ESTIMATED TIME

6 HOURS

MEMORANDUM

TO:

Council and AP Members

FROM:

Chris Oliver for

Executive Director

DATE:

February 1, 2010

SUBJECT:

Halibut/Sablefish IFQ Program

ACTION REQUIRED

(a) Review IFQ proposals, receive IFQ Implementation Committee report; take action as necessary

(b) Review discussion paper on Community Quota Entity Program

BACKGROUND

(a) IFQ proposals

In 2009, the Council called for proposals to amend the halibut and sablefish IFQ program. The Council extended the deadline to January 15, 2010, as proposals continued to be submitted after the June 2009 deadline. Fourteen proposals were submitted in the first round. The IFQ Implementation Team convened to review and comment on the proposals on September 30, 2009 and seven have been recommended to the Council for analysis (Item C-1(a)(1)). The Team convened again on February 4, 2010 to review and comment on four additional proposals; team recommendations will be provided at the meeting. The proposals are provided under Items C-1(a)(2) and (3). The first team report is provided under Item C-1(a)(4). Agency staff also reviewed the proposals to advise the Council (Item C-1(a)(5)). The team and agency reports on the second set of proposals will be available at the meeting.

(b) Review discussion paper on Community Quota Entity Program

The Council developed the halibut and sablefish IFQ Program in the early 1990s, and NMFS implemented the program in 1995. This program changed the management structure of the fixed gear halibut and sablefish program by issuing quota share (QS) to qualified applicants who owned or leased a vessel that made fixed gear landings of halibut during a specified time period. The quota share issued was transferable, with several restrictions on leasing. The Council developed leasing and other restrictions in order to achieve some benefits associated with IFQ management but also retain the owner-operator nature of the fisheries and limit consolidation of quota share. To that end, the Council only allowed persons who were originally issued catcher vessel quota share or who qualify as IFQ crew members to hold or purchase catcher vessel quota share (B, C, and D category). Thus, only individuals and initial recipients could hold catcher vessel quota share.

¹IFQ crew member means any individual who has at least 150 days experience working as part of the harvesting crew in any U.S. commercial fishery, or any individual who receives an initial allocation of QS (50 CFR 679.2).

²Per 50 CFR 679.2: Individual means a natural person who is not a corporation, partnership, association, or other such entity.

Although the IFQ Program has resulted in significant benefits for many fishermen, many quota holders in Alaska's smaller coastal communities have transferred their quota to others, for various reasons, or have moved out of these communities. As a result of quota transfers, the total amount of quota held by residents of small, coastal communities and the number of IFQ holders, substantially declined since the inception of the IFQ Program. As this trend may have a severe effect on unemployment and related social and economic impacts in rural communities, the Council approved GOA Amendment 66 in 2002 to attempt to alleviate this issue.

Under GOA Amendment 66, the Council revised the IFQ program to allow a distinct set of 42 remote coastal communities with few economic alternatives to purchase and hold catcher vessel QS in Areas 2C, 3A, and 3B, in order to help ensure access to and sustain participation in the commercial halibut and sablefish fisheries. Eligible communities can form non-profit corporations called Community Quota Entities (CQEs) to purchase catcher vessel QS, and the IFQ resulting from the QS must be leased to community residents annually. Thus, the Council's action was implemented as 'the CQE Program'. In effect, the CQE remains the holder of the QS, creating a permanent asset for the community to use to benefit the community and its residents. The QS can only be sold in order to improve the community's position in the program, or to meet legal requirements, thus, the QS must remain with the community entity. This amendment was approved by the Secretary of Commerce and effective in June 2004.

Upon final action, the Council included a request to review the program after five years of implementation, although this is not a regulated requirement. The purpose of the review is to assist NMFS and the Council in assessing the performance of CQEs in meeting the objectives of providing for community-held QS. The review of the CQE Program was mailed to you on January 19, and is attached as Item C-1(b). This report describes activity under the CQE program to-date, documents changes in quota share holdings of residents of eligible communities, and provides a brief review of concerns related to the program that have been expressed in public forums, including those submitted as formal IFQ proposals under agenda item C-1(a). This is a summary report intended to provide the Council and the public with a brief review of the program.

More than five years after implementation, participation in the CQE Program has been relatively limited with respect to the primary purpose of allowing communities to purchase halibut and sablefish quota share in the Gulf and retaining that QS for use by resident fishermen. Only one CQE has purchased quota share to-date, which represents about 0.05% of the combined Area 2C, 3A, and 3B QS pool, and 0.28% of the total Area 3B QS pool. (Each CQE is limited to 0.5% of the combined Area 2C, 3A, and 3B QS pool, and all CQEs combined are allowed to purchase up to 21% of the QS in each area by 2010.) Thus, the program has not come close to reaching its regulatory limits. However, in terms of performance, the one CQE that has purchased quota share appears to have met the performance standards adopted by the Council and created a system for the distribution of current and future quota share that is equitable, accountable, and reflective of the community's need to provide opportunities for both long-established and new entrants.

While only one CQE has purchased QS, 21 of the 42 eligible communities have completed the process to form a CQE and have it approved by NMFS. Thus, half of the eligible communities have invested substantial time and resources in preparing to participate in the program, and several additional communities have made efforts to evaluate whether forming a CQE is of interest and benefit to the community at this time. Regardless of the interest conveyed and effort put forth to participate in the program, very little quota share has been purchased. Several entities have evaluated the reasons for the lack of participation in the CQE program to-date, and they can primarily be categorized as: 1) barriers to purchasing QS; and 2) program-related restrictions. The CQE review outlines some of primary issues cited under these categories.

The Council is scheduled to review the CQE Program review at this February meeting. No action is required as a result of this report. However, the Council may request a more detailed report on specific issues, should more extensive data or analysis be determined necessary. The Council may also choose to initiate new FMP or regulatory amendments in order to consider changes to the current program.

Draft IFQ Implementation Team Motions 7 proposals approved for Council consideration September 30, 2009

1. Allow the retention of coincidentally harvested halibut during the Bering Sea sablefish pot fishery (Mr Hebert)

Motion: Recommend that this proposal be analyzed, with no proposed changes to the regulations for tunnel requirements, so that Area 4A halibut could be retained while targeting sablefish in the Bering Sea and Aleutian Islands regulatory areas.

Passed unanimously

2. Allow the use of pots in the Gulf of Alaska Southeast area sablefish fishery (Michael Douville)

Motion: Recommend that the proposal has merit for Council review and analysis. If the Council adopts this proposal for analysis the team recommended that the proposal be expanded to the GOA, and the analysis should address the following issues: 1) restrictions to gear usage (a) single v longline pots, b) pots retained on grounds for long soaks v retrieved during deliveries, c) pot storage, d) gear configuration requirements; e) gear conflicts, f) use the 200 fathom depth contour to mark open areas, g) pot soak time slot; 2) area management (SE v GOA); 3) exacerbation of halibut mortality; 4) dynamic(social/economic) effects, including a) small vessels could not safely use pots, b) crew employment, c) QS prices; d) ongoing acoustic research for avoiding whale depredation.

Passed 10:1

3. Allow Area 4B Category D quota shares to be fished on Category C vessels (Robert Snell)

Motion: Recommend this proposal for Council consideration, noting that the proposed action to allow 4B category D shares to be fished on Category C vessels is similar to action that was implemented for Area 4C and 3B.

Passed unanimously

4. Amend grandfather/hired skipper privileges in the halibut/sablefish fishery to sunset these rights, on any future quota which is bought/traded/gifted (Frank Miles)

Motion: Recommend that the Council consider sunsetting the hired skipper provisions for halibut and sablefish QS transferred by individual initial recipients, excluding leased (A) shares (rewritten proposal).

Passed 9:1:1

5. Amend IFQ halibut/sablefish loan program to reduce 20% down payment requirement to 10% down payment requirement (Frank Miles)

The committee took *no action* because staff reported that the Council does not have the authority to amend these regulations.

6. Allow Adak to use its crab royalties to buy Area 4B halibut IFQ and Aleutian Islands area sablefish IFQ for use by local fishermen (add Adak to the CQE program) (Michael Swetzof)

A specific proposal was not received. Bob asked if this would be the only Area 4 CQE and what caps would apply. Nicole Kimball responded that the proposal was vague and the analysis could apply the current CQE provisions. Bob suggested he would not want to expand CQE privileges beyond those in place for any current CQE. He pointed out that ACDC can now use their royalties to buy 4B halibut IFQ and AI sablefish IFQ for community members

The team unanimously agreed to recommend that the Council take *no action* since a specific proposal was not received.

7. Eliminate vessel limitations for CQEs (GOACCC)

Motion: Recommend that the Council consider eliminating vessel limits for CQEs.

Passed unanimously.

8. Change in residency requirements for CQEs (GOACCC)

Motion: Recommend that the Council consider two alternatives for changing residency requirements for COEs (restated proposal):

- 1) 6 month residency requirement
- 2) Affidavit process that applicant be a permanent resident within the community in which they are applying for a CQE permit for 12 consecutive months within 36 months of their application. If they fail the residency requirement, they forego their opportunity to get a lease in perpetuity.

Failed 2:8 (1 absent)

9. Allow CQE communities to purchase QS in all vessel categories (GOACCC)

Motion: Recommend that the Council consider the proposal.

Failed 2:7:1 (1 absent)

- 10. Remove block system for sablefish A shares and increase sablefish A (only) cap (Dave Little, Clipper Seafoods)
- a) Motion: Recommend that the Council consider removing the block program for sablefish A shares.

Failed 3:7:1

b) Motion: Recommend that the Council consider exempting A shares from the overall sablefish use cap and apply a use cap at between 1.25% to 1.5% of the current use cap for vessels that ONLY fish A shares (no catcher vessel QS onboard) and regardless of whether the sablefish harvest was processed.

Passed 9:2

11. Create a new category of vessel known as a heritage vessel, defined as any vessel 100 gross tons and less and more than 50 years old and which would be allowed to fish either C Class or B Class quota. (Pert Odegaard)

Motion: Recommend that the Council consider this proposal.

Failed 5:6

12. Exempt second generation sablefish QS holders from two block limit (Deep Sea Fishermen's Union)

Motion: Recommend that the Council consider limiting the current halibut and sablefish block limits to initial recipients only.

Failed 3:8

13. Allow second generation who have actively held and fished for 10 years and hold at least 10,000 lb of halibut or sablefish IFQ to obtain first generation rights (John Crowley)

Motion: Recommend that the Council consider this proposal for analysis.

Failed 2:9.

14. Exempt D class vessels (or those under 26 ft) delivering less than 300, 500, or 1000 lb of halibut to be either exempt from 3-hour notice to deliver or implement a less burdensome notice to deliver (one hour) for qualified vessel deliveries (Jeff Farvour)

Motion: Recommend that the Council consider allowing vessels less than 26 ft that deliver ≤500 lb of halibut IFQ to provide 1-hour notice of delivery.

Passed 10:1

HALIBUT AND SABLEFISH IFQ PROGRAM **AMENDMENT PROPOSAL**

North Pacific Fishery Management Council Fax: (907) 271-2817

Name of Proposer: Michael Douville Date: 3/31/06 Address: Po BCX 68 CRAig, AK 99921

Telephone: 9078265407 EMPIL: MYRNAMIKE @ HotmAil: Com

Brief Statement of Proposal:

To allow for the use of pots in the Gulf of Alaska southeast sablefish/blackcod fishery.

Objectives of Proposal (What is the problem?):

Provide fishermen an alternative type of gear to longline.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

This proposal can address several problems which the Council is working on:

- a) sea bird by-catch
- b) interaction with whales

Foreseeable Impacts of Proposal (Who wins, who loses?):

There will be no negative impact on anyone. As an allowable gear type, fishermen could chose to use pots, but would not be required to invest, if they are happy with long line gear.

However, the use of pots could lead to a decline in bird by-catch, including albatross, and a decrease in fishing gear/whale activity. By catch of rock fish would also be reduced, less bait and man hours to catch the same amount of fish

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

It is an excellent solution, because it provides a gear alternate opportunity for fishermen, and can lead to reductions in by-catch or unwanted marine mammal interaction.

The use of bird deterrent lines are cumbersome and unnecessary for many areas in Southeast Alaska. Research has demonstrated that whales will continue to take fish from longline gear.

Supportive Data and Other Information (What data are available and where can they be found?):

List of supportive data will follow

F.O. BOX 68 CHAIG, AK 99921

POBOX 68 CRAIGIAK 99921

01 2 2 2010

Proposal: Allowing the retention of coincidentally harvested Halibut during the Bering Sea Sabletish Pot Fishery

Year(s): Effective spring 2009, for a three year trial/evaluation period

Definition and Objective:

This proposal is to allow the retention of incidental by catch Halibut, specifically caught in the Bering Sea Sablefish fishery, by pot, by qualified harvesters that have 4A Halibut quota. This proposal is very much the same as the recently passed regulatory change in area 2B. There are 3 primary objectives to this proposal. 1) Increase the area of harvest in 4A, 2) reduce mortality from Killer whale predation and handling, and 3) Reduce concentrated harvest in traditional "whale-free" meas.

- 1) Currently there is a very large portion of 4A that is not reasonable to attempt harvesting Halibut from because of Killer whale predation. Pots have been successful in safely capturing these fish, with no mortality from predation.
- 2) Under the current regulations, all Halibut caught by Sablefish pots must be discarded. Because of where the majority of the Bering Sea Sablefish Pot fishery is conducted, there is a constant presence of Killer whales near harvesting vessels. There is no mechanism by which balibut can be safely returned, without extremely high mortality. Mortality from handling would be completely eliminated.
- 3) Because of the increased presence of Killer whales in 4A, harvesters have been forced into ever increasingly small areas of harvest, with limited windows of opportunity to harvest. Allowing these specified pot vessels to retain their by-catch reduces both pressure on the resource and direct competition between vessels, lessening focused impact on the resource, and significantly increasing the area of harvest.

Impacts:

All vessels fishing with hooks will see some small measure of relief from this proposal, simply because: a) some of the fish would, with this proposal, be harvested from regions that are not being currently exploited, b) Halibut caught by pot, landed and recorded, would directly increase the availability, by reducing competitive pressure, and direct and indirect mortality issues

Opinion:

We have had 7 years of Sablefish fishing, by pot, in the Bering Sea to witness changing events. The Killer whale predation problem is increasing. Cows are teaching their calves the "technique" of stripping fish and following in to snatch by eatch as quickly as it is discarded. When we discard Halibut, we are destroying the fish. We can't change the whales feeding habits, but we can change their access to Halibut in particular. I believe all vessels engaged in Sablefish fishing in the Bering Sea should be required to have some Halibut quota for 4A, specifically to cover the inevitable by eatch of Halibut.

For a significant portion of the year, Halibut and Sabletish share intermingled climes on the ocean bottom. Traditional halibut surveys do not get to these regions. To pursue Sabletish will forever take us through regions of Halibut as the two species compete for food. Recognizing this interrelationship, I am proposing that we retain both.

2

)-

HALIBUT AND SABLEFISH IFQ PROGRAM AMENDMENT PROPOSAL

North Pacific Fishery Management Council Fax: (907) 271-2817

Name of Proposer: Robert Snell Address: 5889 South Shore Rd. Anacortes, WA 98221 Telephone: 360-293-5037 Cell 360-770-6763

NOV : 2008

N.P.P.(5 c)

Brief Statement of Proposal: To permit my D class quota to be caught on C class vessels in area 4B.

Objectives of Proposal (What is the problem?):

After purchasing my approximately 4000 lbs of D class quota in May 08 and fishing it successfully in June, July and August this year on my 32 foot vessel in conjunction with a cod jigging operation I had at Adak, I was made aware of several situations that will make it complicated to fish it in the foreseeable future. The main problem is the lack of adequate moorage and storage for my vessel especially in the off season at Adak. Initially I was told by Kjetil Solberg, the owner/manager of Adak Fisheries, that this would not be a problem. In fact I saw his two 35 foot vessels taken in and out during my time there. As the end of the season approached, I went to the city officials in charge of lift- out equipment and had no reason to believe it would not be possible until Will Tillion the safety administrator told me he thought my vessel was too heavy for the lift- out hoist and denied my request for haulout. Having seen some other boats that had been left in the small boat harbor in near sinking condition at Adak due to inadequate surveillance complicated by lack of shore power, I felt I had to leave Adak and I moved the vessel to Sand Point. In addition after having fished in the area, I learned that the more productive cod and halibut areas require some considerable travel, usually six or more hours one way around capes and through passes that have potential for hazardous conditions even during the most favorable summer fishing periods-thereby, restricting harvest to primarily mid-June to mid-September. In fact the predominant percentage of D class halibut quota in 2007 and 2008 was landed in July and August as seen on supplied catch history tables provided by NOAA (see data enclosures). To move my boat between Adak and Sand Point to harvest 4000 lbs of IFQ in this small window with the time, expense and hazard involved is not a viable option. A complete list of the share holders of D class quota in 4B exhibits a pattern that makes it easier to do IFQ in 4B. There are 11 of the 14 shareholders with Atka mailing addresses, one with an Adak address, one in Dutch Harbor, (two other listings were sweep up shares that presumably have been swept up) and myself with two small blocks. I inquired at the Atka Fisheries plant to see if they would help me with cod and halibut purchase and was told they would not buy cod and had no fuel and limited services for nonresidents. Also note the small number of D class, only 3 individual vessels landing quota in 4B in 2008 with a total of 18 landings of which I had 12. I landed 4000 lbs; the other two vessels landed 42,000 lbs in 6 deliveries. Another complicating factor is obtaining insurance for hull and crew on a D class vessel in 4B. It is not available for short term and costs are considerable. Due to the constraints placed on small boat fishermen in Adak, insurance would become cost prohibitive, since by necessity the boat could not be put in winter storage.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?)

I need a safe and secure place to leave my 32 foot boat for storage through the off season and currently that does not exist, or I must locate an individual with a D class vessel for hire to help me. I am unaware of any D class vessels available for hire other than those owned by Kjetil Solberg, the current owner/ manager of Adak Fisheries Both historical and current problems at Adak Fisheries prohibit this option. There are several vessels that do fish class C quota that may be a viable option for me and that fished at Adak this past summer. Some of these vessels travel between Dutch Harbor and Adak on a more regular and frequent basis. These vessels have range and opportunity to catch and deliver my product at times and under conditions not available for D class vessels. Some of these owners have expressed interest in working with me if it were permissible. A list of available owners is in the data provided.

Foreseeable Impacts of Proposal (Who wins, who loses)

I would have a financial benefit if I could harvest my approximately 4000 lbs of halibut, but it is not going to make a large impact on the stocks in 4B and appears that the two other vessels doing 4B D class IFQ would also benefit. Since they are Atka residents and not out of area requiring Adak off season storage they might not need or want this option. I didn't see any other class D vessels fishing halibut there this past summer. After a careful review of the criteria used to justify permitting D class share holders in 3B and 4C as provided in the Council's Report, it would appear that such consideration would apply in 4B also - the primary reason being the safety concerns of smaller vessels fishing isolated and remote areas during short seasonal opportunity. This previous paper www.fakr.gov/npfine/council/_membership.htm.... addresses these issues in ways that have a similar rationale here.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

Funds could be appropriated to complete the Adak small boat harbor which is 25% complete and provide power there. A larger boat lift could be purchased by Adak City. Another management could take over the fish plant or floating processors could be made available to purchase and process for the summer fisheries in Adak. I was told that my presence along with the other four cod jiggers might move the powers-that-be into action to provide progress on the above, but I never saw that take place and in fact, the existing infrastructure has deteriorated since I left there in particular as regards electricity and Adak Fisheries. My other option might be to sell my halibut IFQ shares but that might not be easy under the current circumstances.

Supportive Data and Other Information (What data are available and where can they be found? Since the option I requested is in line with what has already been granted in 4c and 3B to harvest D class quota on C class vessels, I am requesting that same option. I was encouraged and recruited by Adak Fisheries to help build a small boat fleet out of Adak and although I was somewhat aware of the history and problems there, I believed that people were working to make the jig fishery viable and that the inherent problems could be eventually worked out. Although jigging Cod in the Bering Sea was a new experience for me, I have 39 years experience in varied fisheries with more than 20 of those years in Alaska. I learned of this opportunity from a friend who had extensive experience in the Bering Sea and we traveled together on this endeavor. We had some measure of success and intended to finish our fishing careers doing this in Adak if things had worked out. I brought my equipment to longline and jig with me and we would have stayed and may return if things improve. I still believe there is potential but the reality is that it may take quite some time to bring this to fruition and in the mean time fishermen like myself could use some help so we have some return on our IFQ while we wait to see what happens. At this stage of my fishing career at age 71 it's difficult to wait.

Thanks for your consideration.

Signature:

Robert I. Sneel 11/18/08

Date: Fri. 31 Oct 2008 15:51:44 -0700

From:bob and connie snell the snell a cable rocket.com

To:Ram, Alaskara noaa.gov

Based on a discussion I had with this office yesterday (10/30/08) I have prepared a list of questions that will help me prepare a proposal I am making to NPFMC in regard to permitting Dclass quota in 4B to be caught on C class vessels as has been already done for areas 3B and 4C. The rational for this proposal and justification for doing so has already been discussed and provided to me by an email I have received from Jane Dicosimo and is available from her office. I am currently a D class shareholder and have successfully fished my 4B quota this pour NMFS ID ARRAS Dentil 01118041 permit holder Eichert Snell year. NMFS ID 48985 Permit 00118961. permit holder Robert Snell

- 1. How many D class permit holders in 4B? Same for C class?
- 2. How many D class vessels made landings in 4B in 2008? Same for 2007?

 3. How many C class vessels fished quota shares for other IFQ owners than the vessel owner in 4B in 2008?

- same for 2007?

 4. How many D class IFQ landings were made in 2008? Same for 2007?

 5. What were the monthly distribution of D class landings in 4B for 2008? Same for 2007?

 6. What was the total IFQ poundage for D class vessels available in 4B for 2008? Same for C class?

 7. How many vessels had D class landings in 2008? Same for 2007?

Thanks for any help you can provide as regards this information. I can be reached at the phone and address provided below. Sincerety, Robert Snell 5889 South Shore Rd. Anacortes, WA 98221 360-293-5037

bob and connie snell

"Jessica Gharrett" < Jessica.Gharrett@noaa.gov> From: "bob and connie snell" <bcsnell@cablerocket.com> To:

'Jane DiCosimo" <Jane.DiCosimo@noaa.gov>; "Tracy Buck" <Tracy.Buck@noaa.gov> Cc:

Wednesday, November 05, 2008 11:39 AM Sent:

Attach: Jessica_Gharrett.vcf

Re: [Fwd: [Fwd: (Fwd: Questions pertaining to IFQs in area 4B] snell]] Subject:

Dear Mr. and Ms. Snell:

Following are answers to your questions.

a. In some cases I took the liberty of providing more, or slightly different, data than you requested.

- b. Note that while you asked for landings in 4B, I interpreted that to mean harvests in 4B. These data represent IFQ halibut only, and exclude CDQ halibut.
- c. Also note that the halibut QS categories are:
- "D" less than or equal to 35 feet length overall (LOA):
- "C" 36-60 ' LOA; and
- "B" greater than 60' LOA.
- I. How many D class permit holders in 4B? Same for C class?

For 2007, data are as of year end. For 2008, data are as of today.

The numbers of QS holders and permitholders are the same in each case; apparently each QS holder held (his) own IFQ permit and did not lease any out.

The numbers of IFQ permits and Permitholders are the same because each permitholder is issued only one IFQ permit per QS category for a

species.

	Halibut QS Category	Number of QS Holders	Number of IFQ Permitholders with Fishable Pounds	Number of IFQ Permits with Fishable Pounds
2007	С	31	31	31
2007	D	15	15	15
2008	С	30	30	30
2008	D	14 .	14	14

2. How many D class vessels made landings in 48 in 2008? Same for 2007? (combined with

4. How many D class IFQ landings were made in 2008? Same for 2007?

The following table represents the number of vessels 35 feet or less LOA that had harvests of Category D halibut in 4B.

	Category	Used to Harvest	Number of Landings Made for These Harvests
2007	D	4	8
2008	D	3	18

3. How many C class vessels fished quota shares for other IFQ owners than the vessel owner in 4B in 2008? Same for 2007?

Here, I provide harvest data for of all categories of halibut IFQ.

Year	Halibut QS Category	Number of Vessels >35 and <61' LOA Used to Harvest Category C Halibut in Area 4B for IFQ Permithoklers that Were Owners of the Harvesting Vessel	Landings of Those
2007	В .	12	27
2007	c	10	21
2008	A	3	3
2008	В	13	26
2008	Ċ	12	17

5. What were the monthly distribution of D class landings in 4B for 2008? Same for 2007?

I regret that annual and monthly harvest data for category D halibut in 4B are confidential and as such I cannot provide them as pounds landed. However, I can provide percentages of the total (confidential) annual harvest that was taken each month for the two years.

Year	Month	Percent of Annual 4B Category D Harvest

July	55.7
August	44.3
June	12.8
July	39.1
August	46.3
September	1.8
	June July August

6. What was the total IFQ poundage for D class vessels available in 4B for 2008? Same for C class?

As I mentioned in a previous email, the "fish down" provision allows catcher vessel QS (categories "B", "C") to be fished on vessels of any smaller length category. Under "fish down", "B" halibut QS/IFQ may be fished on a "C" or "D" LOA vessel; and "C" halibut QS/IFQ may be fished on a "C" or "D" LOA vessel; and "C" halibut QS/IFQ may be fished on vessels of any LOA. Following are the amounts of "start year fishable pounds" or "D" LOA vessel. In addition, category "A" QS may be fished on vessels of any LOA. Following are the amounts of "start year fishable pounds" available for each category, "C" and "D". "Fishable pounds" incorporates the effects of adjustments from the prior year, that is, the amounts differ a bit from the amounts established for annual harvest by the IPHC for 4B; and in fact are higher. Feel free to combine the amounts of each category as you wish. The ability to hold 3 halibut blocks and the provision allowing "fish up" of category "D halibut on category "C" size vessels in areas 3B and 4C were effective September 10, 2007. I have provided data for both 2007 and 2008. As you can see, a "fish up" provision for 4B would provide a relatively small additional amount and percentage of total 4B IFQ that could be used on category: "C" vessels. What was the total IFQ poundage for D class vessels available in 4B for 2008? Same for C class?

		Start Year Area 4B	Percentage of Total Annual 4B Fishable Pounds	Could be Fished on Category D Size Vessel in 4B That Year?	Could be Fished on Category C Size Vessel in 4B That Year?
2007	Α	75,710	6.36	Yes	Yes
2007		899,592	75.59	Yes	Yes
2007		177,545	14.92	Yes	Yes
2007	<u> </u>	37,236	3.12	Yes	No
2008	***************************************	95,001	6.27	Yes	Yes
2008	<u> </u>	1,149,976		Yes	Yes
2008		223,074		Yes	Yes
2008	-	45,913		Yes	No

I hope you find this information helpful in your efforts to recommend program changes to the Council. I can be reached at this email address if you have questions about these data.

Sincerely. Jessica Gharrett Program Administrator, RAM

bob and connie snell wrote:

In regard to the question I would be interested in the total number of distinct vessels that harvested C class quota share in 4B in 2007 and 2008. In regard to the question, in I would like to know how many vessels might be available to harvest D class shares it it were permissible to do so which of course now is not an option.

- Original Message From: Jessica Gharrett To: bob and connie snell Sent: Monday, November 03, 2008 2:17 PM Subject: Re: [Fwd: [Fwd: Questions pertaining to IFQs in area 4B] snei[]]

In your #3: How many C class vessels fished quota shares for other IFQ owners than the vessel owner in 4B in 2008? Same for 2007? In your #3; now many o class resease named quote snames for other first owners than the vesses owner in 40 in 2007 Same for 2007. I assume you want the count of vessels greater than 35' LOA and less than 61' LOA that harvested IFQ halibut from area 4B only; and did you mean that harvested IFQ of any QS category or only of a particular category?

or any area halibut IFQ?

bob and connie snell wrote:

Hi Jessica.

halibut	4B 4B 4B 4B 4B 4B	0000000000000000000	88888888888888888	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	10820 SNELL ROBERTI 11640 ZAOCHI MARTIN 13474 SNELL ROBERTI 14389 GOLOD(RANDY J 14874 GOLOD(VICTOR J 15004 GOLOD(RANDY J 15466 ZAOCHI MARTIN 15896 ZAOCHI ALAN 16925 NEVZORNICK 17285 DIRKS NICHOLAS 20567 SHAISHI BILL 30726 GOLOD(VICTOR J 3114 GOLOD(GREGORY 32962 DIRKS NICHOLAS 340 BOWEN DOUGL/L 7293 GIDDING ALBERT N 7817 PROKOFLAWRENCE 953 ELLIS RICK 9631 ZAOCHI ALAN 9820 SNIGAR MARK	5889 SOUTH SHC ANACE PO BOX 47044 ATKA 5889 SOUTH SHC ANACE PO BOX 47063 ATKA PO BOX 47063 ATKA PO BOX 47063 ATKA PO BOX 47044 ATKA PO BOX 47003 ATKA PO BOX 47006 ATKA PO BOX 47065 ATKA PO BOX 47063 ATKA PO BOX 47063 ATKA PO BOX 47063 ATKA PO BOX 47064 ATKA PO BOX 47064 ATKA PO BOX 47065 ATKA PO BOX 1642 HOME! PO BOX 1825 ADAK PO BOX 1825 ADAK PO BOX 47003 ATKA PO BOX 47003 ATKA PO BOX 47003 ATKA PO BOX 47003 ATKA PO BOX 47007 ATKA	AK OFWA AK	98221 99502 98221 99547 99547 99547 99547 99547 99685 99547 99547 99603 99546 99547-0033 99687 99547
---	----------------------------------	---------------------	-------------------	---	---	---	--	---

L'CLASS SHARE HOLDERS IN 4B WITH MAILING ADDRESSES

POBERT SNELL

halibut	4B 4	000000000000000000000000000000000000000	88888888888888888888	222222222222222222222222222	17927 SHADLE MATTHEWR 18012 HARRING BRENDAN 20553 LANG CLINTON 3512 82ND PL NE 29073 DAVIS PATRICK C PO BOX 921556 WARRYSVIL WA 29073 DAVIS PATRICK C PO BOX 921556 WARRYSVIL WA 29073 DAVIS PATRICK C PO BOX 921556 WARRYSVIL WA 29073 DAVIS PATRICK C PO BOX 921556 WARRYSVIL WA 29073 DAVIS PATRICK C PO BOX 921556 WARRYSVIL WA 29073 DAVIS PATRICK C PO BOX 921556 WARRYSVIL WA 29073 DAVIS PATRICK C PO BOX 921556 WARRYSVIL WA 29073 DAVIS PATRICK C PO BOX 921556 WARRYSVIL WA 29073 DAVIS WARRYSVIL WARRYSVIL WA 29073 DAVIS WARRYSVIL WA 29073 DAVIS WARRYSVIL WA 29073 DAVIS WARRYSVIL WA 29073 DAVIS WARRYSVIL WARRYSVIL WARRYSVIL WARRYSVIL WARRYSVIL WARRYSVIL W	99603 99615 98270 99692 99615 90731 98292 99615 98335 99801 99615 99826 95060 99615 99603 99615 99603 99615 99692 99615 99692 99615 99692 99615 99692 99615
					106309 BAKOVIC RICHARD 1840 S GAFFEY ST # SAN PEDPOX	
					111062 SWARTZ RICHARD 15 MURRAY PERDY DORT TOWNA	98368
					172294 HAMMER WILLIAM 1130 S. DISCOVERT TOWN	
					11338 BOURGEC ROLAND M 31741 CR 35 STEAMBO CO	80487
					11899 BRUMMOT RYAN PO BOX 119 EDMONDE WA	
				N		
halibut	4B	Č	В	N	12548 THOMPSC PETER T PO BOX 3037 KODIAK AK	99615
halibut		С	В	N	12565 FERRELL KEVIN PO BOX 192 MONTESA WA 14095 FAIRWEATHER FISH, INC. PO BOX 1729 GIG HARB WA	98563
halibut		С	В	N		98335 99615
halibut		С	В	N		95570
halibut		С	В	N	14859 WARD LARRY R 875 6TH AVE WESTHAV CA 16752 HAMMER JASON 1130 S DISCOVERY FPORT TO WA	98368
halibut	4B	С	В	N	1130 3 DISCOVERT FORT TOVAN	
					12 WITH THEIR MAILING	MORESS

(! CLASS SHAKE HOLDERS

HALIBUT AND SABLEFISH IFQ PROGRAM AMENDMENT PROPOSAL North Profes Vichery Management Council

North Pacific Fishery Management Council Fax: (907) 271-2817

Name of Proposer: Frank Miles

Date: 3/08/09

Address:

Box 2744

Kodiak, AK 99615

Telephone:

(907)486-8204

Brief Statement of Proposal:

Amend grandfather/hired skipper privileges in the halibut/sablefish fishery to sunset These rights, on any future quota which is bought/traded/ or gifted.

Objectives of Proposal (What is the problem.):

- 1) These rights have dramatically slowed the transition from a first generation (absentee Owner) fishery to a second generation (owner onboard) fishery desired by the Council.
- 2) Grandfather/hired skipper privileges have lead to widespread abuse of the 20% boat Ownership requirement. Often times not a single dollar changes hands in these arrange-Ments, and is merely a paper shuffle transaction.
- 3) These rights continue/ promote leasing of quota and the common practice of charging Excessive rents.
- 4) Minimize further concentration/consolidation of IFQ shares.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

This action is needed to promote an owner-operator/catcher vessel fleet and to further the Objectives and goals of the IFQ program.

Foreseeable Impacts of Proposal (Who wins, who loses?):

Winners of an amendment to the grandfather/hired skipper privileges would be future Participants, second generation IFQ holders, Alaska coastal communities, IFQ broker Businesses, lending institutions, and NPFMC.

Losers of this amendment could be those holding grandfather/hired skipper rights and Their hired skippers.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

This amendment is a good solution as it would accelerate the IFQ program towards a Fishery dominated by owner-operators, and it would address a number of abuses related To the grandfather/hired skipper privileges.

Supportive Data and Other Information (What data are available and where can they be found?):

Signature:

Trank Miles

Frank Miles

HALIBUT AND SABLEFISH IFQ PROGRAM AMENDMENT PROPOSAL

North Pacific Fishery Management Council Fax: (907) 271-2817

Name of Proposer:

Frank Miles

Date: 3/08/09

Address:

LUUJ-VJ 11 1VIV

Box 2744

Kodiak, AK 99615

Telephone:

(907)486-8204

Brief Statement of Proposal:

Amend IFQ Halibut/Sablefish Loan Program to reduce 20% down payment requirement To 10% down payment requirement.

Objectives of Proposal (What is the problem?):

To allow more entry level participation, and to adjust the loan program to changes in The fishery. When loan program was first implemented, price per/lb on shares were Between \$5.00-\$12.00/ib. Present market value ranges from \$15.00-\$28.00/ib. The 20% Cash down payment requirement on today's market value stops many entry level fishers From getting into the fishery.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

The need exist because the fishery/market has changed dramatically since inception of Loan program. Amending loan program would further several goals and objectives of The IFQ program related to entry level entrants, coastal communities, second generation Fishermen.

Foreseeable Impacts of Proposal (Who wins, who loses?):

This is a win, win for everyone. IFQ buyers would be able to gain entry to fishery with a Favorable loan program. Sellers of quota would have larger pool of buyers to work with, IFQ brokers would see increased activity in their businesses.

One group of participants who may see adverse effects could be those who already use the NMFS loan program and have no difficulty with the 20% down requirement. If amended This group would be competing for available funding within the program with a larger Group of borrowers.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

No

Supportive Data and Other Information (What data are available and where can they be found?):

Refer to NMFS loan program.

Jeans Miles

Adak Community Development Corporation

December 13th, 2008

Dear Chairman Olson,

Adak Community Development Corporation is the entity which received the community allocation of 10% of the WAG crab.

The stated purpose of that allocation from the Council's October 2002 motion was "aid in the development of seafood harvesting and processing activities within that community."

This goal is reflected in our bylaws which state that all funds of the Corporation shall be "dedicated to the promotion and development of fisheries related resources, infrastructure and assets for the benefit of the community of Adak, Alaska."

ACDC has been working on developing a fisheries plan for our community. We are particularly interested in promoting entry level opportunities for local small boat fishermen.

One of the ways we think we could create those entry level opportunities would be for ACDC to use our crab royalties to buy 4B halibut IFQ and AI sablefish IFQ for use by local fishermen. We have talked to Council staff about how we could do this. We learned that unlike the CQE program for the GOA or the CDQ program in the BSAI, there are no provisions for Adak's community entity to hold halibut and sablefish IFQ.

We were advised by Council staff that the way to initiate consideration of changing the regulations to allow ACDC as a community entity to hold quota is to raise the issue under staff tasking.

