907) 789-6150 Licensing Calls
(907) 789-6160 Other Business
(907) 789-6170 FAX
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June 7, 1995

Phil Smith
Director
Restricted Access Management Division
National Marine Fisheries Service
P.O. Box 21668
Juneau, AK 99802-1668

Dear Phil:

Attached is a rough outline of topics and issues which we could include in a periodic report on the QS/IFQ programs. This list could be enlarged or reduced depending on the primary questions which NMFS wants to address through the proposed monitoring effort.

Our outline includes many topics that are similar to those which we include in CFEC's annually updated report Changes In The Distribution Of Alaska's Commercial Fisheries Entry Permits. The particulars of the analyses may differ somewhat because of differences between aspects of Alaska's limited entry programs and the new QS/IFQ programs. The outline also includes additional topics which are intended to address issues which are unique to the QS/IFQ programs.

The report which we envision would rely entirely on data which have been or are being collected. As such, the study should also prove useful as an audit to help identify any problems or gaps that may exist with the new data.

Some persons have suggested questions and issues which cannot be addressed solely with currently available data. Such issues would need to be addressed in other studies. We will try to identify particular data which could be easily added to your forms and data files to help address particular questions in the future.

Your RAM Division is currently providing considerable data on these QS/IFQ programs on an ongoing basis throughout the IFQ season. Due to the nature of the QS/IFQ programs, some of the topics which are included in our outline might best be addressed at the end of the IFQ season.

During a season, it may be unclear whether particular events represent important new developments or simply temporary in-season phenomena related to the harvest timing freedom provided by IFQs. In-season data may point to possible problems with the program that should be examined more closely. However, rule changes based on data from a partially completed season may be premature. An annual end-of-season report will be more definitive on certain topics and issues because questions of harvest timing will no longer exist.

Your suggestion for an annual report that would be prepared using a "snapshot" of the data at a set time following the season closure is a good one. A report updating these detailed data series and analyses could be prepared each year for the April NPFMC meeting.

Whatever approach you ultimately take, we support NMFS's effort to develop ongoing monitoring projects to provide accurate data and information on the developments and changes under the new QS/IFQ programs. If you have questions or suggestions about our draft project outline, please give me a call. Once we have agreed upon components that you would like to see in the project, I will be able to provide you with a cost estimate.

Sincerely,

Kurt Schelle
Project Leader,
Research & Planning

Attachment.

(Rough Draft 6/7/95)

Project Outline
The QS/IFQ Programs For Halibut and Sablefish In Alaska
Monitoring Fishery Changes and Program Results

Introduction:

In 1995, the National Marine Fisheries Service (NMFS) implemented individual fisherman's quota programs (QS/IFQ) in Alaska's halibut and sablefish fisheries. The rules for these programs were developed by the North Pacific Fishery Management Council (NPFMC) during a long period of public deliberation.

Several QS/IFQ programs have been implemented around the world in recent years in an effort to use rights-based management to overcome some of the less-desirable properties of derby-style quota fisheries. Nevertheless, such programs remain controversial and there is a great demand for more information on the actual changes which occur under such programs.

The new QS/IFQ programs in Alaska for sablefish and halibut are no exception. These programs were heavily debated during the NPFMC's development stage. Many individuals, fishing groups and some communities had concerns about the potential impacts of such programs.

While many persons felt that some fleet consolidation was needed, there were major concerns that consolidation might go too far. There were also concerns that the composition of the fleet might change dramatically, and that some communities might lose their economic base from these fisheries under the proposed programs.

Many constraints were built into the programs to try to address such socioeconomic concerns. The constraints represent efforts to control the potential for QS/IFQ consolidation, to help preserve the composition of the fleet, or to increase the QS held by natural persons over the longer term.

There are several ownership constraints in both the halibut and sablefish programs. There are constraints on the amount of QS that a person can hold. There are also constraints on the amount of IFQ that can be fished from a vessel. To the extent that these rules are enforceable, they place limits on how far consolidation can go.

Other constraints and rules are designed to help preserve the variety of types of fishing operations that existed prior to the programs. QS is issued by vessel class and can only be permanently transferred within that class. This rule should ensure that OS remains available to all catcher boat size classes. Similarly, a "blocking rule" for

small amounts of QS is intended to ensure that some QS remains available to a part-time fleet and "entry level" operations.

These QS/IFQ programs for Alaska's halibut and sablefish fisheries are complex and remain controversial. They represent a new experiment in rights-based management and a "test case" that is of great interest around the world.

With any management program, regulatory adjustments may be needed as more information becomes available on the performance and changes occurring under the management regime. NMFS, NPFMC, the State of Alaska, and all interested parties want to monitor these new programs carefully so that everyone knows exactly what is happening. Information and data on what is actually happening under the programs will also be of interest in other jurisdictions that are thinking about implementing rights-based management alternatives.

Without a systematic effort to monitor changes, proposals to modify the program may be debated with inadequate information and data and the decision-making process may be dominated by unsubstantiated rumors and hearsay. By providing detailed data on the changes occurring under these programs, proposals for regulatory adjustments can be discussed with all parties having accurate information.

NMFS is collecting many types of data through their administration of the QS/IFQ programs. The International Pacific Halibut Commission (IPHC), the Department of Fish and Game (ADFG), and the Commercial Fisheries Entry Commission (CFEC) have other data which can be brought to bear on questions of interest. The following sections outline topics of interest which could be monitored and analyzed using data which are already available or are being collected.

I.

Initial Distribution of QS To the Actual Initial

NPFMC, NMFS, and the State of Alaska did several analyses prior to the adoption of the halibut and sablefish QS/IFQ programs. Within these reports are estimates of what the initial distribution of QS would look like from several perspectives.

NMFS is still allocating QS under the program. Nevertheless, a high percentage of the QS should be allocated by the end of the first season. This should allow for a comparison of the predicted distribution with the actual initial distribution for all types of QS (species, vessel class, area, and block status).

The predicted distribution and the actual initial allocation of halibut and sablefish QS could be compared from a variety of perspectives. Under this task, CFEC will examine and compare the distributions by the following dimensions.

Vessel Class

Resident Type of QS Holder By State

Alaska and Non-Alaska Resident Classification of QS Holder

Census Area within Alaska.

II. Changes In The Distribution of QS After Initial Allocation.

After QS is initially allocated, the distribution of those QS holdings can change through transfer of QS, migration of QS holders, and administrative or enforcement actions. The distribution of QS and the potential changes in that distribution are topics that are at the core of many of the concerns about the QS/IFQ programs.

In this task, CFEC would examine issues similar to those which are included in CFEC's annual report Changes In The Distribution Of Alaska's Commercial Fisheries Entry Permits.¹ The reports will differ somewhat because of differences among some of the attributes of Alaska's Limited Entry Program and the two new QS/IFQ programs.

For example, Alaska's limited entry (LE) permits can only be held by natural persons, while QS/IFQ can be held by other types of "persons". Information on the distribution of QS/IFQ holdings among these different types of entities will be of considerable interest.

Under Alaska's law, persons can hold only one LE permit in a permit fishery and it conveys the same use-privilege as all other permits of the same type. Under the QS/IFQ programs, persons can increase or decrease their QS holdings of a particular type, as long as no ownership constraint regulation is violated. Thus to monitor the QS/IFQ program, information should be reported on both the numbers of persons who hold QS/IFQ of particular types, and the amount or percentage of the QS/IFQ that they hold.

Leasing of permits is only allowed on an emergency basis under Alaska's LE program. The QS/IFQ program appears to be more liberal in its leasing provisions and it will be important to provide detailed data on the volume of leasing that is occurring and the impacts leasing has on the distribution of persons who are actually fishing IFQ during the year.

Among the topics which would be covered are the following:

¹The CFEC report uses permit holder data at the end of the calendar year for comparative purposes. The data series may change somewhat from year to year as CFEC updates their report. Initial allocations can occur at different points in time, so views of the distribution at initial allocation may change if more permits have been issued at a later date. Revocations and retroactive corrections to the file can also lead to changes with report updates.

A. Changes In The Distribution of QS By Type of "Person".

Under the QS programs, QS/IFQ can be held by individuals (natural persons), solely owned corporations, partnerships, corporations, crew, and etc. The distribution of QS among these types of persons may change upon transfer. The rules of the program appear to be designed to favor a gradual shift to ownership by natural persons over time.

These reports would be done by IFQ species and by QS category (species, area, vessel class). Further breakdowns would be done by blocked or unblocked QS and size of block, if such comparisons can be reported without violating confidentiality.

The comparison would be between the distribution at initial allocation and the distribution at a current point in time. Time series summaries at fixed points in time would also be prepared and updated with each new update of the reports.

These reports would include data on the amount and percentage of QS held by the different categories of persons. It would also report on the number of persons holding each category of QS.

B. Changes In The Distribution Of QS By Resident-Type

QS holdings by the resident-type of the owner is another topic of keen interest to many within and outside of Alaska. Under Alaska's limited entry program, the distribution of LE permits among Alaskans and Non-Alaskans has not changed substantially since initial allocation.

However, there has been a net movement of Alaska's LE permits from rural persons to urban persons within the state, and from persons residing in areas local to the permit fishery to persons residing in areas non-local to the permit fishery.

This task will classify QS holders as rural or urban based upon their addresses. Addresses will also be classified as "local" or "non-local" to the QS area. These reports would compare the initial distribution of QS holdings by resident-type with the season-end distribution of QS. Changes due to transfers will be differentiated from changes due to address changes of QS holders.

C. Age Distribution Of QS Holders

This task will provide information on the age distribution of QS holders who are "individuals" (natural persons) and how that distribution is changing through time. The age of transferors and transferees will be compared.

D. New QS Holders

QS may be traded among persons who initially are issued QS. In addition, other persons who qualify as "IFQ crew members" are eligible to purchase or receive QS in transfer. For this task, CFEC will report on the changing QS holdings of new entrants and on the characteristics of new entrants.

III. Transfer Volume And Market Information On QS and IFQ.

Everyone will want accurate information on the volume of transfers of QS and IFQs and the prices for sales and leases of all categories of QS and IFQ. With rapidly changing markets, brokers and other market-makers may have better information on current market values at any point in time. However, these data will also reflect asking prices and hearsay. The actual amount of QS and IFQ that is sold at specific prices will not be known from surveys of brokers.

As all transfers must go through and be approved by the NMFS/RAM Division, the NMFS transfer survey will be the most systematic and comprehensive set of information on all of the transfers which actually occur. The NMFS RAM Division should have the best historical data on the volume of transfers and the actual QS/IFQ transfer prices as the transfers occur. These data will be the best and most accurate data for analyses of the determinants of QS and IFQ prices. NMFS is already reporting from these data on an in-season basis.

The following is a list of the types of data reports and analyses which could be provided under this task. The list is for illustrative purposes only and is not intended to be exhaustive.

A. QS Transfer Volume and Price Statistics.

CFEC will report monthly, quarterly, and annual price statistics on QS by different type of QS (species, vessel class, area, blocked/ unblocked, size category of block). Data on the transfer volume of each type of QS will also be provided. These data reports should help to answer the following types of questions:

- 1.) Do prices for QS for a particular species and area during a specified time period vary systematically by vessel class?
- 2.) Do prices for a particular type of QS vary systematically depending upon whether or not it is blocked or unblocked? Does the price of blocked QS of a particular QS type vary systematically depending upon the size of the block?
- 3.) Do other factors appear to have impacts on prices for a particular type of QS at a point in time?
- 4.) How variable are the prices for a particular type of QS at a point in time?

