AGENDA D-1
FEBRUARY 2009

MEMORANDUM

TO: Council and SSC Members

FROM: Chris Oliver
Executive Director

ESTIMATED TIME
2 HOURS

DATE: January 20, 2009

SUBJECT: Halibut/Sablefish IFQ Issues

ACTION REQUIRED

(a) Review/Rescind previous action to remove inactive quota shares (Council only).
(b) Review halibut catch sharing plan discussion papers (SSC only).

BACKGROUND

Inactive halibut and sablefish quota shares

In June 2006 the Council adopted a preferred alternative[1] to 1) withdraw all inactive initial halibut and sablefish quota shares (QS) held by initial recipients from the QS pools and 2) redistribute inactive halibut QS through a lottery, if the amount of inactive QS exceeds the number of QS units equivalent to 50,000 lb for all IPHC regulatory areas in the year of the lottery. The Council defined "inactive persons" as those who have neither fished nor transferred even 1 QS unit or 1 IFQ lb since initial issuance.

The Council recommended that NMFS 1) contact inactive halibut and sablefish IFQ permit holders by certified letter and indicate that these persons would need to act affirmatively by notifying NOAA in writing of their desire to retain inactive QS (Attachment D-1(a)) and 2) provide broad public notice of its intent to redistribute inactive QS, within 60 days of notice after implementation. However, the number of proposed halibut actions that were recommended by the Council since 2006 resulted in a low priority placed on implementing this proposed action; therefore, the Council decided in December 2008 to notice the public of its interest in reviewing its preferred alternative during the February 2009 Council meeting.

At the end of 2008, 278 inactive persons held QS: 275 held halibut QS and 4 held sablefish QS (one person held QS for both species). Using 2008 ratios, these QS represent 34,714 halibut IFQ pounds and 924 sablefish IFQ pounds. These numbers compare to 534 inactive persons holding halibut QS and 7 inactive persons holding sablefish QS at the end of 2005. The proposed action would result in some administrative cost savings and would require minimal additional work by Council staff and an estimated 100 hours of NOAA staff (SF, RAM, GC, and OLE) if implemented by the Secretary. Only rescinding the preferred alternative would require no additional Council or NOAA staff effort. Any change to the preferred alternative would require additional analysis by Council staff with subsequent rulemaking by

[1] The Council dropped options to 1) redistribute inactive sablefish QS because the administrative costs of a lottery exceeded the benefits because there were very few inactive sablefish IFQ permits and 2) allow voluntary relinquishment of inactive QS because requiring inactive IFQ permit holders to notify NMFS of their interest to retain their permits would attain optimal yield of the halibut and sablefish resources with greater administrative cost savings (i.e., purge more inactive permit holders).

NOAA staff, and any new proposal may be directed by the Council to the IFQ Implementation Team prior to such a decision.

Halibut Catch Sharing Plan

In October 2008, the Council selected its preferred alternative to replace the current Guideline Harvest Level Program with a catch sharing plan (CSP) that establishes an allocation between the charter sector and commercial setline sector in Area 2C and Area 3A (see tables below). Under the Plan, the Council would request that the International Pacific Halibut Commission (IPHC) set a combined charter and commercial setline catch limit each year and apply the sector allocations. The combined catch limit and projected charter harvests would determine the harvest restrictions governing charter clients in the new fishing season. The regulations that would implement the CSP therefore need to explicitly describe 1) the possible management measures, 2) the tier system under which they would be implemented, and 3) the "formula" for determining the appropriate bag limit and size limit restrictions.

The Council intends that annual harvest restrictions be implemented under IPHC regulations each year and not be subject to separate Council or IPHC review and action and/or NMFS rulemaking. Therefore new restrictions would be published based on IPHC determination of the combined catch limit either in the annual IPHC measures or in an annual notice prior to the start of the charter halibut season. NMFS would identify the regulatory restrictions to be in effect for the charter sector in the next season based on 1) the CSP tiers that would have been published in regulations that implemented the CSP and 2) projected charter sector harvest under alternate regulations. There may be a delay between IPHC determination of the combined catch limit and NMFS determination of associated harvest restrictions because of staff time needed to determine projected charter harvests under the charter sector allocation of a particular combined catch limit.