Under staff tasking the Advisory Panel unanimously recommended a call for proposals for the halibut/sablefish IFQ program. We support a call for proposals and we would like the chance to submit a proposal to allow ACDC to hold IFQ for use in our community.

Thank you for your consideration of our request.

Michael Swetzof President, ACDC P.O. Box 1943 Adak, Alaska 99546



Gulf of Alaska Coastal Communities Coalition (GOAC3) PO Box 201236, Anchorage Alaska 99520

Phone: (866) 561-7633 or (907) 561-7633 Fax: (907) 561-7634

Web: www.goac3.org Email: goaccc@alaska.net

May 27, 2009

TO: ERIC OLSON, CHAIRMAN NORTH PACIFIC FISHERY MANAGEMENT COUNCIL 605 West 4th Ave., Suite 306 Anchorage, AK 99501

RE: Proposed Amendments for Halibut and Sablefish IFQ CQE Program

Dear Chairman Olson:

Please find enclosed three proposed amendments to the Halibut and Sablefish IFQ Program. These proposed amendments are specific to the CQE (Amendment #66) program. The GOAC3 has been requested to submit these to the North Pacific Council on behalf of CQE communities that attended a 2-day workshop in February 2009.

- (1) Change in residency requirements for CQEs
- (2) Change in CQE eligibility to purchase all vessel category shares
- (3) Request to eliminate vessel limitations for CQEs

I believe the changes are self-explanatory. Please contact us for any clarification needed.

Thank you for your consideration.

Sincerely,

Freddie Christiansen, Chairman

Gulf of Alaska Coastal Communities Coalition (GOAC3)

Gale K. Vick, Executive Director

Gulf of Alaska Coastal Communities Coalition (GOAC3)

CC: GOAC3 BOARD OF DIRECTORS
GDFDC BOARD OF DIRECTORS

COFe

CQEs

HALIBUT AND SABLEFISH IFQ PROGRAM AMENDMENT PROPOSAL

North Pacific Fishery Management Council Fax: (907) 271-2817

Name of Proposer:

Gulf of Alaska Coastal Communities Coalition (GOAC3)

Date: 5/27/09

Address:

P.O. Box 201236, Anchorage AK 99520

Telephone:

907-561-7633

Brief Statement of Proposal: CHANGE IN RESIDENCY REQUIREMENTS FOR CQES

At a February 2009 two-day workshop in Anchorage, various CQEs (community quota entities), created by Amendment #66 to the Halibut and Sablefish Program, requested that the Gulf of Alaska Coastal Communities Coalition (GOAC3) petition the North Pacific Fishery Management Council to consider a minor change in the CQE regulation to allow CQEs more flexibility in attracting residents back to their CQE community.

For individuals who sign affidavits to their intent to reside permanently in a CQE community a 36 month exemption from the 12 month residency requirement should be granted. But if an individual leases CQE quota share and after 36 months still has not achieved at least 12 consecutive months of residency in the CQE community then they should forfeit any future leasing opportunities and other CQE mandated penalties may also apply. CQEs could also establish criteria that, with all things considered, would give first leasing priority to existing residents.

Objectives of Proposal (What is the problem?):

The primary objective of the CQE program is to enhance or bring back opportunity for employment and fishing effort to the CQE communities that have seen a steady out-migration of both halibut and sablefish quota share and qualified fishermen. Many CQE communities want to attract some of their lost residents back to their communities and want their CQE programs to help serve that goal. The current rules erect an unreasonable barrier to those who are not current CQE community residents but would move back to the community if adequate fisheries opportunities were available. This creates a chicken and egg problem regarding residency and CQE programs offering fishing opportunities to residents. The prospect of having to move back to the community and then reside there for 12 months before they can take advantage of the economic opportunity that theoretically enables them to make the move is an empty promise.

While the economic data and tools are lacking that could measure the 'height' of the economic barrier or predict how many people might move back to the CQE community as a response to this rule change, it is clear that the current 12 month residency requirement presents a real barrier

to a displaced 'lost' CQE community resident who wants to move back to community as soon as the right combination of fishing opportunities are available.

There was a consensus agreement among community representatives from CQE communities that attended the two day CQE workshop that the 12 month residency requirement did present a real barrier to attracting new and lost residents to their communities and that a solution that enhanced the long term population of their community should be sought through amending the residency requirement.

CQE community residents have expressed concern over the ability to even train younger members of the community without attracting back more experienced fishermen.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

Any changes to the CQE program must first go through the NPFMC.

Foreseeable Impacts of Proposal (Who wins, who loses?):

CQE communities, the local community region, the local hub community, and the State of Alaska all benefit when CQE communities are healthy, vital, socio-economic places and this proposal will promote that end.

There would be no person or group who suffer a loss with this action.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

There is no alternative solution.

Supportive Data and Other Information (What data are available and where can they be found?):

This discussion will appear in upcoming proceedings of the CQE February 2009 workshop, cosponsored by the Rasmuson Foundation, The Alaska Sea Grant Program, the North Pacific Fisheries Trust, and the Gulf of Alaska Coastal Communities Coalition.

Proceedings are expected to be published in August of 2009.

Auddio Christians

Signature:

Fred Christiansen, Chairman, GOAC3

HALIBUT AND SABLEFISH IFQ PROGRAM AMENDMENT PROPOSAL

North Pacific Fishery Management Council Fax: (907) 271-2817

Date: 5/27/09

Name of Proposer:

Gulf of Alaska Coastal Communities Coalition (GOAC3)

Address:

P.O. Box 201236 Anchorage AK 99520

Telephone:

907-561-7633

Brief Statement of Proposal: TO ALLOW CQE COMMUNITIES TO PURCHASE QUOTA SHARE IN ALL VESSEL CATEGORIES

At a February 2009 two-day workshop in Anchorage, various CQEs (community quota entities), created by Amendment #66 to the Halibut and Sablefish Program, requested that the Gulf of Alaska Coastal Communities Coalition (GOAC3) petition the North Pacific Fishery Management Council to consider a change in the CQE regulation to allow CQEs to have the same ability to purchase quota share in all vessel categories as the regular IFQ program.

Objectives of Proposal (What is the problem?):

The CQE program was designed to bring some economic stability back to communities that lost a considerable amount of fishing effort as the result of the IFQ program and subsequent impacts on "combination" fishing.

The CQE limitations on quota share categories does not address that problem. There is loss of opportunity both now and in the future.

For instance, most of the "inactive" quota that might be available for purchase by a CQE are in small blocks of "D" class shares and a significant amount is in or near a CQE community.

Residents of CQE communities who own small amounts of D share quota and would like to transfer their D shares do not have the option of benefiting the community by transferring the quota to the CQE.

Additionally, many CQE communities have former crew members that do not have the ability to purchase D shares except through a CQE lease arrangement.

Some CQE communities have expressed concern over inability to buy future "A" shares.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

Any changes to the CQE program must first go through the NPFMC.

Foreseeable Impacts of Proposal (Who wins, who loses?)

Non-CQE crew members may object to CQE ability to purchase "D" shares.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

There are no alternatives.

Supportive Data and Other Information (What data are available and where can they be found?):

This discussion will appear in upcoming proceedings of the CQE February 2009 workshop, co-sponsored by the Rasmuson Foundation, The Alaska Sea Grant Program, the North Pacific Fisheries Trust, and the Gulf of Alaska Coastal Communities Coalition. Proceedings are expected to be published in August of 2009.

Further data can be obtained from each CQE.

Aneddie Christia

Signature:

Fred Christiansen, Chair, Gulf of Alaska Coastal Communities Coalition (GOAC3)

HALIBUT AND SABLEFISH IFQ PROGRAM AMENDMENT PROPOSAL

North Pacific Fishery Management Council Fax: (907) 271-2817

Name of Proposer:

Gulf of Alaska Coastal Communities Coalition (GOAC3)

Date: 5/27/09

Address:

P.O. Box 201236 Anchorage AK 99520

Telephone:

907-561-7633

Brief Statement of Proposal: ELIMINATE VESSEL LIMITATIONS FOR CQES

At a February 2009 two-day workshop in Anchorage, various CQEs (community quota entities), created by Amendment #66 to the Halibut and Sablefish Program, requested that the Gulf of Alaska Coastal Communities Coalition (GOAC3) petition the North Pacific Fishery Management Council to consider a change in the CQE regulation that would eliminate the 50,000# vessel caps for both halibut and sablefish.

Objectives of Proposal (What is the problem?):

Currently, vessels within CQE communities that fish any amount of CQE quota share have an aggregate limitation of 50,000# per year per species on the vessel regardless of where that quota share originated. As example: A vessel that fishes 40,000# of non-CQE quota cannot accommodate a CQE lessee fishing any more than 10,000#. This places a severe burden on entry level opportunities for CQE residents who do not yet own vessels or whose vessels are too small to ensure safely harvesting their entire quota. Entry level fishermen and fishermen with small vessels need the flexibility to fish their CQE IFQ from the deck of community vessels regardless of how much quota is fished on the vessel. The proposed change is to eliminate the vessel cap. The individual cap should remain so that the sum of owned and leased IFQ cannot be more than 50,000 pounds for any individual if they have any leased CQE quota whatsoever. The individual cap alone, without the vessel cap, will serve the purpose of the CQE program to encourage CQE policies that spread the benefits of the program appropriately.

When an entry level fishermen or a small boat fishermen needs to fish their quota from a larger vessel they may have few available options. CQE communities often have a very limited number of vessels that can long line. There was a consensus agreement among community representatives from CQE communities that attended the two day CQE workshop that the vessel cap of 50,000 pounds posed a real and serious barrier to the success of the CQE program for some CQE communities. As CQEs develop their business plans, many are already facing this problem. CQE communities typically have "combination" boats and may alternate a long-line season with a salmon season, as an example. Vessel use may be restricted by the vessel owner's need to alternate gear types and this would result in further restrictions on vessel availability. Under this rule, retrofitting or building new vessels would be unfeasible. If CQE quota is fished on too small a boat safety becomes an issue. Sometimes the best option for the CQE, the CQE

community, and the lessee of CQE quota might be to fish all or a portion of the CQE IFQ from the deck of a vessel that may be fishing more than 50,000 pounds of quota.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

Any changes to the CQE program must first go through the NPFMC.

Foreseeable Impacts of Proposal (Who wins, who loses?):

Entry level fishermen that do not yet own their own vessels would benefit by being able to fish on vessels that, in their judgment, best enable them to successfully achieve their long range business goals, training and safety needs. The CQE and CQE community would benefit by having more flexibility in encouraging entry level fishermen and small boat fishermen to grow their businesses to the benefit of themselves and their community. When the community has more successful resident fishermen the nearby regional hub community benefits as does the State of Alaska.

There are no losers if this rule change is enacted. It should also be noted that since CQE quota is leased on an annual basis only, CQEs can set the internal rules that would prevent the consolidation of too much CQE quota with one vessel or one individual.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

There is no alternative for a CQE community with limited long line vessels. If the intent of the CQE program is to help local economies, this problem must be fixed.

Supportive Data and Other Information (What data are available and where can they be found?):

This discussion will appear in upcoming proceedings of the CQE February 2009 workshop, cosponsored by the Rasmuson Foundation, The Alaska Sea Grant Program, the North Pacific Fisheries Trust, and the Gulf of Alaska Coastal Communities Coalition. Proceedings are expected to be published in August of 2009.

In addition, the *Federal Register* Vol. 69, No. 84/ Friday, April 30, 2004, which published the Final Rule of Amendment #66, notes in the comments objection to the 50,000# limitation on vessels, particularly as it affects the purchase of sablefish.

It is suggested that a poll of CQE communities be conducted to determine the extent of this problem.

Signature:

Fred Christiansen, Chairman, GOAC3

heddie Christians



641 W. Ewing Street Seattle, WA 98119 (206) 284-1162 p / (206) 283-5089 f

September 1, 2009

Chris Oliver North Pacific Fisheries Management Council 605 West 4th Avenue, Suite 306 Anchorage, AK 99501

Dear Chris:

I am writing to you today to ask that the NPFMC consider changes to the Sablefish IFQ program. It is my understanding that the IFQ committee has been reformed and will meet before the October council meeting. I am proposing two changes to the "A" share Sablefish program:

- Remove the block system for "A" shares
- Increase the "A" share ownership cap

Making these changes to the program would allow "A" share participants to use their vessels more effectively. Under the current system it is marginally practical to catch small amounts of Sablefish on a freezer vessel.

I will gladly provide you with more information and will be available to participate at the committee meeting, if you could put this on the agenda.

Thank you for consideration,

David Little

Clipper Seafoods, Ltd.

cc. Bob Alverson, Don Iverson

HALIBUT AND SABLEFISH IFQ PROGRAM AMENDMENT PROPOSAL North Pacific Fishery Management Council

Fax: (907) 271-2817

9-25-09 Date:

Address; 24200 116th Ave. N.W., Edmonds, WA. 98117

Telephone: 206 546 9463

Name of Proposer: Pert Odegaard

Brief Statement of Proposal:

Create a new category of vessel known as heritage vessels. Any vessel 100 gross tons and less and more than 50 years old. These vessel would be allowed to fish either C class or B class quota.

Objectives of Proposal (What is the problem?):

This proposal creates parity between older vessels and newer quite large under 60 foot vessels that can fish both C and B class. A over 60 foot vessel's crew and or owner could acquire quota from two classes rather than just B class quota.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

Currently there is a competitive advantage for a C class vessel that can acquire quota from the C and B pools of QS. Older vessels over 60 feet that are a cheaper means of entering the fishery would provide a means for new vessel owners and crews to be at economic parity with C class vessels.

Foreseeable Impacts of Proposal (Who wins, who loses?): Treating everyone the same is American.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem? No

Supportive Data and Other Information (What data are available and where can they be found?):



September 25, 2009

North Pacific Fishery Management Council 605 W. 4th Ave. Suite 306 Anchorage, AK. 99501

Subject Deep Sea Fishermen's Union of the Pacific 2nd generation two block limit exemption proposal.

Dear Chairman Eric Olson:

Our proposal concerns the removal or exemption of the two block IFQ limit currently enforced in the halibut and sablefish fisheries. We ask that this exemption be applied to 2nd generation in an initial IFQ recipients only. We would also clarify that the unblocked/blocked statuses of IFQ remain unchanged so as not to affect the rules currently governing 1st generation ownership.

Objectives of Proposal: Allow 2nd generation IFQ recipients to circumnavigate the two block rule currently enforced. At present an individual can own two pieces of quota per fishing area, one block and one combination of unblocked or two blocks. Second generation fishermen are being hampered by this rule. While the stock in most areas has declined over recent years, the ex-vessel price of fish continues to increase. As a result, the cost of quota in these areas has continued to rise as well. The rising costs of IFQ make it increasingly difficult for 2nd generation fisherman to obtain loans especially given today's financial constraints in the banking industry. Typically, blocked parcels of quota are smaller in poundage than their unblocked counterparts. As a result, 2nd generation fisherman are limited in the ability to accumulate quota. Additionally, fishermen are hesitant to by very small blocks of quota because of the two block or "two strike" rule.

Foreseeable Impacts of Proposal: This proposal would create more quota or liquidity in the market place thus allowing 2nd generation fishermen the ability to accumulate quota unhamps ed up to the individual cap. We realize that the price of Unblocked and Blocked quote would eventually balance out. Additionally, this proposal would allow 2nd generation IFQ holders the ability to conscilidate enough poundage to make an economically viable trip, especially considering rising fuel costs. Electrom line our proposal should prove to be more economical for our resources and environment.

Alternative Solutions: The alternative would be to simply do nothing and leave the regulations as they are, thus preventing 2nd generation fisherman from the benefits of accumulating viable and sustainable blocks of quota.

Sincerely.

Shawn McManus, Vice President

Deep Sea Fishermen's Union of the Pacific

HALIBUT AND SABLEFISH IFQ PROGRAM AMENDMENT PROPOSAL

North Pacific Fishery Management Council Fax: (907) 271-2817

Name of Proposer: Michael Offerman

Date: 9/26/09

Address: 20429 88th Ave W.

Edmonds WA. 98026

Telephone: (206)295-0703

Brief Statement of Proposal: To allow second generation fisherman who have actively fished for 10 years and own a minimum of 10,000 lbs. of fish to obtain first generation rights.

Objectives of Proposal (What is the problem?): It would allow greater flexibility for owners of second generation fish. Also could be looked at as a reward to those fisherman that have taken a commitment to the fishery and bought IFQ shares.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?): It's amendment to the IFQ program.

Foreseeable Impacts of Proposal (Who wins, who loses?): Second generation share holders win. No one loses.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem? Give everyone who owns quota first generation rights regardless of time in the fishery or amount of poundage owned.

Supportive Data and Other Information (What data are available and where can they be found?):

Signature: Will Off



HALIBUT AND SABLEFISH IFQ PROGRAM AMENDMENT PROPOSAL

North Pacific Fishery Management Council Fax: (907) 271-2817

Name of Proposer: Jeff Farvour Date: 9/28/09

Address: 439 Verstovia Ave

Telephone: 907 738 0898

Brief Statement of Proposal: Exempt D class vessels (or vessels under 26 feet) delivering less than 300, 500, or a 1000 lbs of halibut, to be either exempt from the three-hour notice to deliver or implement a less burdensome notice to deliver (one hour) for qualified vessel deliveries.

Objectives of Proposal (What is the problem?): Most skiff fisherman do not have high power radios, cell phone boosters, etc. that would allow them the convenience to call in their landing on their way in from the fishing grounds and thus have to hold their fish over night on vessels that do not have fish holds. This can be a problem, in the summer when the weather is warm, in SE Alaska where it rains quite a bit, and in the shoulder seasons when fish plant hours are reduced. Also trollers delivering salmon but have incidentally caught less than 500 lbs of halibut have a notice of IFQ delivery exemption.

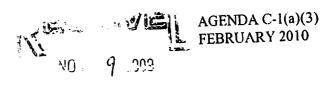
Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

Foreseeable Impacts of Proposal (Who wins, who loses?): win-win

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem? I am open to other ideas but talking to fisherman around here and getting their input confirmed that this would be the best way to go.

Supportive Data and Other Information (What data are available and where can they be found?): I will be at the IFQ implementation team meeting and can answer any questions.

Signature:



K 48 5 5

November 9, 2009

Northern Pacific Fishery Management Council

This is a rule change proposal to allow the transport of fish on a catcher vessel via trailer to the buyer.

Compliance: When the IFQ holder calls in for a landing confirmation, he also asks for a variance to transport vessel and fish on trailer to the buyer.

Reason: Alleviate some pressure on waters surrounding a village (both commercial IFO and subsistence). It would allow villages without buyers and/or ice to have D class IFO holders (which are usually skiffs) to fish without having to make dangerous late in the day long runs to the closest buyer.

Enforcement: When stopped, a simple call to NMFS would be enough to determine legality.

Use: Only D Class, as larger boats are not trailerable and have sleeping quarters to allow further ranging and weather options unavailable to skiffs and therefore some villages.

Thank you for your consideration.

Stephen E. Gianaretti

F/V Mega Bite

IFQ 50360

segjag-araptalaska.net

HALIBUT AND SABLEFISH IFQ PROGRAM AMENDMENT PROPOSAL

North Pacific Fisheries Management Council Fax: (907) 271-2817

Name of Proposer: Central Bering Sea Fishermen's Association

Address: PO Box 288, Saint Paul Island, AK 99660

Telephone: 907-546-2597

Name of Proposer: Aleutian Pribilof Island Community Development Association

Address: 234 Gold St., Juneau, AK 99801

Telephone: 907-586-0161

Brief Statement of Proposal: Increase the Halibut Vessel IFQ Cap in Area 4.

Objectives of Proposal (What is the problem?): A significant percentage of Area 4 IFQ is not harvested each year. (Example: 18% in 4B and 8% in 4C/D in 2009; 10.9% in 4B and 23% in 4C in 1996) Among the reasons may be: 1) Far fewer vessels operate in Area 4 than in other areas. 2) Of the limited number of vessels that fish the western areas, most are capped-out so it is difficult for IFQ holders to match up with harvesting vessels. 3) Weather conditions tend to limit harvesting vessels to the summer months – creating a shorter season in Area 4. 4) Processing plants in Area 4 typically do not buy halibut early in the season and most stop processing earlier than in the Gulf areas due to other processing priorities and sparse halibut deliveries. For these reasons, Area 4 is a logistically tougher area to conduct a viable commercial halibut fishery.

The objective of the proposal is to increase the vessel IFQ cap in Area 4 to provide IFQ holders with more vessel harvesting options. This should result in a larger percentage of the Area 4 allocation being harvested thereby reducing the amount of un-harvested IFQ that could be due to the unavailability of harvesting vessels.

Our request is to have the Council analyze the problem of un-harvested IFQ and determine if the vessel IFQ cap is contributing to the problem in Area 4.

The vessel IFQ cap is calculated annually based on a <u>percentage of ALL IFQ TAC</u> (except for Area 2C). Developing a separate and increased vessel IFQ cap for just Area 4 halibut areas is complicated. Therefore, we would like the proposed vessel IFO cap increase for Area 4 to be analyzed and developed by the Council process.

Foreseeable Impacts of Proposal (Who wins, who loses?): Most foreseeable impacts will be positive. 1) A larger percentage of the Area 4 quota will be harvested-resulting in increased income to IFQ holders and vessel owners. 2) IFQ holders will have more competitive harvesting options that should increase the income derived from their IFQ holdings. 3) Vessels operating in these geographically remote areas with extreme weather conditions are mainly larger vessels of a limited number.

4) Increasing the vessel IFQ cap will allow more of these same vessels to be available for hire - currently many of these vessels are capped-out.

Statistically, increasing the vessel cap should not reduce harvesting opportunities of vessels currently operating in Area 4. Instead, it will increase the harvesting percentage, harvesting options, and the income of IFQ holders and also the harvesting vessels.

Are there Alternative Solutions? An alternative solution may be to increase the vessel IFQ cap for all areas. As Bering Sea and Aleutian Island fishermen, we feel the vessel IFQ cap/un-harvested quota issue is more applicable to Area 4, but if there is enough support, we could endorse the change statewide which would also fix our problem. But, our concern is that a statewide change may create too much opposition due to potential fleet consolidation or other concerns that could threaten the success of our proposal. We are not speaking for fishermen from the other halibut areas.

Supportive Data and Other Information: (What data are available and where can they be found?): The Individual Fishing Quota (IFQ) Allocations and Landings reports can be found on the NMFS website.

	Orisity		
Signature:	2-		

HALIBUT AND SABLEFISH IFQ PROGRAM AMENDMENT PROPOSAL

North Pacific Fishery Management Council Fax: (907) 271-2817

Date: 1/7/10

Name of Proposer:

Gulf of Alaska Coastal Communities Coalition (GOAC3)

Address:

P.O. Box 201236, Anchorage AK 99520

Telephone:

907-561-7633

Brief Statement of Proposal: CQE ELIGIBILITY FOR FEDERAL LOANS

The GOAC3 proposes that the North Pacific Fishery Management Council take appropriate action to ensure that qualified Community Quota Entities (CQE) in the Gulf of Alaska become eligible to participate in the Federal IFQ Loan Program for the purchase of halibut and sablefish IFQ's.

Objectives of Proposal (What is the problem?):

CQEs are currently not eligible for federal loan programs. CQE communities became eligible to purchase Halibut and Sablefish IFQ's in 2004 and it is only equitable that they have the same eligibility as similarly qualified purchasers to participate in the federal loan program. In addition, any IFQ's purchased by CQE's will pay into the loan program and therefore should be able to benefit from a program for which they are required to pay.

Need and Justification for Council Action (Why can't the problem be resolved through other channels?):

Any changes to the CQE program are required to go through the NPFMC.

Foreseeable Impacts of Proposal (Who wins, who loses?):

CQE communities, their respective hub community, other communities of the region, and the State of Alaska all benefit when CQE communities have healthy and stable economies. This proposal will promote that end. There would be no person or group who would suffer a loss with this action.

Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

There are no alternatives.

Supportive Data and Other Information (What data are available and where can they be found?):

This discussion will appear in upcoming proceedings of the CQE February 2009 workshop, co-sponsored by the Rasmuson Foundation, The Alaska Sea Grant Program, the North Pacific Fisheries Trust, and the Gulf of Alaska Coastal Communities Coalition.

Signature:						
Fred Christiansen	Chairman, GOAC3					

Adak Community Development Corporation

January 8th, 2010

Dear Chairman Olson,

Adak Community Development Corporation is the entity which received the community allocation of 10% of the WAG crab. The stated purpose of that allocation from the Council's October 2002 motion was "aid in the development of seafood harvesting and processing activities within that community."

This goal is reflected in our bylaws which state that all funds of the Corporation shall be "dedicated to the promotion and development of fisheries related resources, infrastructure and assets for the benefit of the community of Adak, Alaska."

At the Dec. 2008 NPFMC meeting ACDC president, Michael Swetzof, submitted a proposal to the Council to "Allow Adak to use its crab royalties to buy Area 4B halibut IFQ and Aleutian Islands area sablefish IFO for use by local fishermen (add Adak to the CQE program)."

When the IFQ implementation team met in September 2009 to review proposals, they recommended that the Council "take no action since a specific proposal was not received."

"The team felt that a specific proposal for Council action was not received. Bob Alverson asked if this would be for only Area 4 CQE and what caps would apply. Nicole Kimball responded that the proposal was vague and the analysis could apply the current CQE provisions for GOA communities to an Adak CQE. Bob suggested that Adak should not have more liberal privileges to buy any more QS than any current GOA CQE. He pointed out that ACDC can now use their royalties to buy Area 4B halibut IFQ and AI sablefish IFQ for community members and a regulatory regime was not necessary."

"The team unanimously agreed to recommend that the Council take no action <u>since a specific</u> proposal was not received."

In response to the team comments and the Council decision to extend the deadline for proposals, ACDC has prepared a detailed proposal based on the all the elements and options included in the Council's preferred alternative for the Amendment 66 GOA CQE program.

We believe the Implementation Team's minutes stating "that ACDC can now use their royalties to buy Area 4B halibut IFQ and AI sablefish IFQ for community members" reflects a misunderstanding of the status quo and is not consistent with the "owner on board" provisions of the program.

Additionally, ACDC is not seeking "more liberal privileges to buy any more QS than any current GOA COE." In our attached proposal, we are asking for caps that are roughly equivalent in pounds to the caps for GOA CQE communities.

Allowing Adak to become an Aleutian Island CQE community would work well in conjunction with the state water cod fishery for small boats to address the halibut bycatch in the hook and line cod fishery.

Please accept the attached "Proposal for Halibut and Sablefish Community QS Purchase" for review.

Sincerely,

Carlin K- C PP Michael Swetzof, President for the president

ACDC Proposal for Halibut and Sablefish Community QS Purchase Amendment

Community OS Purchase Problem Statement

As a small coastal community in the Aleutian Islands, Adak is struggling to remain economically viable. The halibut and sablefish IFQ program, as with other limited entry programs, increases the cost of entry into or expansion in the commercial halibut and sablefish fisheries. Adak is not a beneficiary of the CDQ program for halibut and sablefish. Allowing this non-CDQ community to purchase are 4B halibut and sablefish quota share for lease for delivery in the region will help minimize adverse economic impacts on this small, remote, coastal community in the Aleutians, and help provide for the sustained participation in the halibut and sablefish IFQ fisheries. The Council seeks to provide for this sustained participation without undermining the goals of the halibut and sablefish IFQ program or precluding entry-level opportunities for fishermen residing in other fishery-dependent communities.

Preferred Alternative Elements:

Eligible communities

Non-CDQ communities with less than 1,500 people, no road access to larger communities, direct access to saltwater, and a documented historic participation in the halibut or sablefish fisheries are eligible to own and use commercial catcher vessel halibut and sablefish quota share. The community of Adak would qualify under these criteria. The Council required that in addition to meeting these criteria at final action, eligible communities must be listed as a defined set of eligible communities in Federal regulation. Communities not meeting the qualifying criteria and not on the list adopted by the Council are not eligible to participate. Other communities could petition the Council for inclusion after the implementation of this program.

Ownership Entity

The Council recommends that a non-profit organizations formed for the purpose of holding the Adak Community Allocation of WAG crab also be eligible for purchasing and holding QS on behalf of the community.

Individual Community Use Caps

Eligible communities in the Aleutian Islands are limited to purchasing and using 10% of the Area 4B, and 10% of Aleutian Island sablefish QS. Eligible communities in Area 4B cannot buy halibut QS in any other Area.

Cumulative Community Use Caps

Communities are limited to owning and using 10% of the Area 4B halibut QS and 10% of the AI sablefish QS, unless modified by the Council.

Purchase, Use and Sale Provisions

Original block and vessel size designations apply if the community transfers the QS to any person other than another eligible community. These restrictions would help ensure that the goal of providing access to local residents is maintained and limit the potential for QS to be leased to larger vessels, presumably owned by non-residents fishing further from shore. These restrictions would also address an array of concerns about the distribution of QS among prospective new community entities and existing or future individual participants.

Block Restrictions

Communities may buy blocked and unblocked quota share.

- Individual cligible communities are limited to holding 10 blocks of halibut QS and 5 blocks of sablefish QS in the management area. Individuals receiving IFQ leased from an eligible community entity would still be subject to the existing individual use caps in regulation.

Vessel Size Restrictions

- Quota share held by communities under this program would be exempt from vessel size (share class) restrictions, while the QS is owned and leased by the community.
- Transferability of halibut QS in Area 4B from commercial to qualified community entities is restricted to B and C category quota share.

Sale Restrictions

- Eligible communities owning catcher boat (B, C, D category) quota shares may sell those quota shares to any other eligible community or any person meeting the provisions outlined in the existing IFQ Program.
- Eligible communities may only sell their quota share for one of the following purposes:
- (a) generating revenues to sustain, improve, or expand the program
- (b) liquidating the entity's quota share assets for reasons outside the program

Should an eligible community sell their quota share for purposes consistent with (b) above, an administrative entity would not be qualified to purchase and own quota share on behalf of that community for a period of three years

Use Restrictions

- Eligible communities owning quota shares may lease the IFQs arising from those quota shares for delivery in the region
- An eligible community owning catcher boat quota shares may lease up to 50,000 pounds of halibut IFQs and 50,000 pounds of sablefish IFQs per lessee annually. The 50,000 pound limit is inclusive of any quota owned by the individual (lessee).
- No more than 50,000 pounds of any IFQs leased by an eligible community may be taken on any one vessel, inclusive of any IFQ owned by the individual leasing the IFQs.

Performance Standards

Communities participating in the program may only lease the IFQs arising from their quota share for delivery in the region of the ownership community. In addition, the following are goals of the program with voluntary compliance monitored through the annual reporting mechanism and evaluated upon review of the program. Community entities applying for qualification in the program must describe how their use of QS will comply with the following program guidelines:

- (a) Maximize benefit from use of community IFQ for crew members that are community residents.
- (b) Insure that benefits are equitably distributed throughout the community.
- (c) Insure that QS/IFQ allocated to an eligible community entity would not be held and unfished.

Administrative Oversight

The Council recommends a provision to require submission of a detailed statement of eligibility to NMFS prior to being considered for eligibility as a community QS recipient. The statement would include:

- (a) Certificate of incorporation
- (b) Verification of qualified entity as approved under "Ownership Entity"
- (c) Documentation demonstrating accountability to the community
- (d) Explanation of how the community entity intends to implement the performance standards

The Council also recommends a provision to require submission of an annual report detailing accomplishments. The annual report would include:

- (a) A summary of business, employment, and fishing activities under the program
- (b) A discussion of any corporate changes that alter the representational structure of the entity
- (c) Specific steps taken to meet the performance standards
- (d) Discussion of known impacts to resources in the area.

Program Review

The Council recommends to review the program after five years of implementation (five years from the effective date of the final rule). The Council also recommends forming a Community QS Implementation

Hoft Hoft 1/9/2010

IFQ Implementation Team Anchorage Alaska September 30, 2009

The IFQ Implementation Team convened at 9 am on Wednesday, September 30, 2009. Jeff Stephan (Chair), along with committee members Kris Norosz, Paul Peyton, Bob Alverson, Julianne Curry, Tim Henkel, Don Iverson, Don Lane (by phone) welcomed new members: Phil Wyman, Jeff Kaufmann, and Rick Berns. Staff included Jane DiCosimo, Jay Ginter, Jessica Gharrett, Peggy Murphy, Nicole Kimball, Stefanie Moreland, Brad Robbins, along with Heather Gilroy, Susan Auer, and Tom Meyer by phone. About ten members of the public (including those who submitted proposals) attended. The team approved the agenda.

Jay Ginter reviewed the status of all halibut regulatory projects since the committee last met in December 2004. Subsistence, commercial, and halibut actions have been a major work load for NMFS AKRO staff.

Jessie Gharrett reviewed a RAM report on the status of use of IFQ emergency medical transfer provisions. In summary, 54 percent of 96 persons using medical transfers appear unlikely to resume fishing and 76 percent of 68 persons reporting "chronic" medical conditions are unlikely to do so. However the number and percent of medical transfers are very small, but are expected to increase over time as QS holders age. This information will be included in the Report to the Fleet, so that the Council can monitor the status of these transfers.

Jeff Stephan asked if RAM also could report the percentage of QS that is represented by medical transfers. Jessie responded that this program was intended to aid second generation QS holders (who are prohibited from hiring skippers), but initial recipients also may use it. In 2008 and 2009, 34 and 29 percent of those awarded medical transfers were initial recipients. She reported that some initial QS recipients who use a medical transfer choose not to hire a skipper. Also, some initial QS recipients (e.g., Area 2C QS holders) are prohibited from hiring a skipper.

The team discussed how these program features have made conditions harder for new entrants. Jay commented that the Council may not have anticipated that QS would become as expensive as it has become.

Jessie reported that the Financial Services loan authority increased from \$5M to \$8M to accommodate higher QS prices and new crab QS. Tim Henkel added that halibut, sablefish, and crab would all come out of the common fund. In regards to an IFQ proposal, Jessie noted that FS does not have the authority to change its own regulations' it likely would require Congressional action. The IFQ loan program is extremely successful; it has a negative default subsidy. The program does not have defaults due to strict credit requirements. Dropping the down payment in half, as proposed, might increase quota prices because it would be cheaper to get into the fishery.

Proposal deadline Nine proposals were submitted for consideration by the team prior to the June 1, 2009 deadline that was identified by the Council in February 2009. Jeff noted that five additional proposals were received since September 1, 2009. Jeff reviewed the pubic notices that were announced for the call for proposals. Each newsletter since December 2009 announced that the team would meet to review proposals prior to the October meeting. The committee discussed its dilemma of whether to review late proposals. After a brief discussion, the team agreed to review all proposals in the order in which they were submitted in the time allowed. The chair will seek Council guidance on how to address late proposals in the future. The deadline may lead some stakeholders into not submitting late proposals, while those that ignore the deadline could be reviewed. A deadline of at least two weeks prior to the meeting would allow members to review all proposals with their memberships and allow staff sufficient time to review proposals for administrative, enforcement, and legal issues. Members also expressed concern that some stakeholders may bypass the proposal process and submit IFQ/CQE proposals directly to the Council, as has occurred in the past.

The team briefly discussed how to make recommendations to the Council, since the team was not recommending action by the Council, but rather recommending that some proposals merited consideration by the Council for further development in an analysis, while others did not warrant the Council's review. Jane DiCosimo responded that an appropriate format for the team would be to recommend specific proposals for the Council to consider for tasking to staff to prepare a regulatory analysis. Jane reported that frequently the Council requests that staff first develop a discussion paper before tasking a full regulatory analysis to further evaluate the merits of the proposals, and to incorporate comments by staffs of the Council, NMFS AKRO Sustainable Fisheries Division and Restricted access Management Division, NOAA General Counsel, IPHC, and USCG.

In summary, the team recommended that the following seven proposals be considered by the Council for analysis (in the order in which the team reviewed the proposal).

- 1. Allow Area 4A halibut to be retained while targeting sablefish in the Bering Sea and Aleutian Islands regulatory areas;
- 2. Allow the use of pots in the Gulf of Alaska Southeast area sablefish fishery
- 3. Allow 4B category D shares to be fished on Category C vessels
- 4. Sunset the hired skipper provisions of transferred halibut and sablefish QS by (individual?) initial recipients, exempting leased (A) shares
- 5. Eliminate vessel limits for CQEs
- 6. Exempt A shares from the overall sablefish use cap and apply a use cap at between 1.25% to 1.5% of the current use cap for vessels that ONLY fish A shares
- 7. Exempt vessels less than 26 ft delivering 500 lb or less of halibut would be required provide 1-hour notice to deliver for qualified vessel deliveries

1. Allow the retention of coincidentally harvested halibut during the Bering Sea sablefish pot fishery (Mr Hebert)

Paul Peyton reported that a skipper on a boat that BBEDC owns is one of many Area 4B QS holders who are negatively affected by whale depredation. Paul noted that all the vessels affected by this proposal would be subject to 30 percent observer coverage and data would be available for use in an analysis. He did not support changing sablefish pot regulations because of potential impacts on the sablefish fishery.