B. IFQ Transfer Volume and Price Statistics

CFEC will report monthly, quarterly, and annual price statistics on IFQ by IFQ type (species, vessel class, area, blocked/ unblocked, size category of block). Data on the transfer volume of each type of IFQ will also be provided. These data reports should help to answer the following types of questions:

- 1.) Do rental prices for QS/IFQ for a particular species and area during a specified time period vary systematically by vessel class?
- 2.) Do other factors appear to have impacts on prices for a particular type of IFQ at a point in time?
- 3.) Using QS of a particular type sold with and without IFQ for the year, what is the implied lease price for the year's IFQ? How do these prices compare with rental or lease prices for the same type of QS/IFQ?
- 4.) How did prices for halibut and sablefish IFQ vary during the year relative to the volume of landings? (A comparison could also be made with ex-vessel prices if a reasonable source of in-season ex-vessel prices can be found.)

C. Other Transfer Information From NMFS's Transfer Survey.

CFEC will report on other computerized QS/IFQ data available from NMFS's transfer survey. This will include any information available on the financing of QS or IFQ purchases.

IV. Comparison of Landing Patterns Before and After the QS/IFQ program.

The QS/IFQ program may bring changes in landing patterns for both the sablefish and halibut fisheries. If so, this may lead to changes in the economic impacts of the sablefish and halibut fisheries on different communities in Alaska.

Under the derby fishery, a lot of product was landed and processed in a short period of time. The IFQ program is expected to slow down and stretch out these harvests. This may lead to alterations in the flow of product as the most profitable options for handling the product may change along with changes in harvest patterns.

Fishermen and processors will be looking for ways to harvest, process, and transport fish in the most profitable manner given the altered nature of the fishery. The use-privileges associated with QS/IFQs are expected to increase the options available to the industry and thereby increase the net economic benefits that can be derived from any given harvest quota.

NMFS may want to monitor and document how the landings are changing among ports as a result of the new choice set under the QS/IFQ programs. This information will be of general interest to persons considering new programs. Perhaps more importantly, it will help the State of Alaska and the federal government identify any communities whose economic base appears to have been reduced substantially as a result of the new QS/IFQ programs.

Under this task, CFEC proposes to document changes in the percentage of the resource landed at different ports under the program. To be meaningful, at least a season under the new QS/IFQ programs will be needed. CFEC will compare landings data prior to the program with landings data after implementation of the program. This task will only involve reporting on changes in these patterns and will not include economic impact analyses.

CFEC will use halibut and sablefish fish ticket catch data for years prior to the QS/IFQ program. In addition, data from ADFG's Commercial Operator's Annual Reports is available and may be used to help document landings patterns.

Beginning with the 1995 fishing season, NMFS has a new catch reporting system that tracks both catch and IFQ usage. The system reports transactions for each landing. As these data are collected and entered into the data base upon landing, the data should be more timely than the fish ticket data base. For this reason, CFEC proposes to use the NMFS data base for the comparison of landings patterns under the QS/IFQ programs with earlier data.

V. Consolidation of IFQ Permit Holders on Fishing Operations.

The QS/IFQ program is designed to generate greater net economic benefits from a national accounting stance by slowing down and spreading out the fishery and reducing the amount of capital and labor needed to harvest the resource. The program should largely eliminate the additional resources needed to "race" to obtain a greater share of the common property harvest. It is also hoped that the program will improve the safety of these fisheries by allowing fishermen to forgo fishing during periods of rough and dangerous weather.

The degree to which permit holdings can be consolidated has been discussed above. Another means to save on capital and labor is for multiple QS/IFQ holders to work together and fish on one vessel. This may be an attractive option for holders of small amounts of QS/IFQ.

The NPFMC has placed restrictions on the amount of IFQ that can be landed from a single vessel. Nevertheless, the vessel restrictions still allow opportunities for contracting among QS/IFQ holders to combine their holdings to fish on one vessel.

For this task, CFEC proposes to examine the distribution of the number of QS/IFQ permit holders recording landings from each vessel. The number of vessels making landings, the number of days with landings, and average catch per vessel also will be compared with pre-program data. These data will be examined by catch category (Species, Area, vessel class) and for combinations or aggregates of these categories.

VI. Sweeping Up Of Blocks under 1,000 pounds For Halibut and 3,000 pounds for Sablefish.

Under the modified block rule, some blocks of QS/IFQ were thought to be too small to be fishable. For that reason, the NPFMC's plan allows blocks under a certain size to be "swept up" into a larger block as long as that larger block does not exceed a QS level determined when the program was initiated.

For halibut, that specified QS level is the number of QS which represented 1,000 pounds of halibut IFQ on a set date. For sablefish, that specified QS level is the number of QS which represented 3,000 pounds of sablefish IFQ on that same date.

The analysis of the modified block proposal indicated that the transactions costs for "sweeping up" these smaller blocks may be high. The ratio of these costs to the QS value may be high relative to similar ratios for larger blocks or unblocked QS.

If this proves to be true, the net value received by fishermen for such blocks may be relatively small. More importantly, many of these very small blocks may remain unused if they cannot be fished or readily sold.

Under this task, CFEC will examine the very small blocks that could be combined under the sweeping up provisions. CFEC will look at the following by QS category and overall:

1. The reduction in the number of such blocks and the increase in the average size of such blocks by consolidation.
2. Prices associated with such consolidations and how they compare to prices of larger QS blocks and unblocked QS.
3. The percentage of such blocks which were fished, the percentage of IFQ from such blocks that was underharvested, and the percentage of IFQ from such blocks that was overharvested. These percentages will be compared to the percentage of IFQ underharvested and the percentage of IFQ overharvested from larger blocks of QS and from unblocked QS.

If these data appear to show substantial differences between the very small blocks, larger blocks, and unblocked QS then CFEC will produce reports with more detailed breakdowns of the data to describe accurately the types of QS holders and places or residence of the persons who hold such blocks.

The question of underharvest argues for doing this type of analysis on a seasonal basis. Fishermen have the freedom to schedule their harvests under the QS/IFQ

programs. During the season, it will not be known if currently unfished IFQ will be fished later in the season. By reporting on this topic on a seasonal basis, the measures of underharvest or overharvest will be final for the season.

NMFS, NPFMC, and the State of Alaska will want to know if persons are having trouble fishing and/or sweeping up these very small blocks of QS/IFQ. This task will provide the needed data and analyses.

Draft

HALIBUT QUOTA SHARE HOLDER SURVEY

prepared by

Donna Parker
Alaska Division of Economic Development

Gunnar Knapp
Institute of Social and Economic Research
University of Alaska Anchorage

Summary. This is a draft of a proposed mail survey of halibut QS holders. The purpose of the survey will be to gather basic information, not available from other sources, about vessel operations and crew during the first year of the IFQ program.

How to Comment on this Survey Draft. Comments on this draft survey are welcome. Comments may be sent to either Donna Parker, Division of Economic Development, P.O. Box 110804, Juneau, Alaska 99811 (telephone: 907-465-5464; fax: 907-465-3767) or to Gunnar Knapp, ISER/UAA, 3211 Providence Drive, Anchorage, Alaska 99508 (telephone: 907-786-7717; fax: 907-786-7739). In order to be considered in revising this draft and preparing a final version of the survey, comments should arrive no later than October 15.

Survey Length. The response rate for mail surveys is directly related to the length of the survey. The longer and more complicated the survey, the fewer people will answer it. Past ISER experience with mail surveys suggests that the response rate may decline significantly if the survey is more than 2 pages long. This draft survey is designed to fit on a single 8 1/2 by 14 inch piece of paper. Thus the questions need to focus specifically on the *most important* kinds of information to learn from QS holders about the IFQ program during its first year.

Survey Timing and Follow-Up. As presently planned, the survey would be mailed out at the end of the halibut season on or after November 15. Two sets of follow-up mailings would be sent to QS holders who did not respond after a given period of time. A report summarizing the results of the survey would be available in April 1996.

Who Do We Send the Survey To? The survey will be mailed to a stratified random sample of _____ persons who were QS holders as of November 1, 1995. The sample would be stratified so as to obtain a statistically representative sample of QS holders from different areas and vessel size classes.

Other Survey Design Issues. The survey will be sent as a single, folded 8/12" by 14" sheet of paper. It will be designed so that it can be simply folded and mailed back by the respondent, using a stamp that is already on the survey form. The mailing label that was used to mail the survey to the QS holder will remain on the form, making it possible to identify the survey respondent and tie the answers to information available from the RAM database about the amount of QS the respondent has. This has the advantage of greatly increasing the amount of analysis that is possible using the survey.

Responsibility for Survey Design, Administration, Write-Up. The survey will be designed by ISER, DCED, and ADFG, with funding provided by ADF&G. Comments on the survey instrument are invited from members of the industry and the public; however final responsibility for the survey design and instrument will rest with ISER.

HALIBUT QUOTA SHARE HOLDER SURVEY

DRAFT

[Note to reviewers of this draft survey: This draft shows proposed text for the survey. The actual survey would be attractively designed by a graphic artist to fit on the front and back of a single 8 1/2" by 14" piece of paper, which would be folded for mailing to QS holders and could be folded a different way to be sent back with a stamp and preprinted address. The actual format of the questions might be somewhat different so as to fit better on to the page or to be easier to read. A brief cover letter would precede the survey questions.]

Dear Halibut Quota Share Holder:

The Halibut IFQ program is a subject of great interest and importance to the Alaska fishing industry. As part of several research projects looking at the effects of the program during its first year, the State of Alaska has funded this short survey of halibut quota share holders. The information provided by this survey will be presented to the North Pacific Fishery Management Council and the public. This questionnaire has an identification number so we can check your name off our mailing list when you return your questionnaire. Of course, your responses will be kept confidential and used only in combination with the answers of other quota share holders. Thank you for your help.

