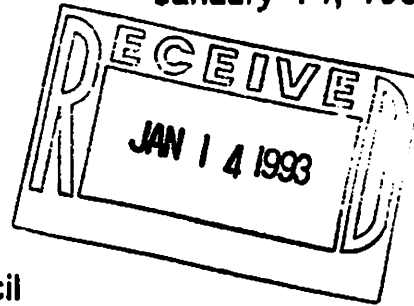


Steve Fish
P.O. Box 6448
Sitka, Alaska 99835

January 14, 1993



Clarence Pautzke, Director
North Pacific Fisheries Management Council

Dear Clarence and Council Members,

I would like to address the issue of the various "block" systems proposed to augment the sablefish and halibut IFQ systems.

I feel that a block system would help to address the concerns of many regarding the potential for excessive consolidation in the existing plan. With any of the block proposals the theoretical minimum number of boats would be greater than with the current plan.

With the current plan there would initially be more small quota shares available as a share holder can sell any portion of his quota. It is felt by many, however, that after some time the smaller shares would be consolidated into the control of fewer operators with only the ownership caps of 1% and 1/2% to serve as limits to consolidation. It is feared that the smaller operators would have a hard time finding and affording quota shares. A block system would preserve a portion of the quota in small sizes, making access for smaller operators including deckhands easier down the road.

It is definitely desirable to maintain the diversity of the longline fleet by helping to keep shares in Alaska communities where they started, and by assuring the continued viability of the various sizes of vessels. It is important to note here that with fleet diversity we have greater economic efficiency as more people have steady employment over a broader segment of society. This is one of the strong points of the IFQ idea. Stronger businesses make stronger communities make stronger country etc...

I feel that the "Partial / Full" block idea may work the best with some revision. It maintains the smaller size blocks while allowing larger vessel owners more flexibility with the larger size blocks. I feel though, that the maximum size for the smaller blocks should be 20,000# rather than 10,000# or 30,000# as illustrated in the council's draft of the proposal. This is a good median point between the two discussed in the draft. You might consider, however, that in some areas with halibut there

would be very little of the quota in the larger size blocks

Assuming IFQ's will survive D.C., we have been given a great opportunity to exercise good fisheries management. With the scope of the changes, however, we have a responsibility to see that economic viability is maintained across a wide spectrum of participants and would participants. It is important for all of us.

Thank You for your consideration.

Sincerely,

Steve Pitt

SITKA BLOCK PROPOSAL

- * Each quota share recipient is given shares according to the guidelines in the current plan.
- * The quota shares are given as a block of shares.
- * If a block exceeds one half of the most restrictive aggregation limit in an area the block is divided into at least two blocks.
- * Persons with blocks of QS worth under 1,000 pounds (in terms of the first year's TAC) may consolidate their blocks into a single block, so long as the single resulting block does not exceed 1,000 pounds.
- * Blocks can not be broken up. All the shares in a block must be sold together.
- * In the original proposal one person may fish three blocks in a year. Five blocks may be fished off of a single vessel in a year.
- * In the original proposal catcher vessel classes are eliminated.

FULL-PARTIAL BLOCK PROPOSAL

- * Each quota share recipient is given shares according to the guidelines in the current plan.
- * Shares are issued in full or partial blocks.
- * Blocks cannot be broken up. All the quota in a block must be sold together.
- * In the original proposal full blocks of QS are equal to 10,000 pounds of the first year's TAC. The number of full blocks a person receives is determined by dividing their poundage allocation by 10,000.
- * In the original proposal partial blocks are less than 10,000 pounds. Any person who would get less than 10,000 pounds gets a partial block. Any person whose allocation is more than 10,000 pounds, but is not evenly divisible by 10,000 pounds would receive a partial block. For example, a person who would get 13,000 pounds would get a full block and a partial block of 3,000 pounds.
- * A person with full blocks in an area may only hold one partial block in that area. A person with only one partial block may hold as many full-blocks as allowed by the aggregation limits currently in the plan.
- * In the original proposal a person who does not hold any full blocks in an area may hold three partial blocks in that area.
- * In the original proposal catcher vessel classes are eliminated.