Julianne Curry reported on the concerns of Southeast fishermen that the International Pacific Halibut Commission (IPHC) assumes 100% mortality of those halibut that are not allowed to be retained due to the prohibition on the use of pots for the halibut IFQ fishery.

Don Lane raised concerns about gear selectivity for halibut in sablefish pots, regarding whether small halibut are more vulnerable to longer soak times and if there were release mechanisms on sablefish pots. Paul responded that you would see smaller halibut in these pots.

Heather Gilroy reiterated issues that are raised in the IPHC staff comment letter dated 24 September 2009. IPHC staff is not opposed to allowing pot gear to be allowed in Area 4A. IPHC staff would need to develop a new selectivity curve for this gear to account for those removals and recommends a vessel monitoring system for vessels using this gear. She reported that halibut release mortality in the sablefish CDQ (pot) fishery in the last ten years is 34% and is counted in the assessment.

Heather agreed that the allowance has a percent limit of halibut per sablefish. Bob asked if this was intended as bycatch or to create a targeted fishery. Paul replied that his boat is 10:1 sablefish to halibut. It would be for incidental harvest, mostly a sablefish pot fishery. Phil suggested that pot size limits could be modified.

Kris Norosz asked what the bycatch rate of halibut is in the sablefish pot fishery and the mortality rate used by the IPHC for this gear. Heather added that only full retention of legal sized fish would be required. She suggested that changes to the tunnel size might further limit halibut bycatch since wastage is a primary concern.

Phil Wyman reported that most ALFA members are opposed to the proposal.

Bob noted that he could support the proposal for incidental harvest only, so long as the definitions of the tunnel openings are not changed. He would not support the use of pots for directed halibut fishing.

Don Iverson commented that the tunnel design is critical to this discussion because halibut still get in the pots.

Jane DiCosimo referenced 50 CFR 679.2 Definitions for groundfish gear.

- (12) Pot gear means a portable structure designed and constructed to capture and retain fish alive in the water. This gear type includes longline pot and pot-and-line gear. Each groundfish pot must comply with the following:
- (i) Biodegradable panel. Each pot used to fish for groundfish must be equipped with a biodegradable panel at least 18 inches (45.72 cm) in length that is parallel to, and within 6 inches (15.24 cm) of, the bottom of the pot, and that is sewn up with untreated cotton thread of no larger size than No. 30.
- (ii) Tunnel opening. Each pot used to fish for groundfish must be equipped with rigid tunnel openings that are no wider than 9 inches (22.86 cm) and no higher than 9 inches (22.86 cm), or soft tunnel openings with dimensions that are no wider than 9 inches (22.86 cm).

She mentioned that State of Alaska regulations (AAC 39.145) define escape mechanism for shellfish and bottomfish pots for state waters.

Jeff Kaufmann expressed concern about wastage of halibut and sablefish that occurs in nearly all of Area 4. He supports a test fishery in Area 4A.

Motion: Recommend that this proposal be analyzed, with no proposed changes to the regulations for tunnel requirements, so that Area 4A halibut could be retained while targeting sablefish in the Bering Sea and Aleutian Islands regulatory areas.

Passed unanimously

The team cautioned about increasing the targeting of halibut in sablefish pots and recommended some mechanism to ensure that sablefish was the main target (e.g., set percentage limits of overall target (ratio of sablefish IFQs to halibut IFQs) or a maximum retainable allowance. The IPHC letter identified staff opposition to expanding the allowance of pot gear to all areas and recommended that the Council consider 1) gear conflicts, 2) creation of a new halibut fishery, 3) redistribution of catch by gear, 4) fish quality, and 5) the potential for expanding halibut retention to winter cod fisheries.

2. Allow the use of pots in the Gulf of Alaska Southeast area sablefish fishery (Michael Douville)

Phil Wyman reported that the ALFA membership was neutral on this proposal, but that if the Council approved it for analysis, he suggested that the Council consider the following: expand the proposal to the entire GOA, require escape rings, prohibit pots during 1 July thru August 31 and cycle pots off the fishing grounds on some set schedule to avoid grounds preemption and safety issues. Bol Alverson agreed.

Jay Ginter reminded the team of GOA Amendment 14, which prohibited the use of pots in the GOA. He posed the question of what has changed in the fishery to warrant the Council to change its policy. Team members noted that IFQ program and increased whale depredation are new since the OA pot prohibition was implemented.

Rick Berns supported moving the proposal for Council consideration, noting the concerns identified by team members.

Kris Norosz noted that the proposal does not address halibut retention and that it could result in unintended halibut wastage as it addressed seabird and whale interactions. Don Iverson responded that not much halibut is caught in pots compared to longline gear.

Don Lane questioned whether seabird bycatch continues to be a serious problem or whether past Council actions have resulted in decreased interactions. He has heard that whale depredation is an issue Gulf-wide and has potential for gear conflicts. Julianne Curry responded that there are extreme sperm whale interactions with the fleet in the GOA. Minimizing seabird interactions also could be improved but she agreed that this is no longer a serious concern. Don recommended that the action define pot gear usage by depth (inside v outside 200 fathom line).

Don Iverson recommended that the window for pot use could also be when longliners are not as active (early spring or late fall).

Motion: Recommend that the proposal has merit for Council review and analysis. If the Council adopts this proposal for analysis the team recommended that the proposal be expanded to the GOA, and the analysis should address the following issues: 1) restrictions to gear usage (a) single v longline pots, b) pots retained on grounds for long soaks v retrieved during deliveries, c) pot storage, d) gear configuration requirements; e) gear conflicts, f) use the 200 fathom depth contour to mark open areas, g) pot soak time slot; 2) area management (SE v GOA); 3) exacerbation of halibut mortality; 4) dynamic(social/economic) effects, including a) small vessels could not safely use pots, b) crew employment, c) QS prices; d) ongoing acoustic research for avoiding whale depredation.

Passed 10:1

3. Allow Area 4B Category D quota shares to be fished on Category C vessels (Frank Miles)

Jeff Kaufmann supported expansion of the fish down program to Area 4B. He reminded the team that the proposed action is similar to action approved for Area 4C and 3B for smaller vessels. It addressed safety issues and accounted for only about 3 percent of the TAC. He noted that delivery options for small vessels are limited to Dutch Harbor, which can be a several day run from the fishing grounds.

Phil Wyman reported that ALFA is opposed to the proposal because it would set a precedent. Others pointed out that the precedent already had been set and that there are very little D shares in Area B anyway. Area 4B IFQ typically goes unharvested each year. The proposer may have the only active Area 4B Category D vessel.

In response to a question of what has changed in the fishery to warrant the Council to change its policy, Paul Peyton noted that APICDA opposed this proposal when its was last considered by the Council under Omnibus IV due to concerns of out migration of QS from the area but that it supports the proposal now. Adak was no longer available for offloading halibut.

Motion: Recommend this proposal for Council consideration, noting that the proposed action to allow 4B category D shares to be fished on Category C vessels is similar to action that was implemented for Area 4C and 3B.

Passed unanimously

4. Amend grandfather/hired skipper privileges in the halibut/sablefish fishery to sunset these rights, on any future quota which is bought/traded/gifted (Frank Miles)

Jane clarified that the QS holder has the privilege for use of hired skippers, such that the privilege is not tracked to individual QS units. Jessie confirmed that the proposal does not conform to how the program is administered by RAM, and that, while it was not impossible to change, it would be a significant staff work load. Another complicating factor depends on who is holding the QS and when for being under the hired skipper allowance. Once QS is transferred, no one could hire a master to fish it.

Jane recalled a conversation she had with the proposer. He was concerned principally that initial QS recipients could transfer away all his/her QS, then years later purchase new QS and still have the hired skipper privilege.

Phil Wyman and Tim Henkel suggested that the team identify that perceived abuses of the hired skipper warrants further consideration by the Council in the form of a staff discussion paper, and examine a wider range of alternatives 1) eliminate hired skipper provisions or 2) modify hired skipper privileges for transferred QS. Jane responded that the Council has developed at least 4 analyses/actions to address perceived abuses of the hired skipper privileges, so there was a long record from which to draw.

Don Lane agrees that the proposal addresses interest in moving towards an owner/operator fleet. Bob Alverson reminded the team that the Council also wrote into the program continuation of the hired skipper business model for both corporations and individuals and some would oppose any attempts to end the program. He opposed additional Council efforts on this topic.

Motion: Recommend that the Council consider sunsetting the hired skipper provisions for halibut and sablefish QS transferred by individual initial recipients, excluding leased (A) shares (rewritten proposal).

Passed 9:1:1

5. Amend IFQ halibut/sablefish loan program to reduce 20% down payment requirement to 10% down payment requirement (Robert Snell)

Jane reported that the Council does not have the authority to amend the loan program regulations.

The committee took no action because staff reported that the Council does not have the authority to amend these regulations.

6. Allow Adak to use its crab royalties to buy Area 4B halibut IFQ and Aleutian Islands area sablefish IFQ for use by local fishermen (add Adak to the CQE program) (Michael Swetzof)

The team felt that a specific proposal for Council action was not received. Bob Alverson asked if this would be for only Area 4 CQE and what caps would apply. Nicole Kimball responded that the proposal was vague and the analysis could apply the current CQE provisions for GOA communities to an Adak CQE. Bob suggested that Adak should not have more liberal privileges to buy any more QS than any current GOA CQE. He pointed out that ACDC can now use their royalties to buy Area 4B halibut IFQ and AI sablefish IFQ for community members and a regulatory regime was not necessary.

The team unanimously agreed to recommend that the Council take no action since a specific proposal was not received.

7. Eliminate vessel limitations for CQEs (GOACCC)

The chair invited representatives from GOACCC to speak to their proposals. Gail Vick and Chuck McCallum spoke in support of three proposals submitted by GOACCC. They first spoke to the proposal to eliminate vessel limits for CQEs. A double restriction of an individual IFQ limit and vessel limit was intended by the Council so that multiple persons would benefit from CQE communities and avoid consolidation of entry level fishing opportunities into too few hands. Gail noted that very few vessels in a community are willing to fish for CQEs because the CQE vessel limit of 50,000 lb effectively limits the

vessel to that limit for non-CQE IFQs. One pound of CQE fish puts that vessel under the 50,000 lb cap for CQEs and limits those willing to fish CQEs. She noted that the individual CQE use cap, along with the standard IFQ vessel cap, would be sufficient to limit consolidation, since the IFQ holder would be required to be aboard the vessel. The team reviewed other features of the CQE program, in which the individual CQE limit is the same as individual IFQ limits, and the overall CQE limit of 3 percent per year for each year of the program, with a maximum of 21 percent of QS for each area.

Paul Peyton spoke in favor of the proposal from his perspective managing CDQ fisheries. He noted that CQEs have the further issue of debt service on the purchase of QS, in addition to safety and entry level access.

Jeff Kaufmann recalled that both limits were intended by the Council to be used in tandem. He did not think that lifting the CQE vessel cap, and going back the IFQ vessel limit, would not negate the overall benefits. Nicole answered that the analysis, if recommended by the Council, would look at the effects of lifting the CQE vessel limit. The team noted that if the number of vessels that are willing to fish CQEs were limited, than new entrants would be limited. Nicole reminded the team that one of the main points to consider is that a CQE participant did not have to own a vessel to lease CQEs. Lifting the vessel cap would help that access.

When asked what was different in the fishery for the Council to reverse its previous decision, Paul pointed out that differences include the debt payments associated with IFQ holdings by CQEs, which must be purchased. The team recommended that the analysis examine differences between communities v. GOA-wide. It was noted that the shoulder seasons of the fisheries are different (in what way?).

Phil reported that ALFA, while it did not oppose the proposal, questioned whether lifting the vessel limit would result in consolidation and lessen opportunities for entry level access. Jeff Stephan noted that this proposal shifts emphasis from the individual CQE lease holder to the CQE. Paul responded that if a CQE lease holder can not find a vessel on which to fish the IFQs, then he can't fish or make his payments, which is counter to the intent of the program.

Jessie noted that a number of CQEs reported that it was hard to get started, as evidenced that only one has purchased QS.

Motion: Recommend that the Council consider eliminating vessel limits for CQEs.

Passed unanimously.

8. Change in residency requirements for CQEs (GOACCC)

Gale Vick informed the team that the intent of changing the residency requirement is to allow flexibility for former residents to have a longer window in which to move back to the community to qualify for participation in the program. She reported that the 12 month residency requirement was a barrier for potential participants to wait until they could qualify. The number of residents who had left the villages has increased since the CQE program was implemented. She suggested that the committee recommend that the Council consider a range of alternatives for a one time only waiver between 6 months and 36 months so that former residents would move back to community.

Paul moved that the proposal be considered by the Council based on its merits. He identified that creating a one-time waiver to the residency requirements could counter outmigration of residents and provide an opportunity to fish sooner and begin paying off loans taken to lease the IFQs.

Don Lane supports the idea behind the proposal, but expressed concern that potential abuses of the waivers could harm the CQE program. Paul suggested that the CQE groups assist CQE leaseholders in building a business plan that would allow them to make their debt payments. He suggested that the CQE would verify the residency of the applicant.

The team noted that the range of alternatives was not included in the proposal and Paul withdrew his motion. He moved the following alternatives for Council consideration; the motion was seconded by Don Lane.

Motion: Recommend that the Council consider two alternatives for changing residency requirements for CQEs (restated proposal):

- 1) 6 month residency requirement
- 2) Affidavit process that applicant be a permanent resident within the community in which they are applying for a CQE permit for 12 consecutive months within 36 months of their application. If they fail the residency requirement, they forego their opportunity to get a lease in perpetuity.

Failed 2:8 (1 absent)

9. Allow CQE communities to purchase QS in all vessel categories (GOACCC)

Gale Vick reviewed a CQE program feature under which CQEs are currently prohibited from purchasing D category shares in Area 2C and Area 3A. The intent is for CQEs to be allowed to transfer D category QS from community members. She clarified that the request did not include allowing category D shares to be fished on category C vessels.

Jeff Kaufmann identified that new information since the program was implemented includes the lack of competition by CQEs for entry level access than was anticipated by the Council. Jeff Stephan suggested that crab crew displaced from the Bering Sea fisheries may be looking to enter the market for category D shares. There are some other mitigating factors for small boat owners for buying D shares compared with competing with CQEs. Jeff Stephan pointed out that this creates additional competition for displaced persons from communities that are not part of the CQE program. Bob Alverson agreed that this proposal could increase competition and place additional pressure to inflate QS prices and force independent fishermen out of the program, which is counter to statements of intent by previous Councils. He noted that B class QS have been artificially inflated under the buy up program. Jane reported that the Council's preferred alternative from the 2004 call for proposals in which inactive QS will be removed from the QS pool is in the rulemaking stage at NMFS and will decrease availability of very small QS amounts.

Jeff Kaufmann moved the proposal for Council consideration. Paul Peyton seconded the motion.

Several members stated that they could not support increasing competition for D class QS. Jeff Stephan noted that in the context of Pacific cod recency requirements and other Council actions, the benefits of the proposal do not outweigh the costs.

Motion: Recommend that the Council consider the proposal.

Failed 2:7:1 (1 absent)

10. Remove block system for sablefish A shares and increase sablefish A (only) cap (Dave Little, Clipper Seafoods)

Dave Little, Clipper Seafoods, presented his proposal to remove Category A shares from the block program and allow an exception to the sablefish *vessel?* cap for A category shares. The intent of the proposal is to address stranded QS, which can not be transferred by interested parties due to the cap and is not being fully harvested under the current program. Dave suggested that the use cap for sablefish could be set at 5% for Category A shares.

Kris Norosz observed that increasing the cap fivefold would be a significant departure from the original program.

a) Motion: Recommend that the Council consider removing the block program for sablefish A shares.

Failed 3:7:1

Bob recommend that the Council consider exempting Category A shares for the all area use cap at a range between 1.25% and 1.5% of the existing cap for vessels upon which ONLY A shares are fished and regardless of whether harvest was processed. His proposal was for another \$400K gross. Paul supported the motion; he observed that it would take 2 ¾ percent of the limits to make CDQ vessels economical. He noted that only about 50% of the sablefish (Category A?) TAC has been harvested under current program.

b) Motion: Recommend that the Council consider exempting A shares from the overall sablefish use cap and apply a use cap at between 1.25% to 1.5% of the current use cap for vessels that ONLY fish A shares (no catcher vessel QS onboard) and regardless of whether the sablefish harvest was processed.

Passed 9:2

11. Create a new category of vessel known as a heritage vessel, defined as any vessel 100 gross tons and less and more than 50 years old and which would be allowed to fish either C Class or B Class quota. (Pert Odegaard)

Bob Alverson described the intent of the proposal as an attempt to even the playing field for old, large wooden boats.

Motion: Recommend that the Council consider this proposal.

Failed 5:6

12. Exempt second generation sablefish QS holders from two block limit (Deep Sea Fishermen's Union)

Tim Henkel spoke in favor of the proposal by DSFU; it is intended to assist second generation participants in acquiring QS by making more QS available and ultimately lowering the price of unblocked QS to ease new entry.

Bob Alverson moved that th Council consider applying current halibut and sablefish block limits to initial recipients only. He noted that the block program has not worked well in westward areas.

Jeff Kaufmann suggested that increasing the sweep up limits proportional to need could also be effective. Staff responded that sweep-up limits were raised under Omnibus IV.

Don Lane supported the current block program, and noted that any changes to block limits or sweep-up levels would increase consolidation. He did not think there is a problem in the fishery.

Paul Peyton suggested that problems do occur in different areas. He supported looking at the effects of reduced quotas by area. He noted that Area 3A is probably least impacted, and Areas 2C and 3B are the most affected by reduced quotas.

Jeff Stephan agreed that eliminating the block program may no be appropriate, but that changes to sweep up levels and block limits would be more acceptable.

Motion: Recommend that the Council consider limiting the current halibut and sablefish block limits to initial recipients only.

Failed 3:8

13. Allow second generation who have actively held and fished for 10 years and hold at least 10,000 lb of halibut or sablefish IFQ to obtain first generation rights (John Crowley)

John Crowley spoke in favor of this proposal and noted that it would grant additional hired skipper privileges to long time second generation participants. He suggested that this proposal could be used as an additional alternative to any further analyses to limit the use of hired skippers.

Jeff Kauffman moved to forward this proposal for analysis; Bob Alverson seconded the motion. Tim Henkel, Kris Norosz, and Julianne Curry stated that this proposal was counter to Council intent for the program.

Motion: Recommend that the Council consider this proposal for analysis.

Failed 2:9.

14. Exempt D class vessels (or those under 26 ft) delivering less than 300, 500, or 1000 lb of halibut to be either exempt from 3-hour notice to deliver or implement a less burdensome notice to deliver (one hour) for qualified vessel deliveries (Jeff Farvour)

Jeff Farvour spoke in support of his proposal.

Heather Gilroy stated that the IPHC would object to exempting all D class vessel, but could support 26 ft, but only if NOAA Office of Law Enforcement had no objections. She reported that the IPHC also would object to the 1,000 lb limit, but could support lower levels of 300 or 500 lb for exemptions. Jessie Gharrett identified other current exemptions for dingle bar gear and salmon trolling at 500 lb.

Don Lane stated that a problem exists in Homer with skiffs loading onto other skiffs and selling halibut on the black market. Requiring prior notice inhibits illegal sales on the road system.

Kris Norosz wanted to hear if OLE objected to the proposal. She noted that the other exemptions are still under fish ticket reporting requirements.

Rick Berns noted that the proposal still has a one hour notice requirement and that black market fish could still happen.

Paul Peyton moved that the Council consider exempting vessels less than 26 ft delivering 500 lb or less of halibut would be required provide 1-hour notice to deliver for qualified vessel deliveries. Julianne Curry seconded the motion. Don lane spoke against the motion, but Paul responded that the issues would be explored in the analysis.

Motion: Recommend that the Council consider allowing vessels less than 26 ft that deliver ≤ 500 lb of halibut IFQ to provide 1-hour notice of delivery.

Passed 10:1

Summary Jane reviewed the proposals that were recommended by the team for Council consideration.

Kris clarified that none of these recommendations for consideration were a recommendation for favorable action. Kris noted that these seven proposals would take considerable staff time to analyze and implement.

The team requested that if the Council considers and approves for new actions that were not considered by the Council, then the team should review the proposals or analysis prior to initial review.

In the absence of calls for proposals, the team recommended meeting no more than every other year to review the status of the program. The biennial agenda could include a review of the Report to the Fleet.

The team expressed its congratulations on the retirement of Jay Ginter at the end of February 2010, and thanked him for his many years of service. Jessie Gharrett reported that she will be on half time as Director of NMFS RAM Division, while she is on a detail with NMFS NWRO. Jane DiCosimo announced that she was willing to go away too.

Adjourn The team adjourned approximately 6 pm.

Interagency Staff Review of IFQ Proposals and IFQ Implementation Team Recommendations October 16, 2009

Proposal 1. Staff reviewed the proposal to allow retention of halibut in Area 4A that caught in pots in the directed IFQ sablefish fishery in the Bering Sea and Aleutian Islands management areas. This proposal was forwarded to the Council by the IPHC after its 2009 annual meeting because the proposal would affect the Council's sablefish IFQ fisheries. A regulatory amendment would be required with respect the the differences in the VMS clearance requirements for Area 4 halibut (as found in the Annual IPHC regulations) and BSAI sablefish (as found in Section 679). Halibut fishermen have to call the data clerks "within 72 hours before fishing," while sablefish fishermen have to call the data clerks "at least 72 hours prior to fishing. "For enforcement purposes, staff recommends developing a new figure that identifies where halibut retention would be allowed (area that overlaps Area 4A with the BS and AI sablefish management areas); new regulations would identify the latitude and longitude where halibut retention would be allowed.

A small amount of sablefish pot fishery data is available from observer and logbook data, and is included in the SAFE Report. If the Council recommends that this proposal be analyzed, staff recommends that the proposed alternative require halibut to be retained if IFQs are held by fishermen on the vessel. Staff noted that regulations would be difficult to craft to avoid targeting of halibut in pots in this area; however, the sablefish pot configurations could reduce catchability of halibut.

Proposal 2: Staff reviewed the proposal to allow retention of sablefish in pots in the GOA Southeast Outside management area. This would require a regulatory amendment to Section 679 (plan too?) to allow a new gear type for sablefish. USCG staff recommends defining areas by lat/long where the new gear type would be allowed, and not by the 200 fathom contour. Enforcement of Proposal 2 is within the scope of the Joint Enforcement Agreement, it's not currently addressed in the Annual Operations Plan. If this proposal is implemented in regulations, NOAA would likely discuss the issue with Wildlife Troopers and possibly include it in the annual operations plan, as well as rely heavily upon the USCG for enforcement. If the Council recommends that this proposal be analyzed, staff recommends expanding the proposed action to require distinctive marking of buoys by gear type for all groundfish fisheries. This proposal would affect the EEZ only, and would be outside the scope of the joint enforcement agreement with the State of Alaska.

Proposal 3: Staff did not identify any legal, enforcement, regulatory, or data issues.

Proposal 4: Staff did not identify any legal, enforcement, or regulatory issues, but did identify significant database and data issues. Staff did note that the proposal likely requires significant and fundamental database restructuring to apply to QS and IFQ and manage attributes that now apply only to persons; that is, the ability to use a hired master. Transfer processes also would require revision. This work is expected to require significant time/money expenditures and IT resources. The proposal as submitted was somewhat unclear as to the types of QS/IFQ and use situations to be affected. The narrower interpretation applied by the committee to the original proposal would require more complex database adjustments because the properties of the QS/IFQ would change depending on the type of person holding the QS/IFQ. Reporting on use of hired masters would also become significantly more complex. Past and current efforts to limit the use of the first generation/hired skipper privilege have resulted in significant staff expenditures over the years. If the Council recommends that this proposal be analyzed because the many revisions to further limiting the use of hired skippers have been ineffective, staff recommends that the Council expand the analysis to include a sunset of this feature of the IFQ program so that the Council (and staff) time can be expended more productively.

Proposal 6: Staff did not identify any legal, enforcement, regulatory, or data issues.

Proposal 7: Staff did not identify any legal, enforcement, regulatory, or data issues.

Proposal 8. Staff identified legal issues with defining residency in the CDQ, CQE, and subsistence programs. A review of current requirements and meaning of terms "domicile" and "resident" is warranted to provide clarity; clarification may obviate the need for proposed regulatory amendments.

If the Council wishes to analyze this proposed action, staff recommended that the Council consider an alternative that would replace community residency requirements with a performance standard, although such an approach may not be more effective. The Council could consider removing residency requirements entirely because they are difficult to enforce and defer to communities for defining participation requirements. Staff concluded it may be more expeditious to eliminate program features that are problematic (see hired skippers) than to repeatedly tweak the regulatory features of the program (see changes to block program, sweep-ups, etc.).

Proposal 9: Staff did not identify any legal, enforcement, regulatory, or data issues.

Proposal 10: Staff identified that enforcement of use caps is problematic.

Proposal 11. Staff noted that the USCG recommends not enacting fishery regulation that encourages the retention of old vessels on the water for safety reasons, as a result of hearings related to the sinking of the FV Alaska Ranger.

Proposal 12: Staff did not identify any legal, enforcement, regulatory, or data issues.

Proposal 13. Staff commented that this proposal appeared to be arbitrary and capricious.

Proposal 14: Enforcement and IPHC are not in favor of exempting vessels under 26 feet from Prior Notice of Landing (PNOL) filings. The original intent and primary purpose of the PNOL was to allow Enforcement the opportunity to monitor an offload and IPHC staff to sample the landing and interview the skipper. The Council has been in favor of this regulatory tool for enforcement in the past. The original PNOL requirement was 6 hours. Enforcement supported changing it to the current 3 hours. Reducing a PNOL requirement for vessels less than 26 to one hour would hamper the ability to effectively monitor offloads. A one hour notification is simply not enough time for an authorized officer or sampler to get the information from the Data Techs, travel to the offload location, then locate the vessel. Reducing the prior notice to one hour would not provide sufficient time for an officer to monitor an offload even on the road system. The PNOL fills a gap for the lack of observer coverage. OLE routinely grants an early offload waiver, particularly if other information indicates that the vessel is in compliance with the regulations and IPHC samplers are available to meet the early offload.

In 2008, Enforcement gave 669 waivers. A waiver can not be guaranteed in every instance, but the cardholder or Registered Buyer may request one. A primary method that small boat halibut fishermen have been complying with this requirement for years is to call their PNOL in before they leave town to go fishing. If the information that they report (estimated weight, offload time, offload location, etc.) changes significantly during or after their trip, they may have to call in a new PNOL with the new information.

The PNOL exemption in effect for trollers delivering less than 500 pounds of halibut in conjunction with a lawful landing of salmon and the exemption for dinglebar fishermen delivering less than 500 pounds of halibut with a lawful landing of lingcod is there because regulations require trollers and dinglebar fishermen that have IFQ available for the vessel class and area they are working to retain the lawful halibut that they catch. The PNOL exemption is to encourage trollers and dinglebar fishermen to retain halibut they lawfully catch and to bring it in to report it.

Reported by:

Jane DiCosimo, NPFMC
Jay Ginter, Peggy Murphy, Rachel Baker, NMFS SF
Jessie Gharrett, RAM
Ron Antaya, OLE
Susan Auer, NOAA GC Enforcement
Tom Meyer, NOAA GC AKRO
LCDR Lisa Ragone, USCG
Heather Gilroy, IPHC

Review of the Community Quota Entity (CQE) Program under the Halibut/Sablefish IFQ Program

February 2010

I. Background & purpose of review

The Council developed the halibut and sablefish Individual Fishing Quota (IFQ) Program in the early 1990s, and NMFS implemented the program in 1995. This program changed the management structure of the fixed gear halibut and sablefish program by issuing quota share (QS) to qualified applicants who owned or leased a vessel that made fixed gear landings of halibut during 1998 – 1990. Halibut quota share is specific to one of eight halibut management areas throughout the BSAI and GOA, and four vessel categories: freezer (catcher processor) category (A share); greater than 60' LOA (B share); 36' to 60' (C share); and 35' or less (D share). Sablefish quota share is specific to one of six sablefish management areas throughout the BSAI and GOA, and three vessel categories: freezer (catcher processor) category (A share); greater than 60' LOA (B share); and 60' or less (C share). The quota share issued was permanently transferable, with several restrictions on leasing. The Council developed leasing and other restrictions in order to achieve some benefits associated with IFQ management but also retain the owner-operator nature of the fisheries and limit consolidation of quota share. To that end, the Council only allowed persons who were originally issued catcher vessel (CV) quota share or who qualify as IFQ crew members² to hold or purchase catcher vessel quota share (B, C, and D category). Thus, only individuals and initial recipients could hold catcher vessel quota share.

Halibut and sablefish are very important to Alaska's coastal communities, as noted in an ISER report published just prior to the IFQ Program implementation.³ The ISER report stated that halibut openings in 1993 created more than 9,000 short-term jobs for residents of coastal towns, and sablefish openings created another 1,800 jobs. Crew members from coastal places were paid about \$21 million during halibut openings in 1993 and sablefish crews a roughly similar amount. The halibut and sablefish fleets in 1993 spent about \$65 million in coastal towns during all the fisheries they took part in (including halibut, sablefish, salmon, crab, and others). The report also noted that halibut and sablefish landings at Alaska ports create jobs and income in processing plants, vessel equipment, supply, and repair businesses, and other sectors of the coastal economies.

Although the IFQ Program has resulted in significant benefits for many fishermen, many quota holders in Alaska's smaller coastal communities have chosen to transfer their quota to others, for various reasons, or have moved out of these communities. Local conditions, location, and market forces were likely factors in the sale of QS originally held by residents of small communities. These conditions include: the cost of access to markets is greater to fishermen landing fish in remote communities; fishermen based in remote communities tend to fish smaller amounts of quota using smaller, less efficient vessels, which result in lower profit margins than larger operations; fishing infrastructure in remote communities tends to be less complete; and residents tend to have less capital with which to purchase economically viable amounts of

Regular QS units were equal to a person's qualifying pounds for an area. Qualifying halibut pounds for an area were the sum of pounds landed from the person's best 5 years of landings over a 7-year period (1984 – 1990). Qualifying sablefish pounds for an area were the sum of pounds landed from the person's best 5 years of landings over a 6-year period (1985 – 1990).

²IFQ crew member means any individual who has at least 150 days experience working as part of the harvesting crew in any U.S. commercial fishery, or any individual who receives an initial allocation of QS (50 CFR 679.2).

³Berman, M., and Leask, L. On the Eve of IFQs: Fishing for Alaska's Halibut and Sablefish, Alaska Review of Social and Economic Conditions, UAA, Institute of Social and Economic Research. November 1994, Volume XXIX, No. 2.

QS.⁴ Refer to recent research for a more detailed evaluation of quota transfer patterns out of small, rural communities.⁵

As a result of quota transfers, the total amount of quota held by residents of small, coastal communities and the number of IFQ holders, substantially declined since the inception of the IFQ Program. As this trend may have a severe effect on unemployment and related social and economic impacts in rural communities, the Council took action in 2002 to attempt to alleviate this issue. Under GOA Amendment 66, the Council revised the IFQ program to allow a distinct set of 42 remote coastal communities with few economic alternatives to purchase and hold catcher vessel QS in Areas 2C, 3A, and 3B, in order to help ensure access to and sustain participation in the commercial halibut and sablefish fisheries. Eligible communities can form non-profit corporations called Community Quota Entities (CQEs) to purchase catcher vessel QS, and the IFQ resulting from the QS must be leased to community residents annually. In effect, the CQE remains the holder of the QS, creating a permanent asset for the community to use to benefit the community and its residents. The QS can only be sold in order to improve the community's position in the program, or to meet legal requirements, thus, the QS must remain with the community entity. This amendment was approved by the Secretary of Commerce and effective in June 2004.

The CQE Program includes several elements which make CQEs subject to either more, the same, or fewer constraints than individual quota share holders. In some cases, the CQE is subject to the same latitude and limitations as individual users, as if the CQE is simply another category of eligible person. For example, an individual CQE is held to the same quota share cap as an individual holder. In other cases, the CQE is subject to less restrictive measures, in order to provide for the differing purpose and use of the QS when held by communities. For example, the vessel size classes do not apply to QS when held by CQEs. In yet other cases, the CQE is subject to more restrictive measures than individuals, in part to protect existing holders and preserve entry-level opportunities for fishermen residing in other (non-eligible) fishery-dependent communities. For example, CQEs cannot purchase D category halibut QS in Area 2C or Area 3A. In addition, there are caps on the amount of QS that all CQEs combined can purchase, and CQEs cannot lease more than 50,000 lbs of halibut and 50,000 lbs of sablefish IFQ to an individual resident, and no more than 50,000 lbs of halibut and 50,000 lbs of sablefish IFQ can be used on an individual vessel. Both limits are inclusive of any individual IFQ held. (Please refer to the April 2002 Council motion for the comprehensive suite of elements that comprise the CQE program (Appendix 1). One may also refer to the final rule authorizing the program (69 FR 23681; April 30, 2004).

Upon final action, the Council included a request to review the program after five years of implementation, although this is not a regulated requirement. The purpose of the review is to assist NMFS and the Council in assessing the performance of the CQEs in meeting the objectives of providing for community-held QS. This report documents activity under the CQE program to-date, changes in quota share holdings of residents of eligible communities, and provides a brief review of concerns related to the program that have been expressed in public forums. This is a summary report intended to provide the Council and the public with a brief review of the program. No action is required as a result of this report. However, the Council may request a more detailed report on specific issues, should more extensive data or analysis be determined necessary. The Council may also choose to initiate new FMP or regulatory amendments in order to consider changes to the current program.

⁴Community Quota Entity Financial Analysis, prepared for Southeast Alaska Inter-tribal Fish and Wildlife Commission, by McDowell Group. October 28, 2005.

⁵Carothers, C. D. Lew and J. Sepez. (In review). Fishing rights and small communities: Alaska halibut quota transfer patterns. Ocean and Coastal Management. Carothers, C. 2007. Impacts of halibut IFQs and changing Kodiak communities. In Cullenberg, Paula (ed) Harvesting the future: Alaska's fishing communities, Alaska Sea Grant College Program, Fairbanks, AK. ⁶If the CQE sells its QS for any other reason, NMFS will withhold annual IFQ permits on any remaining QS held, and will disqualify the CQE from holding QS on behalf of that community for 3 years. It also requires that the CQE divest itself of any remaining QS on behalf of that community.

II. Outreach and technical assistance to-date

A relatively substantial outreach effort was undertaken upon implementation of the CQE Program, as NMFS, RAM Division staff, and in some cases Council and State of Alaska staff, traveled to sixteen communities in Areas 2C, 3A, and 3B and provided information and answered questions about the program.⁷ The purpose was to inform eligible communities that the program had been approved, as well as outline the rules and requirements of the program, and review potential technical assistance available to communities.

The State of Alaska, Department of Commerce, Community and Economic Development (DCCED), has also been providing assistance to eligible communities since implementation of the program. The Division of Banking, Securities, and Corporations can assist communities in setting up a non-profit corporation. The Division of Community Advocacy can assist communities regarding sample by-laws and provides a non-profit corporation handbook with ideas regarding how to setup a non-profit corporation. Several municipalities have utilized these services and organizational loans. In addition, shortly after the implementation of the program, the State of Alaska legislature approved a loan program for the CQE Program through the Commercial Fishing Revolving Loan Fund. The Division of Investments provides loan applications and can provide assistance in understanding the application requirements to obtain financing for halibut and sablefish IFQs. More detail on the loan program is provided in the discussion of funding mechanisms (Section VI). Eligible communities can also contact DCCED to schedule workshops regarding the CQE program.

Finally, several private entities have provided technical workshops to assist communities in participating in the program. These include the Southeast Alaska Inter-tribal Fish and Wildlife Commission, Chugach Regional Resources Commission, Gulf Coastal Communities Coalition, Alaska Sea Grant Marine Advisory Program, and individual communities. One of the most recent workshops was co-hosted by the Alaska Sea Grant Marine Advisory Program, the North Pacific Fisheries Trust, and the Gulf of Alaska Coastal Communities Coalition in February 2009. There was broad participation by CQE communities, as well as regional and village Native corporations, NMFS, Council staff and members, Native regional nonprofits, and loan program representatives. The themes of the workshop included non-profit governance and management; accounting and finance; regulatory issues in quota management; lease management; and direct marketing of harvests. The primary concerns expressed during these workshops have been incorporated into the discussion of concerns about the program (Section VIII).