Sincerely,

[actual signature goes here]

1. Please compare your halibut fishing trips in 1994 and 1995.

	1994	1995
Number of trips you took		
Average trip length (days)		
Average number of crew per trip		
Total number of people who worked as crew (if you had different crew for different trips)		

2. How were crew members paid in 1994 and 1995? (check the method that applies):

	1994	1995
Crew share		
If the crew were paid a share, what was the total percent paid (including the skipper's share)?		
Fixed payment per trip		
Fixed payment for the season		
Other:		

3. If crew members were paid with a crew share, what expenses were deducted before calculating the crew share? (check those that apply)

	1994	1995
Fuel		
Food		
Gear replacement		
QS or IFQ purchase cost		
Other:		

4. Please compare how you sold halibut you caught in 1994 and 1995? (give the approximate percent of your catch for each method)

	1994	1995
Sold to a processor		
Sold to a wholesaler, retailer, or restaurant		
Sold directly to consumers in Alaska		
Sold directly to consumers outside Alaska		
Other:		

5. How did your costs per pound of halibut you caught in 1995 compare with your costs in 1994? (check those that apply)

	Went down by more than 10%	Went down by less than 10%	About the same	Went up by less than 10%	Went up by more than 10%	Don't know
Fuel						
Bait						
Gear loss						
Crew						
Food						
Other:						

6. Please compare the crew who worked on your boat in 1995 with the crew in 1994:

	Less than 1994 crew	About the same as 1994 crew	More than 1994 crew
Experience in halibut fishing			
Percent that are Alaska residents			
Percent that are related to you			
Percent that are residents of the same community as you			
Percent who also work in other fisheries			

7. How important were the following factors in deciding when to fish your IFQ in 1995?

	Not important	Somewhat important	Very important
Timing of other fisheries			
Weather conditions			
Plans of other people you fish with			
Ex-vessel price of halibut			
Non-fishing jobs that you work			
Other:			

8. If you fished halibut IFQ that you owned this year, what kind of boats did you fish on? (check all that apply)

- A boat on which you were both owner and captain
- A boat on which you were owner but not captain
- A boat on which your were captain but not owner
- A boat on which you were neither owner nor captain

9. What percentage of your IFQ did you fish on:

- A boat on which you were the only IFQ holder
- A boat with 1 other IFQ holder
- A boat with 2 other IFQ holders
- A boat with 3 or more other IFQ holders

10. Please use this space for any comments you may have about the halibut IFQ program. We will provide these comments to the State of Alaska and the North Pacific Fishery Management Council.

HALIBUT AND SABLEFISH REGISTER BUYER SURVEY

Draft

prepared by

Donna Parker
Alaska Division of Economic Development

Gunnar Knapp
Institute of Social and Economic Research
University of Alaska Anchorage

Summary. This is a draft of a proposed mail survey of halibut and sablefish registered buyers. The purpose of the survey will be to gather basic information, not available from other sources, about how the IFQ program has affected halibut and sablefish processing and markets in the first year of the program. In particular, the survey would focus on asking about differences between 1994 and 1995.

How to Comment on this Survey Draft. Comments on this draft survey are welcome. Comments may be sent to either Donna Parker, Division of Economic Development, P.O. Box 110804, Juneau, Alaska 99811 (telephone: 907-465-5464; fax: 907-465-3767) or to Gunnar Knapp, ISER/UAA, 3211 Providence Drive, Anchorage, Alaska 99508 (telephone: 907-786-7717; fax: 907-786-7739). In order to be considered in revising this draft and preparing a final version of the survey, comments should arrive no later than October 15. Comments on the following would be particularly helpful:

- Which questions are most important? Which are least important to ask? Are there other questions which we should be asking? (The draft survey is already probably longer than it should be; thus we need to think carefully about the kinds of information it would be most useful to collect, and which can not be obtained in other ways.)
- Which questions are confusing or difficult to answer? How could the questions be phrased or formatted to make them clearer or easier to answer?
- Which questions are people likely to be unwilling to answer? There is no point in asking questions about information that people are unlikely to be willing to share.

Survey Timing and Follow-Up. As presently planned, the survey would be mailed out at the end of the halibut season on or after November 15. We would follow up with mailings or phone calls to registered buyers who did not respond after a given period of time. A report summarizing the results of the survey would be available in April 1996.

Who Will the Survey Be Sent To? The survey would be sent to all registered halibut and sablefish buyers (one survey per plant). We will follow-up by phone to personally request responses from known large buyers, to ensure a response rate as close to 100% as possible for large buyers.

Responsibility for Survey Design, Administration, and Write-Up. As tentatively planned, the survey would be designed, administered, and written up by the Alaska Department of Fish and Game, the Alaska Department of Commerce and Economic Development, and the University of Alaska Anchorage's Institute of Social and Economic Research.

HALIBUT AND SABLEFISH REGISTERED BUYER SURVEY

DRAFT

[Note to reviewers of this draft survey: This draft shows proposed text for the survey cover letter and the survey. The actual survey would be attractively designed by a graphic artist. The actual format of the questions might be different so as to fit better on to the page or to be easier to read.]

DRAFT SURVEY COVER LETTER TEXT

Dear Halibut or Sablefish Registered Buyer:

The Halibut and Sablefish IFQ programs are of great interest and importance to the Alaska fishing industry. As part of several research projects looking at the effects of the program during its first year, the State of Alaska has funded this short survey of halibut and sablefish registered buyers. The information provided by this survey will be presented to the North Pacific Fishery Management Council and the public.

If you do not have exact information for some of the questions, it will be helpful if you can provide your best estimate.

We have sent one copy of this survey to each registered buyer of halibut or sablefish in Alaska. If you operate more than one plant, please fill out a separate survey for each plant. Please leave blank any portions of the survey that are not relevant to your operation.

This questionnaire has an identification number so we can check your name off our mailing list when you return your questionnaire. Of course, your responses will be kept confidential and used only in combination with the answers of other quota share holders. If you have any questions about this survey, please feel free to contact me at (907) 465-5464.

We will mail a copy of the results of the survey to all registered buyers who complete the survey.

Thank you for your help.

Sincerely,

[actual signature goes here]

Donna Parker
Alaska Department of Commerce and Economic Development

DRAFT SURVEY QUESTIONS

Registered Buyer Identification Number: _____

Contact person:

Name _____
 Address _____

 Telephone: _____

1. Did you process halibut or sablefish in 1994? yes ___ no ___
 2. Did you process halibut or sablefish in 1995? yes ___ no ___

Note: if you did not process halibut or sablefish in either year, please skip to question 23 at the end of this survey. If you processed halibut in only one year, please fill out the information in this survey relating to that year.

3. Name of plant _____
 4. Location of plant: _____

Note: if you processed halibut or sablefish at more than one plant, please fill out a separate survey for each plant.

5. How many pounds of fish did this plant purchase in 1994 and 1995?

	1994	1995
Total pounds of halibut purchased		
Total pounds of sablefish purchased		
Total pounds of salmon purchased		
Total pounds of shellfish purchased		
Total pounds of herring purchased		
Total pounds of groundfish purchased (other than sablefish or halibut)		

HALIBUT PROCESSING AND MARKETS

6. What halibut products did this plant produce in 1994 and 1995? (Please give either pounds produced of each product, or the percent of each in total halibut production. Do not include custom processing.)

	1994	1995
Fresh		
Frozen		
Other: _____		

7. What halibut products did this plant produce on a custom processing basis in 1994 and 1995?
(please give either pounds produced of each product)

	1994	1995
Fresh		
Frozen		
Other: _____		

8. What were the end markets for your halibut production? (Please give pounds or percent)

	1994	1995
FRESH		
Alaska		
Lower 48		
Foreign		
FROZEN		
Alaska		
Lower 48		
Foreign		
OTHER: _____		
Alaska		
Lower 48		
Foreign		

9. How was your halibut production shipped to market? (please give pounds or percent)

	1994	1995
FRESH		
Air		
Sea		
Road		
More than 50 miles by road, and then by air		
More than 50 miles by road, and then by sea		
Other: _____		
FROZEN		
Air		
Sea		
Road		
More than 50 miles by road, and then by air		
More than 50 miles by road, and then by sea		
Other: _____		
OTHER: _____		
Air		
Sea		
Road		
More than 50 miles by road, and then by air		
More than 50 miles by road, and then by sea		
Other: _____		

10. Who did you sell your halibut to? (Please give pounds or percent)

	1994	1995
FRESH		
Wholesalers		
Direct to retailers		
Direct to food service (restaurants, etc.)		
Direct to consumers		
Other: _____		
FROZEN		
Wholesalers		
Direct to retailers		
Direct to food service (restaurants, etc.)		
Direct to consumers		
Other: _____		
OTHER		
Wholesalers		
Direct to retailers		
Direct to food service (restaurants, etc.)		
Direct to consumers		
Other: _____		

11. Who handled your halibut sales? (Please give pounds or percent)

	1994	1995
FRESH		
Sales staff		
Brokers		
Other: _____		
FROZEN		
Sales staff		
Brokers		
Other: _____		
OTHER		
Sales staff		
Brokers		
Other: _____		

12. Please compare the size of halibut delivered to your plant in 1995 with 1994.

Larger _____ Smaller _____ About the same _____

13. Please compared the quality of halibut delivered to your plant in 1995 with 1994:

Higher _____ Lower: _____ About the same: _____

14. What were the average prices you paid for halibut in 1994 and 1995? (if you paid different prices for different sizes, please list price by size class)

	1994	1995

15. What were the average prices you received for halibut in 1994 and 1995?

	1994	1995
Fresh		
Frozen		
Other:		

16. What is the city or FOB location for the prices listed in question 15?: _____

17. Please compare the following halibut processing costs in 1994 and 1995. If possible give estimated costs per pound in each year. If the information is not available, please answer Question 18 instead.

	1994	1995
Labor		
Administration		
Transportation		
Other processing costs (include only costs which changed between 1994 and 1995):		

18. How did your halibut processing costs per pound in 1995 compare with your costs in 1994? (check the box that applies)

	Went down by more than 10%	Went down by less than 10%	About the same	Went up by less than 10%	Went up by more than 10%	Don't know
Labor						
Administration						
Transportation						
Other processing costs (include only costs which changed between 1994 and 1995):						

19. Please estimate the cost to your plant of complying with IFQ related paperwork and other requirements in 1995:

Total administrative person days	
Total administrative personnel cost	
Cost of transaction terminal hardware and software	
Other:	

20. If you processed halibut on a custom basis, what did you charge? (\$/LB)

	1994	1995
Fresh		
Frozen		
Other:		

21. How many people in this plant worked in halibut processing?

	1994	1995
At the peak of the season		
In an average week during the season (for 1995 only)		

22. How many hours were worked in halibut processing? (please give hours or percent)

	1994	1995
Regular pay hours		
Overtime hours		

SABLEFISH PROCESSING AND MARKETS

[Note to survey draft reviewers. The same questions as asked for halibut would be asked for sablefish.]

ADDITIONAL COMMENTS AND SUGGESTIONS

23. What have been the most important effects of the IFQ program upon your operation?

24. Please use this space for any comments you may have about the halibut IFQ program, or any suggestions for how to change the program. We will provide these comments and suggestions to the State of Alaska, the National Marine Fisheries Service, and the North Pacific Fishery Management Council.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF FISH AND GAME

DIVISION OF COMMERCIAL FISHERIES MANAGEMENT AND DEVELOPMENT

P.O. BOX 25526
JUNEAU, AK 99802-5526
PHONE: (907) 465-6111
FAX: (907) 465-2604

September 22, 1995

Donna Parker
Fisheries Specialist
Alaska Department of Commerce
& Economic Development
P.O. Box 110804
Juneau, AK 99811-0804

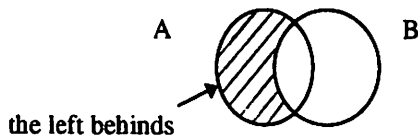
Dear Donna,

This is a follow up to the discussion at the last meeting of our working group regarding those recent participants in the halibut and sablefish fishery who did not receive quota share in the initial allocation process. For discussion purposes, I have labeled this group of people the "left behinds." I think it makes the most sense to break any inquiry into the issue of the left behinds into three discrete steps. The first two steps are more short term in nature and could be included in the overall "scope of work" negotiations between personnel at the Alaska Fishery Science Center (AFSC) and the Commercial Fisheries Entry Commission (CFEC) concerning the IFQ distributional analyses. The third step involves both quantitative and qualitative analyses with the latter being more complicated and longer term.