ALTERNATIVES EXAMINED

- * The Sitka block proposal was examined as proposed, and with the following modifications: (1) three halibut catcher vessel classes with breaks at 35 and 60 feet, two halibut vessel classes with a break at 60 feet, two sablefish vessels classes with a break at 60 feet, (2) allowing person to fish from no more than 2 blocks in a year and allowing no more than 3 blocks to be fished from one vessel in a year.
- * The Full-Partial block proposal was examined as proposed, and with the following modifications: (1) Keeping halibut and sablefish catcher vessel classes under and over 60 feet (2) allowing full blocks to equal 20,000 and 30,000 pounds, and (3) allowing partial block holders to accumulate no more than 2 partial blocks.

SUMMARY OF RESULTS

- * The analysis focused on the extent of maximum consolidation under the programs. Maximum halibut consolidation allowed by the status quo (the existing plan) is 200 halibut quota holders statewide with no fewer than 200 in areas 2C and 3A together, no fewer than 100 in 2C, and no fewer than 200 in areas 4A to 4E. Maximum sablefish consolidation is 100 sablefish quota holders statewide, with no fewer than 100 in the Gulf of Alaska east of 140° West.
- * Maximum consolidation under the block proposals is summarized on the following two pages. Under both block proposals the maximum possible consolidation is less under the block proposals than under the status quo.
- * Under both block proposals decreases in the number of blocks a person could hold tended to increase the number of blocks remaining after maximum consolidation. In the Full-Partial Block proposal increases in the size of full blocks tended to decrease the number of blocks remaining after maximum consolidation. Under both block proposals changes in the number of vessel classes appeared to have little effect.
- * Both block proposals will tend to increase the costs of buying and selling quota shares over the status quo since quota shares will be less homogenous and divisible. This effect is greater for the Sitka block proposal.
- * Both block proposals will tend to increase some administrative costs and decrease others. For example, if a proposal eliminates catcher vessel classes the initial allocation will be simplified. However, if a proposal reduces fleet consolidation enforcement costs may be increased.
- * To the extent that some profitable opportunities for consolidation of QS may be lost relative to the Council's current plan, the net-economic benefits generated by the program may be reduced. In the original versions of both proposals, current restrictions on transferring QS across catcher-boat size categories have been removed. Under these alternatives, it is possible that some profitable consolidations could be carried out which were not allowed under the Council's current plan.

SITKA BLOCK PROPOSAL

HALIBUT

TABLE 4.1-1. Sitka Block Proposal, Halibut. Summary of estimated minimum block holders by management area and alternative.

Area	Alternatives					
	----- 3 Block Rule -----			----- 2 Block Rule -----		
	4.1 Catcher Freezer	4.2 2 Catchers Freezer	4.3 3 Catchers Freezer	4.4 Catcher Freezer	4.5 2 Catchers Freezer	4.6 3 Catchers Freezer
2C	557	558	558	834	835	836
3A	776	777	778	1,163	1,163	1,164
3B	260	260	260	389	389	390
4A	124	124	125	185	186	187
4B	78	82	83	115	115	116
4C	33	34	34	49	49	49
4D	32	33	33	47	47	47
4E	17	19	19	25	27	27

SABLEFISH

TABLE 4.2-1. Sitka Block Proposal, Sablefish. Summary of estimated minimum block holders by management area and alternative.

Area	Alternatives			
	----- 3 Block Rule -----		----- 2 Block Rule -----	
	5.1 Catcher Freezer	5.2 2 Catchers Freezer	5.3 Catcher Freezer	5.4 2 Catchers Freezer
Aleutians	43	44	63	64
Bering Sea	41	42	60	61
Central Gulf	148	150	221	223
Western Gulf	52	53	78	79
West Yakutat	102	103	153	155
East Yakutat	186	187	278	280