III. Eligible communities and CQE holdings to-date

There are 42 eligible communities under the CQE Program, the same number since its inception: 21 are in Southeast Alaska (Area 2C) and 21 are in Southcentral Alaska (14 in Area 3A and 7 in Area 3B). The list of communities is provided as part of the Council's final motion (refer to Appendix 1). To be determined eligible, each community must have met the following criteria: fewer than 1,500 people; documented historical participation (at least one landing) of halibut or sablefish; direct access to saltwater on the GOA

⁷These workshops were conducted from May to October, 2004. Twenty-eight of the 42 eligible communities were represented at these workshops.

⁸ http://www.commerce.state.ak.us/bsc/home.htm

⁹http://www.commerce.state.ak.us/dca/

¹⁰AS 16.10.300 – AS 16.10.370; 3AAC 80.010 – 3 AAC 80.900. The purpose of the fund is to provide long-term, low interest loans to promote the development of predominantly resident fisheries, and continued maintenance of commercial fishing vessels and gear for the purpose of improving the quality of Alaska seafood products.

¹¹http://www.commerce.state.ak.us/investments/index.cfml

¹²As documented by the 2000 U.S. Census (i.e., a community must be recognized by the U.S. Census as an incorporated city or census designated place in order to be included in the census.)

coast; no road access to a larger community; and listed in Federal regulation. Communities that were not identified at final action as meeting these criteria must apply to the Council to be approved for participation in the program. A regulatory amendment would need to be developed and approved in order to add a community to the list in Federal regulation, and communities applying for eligibility would be evaluated using the original criteria above.

Under the program, an eligible community must form a nonprofit corporation to act on its behalf (i.e., the CQE). The CQE permitted to purchase and hold the quota share for eligible communities must be: 1) a new non-profit entity incorporated under the State of Alaska; or 2) a new non-profit entity formed by an aggregation of several eligible communities. The non-profit corporation must apply to NMFS for recognition as a CQE, must have the written approval of the community, and upon approval by NMFS, may buy, sell, and hold halibut and sablefish QS for the community. There are caps on the amount of QS that can be held by each individual community, and caps on the amount of QS that can be held cumulatively by all communities in a specified area (e.g., Area 2C, 3A, 3B for halibut; SE, WY, CG, or WG for sablefish). The program limits each CQE to the same use caps as individual holders: 1% of Area 2C halibut QS and 0.5% of the combined Area 2C, 3A, and 3B halibut QS, and 1% of southeast sablefish QS and 1% of all combined sablefish QS. The program also limits all CQEs to holding 3% of the QS in each area in each of the first seven years of the program, culminating in a limit of 21% in each area by 2010. These limits are exclusive of any QS owned by individual residents. See Table 1 and Table 2 below and refer to Appendix 1 for the rules governing transfers, limits, and reporting requirements.

Table 1 2009 Quota share use caps for COEs and individuals

Use Cap	2009 QS Use Cap	Equivalent 2009 IFQ lbs				
Halibut						
1% of 2C quota	599,799 QS units	50,560 IFQ lbs				
0.5% of 2C, 3A, 3B	1,502,823 QS units	126,681 lbs if all 2C quota ¹ ;176,360 lbs if all 3A quota; 302,208 lbs if all 3B quota				
Sablefish						
1% of SE quota	688,485 QS units	63,035 IFQ lbs				
1% of all quota	3,229,721 QS units	254,497 lbs if all CG; 295,705 lbs if all SE ² ; 259,279 lbs if all WG; 208,127 lbs if all WY quota				

Note that the Area 2C use cap (50,560 lbs) is also in place, so 126,681 lbs is only a theoretical example.

Note that the SE use cap (63,035 lbs) is also in place, so 295,705 lbs is only a theoretical example.

Table 2 2009 and 2010 cumulative COE quota share use caps¹

Use Cap	QS Use Cap and equiv	QS Use Cap and equivalent annual IFQ lbs						
Halibut	Area 2C	Area 3A	Area 3B					
2009	10,719,367 QS units	33,284,037 QS units	9,756,572 QS units					
18% of each area	903,597 lbs	3,905,981 lbs	1,961,988 lbs					
2010	12,505,928 QS units	38,831,376 QS units	11,382,667 QS units					
21% of each area	n/a lbs	n/a lbs	n/a lbs	_				
Sablefish	Southeast	Central Gulf	Western Gulf	West Yakutat				
2009	11,901,711 QS units	20,103,594 QS units	6,485,324 QS units	9,587,957 QS units				
18% of each area	1,089,691 lbs	1,584,133 lbs	520,638 lbs	617,860 lbs				
2010	13,885,330 QS units	23,454,193 QS units	7,566,212 QS units	11,185,950 QS units				
21% of each area	n/a lbs	n/a lbs	n/a lbs	n/a lbs				

The cumulative use caps apply to the amount of QS that can be held and used by all CQEs combined.

Note: The 2010 quota share pools used to calculate the cumulative use caps are an estimate as of 1/11/10, and are the same as 2009. The 2010 QS:IFQ ratio for each area was not available (n/a) as of 1/11/10, so the caps are not calculated in 2010 IFQ lbs.

Thus far, 20 CQEs have been formed, representing 21 communities (the list is provided as Appendix 2). Ten of those communities are in southeast Alaska, and eleven are in southcentral Alaska. Each of these

¹³ See 50 CFR 679.42(e)(6).

CQEs went through the process of forming a non-profit corporation under laws of the State of Alaska, which requires time and resources of the community. In addition to the incorporation process, in order to be approved by NMFS as a CQE representing an eligible community, the CQE must also submit an application to NMFS.¹⁴ A complete application to become a CQE consists of: (i) the articles of incorporation; (ii) a statement indicating the eligible community, or communities, represented by the CQE for purposes of holding QS; (iii) management organization information, including: (A) the bylaws; (B) a list of key personnel of the managing organization including, but not limited to, the board of directors, officers, representatives, and any managers; (C) a description of how the CQE is qualified to manage QS on behalf of the eligible community, or communities, it is designated to represent, and a demonstration that the CQE has the management, technical expertise, and ability to manage QS and IFQ; and (D) the name of the non-profit organization, taxpayer ID number, permanent business mailing addresses, name of contact persons and contact information of the managing personnel, resumes of management personnel, name of community represented by the CQE, and the point of contact for the governing body of each community represented.

The application also requires a statement describing the procedures that will be used to determine the distribution of IFQ to residents of the community, including: (A) procedures used to solicit requests from residents to lease IFQ; and (B) criteria used to determine the distribution of IFQ leases among qualified community residents and the relative weighting of those criteria. Finally, the application must include a statement of support from the governing body of the eligible community. The statement of support is: (A) a resolution from the City Council or other official governing body for those eligible communities incorporated as first or second class cities; (B) a resolution from the tribal government authority recognized by the Bureau of Indian Affairs for those eligible communities that are not incorporated as first or second class cities; but are represented by a tribal government authority; or (C) a resolution from a non-profit community association, homeowner association, community council, or other non-profit entity for those eligible communities that are not incorporated as first or second class cities or represented by a tribal government.

Thus, while the application process is relatively straightforward, it requires submittal of several documents, including a letter of approval from the community and a description of the criteria the CQE will use to determine which residents may lease IFQ derived from CQE-held QS on an annual basis. Note that the Council included three performance standards in its final motion developing the program, and although these are not regulatory requirements, they outline the intent regarding the distribution and use of community-held QS. The performance standards are:

- equitable distribution of IFQ leases within a community
- the use of IFQ by local crew members
- the percentage of IFQ resulting from community-held QS that is fished on an annual basis

Many communities have developed specific and comprehensive criteria to distribute IFQ among community residents, based on the goals and objectives set out by the community. The city of Craig was the first CQE formed in late 2004, and it was very proactive in developing the first set of organizational governance and distribution criteria for quota share. NMFS only requires that criteria are developed, not that each community follow specified criteria. For example, some communities may emphasize providing IFQ to new entrants versus long-term participants (or vice-versa), while others may focus on ensuring that the resident IFQ holder's crew is comprised of resident crewmembers. Some communities have employed a 'point system', while others have developed other types of rating criteria. An example of the criteria used by the CQE representing Old Harbor (Old Barnabas, Inc.), is provided as **Appendix 3**. This CQE reports that it leases quota share to community residents on an equitable basis, and that preference is

¹⁴This application is also submitted to the State of Alaska (DCCED) for a 30-day review and comment period.

given to residents that have experience, equipment, investment, and commit to the employment of community residents. The point system developed by the CQE reflects these preferences.

Each CQE must report to NMFS annually on IFQ activities, including nonprofit governance, QS holdings, IFQ recipient selection, landings, and other relevant information. If a CQE fails to submit a timely and complete annual report, NMFS would initiate an administrative action to suspend the ability of that CQE to transfer QS and IFQ, and to receive additional QS by transfer. The annual report is also required to be provided to the governing body of each community represented by the CQE. This is intended to assist the governing body and residents of that community in reviewing the activities of the CQE relative to that community.

To date, only one CQE, representing Old Harbor, has purchased halibut quota share, and no CQEs have purchased sablefish quota share. Old Harbor has been participating in the program using halibut quota share since 2006. As of year-end 2009, the CQE representing Old Harbor held 151,234 halibut QS units in Area 3B, which equates to a little over 30,400 IFQ lbs in 2009. This represents about 0.05% of the combined Area 2C, 3A, and 3B QS pool, and 0.28% of the total Area 3B QS pool. Recall that the program allows all CQEs combined to purchase up to 3% of the QS in each area in each of the first seven years of the program, culminating in a limit of 21% in each area by 2010. Thus, the program has not come close to reaching its regulatory limits.

The majority of CQEs have not submitted annual reports, as they have not purchased quota share to-date. Several CQEs have submitted reports, even if no quota share had been purchased, in order to report changes in the Board of Directors, etc. Old Harbor has submitted the required annual report each year it held QS, starting in 2006. No less than 20% of their total IFQ is leased to 'entry level resident fishermen', and the remainder is leased to a 'general pool.' In sum, this CQE has leased QS at equal or below market rates to 5 participants using 3 vessels in 2006; 8 participants using 5 vessels in 2007; and 10 participants using 5 vessels in 2008. The number of crew used increased each year, and all were residents of Old Harbor, with few exceptions (residents of Kodiak). Starting in 2008, the CQE also formally developed a 'clean-up' fishery, in that the IFQ contracts with individual fishermen include a provision that allows the CQE to lease the IFQ to another resident fisherman if the IFQ is not fished by August 1 of the fishing year. During 2006 - 2009, the CQE leased between about 30,000 lbs to 37,000 lbs annually. The most recent annual report notes that lease revenues are used to pay debt services and administrative expenses of the CQE, and as debt services reduce, lease revenues will be used to purchase additional quota.

IV. Community resident QS holdings to-date

The NMFS RAM Division produces reports on the changes in holdings of quota share by residents of Gulf of Alaska fishing communities since the implementation of the halibut and sablefish IFQ program in 1995. NMFS recently updated this report through 2008 (NMFS, July 2009). Note that the QS holdings in this report are by individual residents of the CQE eligible communities, not CQEs, with the exception of the QS holdings by the CQE representing Old Harbor.

One impetus for establishing Amendment 66 was the substantial transfer of initially-issued quota share out of the smallest, remote coastal Alaska communities and the change in the geographic distribution of QS holdings. At the time of final Council action, the public review analysis for Amendment 66 reported that residents of the 42 small GOA communities realized a reduction of 14%, 19%, and 19% of their

¹⁵In 2006, the IFQ was purchased and leased in late September, allowing only a couple months to fish; 2006 was the only year in which all of the CQE QS was not fished.

¹⁶Report on Holdings of IFQ by Residents of Selected Gulf of Alaska Fishing Communities, 1995 – 2008. NOAA (NMFS), Alaska Region, RAM Division, Juneau, AK. July 2009. http://www.fakr.noaa.gov/ram/reports/ifqholdings0709.pdf

halibut QS holdings in Area 2C, 3A, and 3B, respectively, from initial issuance through year-end 2000. They also realized a reduction in sablefish QS holdings of 15%, 45%, and 7% in the Southeast, West Yakutat, and Western Gulf management areas, respectively. The net gain of QS by these communities was in sablefish QS in the Central Gulf (39%), and this was almost wholly attributable to an increase in holdings in one community (Seldovia). The remaining communities continued to either lose Central Gulf sablefish QS or retain the same amount issued during initial issuance. Overall, the 42 eligible communities held about 6% of the total halibut QS in Areas 2C, 3A, and 3B, and about 4.5% of the total sablefish QS in Southeast, West Yakutat, Central Gulf, and Western Gulf, at year-end 2000. 17

The July 2009 NMFS report provides the same information for each of the 42 eligible communities, by year, from 1995 through year-end 2008. The total halibut and sablefish IFQ holdings for residents of the 21 eligible communities located in southeast Alaska decreased by 49% and 45% from 1995 through year-end 2008, ¹⁸ and the number of holders of halibut and sablefish IFQ decreased by 55% and 58%, respectively. For residents of the 21 southcentral communities, the total halibut and sablefish IFQ decreased by 26% and 53% from 1995 through year-end 2008, and the number of holders of halibut and sablefish IFQ decreased by 50% and 61%, respectively. Overall, the 42 communities combined realized a 36% reduction in halibut IFQ and a 47% reduction in sablefish IFQ, with 53% and 59% fewer holders at year-end 2008, respectively. The tables summarizing southeast, southcentral, and all eligible communities are provided in **Appendix 4**. A brief summary of the individual community data from this report is provided in Table 3 through Table 6.

Table 3 Total IFO holdings and holders, Southeast AK, by year

Southeast	1995 halibut		2008 halibut		1995	#	2008	#
Community		holders		holders	sablefish		sablefish	
Community	103	Holders	"55	liologia	Ibs	INIGOS	lbs	INIGEIS
Angoon	80,629	50	30,855	15	105,454	2	0	0
Coffman Cove	2,160		ه ا	0	۰ ا	0	ō	Ö
Craig	229,848	70	203,860	51	105,278	15	80,351	11
Edna Bay	45,234	15	25,926	5	26,409	0	4	0
Elfin Cove	85,810	20	49,800	11	35,902	5	9,441	1
Gustavus	57,440	21	76,355	18	49,524	4	51,011	3
Hollis	0	0	0	0	0	0	0	0
Hoonah	283,807	61	129,136	27	196,108	14	82,642	3
Hydaburg	40,436	25	9,580	9	24,042	4	967	1
Kake	186,623	50	74,172	17	33,261	2	42,830	2
Kasaan	0	0	0	0	0	0	0	0
Klawodk	28,683	15	15,731	5	8,480	1	51,993	2
Metlakatla	56,214	25	28,446	7	2,020	2	3	1
Meyers Chuck	20,462	5	9,550	1	23,532	2	11,852	2
Pelican	322,778	35	98,723	13	327,063	18	117,011	5
Point Baker	52,952	21	15,635	9	39	1	39	1
Port Alexander	70,172	16	47,227	9	57,731	8	112,758	4
Port Protection	6,646	1	0	0	0	0	0	0
Tenakee	26,739	8	48	2	13,602	1	0	0
Thome Bay	32,661	11	14,988	5	8,940	2	0	0
Whale Pass	991	3	0	0	0	0	0	0
Total SE AK	1,630,285	455	830,032	204	1,017,385	85	562,906	36

Source: Report on Holdings of IFQ by Residents of Selected Gulf of Alaska Fishing Communities, 1995 – 2008. NMFS, July 2009. '2008 Equivalent Pounds' are used for comparison purposes. These are IFQ pounds derived from all QS held by residents of the subject community, in all management areas. They are computed using 2008 quota share pool and TACs; therefore, they are comparable across all reported years. QS holders includes all entities (including individuals, corporations, etc.) holding that reported the subject community as a permanent business mailing address, as of year-end.

¹⁷Public review draft EA/RIR/IRFA for proposed GOA Am. 66, March 12, 2002.

¹⁸The report uses '2008 Equivalent Pounds" for comparison purposes. These are IFQ pounds derived from all QS held by residents of the subject community, in all IFQ management areas.

Table 4 Percent change in IFQ holdings and holders, Southeast AK, 1995 to 2008

Southeast	% change	% change	% change	% change
Community	halibut lbs	halibut	sablefish lbs	sablefish
		holders		holders
Angoon	-62%	-70%	-100%	-100%
Coffman Cove	-100%	-100%	-	_
Craig	-11%	-27%	-24 %	-27%
Edna Bay	-43%	-67%	-100%	-100%
Elfin Cove	-42%	-45%	-74%	-80%
Gustavus	33%	-14%	3%	-25%
Hollis	-	-	-	-
Hoonah	-54%	-56%	-58%	-79%
Hydaburg	-76%	-64%	-96%	-75%
Kake	-60%	-66%	29%	0%
Kasaan	-	-	-	-
Klawock	-45%	-67%	513%	100%
Metiakatia	-49%	-72%	-100%	-50%
Meyers Chuck	-53%	-80%	-50%	0%
Pelican	-69%	-63%	-64 %	-72%
Point Baker	-70%	-57%	0%	0%
Port Alexander	-33%	-44%	95%	-50%
Port Protection	-1 00%	-100%	-	-
Tenakee	-1 00%	-75%	-100%	-100%
Thome Bay	-54%	-55%	-100%	-100%
Whale Pass	-1 00%	-100%	-	
Total SE AK	-49%	-55%	-45%	-58%

Source: Report on Holdings of IFQ by Residents of Selected Gulf of Alaska Fishing Communities, 1995 – 2008. NMFS, July 2009. '2008 Equivalent Pounds' are used for comparison purposes. These are IFQ pounds derived from all QS held by residents of the subject community, in all management areas. They are computed using 2008 quota share pool and TACs; therefore, they are comparable across all reported years. QS holders includes all entities (including individuals, corporations, etc.) holding that reported the subject community as a permanent business mailing address, as of year-end.

Note: "-" means that no lbs were issued at initial issuance.

As shown in Table 3 and Table 4, all but one southeast CQE community has either reduced or maintained the number of IFQ holders since initial issuance, and all but four communities have realized a reduction in the amount of QS held by residents. Halibut quota share attributable to residents of Gustavus, and sablefish QS attributable to residents of Kake, Klawock, and Port Alexander have increased, although only Klawock and Port Alexander realized a substantial increase, by a few holders.

Table 3 also shows that a small amount of QS (relative to the number of initial issuees) was initially issued to most of these southeast CQE communities, which in part may explain the transfer of QS from residents of those communities. Evidence suggests that many residents that were initially issued relatively small allocations, such as a few thousand pounds, often sold their quota share in the first few years of the program. Many reasons for this are available anecdotally, including that very small amounts of QS were not economically viable to fish, and individuals could not afford to purchase additional QS to support a viable business plan. Many residents of these communities fish multiple fisheries opportunistically, so most residents would not have qualified for a relatively large share of halibut or sablefish QS under a short (three year) qualifying period.

Table 5 Total IFO holdings and holders, Southcentral AK, by year

Southcentral	1995 halibut	#	2008 halibut		11 AK, by ye	#	2008	#
		holders	Ibs	holders	sablefish		sablefish	
Community	ເກລ	IIOIU O I S	""	110/4615	Ibs	liolaeis	Ibs	Holdois
Akhiok	8,349	1	0	0	0	0	0	0
		•	•	4		0	0	0
Chenega Bay	2,133	3	82	1	0	U	U	U
Chignik*			l				_	•
Chignik Lagoon	203,031	21	104,757	8	87	1	0	0
Chignik Lake			ľ					
Halibut Cove	49,676	7	104,855	4	61	1	61	1
Ivanof Bay	3,940	2	0	0	0	0	0	0
Karluk	0	0	0	0	0	0	0	0
King Cove	350,272	40	188,766	15	87,764	11	9,170	2
Larsen Bay	16,823	8) o	0	0	0	0	0
Nanwalek	301	1	0	0	0	0	0	0
Old Harbor	112,510	15	52,636	7	3,198	2	0	0
Ouzinkie	100,421	21	81,867	12	7,943	1	7,943	1
Perryville	10,405	2	7,622	2	0	0	0	0
Port Graham	22,792	7	12,559	4	44	1	33	1
Port Lions	41,690	21	27,124	13	0	0	29,218	1
Sand Point	599,018	58	468,274	35	12,465	3	32	1
Seldovia	418,553	30	349,991	13	203,409	10	106,690	6
Tatitlek	264	1	0	0	0	0	0	0
Tyonek	0	0	0	0	0	0	0	0
Yakutat	173,094	48	158,490	30	14,231	6	94	1
Total SC AK	2,112,971	286	1,557,023	144	329,202	36	153,241	14

Source: Report on Holdings of IFQ by Residents of Selected Gulf of Alaska Fishing Communities, 1995 – 2008. NMFS, July 2009. '2008 Equivalent Pounds' are used for comparison purposes. These are IFQ pounds derived from all QS held by residents of the subject community, in all management areas. They are computed using 2008 quota share pool and TACs; therefore, they are comparable across all reported years. QS holders includes all entities (including individuals, corporations, etc.) holding that reported the subject community as a permanent business mailing address, as of year-end.

*Chignik area communities (Chignik, Chignik Lagoon, Chignik Lake) are reported together.

Table 5 and Table 6 show all but one southcentral CQE community has either reduced or maintained the number of IFQ holders since initial issuance, and all but two communities have realized a reduction in the amount of QS held by residents. Quota share attributable to residents of Halibut Cove (halibut) and Port Lions (sablefish) has increased, although the increase in Port Lions is due to one resident holding sablefish QS.

Table 5 also shows that, like in southeast, a small amount of QS (relative to the number of initial issuees) was initially issued to the majority of these southcentral CQE communities, which in part may explain the transfer of QS from residents of those communities. While the communities that received relatively larger shares have also realized a reduction in the amount of QS held by residents and the number of QS holders, these communities are typically larger, and either a processing plant is located in the community or they are in close proximity to markets.

Note that Table 5 and Table 6 include the halibut QS holdings by the CQE representing Old Harbor in 2008, which totaled about 30,800 IFQ lbs, or more than half the halibut holdings in Old Harbor.

Table 6 Percent change in IFQ holdings and holders, Southcentral AK, 1995 to 2008

Southcentral	% change	% change	% change	% change
Community	halibut lbs	halibut	sablefish lbs	sablefish
		holders		holders
Akhiok	-100%	-100%		-
Chenega Bay	-96%	-67%	-	4
Chignik*				
Chignik Lagoon	-48%	-62%	-100%	-100%
Chignik Lake				
Halibut Cove	111%	-43%	0%	0%
Ivanof Bay	-100%	-100%	-	4
Karluk	-	-	•	4
King Cove	-46%	-63%	-90%	-82%
Larsen Bay	-1 00%	-100%	•	4
Nanwalek	-1 00%	-100%	-	-
Old Harbor	-53%	-53%	-100%	-100%
Ouzinkie	-18%	-43%	0%	0%
Perryville	-27%	0%	-	-
Port Graham	-45%	-43%	-25%	0%
Port Lions	-35%	-38%	100%	100%
Sand Point	-22%	-40%	-100%	-67%
Seldovia	-16%	-57%	-48%	-40%
Tatitlek	-100%	-100%	-	-
Tyonek	-	-	-	-
Yakutat	-8%	-38%	-99%	-83%
Total SC AK	-26%	-50%	-53%	-61%

Source: Report on Holdings of IFQ by Residents of Selected Gulf of Alaska Fishing Communities, 1995 – 2008. NMFS, July 2009. '2008 Equivalent Pounds" are used for comparison purposes. These are IFQ pounds derived from all QS held by residents of the subject community, in all management areas. They are computed using 2008 quota share pool and TACs; therefore, they are comparable across all reported years. QS holders includes all entities (including individuals, corporations, etc.) holding that reported the subject community as a permanent business mailing address, as of year-end.

Note: "-" means that no lbs were issued at initial issuance.

Overall, residents of the 42 eligible communities held about 5.6% of the total halibut QS in Areas 2C, 3A, and 3B, and about 2.4% of the total sablefish QS in Southeast, West Yakutat, Central Gulf, and Western Gulf, at year-end 2008. (Recall that at year-end 2000, these communities held 6.0% of halibut and 4.5% of sablefish QS.) Quota share holdings by area are provided below in Table 7. Note that these data are inclusive of the QS held by the one CQE who has purchased QS under the program.

Table 7 Percent of QS held by residents of CQE communities, year-end 2008

Halibut	2C, 3A & 3B total	2C	3A	3B	
	5.6%	10.9%	3.0%	8.5%	
Sablefish	SE, CG, WG, WY total	SE	CG	WG	WY
	2.4%	6.5%	1.6%	0.2%	0.3%

Source: NOAA Fisheries, AKR, RAM. Data as of 12/23/09.

Note: The data include Area 3B halibut QS held by one CQE. Excluding the CQE-held QS would reduce the halibut Area 3B holdings to 8.2% of the total.

^{*}Chignik area communities (Chignik, Chignik Lagoon, Chignik Lake) are reported together.

V. Price of quota share

NMFS RAM Division provides several IFQ reports on a regular basis. Two of the most recent reports are "Changes under Alaska's Halibut IFQ Program, 1995 – 2006" and "Changes under Alaska's Sablefish IFQ Program, 1995 – 2006", published in January 2009. Among other things, these reports provide information on QS transfers and prices. Any transaction resulting in a permanent change of ownership is considered a transfer. In the first year of program implementation (1995), the average halibut prices in dollars per IFQ pound were \$7.58 in Area 2C, \$7.37 in Area 3A, and \$6.53 in Area 3B. These prices tended to increase each year slightly, then drop in 1998. Prices then increased again starting in 2001, and increased substantially in 2004.

Table 8 Annual prices for halibut QS with IFQ transfers by area and year

1 able 8	Aunua	Mean	Total IFQs
Area	Year	price	transferred used
7	. • • •	\$/IFQ	for pricing
2C	1995	7.58	996,874
	1996	9.13	681,056
	1997	11.37	517,715
	1998	10.14	220,894
	1999	N/A	N/A
	2000	8.20	423,347
	2001	9.22	412,990
	2002	8.97	363,474
	2003	9.76	274,537
	2004	13.70	365,513
	2005	18.06	311,907
	2006	18.43	246,540
3A	1995	7.37	1,792,912
	1996	8.40	1,582,609
	1997	9.78	1,276,525
	1998	8.55	666,649
	1999	N/A	N/A
	2000	7.94	614,960
	2001	8.63	771,815
	2002	8.35	711,255
	2003	9.81	565,653 875,830
	2004	13.88	875,829
	2005 2006	18.07 18.09	385,893 586,035
3B	1995	6.53	225,912
	1996	7.88	323,160
	1997	8.58	605,744
	1998	7.92	169,833
	1999	N/A	N/A
	2000	7.84	464,711
	2001	8.74	739,936
	2002	7.09	663,248
	2003	8.01	769,927
	2004	11.16	498,167
	2005	13.53	415,646
	2006	15.83	428,693

Source: Transfer Report Summary: Changes under Alaska's Halibut IFQ Program, 1995 - 2006, p. 5.

Table 8 provides the estimated annual prices for halibut QS sold with the associated current year IFQ, by area and year. In 2004, the year in which Amendment 66 was effective, the average halibut prices in dollars per IFQ pound were \$13.70 in Area 2C, \$13.88 in Area 3A, and \$11.16 in Area 3B. By 2006, the last year of data provided in this report, average halibut prices in dollars per IFQ pound had increased to \$18.43 in Area 2C, \$18.09 in Area 3A, and \$15.83 in Area 3B. Thus, between the year of program implementation and 2006, halibut IFQ prices have increased by approximately 2.5 times in each area.

Similar trends are shown in the transfers of sablefish QS and IFQ. Table 9 below provides the estimated annual prices for sablefish QS sold with the associated current year IFQ, by area and year. In the first year of program implementation (1995), the average sablefish prices in dollars per IFQ pound were \$6.73 in SE, \$5.93 in WY, \$6.02 in CG, and \$6.16 in WG. Generally, these prices tended to increase each year slightly, with a few exceptions. In 2004, the first year in which CQEs could purchase QS under the program, the average sablefish prices in dollars per IFQ pound were \$11.69 in SE, \$12.21 in WY, \$11.50 in CG, and \$8.19 in WG.

By 2006, the last year of data provided in this report, average sablefish prices in dollars per IFQ pound were estimated as \$12.18 in SE, \$11.48 in WY, \$12.60 in CG, and \$7.87 in WG. Thus, between the year of program implementation and 2006, sablefish IFQ prices have increased by approximately 2 times in each area, with the exception of the Western Gulf.

Table 9 Annual prices for sablefish QS with IFQ transfers by area and year

		Mean	Total IFQs			Mean	Total IFQs
Area	Year	price	transferred used	Area	Year	price	transferred used
		\$/IFQ	for pricing			\$/IFQ	for pricing
Southeast	1995	6.73	714,993	Central Gulf	1995	6.02	542,427
	1996	8.05	460,777		1996	7.06	576,517
	1997	10.76	303,609		1997	9.36	707,533
	1998	11.11	102,892		1998	10.68	218,048
	1999	N/A	N/A		1999	N/A	N/A
ľ	2000	10.57	166,186		2000	9.11	448,909
	2001	12.22	212,746		2001	9.64	124,247
	2002	10.23	405,427		2002	9.98	251,856
	2003	11.00	411,183		2003	10.16	470,143
	2004	11.69	209,397		2004	11.50	207,013
	2005	11.57	279,550		2005	10.80	304,044
	2006	12.18	205,200		2006	12.60	472,608
W. Yakutat	1995	5.93	208,230	Western	1995	6.16	129,351
	1996	7.62	240,912	Gulf	1996	5.53	265,044
	1997	9.04	182,257		1997	7.06	113,032
; 	1998	9.23	22,538		1998	8.00	77,939
	1999	N/A	N/A		1999	N/A	N/A
	2000	10.15	111,492		2000	6.49	143,154
	2001	10.01	38,808		2001	7.12	178,679
	2002	10.49	143,866		2002	conf.	16,789
	2003	10.87	79,239		2003	6.85	138,688
	2004	12.21	28,031		2004	8.19	295,712
	2005	12.47	132,214		2005	10.70	242,546
	2006	11.48	80,974		2006	7.87	192,139

Source: Transfer Report Summary: Changes under Alaska's Sablefish IFQ Program, 1995 - 2006, pp. 5-6.

Note that estimates of annual ex-vessel prices are also provided in the NMFS reports. The price received at the point of landing for the catch is the ex-vessel price. The reports show halibut estimated ex-vessel prices were highest during 2007 for all three areas (years reported were 1992 – 2007). Overall, halibut exvessel prices fluctuated but generally increased over this time period. The reports show sablefish

estimated ex-vessel prices were highest during 1997 for the Central Gulf and West Yakutat. In Southeast, the price was highest in 2000, and in the Western Gulf, prices were highest in 2006. Overall, sablefish exvessel prices generally increased over this time period. A range of estimated ex-vessel prices are shown below (1992 – 2007), by management area (Table 10 and Table 11). For more detail, please reference the source reports.

Table 10 Halibut estimated ex-vessel prices by management area and year

Year	Area 2C	Area 3A	Area 3B
1992	1.01	0.96	0.93
1993	1.27	1.21	1.21
1994	2.01	1.91	1.90
1995	2.04	1.99	1.95
1996	2.26	2.24	2.16
1997	2.24	2.16	2.08
1998	1.39	1.36	1.27
1999	1.99	2.09	2.06
2000	2.62	2.60	2.55
2001	2.11	2.03	2.00
2002	2.22	2.23	2.20
2003	2.95	2.89	2.87
2004	3.04	3.04	2.96
2005	3.08	3.07	3.01
2006	3.75	3.78	3.78
2007	4.41	4.40	4.30

Source: Transfer Report Summary: Changes under Alaska's Halibut IFQ Program, 1995 - 2006, p. 26.

Table 11 Sablefish estimated ex-vessel prices by management area and year

Year	Southeast	West Yakutat	Central Gulf	Western Gulf
1992	1.93	1.87	1.85	1.90
1993	1.68	1.65	1.63	1.65
1994	2.46	2.24	2.21	2.00
1995	3.18	3.31	3.30	3.21
1996	3.42	3.27	3.23	3.13
1997	3.78	3.76	3.74	3.65
1998	2.49	2.64	2.63	2.41
1999	3.03	2.98	3.00	2.92
2000	3.79	3.73	3.67	3.65
2001	3.23	3.20	3.16	3.14
2002	3.25	3.24	3.17	3.25
2003	3.68	3.67	3.63	3.65
2004	3.26	3.22	3.09	2.99
2005	3.50	3.24	3.17	3.31
2006	3.11	3.53	3.51	3.89
2007	2.63	3.47	3.30	3.84

Source: Transfer Report Summary: Changes under Alaska's Sablefish IFQ Program, 1995 - 2006, p. 26-27.

Finally, Table 12 shows the statewide halibut and sablefish IFQ TACs, amount of landed pounds, exvessel prices, weighted average price per QS unit, and the percent change in weighted average price per QS unit compared to the prior year. Similar to the trends shown above in the tables specific to southeast and southcentral Alaska, prices increased substantially in 2004 (27%) and 2005 (31%) from the previous

year for halibut, and in 2003 (14%) and 2004 (17%) for sablefish. In 2004 and 2005, the halibut TAC was stable but slowly declining, and the ex-vessel price continued to increase. In 2004, the sablefish TAC was at a 10-year high, with the lowest ex-vessel price during the time period, as well as the largest percentage increase in transfer price from the previous year. Note that 2009 exhibited the largest percentage decrease in transfer price for both halibut and sablefish QS.

A recent paper (Langdon, 2008)¹⁹ discusses the upward trend in the price of halibut in particular, noting that the rise in price has occurred even when the amount of halibut harvested has increased. The paper notes that it may be due to a combination of factors, which may include changing dietary preferences of consumers (and increasing wealth). In addition, the cost of fuel may also factor into the rising price of halibut. The paper notes that another possibility may be the longer length of the halibut season, and thus, a longer market for fresh fish. Langdon cites an econometric analysis and simulation of ex-vessel price changes in halibut from 1995 to 2002, which suggests that the IFQ Program itself accounts for an increase of \$0.21 in the ex-vessel price from a 1995 base of \$2.00/lb (Herrmann and Criddle, 2006).²⁰ The Langdon paper states: "This research suggests that while the program may have increased the ex-vessel value of Pacific halibut to fishermen by approximately 10% through 2002, neither the IFQ Program nor other factors noted above can account for the much more substantial increase in quota share price that occurred between 2003 and 2006"(p. 187).

¹⁹Langdon, Steve J. 2008. The Community Quota Program in the Gulf of Alaska: A Vehicle for Alaska Native Village Sustainability? American Fisheries Society Symposium 68:155-194.

²⁰Herrmann, M., and K. Criddle. 2006. An econometric market model for the Pacific halibut fishery. Marine Resource Economics 21:129-158.

Table 12 Statewide halibut and sablefish TACs, ex-vessel prices, IFQ landed pounds, and QS

prices, 2000 - 2009

	DI ICCS, 200	0 2003					
Species	Year	IFQ "TAC"	IFQ Landed pounds	CFEC Statewide Exvessel Price	Count Priced QS Transfers	Weighted Avg \$/QS Unit	Pct Change in Weighted Average Price/QS Unit From Prior Year
Halibut	2000	53,074,000	51,796,153	\$2.52	317	\$1.34	n/a
Halibut	2001	58,534,000		\$1.99	320	\$1.62	20.9%
Halibut	2002	59,010,000	58,122,339	\$2.19	280	\$1.41	-13.0%
Halibut	2003	59,010,000		\$2.84		\$1.70	20.6%
Halbul	2004	58942 000	57,264,375	\$2.97	283	\$2.15	26.5%
Hallbut	2005	56,976,000		\$3(00	245	\$2.81	30.7%
Halibut	2006	53,308,000	***	\$3.75	246	\$2.60	-7.5%
Halibut	2007	50,211,800	***	\$4.33	233	\$3.19	22.7%
Halibut	2008	48,040,800	47,321,739	\$4.27	207	\$3.27	2.5%
Halibut	2009	43,548,800	42,274,397	unk	129		
Sablefish	2000	29,926,122	27,624,505	\$3.53	108	\$0.85	n/a
Sablefish	2001	29,120,561	26,355,159	\$3.04	95	\$0.77	-9.4%
Sablefish	2002	29,388,199	27,091,941	\$3.06	88	\$0.78	1.3%
Sablefish	2003	34,863,545	80838,900				
Sablefish	2004	37,986,756	E83 695 316	\$2.95	1798-86	\$1.04	16.9%
Sablefish	2005	35,765,226	32,877,746	\$3.14		\$1.03	
Sablefish	2006	34,546,083		\$3.33		\$1.05	
Sablefish	2007	33,450,396	30,080,328	\$3.10	92	\$1.05	
Sablefish	2008	29,967,127	26,872,648	\$3.45		\$1.08	
Sablefish	2009	26,488,269	24,103,772	unk	57	\$0.70	-35.2%

^{***}confidential data

2009 landings data are through 7 a.m. 12/24/09.