Step 1: Establish the Study Universe

For the purposes of this particular component of the overall IFQ project, we might start with the assumption that the interest is in those people who were "current" participants but were left out of the program in the initial allocation. This means looking at people participating in 1991-1994. Further, the program focus on vessel owners would be carried over into this analysis (all crew, not just those with only recent participation, were left behind, but program impacts on crew is a separate topic for inquiry).

Thus, we would start with all vessel owners with legal halibut or sablefish landings anytime during the '91-'94 period. Call this group of vessel owners Group A. Then, call the group of vessel owners included in the initial allocation of quota share Group B. These groups surely overlap to some extent and we want to fine those individuals in Group A who are not in Group B (i.e., the left behinds). All this is easily shown in a Venn diagram:



Group A could be found from the fish ticket data base for '91-'94. Group B is the initial recipients data base that the RAM division is developing. To locate the "A but not B" group would involve searching one data set (A) for matches with the other (B) and deleting these matches to form a new data set (A but not B, i.e., the left behinds).

This "seems" like a fairly standard data base project but it no doubt is not that simple in reality because the fish ticket data base is not based on vessel owners but rather permit holders. I believe this and other necessary transformations can be made but it is obvious that the data base manipulation issue requires more attention from those with more expertise with the fish ticket data. Ultimately, you may not be able to identify *all* the left behinds with certainty but a large proportion should be identifiable.

Step 2: Compile Summary Statistics on the Left Behinds

There has been talk of a survey, but I think that is better left to Step 3. A lot of descriptive information about the left behinds can be gained just from locating them in the first place. Specifically, who are these people? Who they are could be meaningfully characterized by many of the attributes recorded in the fish ticket files. For example, landings profiles (they're out now but how much did they land in '91-'94?), geographic profiles (where are they from?, do some areas exhibit higher concentrations of left behinds than others?, how does the geographic profile of left behinds compare to that of initial recipients?), vessel size profiles, other fishery participation profiles (what else did these people do?), current fishing activity profiles (are they still fishing for something?), and longer term past fishery profiles (did any of these people fish halibut and sablefish prior to '88?) are all important factors in an effort to characterize the left behinds. Note that many informative cross-tabulations could be derived from these summary statistics (for example, many have a potentially interesting geographic component). Finally, we could go back to the RAM files to ask "have any of the left behinds bought back in?" (and the summary statistics could be compiled for those who did).

Step 3: Qualitative (and further quantitative) Things to Know About the Left Behinds

This is largely the survey part. I do not have any specific suggestions here yet. I think a lot of questions would be guided by what you learned in Step 2. Unexplained patterns revealed in Step 2 should prompt questions and Step 1 provides you with the universe to draw a sample from for a survey questionnaire. Still, some patterns of interest identified in Step 2 could benefit from some further quantitative information. For example, it seems appropriate to try to characterize the nature of the challenge left behinds face in trying to re-enter the IFQ fisheries. Regional variations in quota share prices identified in other portions of the overall project can contribute to this effort. Since this kind of analysis would be based on existing data sources (as opposed to new sources like a direct survey), it could be incorporated into the Step 2 round of activities.

Finally, these comments focus exclusively on the left behinds as defined at the outset. At our meeting, we discussed public interest in those we might term the "too littles" (those who received an insufficient amount of quota share to mount a viable operation). The too littles will presumably be readily identifiable from other portions of the overall project. The issue of attrition in the halibut and sablefish fisheries was also raised in our meeting. Attrition rates under the old open access system can certainly

be acknowledged in any reporting on the left behinds. Additionally, the attrition rate issue prompts another question for our distributional analyses: How many initial recipients had already "left" the fisheries?

Regards 'till our next meeting,



Seth Macinko

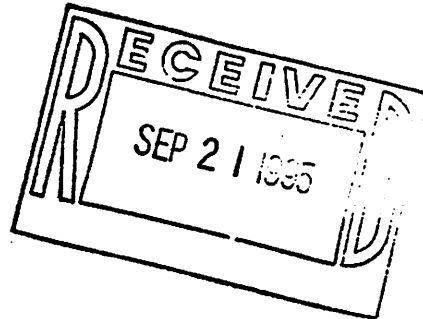


Coastal Villages Fishing Cooperative

204 N. Franklin, Suite 1 • Juneau, AK 99801 • Phone 907-586-2360 • Fax 907-586-2331

September 21, 1995

Richard B. Lauber, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99510



Dear Mr. Lauber:

The Coastal Villages Fishing Cooperative ("CVFC") and the Bristol Bay Economic Development Corporation ("BBEDC") respectfully request the North Pacific Fishery Management Council (the "Council") to increase the halibut quota in Area 4E from 120,000 pounds to 310,000 pounds for the 1996 fishing season. This request is based upon the following information.

Background Information

At the 1995 meeting of the International Pacific Halibut Commission (the "Commission"), the Commission allocated approximately 500,000 pounds of halibut, in addition to existing Area 4 quotas, among the five sub-areas. The excess quota was split among the five sub-areas on a proportional basis, with most of the increase going to the sub-areas with the highest quotas and the smallest amount, 20,000 pounds, going to Area 4E. When questioned about this allocation formula, CVFC was told that allocations are within the province of the Council, not the Commission, and that the Council would take this issue up in time for the 1996 season.

At the Commission's January 1995 meeting, it discussed a few options for dealing with Area 4 quota allocations. Among them is combining the three northern Bering Sea sub-areas (4C, 4D, and 4E) and setting an overall quota for this new single area. A second option is to allocate based upon habitat areas. A third option is to set ratios among the areas that could be amended on a year-to-year basis in setting allocations. Each of these options has as its goal the splitting of the allocation decision (the Council's) from the quota decision (the Commission's).

Given the press of work before the Council during 1995, these options, nor any others, have received any detailed discussion to date. CVFC has testified about this issue at least twice this year. CVFC and BBEDC are requesting that the Council address Area 4E halibut quota allocations at its September meeting so that the Commission can take final action in January. As these options have not been fully developed and final action in time for the 1996 season is at risk, our proposal is to raise the Area 4E quota for 1996 and, if time is not available, develop a longer term plan for 1997 and beyond. Otherwise, another season will occur without resolving the Area 4E situation.

Mr. Lauber
Page 2

Justification

1. Halibut stocks in Area 4E are abundant and can withstand increased harvest. In 1994, the halibut season in Area 4E/NW ended on July 16. In 1995, the quota was reached on July 7. Approximately 7,000 pounds a day were being landed on the last few days of the fishery, an increase over earlier weeks.
2. In Area 4E/S, the 1995 season ended in mid-June - a two-week fishery. Most deliveries were limited by the 6,000 landing regulation, not by resource availability.
3. Fishermen in Area 4E/NW report that greater numbers of large halibut were entering the fishery as it was about to close. This is consistent with information and experience from the 1995 season. Fishermen in Area 4E/S report high abundance of halibut. Fishermen believe that stocks are healthy and that only a small percentage of the stocks was harvested this summer.
4. An increase in the halibut quota in Area 4E will not alter the relative shares of IFQs among IFQ fishermen. As there are no IFQs within Area 4E, no IFQ fishermen will be given an advantage over other IFQ fishermen.
5. In 1995, the Commission had an extra 500,000 pounds of halibut to allocate among the five sub-areas. The Commission made the allocation on a percentage basis. The result was over 300,000 pounds being allocated to one area and only 20,000 pounds being allocated to Area 4E.
6. In 1995, the Commission staff recommended that the halibut quota in Area 4E be raised to 310,000 pounds. This recommendation was based upon the habitat available within the region. Clearly, according to this recommendation, there is sufficient biological justification to raise the Area 4E quota.
7. In 1995, approximately 100 fishermen competed for the 84,000 pound quota in Area 4E/NW. As this area is at the end of the transportation distribution system and with the increased competition for fresh halibut during the summer months, the ex-vessel value for this fishery is about \$84,000, or \$840 per fisherman. If all 200 fishermen who were permitted by CVFC participated in the fishery, the per capita ex-vessel value would have been about \$400. An increase to 310,000 pounds would raise the per capita ex-vessel value to \$2,170. At these levels the fishery can provide a meaningful economic opportunity for the local small boat fishing fleet.
8. In Area 4E/S, BBEDC permitted 50 fishermen to harvest 36,000 pounds. At an average price of \$1.50 per pound, this fishery was worth just over \$50,000, or approximately \$1,000 per permitted fisherman.

Mr. Lauber
Page 3

Conclusion

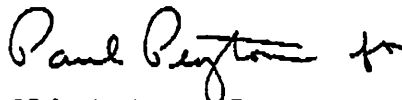
In 1995, the Commission had the relatively easy opportunity to address the Area 4E halibut quota once and for all because of the "extra" quota that was on the table. Unfortunately, the Commission did not take this opportunity, but rather made the situation worse by creating expectations in IFQ and CDQ fishermen alike that this quota would remain available in the other Area 4 sub-areas. The Council is now in the unenviable position of having to make a decision that could result in a reduction in the other Area 4 sub-areas. However, that should not be a reason not to take action and the Council should address this issue in time for the 1996 season.

Thank you for your consideration of this proposal.

Very truly yours,



David Bill, Sr.
President, CVFC



Nels Anderson, Jr.
Executive Director, BBEDC

C-2

HALIBUT AND SABLEFISH REGISTER BUYER SURVEY

Draft

prepared by

Donna Parker
Alaska Division of Economic Development

Gunnar Knapp
Institute of Social and Economic Research
University of Alaska Anchorage

Summary. This is a draft of a proposed mail survey of halibut and sablefish registered buyers. The purpose of the survey will be to gather basic information, not available from other sources, about how the IFQ program has affected halibut and sablefish processing and markets in the first year of the program. In particular, the survey would focus on asking about differences between 1994 and 1995.

How to Comment on this Survey Draft. Comments on this draft survey are welcome. Comments may be sent to either Donna Parker, Division of Economic Development, P.O. Box 110804, Juneau, Alaska 99811 (telephone: 907-465-5464; fax: 907-465-3767) or to Gunnar Knapp, ISER/UAA, 3211 Providence Drive, Anchorage, Alaska 99508 (telephone: 907-786-7717; fax: 907-786-7739). In order to be considered in revising this draft and preparing a final version of the survey, comments should arrive no later than October 15. Comments on the following would be particularly helpful:

- Which questions are most important? Which are least important to ask? Are there other questions which we should be asking? (The draft survey is already probably longer than it should be; thus we need to think carefully about the kinds of information it would be most useful to collect, and which can not be obtained in other ways.)
- Which questions are confusing or difficult to answer? How could the questions be phrased or formatted to make them clearer or easier to answer?
- Which questions are people likely to be unwilling to answer? There is no point in asking questions about information that people are unlikely to be willing to share.

Survey Timing and Follow-Up. As presently planned, the survey would be mailed out at the end of the halibut season on or after November 15. We would follow up with mailings or phone calls to registered buyers who did not respond after a given period of time. A report summarizing the results of the survey would be available in April 1996.