The Council's preferred alternative does not define 1) how to determine the maximum size limit under the lowest combined catch limits (i.e., Tier 1 and Tier 2) and 2) how to determine projected charter harvests. Two discussion papers are provided for SSC review to assist staff in preparing the final draft of the analysis for Secretarial review of the Catch Sharing Plan. One paper identifies several issues in selecting a maximum length limit to manage charter halibut harvest in times of low abundance and seeks SSC guidance for implementation (Attachment D-1(b)(1)). A second paper identifies several more general issues on how the charter halibut harvest would be projected and also seeks SSC guidance for implementation (Attachment D-1(b)(2)). Once these issues are resolved, staff will 1) report to the Council on resolution of these issues in an implementation plan to be prepared by NMFS and 2) incorporate additional analysis into the Secretarial Review Draft for the CSP.

Area 2C Halibut Catch Sharing Plan

Tier	Combined Catch Limit (million lb)	Allocation	Charter Fishery Bag & Size Limit Regulations		
			If charter harvest within allocation range	If charter harvest projected to exceed allocation range	If charter harvest projected to be below allocation range
1	<5	Comm alloc = 82.7% Charter alloc = 17.3% Charter range = 13.8-20.8%	One Fish	Maximum size limit imposed that brings harvest to 17.3%	One Fish
2	≥5 - <9	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	One Fish	Maximum size limit imposed that brings harvest to 15.1%	Two fish, but one must be less than 32" in length
3	≥9 - <14	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	Two fish, one must be less than 32" in length	One Fish	Two Fish
4	≥14	Comm alloc = 84.9% Charter alloc = 15.1% Charter range = 11.6-18.6%	Two Fish	Two fish, but one must be less than 32" in length	Two Fish

Area 3A Halibut Catch Sharing Plan

Tier	Combined Catch Limit (million lb)	Allocation	Charter Fishery Bag & Size Limit Regulations		
			If charter harvest within allocation range	If charter harvest projected to exceed allocation range	If charter harvest projected to be below allocation range
1	<10	Comm alloc = 84.6% Charter alloc = 15.4% Charter range = 11.9-18.9%	One Fish	Maximum size limit imposed that brings harvest to 15.4%	One Fish
2	≥10 - <20	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	One Fish	Maximum size limit imposed that brings harvest to 14.0%	Two fish, but one must be less than 32" in length
3	≥20 - <27	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	Two fish, one must be less than 32" in length	One Fish	Two Fish
4	≥27	Comm alloc = 86.0% Charter alloc = 14.0% Charter range = 10.5-17.5%	Two Fish	Two fish, but one must be less than 32" in length	Two Fish

UNITED STATES DEPARTMENT O
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

January 2008

Dear Quota Share Holder:

This letter is early notice of an anticipated change to the Pacific halibut and sablefish Individual Fishing Quota (IFQ) program. According to records maintained by the Restricted Access Management (RAM) Program, you were initially issued Quota Share (QS) but you have never used any of your annual IFQ permits to make landings, nor have you ever participated in transfers of any QS or IFQ to or from another person. Therefore, we consider you to be an "inactive" QS holder.

Background

In response to constituent inquiries about IFQ program administration costs and unfished IFQ, the North Pacific Fishery Management Council (Council) has recommended that NMFS implement regulations that would revoke all QS held by "inactive" QS holders. This action would occur only after: (1) publication in the Federal Register of a proposed rule inviting public comment and a final rule which would implement this proposed regulation change, if it is approved; (2) ample notice to the public about this regulation change; and (3) an opportunity for you to request in writing that your QS not be revoked.

Program Development

We are developing regulations to implement the Council's recommendations. At present, we have no definite implementation schedule, but this change would not be effective before at least 2009. This letter is just a notice that program development has begun. If you act to fish your QS or transfer it to another person before this program is implemented, we would no longer consider you "inactive." On the other hand, if you do not take some action to change your inactive status, or *at the appropriate time* provide notice in writing to RAM of your interest in retaining your QS, your QS could be permanently revoked without compensation. Note that we do not assist Quota Share holders in arranging transfers. You may wish to check trade journals for advertisements and for brokers who provide these professional services.

Again, this letter is notice of pending IFQ program changes; your QS would not be revoked until new regulations are approved, published, and effective and you are provided written opportunity to respond. If you have further questions about this proposed change to the IFQ program, please contact NMFS/RAM at: (toll-free) 800-304-4846 option 2.

Sincerely,

Jessica Gharrett
Acting Program Administrator
Restricted Access Management, Alaska Region