Halibut data are in net wt lbs; sablefish data are in round lbs.

\$/QS is an unweighted average computed for all categories, areas for a species:(total transaction price - broker fees)/(number QS units transferred).

VI. Funding the purchase of QS

Funding the purchase of community-owned QS has been the primary obstacle cited to participating in the program (see Section VIII below). In theory, CQEs may be eligible for a variety of bond, loan, and grant programs that could be used to purchase QS, equipment, vessels, etc., depending on the administration, tax structure, and qualifications of the entity. Due to the increased price of QS and other market realities, it has proven difficult to obtain financing in the absence of grant money, and thus far, there has not been any special appropriation approved to purchase QS for CQEs. This paper does not attempt to outline all of the potential funding sources for CQE purchases of QS; however, a few programs and issues are highlighted below.

The State of Alaska passed legislation to allow the DCCED, Division of Investments to provide a loan program for CQEs to purchase QS, under the Commercial Fishing Revolving Loan Fund. While the loan program has been in place for several years, the terms of the loan have not been viewed as acceptable by many communities. The interest rate is 2% above the prime rate (not to exceed 10.5%),²¹ the maximum loan term is 15 years, and the maximum loan is \$2 million per community. For example, the maximum amount of Area 2C halibut QS that a CQE could finance through the State, at a relatively low price (e.g.,

²¹Effective 1/1/10, the interest rate was 5.5%. These rates stay in effect until changed, which will be no sooner than April 1.

\$2.50/QS unit), equates to about 67,000 lbs.²² Under the program rules, a maximum of 50,000 pounds can be fished on an individual vessel and leased by an individual resident. Thus, the amount available to be financed could be fished by two vessels and two residents under program restrictions. In addition, the maximum loan amount is 65% of the purchase price, meaning a CQE must make a 35% down payment. The QS being financed is held as collateral for the loan, and other types of collateral may be offered in order to reduce the down payment requirement, but generally, communities have not found it feasible to purchase QS under the State loan program.

Note that the North Pacific Loan Program, managed by the NMFS Financial Services Branch and authorized under the Magnuson-Stevens Act, assists individual fishermen in financing the purchase of QS. To be eligible, an applicant must be a crew member on board the vessel that fishes the IFQ. Thus, while individual residents of CQE communities could apply for a loan under this program, a CQE is not eligible to receive assistance under the current program.

Note that at the time the CQE Program was implemented, many thought that the village and regional corporations formed under the Alaska Native Claims Settlement Act (ANCSA)²³ would be a potential funding source for CQE purchases of QS. The regional and village for-profit corporations are owned by Alaska Native people through privately owned shares of corporation stock. However, ANCSA corporations are limited in their investments, in that they face a legal vulnerability in providing 'disproportional dividends.' In effect, this means corporations must provide dividends (e.g., cash distributions) in equal proportion to shareholders, and cannot benefit a shareholder or group of shareholders disproportionately. Thus, ANCSA corporations may find it difficult to provide direct funding, or a loan program, to benefit a specific group of its shareholders (resident fishermen in one of its member villages). In addition, all residents of a community or village must be considered eligible to apply for IFQ derived from CQE-held quota share, if they meet the residency and IFQ crewmember requirements in Federal regulations. Thus, even if a community was an ANCSA village, not all lessees of CQE-held quota share would necessarily be shareholders of that corporation.

A new possible funding mechanism for CQEs to purchase quota share is through the North Pacific Fisheries Trust (Trust), a 509(a)(3) non-profit subsidiary of Ecotrust formed in 2006, which supports the efforts of coastal communities and local fishing families. The Trust "provides financing and makes investments in qualified buyers, community organizations, quota entities, and businesses that share and meet strong community equity, ecosystem conservation, and economic development goals." One of the primary components of the Trust's strategy is pursuing long-term funding relationships with qualified CQEs. The Trust notes that due to the start-up nature of the CQE program and its participants, access to capital for the purchase of IFQ is fairly limited at this time. The intent is to offer more flexible terms in the early years of the CQE Program, with an eye toward "graduating" CQEs into more conventional capital sources (e.g., State loan program, Alaska Commercial Fishing and Agriculture Bank, standard banks). The Trust has several million in assets, to invest for the benefit of local fishermen in Oregon, Washington, and Alaska. In order to finance a purchase of quota, the Trust can take down payments as low as 5% of the purchase price, depending on the risk of the deal.

²²This calculation uses the 2009 OS:IFO ratio for Area 2C halibut of 11.863.

²⁴http://www.ecotrust.org/npft/

²³Under ANCSA (1971), Alaska was originally divided into twelve regions, each represented by a "Native association" responsible for the enrollment of past and present residents of the region. Individual Alaska Natives enrolled in these associations, and their village level equivalents, were made shareholders in the Regional and Village Corporations created by the Act. The twelve for-profit regional corporations, and a thirteenth region representing those Alaska Natives who were no longer residents of Alaska in 1971, were awarded the monetary and property compensation created by ANCSA. Village corporations and their shareholders received compensation through the regional corporations.

As noted on its website, the Trust has designed a flexible program for COEs, which offers:

- An overall focus on creating and retaining economic opportunities within local communities
- Low down-payment requirements
- Below-market interest rates
- Long-term loan amortization
- Ability to secure financing with a wide range of collateral types
- A proven track record in working with multiple groups (CQEs, village corporations, municipalities, etc.) to structure successful community-focused financing
- The financial skills required to structure funding approaches that work within constraints (high prices) of the current IFQ market
- Technical skills required to structure financings that include tax-advantaged strategies for selling entity

Thus far, the Trust has helped finance several sablefish loans in Oregon, including the CQE representing Old Harbor. It is also currently evaluating several near-term opportunities with a few other CQEs. The Trust co-sponsored and provided a presentation at a technical support workshop for CQEs in February 2009, in Anchorage.²⁵

VII. Other Council actions that include a CQE component

Two other actions approved by the Council, that are not related to the commercial halibut and sablefish IFQ Program, have included potential opportunities for CQEs. Only one of these programs has been approved by the Secretary of Commerce and is in the process of implementation, but the Council motions on both programs explicitly include provisions for CQEs.

The first action is the proposed halibut charter moratorium action that the Secretary of Commerce approved in January 2010. This action establishes a limited entry program for halibut charter businesses in Area 2C and Area 3A, and will issue permits to qualified charter business owners. As part of this action, the Council approved issuing a limited number of permits to each CQE representing a community in Area 2C and Area 3A by request at no cost, if the community meets specific criteria denoting underdeveloped charter halibut ports. The Council intent was to balance the identified need to limit new entry in the halibut charter fishery in the context of exceeded GHLs in recent years, with a second stated need to maintain access to the halibut charter fishery in specified rural communities by creating additional permits.

The criteria targets eligible CQE communities in which 10 or fewer active charter businesses were operating in the community during the initial qualifying years for the overall program. Each CQE located in Area 2C and Area 3A that meets the criteria can request up to 4 and 7 permits, respectively. The analysis for this action estimates that 18 of the 21 eligible CQE communities in Area 2C²⁷ would qualify to receive charter permits, and all 14 eligible CQE communities in Area 3A would qualify. Recall, however, that not all of the eligible CQE communities have formed a CQE, which is necessary to participate.

²⁵Presentation provided by Jeff Batton, North Pacific Fisheries Trust, and Justin Stiefel, consultant, *Technical Support Workshop and Development Summit for CQEs*, February 17, 2009, Captain Cook Hotel, Anchorage, Alaska.

²⁶ Active" is defined as at least 5 bottomfish trips in a year, and the qualifying years specified are 2004 or 2005.

²⁷The three Area 2C CQE communities that are not estimated to qualify for CQE halibut charter permits are Craig, Elfin Cove, and Gustavus. These communities are estimated to have had more than 10 active charter businesses in 2004 or 2005.

There are additional provisions proposed to guide the use of CQE requested halibut charter permits. For example, the permit: must be designated for the area in which the CQE community is located; would be endorsed for 6 clients; is not allowed to be sold; and must be used in the community represented by the CQE (i.e., all charter trips must originate or terminate in the CQE community). The Council also recommended an overall limit on the number of halibut charter permits that each CQE can hold and use (inclusive of both purchased permits and permits requested and issued at no cost). The use cap for each CQE in Area 2C is 8 permits; the use cap for each CQE in Area 3A is 14 permits. The use cap applies to all CQEs formed in Area 2C and Area 3A, regardless of whether the community meets the qualification criteria to receive permits at no cost.

The halibut charter moratorium program was approved by the Secretary on January 5, 2010,²⁸ and the application period and issuance of permits is expected to be completed in 2010. NMFS will announce a 60-day application period for individual businesses in the Federal Register, likely starting in February 2010. The first year a permit would be required on a halibut charter vessel in Areas 2C and 3A is 2011.

In order to receive community charter halibut permits, an application must be signed and dated by the applicant (CQE), and the applicant must attest that, to the best of the applicants' knowledge, all statements in the application are true and complete. Applications for community charter halibut permits will be made available by NMFS in the future and can be submitted at any time; thus, the CQE is not subject to the one-time application period designated for permits issued to individual charter businesses. This is in part because the Council did not want to limit a CQE to requesting the number of permits that its community could support at the time of the 60-day application period, but instead wanted to allow for growth over time. In addition, the Council did not want the CQE to request the maximum number of permits at the outset of the program, without having lined up charter businesses in the community that could lease the permits. Information on how a CQE uses its halibut charter permits will be required in the CQE's annual report to NMFS.

The second action is the proposed GOA fixed gear recency action that the Council approved in April 2009. This action would add non-severable, gear-specific Pacific cod endorsements to fixed gear licenses that qualify under the landings thresholds, effectively limiting entry into the directed Pacific cod fisheries in Federal waters in the Western and Central GOA. Similar to the halibut moratorium program, the Council balanced the intent of preventing future entry of latent fixed gear groundfish licenses into the Pacific cod fisheries with retaining opportunities for CQE communities dependent on access to a range of fishery resources. The purpose was to promote community protections at a level that imposes minimal impact on historic catch shares of recent participants.

The CQE component of the action would allow each of the 21 communities eligible under the CQE Program in the Western and Central GOA to request a number of fixed gear and Pacific cod-endorsed licenses equal to the number currently held by residents of the community that are estimated to be removed under the fixed gear recency action under a 10 mt landing threshold, or two licenses, whichever is greater. Under these criteria, an estimated total of 27 LLPs endorsed for the Western GOA could be requested by CQEs located in the Western GOA, and an estimated 59 LLPs endorsed for the Central GOA could be requested by CQEs located in the Central GOA. The number of LLPs available by request to each specific CQE will be published in the proposed rule for fixed gear recency, based on information in the NMFS RAM database. While the proposed rule has not yet been published, when effective, it

²⁸75 FR 554, January 5, 2010.

²⁹Note that while the CQE provisions were included in the overall motion on fixed gear recency approved in April 2009, the Council amended the motion with respect to CQE licenses in December 2009. This action was taken in order to remedy an inconsistency with the Council's original stated intent of providing the same number of licenses to CQEs that residents of those communities were estimated to lose under the recency action.

would allow CQE communities access to a limited number of permits for the fixed gear Pacific cod fisheries in the Western and Central Gulf at no cost.

VIII. Summary

More than five years after implementation, participation in the CQE Program has been relatively limited with respect to the primary purpose of allowing communities to purchase halibut and sablefish quota share in the Gulf and retaining that QS for use by resident fishermen. Only one CQE has purchased quota share to-date, 151,234 units of halibut QS in Area 3B. This represents about 0.05% of the combined Area 2C, 3A, and 3B QS pool, and 0.28% of the total Area 3B QS pool. Recall that each CQE is limited to 0.5% of the combined Area 2C, 3A, and 3B QS pool, and all CQEs combined are allowed to purchase up to 21% of the QS in each area by 2010. Thus, the program has not come close to reaching its regulatory limits. However, in terms of performance, the one CQE that has purchased quota share appears to have met the performance standards adopted by the Council and created a system for the distribution of current and future quota share that is equitable, accountable, and reflective of the community's need to provide opportunities for both long-established and new entrants.

While only one CQE has purchased QS, 21 of the 42 eligible communities have completed the process to form a CQE and have it approved by NMFS (refer to Section III for a description of that process). Thus, half of the eligible communities have invested substantial time and resources in preparing to participate in the program, and several additional communities have made efforts to evaluate whether forming a CQE is of interest and benefit to the community at this time. Regardless of the interest conveyed and effort put forth to participate in the program, very little quota share has been purchased. Several entities have evaluated the reasons for the lack of participation in the CQE program to-date, and they can primarily be categorized as: 1) barriers to purchasing QS; and 2) program-related restrictions. The remainder of this section outlines some of primary issues cited under these categories.

Barriers to purchasing QS

OS prices and availability

Several reasons have been cited as contributing to the relatively limited community participation in the CQE program thus far; one of the most significant being that communities were not included until ten years after the IFQ Program was established. While a substantial number of transfers and consolidation took place in the first several years of the IFQ Program, they have declined since implementation. At the same time, quota share prices have trended upward as the market for fresh fish has expanded, from an average 1995 price of less than a dollar per pound for some types of halibut quota to upwards of \$20 per pound in recent years for some types of halibut quota. The current price and availability of quota have been cited as primary factors contributing to limited community participation.

One analysis, conducted by the McDowell Group for the Southeast Alaska Inter-tribal Fish and Wildlife Commission (October 2005), evaluated the financial viability of the CQE program. In part, the report concluded the following: "It does not appear possible to purchase and fish halibut shares profitably at today's prices, particularly with the added overhead needed to support a CQE organization, unless the cost of capital is very low...In general, only fishermen who received halibut QS initially at no cost, or who bought it prior to the price increases of recent years, are in a position to maintain an overall average cost-of-quota low enough to allow them to consider additional purchases at today's prices." 30

³⁰Community Quota Entity Financial Analysis, McDowell Group. Prepared for the Southeast Alaska Inter-tribal Fish and Wildlife Commission. October 28, 2005.

In addition, there is the potential issue of QS availability. While this issue is not evaluated independently in this review, the Langdon (2008) paper notes that a major barrier to full implementation of the COE Program is that QS is not readily available. The number and rate of halibut and sablefish QS transfers have declined since the inception of the IFQ Program, and sales have become a smaller portion of all transfers (as opposed to gifting). Personal contacts with sellers of QS appear to be the most accessible means to acquisition, thus a substantial portion of the OS for sale is not available in the open market (e.g., through a broker). A CQE's access to QS is directly affected by the market structure for QS. Because the nature of the market is such that a substantial amount of quota that is for sale is not openly marketed, QS prices are relatively high for those shares that are for sale in the competitive market. Thus, CQEs are competing for a limited amount of QS at a relatively high price.

Consolidation was expected as a result of the program, and this has occurred in each area. The average halibut QS transfer rates over 1995 - 2006 ranged from 8% in Area 3A to 14% in Area 4A. For sablefish, OS transfer rates have been relatively consistent across all areas, ranging from 5% in West Yakutat to 12% in the Bering Sea.³¹ In addition, the TACs for each area have generally decreased each year since the mid-2000s. Since 2006, the Area 2C and 3A commercial halibut TACs have declined by 53% and 14%, respectively, while the Area 3B TAC has remained about the same. Also since 2006, the CG, SE, and WY sablefish TACs have each declined by about 22%, and the WG sablefish TAC has declined by 39% in that same time period. TAC declines may contribute to additional competition in the quota market, as current participants attempt to maintain their harvest levels.

Administrative costs

Another financial factor limiting access to QS is the administrative cost necessary to both establish a nonprofit corporation and manage assets, which can be significant in a small village. The administrative overhead for a CQE, which must arrange and maintain financing for the QS, negotiate purchases of QS, develop and administer the criteria for distributing IFO among potential lessees, and submit annual reports to NMFS detailing its activities, is potentially one barrier to participation. The price of QS is such that CQEs cannot afford the administrative costs and have remaining funds for debt repayment. Partnering with local Native corporations, when possible, may help fulfill some of the administrative and accounting duties, in order to lower the cost of operating a CQE. In addition, establishing regional CQEs, or having a CQE represent more than one community, 32 would consolidate the administrative functions of the COE and potentially increase efficiencies and lower costs. However, using an 'umbrella' COE may make it less appealing to communities that want to play an integral part in a comprehensive economic development strategy that includes participation in the halibut and sablefish fisheries.

Financing OS purchases

In addition to the current price and availability of QS, one of the biggest challenges facing CQEs appears to be a lack of low interest, long-term loans, as well as seed money to fund a down payment. The lack of credit history and the fact that they are non-profit organizations likely also increases the perceived risk to lenders. Thus, a loan guarantee program has been discussed as necessary, in which larger, more established corporations, or the Federal government, could guarantee CQE loans.³³ Both Langdon (2008) and several workshops on the CQE Program have cited the need for more favorable loan terms for CQEs. both in a private lending environment and through the State of Alaska's Commercial Fishing Revolving Loan Fund. In addition, the draft proceedings for the recent 2009 CQE workshop cite the need to amend the North Pacific Loan Program in the Magnuson-Stevens Act, such that CQEs would be eligible for the

³¹Transfer Report Summary: Changes under Alaska's Halibut IFQ Program, 1995 – 2006, p. 5. Transfer Report Summary:

Changes under Alaska's Sablefish IFQ Program, 1995 – 2006, p. 5.

32 Only two communities have employed this approach; King Cove and Sand Point are represented by one CQE (Aleutia, Inc.) ³³Discussion at Technical Support Workshop and Development Summit for CQEs, February 17 - 18, 2009, Anchorage, AK.

Federal loan program. This program is currently limited by statute to financing the purchase of IFQ by individuals, either those who fish from small vessels or first-time purchases by new entrants. This was also submitted as an IFQ proposal during the recent call for proposals, for consideration by the Council in February 2010.³⁴

A few recent developments could help overcome the financial barriers to implementation. One possible alternative to conventional financing is through the North Pacific Fisheries Trust, as described in Section VI. The Trust was formed to provide financing with more flexible terms for CQEs and other entities that have community economic development goals, and one of the primary components of the Trust's strategy is to pursue long-term funding relationships with qualified CQEs. The one CQE which has purchased QS is currently financed through the Trust, and other CQEs are starting to explore similar opportunities. Thus, this may be a viable funding mechanism for CQEs in the future; there simply has not been enough time for the program to have achieved its intended effect.

In addition, subsequent program development associated with other fisheries (i.e., fixed gear permits for Pacific cod in the Western and Central Gulf, halibut charter permits in Areas 2C and 3A) may help to further the opportunities provided under the original COE Program. The limited entry program for halibut charter was recently approved by the Secretary; it establishes a new requirement that charter businesses meet criteria and hold a charter permit for halibut charter fishing in Areas 2C and 3A. It also allows for CQEs to request a limited number of permits at no cost, depending on the area. Thus, new charter businesses in these communities, or existing businesses that did not meet the qualification requirements for a charter permit, could potentially lease a community halibut charter permit from the CQE and lower the cost of entry into or expansion in the charter halibut fishery. The fixed gear Pacific cod fishery is a slightly different situation. The Council's overall action would remove existing latent licenses from the fixed gear Pacific cod fisheries in the Gulf, including those from residents of eligible COE communities. The Council then recommended that NMFS issue a number of permits to each CQE equivalent to the number estimated to be removed from residents of the represented community, or 2 permits, whichever is greater, such that access to Pacific cod remain as a long-term community asset. The expansion of the base of community holdings beyond that of halibut and sablefish QS may help further the CQE Program, and in fact, may allow CQEs to leverage their assets such that purchases of halibut and sablefish QS become more financially feasible.

Program-related restrictions

There are also several program-related restrictions that communities have cited as prohibitive, and in some cases, may add to the risk for financers. Thus, the program-related restrictions and financial issues cannot be completely separated. Note that the following regulatory issues would require action by the Council, in terms of a Gulf FMP and/or regulatory amendment(s) to the program. Several IFQ proposals have been submitted to the Council, proposing changes to the current program that address some of the regulatory constraints identified below.

Prohibition on purchasing D category halibut QS in Area 2C and Area 3A

One restriction applicable to CQEs and not individual IFQ holders is a prohibition on purchasing D category (for use on catcher vessels ≤35 feet) halibut quota share in Area 2C and Area 3A. This was cited as an issue at a 2009 CQE workshop,³⁵ and was also submitted as an IFQ proposal during the recent call for proposals, for consideration by the Council in February 2010.³⁶ Generally, D shares are the least

³⁴IFQ proposal on CQE eligibility for Federal loans, submitted by Gulf Coastal Communities Coalition, January 2, 2010.

³⁵Draft proceedings from Technical Support Workshop and Development Summit for CQEs, February 17 – 18, 2009, Anchorage. ³⁶IFQ proposal to allow CQE communities to purchase QS in all vessel categories, submitted by Gulf Coastal Communities Coalition, May 27, 2009.

expensive category of halibut QS, as they can only be used on the smallest category of vessel (≤35' LOA).³⁷ This is opposed to B and C category QS, which can be 'fished down' and used on the category of vessel to which the QS corresponds, or on vessels within a smaller size category. Thus, the proposal requests that CQEs be allowed to purchase D category halibut QS in Area 2C and 3A. Note that once a CQE purchases QS, it is exempt from the vessel size (share class) restrictions while the QS is owned and leased by the community. Thus, if a CQE purchases catcher vessel QS, it can be used on a vessel of any length. This was established in order to provide flexibility to communities, recognizing that some communities may initially have only one or two resident vessels from which to fish.

The issues cited by CQEs have been that CQEs, like any new entrant, have difficulty in funding the purchase of QS. The least costly category of QS is preferred, and it corresponds to the type of vessel that most residents use in these smaller communities. Some very small blocks of D shares might be feasible for a CQE to purchase, and make sense to lease to a start-up operation. In addition, there are resident crewmembers of CQE communities that cannot afford to purchase QS, and the CQE lease arrangement may be a viable option.

In effect, D shares are often used for smaller operations, or new entrants, and there is a relatively small amount of D share quota in each area. In Area 2C, D share halibut QS makes up about 15% of the total, and in Area 3A, it makes up about 7% of the total. These percentages do not change if freezer category (i.e., A shares) are excluded from the total. One of the primary reasons the Council established this restriction was to help ensure that D shares would continue to be available to new entrants and crew members that wanted to start their own business. There was concern that an influx of CQEs in Area 2C and 3A would drive up the market for D shares, and result in more expensive, and fewer available, shares for individuals. This restriction was not established for Area 3B halibut QS because at the time, there was very little market for the smaller categories of catcher vessel QS in Area 3B.

Residency requirements

One of the fundamental requirements of the program is that CQE-held QS must be used by a community resident. The regulation at 50 CFR 679.41(g)(6) is:

(6) IFQ derived from QS held by a CQE on behalf of an eligible community may be used only by an eligible community resident of that eligible community.

Further, under 50 CFR 679.2:

Eligible community resident means, for purposes of the IFQ Program, any individual who: (1) Is a citizen of the United States;

- (2) Has maintained a domicile in a rural community listed in Table 21 to this part for the 12 consecutive months immediately preceding the time when the assertion of residence is made, and who is not claiming residency in another community, state, territory, or country, except that residents of the Village of Seldovia shall be considered to be eligible community residents of the City of Seldovia for the purposes of eligibility to lease IFQ from a CQE; and
- (3) Is an IFQ crew member. (emphasis added)

³⁷The exception to this rule is that D shares can be 'fished up' on vessels ≤60' LOA (C category) in Areas 3B and 4C. See 72 FR 44795, August 9, 2007. This rule was implemented to address economic hardship and safety concerns resulting from fishing in small vessels in these areas.

The residency question has surfaced several times in the context of the CQE program. CQEs have questioned whether 'maintaining a domicile' means a person must have physically remained in the community for 12 consecutive months immediately preceding the lease transaction in order to meet the residency requirement. One of the primary objectives of the CQE Program is to provide an opportunity for employment and fishing effort in CQE communities that have realized a transfer of QS out of their communities, thus, many CQE communities want to attract resident fishermen back to their communities, including young fishermen. Thus, the 12 month residency requirement provides a barrier as communities attempt to provide fishing opportunities as an incentive for residents to return to the community, as leasing from the CQE would not be possible for 12 months. In addition, this requirement may be difficult to meet in some small communities, as many of those communities do not have year-round economies, effectively requiring residents to live outside of the community for a period or season, even if their principal home is in the community.

This was cited as an issue at the recent February 2009 CQE workshop, and was also submitted as an IFQ proposal during the recent call for proposals, for consideration by the Council in February 2010.³⁸ The proposal requests a 36-month exemption from the 12 month residency requirement, for individuals who sign affidavits regarding their intent to reside permanently in a CQE community. If an individual leases QS from the CQE and after 36 months has not achieved at least 12 consecutive months of maintaining a domicile in the community, they would forfeit any future leasing opportunities.

Note that this requirement has been interpreted by many to preclude a person from taking advantage of leasing QS from a CQE until the individual has physically lived in the community for 12 continuous months. However, the current regulations require that the individual has maintained a domicile in a rural community for the 12 consecutive months immediately preceding the time when the assertion of residence is made, and who is not claiming residency in another community, state, territory, or country. The common legal definition of domicile is the residence where a person has a permanent home to which they intend to return whenever they are absent; every person has only a single domicile at any time. Thus, the criteria for residency in the existing CQE Program do not appear to require that a person must have 'lived continuously' in the community for 12 months; rather, residency is based on having the principal home in the community, and the intent to return to that home. While this definition still inhibits a young person from returning and immediately fishing CQE quota until they have established a principal residence for 12 months, it does not appear to require an individual to have lived continuously at that residence during that time period.

There are not Federal regulations that clarify this interpretation at this time, but it does reflect a practical, legal definition. Clarification of this interpretation also will not likely resolve the issue in entirety, as many small communities may still have difficulty attracting residents to return when they must establish a domicile for 12 months prior to being able to fish CQE-held QS. The IFQ proposal submitted proposes to resolve this concern by establishing a 'grace period' for establishing residency of 3 years. While not the intent, however, it is theoretically possible under the proposal that the shares could continually be fished by non-residents on a two-year basis. Another potential alternative is to apply the grace period to the CQE, as opposed to the individual lessee. The CQE could have a grace period of a year or more to lease its QS to non-residents; upon the termination of the grace period, the QS must be leased only to residents for a specified period of time before a subsequent grace period is allowed.

Vessel use caps of 50,000 lbs of halibut QS and 50,000 lbs of sablefish QS

Since the inception of the CQE Program, community representatives evaluating the financial viability of the program have noted that the 50,000 lb vessel use cap for both halibut and sablefish QS is

³⁸IFQ proposal to change residency requirements for CQEs, submitted by Gulf Coastal Communities Coalition, May 27, 2009.

unnecessarily prohibitive. The vessel use cap is inclusive of any individually-owned QS, thus, vessels within CQE communities that fish any amount of IFQ derived from CQE-owned QS have an aggregate limit of 50,000 lbs of each species per year. The cap on the amount of QS that can be fished from a single vessel was originally established to ensure a broad distribution of quota share and thus, benefits, from CQE-owned quota share. However, there is also a cap on the amount of QS that each individual resident can lease from the CQE, which appears to more directly serve a similar purpose.

Individual QS holders are subject to a less restrictive vessel use cap, based on the size of the IFQ TAC. There is a vessel use cap of 1% of Area 2C halibut IFQ TAC (50,200 lbs in 2009) and 0.5% of all halibut IFQ TAC combined (217,744 lbs in 2009). Similarly for sablefish, there is a vessel use cap of 1% of Southeast sablefish IFQ TAC (60,358 lbs in 2009) and 1% of all sablefish IFQ TAC (264,883 lbs in 2009). Thus, the amount of IFQ that can be fished on a single vessel by an individual is four to five times greater than that for CQEs, with the exception of the specific limit in Southeast.

This was also cited as an issue at the recent February 2009 CQE workshop,³⁹ and was submitted as an IFQ proposal during the recent call for proposals, for consideration by the Council in February 2010.⁴⁰ The proposal requests that the Council eliminate the vessel caps for both halibut and sablefish. During the development of the CQE Program, several provisions were approved in order to provide more flexibility to COEs than individual holders, understanding that CQE QS purchases were intended to represent an entire community, not an individual. In addition, there were several provisions approved that were more limiting to CQEs than individual holders, in part due to the uncertainty regarding communities' level of interest and ability to participate in the program in the first couple of years. The more restrictive vessel cap appears to be one of those provisions, intended to limit consolidation such that not only one or two vessels would be used by a community, thus limiting the benefits that could be gained by using additional vessels and crewmembers, etc. At the same time, the Council exempted CQE-held QS from the vessel size restrictions while the QS is owned and leased by the community, allowing a CQE to use its QS on a vessel of any length. This was established in order to provide additional flexibility to communities, recognizing that some communities may initially have only one or two resident vessels from which to fish. The intents of these two provisions appear to be in conflict with one another, one recognizing that there may be a limited number of vessels in the smallest communities from which to fish, and the other imposing an artificial cap on the amount of QS that can be used on a single vessel, resulting in the need to employ more vessels than would be needed to fish the amount of QS.

The proposal to eliminate the vessel cap, and discussions at several CQE workshops, have emphasized the need to allow entry-level fishermen, and fishermen with very small vessels, the ability to use their CQE-leased IFQ on vessels owned by other residents. Some CQE communities may have a very limited number of longline vessels, or longline vessels that are too small to ensure safety during all seasons, and as CQEs develop their business plans, vessel availability may become an issue. In addition, the cap may prevent a crewmember who does not own a vessel from being able to separately lease CQE QS and fish it off the vessel on which he works. While only one CQE has purchased QS to date, this CQE has broadly distributed its annual IFQ among applicants in quantities much less than 50,000 lbs. However, the vessel use cap could present a barrier to CQEs who have few longline vessels available, especially if those vessels are already fishing individually-owned IFQ. One alternative to removing the vessel use cap in entirety would be to revise the cap such that it only applies to CQE-held IFQ. In effect, IFQ owned by an individual would not be applied toward the 50,000 lb caps.

In sum, while the CQE Program cannot yet be viewed as a success, there are a few recent developments that may provide better financing opportunities for CQEs, as well as a few proposed revisions to the

³⁹Draft proceedings from Technical Support Workshop and Development Summit for CQEs, February 17 – 18, 2009, Anchorage.

⁴⁰IFO proposal to eliminate vessel limitations for CQEs, submitted by Gulf Coastal Communities Coalition, May 27, 2009.

regulatory structure that may put CQEs in a better position to participate. Upon review of this paper, the Council could request a more detailed report on specific issues, if additional data or analysis is determined necessary before taking action. The Council could also determine not to take any action. The Council may also choose to initiate new FMP or regulatory amendments at this meeting, in order to consider changes to the current program.

Council Motion on Community Quota Share Purchase – Gulf FMP Amendment 66 April 10, 2002

The Council recommends to allow eligible Gulf of Alaska coastal communities to hold commercial halibut and sablefish QS for lease to and use by community residents, as defined by the following elements and options.

Element 1. Eligible Communities (Gulf of Alaska Communities only)

Rural communities with less than 1,500 people, no road access to larger communities, direct access to saltwater, and a documented historic participation in the halibut and/or sablefish fisheries.

Communities meeting the above criteria at final action will be listed as a defined set of qualifying communities in regulation (see attached list). Communities not listed must apply to the North Pacific Fishery Management Council to be approved for participation in the program and will be evaluated using the above criteria.

Element 2. Ownership Entity

- New non-profit community entity
- New non-profit entity formed by an aggregation of several qualifying communities
- New regional or Gulf-wide umbrella entity acting as trustee for individual communities

Element 3. Use Caps for Individual Communities

1% of Area 2C and 0.5% of the combined Area 2C, 3A and 3B halibut QS, and 1% of Southeast and 1% of all combined sablefish QS.

Communities in Areas 3A and 3B cannot buy halibut quota share in Area 2C and communities in Area 2C cannot buy halibut quota shares in Area 3B.

Element 4. Cumulative Use Caps for All Communities

Communities are limited to 3% of the Area 2C, 3A, or 3B halibut QS and 3% of the SE, WY, CG, or WG sablefish QS in each of the first seven years of the program, with a 21% total by area, unless modified by the Council through the five-year review.

Element 5. Purchase, use and sale restrictions

Block Restrictions (Block restrictions are retained if the community transfers QS.)

- · Allow communities to buy blocked and unblocked shares.
- Individual communities will be limited to 10 blocks of halibut QS and 5 blocks of sablefish QS in each management area.
- Restrict community purchase of blocked halibut quota share to blocks of shares which, at the time of the implementation of sweep provisions (1996), exceeded the following minimum poundage of IFQ:
 - (a) For Areas 2C and 3A, minimum halibut IFQ poundage of 3,000 lbs.
 - (b) For Areas SE, WY, CG, and WG, minimum sablefish IFQ poundage of 5,000 lbs.

Vessel Size Restrictions (Vessel size restrictions are retained if the community transfers the QS)

Quota share held by communities under this program would be exempt from vessel size (share class) restrictions while the QS is owned and leased by the community.

Transferability of halibut QS in Areas 2C and 3A from commercial to community entities is restricted to B and C category quota share.

Sale Restrictions

Communities may only sell their QS for one of the following purposes:

- (a) generating revenues to sustain, improve, or expand the program
- (b) liquidating the entity's QS assets for reasons outside the program. In that event, NMFS would not qualify that entity or another entity to hold QS for that community for a period of 3 years.

Use Restrictions

Leasing of community quota share shall be limited to an amount equal to 50,000 pounds of halibut and 50,000 pounds of sablefish IFQs, inclusive of any IFQ owned, per transferee.

Leasing of community quota share shall be limited to an amount equal to 50,000 pounds of halibut and 50,000 pounds of sablefish IFQs, inclusive of any IFQ owned, per vessel.

Element 6. Performance Standards

Communities participating in the program must adhere to the following performance standards established by NMFS in regulation:

(a) Leasing of annual IFQs resulting from community owned QS shall be limited to residents of the ownership community. (Residency criteria similar to that established for the subsistence halibut provisions shall be used and verified by affidavit.)

The following should be seen as goals of the program with voluntary compliance monitored through the annual reporting mechanism and evaluated when the program is reviewed. When communities apply for eligibility in the program they must describe how their use of QS will comply with program guidelines. This information will be used as a benchmark for evaluating the program.

- (b) Maximize benefit from use of community IFQ for crew members that are community residents.
- (c) Insure that benefits are equitably distributed throughout the community.
- (d) Insure that QS/IFQ allocated to an eligible community entity would not be held and unfished.

Element 7. Administrative Oversight

Require submission of a detailed statement of eligibility to NMFS prior to being considered for eligibility as a community QS recipient. The statement would include:

- (a) Certificate of incorporation
- (b) Verification of qualified entity as approved in Element 2
- (c) Documentation demonstrating accountability to the community
- (d) Explanation of how the community entity intends to implement the performance standards

Require submission of an annual report detailing accomplishments. The annual report would include:

- (e) A summary of business, employment, and fishing activities under the program
- (f) A discussion of any corporate changes that alter the representational structure of the entity
- (g) Specific steps taken to meet the performance standards
- (h) Discussion of known impacts to resources in the area.

Element 8. Program Review

Council review of the program after 5 years of implementation.

The Council also recommends forming a community QS implementation committee, in order to ensure that the program is implemented as intended.

(42) Eligible Communities for Purchase of Halibut and Sablefish Quota Share (Element 1)

General Qualifying Criteria:

Rural communities in the Gulf of Alaska with less than 1,500 people, no road access to larger communities, direct access to saltwater, and a documented historic participation¹ in the halibut or sablefish fisheries.

Area 2C		Area 3A	
<u>Community</u>	Population ²	Community	Population
Angoon	572	Akhiok	80
Coffman Cove	199	Chenega Bay	86
Craig	1,397	Halibut Cove	35
Edna Bay	49	Karluk	27
Elfin Cove	32	Larsen Bay	115
Gustavus	429	Nanwalek	177
Hollis	139	Old Harbor	237
Hoonah	860	Ouzinkie	225
Hydaburg	382	Port Graham	171
Kake	710	Port Lions	256
Kassan	39	Seldovia	286
Klawock	854	Tatitlek	107
Metlakatla	1,375	Tyonek	193
Meyers Chuck	21	Yakutat	<u>680</u>
Pelican	163		
Point Baker	35	14 communities	2,711
Port Alexander	81		
Port Protection	63	Area 3B	
Tenakee Springs	104	Community	Population
Thorne Bay	557	Chignik	79
Whale Pass	58	Chignik Lagoon	103
		Chignik Lake	145
21 communities	8,119	Ivanof Bay	22
		King Cove	792
		Perryville	107
		Sand Point	<u>952</u>
		7 communities	2,200

¹As documented by CFEC, DCED, or reported by ADF&G in Alaska Rural Places in Areas with Subsistence Halibut Uses.