Who Will the Survey Be Sent To? The survey would be sent to all registered halibut and sablefish buyers (one survey per plant). We will follow-up by phone to personally request responses from known large buyers, to ensure a response rate as close to 100% as possible for large buyers.

Responsibility for Survey Design, Administration, and Write-Up. As tentatively planned, the survey would be designed, administered, and written up by the Alaska Department of Fish and Game, the Alaska Department of Commerce and Economic Development, and the University of Alaska Anchorage's Institute of Social and Economic Research.

DRAFT SURVEY QUESTIONS

Registered Buyer Identification Number: _____

Contact person:

Name _____
Address _____

Telephone: _____

1. Did you process halibut or sablefish in 1994? yes ___ no ___

2. Did you process halibut or sablefish in 1995? yes ___ no ___

Note: if you did not process halibut or sablefish in either year, please skip to question 23 at the end of this survey. If you processed halibut in only one year, please fill out the information in this survey relating to that year.

3. Name of plant _____

4. Location of plant: _____

Note: if you processed halibut or sablefish at more than one plant, please fill out a separate survey for each plant.

5. How many pounds of fish did this plant purchase in 1994 and 1995?

	1994	1995
Total pounds of halibut purchased		
Total pounds of sablefish purchased		
Total pounds of salmon purchased		
Total pounds of shellfish purchased		
Total pounds of herring purchased		
Total pounds of groundfish purchased (other than sablefish or halibut)		

HALIBUT PROCESSING AND MARKETS

6. What halibut products did this plant produce in 1994 and 1995? (Please give either pounds produced of each product, or the percent of each in total halibut production. Do not include custom processing.)

	1994	1995
Fresh		
Frozen		
Other: _____		

7. What halibut products did this plant produce on a custom processing basis in 1994 and 1995?
(please give either pounds produced of each product)

	1994	1995
Fresh		
Frozen		
Other: _____		

8. What were the end markets for your halibut production? (Please give pounds or percent)

	1994	1995
FRESH		
Alaska		
Lower 48		
Foreign		
FROZEN		
Alaska		
Lower 48		
Foreign		
OTHER: _____		
Alaska		
Lower 48		
Foreign		

9. How was your halibut production shipped to market? (please give pounds or percent)

	1994	1995
FRESH		
Air		
Sea		
Road		
More than 50 miles by road, and then by air		
More than 50 miles by road, and then by sea		
Other: _____		
FROZEN		
Air		
Sea		
Road		
More than 50 miles by road, and then by air		
More than 50 miles by road, and then by sea		
Other: _____		
OTHER: _____		
Air		
Sea		
Road		
More than 50 miles by road, and then by air		
More than 50 miles by road, and then by sea		
Other: _____		

10. Who did you sell your halibut to? (Please give pounds or percent)

	1994	1995
FRESH		
Wholesalers		
Direct to retailers		
Direct to food service (restaurants, etc.)		
Direct to consumers		
Other: _____		
FROZEN		
Wholesalers		
Direct to retailers		
Direct to food service (restaurants, etc.)		
Direct to consumers		
Other: _____		
OTHER		
Wholesalers		
Direct to retailers		
Direct to food service (restaurants, etc.)		
Direct to consumers		
Other: _____		

11. Who handled your halibut sales? (Please give pounds or percent)

	1994	1995
FRESH		
Sales staff		
Brokers		
Other: _____		
FROZEN		
Sales staff		
Brokers		
Other: _____		
OTHER		
Sales staff		
Brokers		
Other: _____		

12. Please compare the size of halibut delivered to your plant in 1995 with 1994.

Larger _____ Smaller _____ About the same _____

13. Please compared the quality of halibut delivered to your plant in 1995 with 1994:

Higher _____ Lower: _____ About the same: _____

14. What were the average prices you paid for halibut in 1994 and 1995? (if you paid different prices for different sizes, please list price by size class)

	1994	1995

15. What were the average prices you received for halibut in 1994 and 1995?

	1994	1995
Fresh		
Frozen		
Other:		

16. What is the city or FOB location for the prices listed in question 15? _____

17. Please compare the following halibut processing costs in 1994 and 1995. If possible give estimated costs per pound in each year. If the information is not available, please answer Question 18 instead.

	1994	1995
Labor		
Administration		
Transportation		
Other processing costs (include only costs which changed between 1994 and 1995):		

18. How did your halibut processing costs per pound in 1995 compare with your costs in 1994? (check the box that applies)

	Went down by more than 10%	Went down by less than 10%	About the same	Went up by less than 10%	Went up by more than 10%	Don't know
Labor						
Administration						
Transportation						
Other processing costs (include only costs which changed between 1994 and 1995):						

19. Please estimate the cost to your plant of complying with IFQ related paperwork and other requirements in 1995.

Total administrative person days	
Total administrative personnel cost	
Cost of transaction terminal hardware and software	
Other:	

20. If you processed halibut on a custom basis, what did you charge? (\$/LB)

	1994	1995
Fresh		
Frozen		
Other:		

21. How many people in this plant worked in halibut processing?

	1994	1995
At the peak of the season		
In an average week during the season (for 1995 only)		

22. How many hours were worked in halibut processing? (please give hours or percent)

	1994	1995
Regular pay hours		
Overtime hours		

SABLEFISH PROCESSING AND MARKETS

[Note to survey draft reviewers. The same questions as asked for halibut would be asked for sablefish.]

ADDITIONAL COMMENTS AND SUGGESTIONS

23. What have been the most important effects of the IFQ program upon your operation?

24. Please use this space for any comments you may have about the halibut IFQ program, or any suggestions for how to change the program. We will provide these comments and suggestions to the State of Alaska, the National Marine Fisheries Service, and the North Pacific Fishery Management Council.

Draft

HALIBUT QUOTA SHARE HOLDER SURVEY

prepared by

Donna Parker
Alaska Division of Economic Development

Gunnar Knapp
Institute of Social and Economic Research
University of Alaska Anchorage

Summary. This is a draft of a proposed mail survey of halibut QS holders. The purpose of the survey will be to gather basic information, not available from other sources, about vessel operations and crew during the first year of the IFQ program.

How to Comment on this Survey Draft. Comments on this draft survey are welcome. Comments may be sent to either Donna Parker, Division of Economic Development, P.O. Box 110804, Juneau, Alaska 99811 (telephone: 907-465-5464; fax: 907-465-3767) or to Gunnar Knapp, ISER/UAA, 3211 Providence Drive, Anchorage, Alaska 99508 (telephone: 907-786-7717; fax: 907-786-7739). In order to be considered in revising this draft and preparing a final version of the survey, comments should arrive no later than October 15.

Survey Length. The response rate for mail surveys is directly related to the length of the survey. The longer and more complicated the survey, the fewer people will answer it. Past ISER experience with mail surveys suggests that the response rate may decline significantly if the survey is more than 2 pages long. This draft survey is designed to fit on a single 8 1/2 by 14 inch piece of paper. Thus the questions need to focus specifically on the *most important* kinds of information to learn from QS holders about the IFQ program during its first year.

Survey Timing and Follow-Up. As presently planned, the survey would be mailed out at the end of the halibut season on or after November 15. Two sets of follow-up mailings would be sent to QS holders who did not respond after a given period of time. A report summarizing the results of the survey would be available in April 1996.

Who Do We Send the Survey To? The survey will be mailed to a stratified random sample of ___ persons who were QS holders as of November 1, 1995. The sample would be stratified so as to obtain a statistically representative sample of QS holders from different areas and vessel size classes.

Other Survey Design Issues. The survey will be sent as a single, folded 8/12" by 14" sheet of paper. It will be designed so that it can be simply folded and mailed back by the respondent, using a stamp that is already on the survey form. The mailing label that was used to mail the survey to the QS holder will remain on the form, making it possible to identify the survey respondent and tie the answers to information available from the RAM database about the amount of QS the respondent has. This has the advantage of greatly increasing the amount of analysis that is possible using the survey.

Responsibility for Survey Design, Administration, Write-Up. The survey will be designed by ISER, DCED, and ADFG, with funding provided by ADF&G. Comments on the survey instrument are invited from members of the industry and the public; however final responsibility for the survey design and instrument will rest with ISER.

HALIBUT QUOTA SHARE HOLDER SURVEY

DRAFT

[Note to reviewers of this draft survey: This draft shows proposed text for the survey. The actual survey would be attractively designed by a graphic artist to fit on the front and back of a single 8 1/2" by 14" piece of paper, which would be folded for mailing to QS holders and could be folded a different way to be sent back with a stamp and preprinted address. The actual format of the questions might be somewhat different so as to fit better on to the page or to be easier to read. A brief cover letter would precede the survey questions.]

Dear Halibut Quota Share Holder:

The Halibut IFQ program is a subject of great interest and importance to the Alaska fishing industry. As part of several research projects looking at the effects of the program during its first year, the State of Alaska has funded this short survey of halibut quota share holders. The information provided by this survey will be presented to the North Pacific Fishery Management Council and the public. This questionnaire has an identification number so we can check your name off our mailing list when you return your questionnaire. Of course, your responses will be kept confidential and used only in combination with the answers of other quota share holders. Thank you for your help.

Sincerely,

[actual signature goes here]

1. Please compare your halibut fishing trips in 1994 and 1995.

	1994	1995
Number of trips you took		
Average trip length (days)		
Average number of crew per trip		
Total number of people who worked as crew (if you had different crew for different trips)		

2. How were crew members paid in 1994 and 1995? (check the method that applies):

	1994	1995
Crew share		
If the crew were paid a share, what was the total percent paid (including the skipper's share)?		
Fixed payment per trip		
Fixed payment for the season		
Other:		

3. If crew members were paid with a crew share, what expenses were deducted before calculating the crew share? (check those that apply)

	1994	1995
Fuel		
Food		
Gear replacement		
QS or IFQ purchase cost		
Other: _____		

4. Please compare how you sold halibut you caught in 1994 and 1995? (give the approximate percent of your catch for each method)

	1994	1995
Sold to a processor		
Sold to a wholesaler, retailer, or restaurant		
Sold directly to consumers in Alaska		
Sold directly to consumers outside Alaska		
Other: _____		

5. How did your costs per pound of halibut you caught in 1995 compare with your costs in 1994? (check those that apply)

	Went down by more than 10%	Went down by less than 10%	About the same	Went up by less than 10%	Went up by more than 10%	Don't know
Fuel						
Bait						
Gear loss						
Crew						
Food						
Other: _____						

6. Please compare the crew who worked on your boat in 1995 with the crew in 1994:

	Less than 1994 crew	About the same as 1994 crew	More than 1994 crew
Expriencce in halibut fishing			
Percent that are Alaska residents			
Percent that are related to you			
Percent that are residents of the same community as you			
Percent who also work in other fisheries			

7. How important were the following factors in deciding when to fish your IFQ in 1995?

	Not important	Somewhat important	Very important
Timing of other fisheries			
Weather conditions			
Plans of other people you fish with			
Ex-vessel price of halibut			
Non-fishing jobs that you work			
Other: _____			

8. If you fished halibut IFQ that you owned this year, what kind of boats did you fish on? (check all that apply)

- A boat on which you were both owner and captain
- A boat on which you were owner but not captain
- A boat on which your were captain but not owner
- A boat on which you were neither owner nor captain

9. What percentage of your IFQ did you fish on:

- A boat on which you were the only IFQ holder
- A boat with 1 other IFQ holder
- A boat with 2 other IFQ holders
- A boat with 3 or more other IFQ holders

10. Please use this space for any comments you may have about the halibut IFQ program. We will provide these comments to the State of Alaska and the North Pacific Fishery Management Council.