FULL-PARTIAL BLOCK PROPOSAL

HALIBUT						
Full/Partial Block Proposal, Halibut. Summary of estimated minimum numbers of block holders by management area. Table shows total blockholders and in parenthesis the percent of total blockholders who have full block packages.						
	3 Partial Blocks			2 Partial Blocks		
	No catcher size classes		Catcher size classes	No catcher size classes		Catcher size classes
	10,000	30,000	10,000	10,000	30,000	10,000
2C	812 (4)	793 (.4)	810 (4) *	1,202 (3)	1,187 (.3)	1,198 (3) *
3A	1,136 (8)	1,112 (5)	1,135 (8)	1,660 (5)	1,642 (3)	1,656 (5)
3B	315 (9)	306 (5)	316 (9)	458 (6)	451 (4)	458 (6)
4A	163 (44)	122 (0)	164 (43)	209 (34)	180 (0)	210 (34)
4B	89 (62)	75 (0)	90 (61)	106 (52)	103 (0)	106 (52)
4C	38 (39)	32 (0)	39 (41)	49 (31)	46 (0)	49 (33)
4D	35 (50)	29 (0)	34 (50)	42 (40)	41 (0)	42 (40)
4E	54 (0)	52 (0)	52 (0)	78 (0)	78 (0)	77 (0)
* Small numbers of full and partial observations were not counted in this cell to preserve data confidentiality.						

SABLEFISH						
Full/Partial Block Proposal, Sablefish. Summary of estimated minimum numbers of block holders by management area. Table shows total blockholders and in parenthesis the percent of total blockholders who have full block packages.						
	3 Partial Blocks			2 Partial Blocks		
	No catcher size classes		Catcher size classes	No catcher size classes		Catcher size classes
	10,000	30,000	10,000	10,000	30,000	10,000
Aleutians	54 (20)	51 (16)	54 (20)	75 (15)	73 (11)	75 (15)
Bering Sea	57 (12)	55 (9)	58 (14)	81 (9)	80 (6)	79 (10)
Central Gulf	235 (14)	232 (12)	234 (15)	336 (10)	332 (8)	334 (10)
Western Gulf	69 (14)	69 (13)	70 (16)	98 (10)	98 (9)	99 (11)
West Yakutat	147 (10)	145 (8)	147 (11)	211 (7)	210 (6)	210 (8)
East Yakutat	270 (30)	252 (21)	266 (30)	364 (22)	351 (15)	359 (23)

1000 POUND MINIMUM HALIBUT ALLOCATIONS

The report looks at eight approaches to the 1,000 pound minimum. Approaches 3.1 and 3.2 leave initial QS allocations intact but change the methodology for annual IFQ allocation. Approaches 4.1 and 4.2 depend on altering QS allocations during the initial allocation period. Two options are examined for each of these approaches. In "Option A" each QS holder gets a single 1,000 pound minimum, no matter in how many management areas they fish. In "Option B" each QS holder receives a separate 1,000 pound minimum in each area that they fish. The eight approaches are:

- 3.1-A Statewide and annual. Each year each QS holder is given 1,000 pounds of IFQ. The remaining TAC is divided among all QS holders in proportion to their QS holdings.
- 3.1-B Area specific and annual. The same as 3.1-A except that it is done separately within each management area. A person would be given the 1,000 pound minimum in each management area where they held QS.
- 3.2-A Statewide and annual. Each year each QS holder is given 1,000 pounds of IFQ from the TAC. The remaining TACs are divided among all QS holders who would have had over 1,000 pounds in the absence of the fixed allocation. These IFQs are allocated in proportion to their QS holdings.
- 3.2-B Area specific and annual. The same as 3.2-A except that each QS holder is given the 1,000 pound minimum within each management area where they held QS.
- 4.1-A Statewide and one time. Each person gets a "fixed" allocation of QS sufficient to provide 1,000 pounds of IFQ in the implementation year. In addition, each person gets a "variable" allocation of QS equal to their original qualifying poundage. This approach increases the total QS outstanding, and reallocates the IFQs by changing the proportions of the total QS held by the different QS holders.
- 4.1-B Area specific and one time. This is similar to 4.1-A except that the adjustment is carried out separately within each management area.
- 4.2-A Statewide and one time. Each person gets enough QS to give them 1,000 pounds of IFQ in the first year. The remaining QS will be allocated to each person who would have received QS worth more than 1,000 pounds of IFQ in the original allocation. Unlike approach 4.1-A, this approach does not change the total number of QS.
- 4.2-B Area specific and one time. The same approach as 4.1-A except that it is done separately within each management area.