Note: The above 42 communities appear to meet the qualifying criteria at Council final action on April 10, 2002, and will be listed as a defined set of qualifying communities in Federal regulation. Communities not listed must apply to the North Pacific Fishery Management Council to be approved for participation in the program and will be evaluated using the above criteria.

²2000 census data, Alaska Department of Community and Economic Development.

Name and Contact Information of Community Quota Entities (As of August 2008)

CQE Non-Profit	Community	Contact Information	Address	E-mail	Phone
			PO Box 725		
Prince of Wales Island			Craig, Alaska		
Community Holding Corp	Craig	Brian Templin	99921	planner@craigak.com	(907) 826-3278
		İ	PO Box 408 Sand		
Aleutia, Inc	Sand Point	Shelly Kirkbride	Point, AK 99661	shelly@arctic.net	(907) 383-5945
Aleutia, Inc	King Cove	Shelly Kirkbride			
			Box 68 Larsen		
			Bay, Alaska		
Larsen Bay Development, Co	Larsen Bay	Jack Wick, VP-agent	99624	jwick2@starband.net	(907) 847-2207
			PO Box 54		1
Ouzinkie Community Holding,			Ouzinkie, Alaska		
Corp	Ouzinkie	Robert W. Katelnikoff	99644	rwilliankatel@yahoo.com	(907) 680-2259
			PO Box 349		
Hydaburg Community Holding			Hydaburg, Alaska		
Согр	Hydaburg	Doreen Witwer	99922	d_witwer@hotmail.com	(907) 285-3541
			PO Box 737		
			Pelican, Alaska	1	
Pelican Fishing Corporation	Pelican	Tom Andrews	99832	cityhall@pelicancity.net	(907) 735-2202
			PO Box 101		
	ŀ		Perryville,Alaska		
Perryville CQE. Inc	Perryville	Aaron Phillips	99648	none	(907) 853-2203
			PO Box 360		
Hoonah Community Fisheries,			Hoonah, Alaska		(007) 045 0000
Согр	Hoonah	Dennis H. Grey	99829	dgrayjr@cityof hoonah.org	1 (907) 945-3663
			PO Box 71 Old		
	1		Harbor, Alaska		(007) 400 0000
Cape Baranabas, Inc	Old Harbor	Duncan Fields	99643	dfields@ptialaska.net	(907) 486-8836
			PO Box 189		
Admiralty Island			Angoon, AK	1	(007) 700 0050
CommunityQuota Entity	Angoon	Reggie Nelson	99820	none	(907) 788-3653
			3000 C Street		
		<u> </u>	Suite 301,		
			Anchorage, AK	land of the same o	(007) 677 4009
Chenega Heritage, Incorporated	Chenega Bay	Midge Clouse	99503	mclouse@chenegacorp.c	g(90/) 6//-4928
			PO Box 5510 Por	4	
		L	Graham, Alaska	OLANO 11	(007) 004 0007
Port Graham, CQE, Inc	Port Graham	Patrick Norman	99603	pnormanvc@hotmail.com	1(907) 204-2227



Name and Contact Information of Community Quota Entities (As of August 2008)

CQE Non-Profit	Community	Contact Information	Address	E-mail	Phone
			PO Box 26		
Organized Village of Kasaan]	Kasaan, Alaska		
Community Quota Entity	Kasaan	Lisa Lang	99950	lisa@kasaan.org	(907) 542-2230
		-	PO Box 8078		
Nanwalek Natural	<u> </u>		Nanwalek, Alaska		
Resources/Fisheries Board, Inc	Nanwalek	James Kvasnikoff	99603	Jamesskvas@yahoo.com	(907) 281-2208
			PO Box 19111		
Thorne Bay Fisheries	<u> </u>		Thorne Bay,		
Association	Thome Bay	Charles D. McGee	Alaska 99919	CityofTB@Gmail.com	(907) 282-3380
			PO Box 160		
Yakutat Community Holding			Yakutat, Alaska		,
Corporation	Yakutat	Bill Lucey	99689	Yakutat.Salmon_board@y	(907) 784-3329
			PO Box 469		
Klawock Community Quota			Klawock, Alaska		
Entity	Klawock	Donald Marvin	99925	dmarvin@cityofklawack.co	(907) 755-2261
			PO Box 18066		
Coffman Cove Community Quota	ı		Coffman Cove,	Į	
Entity	Coffman Cove	Megan Buckley	Alaska 99918	meganiner@yahoo.com	(907) 329-2277
			PO Box 17 lot 6		
Elfin Cove Community Quota			Elfin Cove, Alaska		
Entity	Elfin Cove	Gordon Wrobel	99825	gordonwrobel@covelodge	(907) 239-2226
			PO Box 5050		
Akhiok Halibut & Sablefish			Akhiok, Alaska		1
Commission	Akhiok	Phyllis Amodo	99615	pamodo_98@yahoo.com	(907) 836-2322

B. Application

The Cape Barnabas, Inc. Application to Lease Quota covers all areas scored by the Board of Directors, determining eligibility for the applicant to lease IFQ's from Cape Barnabas, Inc. This application was reviewed at the end of the 2007 season and some changes were made to better reflect the scoring criteria. *Appendices D

C. Scoring

Scoring for the General Quota Pool is based upon the following criteria:

Vessel and Gear 25 possible points

Employ Old Harbor Residents 10 points for each crew man up to 40 possible points

Has Existing IFQ's 20 possible points Previous Experience 50 possible points

The applicant may have points deducted for fishing violations, failure to fish leased poundage in a timely manner or paying crew less than 7% of net share. *Appendices É

Scoring for the Entry Level Quota Pool is based upon the following criteria:

Vessel 25 possible points Gear 10 possible points

Employ Old Harbor Residents 10 points for each crew man up to 20 possible points

Previous Experience 20 possible points Age 25 possible points

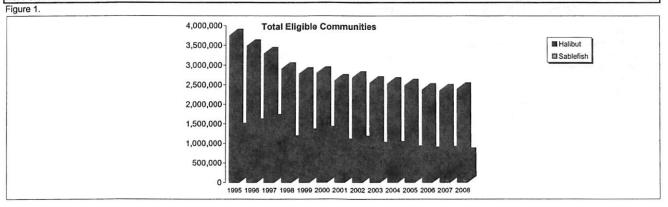
The applicant may have points deducted for fishing violations, failure to fish leased poundage in a timely manner or paying crew less than 7% of net share. *Appendices F

D. Establish eligibility

The Cape Barnabas, Inc. Board of Directors reviews each application received for eligibility. Cape Barnabas, Inc. owned quota is only available for lease to qualified Old Harbor residents (A U.S. citizen that has maintained a domicile in the community of Old Harbor for the 12 consecutive months immediately proceeding the time when the assertion of residency is made.) Once an application is deemed eligible it is scored based on the scoring criteria.

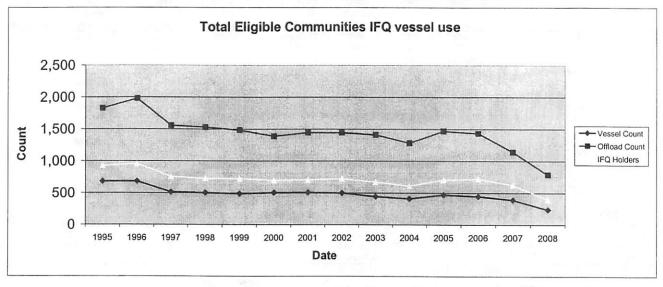
IFQ Community Report for Total Eligible Communities

Halibut								all the standard the	美国市场的
The Arthur Allender		2008 Equivaler		Halibut	Pounds	Pounds	Percent	Estimated	
	Year	Pounds	Persons	Year	Issued	Landed	Fished	Earnings	Individuals
	1995	3,743,256	741	1995	2,884,701	2,640,498	92%	\$5,136,243	470
	1996	3,480,474	660	1996	3,032,175	2,781,479	92%	6,137,540	461
1	1997	3,290,674	571	1997	4,018,701	3,655,488	91%	7,816,790	442
	1998	2,901,469	536	1998	3,725,020	3,334,142	90%	4,410,169	346
1	1999	2,773,631	494	1999	3,852,689	3,507,466	91%	7,050,377	344
1	2000	2,793,596	469	2000	3,148,729	2,919,119	93%	7,391,319	313
1	2001	2,598,351	450	2001	3,358,301	3,020,864	90%	6,124,328	289
	2002	2,672,180	437	2002	3,477,788	3,273,821	94%	7,250,086	309
	2003	2,543,800	422	2003	3,314,604	3,114,318	94%	9,020,919	296
1	2004	2,518,318	402	2004	3,409,057	3,174,048	93%	9,563,546	296
I	2005	2,478,385	399	2005	3,232,474	2,984,174	92%	8,806,132	272
	2006	2,366,306	377	2006	2,977,349	2,805,699	94%	10,577,327	278
	2007	2,344,399	332	2007	2,591,069	2,402,373	93%	10,546,089	254
	2008	2,387,055	348	2008	2,412,473	2,263,709	94%	NA	NA
Sablefish				Sablefish	Pounds	Pounds	Percent	Estimated	
	Year	Pounds	Persons	Year	Issued	Landed	Fished	Earnings	Individuals
1	1995	1,346,587	121	1995	2,146,680	1,950,560	91%	\$6,232,197	81
1	1996	1,463,519	108	1996	1,854,086	1,719,054	93%	5,727,534	77
	1997	1,580,380	88	1997	1,698,558	1,679,868	99%	6,283,836	69
	1998	1,028,392	80	1998	1,104,332	1,029,544	93%	2,600,349	53
1	1999	1,200,351	77	1999	1,104,931	990,114	90%	2,962,888	48
	2000	1,268,290	73	2000	1,145,727	1,024,632	89%	3,790,433	43
1 :	2001	945,717	66	2001	838,153	713,053	85%	2,267,082	43
1 :	2002	1,018,020	65	2002	823,419	714,195	87%	2,314,269	41
	2003	858,944	61	2003	831,666	696,229	84%	2,545,230	36
	2004	885,792	61	2004	949,652	783,852	83%	2,506,088	36
;	2005	768,910	58	2005	932,038	770,316	83%	2,620,281	36
;	2006	739,753	54	2006	852,929	714,616	84%	2,363,165	33
;	2007	755,904	51	2007	783,929	576,205	74%	1,654,550	26
;	2008	716,147	50	2008	728,901	577,841	79%	NA	NA
	To	tal IFQ Holding by	Year .		At 1	Total IFQ Holding	s by Year		
Comparison	1	1995 2008	% change	Comparison			1995	2007	% change
Halibut lbs.	3,743		-36%	Halibut \$			5,136,243	\$10,546,089	105%
No. Persons		741 348	-53%	No.Persons			470	254	-46%
Sablefish lbs.	1,346	,587 716,147	-47%	Sablefish \$			6,232,197	1,654,550	-73%
No. Persons		121 50	-59%	No. Persons			81	26	-68%
Table 3.		Estimated Earn	ings Both S	pecies				Earnings	Individuals
200000000000000000000000000000000000000		Yea	r		Fishable Lbs	Pounds landed			
		199	5		5,031,381	4,591,058	91%	\$11,368,440	487
		199	6		4,886,261	4,500,533	92%	11,865,074	478
		199	7		5,717,259	5,335,356	93%	14,100,626	462
		199	8		4,829,352	4,363,686	90%	7,010,518	360
1		199	9		4,957,620	4,497,580	91%	10,013,265	358
		200	0		4,294,456	3,943,751	92%	11,181,752	325
		200			4,196,454	3,733,917	89%	8,391,410	299
2.		200			4,301,207	3,988,016	93%	9,564,355	313
		200			4,146,270	3,810,547	92%	11,566,149	303
		200			4,358,709	3,957,900	91%	12,069,634	298
		200			4,164,512	3,754,490	90%	11,426,413	284
		200			3,830,278	3,520,315	92%	12,940,492	278
		200			3,374,998	2,978,578	88%	12,200,638	280
		200			3,141,374	2,841,550	90%	NA	NA
Comparison		200			5,,014	=,0 . 1,000	1995	2007	% change
- Collipatious							\$11,865,074	\$11,426,413	-4%
Earnings \$									



IFQ Community Report for Total Eligible Communities

	Ewinsi.			of Still on Drive States
1995	684	1,828	928	10,313,985
1996	684	1,980	955	9,529,005
1997	514	1,557	757	8,136,050
1998	502	1,530	728	8,185,351
1999	489	1,483	724	8,801,255
2000	505	1,387	699	9,033,505
2001	508	1,446	708	8,867,045
2002	501	1,444	725	11,435,450
2003	444	1,413	674	12,624,454
2004	409	1,282	612	11,133,082
2005	472	1,470	708	11,130,804
2006	447	1,435	722	11,641,979
2007	390	1,142	627	9,834,399
2008	236	787	401	9,663,141



Notes

- Indicates that the data may not be displayed because simple subtraction would allow confidential data to be computed.
- ** Indicates that the data are confidential because they are derived from the landings of fewer than three IFQ permit holders.
- *** Indicates that the offloading vessels delivered to fewer then three Register Buyers (RB) permit holders.

NA "2008 data" not avaiable at this time.

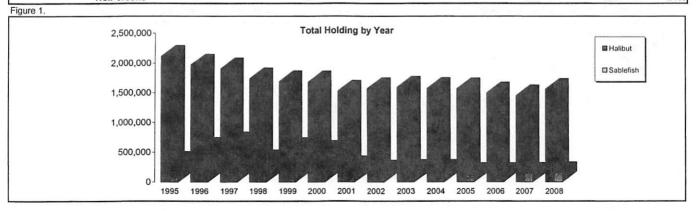
- 1. Halibut weights are reported in net (headed and gutted) pounds; sablefish weights are reported in round pounds.
- 2. Residence determinations are based on unverified self-reported addresses provided by QS holders.
- 3. Estimated earnings (dollar amounts) are nominal; they are not adjusted for inflation nor by year.
- 4. Table 1
- a. "2008 Equivalent Pounds" are IFQ pounds derived from all QS held by residents of the subject community. They are computed using 2008 Quota Share Pool and TACs; therefore, they are comparable across all reported years. These reported pounds include pounds derived from QS held in all IFQ management areas.
- b. "QS holders" includes all entities (including individuals, corporations, etc.) holding and reported the subject community, as a permanent business mailing address, as of the end of the indicated year.
- 5. Tables 2 and 3:
 - a. "Fishable Pounds" are calculated from amounts of QS held by all residents of the subject community as of the end of the indicated year. These amounts are adjusted for "overages and underages" resulting from prior years fishing activities.
 - b. "Pounds Landed" display the actual pounds landed during the indicated year.
 - c. "Estimated Earnings" are calculated by multiplying the actual pounds landed by the estimated ex-vessel values as reported

by the CFEC, State of Alaska for each area. ((http://www.fakr.noaa.gov/ram/ifqreports.htm#special) Annual Ex-Vessel Prices)

- d. "Individuals making landings" includes all individuals with recorded landings of IFQ derived from QS held by persons reporting business address in subject community (as displayed on Table 1). The total includes hired skippers; accordingly, in some instances, the total number of individuals with landings may exceed the total number of "persons" who hold QS.
- 6. Table 4:
 - a. "Use of port" shows the number of distinct vessels that landed IFQ in this location, regardless of the vessels homeport and regardless of the IFQ permitholder.
 - b. Only years landings are shown.

IFQ Community Report for Total Southcentral

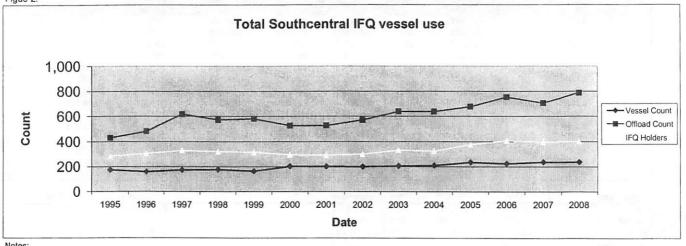
Table 1.	Total IFQ Holdi	ngs by Year	a Charles	Table 2.		Gross IFQ Earnin	igs		
		4 140							Individuals
The state of the s	1995	2,112,971	286	1995	1,062,514	819,660	79%	\$1,600,356	149
	1996	1,969,257	248	1996	1,091,215	999,061	94%	2,186,307	166
1	1997	1,904,433	215	1997	2,012,331	1,713,298	84%	3,609,072	167
	1998	1,734,318	206	1998	1,885,202	1,677,900	89%	2,178,361	134
	1999	1,686,660	195	1999	2,145,268	1,965,697	91%	4,049,834	144
	2000	1,677,809	184	2000	1,931,221	1,813,884	96%	4,564,870	129
	2001	1,524,302	176	2001	2,091,704	1,937,485	93%	3,888,574	120
	2002	1,567,845	169	2002	2,233,497	2,150,355	96%	4,746,191	132
	2003	1,590,703	167	2003	2,137,965	2,027,090	96%	5,824,495	124
1	2004	1,568,985	160	2004	2,031,401	1,933,540	96%	5,767,067	125
	2005	1,565,024	160	2005	1,846,851	1,743,361	95%	5,002,830	120
1	2006	1,494,998	156	2006	1,636,845	1,547,982	95%	5,832,615	124
	2007	1,445,344	143	2007	1,470,115	1,410,754	96%	6,126,653	124
	2008	1,557,023	144	2008	1,583,200	1,502,578	NA	NA	NA
Sablefish	Year	Pounds	Persons	Sabledeh Year	Founds	Pounds Landed	Percent Fished	Estimated Earnings	Individuals
	1995	329,202	36	1995	384,464	308,729	80%	\$1,018,179	13
	1996	565,038	33	1996	611,068	536,428	83%	1,723,074	18
	1997	655,139	26	1997	667,450	651,618	95%	2,426,960	14
	1998	356,441	25	1998	393,292	343,023	90%	900,729	12
	1999	559,169	26	1999	488,354	431,604	82%	1,282,606	9
	2000	510,443	22	2000	548,100	487,057	88%	1,770,965	11
	2001	256,547	20	2001	285,785	224,975	94%	710,580	7
	2002	185,515	18	2002	247,792	193,819	95%	616,837	8
94.0	2003	194,175	19	2003	220,215	156,881	79%	569,793	6
	2004	194,175	19	2003	313,010	247,936	87%	757,534	7
	2005	138,798	18	2004	272,745	192,192	77%	617,718	6
-	2006	138,600	17	2005	263,554		84%		6
	2007		14	2007	950	195,748	68%	717,522	
1		144,128		100	215,900	122,810	NA	414,615	5
	Total IFQ Holdin	153,241	14	2008	196,060	123,744		NA	NA
Comparison	1995		% change	Comparison		Total IFQ Landin	g by rear 1995	2007	% change
Halibut lbs.	2,112,971	1,557,023		Halibut \$			\$1,600,356	\$6,126,653	283%
	2,112,971	1,557,023		No.Persons			149	124	-17%
No. Persons	329,202	153,241		Sablefish \$			\$1,018,179	\$414,615	-17%
Sablefish Ibs.	329,202	133,241		No. Persons				\$414,615 5	-62%
No. Persons							13		
Table 3.		Estimated Earni Year	ngs Both S	pecies	Fishable Lbs	Pounds landed	1967 (4)	Earnings	Individuals
		1995		lu i i i	1,446,978	1,128,389	78%	\$2,618,535	152
1		1996			1,702,283	1,535,489	90%	3,909,381	170
1		1997			2,679,781	2,364,916	88%	6,036,031	174
1		1998			2,278,494	2,020,923	89%	3,079,089	137
l		1999			2,633,622	2,397,301	91%	5,332,440	146
l		2000			2,479,321	2,300,941	93%	6,335,835	131
		2001			2,377,489	2,162,460	91%	4,599,154	119
1		2002			2,481,289	2,344,174	94%	5,363,028	127
l		2003			2,358,180	2,183,971	93%	6,394,288	123
		2004			2,344,411	2,181,476	93%	6,524,600	120
1		2005			2,119,596	1,935,553	91%	5,620,549	120
		2006			1,900,399	1,743,730	92%	6,550,137	113
		2007			1,686,015	1,533,564	91%	6,541,268	120
		2008			1,779,260	1,626,322	91%	NA NA	NA
	Comparison						1995	2007	% change
	Earnings \$						\$2,618,535	\$6,541,268	150%
	No.Persons						152	120	-21%



IFQ Community Report for Total Southcentral

W. D. L.				
1995	175	430	282	5,375,414
1996	160	482	305	4,537,510
1997	175	617	328	5,316,081
1998	177	572	319	5,518,764
1999	165	580	314	5,919,813
2000	203	526	295	5,813,882
2001	202	526	292	5,792,056
2002	200	570	300	7,764,266
2003	206	639	332	9,401,118
2004	210	637	324	8,978,681
2005	235	677	376	9,187,864
2006	224	752	406	9,528,229
2007	236	705	396	8,550,310
2008	236	787	401	9,663,141

Figue 2.



Notes:

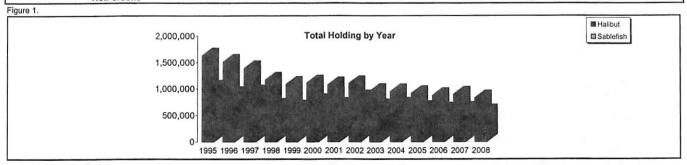
- * Indicates that the data may not be displayed because simple subtraction would allow confidential data to be computed.
- ** Indicates that the data are confidential because they are derived from the landings of fewer than three IFQ permit holders.
- *** Indicates that the offloading vessels delivered to fewer then three Register Buyers (RB) permit holders.

NA "2008 data" not avaiable at this time.

- 1. Halibut weights are reported in net (headed and gutted) pounds; sablefish weights are reported in round pounds.
- 2. Residence determinations are based on unverified self-reported addresses provided by QS holders.
- 3. Estimated earnings (dollar amounts) are nominal; they are not adjusted for inflation nor by year.
- 4. Table 1:
- a. "2008 Equivalent Pounds" are IFQ pounds derived from all QS held by residents of the subject community. They are computed using 2008 Quota Share Pool and TACs; therefore, they are comparable across all reported years. These reported pounds include pounds derived from QS held in all IFQ management areas.
- b. "QS holders" includes all entitles (including individuals, corporations, etc.) holding and reported the subject community, as a permanent business mailing address, as of the end of the indicated year.
- 5. Tables 2 and 3:
 - a. "Fishable Pounds" are calculated from amounts of QS held by all residents of the subject community as of the end of the indicated year.
 - These amounts are adjusted for "overages and underages" resulting from prior years fishing activities.
 - b. "Pounds Landed" display the actual pounds landed during the indicated year.
 - c. "Estimated Earnings" are calculated by multiplying the actual pounds landed by the estimated ex-vessel values as reported
 - by the CFEC, State of Alaska for each area. ((http://www.fakr.noaa.gov/ram/ifqreports.htm#special) Annual Ex-Vessel Prices)
 - d. "Individuals making landings" includes all individuals with recorded landings of IFQ derived from QS held by persons reporting business address in subject community (as displayed on Table 1). The total includes hired skippers; accordingly, in some instances, the total number of individuals with landings may exceed the total number of "persons" who hold QS.
- 6. Table 4:
 - a. "Use of port" shows the number of distinct vessels that landed IFQ in this location, regardless of the vessels homeport and of the IFQ permitholder.
 - b. Only years landings are shown.

IFQ Community Report for Total Southeast

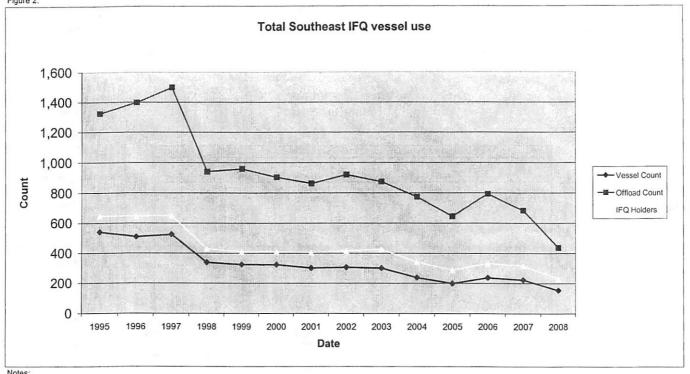
1995 1,630,285 455 1995 1,822,187 1,820,838 100% \$3,535,887 1996 1,511,217 412 1996 1,940,960 1,782,418 92% 3,951,232 1997 1,386,241 356 1997 2,006,370 1,942,190 97% 4,207,719 1998 1,167,151 330 1998 1,839,818 1,656,242 90% 2,231,808 1999 1,086,971 299 1999 1,707,421 1,541,769 90% 3,000,543 2000 1,115,787 285 2000 1,217,508 1,105,235 91% 2,826,449 2001 1,074,049 274 2001 1,266,597 1,083,379 86% 2,235,754 2002 1,104,335 268 2002 1,244,291 1,123,466 90% 2,503,895 2003 953,097 255 2003 1,176,639 1,087,228 92% 3,196,424 2004 949,333 242 2004 1,377,656 1,240,508 90% 3,796,479 2005 913,361 239 2005 1,385,624 1,240,813 90% 3,803,302 206 871,308 221 2006 1,340,504 1,257,717 94% 4,744,713 2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 2008 829,273 761,131 92% NA Sablefish 995 1,017,385 85 1995 1,762,216 1,641,831 93% \$5,214,018 1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,388 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432 2003 664,769 42 2003 611,451 539,348 88% 1,975,437	321 295 275 212 200 184 169 177 172 171 152 154
1996 1,511,217 412 1996 1,940,960 1,782,418 92% 3,951,232 1997 1,386,241 356 1997 2,006,370 1,942,190 97% 4,207,719 1998 1,167,151 330 1998 1,839,818 1,656,242 90% 2,231,808 1999 1,086,971 299 1999 1,707,421 1,541,769 90% 3,000,543 2000 1,115,787 285 2000 1,217,508 1,105,235 91% 2,826,449 2001 1,074,049 274 2001 1,266,597 1,083,379 86% 2,235,754 2002 1,104,335 288 2002 1,244,291 1,123,466 90% 2,503,895 2003 953,097 255 2003 1,176,639 1,087,228 92% 3,196,424 2004 949,333 242 2004 1,377,656 1,240,508 90% 3,796,479 2005 913,361 239 2005 1,385,624 1,240,813 90% 3,803,302 2006 871,308 221 2006 1,340,504 1,257,717 94% 4,744,713 2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 208 829,273 761,131 92% NA Sablefish Sablefish Sablefish 1995 1,017,385 85 1995 1,762,216 1,641,831 93% \$5,214,018 1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,699,620 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	295 275 212 200 184 169 177 172 171 152 154
1997 1,386,241 356 1997 2,006,370 1,942,190 97% 4,207,719 1998 1,167,151 330 1998 1,839,818 1,656,242 90% 2,231,808 1999 1,086,971 299 1999 1,707,421 1,541,769 90% 3,000,543 2000 1,115,787 285 2000 1,217,508 1,105,235 91% 2,826,449 2001 1,074,049 274 2001 1,266,597 1,083,379 86% 2,235,754 2002 1,104,335 268 2002 1,244,291 1,123,466 90% 2,503,895 2003 953,097 255 2003 1,176,639 1,087,228 92% 3,196,424 2004 949,333 242 2004 1,377,656 1,240,508 90% 3,796,479 2005 913,361 239 2005 1,385,624 1,240,813 90% 3,803,302 2006 871,308 221 2006 1,340,504 1,257,717 94% 4,744,713 2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 2008 829,273 761,131 92% NA Sablefish Sablefish 1995 1,017,385 85 1995 1,762,216 1,641,831 93% \$5,214,018 1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,677 558,510 91% 1,699,620 1999 641,182 51 1999 616,677 558,510 91% 1,699,620 2001 689,170 46 2001 552,368 488,078 88% 1,566,502 2001 689,170 46 2001 552,368 488,078 88% 1,566,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	275 212 200 184 169 177 172 171 152 154
1998	212 200 184 169 177 172 171 152 154
1999 1,086,971 299 1999 1,707,421 1,541,769 90% 3,000,543 2000 1,115,787 285 2000 1,217,508 1,105,235 91% 2,826,449 2001 1,074,049 274 2001 1,266,597 1,083,379 86% 2,235,754 2002 1,104,335 268 2002 1,244,291 1,123,466 90% 2,503,895 2003 953,097 255 2003 1,176,639 1,087,228 92% 3,196,424 2004 949,333 242 2004 1,377,656 1,240,508 90% 3,796,479 2005 913,361 239 2005 1,385,624 1,240,813 90% 3,803,302 206 871,308 221 2006 1,340,504 1,257,717 94% 4,744,713 2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 2008 829,273 761,131 92% NA Sablefish Sablefish 1995 1,017,385 85 1995 1,762,216 1,641,831 93% \$5,214,018 1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,689,628 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,388 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	200 184 169 177 172 171 152 154
2000 1,115,787 285 2000 1,217,508 1,105,235 91% 2,826,449 2001 1,074,049 274 2001 1,266,597 1,083,379 86% 2,235,754 2002 1,104,335 268 2002 1,244,291 1,123,466 90% 2,503,895 2003 953,097 255 2003 1,176,639 1,087,228 92% 3,196,424 2004 949,333 242 2004 1,377,656 1,240,508 90% 3,796,479 2005 913,361 239 2005 1,385,624 1,240,813 90% 3,803,302 2006 871,308 221 2006 1,340,504 1,257,717 94% 4,744,713 2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 2008 829,273 761,131 92% NA Sableffsh 1995 1,017,385 85 1995 1,762,216 1,641,831 93% \$5,214,018 1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	184 169 177 172 171 152 154
2001 1,074,049 274 2001 1,266,597 1,083,379 86% 2,235,754 2002 1,104,335 268 2002 1,244,291 1,123,466 90% 2,503,895 2003 953,097 255 2003 1,176,639 1,087,228 92% 3,196,424 2004 949,333 242 2004 1,377,656 1,240,508 90% 3,796,479 2005 913,361 239 2005 1,385,624 1,240,813 90% 3,803,302 2006 871,308 221 2006 1,340,504 1,257,717 94% 4,744,713 2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 2008 829,273 761,131 92% NA Sablefish Yes: Comparison	169 177 172 171 152 154 130
2002 1,104,335 268 2002 1,244,291 1,123,466 90% 2,503,895 2003 953,097 255 2003 1,176,639 1,087,228 92% 3,196,424 2004 949,333 242 2004 1,377,656 1,240,508 90% 3,796,479 2005 913,361 239 2005 1,385,624 1,240,813 90% 3,803,302 2006 871,308 221 2006 1,340,504 1,257,717 94% 4,744,713 2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 2008 829,273 761,131 92% NA 2008 830,032 204 2008 829,273 761,131 92% NA Sablefish 1995 1,017,385 85 1995 1,762,216 1,641,831 93% \$5,214,018 1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	177 172 171 152 154 130
2003 953,097 255 2003 1,176,639 1,087,228 92% 3,196,424 2004 949,333 242 2004 1,377,656 1,240,508 90% 3,796,479 2005 913,361 239 2005 1,385,624 1,240,813 90% 3,803,302 2006 871,308 221 2006 1,340,504 1,257,717 94% 4,744,713 2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 2008 829,273 761,131 92% NA Sableffsh	172 171 152 154 130
2004 949,333 242 2004 1,377,656 1,240,508 90% 3,796,479 2005 913,361 239 2005 1,385,624 1,240,813 90% 3,803,302 2006 871,308 221 2006 1,340,504 1,257,717 94% 4,744,713 2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 2008 829,273 761,131 92% NA Sableffsh Total Cranity C	171 152 154 130
2005 913,361 239 2005 1,385,624 1,240,813 90% 3,803,302 2006 871,308 221 2006 1,340,504 1,257,717 94% 4,744,713 2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 2008 829,273 761,131 92% NA Sableffsh Tell Crodic Trode	152 154 130
2006 871,308 221 2006 1,344,504 1,257,717 94% 4,744,713 2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 2008 829,273 761,131 92% NA Sableffsh Total 1995 1,017,385 85 1995 1,762,216 1,641,831 93% \$5,214,018 1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	154 130
2007 899,055 189 2007 1,120,954 991,619 88% 4,419,436 2008 830,032 204 2008 829,273 761,131 92% NA Sablefish 1995 1,017,385 85 1995 1,762,216 1,641,831 93% \$5,214,018 1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	130
2008 830,032 204 2008 829,273 761,131 92% NA Sablefish Sablefish Sablefish Facuation Estimated Eamings 1995 1,017,385 85 1995 1,762,216 1,641,831 93% \$5,214,018 1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,3	
Sablefish Estimated Estimated Estimated Estimated Estimated Estimated Estimated Estimated Estimated Earlings 1995 1,017,385 85 1995 1,762,216 1,641,831 93% \$5,214,018 1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,	
Year GC Solder 1 364 Linded Fished Famings 1995 1,017,385 85 1995 1,762,216 1,641,831 93% \$5,214,018 1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	NA
1996 898,481 75 1996 1,243,018 1,182,626 95% 4,004,461 1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	Individuals
1997 925,241 62 1997 1,031,108 1,028,250 100% 3,856,876 1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	68
1998 671,951 55 1998 711,040 686,521 97% 1,699,620 1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	59
1999 641,182 51 1999 616,577 558,510 91% 1,680,282 2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	55
2000 757,847 51 2000 597,627 537,575 90% 2,019,469 2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	41
2001 689,170 46 2001 552,368 488,078 88% 1,556,502 2002 832,505 47 2002 575,627 520,376 90% 1,697,432	39
2002 832,505 47 2002 575,627 520,376 90% 1,697,432	32
	36
2003 664,769 42 2003 611,451 539,348 88% 1,975,437	33
	30
2004 691,617 42 2004 636,642 535,916 84% 1,748,555	29
2005 630,112 40 2005 659,293 578,124 88% 2,002,562	30
2006 601,153 37 2006 589,375 518,868 88% 1,645,642	27
2007 611,776 37 2007 568,029 453,395 80% 1,239,935	21
2008 562,906 36 2008 532,841 454,097 85% NA	NA
Total IFQ Holding by Year Total IFQ Holdings by Year	
	07 % change
Halibut lbs. 1,630,285 830,032 -49% Halibut \$ \$3,535,887 \$4,419,	36 25%
	130 -60%
Sablefish lbs. 1,017,385 562,906 -45% Sablefish \$ 5,214,018 1,239,	35 -76%
No. Persons 85 36 -58% No. Persons 68	21 -69%
Table 3. Estimated Landings and Earnings of both Species Fishable Pounds Percent Year Pounds Landed Fished Earnings	Individuals
1995 3,584,403 3,462,669 97% \$8,749,905	335
1996 3,183,978 2,965,044 93% 7,955,693	308
1997 3,037,478 2,970,440 98% 8,064,595	288
1998 2,550,858 2,342,763 92% 3,931,429	223
1999 2,323,998 2,100,279 90% 4,680,825	212
2,323,996 2,100,279 90% 4,600,325 2,100,279 90% 4,845,917	194
2000 1,615,155 1,642,610 51% 3,043,517 2001 1,818,965 1,571,457 86% 3,792,256	180
2002 1,819,918 1,643,842 90% 4,201,327	186
2002 1,515,516 1,545,542 50% 4,221,527 2003 1,788,090 1,626,576 91% 5,171,861	180
2004 2,014,298 1,776,424 88% 5,545,034	178
2004 2,014,256 1,776,424 66% 5,005,004	164
2006 2,044,917 1,818,937 83% 3,803,804 2006 1,929,879 1,776,585 92% 6,390,355	165
2007 1,688,983 1,445,014 86% 5,659,370	160
2008 1,362,114 1,215,228 89% NA	NA.
	007 % change
Earnings \$ \$8,749,905 \$5,659,	
No.Persons 335	



IFQ Community Report for **Total Southeast**

1995	540	1,324	645	5,635,342
1996	509	1,398	646	4,938,571
1997	524	1,498	650	4,991,495
1998	339	940	429	2,819,969
1999	325	958	409	2,666,587
2000	324	903	410	2,881,442
2001	302	861	404	3,219,623
2002	306	920	416	3,074,989
2003	301	874	425	3,671,184
2004	238	774	342	3,223,336
2005	199	645	288	2,154,401
2006	237	793	332	1,942,940
2007	223	683	316	2,113,750
2008	154	437	231	1,284,089

Figure 2



Notes

- Indicates that the data may not be displayed because simple subtraction would allow confidential data to be computed.
- ** Indicates that the data are confidential because they are derived from the landings of fewer than three IFQ permit holders.
- *** Indicates that the offloading vessels delivered to fewer then three Register Buyers (RB) permit holders.

NA "2008 data" not avaiable at this time.