C-2

ARCTIC SELECT SEAFOODS, INC.

Suite 14, Squalicum Mall, Bellingham WA 98225 (360) 676-1572

To: Richard Lauber, Chairman
North Pacific Fishery Management Council

September 26, 1995

Re: Potential Changes To The Pacific Halibut and Sablefish IFQ Fisheries
Regulations

Dear Mr. Lauber,

No one thought that the original plan for the IFQ System would be perfect. During the process of designing the IFQ program the Council accepted that a certain amount of tweaking would be required in order to make the system "Right".

Well the tweaking has began.

The trickle of request, comments, complaints, and pleas connected to IFQ rule changes will become a flood. As individuals, new and old special interest groups realize the economic benefits, social impacts, etc. of certain rule changes; look out!


EXAMPLE: The only change to the IFQ system passed by the Council in their June Meeting was introduced by a group that successfully lobbied for a rule change that was beneficial only to their group.

While the rule change was a good thing, the method used in obtaining it cannot be thought of as the preferred method of gaining change. As the industry, management, and enforcement community work with the IFQ system they will identify needed changes. If Council is seen as reactive and receptive to lobbying, then individuals and organizations will organize ever stronger and more sophisticated presentations directly to Council.

Before this program becomes so irritating to Council that they never want IFQs mentioned in their presence again, I urge the Council to spend time developing a structure by which IFQ changes are dealt with in a fair, speedy and above all orderly fashion. The IFQ system is somewhat of a pilot project, and therefore the effort in developing effective management will result in benefits beyond the program itself. As the Council faces increasingly complicated issues, more knowledgeable players, and difficult decisions it will require better mechanisms as regards rule making and changing.

Please, keep my suggestion in mind as you considers the numerous IFQ issues presented to you at this meeting, as well as the multitude of issues presented by other groups throughout the week. Thank you.

Sincerely,


Robert Harrington (President)

C-2 (b)
September 25, 1995

D R A F T

WORK PLAN FOR THE EVALUATION OF CONSERVATION ISSUES
FOR THE HALIBUT AND SABLEFISH IFQ PROGRAMS

The following nine conservation issues have been identified:

1. fishing mortality from lost/abandoned gear;
2. halibut and sablefish bycatch and discards in other fixed gear fisheries (including halibut discards in the fixed gear sablefish fishery);
3. groundfish discards in halibut and sablefish fisheries (including sablefish discards in the halibut fishery);
4. high-grading and discards of sub-legal halibut in the halibut fishery;
5. under-reporting of landings;
6. exceeding TACs;
7. pressure to increase TACs;
8. spatial and temporal distributions of catch; and
9. halibut CPUE data.

A brief discussion of the methods that can be used to address an issue and a tentative schedule for the completion of the work are presented below for each issues. As these issues are addressed, the evaluation methods are expected to be refined.

It is important to recognize that our ability to identify accurately the impacts of the IFQ programs will be limited for several reasons. They include the following: (1) limited time series data for the two fisheries and the associated economic activity are available; (2) the effects of the IFQ program are the differences between what happened with the IFQ program and what would have happened without it; therefore, the impacts of the IFQ programs cannot be determined simply by comparing pre and post IFQ conditions; and (3) the immediate effects of an IFQ program will not necessarily be indicative of the long term effects. The timing of the analysis of each potential type of conservation effect will be in part determined by the data that will be available to address an effect and the length of time for an effect to be measurable.

1. Fishing mortality from lost/abandoned gear

The IPHC estimates this type of fishing mortality for halibut. It would need to be determined whether the method used to do this is good enough to identify the difference since the implementation of IFQs. The IPHC expects to have completed its estimates for 1995 by December 1995. Given that similar estimates are not available for the sablefish fishery, direct comparisons for the sablefish fishery before and after the implementation of IFQs will be difficult. Information on changes both in the amount of gear used and in the concentration of fishing effort for the sablefish fishery relative to the halibut fishery could be used to determine the extent to which the changes in ghost fishing for the halibut may be indicative of the changes in the sablefish fishery. The Center will make an effort to address this issue for sablefish by early 1996.

2. Halibut and sablefish bycatch and discards in other fixed gear fisheries (including halibut discards in the fixed gear sablefish fishery)

Data from the Observer Program will be used to address this issue for the groundfish fisheries with sufficient levels of observer coverage. It has not been determined what type of evaluation will be possible for small boat fisheries with very low levels of observer coverage. For the observed vessels, it will be necessary to differentiate between those that have IFQ and may in fact target on halibut (sablefish) and those without IFQs. Estimates of discarded halibut bycatch will be generated by the NMFS and IPHC by early 1996. Comparable estimates for sablefish will be generated by NMFS.

3. Groundfish discards in halibut and sablefish fisheries (including sablefish discards in the halibut fishery)

Halibut fishermen provide to the IPHC estimates of groundfish bycatch and discards; however, the quality of these estimates is a concern. Estimates of groundfish discards in the sablefish fishery are available from the Observer Program for observed vessels. Fish ticket information on halibut and sablefish landings when they are not the principal target species could be used to evaluate changes in retained halibut and sablefish bycatch. It is my understanding that ADF&G is attempting to collect rockfish discard information for the SE halibut and sablefish fisheries. They will be contacted to determine what information will be available from their efforts. The data that are available from the Observer Program and fish tickets will be summarized by yearly 1996.

4. High-grading and discards of sub-legal halibut in the halibut fishery

Size composition data can be used to provide an indirect measure of changes in high-grading. Changes in the spatial and temporal distributions of catch may allow the IPHC to address changes in the discards of sub-legal halibut. Reports from the fleet are an additional source of information for both parts of this issue. The IPHC plans to address this issue but not by early 1996. The Center will summarize size composition data for sablefish. Size

composition data from the Observer Program and from fish tickets will be used. However, because the size composition data for 1995 will not be available before mid-1996, the Center's summary will not be part of the April 1996 evaluation report.

5. Under-reporting of landings

This issue is difficult to address due to the measurement problem. We do not have good estimates of the level of under-reporting with or without the IFQ program. NMFS enforcement and IPHC staff can address this issue in a limited way.

6. Exceeding TACs

The differences between the quotas and reported catch can be compared before and after the implementation of IFQs. Such a comparison obviously cannot be made until the end of the 1995 IFQ fisheries and even then a one-year comparison is of limited use because under either open access or IFQ management overages can vary annually. The IPHC and AKR will make these comparisons for halibut and sablefish, respectively. The longer experience with a similar program for halibut in Canada may be more useful in addressing this issues for halibut.

7. Pressure to increase TACs

Council members, IPHC commissioners, fishery managers, and others could be interviewed to address this issue. It may be simpler to determine if there has been increased pressure than whether any such pressure has been effective. AFSC, AKR, and IPHC staff will address this issue. Note that this issue was addressed in a letter from the IPHC to Paul Seaton.

8. Spatial and temporal distributions of catch

Changes in the spatial and temporal distributions of catch can be evaluated using fish ticket, log book, and Observer Program data. The issues are as follows: have the distributions changed and have they changed in a way that should have a beneficial or adverse effect on the stocks? Center and IPHC staff will address these issues. However, the IPHC efforts will not be completed in time for the April evaluation report.

9. Halibut and sablefish CPUE data

Halibut CPUE data are a critical input in the IPHC's analysis of the status of the halibut stocks. Changes in CPUE caused by an IFQ program need to be adjusted for. IPHC staff is addressing issues concerning the potential effect of such changes on the stock assessment process. However, their work is not expected to be completed in time for the April report. Sablefish CPUE data are not used extensively in the stock assessment process. Therefore, less complete CPUE data are available for sablefish. Data from the Observer Program will

be summarized by the Center in early 1996.

The issue of very localized depletion, including that of areas of importance to recreational fishermen, has arisen. It is not clear that the CPUE analysis to be done by the IPHC will be at a fine enough level of resolution to address this problem. The focus of the IPHC analysis is on the effects on halibut stocks at a higher level of aggregation. The local depletion problem is expected to principally affect the availability of halibut to different user groups and not the total availability of halibut. Therefore, the issue of very localized depletion is principally not a conservation issue and should be addressed separately from the conservation issues.

Summary

The NMFS (Center and Region) and IPHC are committed to evaluating the conservation effects of the halibut and sablefish IFQ programs. The schedules for completing analyses of the conservation effects will be based on: 1) priorities that are set by the NMFS and IPHC 2) the availability of adequate data, and 3) the time required for the programs to have measurable effects.

Congress of the United States
Washington, D.C. 20515

September 28, 1995

Richard Lauber
Chairman
North Pacific Fishery Management Council
604 West 4th Avenue
Anchorage, Alaska 99510

Dear Richard:

We have heard recently from many fishermen with concerns about restrictions in the halibut/sablefish individual fishing quota (IFQ) plan which make it difficult to sell small initial allocations of IFQs or to acquire reasonable amounts of IFQs below the 20,000 pound "block" threshold. We've also heard general concerns about the lack of availability of IFQs for purchase in the smaller vessel categories of the plan.

Prior to the Council's approval of the modified block amendment, we expressed our support for block restrictions because we believe it is important to prevent over-consolidation of IFQs in the halibut and sablefish fisheries. We now write to encourage the Council to consider reasonable changes to the block amendment that may be necessary to address the concerns of fishermen who own IFQs below the 20,000 pound block threshold and in the smaller vessel categories.

Thank you for your consideration of this matter.

With best wishes,

Cordially,


FRANK MURKOWSKI


DON YOUNG


TED STEVENS

Never ret'd to testify
C-2

F/V SEA STAR

NAME OF PROPOSER

LARRY O. HENDRICKS
1110 N.W. 50TH
SEATTLE WASHINGTON
98107

TELEPHONE

(206) 286-9234

FISHERY MANAGEMENT PLAN

SABLEFISH AND HALIBUT I.F.Q. MANAGEMENT PLAN

BRIEF STATEMENT OF PROPOSAL:

TO ALLOW THE TAKING OF SABLEFISH WITH SINGLE POTS UNDER THE SABLEFISH/HALIBUT I.F.Q. PLAN IN WESTERN AND CENTRAL GULF ONLY.

OBJECTIVES OF PROPOSAL:

BY ALLOWING THE TAKING OF SABLEFISH WITH SINGLE POTS TO MINIMIZE BY-CATCH OF HALIBUT AND ROCKFISH. POTS HAVE DEMONSTRATED HAVING LITTLE INTERACTION WITH MARINE MAMMALS AND WASTAGE OF RESOURCE DUE TO MARINE MAMMALS EATING THE FISH.

NEED AND JUSTIFICATION FOR COUNCIL ACTION

(WHY CAN'T THE PROBLEM BE RESOLVED THROUGH OTHER CHANNELS?)