SUMMARY OF RESULTS

- * The 1,000 pound minimum proposals increase the IFQs in the hands of persons who would otherwise have had less than 1,000 pounds of IFQ. In some of the alternatives the IFQ holdings of persons who originally had slightly more than 1,000 pounds are also increased. This can occur in options where everyone receives a 1,000 pound allocation and then the difference between the TAC and the total IFQ used in the 1,000 pound allocations is divided among all QS holders.
- * A slightly larger change in the distribution of IFQ or QS occurs when people are given 1,000 pound minimums in each management area in which they fished then when they are given a single 1,000 pound minimum to cover all areas.
- * The percentage reductions in IFQ and QS holdings for people who lose IFQs in the reallocation tend to vary depending on the area within which they fish.
- * The "one-time" allocation methods are somewhat more complex because of the need to reallocate QS to affect IFQ holdings.
- * The "one-time" allocation methods cannot guarantee that each person will receive a minimum of 1,000 pounds of IFQs in each subsequent year.
- * The annual allocation methods require annual administrative adjustments.
- * The annual allocation methods may create an incentive for a person to buy a single QS in order to qualify for the 1,000 pound minimum allocation.
- * For all alternatives, statewide allocations (Option A) are administratively complex relative to area-by-area- allocations (Option B).
- * The efficiency implications have not been examined. In the absence of vessel classes or leasing restrictions, QS and IFQs would tend to be transferred from the initial applicants to the persons who could use it most profitably. Vessel classes and leasing restrictions would prevent this. If the altered distribution provides more QS or IFQs to less efficient vessel classes it will tend to reduce the benefits from IFQs. If it tends to provide more QS or IFQs to more efficient vessels classes it may tend to increase efficiency over the current program.
- * In Area 4E the TAC is too small to give each QS holder 1,000 pounds of IFQs. In addition, under the plan, 100% of the TAC in this area is given to CDQs.



SEAFOOD PRODUCERS COOPERATIVE

PRODUCERS, PROCESSORS & MARKETERS OF PREMIUM QUALITY SEAFOODS

January 19, 1993

Mr. Rick Lauber
Chairman
North Pacific Fisheries Management Council
PO Box 103136
Anchorage, AK 99510

Dear Mr Lauber:

The 360 member fishermen of Seafood Producers Cooperative support the Sitka block proposal relative to the halibut and sablefish IFQ plan. We also support similar plans proposed by Ron Hegge and others.

If we must have an IFQ management plan for halibut and sablefish, we believe some form of the Sitka block proposal must be included for the plan to be a fair and effective management tool.

Under the current IFQ plan, both the halibut and sablefish fleets could be reduced to a few hundred vessels. Fewer vessels would utilize fewer Alaskan support industries, and more product would be shipped out of state for freezing and secondary processing. This would have a severe economic impact on many Alaska coastal communities as well as many shore based seafood processors.

The Sitka block proposal and the other similar plans would help protect the current economic base that these fisheries have traditionally provided, and would make acceptance of the IFQ plan for halibut and sablefish much easier for all concerned.

Thank you for your consideration.

Sincerely,

SEAFOOD PRODUCERS COOPERATIVE

Barry S. Lester
General Manager/C.E.O.



Page 1 of 2

Date 1/18/93

* FAX TRANSMISSION *

To: Mr. Rick Lauber

From: Harold Thompson

NPFMC

Fax # 907 747 6268

Private Fax # 907 747 3102

Rick:

Please accept this letter of support for the Sitka Block Proposal and my apologies for it being late. Linda asked me to write this two weeks ago, but mid-winter blahs made me procrastinate and eventually forget to do it.

I would certainly appreciate it if you would distribute the letter to the Council members.