- 1. Halibut weights are reported in net (headed and gutted) pounds; sablefish weights are reported in round pounds.
- 2. Residence determinations are based on unverified self-reported addresses provided by QS holders.
- 3. Estimated earnings (dollar amounts) are nominal; they are not adjusted for inflation nor by year.
- a. "2008 Equivalent Pounds" are IFQ pounds derived from all QS held by residents of the subject community. They are computed using 2008 Quota Share Pool and TACs; therefore, they are comparable across all reported years. These reported pounds include pounds derived from QS held in all IFQ management areas
- b. "QS holders" includes all entities (including individuals, corporations, etc.) holding and reported the subject community, as a permanent business mailing address, as of the end of the indicated year.
- 5. Tables 2 and 3:
 - a. "Fishable Pounds" are calculated from amounts of QS held by all residents of the subject community as of the end of the indicated year. These amounts are adjusted for "overages and underages" resulting from prior years fishing activities.
 - b. "Pounds Landed" display the actual pounds landed during the indicated year.
 - c. "Estimated Earnings" are calculated by multiplying the actual pounds landed by the estimated ex-vessel values as reported
 - by the CFEC, State of Alaska for each area. ((http://www.fakr.noaa.gov/ram/ifqreports.htm#special) Annual Ex-Vessel Prices)
 - d. "Individuals making landings" includes all individuals with recorded landings of IFQ derived from QS held by persons reporting business address in subject community (as displayed on Table 1). The total includes hired skippers; accordingly, in some instances, the total number of individuals with landings may exceed the total number of "persons" who hold QS.
- 6. Table 4:
 - a. "Use of port" shows the number of distinct vessels that landed IFQ in this location, regardless of the vessels homeport and regardless of the IFQ permitholder.
 - b. Only years landings are shown.

JAMES BALSIGER JUNEAU, AK RALPH G. HOARD SEATTLE, WA LARRY JOHNSON PARKSVILLE, B.C. PHILLIP LESTENKOF ST. PAUL, AK LAURA RICHARDS NANAIMO, B.C. GARY ROBINSON

VANCOUVER, B.C.

COMMISSIONERS:

INTERNATIONAL PACIFIC HALIBUT COMMISSION

DIRECTOR BRUCE M. LEAMAN AGENDA C-1 Supplemental

FEBRUARY 2010 TELEPHONE

FAX:

(206) 634-1838

(206) 632-2983

ESTABLISHED BY A CONVENTION BETWEEN CANADA

AND THE UNITED STATES OF AMERICA

September 24, 2009



Mr. Eric Olsen, Executive Director North Pacific Fishery Management Council 605 W 4th Avenue, Suite 306 Anchorage, AK 99501-2252

Dear Mr. Olsen, Enic

The North Pacific Fishery Management Council's IFQ Implementation Team is reviewing IFQ proposals at the October Council meeting. The Council has been asked by the IPHC to comment on the proposal to allow retention of IFQ halibut in pot gear during the Bering Sea sablefish fishery. Authority for definition of legal gear for the halibut fishery rests with the Commission; however, the Council's input for the next IPHC Annual Meeting in January 2010 would be beneficial.

The IPHC staff is not opposed to allowing pot gear in Area 4A from a biological point of view. However, if the pot catch of halibut is sufficiently large enough, we would need to determine a pot gear selectivity curve for halibut for our stock assessment in order to account for that removal. Additionally, NMFS/RAM regulations would need to require full retention of halibut if the vessel has halibut IFQ and is using pot gear, similar to the regulation for longline gear. Also, IPHC regulations define legal gear by IPHC regulatory area but IPHC regulatory areas and NMFS sablefish areas are not concurrent. NOAA Enforcement would also need to provide feedback on location restrictions and may require that the vessel be transmitting with a Vessel Monitoring System transmitter.

The IPHC staff could not agree to allow pot gear coast-wide or an expansion to this proposal, without an understanding of the magnitude and impacts of catch in the pot fishery. The issues that the Council and Commission should consider include gear conflicts, creation of a new halibut fishery, redistribution of catch by gear, fish quality, and potential for future requests for expansion to winter cod fisheries.

Ms. Heather Gilroy of our staff will be attending the IFQ Implementation Team meeting by teleconference.

Singerely,

Bruce M. Leaman Executive Director

Commissioners

Jeff Stephan, Chair, IFQ Implementation Team

Ron Antaya, NMFS

Cape Barnabas, Inc. P.O. Box 71 Old Harbor, AK 99643

September 28, 2009

Eric Olsen, Chairman NPFMC 605 W. 4th Ave., Suite 306 Anchorage, AK 99501

Re: IFQ Amendments

Dear Chairman Oisen,

Cape Barnabas, Inc. is the only Community Quota Entity (CQE) that has purchased and is actively fishing IFQ halibut quota shares. This is our 3rd fishing season. Now, after 3 seasons, we have a fair amount of experience making the CQE construct "work" for our community. We have also identified some aspects of the CQE/IFQ program that need to be modified. It is our hope that the Council, as well as the IFQ Implementation Committee will consider our experience when evaluating the following proposals. Also, that the Council will help us work with NMFS to facilitate "inseason" transfers of quota allocations.

1. The 50,000# vessel cap limit.

As you will remember, CQEs are limited to fishing quota on vessels that have not or will not fish a cumulative amount of 50,000# in a given season. This was implemented to insure widespread distribution of CQE quota. However, in our experience, it is much better to allow the individual CQE entity determine how or on what vessel, the quota is fished. The community that owns the quote is likely to insure the widest economical distribution of that quota when the CQE committee distributing quota is accountable to the community. We had one occasion, in a cleanup situation late in the fall when weather required a larger vessel and the only vessel available was one that had fished more than 50,00# that forced us to forgo harvest of a significant amount of our annual IFQ. Our experience would indicate that the vessel limits placed on the CQEs should be changed so that they are the same as those in the general IFQ program.

2. Prohibition of "D" class quota purchases in areas 3A and 2C.

When the CQE program was approved, there was concern that large amounts of money would rapidly move through the CQE's in pursuit of halibut and sablefish IFQs. Consequently, prohibitions on the purchase of "D" class quota shares were imposed to protect entry level fishermen/crewman. Now, after 5 years of the CQE program, it's clear that the CQEs are struggling to enter the IFQ fisheries and that their participation is unlikely to impact quota market values. Consequently, there is no longer a need to limit the CQE purchase of "D" class quota. In addition, many CQE community residents that hold quota shares have "D" quota and may want to sell to their local CQE, the very goal of the program --- to keep quota shares in the community.

3. Residency requirements for CQE transfer.

Currently, an individual must reside in the community for 12 months prior to fishing CQE quota. The GOAC3 has forwarded a proposal to expand qualifying criteria to individuals wanting to move back to the CQE community. Each year the Old Harbor CQE has faced questions regarding current residency requirements and wrestled with having to tell individuals they are ineligible to fish CQE quota. It is of utmost importance that the CQE residency requirement be clearly defined. Cape Baranabas, Inc. is concerned about relaxing the current bright line rule but recognizes that the current rule may create hardships for some CQE residents.

4. Mid Season CQE quota transfers.

Cape Barnabas, Inc. as the only functioning CQE, has enjoyed an excellent working relationship with NFMS RAM division regarding quota management and transfer. However, this past summer RAM indicated that "inseason" transfers of CQE quota from one individual to another are "authorized on a limited case by case basis" and "may not (be approved)in the future". Cape Barnabas initially awards quota in relatively small amounts to a number of community individuals. Quota that is not captured by a certain date during the season is then transferred to a single community resident for a "clean up" fishery. In this way the CQE both benefits the most community individuals practicable and insures that all of the quota will be caught so the CQE can meet their debt obligations. Mid season transfers from one CQE designee to another are essential to the success of the CQE program. We would request that the NPFMC and their IFQ implementation committee underscore the importance of these transfers to the CQEs.

Very truly yours,

Rich Bur

Rick Berns, Chairman



641 W. Ewing Street Seattle, WA 98119 (206) 284-1162 p / (206) 283-5089 f

February 1, 2010

Chairman Eric A. Olson Executive Director, Chris Oliver North Pacific Fisheries Management Council 605 West 4th Avenue, Suite 306 Anchorage, AK 99501

Sent via Fax

Re: Agenda C-1 IFQ

Dear Chairman Olson and Council Members,

I have previously written to The North Pacific Fisheries Management Council about the need to raise the ownership cap and remove the block system for "A" share Sablefish. At the September, 2009 meeting I testified before the IFQ committee on the need to make these changes. I have not seen a written report and am not sure about the committee's recommendations. Regardless, I am asking the Council to go forward with an analysis of these two changes. The analysis should specifically examine a broad range of ownership cap percentages, such as 1%, 1.5%, 2%, and 5% and should evaluate the need for block shares.

Making these changes to the program would allow "A" share participants to use their vessels more effectively. Under the current system, it is marginally practical to catch small amounts of Sablefish on a freezer vessel. Block shares are a particular problem since there is already very little "A" share quota and the blocks have almost no value to the freezer longline fleet.

Please understand that I am only recommending these changes for "A" share Sablefish. The FLL fleet is primarily comprised of larger vessels owned by fishing companies that operate multiple vessels in different fisheries. The one size fits all approach that was used under the current IFQ system is just not suitable for larger operations and does not create entry level opportunities. The analysis should consider what the goal of creating these regulations was and whether or not that goal is being achieved.

Thank you for consideration,

David Little

Clipper Seafoods, Ltd.



February 1, 2010

Mr. Eric A. Olsen, Chalrman North Pacific Fisheries Management Council 605 W. 4th Avenue, Suite 306 Anchorage, AK 99501 Deliver via fax to (907) 271-2817

Re: Potential Area 2C Charter Operator Hallbut Restrictions

Dear Mr. Olsen,

The Southeast Alaska Guides Organization (SEAGO), www.seagoalaska.org represents charter operators and lodges throughout our region. We are very concerned about additional restrictions being considered for Area 2C charter operators in 2010.

Regulations you enact have a far greater impact than just to the parties directly affected.

Economic Impact – Southeast sportfishing creates \$300M economic activity, generates 3,000 jobs, and supports 400+ small businesses⁽¹⁾. We suffered a 30%+ decline in business in 2009 and 2010 is forecasted⁽²⁾ to show no recovery. This slowdown will cost our local communities an estimated \$200M in economic opportunity, loss of 2,000 jobs, and closure of 150 small businesses over a two year timeframe.

	2009-10
Area 2C Charter Economics(1),(2)	Impact
Financial Loss to Local Communities	(\$200M)
Job Lost/Not Hired	(2,000)
Business Closures	(150+)

⁽¹⁾Data from "Economic Significance of Sport Fishing in Alaska" -
http://www.sf.adfa.state.ak.us/Statewide/economics/
(2)
2010 SEAGO forecast study to ADF&G 11/2009

Two key contributors to this decline are the economic slowdown and increased fishing regulations that have seriously affected the regions' reputation as a sportfishing destination.

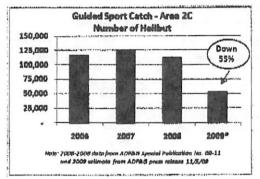
This is not a hypothetical situation, it's very real. For example, the State Just published December unemployment statistics (http://labor.alaska.gov/news/2010/news10-06.pdf) showing an 8.8% statewide rate, the worst since 1992, and the Southeast rate of 9.5%. In addition, charter contributions to local taxes in Sitka are down more than 28% in 2Q09 causing a cutback in essential services, and we have seen population decreases in other areas throughout Southeast. Sadly in 2009, we saw charter businesses fall, communities have suffered, and good people have seen their life's work fall upon tough times.

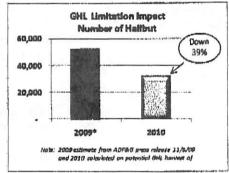


Sport fishing has become the fourth largest component of the State's GDP and needs to be recognized as a significant contributor to the Alaskan economy rather than just a threat to the commercial fishing industry. Now, at a time when the State is working out of the deep recession and looking for growth opportunities, we believe it would be ill advised to take actions that negatively affect its future unless 100% necessary for conservation of the resource. We respectfully request that any actions contemplated by NPFMC that would cause further strain on our local economies in 2010, be taken with serious analysis and forethought.

Regulation Impact - Since 2006 the charter sector has faced a steady progression of restrictions. The reduction in halibut limits from two fish, to two fish with a size limitation rule, and now down to one fish this past summer has resulted in a decrease in the viability of Southeast as a sport fishing destination. Visiting anglers have other options and many are now going elsewhere. Once gone, these anglers are very hard to win back.

The chart below illustrates that we took a 50%+ catch reduction with the introduction of the one halibut rule in June, 2009. If charter operators are limited to the GHL of 788,000 lbs for 2010, it will





reduce our catch to just over 30,000 fish, resulting in an additional 39% reduction. There is no doubt that any regulation change will have a serious impact to jobs and business income in the communities where we live and work.

<u>Fair Consideration</u> - The IPHC has demonstrated flexibility with its 20% target harvest rate to mitigate economic and other situations. These measures were implemented to offset extreme economic impacts in a down cycle such as we are encountering at this time and the commercial fleet has benefited from this process for the past several years. At the January, 2010 IPHC meeting, the Commission took the following action:

IPHC Area 2C Actions Taken 1/29/2010

2.39M lbs - Fishery CEY recommended by staff for the commercial sector

1.31M lbs - SUFD adjustment for economics

<u>0.70M</u> lbs - Additional consideration approved by the Commission

4.40M lbs - Total



resulting in an upward adjustment of two million pounds. Reasons cited for this additional allocation come from the Conference Board Report delivered at the meeting:

"The Conference Board supporting arguments for this harvest level include recent WPUE's that have stabilized and at(sic) the average age of fish harvested is between 12 and 13 years old. This age structure represents a large percent of the resource that is contributing to egg production. The U.S. delegation points out that this area has already taken a 54% reduction over the three preceding seasons."

By granting allocation in excess of the CEY, the IPHC must consider the resource strong enough that there will be no negative impact to conservation or sustainability of the fishery.

Unfortunately the IPHC procedures do not take economic and other considerations into account for charter operators. Further, there are no effective management tools provided by regulators to mitigate situations like we face today. For example the upcoming Catch Sharing Plan will have an option to lease additional catch. Thus, we can only call upon your reasoned judgment for fair consideration.

Recommendation – The double threat of a 39% cut (on top of the 55% reduction in 2009) and continuation of the recession will create a severe problem for both charter operators and the communities where we live and work. We strongly recommend that you enact no additional restrictions on the Area 2C charter operators in 2010. Because of the economic slowdown, we will likely see a flat to down harvest this year even with unchanged regulations. Further, the estimated impact of this recommendation will be less than one quarter of the 2.0M lb adjustment given to the commercial sector for 2010. Finally, it is important to point out that we are looking at just this year because the Moratorium implementation in 2011 will very likely further reduce harvest.

SEAGO would welcome the opportunity to work with all involved to arrive at decisions that are in the best economic interests of our communities, the sustainability and conservation of our halibut fishery, and the financial health of both commercial fishermen and the guided sport sector.

Sincerely,

John A. Blair Executive Director

Southeast Alaska Guides Organization

ohn@seagoalaska.org

925-366-6638

cc: James W. Balsiger, Acting Assistant Administrator for Fisheries, NOAA, via email to: lim.balsiger@noaa.gov
Doug Mecum, Regional Administrator, NOAA Fisheries' NMFS, Alaska Division, via email to: doug.mecum@noaa.gov

1/28/10
North Pacific Fishery Management Council
Eric Olson Chairman
605 W. 4th Ave. Ste 306
Anchorage, AK. 99501-2252



This proposal is offered by members of the charter industry to see the following issues around the 18 year long halibut charter management development finally rationalized.

The Halibut Charter Catch Shares Integration Program

This proposal will provide an end to the allocation split debate between commercial and charters. With this proposal the free market will determine how the allocation will be split between the commercial and the charter industries.

Under the GHL or the CSP one major issue that was not identified in the analysis is, how do the charters increase their total allocation amount? The Growth in demand for charter services has lead this issue since 1993 and has only grown in the interim. The GHL has no provision and the CSP restricts the charters to lease (rent) only, with no economic interest in the resource the charter industry is utilizing now.

This proposal will provide the resource access historically utilized by each individual charter business which can then be used to leverage the purchase of more shares of allocation if the individual business model warrants. The current program does not provide for this necessity and is doomed to failure by not providing the charter industry this long term benefit.

This proposal will provide stability to the coastal communities by providing a fair and balanced management strategy for the "for Profit" industries that use halibut. The industries that support the communities should have equal responsibilities as well as benefits. This proposal will provide this.

This proposal will provide a leveling of the impact of management within the halibut charter industry providing vessel level access limitations, equal conservation requirements, and provide new entry opportunities. We in the halibut charter industry want a management plan that provides for equal charter opportunities with each business in control of their own destiny. Under this proposal halibut stock reductions will require each charter business equal adjustments in share holdings and thus customers serviced, but still allow for upward adjustments of shares through lease/purchase if individual businesses desire. We deserve this recognition.

This proposal will relieve the International Pacific Halibut Commission's concerns about meeting the mandates of the Halibut Act. There will be no over fishing of allocations.

ł

With the very serious abundance issue in IPHC Area 2C this council may wish to Bifurcate this proposal by area to give the council and the IPHC time to resolve the initial issue amount for the halibut charter fleet in 2C. We in 3A wish to avoid draconian restrictions that will impact Alaskan residents' access to halibut through their use of charterboats. We request this issue be explored more fully. We offer relief by your consideration of the next paragraph.

At such times when the halibut stocks are below the amount necessary to maintain a 2 fish limit, NMFS should recognize the option for an individual charter business to purchase more shares and offer a 2 fish limit, vice a complete area wide order for all charters to offer a 1 fish limit, this should be analyzed. Under this plan a variable bag limit option could provide more opportunity in times of lower abundance without placing an undue burden on all charter providers. Consider a 1 fish bag limit with the option to offer a 2 fish bag limit if the operator holds enough shares.

Include a discussion of the ASHS as used to determine the GHL amounts and the more current and correct numbers derived from the logbooks and how this difference should be included prior to any decision on the initial allocation amount. The industry defends the logbook data which has been accepted by this council, please use it.

We request an analysis of the following:

- 1. Allocation amount derived from
 - A. Corrected (per above) GHL amount (if continued into the future) at time of final action by council
 - B. Currently proposed CSP amount (if implemented) at time of final action by council
 - C. Total Reported harvested amount as indicated by logbooks in each
 - 1. Using the 3 year average (2006-2008)
 - 2. Use largest harvest year per logbooks
- 2. Individual Initial issue percentage based on the following:
 - A. Average individual harvested amount per logbooks against average total amount for years 2006, 2007, and 2008.
 - 1. All trips count toward initial issue formula.
 - 2. Only 1 trip per day will count, individual chooses which trip.
 - B. Average Individual harvested amount best 2 years of the 3 indicated above.
 - 1. All trips count toward initial issue formula.
 - 2. Only 1 trip per day will count, individual chooses which trip.

The Catch Shares Integration Program would replace the guideline harvest level (GHL)/ (or the CSP) program. The Charter Catch Shares Integration program could be implemented as early as 2013 if adopted by the Secretary of Commerce, that would be 20 years of debate, long enough.

Major features of this industry proposed program should include:

- The action does not restrict non-charter recreational anglers. It only affects charter operations.
- 2. The action does not permit a charter captain to sell the fish. Fish caught by charter clients belong to the client.
- 3. The halibut Catch Shares Integration Program would be integrated into the existing halibut commercial IFQ program.
- 4. Charter allocations can grow over time, but will never be reduced below initial issue percentage of the combined commercial and charter allocation. Initially issued Charter Catch Shares may not be transferred (sold) to the commercial sector. This will require identification by RAM.
- 5. Catch Shares may be transferred within the charter sector. Commercial Catch Shares may be transferred to the charter sector. Commercial Catch Shares also may be transferred back to the commercial sector. Restrictions on those commercial Catch Shares would continue to be applied while they are used in the commercial fishery.
- 6. <u>Ten</u> percent of charter Catch Shares annual quota (a Catch Shares annual quota is the amount which can be harvested in any one year based on a person's number of Catch Shares multiplied by the total quota) may be leased within the charter sector for the first three years of the program.
- 7. Charter Catch Shares will be issued to a charter vessel owner, or to a person who leased a vessel from an owner, and *qualified for a* moratorium permit, and met all other applicable laws.
- 8. A Catch Shares use cap of 1 percent in Southeast Alaska and 1/2 percent in Southcentral Alaska as well as a cap of 1/2 percent for both areas combined, however, anyone who is initially issued Halibut Charter Catch Shares above those levels would be grandfathered into the program at their qualifying level.
- A delay of one year between the issuance of Catch Shares and fishing under the Catch Shares annual quota to allow for Catch Shares holdings and contracted effort (customers) to be synchronized.
- 10. Catch Shares annual quota would be issued in numbers of fish (compared with pounds in the commercial program) to allow current fishing practices to continue.
- 11. An agency and charter industry committee will develop an implementation plan to address online reporting, monitoring, and enforcement.

Issue 3. Qualification Criteria

Moratorium qualified Initial issuees who carried clients in 2006, 2007, and 2008, and who submitted ADF&G logbooks for an active vessel <u>reporting hallbut harvest</u> (as received by ADF&G by December 31, 2008).

Initial issuees will be required to be currently participating (meeting all legal requirements including filing a logbook with activity) during season prior to final action (yet to be announced) and any year claimed during the qualifying period (currently 2006 - 2008) and claimed trips must have been under the operation of a person holding a U.S. Coast Guard license.

This proposal is offered by the many long established, full time professional businesses responsible for the majority of the halibut charter harvest. We feel this is the only option if this industry is going to keep a product that will be marketable into the future. We request the NPFMC consider this proposal.

Most Respectfully,

Robert Ward

Tim Evers

RECEIVED JAN 2 9 2010

Post-It™ brand fax transmittal	memo 7671 # of pages ▶ //
*NPFMC	From ALFA
Co.	Co.
Dept.	Phone #907-747-3400
Fax#907-271-2817	Fax # 907-7



Post Office Box 1229 / Sitka, Alaska 99835 907.747.3400 / FAX 907.747.3462 alfastaff@gmail.com

North Pacific Fishery Management Council 605 West 4th Street Ste. 306 Anchorage, AK 99501

January 28 2010

Dear Chairman Olsen,

On behalf of the Alaska Longline Fishermen's Association, I am submitting these comments on Agenda item C-1 IFQ Proposals.

ALFA members evaluated the IFQ proposals submitted to the Council relative to the core objectives of the halibut/sablefish Quota Share (QS) program. Proposals that undermine the objectives of resource conservation, entry level opportunities or the owner-operator nature of the fleet ALFA opposes. Proposals that are neutral relative to these objectives or are specific to areas in which our members seldom fish, we are neither for nor against analysis. That said, we understand that staff time is limited and often over-taxed, and have been rigorous in selecting proposals for analysis.

Of the proposals submitted, there is one that ALFA strongly supports for analysis: amend grandfather/hired skipper privileges in the halibut/sablefish fishery to sunset these rights on any future catcher boat quota that is bought, traded or gifted. This amendment is consistent with the founding principles of the QS program by supporting owner-operators and discouraging absentee ownership. Active participation by QS holders sustains the working waterfront in Alaska's fishery dependent communities. Absentee ownership allows the rents from the resource to be siphoned away from the active fishermen and away from fishery dependent communities. To the degree initial recipients who no longer fish elect not to purchase additional shares, those shares will be available to active fishermen, both owner operators and crewmen.

ALFA members recognize that QS holders have made investments based on existing fishery regulations, and that those investments should be respected. Members also recognize that some "hired skippers" are using the income from harvesting other people's QS to work their way into QS ownership. For these reasons, we support the proposed amendment as a reasonable

compromise between the current system and immediately terminating the hired skipper provision. Nevertheless, we fully support a complete transition of catcher shares to owneroperators over time and believe that transition will assist new entrants far more than any existing "hired skipper" arrangements.

ALFA also supports analysis of the proposed amendment to reduce the required notice to deliver requirement to one hour for D class vessels delivering less than 500 pounds of halibut. Coastal residents who fish from skiffs in remote areas are generally out of "call in" range until they are very close to town. Skiffs generally can hold only a limited amount of ice. By regulation, an IFQ unload must commence after 6 a.m. and before 8 p.m. Since many skiff fishermen day fish and try to sell each night, this combination of factors results in halibut held in skiffs overnight with the ice melting and the fishermen missing part of the following fishing day while s/he unloads in the morning. Skiff fishermen already face enough challenges to successful operations without a burdensome delivery notification period. Along with the rest of the industry, ALFA supports effective enforcement and believes this accommodation, which mirrors regulations for trollers landing IFQ halibut as bycatch, could be made without compromising that effectiveness, and that any enforcement concerns should be explored in the analysis.

Below is a brief synopsis of ALFA's position on other proposals.

ADAK Proposal- ALFA is neutral on this proposal, but if it moves ahead would expect ADAK to be subject to:

- 1. All CQE caps/QS ownership and use requirements;
- 2. All individual ownership and use caps;
- 3. Limited to purchasing QS in 4B and AI

Remove the block system for A shares; Increase the A share ownership cap- ALFA opposes this proposal. This undermines program goals by allowing additional consolidation of QS.

Allow for use of pots in GOA SE sablefish fishery- ALFA is neutral on this proposal, recognizing that while pots may solve some issues their use in the Gulf sablefish fishery would create a number of new problems, including gear conflicts, deadloss and displacement of the small boat fleet. As the Council may be aware, ALFA has been engaged in a cooperative research project with SCRIPPS Oceanographic Institute and the University of Alaska to study sperm whale predation on longline-caught fish and develop effective deterrents. Although we have had limited success in deterring whales, we will be testing additional deterrents during the 2010 season.

If the proposal moves ahead, ALFA recommends the analysis include:

1. Allow pots throughout the Gulf, not only in SE

- 2. Prohibit pots during some part of sablefish season (e.g. two months in spring or summer)
- 3. Restrict type of pot used; require escape ring
- 4. Require pots be cycled once per week

GOACC Proposals- ALFA is neutral on these proposals, but if proposals move ahead recommends the following:

- 1. Residency requirements- minimum of six months residency for first three years; then 12 months in following years to qualify to fish CQE pounds. Without residency requirements, the CQE program is unlikely to generate the jobs necessary to support the communities.
- 2. Change in CQE eligibility requirements to purchase all vessel categories-Although ALFA members thought restrictions could be relaxed somewhat, some limits should be in place to prevent CQE communities from purchasing all available D shares.
- 3. Request to eliminate vessel limitations for CQEs- ALFA members did not oppose, but questioned if relaxing these vessel limitations wouldn't undermine goals of building fishing capacity in the communities.

Allow retention of coincidentally harvested halibut during the BS sablefish pot fishery-ALFA opposes

Loan program proposal- outside Council jurisdiction

Permit D class to be fished on C class vessel in area 4B- ALFA is neutral, since it is outside the grounds fished by most ALFA members. We note that it seems to address a very limited problem, and request that the Council carefully consider whether the proposed amendment supports or undermines the access of small boat fishermen.

Heritage Vessels- ALFA is neutral on this proposal, recognizing that vessel lengths often do not correlate to vessel capacity but that the proposed regulatory change would create significant regulatory complexity.

Allow second generation fishermen to achieve second generation rights- As detailed above, ALFA opposes regulatory changes that increase absentee ownership of quota share and supports transition back to an owner-operated fleet. ALFA opposes this proposal.

Allow the transport of IFQ fish on a catcher boat via trailer- ALFA members opposed this proposal based on enforcement concerns.

Increase halibut vessel IFQ cap in Area 4- ALFA is neutral on this proposal, but concerned that any increases in vessel caps encourages consolidation at the expense of crew jobs.

Allow Adak to be an Aleutian Island CQE community- ALFA is neutral on this proposal.

In closing, ALFA appreciates the Council's time in reviewing amendments to the sablefish/halibut quota share program. In evaluating requests for regulatory change, ALFA recommends the Council use the founding goals of the program as a yardstick. ALFA considers one proposals: the sunset on hired skipper provisions for future catcher boat quota share purchases—an essential step toward reinstating the owner-operator nature of the fleet, which was one of the primary objectives of the program. Our membership also supports reducing the reporting requirements for small halibut deliveries by skiffs to support this entry level component of the fishery. We recognize that staff time to conduct that necessary analysis is limited and request that the Council be rigorous in its review of the submitted proposals.

Thank you for your time and attention.

Sincerely,

Linda Behnken, Director

Lenda Behili

North Pacific Fisheries Management Counsel

605 West 4th Ave. Anchorage, AK 99501-2252

Febuary 8-16, 2010 Meeting; Agenda item C-1 Halibut and Sablefish

Comments Concerning Mike Douville's

Proposal to allow longline pot fishing in the Gulf of Alaska.

Longlining pots for Sablefish in the Gulf of Alaska is a bad idea. Unless proper regulation is implemented.

NICK & KIM NEKFEROFF

I fish on a 58' fixed hook and long line boat out of Sitka Alaska. I and the other 5 persons onboard long line, Halibut and Black cod, on our way from Sitka to near Umnak delivering to a number of ports along the way. The Last few years have been difficult in the Bering Sea. Competitor vessels have converted to Longlining Pots for black cod. A problem with this is our loss of gear as hook and line fishermen, due to pots already out, as well as pots being set near us. The Pot fishermen often leave pots in areas for weeks at a time. Not only is this bad environmentally, but it inhibits our ability as hook and line fishermen. There needs to be soak time regulations immediately. Strict well enforced regulations.

Soak time regulations. In Canada Black cod pot fisherman must pull there pots every 4 days. I would think a few hours would be sufficient. Each time A vessel delivers, all its fishing gear should be onboard. This vessel is done fishing. Occupying grounds another fisherman could properly utilize is poor management of the resource.

Pot regulations. Both the number of pots as well as the volume inside of these pots need closer attention.

Large escape panles are important. If a pot is left more than a couple days, it should be made to expel its occupants. Bycatch from pots that are left for extended periods and pots that may be lost is something that I believe is underestimated.

These are just a few of the problems, I as a hook and line fishermen have with the use of longlining pots in Alaska. I believe they need to be addressed and regulations implement first, before attempting to allow the use of long line pots for Sablefish in the Gulf of Alaska.

Thank you Counsel Members

Nick Nekeferoff (907)747-4606

P.O. 1331

Sitka, AK 99835

February 2, 2010

1 of 4

Michael J Mayo

2808 Sawmill Creek Rd

Sitka, AK 99835

michaeljmayo@hotmail.com

907-747-8788/ 907-738-1698

North Pacific Fishery Management Council

605 W 4th Ave Suite 306

Anchorage, AK 99501

RE: Sablefish proposal; to allow pots to fish for sablefish in the Gulf of Alaska southeast fishery submitted by Michael Douville.

I have fished black cod/ sablefish in the Gulf of Alaska for over 30 years and in the Bering Sea since 1983. I have fished around the boats fishing for blackcod with pots in the Bering sea. I have found many problems with this type of fishing and hopefully these problems can be addressed and fixed before we further complicate the blackcod fishery in the Gulf.

1] Gear Conflict: Over the last 25 years I have lost minimal gear while fishing black cod in the Bering Sea. Never a string of gear. However, we have lost 2 full strings in the last 4 years while fishing around the pot boats and their gear. Why? Gear conflict. Sometimes it is because they leave their gear unattended for weeks at a time. When you get to a string of pot gear you cannot call the person to find out where the

2 of 4

string of gear runs. One time I found, while trying to fish around pots, that the boat was not on the grounds. This happens not infrequently. The captain was in Anchorage for a couple of weeks. This is a too often common occurrence. There is no standard for when the gear should be hauled. There is no standard for how long gear can soak. In the Canadian pot fishery regulations for sablefish it says "No person shall set a trap and leave the trap in the water for more than four consecutive days without lifting the trap from the water and removing all the catch." We have an basically a 'wild west, shoot em up mentality' in the Alaskan Bering Sea sablefish pot fishery with no consideration for conservation or sustainability.

Another problem we have is that sometimes the buoys for the sablefish pots go down because of the currents. This can happen more to the buoy line for pot gear as compared to the buoy line for longline gear because the pot buoy line is a substantially larger diameter that the diameter of the longline gear. One time [approximately July 1983or 1984] while fishing in the Western Gulf for sablefish I came across the F/V Courageous [actually, I set across them]. I never saw their buoys. Why? They told me they were down for two weeks. Luckily, his buoys soon came to the surface and because they were in the vicinity and started to haul gear, when I did, I was able to get my gear back, although in two pieces.

Conservation and Sustainability: There is no pot limit on the fishery. There are no escape rings. Again, to quote the Canadian pot fishery regulations, "No person shall fish for sablefish with a trap unless the trap has in the side walls at least two escape openings each having a

3 of 4

diameter of not less than 8.89 cm [3.5 inches] which creates an unrestricted exit out of the trap". This allows small sablefish to escape. I submit that there is a distinct possibility that the larger sablefish are cannabilizing the smaller ones. Whereas a preliminary study has not shown this, it is better to err on the side of conservation. Especially because these small sablefish classes have been hard to find. The nursery grounds for the Sablefish resource is off of the Bering Sea side of Unalaska Island. This large [approximately 40 by 60 mile] 200 fathom flat is fished by the pot boats. Since the pot boats have started fishing these grounds the small year classes have dwindled. This same scenario happened after the rape of these grounds by the drag fleet in the late 80's. At that time there were no National Marine Enforcement people stationed west of Kodiak. This stopped when the Enterprise boats were caught off of Cross Sound, in similar grounds, by NMFS, doing the same thing. After that stopped our small classes of sablefish started returning. Now, 20 years later with basically the same thing happening [the large fishery on the nursery grounds], we again see the small year classes disappearing. Sablefish metabolize their food very quickly. In the spring of 1999, John Maher and myself visited the hatchery for sablefish at Comox on Vancouver Island. This was pointed out to us. That is, sablefish put to bodyweight the food they consume exceedingly fast. We, while fishing sablefish, rarely ever find food in the stomachs of sablefish when they are caught. This also supports the hypothesis that sablefish metabolize their food quickly. Therefore, it is a distinct possibility that the larger sablefish can eat the smaller ones if they are stuck in the pot for a prolonged period of time

4 of 4

and they are hungry. That the larger sablefish eat the smaller sablefish in the pots was told to me by Canadian sablefish fishermen.

Ghost fishing: Back in the late 1970's there was a sablefish pot boat called the F/V Billy Dawn. He lost gear in front of Kruzof Island. I personally [while fishing the F/V Helen] had gear conflicts with his lost [ghost] gear. It was many years before his pots drifted off the edge from being pulled up and then parting the gear and dropped down again. Any lost pot will continue to fish especially without escape rings or natural fiber twine that will deteriorate at the deeper depths. As for now, we have no studies that show when the escape panel twine deteriorates. At the depth that sablefish is fished at, with the lower oxygen content, it could deteriorate at a much slower pace than say for dungeness gear, which would be in a much shallower depth.

Sincerely,

Michael J Mayo

Captain, F/V Coral Lee

Cale LaDuka

P.o. box 1216

Sitka Ak 99835

Dear Members of the Council,

Thank you for taking the time to read my lotter and consider my concerns. Today will express some concerns dealing with the use of black cod pote, or also known as traps.

NICK & KIM NEKFEROFF

My name is Cale LaDuke. I am from and currently reside in Shka, Alsoka. I am a dack hand aboard a commercial hatibut and black cod long line vessel. The vessel I work on is 58 feet long. We fish a lot of the areas in the state but not all of them. We start in southeast Alaska, work our way across the gulf, from there we head to the Bering Sea and the Aleutians before returning home.

I have noticed in the state that the only place people fish with pote or traps for black cod is in the Bering Sea, Aleutians and Clarence Straight. I have never fished in Clarence so I can't speak to that, but I have seen plenty of pol fishing in the other two areas. About 8 or 9 years ago is when we started seeing a few pot boats. Since then I have noticed a significant growth in the amount of boats fishing pots. I understand that pots are a very effective strategy to figh around whalee, especially killer whalee in the Bering and Aleutians. The Gulf and other areas primarily have problems with sporm whales, which are a nuisance but nothing compared to killer whales. It is also true that it can be sater for birds, but that issue, I feel has been dealt with by bird lines, noise makers, and other devices designed to keep birds at a eate distance from hooks.

However there are benefits to using pote, there are many negative effect and conflicts between geer types. One problem we have encountered every year since the pot boats have been fighing around us is setting gear. When looking for places to set hook and kine gear we have found that the fishing grounds have been covered with pot long line gear. The pots are sometimes left for weeks in the same place without being tended to, or they are left while bosts go to town for whatever reason. It seems that the lighing grounds have been privatized or owned by the guys who get their pots there first. We, and many other hook and line long liners use 3/8" diameter line and the pot boats have much heavier goar and use much thicker line, 1" and sometimes as thick as 1 and 1/4" thick line. This difference of goar size can be a problem when one gear type comes in contact with another. I don't think there to any intentional entanglements but when there is no one in the crea to watch their gear or let you know there is gear in an area it happens quite a bit, and being the smaller of the gear types you usually don't get your gear back. This gear loss is expensive and invasive to the environment, it would be nice to address this problem before implementing pots in the guif or anywhere else. I think soak times for pots or haviling gear and taking it with the boat are a few ways this problem can be worked out.