COUNCIL ACTIONS AND LEGISLATION IN 1986 , WAS CREATED TO PRESERVE THE NEEDS OF THE SOUTHEAST ALASKA SMALL BOAT COMMUNITY. ACTION TAKEN OUTLAWED LONGLINING OF POTS BY LARGE INDUSTRIAL FISHING VESSELS. THIS ACTION ALSO INCLUDED SINGLE POT FISHING WHICH HAS MINIMAL OR NO CONFLICT WITH LONGLINING. WESTERN AND CENTRAL GULF AREAS WERE INCLUDED WHERE POTS WOULD MINIMIZE INTERACTION WITH WHALES, SEALIONS, AND WATERFOWL. POTS HAVE DEMONSTRATED MINIMAL BY-CATCH OF HALIBUT AND ROCKFISH.

FORESEEABLE IMPACTS OF PROPOSAL

(WHO WINS, WHO LOSES?)

INTERNATIONAL HALIBUT COMMISSION: POTS WITH RESTRICTED SIZE OPENINGS MINIMIZE CATCH OF HALIBUT.

NATIONAL MARINE FISHERIES: MARINE MAMMAL INTERACTION WITH POT GEAR IS MINIMAL AND WASTAGE OF RESOURCE IS NIL DUE TO MAMMAL FEEDING. AND NO JUVENILE BY-CATCH.



ARE THERE ALTERNATIVE SOLUTIONS?

FUTURE TECHNOLOGY MIGHT BRING METHODS TO SOLVE CURRENT PROBLEMS WITH OUR FISHERIES. FOR NOW POTS HAVE DEMONSTRATED MINIMAL BY-CATCH WHEN CONFIGURED FOR SPECIES SELECTIVITY.

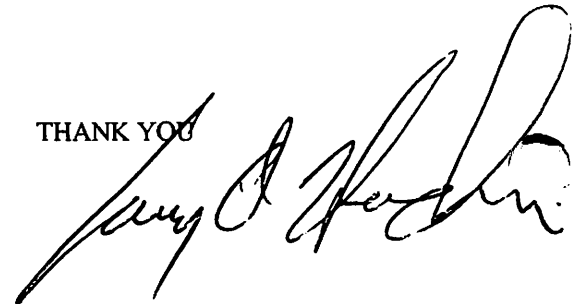
SUPPORTIVE DATA & OTHER INFORMATION:

A.D.F. REPORT 1991: REPORT SUPPLIED

NATIONAL MARINE FISHERIES: FILES CONCERNING BY-CATCH IN GROUND FISH FISHERIES WITH POTS

ALASKA DEPARTMENT OF FISH: FILES CONCERNING BY-CATCH OF POTS WITHIN STATE WATERS

THANK YOU

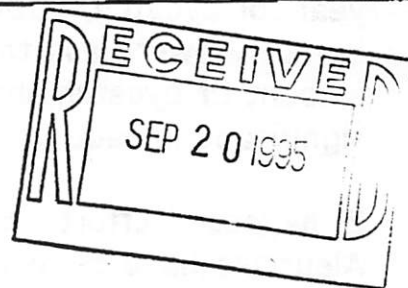
A handwritten signature in black ink, appearing to read "Larry O. Hendricks". The signature is written in a cursive style with a large, looping initial "L".

LARRY O. HENDRICKS

**LETTERS RECEIVED
ON
SABLEFISH/HALIBUT IFQ ISSUES**

**Alaska Sablefish Inc.****F/V Judi B**

P.O. BOX 319, HOMER, ALASKA 99603 (907) 235-5581



September 18, 1995

To: Richard Lauber, Chairman
North Pacific Fishery Management Council

Re: RIR Analysis to extend IFQ sablefish season in Aleutian Islands

Dear Mr. Lauber,

I would like to express my support to allow for an extended sablefish season in the Aleutian Islands with the following comments;

Justification

The Aleutian Islands sablefish season has always begun on January 1st. We fished 10 - 11 months a year during the qualifying years of the IFQ program and now have only 8 months to catch our quota. The Aleutian sablefish quota dropped 40% between 1994 and 1995. Because of this, we will be able to catch our allocated IFQ's this year but even if we had been operating under the 1994 quota, we would not have been able to catch our IFQ's in 8 months.

Apparently, the preliminary TAC for the Aleutian Island sablefish will not be available for the September meeting. I am very anxious to see that number but even in it's absense I would stress that quotas go up and down that is a fact of life in the fishing industry. A reduction of 40% in one year is a tremendous drop and does not follow the historical trend in this area. The Bering Sea sablefish quota was drastically reduced in 1994 - it dropped 50% from 1993 but then was raised back up in 1995.

Concerns

1. Halibut Bycatch - Gregg William prepared a report on the halibut bycatch in the Aleutians during the winter months. Even during the worst

pg. 2

year for bycatch, 1994, only 14 mt of halibut was discarded. The average is much lower, less than 10 mt. I agree with his conclusion - "the small amount of bycatch shown to occur in the winter would not have a significant impact on overall bycatch mortality."

2. Increased Effort - Even though the catch and bycatch figures in the Aleutians have been low in the past, there is concern that effort will increase if this is the only area open. This has been the situation in the Aleutians for the past 10 years, it isn't a new opportunity. If the sablefish fleet did not fish out there then when they were experiencing the short seasons of the "derby system" they have even less incentive now under the IFQ program.

3. Market Pre-emption - I do not believe the small amount of sablefish that may be sold during this time will greatly impact the Japanese market. It will be such an insignificant amount compared to the over all quota that it will hardly be felt on the market place.

4. Seen as an Allocative Issue - The feedback I hear from a few members of the industry is that some people see this as an allocative issue. The purpose of this proposal is to restore the Aleutian sablefish fishery to it's historical length. The idea of the IFQ program is to give fishermen more time to fish so they can do so responsibly, not less, as we are experiencing out in the Aleutians. This small fishery does not have the same problems as the Gulf of Alaska fishery yet it is always managed the same. I do not see this as an allocative issue when a problem unique to a specific fishery is being addressed on it's own term and not being lumped in with a fishery that does not have the same needs.

Options

1. Season Length - Either Alternative 2 or 3 is workable for us. If it were my decision, I'd pick Alt. 3 because it simplifies administrative requirements.

2. Retention of Halibut - I support Option B which requires the retention of halibut but only for bycatch and only with IFQ's to cover it. I do not believe IPHC would approve an open halibut fishery during this time but I

pg. 3

think there is a good chance they would accept a 20% bycatch. This would only amount to a few mt. I would like to see the exemption for the freezer longliners on retaining halibut that is provided for in the general prohibitions of the IFQ plan, to stay in place for this time period, as well. It is very awkward for us to freeze halibut in a freezer that was designed for black cod. However, we do have sufficient 4B freezer halibut shares to cover our bycatch needs so we could make this work if it serves a purpose.

3. Cap - It was discussed at the June meeting to possibly place a cap on the percent of Aleutian quota share a vessel could harvest in the early opening. I believe the rationale was to make certain the fleet did not exceed historical catches during this time frame. I do not support this additional restriction because it further burdens the administrative end. However, if the Council believes this restriction serves to protect the resource, then I would like to offer our historical catch percentages as a guideline. Jane DiCosimo has reported that the fleet wide average was 20%. Our vessel average is higher. During the 8 years prior to the IFQ program, we averaged catching 30% of our BSAI fish before March 15 of each year. This includes the time period of the qualifying years.

Allowing the Aleutian Islands to re-open during the winter months for this small sablefish fishery as they have for the past decade, does not have a significant impact on the conservation of our resource. But for the few of us who have made a hard living out there over the years, this new shortened season goes against what we are trying to accomplish with the IFQ program.

Sincerely,



Mary Standaert
Ak. Sablefish, Inc. F/V Judi B

North Pacific Fishery Management Council

Richard B. Lauber, Chairman
Clarence G. Pautzke, Executive Director

605 West 4th Avenue
Anchorage, Alaska 99501



Mailing Address: P.O. Box 103136
Anchorage, Alaska 99510

Telephone: (907) 271-2809
FAX (907) 271-2817

September 19, 1995

Ms. Mary Standaert
Alaska Sablefish, Inc.
P.O. Box 319
Homer Alaska 99603

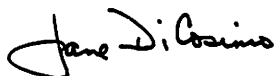
Dear Mary:

I have reviewed the Councils' record on the issue of a 20-30% fleetwide average for Aleutian Island sablefish that I cited in the draft RIR for extending the sablefish season in that area. In the draft for Council review I cited a letter written May 25, 1994 submitted by Pat McBride, Barbara McBride and you (see attachment). The draft RIR reads, "Typically 20 - 30% of the allocated quota is taken in the first three months of the year...", citing your company's letter.

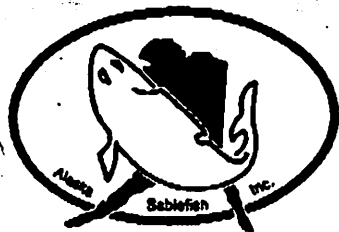
In their review in June 1995, the Council directed that I determine the actual first quarter landings for the draft RIR for public review. I calculated the fleet average for 1993 and 1994, because I cannot report individual vessel averages due to data confidentiality. The 1993 and 1994 fleet averages were 22% and 19%, respectively. I cannot report the average for your vessel, but the 30% rate you reported in your letter for the *Judi B* of 25% and 24% for the same period is in line with your vessel's higher rates of fishing activity in this fishery.

I hope this clears up where I derived my original estimation of first quarter sablefish landings, and why your vessel reports a higher rate of activity than the 1993 and 1994 fleet.

Sincerely,



Jane DiCosimo
Fishery Biologist

**Alaska Sablefish Inc.****F/V Judi B**

P.O. BOX 319, HOMER, ALASKA 99603 (907) 235-5581

Sept. 19, 1995

Jane DiCosimo
NPFMC Staff
Anchorage, Ak.

Dear Jane,

After talking to both you and Earl Krager about this proposed "cap" on the percentage of sablefish a vessel can catch if there is an extended Aleutian season, I thought I better do a little more research. You thought perhaps I had mentioned that our average was 20% during that time - which you calculated to be the fleet wide average, as well. I looked back through the various proposals and letters I have written on this issue and saw nothing along those lines which didn't surprise me because I had never calculated what percentage we took during that time. I have now, of course. Following this letter is a chart that shows the percentage of our BSAI catch taken before March 15 of each year. Our average is 30%.

I do not know to what extent this restriction will be discussed at the September meetings. I hope it doesn't go very far. But if it does I wanted to make sure our catch was not misrepresented. Wish I could do something about that fleet average! Thank you for your help with the information, I appreciate it.

Regards,


Mary Standaert

F/V Judi B Sablefish Catch in BSAI

These figures are to document the amount of sablefish the F/V Judi B caught in the BSAI regulatory area during the 8 years prior to the implementation of the IFQ plan. The purpose is to show what percentage of our catch was caught between January 1 and March 15 of each year.