Good luck up there,

Regards,

(907) 747-6662

TELEFAX (907) 747-6268

Telex 090-45-391 SSSEAFOOD SIK

FRESH AND FROZEN SALMON, COD, BLACK COD, HALIBUT, ROCK FISH, CRAB, HERRING



January 18, 1993

VIA FAX

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

Dear Mr. Lauber:

I'm writing in support of the Sitka Block Proposal relative to the halibut and sablefish IFQ plan. I am also supportive of other similar block plans that have been put forward by Ron Hegge or others.

If we are to have an IFQ plan, it is crucial to the continued health of many coastal communities and the small and medium size processors, that the fleet is not distilled down to a few hundred vessels. As processors, the worst nightmare we have is a vision of almost all halibut and blackcod leaving the State to be delivered in British Columbia or the contiguous U.S. This will happen unless the laws of economics are repealed. Eventually, even the shares in the smallest vessel class will be consolidated into the largest vessels available and they will find a run to Prince Rupert and it's connection to the market by road, no problem. The less vessels there are with shares, the more likely it is that systems to bypass Alaskan processors will be established and will entail most of the fish harvested.

Of course, the fewer vessels there are with shares, and the fewer that utilize the Alaskan support industries, the weaker our economies become. I think Alaska loses a large chunk of it's character as well as it's economic base under an IFQ plan, unless this additional step is taken to insure that the composition of the fleet remains somewhat the same as it is now. Of particular concern to me is what may happen to many of the very small communities, such as Yakutat where we operate a processing plant. Minus 2,000 lbs. deliveries are very common by the local skiff gillnet fleet. Halibut makes up a large percentage of their annual cash income. It is very important that steps be taken to help preserve this type of fisherman. The block proposal would be a large step in the right direction.

Thank you for your consideration.

Sincerely,

Harold Thompson
 President

(907) 747-6662

TELEFAX (907) 747-6268

Telex 090-45-391 SSSEAFOOD SIKK

FRESH AND FROZEN SALMON, COD, BLACK COD, HALIBUT, ROCK FISH, CRAB, HERRING



Queen Anne Fisheries, Inc.
1939 Eighth Avenue West
Seattle, Washington 98119
206-284-9158

Hart S. Lundsten
President
Shipper, F/V Klasonic

January 18, 1993

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

Dear Rick,

I am writing in regard to the IFQ revisions proposed for consideration this meeting.

First, I do not think either of the block proposals for IFQs are a good idea. Essentially, they make the transfer of quota more like selling a house than a harvest right. The act of shopping for the proper number of pounds will become extraordinarily tedious. They are an unnecessary inefficiency to be imposed on the system. A year or so ago, I said that I wished that the block proposal had been considered sooner, that it was a good idea for many of the problems aired in the debate over IFQs. Upon reflection, I don't think they will accomplish anything. The supposed beneficiaries of this plan, members of the small boat fleet, have no desire to be fenced in with such limitations of quota in my experience talking with many of them. In fact most of them don't even like the small boat size category.

Second, I think the proposal for a 1000 lb. minimum quota allocation is unnecessary. Clearly, the quota must be divided into saleable increments described by a certain number of pounds. That increment should be what is determined to be the most basic unit of catch, or minimum catch. Because some halibut, dressed and with the head off, weigh 300-400 pounds, I recommend 300 pounds as the minimum quota allocated for halibut and as the unit of a single quota share for halibut.

An original allocation recipient allowed only 57 or 123 pounds or some such number is absurd. Giving everyone 300 pounds or one fish, whichever is greater, as a minimum original allocation and as a single quota share solves that problem. For black cod, 100 pounds (an average of 20-25 fish) seems a more reasonable number.

The halibut weights are dressed, head-off. The black cod, dressed, eastern cut.

Sincerely,



Mark S. Lundsten

01-18-1993 03:01PM FROM Queen Anne Fisheries TO [unclear] 19072657140

01-18-1993 03:01PM FROM Queen Anne Fisheries TO [unclear] 19072657140

01-18-1993 03:01PM FROM Queen Anne Fisheries TO [unclear] 19072657140