<u>YEAR</u>	<u>TOTAL LANDED</u> (net lbs. in BSAI)	<u>WINTER AMOUNT</u> (caught before Mar 15)	<u>PERCENTAGE</u>
1994	472,574	115,406	24%
1993	468,370	115,861	25%
1992	377,285	135,923	36%
1991	507,133	137,491	27%
1990	790,199	311,440	39%
1989	539,540	103,622	19%
1988	474,884	129,435	27%
1987	496,289	220,769	44%

5 year average - 30%

8 year average - 30%

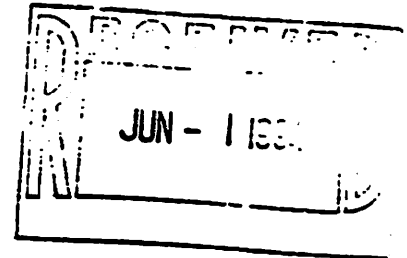


Alaska Sablefish Inc.

F/V Judi B

P.O. BOX 319, HOMER, ALASKA 99603 (907) 235-5581

May 25, 1994



Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
P. O. Box 103136
Anchorage, Ak. 99510

RE: Blackcod Season Begin Date 1995 Under the IFQ Plan

Dear Mr. Chairman and Council Members,

As most of you will probably recall, I was at the last Council meeting held in Anchorage. I stayed through the end of the meeting hoping my situation would be resolved. Unfortunately, time ran out.

In my testimony, I stated I was in hopes of keeping the Aleutian Islands' blackcod season opening date January 1st as it has been for the past 10 years. Throughout those years, our freezer longliner, the JUDI B, has been there every year on that opening date usually resulting in a 250 day to 300 day season.

The first 2 months of the year bring extremely high prices for blackcod because by tradition, the Japanese love to eat sablefish during the cold winter months. During the first 3 months of the year, the fishing effort is very small, usually 6 to 8 vessels, due to extreme weather conditions, tremendous currents in the passes, and yes, killer whales.

Mr. Richard Lauber
Council Members

Page 2

May 25, 1994

Naturally since we've put so much time and effort into this fishery, we're in line to receive a healthy amount of IFQ shares. In years past, it has taken 10 to 11 months to harvest allocated quota. If we were to lose the first 2 months of our fishing year due to a later season begin date, we lose our most profitable months of fishing and it is very conceivable that we may not have enough fishing time to harvest IFQ shares that will be allocated to us. This probably holds true for other freezer longliners as well.

How ironic; this is not what I believe the Council wishes to see happen. If everyone begins fishing in March or April and floods the market, the effect will be the same as the Gulf season, lower prices. We all agree a small flow of fish for the market every month of the year is our goal. This promotes a better quality product, higher prices, safety and fairness.

It would seem that having everything in place and targeting March 1st as a start up date for the program could be very difficult to meet given the complexities of the application process and final allocation of shares. We are deeply afraid that if the process actually took more time, we could lose 4 to 6 months of our season.

In reviewing our records, we find that during the first 3 months of each year about 20 to 30% of allocated quota has taken. But with higher prices during that period, 50% or better of our gross income is realized.

Due to these facts, we are requesting the begin date for the blackcod season in the Aleutian Islands remain January 1st for 1995 and subsequent years. In keeping with the IFQ plan requirements, perhaps harvested amounts during the first 3 months of the year could be deducted from the respective share holder's allocation.

Mr. Richard Lauber
Council Members

Page 3

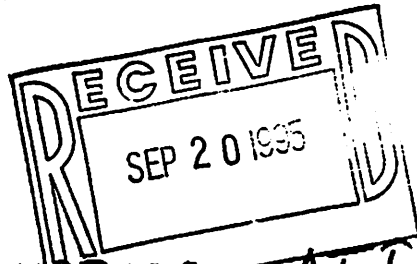
May 25, 1994

In closing, we would like to say we are proud to be one of the few Alaskan owned and operated freezer longliners and would like to thank each one of you for your time and consideration in this matter.

Respectfully yours,



PAT MCBRIDE
BARBARA MCBRIDE
MARY STANDAERT



Sept. 18, 1995

#1
To the NPEAC, ATT: Rick Lauber

I would like to voice a concern I have on the IFQ system.

Being in the D class category, I want to stay in the halibut business and to do so I need the option to buy or fish more share than I am currently able to get ahold of. My hands are tied.

Please consider a few thoughts I have that would help.

1. Let C class shares be bought and dropped to D class. There wont be enough to do any damage to the C class and for my position it would open up a lot more opportunity.

2. Let only D class hold more than 2 blocked shares.

3. Raise the sweepup clause to 3-5000 lbs. This would work good with #2.

#2

4. Make it so that a shareholder could lease other shares, otherwise there will be a lot of unfished shares, especially the smaller blocks.

Please consider these suggestions, I think I speak for quite a few others in my position who need a way to get more poundage. This IFQ system has hurt my income bad enough, please don't hobble me further.

Sincerely,

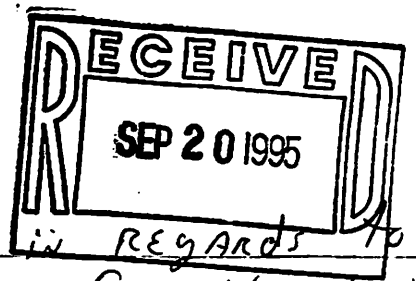
George Kirk, F/V Phantom

POBc 2796

Kodiak, AK 99615

907-486-5433

Members of the Council,



I am writing to you in regards to the I.F.Q. program now in place for the halibut and sablefish long line fisheries in Alaska.

I live in Sitka, AK. and have been fishing commercially since 1977, mostly as a crewman. I participated in the S.E. AK. salmon and herring roe seine fisheries as well as Togiak herring, gillnet and seine, and Bristol Bay Red gillnet fishery.

I've King crabbed + Tanner crabbed the waters of S.E. AK. and I've been crewing for black cod and halibut the past 10 years.

In 1984 I took the plunge and bought into the range, rat race of a fishery in Bristol Bay and have been paying for it ever since. Financially and emotionally, for 12 years I've been paying my dues and my debts bit by bit. With the help of crew positions for black cod and halibut and fishing my boat for herring in Togiak (gillnet) and some halibut fishing as well as the famed red runs. I've been fortunate and have made a comfortable living and kept ahead of my creditors.

Now with I.F.Q.'s in effect, crew positions are a bit harder to come by. Even though I was lucky this year and found a good job it certainly can't be counted on in the future.

When I.F.Q.'s were issued I tried to find some halibut shares in the D category in AREA 4-A.

With the glut of salmon on the market farmed and wild stocks, there are a number of us in the smaller boat category that are trying to diversify enough to handle the ups and downs of the salmon industry. Between salmon, herring and halibut we should be able to cushion the effects of an off year in price or stocks of one or even two of the other three.

The 32 ft. Bristol Bay gillnet boat of the modern fleet is able to fish halibut. While not being the ideal vessel by any means it is adequate. Also the seasons go hand in hand and it's possible to get to Dutch Harbor by the end of July and have the month of August to catch the fish.

The problem is that there are very few blocks available in D class in AREA 4-A. And the blocks that do occasionally become available are too small to warrant buying.

I know there are C class vessels holding blocks of 3 to 6 or 7 thousand pounds that would rather sell than travel out to 4-A and catch their shares.

I've already taken a gamble and bought, (by mortgaging my boat) two blocks totaling 17,000 lbs. in C class in AREA 4-A. I fished these shares on another boat, other than my own, this season last August. This worked out fine this year but I can't count on other boats year to year.

My options are to continue to fish on other boats, eliminating crew positions that I would make available. Or build, (at very high cost) a removable stern piece to meet the length requirements as they now stand.

I am not alone in this predicament.

I know personally 5 other boat owners in the same situation and I would have to assume there are others or would be others who would get involved. I only hope they go to the Sept. meeting or write themselves

I believe a change in the system where share holders could sell down from C to D would rectify this situation. D boats could find shares to buy even 5 to 8 thousand pounds total is worth it for us. And the C vessels would be able to find buyers for their 3 or 4 thousand pound blocks that may end up not being harvested at all.

I would suggest the D category be kept in place. Removing it all together may just keep the small boat operator out all together. Bristol Bay, certainly can't cry, but there are plenty of D category boats else where in the state that may be squeezed out.

I'm not saying that I agree with the entire I.F.Q. plan other than this issue. But I do feel it's better than what we had and I'm just trying to fit into it the best way I can.

Thank you for taking the time to read this letter. I had planned on attending the meetings in Seattle in Sept. but things came up. Right now I'm writing this letter while on my way to Dutch Harbor to catch some halibut to keep making those payments, HAVE to keep the banker happy.

Thanks again for your time.

Sincerely

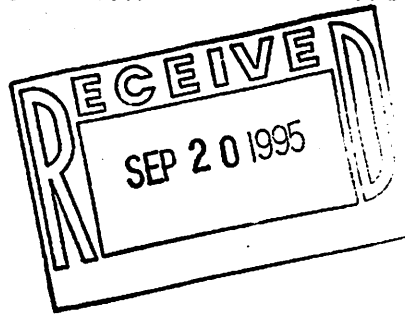
~~George R. Veneroso~~

George R. Veneroso

Geo R. Veneroso

620 Monastery St.

Sitka, Alaska 99815



1635 Whispering Pines Dr.
Seaside, Oregon 97138
September 20, 1995

North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510

Dear IFQ Advisory Panel Members:

I am writing to request that you consider allowing "B" Class IFQ to be fished on "C" Class length vessels. This would allow crewmen to purchase IFQ to use on the "B" Class vessels they crew on, which increases their likelihood of employment; and it allows crewmen to use their purchased quota on a smaller vessel when they have saved enough money to purchase one. Eventually, they might increase their operations back up to the "B" Class size, being skipper/owners rather than crewmen.

The net effect of this change would be that there would be, at times, slightly more gear in the "C" Class and less in the "B" Class than at present. This would create more crew positions, which addresses the problem that some crewmen have actually lost their jobs because fewer men are needed when the fishery is stretched out over a longer period of time.

As far as I can see, this plan would foster employment and excellence in the fishery, without harming the resource in any way. I will be interested in hearing your ideas on this plan. Thank you for considering it.

Sincerely,



John Alfred Svensson

**FISHING VESSEL OWNERS' ASSOCIATION
INCORPORATED**

ROOM 232, WEST WALL BUILDING • 4005 20TH AVE. W.
SEATTLE, WASHINGTON 98199-1290

SINCE 1914

September 18, 1995

**TO: Rick Lauber, Chairman
North Pacific Fishery Management Council**

**RE: RIR Analysis for a regulative amendment to extend the season for the IFQ
sablefish fishery in the Aleutian Islands**

The Fishing Vessel Owners' Association supports alternative 2 or alternative 3. After the first year of implementation, alternative 2 is essentially the same as alternative 3. There has been some criticism of possible halibut bycatch problems.

It would appear that the worst year for halibut mortality generated 12 tons of halibut mortality in the sablefish fishery in the Aleutians and Bering Sea. We would support option B with regards to either alternative 2 or 3. This would require the retention of halibut when Halibut IFQ is available. We could also support a requirement that in order to fish the months, November 15 to March 14, you must have adequate halibut IFQ to participate in the sablefish fishery in the Aleutians and Bering Sea.

Sincerely,



Robert D. Alverson
Manager

RDA:cb

FAX
(206) 283-3341

LATITUDE: 47° 39' 36" NORTH

DIAL "A VESSEL"
(206) 283-7735

LONGITUDE: 120° 32' 58" WEST