Another problem that I am not well informed about, so I won't get too in depth with, but is still very important, is escapement. I am not sure if this is true but I Move heard that there is no biodegradable line in the pots or ecosponent rings required in the Bering and Alcuttans. This is hard to believe but if it is true should be addressed immediately, especially eleco the pote are left in the water for so

I will leave it at that, but I hope before there are ever pota allowed back in the gulf or etsewhere, the problems we encounter in the Bertna sea and Alautians will be resolved.

Thank you for your time.

El 601 -

Cale LaDuke



February 2, 2010

Eric Olson, Chair North Pacific Fishery Management Council 605 W. 4th Avenue Anchorage, AK 99501

RE: Agenda Item C-1 IFQ Proposals

Dear Chairman Olson,

The Alaska Marine Conservation Council would like to offer our support for analyzing the IFQ proposal amending grandfather/hired skipper privileges in the halibut/sablefish fishery. This proposal would sunset these rights on any future catcher boat quota that is bought, traded or gifted.

The halibut/sablefish IFQ program has been in effect long enough that large amounts of quota are now harvested by hired skippers. This trend has resulted in more quota being held by absentee owners, siphoning the benefits away from active fishermen in our communities. The current hired skipper allowance reduces opportunity for active fishermen who would otherwise be able to purchase quota. Thriving coastal communities depend on access to adjacent resources to maintain working waterfronts. Coastal resident fishermen depend on the opportunity to develop diverse fishing portfolios in order to maintain viable fishing businesses. The ability to modify limited access programs to meet objectives of the program is an integral part of the Council process. Maintaining active participation and opportunity for future generations is an important aspect of the IFQ halibut/sablefish programs. Sunsetting the hired skipper allowance will not disrupt current fishing operations but will make more future quota available to owner-on-board operators and young fishermen growing their business.

Although the halibut/sablefish IFQ program is not technically subject to the LAPP provisions in the Magnuson-Stevens Act, it would be in keeping with the spirit of the Act to consider and be responsive to the intent of those provisions designed to provide for new entrants and communities.

AMCC is committed to effective conservation of our resources as well as promoting clean fishing opportunities that form the basis of sustainable working waterfronts in our communities.

Sincerely,

Theresa Peterson

Kodiak Outreach Coordinator

healthy oceans ... healthy communities

Dorothy Childers
Program Director



Pacific Halibut – Sablefish IFQ Report

Fishing Year 2008



NOAA Fisheries

NOAA's National Marine Fisheries Service (NMFS) Alaska Region, Restricted Access Management (RAM)

April 2009

HIRED SKIPPER (HIRED MASTER) ACTIVITY

A central policy of the IFQ Program is that those who hold catcher-vessel QS and receive annual IFQ permits should, over time, exercise the harvest privilege themselves. This is the so-called "owner-onboard" policy, which applies to catcher-vessel QS/IFQ in categories B, C, and D, but not to category A ("freezer vessel") shares that may be leased without restriction. The IFQ Program is designed so that eventually all catcher-vessel IFQ will be fished by the QS/IFQ holders.

An element of the program is that, during a transitional period, some persons may (and others must) designate an "IFQ Hired Master" (referred to as a "Hired Skipper" or "Skipper") to do the fishing authorized by their annual IFQ permit. Under regulations established in 1998, the IFQ permitholder may not hire a Skipper unless the IFQ permitholder holds an ownership interest of at least 20 percent of the vessel upon which the IFQ is to be fished by that Skipper (an exception to this rule results in a small number of permitholders being allowed to hold less than 20 percent). This "grandfather" provision enables vessel owners (who were able to hire someone else to run their boats prior to the IFQ program) to continue to hire Skippers. However, as individuals depart from the fishery and as corporations and partnerships dissolve over time, new entrants who take their place must be onboard when the fish are caught. With such regulatory requirements, it is inevitable that over time there will be an increasing number of individual QS holders who may not hire Skippers to fish their IFQ. By both consolidation and regulation, eventually all catcher vessel QS/IFQ will be held by persons who must be onboard during harvest of their IFQ.

In earlier reports, the Hired Skipper activities have been reported as the total amount of landings by Hired Skippers, expressed in absolute numbers and as a percent of the IFQ TAC. Using that approach for the 2008 IFQ season, we see that 324 distinct skippers participated in the IFQ fisheries for both species in all areas and QS categories. Of these Skippers, 287 persons harvested 21,064,796 pounds of IFQ halibut (head off, gutted), which was approximately 44 percent of the entire IFQ TAC. Also during the season, 184 Hired Skippers harvested 17,398,973 pounds of sablefish (round weight), which was approximately 58 percent of the IFQ TAC.

Table 2.5 A continued table displays the number of Hired Skippers who fished during 2008 by species, area, TAC, and IFQ pounds and percent TAC landed. Individuals who initially received QS may not hire a skipper to fish their IFQ permit in 2C (halibut) or SE (sablefish). These data include QS of all categories. These data are not additive across areas because some Skippers fished in more than one area for the same or other IFQ permitholders.

Table 2.5 Number of Hired Skippers by species and area, with IFQ TAC, Pounds landed, and percent area TAC landed, 2008

Species/Area	Number of Hired Skippers	IFQ Pounds landed	IFQ TAC	Percent Area TAC
Halibut 2C	27	137,822	6,210,000	2.2
3A	216	10,371,956	24,220,000	42.8
3B	152	6,426,776	10,900,000	59.0
4A	62	1,714,453	3,100,000	55.3
4B	27	886,761	1.488,000	59.6
4C	4	27,494	884,500	3.1

Table 2.5 Continued

Species/Area ^a	Number of Hired Skippers	IFQ Pounds landed	IFQ TAC	Percent Area TAC
4D	26	1,499,534	1,238,300	121.1
Sablefish Al	29	1,180,190	3,227,534	36.6
BS	32	1.086,877	2,522,062	43.1
CG	131	7,968,422	9,700,240	82.2
SE	43	1,152,456	7,098,812	16.2
WG	49	3,092,273	3,333,355	92.8
WY	81	2,918,755	4,085,124	71.5

Area 4C can be fished in 4D, which accounts for irregular percentages in these areas.

In order to take a more detailed look at the use of Hired Skippers, we must selectively exclude some data and qualify others.

"Eligible Person" and QS/IFQ type: First, this section focuses on catcher vessel QS and IFQ. Category "A" IFQ is excluded as fully leasable; these data mask the effects of Skipper use. With some exceptions, "Eligible person" means a person who could, or has, hired a Skipper. This group includes all nonindividuals (who must hire Skippers) and individual initial issuees who hold QS in areas other than just 2C (halibut) and SE (sablefish). In areas 2C and SE, individual QS holders must always be onboard. Excluded from "Eligible" for years prior to 2000 are individuals who used NMFS loan funds to purchase QS. Before that year, such persons were required to be onboard during all of their IFQ harvests, even if they held QS outside of 2C and SE and initial issuee status. After 1999, a review of regulations resulted in a policy change: the requirement to be onboard is now a NMFS loan contract provision rather than a permanent change of Hired Skipper privileges; in subsequent years, these individuals are not excluded from "Eligible persons." QS holders who may never hire Skippers are "IFQ crewmembers," individual citizens who demonstrated 150 days of U.S. commercial fishing experience, who only acquired QS by transfer, and must be onboard a vessel when their IFQ is harvested. The primary focus of this section is on "Eligible persons, their Hired Skippers, harvestable pounds (and percent of TAC landed), and landings.



In sum, and unless otherwise noted, for this report a person "eligible" to hire a Skipper means an *individual initial issuee* who held catcher vessel QS/IFQ for areas other than 2C (halibut) or SE (sablefish) and (for 1995–1999 only) did not have a NMFS loan, or a *nonindividual person* that held catcher vessel QS/IFQ.

A number of additional data assumptions and qualifiers must be considered:

Effects of time: Other sections of this annual report display clear evidence of the general decrease over time of QS holders, including loss of initial issues. Such persons typically are replaced by IFQ crewmembers or heirs of deceased individual QS holders, neither of whom may hire Skippers. Also, this section uses year-end data. Although Hired Skipper and QS/IFQ transfer applications may be approved at any time, Skippers are presumed to have been hired for an IFQ holder for the entire year, and IFQ pounds available to eligible persons and their Hired Skippers as of year-end are assumed to have been fully available to both persons for the entire year.

Changes in program privileges. Several program changes or provisions and other factors fall into this category.

- From 1995 through 1998, nonindividuals were not required to formally hire Skippers to fish their IFQ. For clarity and comparability, some data reflect changes or comparisons among years only for 1998 on.
- For 1995 through 1997, a small fraction of catcher vessel QS could be leased. This provision was little-used and is ignored herein. Under federal regulations, at any time an individual initial issuee may form a new solely owned corporation and transfer in QS holdings. In such cases, the individual loses his/her initial issuee status.
- As discussed above, from 1995 through 1999, otherwise qualified individuals who received NMFS loans to purchase or refinance QS were considered to have permanently lost the ability to hire Skippers; as a result, data for those years include only persons who had not received such loans. Thereafter, such persons are included in counts of persons eligible to hire Skippers.
- Hired Skippers may not be used by individual IFQ permitholders in 2C and SE and are excluded from "eligible to hire Skippers" even though they may purchase QS in other areas at any time.

Data anomalies: This includes results of data rounding, missing data, and fishing violations, such as fishing in prohibited areas.

<u>Fishing activity</u>: Each year, a number of persons do not use (fish) their IFQ or do not hire skippers, even if eligible. In the following data, we note these distinctions and inclusions/exclusions.

As a consequence of these factors, the following data must be viewed as estimates of the use and activities of Hired Skippers and of persons who hired them.

Use of Hired Skippers by Individuals

In this section we show hired skipper data for skippers hired by individual QS holders fishing for halibut and sablefish, showing eligible person pools over time, annual TACs, fishable pounds, and landings by skippers fishing for individuals.

Table 2.6 Number of individual halibut QS holders and their use of Hired Skippers, 1995-2008

Halibut	1995ª	1996	1997	1998ª	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percent Change 1998–2008	Average 1998–2008
Number of all individuals	2,861	2,790	2,615	2,452	2,364	2,243	2,180	2,163	2,136	2,060	2,012	1,971	1.846	1,725	-29.6%	2,105
Number of all individuals eligible to hire Skippers	2,664	2,387	2,127	1,949	1,815	1,675	1,576	1,521	1,445	1,349	1,295	1,233	1,141	1,051	-46.1%	1,459
Individual QS holders eligible to hire Skippers and had IFQ landings	1,327	1.296	1,209	1,005	982	942	859	845	798	749	727	715	733	711	-29.3%	824
Eligible Individual QS holders with landings and who hired skippers	76	108	125	110	116	125	137	135	153	159	172	181	187	201	82.7%	152
Number of Skippers hired by eligible individuals with landings	72	93	103	98	110	135	147	143	158	149	174	185	187	198	102.0%	153

Table 2.7a Percent of individual halibut QS holders and their use of Hired Skippers, 1995-2008

Halibut	1995	1996	1997	1998ª	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percent Change 1998–2008	Average 1998–2008
Number of all individuals	2,861	2,790	2,615	2,452	2,364	2,243	2,180	2,163	2,136	2.060	2,012	1.971	1,846	1,725	-29.6%	2,105
Percent of all individuals eligible to hire Skippers	93%	86%	81%_	79%	77%	75%	72%	70%	68%	65%	64%	63%_	62%	61%	-23.3%	69%
Percent of individual QS holders eligible to hire Skippers and had IFQ landings	50%	54%	57%	52%	54%	56%	55%	56%	55%	56%	56%	58%	64%	68%	31.2%	57%
Percent of eligible individual QS holders with landings and who hired skippers	6%	8%	10%	11%	12%	13%	16%	16%	19%	21%	24%	25%	26%	28%	158.3%	19%
Average number of Skippers hired per eligible individual with landings	0.95	0.86	0.82	0.89	0.95	1.08	1.07	1.06	1.03	0.94	1.01	1.02	1.00	0.99	10.6%	100%

Table 2.7b Number of individual sablefish QS holders and their use of Hired Skippers, 1995-2008

Sablefish	1995ª	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percent Change 1998–2008	Average 1998–2008
Number of all individuals	528	521	505	486	473	459	459	465	471	464	464	459	448	450	-7.4%	463
Number of all individuals eligible to hire Skippers	496	467	423	401	376	341	324	314	298	287	279	268	261	259	-35.4%	310
Individual QS holders eligible to hire Skippers and had IFQ landings	317	296	269	232	214	195	185	179	161	157	154	156	155	151	-34.9%	176
Eligible individual QS holders with landings and who hired skippers	30	44	51	46	53	56	64	65	71	77	85	94	90	86	87.0%	72
Number of Skippers hired by eligible individuals with landings	30	43	52	45	55	71	80	82	95	91	101	110	105	105	133.3%	85

Table 2.8 Percent of individual sablefish QS holders and their use of Hired Skippers, 1995-2008

Sablefish	1995	1996	1997	1998ª	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percent Change 1998–2008	Average 1998–2008
Number of all individuals	528	521	505	486	473	459	459	465	471	464	464	459	448	450	-7.4%	463
Percent of all individuals eligible to hire Skippers	94%	90%	84%	83%	79%	74%	71%	68%	63%	62%	60%	58%	58%	58%	-30.2%	67%
Percent of individual QS holders eligible to hire Skippers and had IFO landings	64%	63%	64%	58%	57%	57%	57%	57%	54%	55%	55%	58%	59%	58%	0.8%	57%
Percent of eligible Individual QS holders with landings and who hired skippers	9%	15%	19%	20%	25%	29%	35%	36%	44%	49%	55%	60%	58%	57%	187.2%	43%
Average number of Skippers hired per eligible individual with landings	1.00	0.98	1.02	0.98	1.04	1.27	1.25	1.26	1.34	1.18	1.19	1.17	1.17	1.22	24.8%	119%

Annual IFQ TACs, 1995–2008

Total annual IFQ TAC is the entire IFQ allocation for all areas. As Table 2.5 indicates, over time, specified TACs have fluctuated although total IFQ TACs for halibut have not changed by more than about ±14 percent and for sablefish, much less. TACs are shown in head off-gutted pounds for halibut and round pounds for sablefish. TAC minus A share pounds are provided as an estimate of "unleasable" TAC.

Table 2.9 Annual IFO TACS in thousands of pounds, 1995-2008

Halibut	1995	1996	1997	1998ª	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percent Change 1998–2008	Average 1998–2008
Total TAC	37,422	37,422	51,116	55.708	58,390	53,074	58,534	59,010	59,010	58,942	56,976	53,308	50,212	48,041	-13.8%	55,564
Total TAC Minus A Share lbs ^a	36,499	36,375	49,632	54,095	56,644	51,411	56,724	57,205	57,211	57,230	55,339	51,795	48,781	46,638	-13.8%	53,916
511a1 C 103	30,477	30,373	47,032	31,033	30,011			,	,				·			
Sablefish	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percent Change 1998–2008	Average 1998–2008
											2005	2006 34,546	2007	2008	Change	_

Annual Fishable Pounds for Individuals, 1995-2008

"Fishable pounds" are slightly different from TAC pounds in that they include IFQ permit pounds available for harvest (pounds from QS lbs ± adjustments from prior-year fishing) whether or not fished. In every IFQ Program year, adjusted carryover from the prior year has been greater than underage adjustments, so that fishable pounds have been greater than the specified TAC. For more information about effects of adjustments, see the next section "Effects of Underage and Overage Adjustments of Annual IFQ Permits on Future Year Permits." In Tables 2.10a and b, we show the numbers of catcher vessel pounds available to individual persons who are "eligible" to hire skippers. "Eligible person" is defined at the beginning of this section.

Table 2.10a Annual fishable halibut pounds and percent total catcher vessel IFQ TACa held by persons who could hire Skippers, 1995-2008

Halibut – Individuals	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percent Change 1998–2008	Average 1998-2008
Fishable IFQ lbs held by individuals eligible to hire Skippers and had landings	15,923	16,371	22,663	23,995	25,174	21,650	23,747	24,273	23,346	22,268	20,524	19,007	19,309	19,333	-19.4%	22,057
Percent of total IFQ TAC as fishable lbs held by Individuals eligible to hire Skippers and had landings	42.5%	43.7%	44.3%	43.1%	43.1%	40.8%	40.6%	41.1%	39.6%	37.8%	36.0%	35.7%	38.5%	40.2%	-6.6%	40%

Table 2.10b Annual fishable sablefish pounds and percent total catcher vessel IFQ TAC^a held by persons who could hire Skippers, 1995-2008

Sablefish – Individuals	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percent Change 1998–2008	Average 1998–2008
Fishable IFQ lbs held by individuals eligible to hire	12,668	10,210	8,849	8,388	7,652	7,486	7,292	7,641	8,616	9,257	8,666	7,968	7,711	6,881	-18.0%	7,960
Percent of total IFQ TAC as fishable lbs held by individuals eligible to hire Skippers and that had landings	27.8%	28.9%	29.3%	28.1%	28.2%	25.0%	25.0%	26.0%	24.7%	24.4%	24.2%	23.1%	23.1%	23.0%	-18.3%	25%

Landings by Skippers on Permits Held by Eligible Individuals

Table 2.11 Landed IFQ pounds and percent of TAC/fishable pounds by individuals and Skippers, 1995-2008

Halibut	1995	1996	1997	1998ª	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percent Change 1998–2008	Average 1998–2008
Landed IFQ lbs for individuals eligible to hire Skippers and that had permit landings	14,680	15,757	22.033	22,509	24,165	21,174	22,755	23,773	22,890	21,765	20,087	18.773	19.036	19,115	-15.1%	21,458
Percent of Total IFQ TAC as landed IFQ lbs on permits held by individuals eligible to hire Skippers and that had landings	39.2%	42.1%	43.1%	40.4%	41.4%	39.9%	38.9%	40.3%	38.8%	36.9%	35.3%	35.2%	37.9%	39.8%	-1.5%	39%
Landed IFQ lbs by Skippers for individuals eligible to hire Skippers and that had landings	1,352	2,476	3,964	4,419	5,219	5,800	7,414	7,713	8,412	8,358	8,319	8.083	8,613	8,455	91.3%	7,346
Percent of landed IFQ lbs by Skippers for individuals eligible to hire Skippers and that had landings	9.2%	15.7%	18.0%	19.6%	21.6%	27.4%	32.6%	32.4%	36.8%	38.4%	41.4%	43.1%	45.2%	44.2%	125.3%	35%
Percent of Total IFQ TAC landed by Skippers	3.6%	6.6%	7.8%	7.9%	8.9%	10.9%	12.7%	13.1%	14.3%	14.2%	14.6%	15.2%	17.2%	17.6%	121.8%	13%
Percent of available fishable lbs (held by individuals eligible to hire Skippers and that had permit landings) landed by Skippers	8.5%	15.1%	17.5%	18.4%	20.7%	26.8%	31.2%	31.8%	36.0%	37.5%	40.5%	42.5%	44.6%	43.7%	137.5%	34%

Continued

Table 2.11 Continued

Sablefish	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Percent Change 1998–2008	Average 1998–2008
Landed IFQ lbs for individuals eligible to hire Skippers and that had permit landings	11,798	9,816	8,460	7,892	6.932	7,077	6,840	7,093	7,967	8,736	8,108	7,535	7,305	6,569	-16.8%	7,459
Percent of Total IFQ TAC as landed IFQ lbs on permits held by individuals eligible to hire Skippers and that had landings	25.8%	27.8%	28.0%	26.4%	25.5%	23.6%	23.5%	24.1%	22.9%	23.0%	22.7%	21.8%	21.8%	21.9%	-17.1%	23%
Landed IFQ lbs by Skippers for individuals eligible to hire Skippers and that had landings	765	2,359	1,971	2,286	1,968	2,387	2,985	3,273	3,901	4,609	4,830	4,969	4,855	4,339	89.8%	3,673
Percent of landed IFQ lbs by Skippers for individuals eligible to hire Skippers and that had permit landings	6.5%	24.0%	23.3%	29.0%	28.4%	33.7%	43.6%	46.1%	49.0%	52.8%	59.6%	65.9%	66.5%	66.1%	128.1%	49%
Percent of Total IFQ TAC landed by Skippers	1.7%	6.7%	6.5%	7.7%	7.2%	8.0%	10.3%	11.1%	11.2%	12.1%	13.5%	14.4%	14.5%	14.5%	89.1%	11%
Percent of available fishable lbs (held by individuals eligible to hire Skippers and that had permit landings) landed by Skippers	6.0%	23.1%	22.3%	27.2%	25.7%	31.9%	40.9%	42.8%	45.3%	49.8%	55.7%	62.4%	63.0%	63.1%	131.4%	46%

DRAFT IFQ Implementation Team February 4, 2010

The IFQ Implementation Team convened at 9 am on Thursday, February 4, 2010 by teleconference. Dan Hull (Chair), Bob Alverson, Rick Berns, Julianne Curry, Tim Henkel, Don Iverson, Jeff Kaufmann, Don Lane, Paul Peyton, and Phil Wyman attended. Jeff Stephan and Kris Norosz were absent.

Staff included Ron Antaya, Jane DiCosimo, Heather Gilroy, Jay Ginter, Tom Meyer, Peggy Murphy, Nicole Kimball, and Brad Robbins. Seven members of the public (including those who submitted proposals) attended. The team approved the agenda.

New Proposals In summary, the team recommended that two of the four proposals submitted by the January 10, 2010 deadline be developed into discussion papers. The other two proposals were not recommended for further Council consideration.

1. Allow transport of fish on a catcher vessel via trailer to the buyer (Megabite/Gianarelli)

Stephen Gianarelli spoke to his proposal. Jane DiCosimo summarized staff comments on this proposal; the proposal would reverse a correction to the regulation that was made after the program was initially implemented to address enforcement concerns (see Appendix 1). Mr. Antaya provided additional detail on enforcement concerns regarding the proposal. Mr. Alverson asked whether an exception to a particular location could be written (e.g., Prince of Wales). Mr. Antaya replied that an exception could be made, but that could result in numerous exceptions, which would weaken the regulation. Don Lane asked if there was a specific list of locations where an offloading can occur. Mr. Antaya clarified that there are no regulatory limitations on where a landing can occur. A landing would and could occur (by regulatory definition) where ever any IFQ species is removed from the harvesting vessel, or where ever a vessel that contains IFO species is removed from the water.

Paul Peyton suggested that the issue is getting the IFQ fish into the system. The critical issue is to get the fish weighed and a fish ticket completed. One mechanism would be for the IFQ holder to operate as both the buyer and seller. Mr. Antaya suggested that other IFQ holders are offloading lawfully by using registered buyer provision to make and report a landing and transport the fish to a second buyer. One would need a registered buyer permit and cell phone coverage. Some registered buyers are willing to accommodate their fishermen by making such arrangements in remote communities.

Consensus to not forward this proposal due to enforcement concerns, but another solution was offered to the proposer.

2. Increase the halibut vessel IFQ cap in Area 4 (CBSFA and APICDA)

Heather McCarty (Central Bering Sea Fishermen's Association) spoke to this proposal. Jane DiCosimo summarized staff comments on this proposal; she clarified some issues related to the proposal (see Appendix 1). Bob Alverson requested clarification on some points of the proposal. Jane distinguished between use (AKA "ownership") caps and vessel caps, and that easing either restriction could result in additional consolidation of QS. Other members expressed some concerns about the proposal because Area 4 now has the most affordable halibut QS and provides entry level opportunities. Mr. Kauffman provided additional information in support of the proposal. Mr. Peyton identified that the use cap is constraining. Mr. Wyman reported that ALFA was neutral but expressed concerns about further consolidation. Mr. Hull readdressed some comments previously heard about the inability for some crew to get on a vessel to harvest their QS. Mr. Alverson commented that high lease fees (40 -60 percent) may contribute to why fish are not being caught. There is a struggle in the industry over lease fees. CDQ groups can finance a crew which does not show up as a lease. Nicole Kimball reported that RAM prepared a Transfer Report dated January 2009 that contains data from 1995 through 2006 on lease fees. Some committee members had concerns about the proposal but were supportive of a discussion paper to address questions as to why the TACs have not been taken in Area 4.

Consensus to not forward this proposal to the Council for analysis, but to recommend a discussion paper to address the problem of unharvested IFQs in Area 4 and to determine if the vessel cap is contributing to

the problem of the IFQs not being fully harvested, incorporating socio-economic data to address concerns about consolidation and crew jobs.

3. Council take action to ensure that qualified Community Quota Entities become eligible to participate in the federal IFQ Loam Program (GOACCC)

Ole Olsen (GOACC) spoke to the proposal. This issue will also be addressed under the CQE review agenda item in February 2010. Bob Alverson noted that Congress recently acted to combine the loan programs for the crab and the halibut and sablefish programs. He voiced some concerns about adding competition by CQEs with halibut and sablefish IFQ holders for limited pool of funds. Mr. Hull asked if the loan funds were fully allocated; staff responded that all funds were being allocated but would verify this. Tim Henkel added detail on the consolidation of the loan program for crab, and halibut and sablefish under an additional Congressional appropriation of funds. He suggested that the Council write a letter to the NMFS Office of Financial Services to include CQEs and for Congress to provide additional funding. Don Iverson added that the affected entities should be supporting these changes at NMFS HQ and Congress. Don Lane responded that increasing the loan fund raises the cost of quota share for IFQ fishery participants because it makes more inexpensive financing available; it would also increase competition for the loans. Mr. Peyton supported the idea that coastal communities will need to go their Congressional delegation for more financial support. Phil Wyman recommended taking no action. Mr. Hull summarized that the potential action that the Council could take is either a letter to NMFS or under the CQE five year review agenda item.

Mr. Berns moved that the GOA CCC proposal to add CQEs to become part of the federal loan program be taken up under the CQE review for the appropriate Council action. Mr. Peyton clarified that this would include consideration that CQEs being included in the loan program with additional funding, so that the result would be to add funds to the program rather than dilute those funds to current participants.

The team vote split on this issue, so the motion failed.

4. Allow Adak to become an AI CQE community (ACDC)

Dave Fraser spoke to this proposal. Rick Koso (ACDC) also was available to answer questions. Part of the 18% TAC underage in Area 4B was due to closure of the processing plant in Adak. ACDC is setting up a small boat fishery for Adak so as to take the TAC in 2010. Ms DiCosimo and Ms Kimball presented the staff comments (Appendix 1). Mr. Hull asked for clarification on how the current GOA CQE program would need to be changed under this proposal. Ms. DiCosimo responded that the CQE program under the GOA Groundfish FMP likely would be unchanged; a new CQE Program for Area 4B would be created under the BSAI Groundfish FMP. Ms. Kimball noted that Adak is the only community that appears to meet the requirements to be a CQE under the proposal. Dave Fraser clarified that Adak is neither a CDQ nor a CQE community currently. The proposal also differs from the CQE program in that there are no residency requirements for QS leased by the proposed Adak CQE; instead there are regional landing requirements for the resulting IFQ.

Mr. Berns had reservations for creating a program for Adak that differed from the GOA program. Mr. Fraser responded that the analysis could consider different options. Ms. Kimball noted that the proposal limits the vessel size restriction to B and C, and would not allow D class shares.

Consensus to not forward this proposal to the Council for analysis, but to recommend a discussion paper that contrasted this proposal with the current GOA CQE program.

Ranking proposals Ms. DiCosimo reviewed a spreadsheet she prepared of the proposals (and team modifications of those proposals) for use by the team to rank its recommended proposals. She noted that it was likely that the Council would move any approved CQE proposals (along with any other proposed actions that ay result from the CQE five year review), separate from the IFQ proposals and on a separate timeline (and preparer(s)). She noted that it would be helpful for the team to comment on whether the first proposals to be analyzed are those of the highest policy priority or whether those that were simplest could be prepared first. She reviewed which proposals appear to be simpler to analyze and which may be more

complex, as well as those that were more data dependent and those that appear to be more policy oriented. These preliminary characterizations contributed to how members ranked individual proposals. The team collectively ranked each of the nine proposals that were forwarded to the Council for consideration. These rankings are presented below.

		RA	NK
PROPOSAL	COMMITTEE MODIFICATION	IFQ	CQE
Allow the retention of coincidentally harvested halibut during the Bering Sea sablefish pot fishery	No proposed changes to the regulations for tunnel requirements, so that Area 4A halibut could be retained while targeting sablefish in the Bering Sea and Aleutian Islands regulatory areas	3High: 6Medium	
Allow the use of pots in the Gulf of Alaska Southeast area sablefish fishery	restrictions to gear usage (a) single v longline pots, b) pots retained on grounds for long soaks v retrieved during deliveries, c) pot storage, d) gear configuration requirements; e) gear conflicts, f) use the 200 fathom depth contour to mark open areas, g) pot soak time slot; 2) area management (SE v GOA); 3) exacerbation of halibut mortality; 4) dynamic(social/economic) effects, including a) small vessels could not safely use pots, b) crew employment, c) QS prices; d) ongoing acoustic research for avoiding whale	5High/ 4Medium	
Allow Area 4B Category D quota shares to be	accused to some in the same in	6Hiah:	
fished on Category C vessels		3Medium	
Amend grandfather/hired skipper privileges in the halibut/sablefish fishery to sunset these rights, on any future quota which is bought/traded/gifted Eliminate vessel use caps for CQEs	Sunset the hired skipper provisions for (future) halibut and sablefish QS transferred by individual initial recipients, excluding leased (A) shares	3High: 6Medium	3High: 1Medium: 5Low
Remove block system for sablefish A shares and increase sablefish A (only) cap	Exempt A shares from the overall sablefish use cap and apply a use cap at between 1.25% to 1.5% of the current use cap for vessels that ONLY fish A shares (no catcher vessel QS onboard) and regardless of whether the sablefish harvest was processed	2Medium:	
Exempt D class vessels (or those under 26 ft) delivering less than 300, 500, or 1000 lb of halibut to be either exempt from 3-hour notice to deliver or implement a less burdensome notice to deliver (one hour) for qualified vessel deliveries	Allow vessels less than 26 ft that deliver ? 500 lb of halibut IFQ to provide 1-hour notice of delivery	1High: 6Medium: 2Low	
Increase halibut IFQ vessel cap in Area 4	discussion paper	1High: 8Medium	
Add Adak as CQE community	discussion paper		1 High: 4 Medium: 4 Low

[Note: "?" = "≤" above

Adjourn The team adjourned at approximately noon.

Interagency Staff Review of Second Call for IFQ Proposals February 3, 2010

Proposal 15. Staff reviewed the proposal to allow the transport of fish on a catcher vessel via trailer to the buyer. Staff observed that the proposal would reverse a correction to the regulations, which was identified by NMFS as necessary to enforce the IFQ program. Ron Antaya (OLE) and Jessie Gharrett (RAM) reported that the proposed allowance was an enforcement loophole that existed when the IFQ program was first implemented. The regulations were revised in the first few years of the IFQ program to define an IFQ offloading because some smaller catcher vessels were trailered with IFQ fish onboard and offloaded upon arrival at a new location. Section 679.2 now defines an IFQ offloading (see below). The regulations were revised to identify when the offload occurred specifically to close that loop hole. Ron reported that in 2009 through September, 84 distinct vessels less than 26 ft made 275 IFQ landings. Tom Meyer (AKGC) reported that under the Administrative Procedures Act, any regulation that overlooks a material fact (i.e, enforcement) would be legally vulnerable. Staff reported that this proposal would result in a significant compromise for enforcement and it could make it difficult for IPHC to meet the vessel during offloading to sample and therefore recommended that this proposal not move forward. Staff recommends that the proposal not be moved forward by the Council.

Section 679.2. IFQ landing means the unloading or transferring of any IFQ halibut, CDQ halibut, IFQ sablefish, or products thereof from the vessel that harvested such fish or the removal from the water of a vessel containing IFQ halibut, CDQ halibut, IFQ sablefish, or products thereof.

Section 679.5 (2) IFQ Landing.

- (i) Remain at landing site. Once the landing has commenced, the IFQ permit holder, the IFQ hired master permit holder, or the CDQ hired master permit holder, and the harvesting vessel may not leave the landing site until the IFQ halibut, IFQ sablefish, or CDQ halibut account is properly debited (see § 679.40(h)).
- (ii) No movement of IFQ halibut, CDQ halibut, or IFQ sablefish. The offloaded IFQ halibut, CDQ halibut, or IFQ sablefish may not be moved from the landing site until the IFQ Landing Report is completed through eLandings or other NMFS-approved software and the IFQ permit holder's or CDQ permit holder's account is properly debited (see § 679.40(h)).
- (iii) Single offload site.
- (A) IFQ halibut and CDQ halibut. The vessel operator who lands IFQ halibut or CDQ halibut must continuously and completely offload at a single offload site all halibut onboard the vessel.
- (B) IFQ sablefish. The vessel operator who lands IFQ sablefish must continuously and completely offload at a single offload site all sablefish onboard the vessel.

Proposal 16. Staff reviewed the proposal to increase the halibut vessel cap in Area 4. Jessie Gharrett noted that the proposal does not accurately describe the current QS caps (see current vessel caps below). Vessel caps apply simultaneously; that is, a vessel must meet BOTH caps for halibut. This also means that a cap applicable to Area 4 (only) could either be 1) a new, third vessel cap; 2) a modification to the existing vessel cap; or 3) an exemption to the existing "ALL" area cap. If a new additional cap is envisioned, another question is whether, and if so, how, the 'ALL" cap might be modified. Staff noted that an effect of increasing vessel caps may be to consolidate further the number of vessels in the fishery, which may conflict with the stated need for the proposal (i.e., a lack of vessels in Area 4); however the proposal would allow for more use of the vessels that are active in the area.

Staff did not identify any legal, enforcement, administrative issues with this proposal.

2008 halibut vessel IFQ caps

Vessel Use Cap %	2008 IFQ TAC	Vessel Use Cap
1% of 2C IFQ TAC	6,210,000 net lbs	62,100 net lbs
.5% of All IFQ TAC	48,040,800 net lbs	240,204 net lbs

Proposal 17. Staff identified that any change to the loan program requires Congressional action to include additional entities. It is not within the Council's jurisdiction to act on this proposal.

Proposal 18. Staff noted potential inconsistencies relative to the current Gulf of Alaska CQE program. Jessie Gharrett identified that for effective enforcement, proposed geographic delivery requirements for IFQ derived from community-held QS would require that this IFQ be accounted for on a separate permit because all "like" IFQ currently is comingled on a permit. The geographic delivery requirement makes the IFQ a different type with different use provisions. The Council would need to identify who would be responsible if the IFQ was used improperly (i.e., lessee, non-profit entity, community, or a combination)?

For clarification:

- Under the proposed "Purchase, Use, Sale" element the Council would need to identify whether block and vessel category provisions would apply if the QS is transferred to any other person other than a non-profit representing any eligible community rather than as stated (i.e., another community).
- QS is held by, or leased to, persons and not vessels.
- Once IFQ is leased, whether community purchase or otherwise, the QS holder loses access via NMFS to what is confidential info about use of that IFQ.
- NMFS would not be a party to the lease contract or participate in enforcement of same. For example, without express new regulatory authority, NMFS cannot "reverse" an IFQ lease for non-performance; returning unused IFQ to the originator may require a written request of BOTH PARTIES TO THE LEASE because due process and enforcement issues quickly come to bear on such actions. Further, NMFS does not allow subleases because database control of the QS and IFQ requires that only the QS holder be the leasor.

Staff did not identify any other legal, enforcement, regulatory, or data issues to the above proposal.

Staff:

Jane DiCosimo, Nicole Kimball (NPFMC)
Jessie Gharrett (NMFS RAM)
Jay Ginter, Peggy Murphy, Rachel Baker (NMFS SF)
Heather Gilroy (IPHC)

Ron Antaya (NOAA OLE) Tom Meyer (NOAA GC) Brad Robbins (ADF&G) CMDR Lisa Ragone, LT Ray Reichl (USCG)

PUBLIC TESTIMONY SIGN-UP SHEET Page |
Agenda Item: C-/ Halibut/Sablefish IFQ

	NAME (<u>PLEASE PRINT</u>)	TESTIFYING ON BEHALF OF:
(1)	PAVID GITTLE	CCIPPON SEDS
2	MARK THOMAS	HARED SKIPPERS/CREW
(3	Bob + Denise May	PortLions
A	Occes, may	8 longliners
15	Bab Alcegur	FUOA Sectio
6	30hr McHerry	F/V Seymour
1	Per Odesaard	1=10 Vansee
8	Schaun McMans	Crew DSFU.
8	Brian Harbor	11 11
10	- Evin 01500	Farm, Credit
11	Tim Henkel	DS. F. Unlong Pres.
12	, Ben Clans	Crew-FIV Ausustine
18	matt Faulk	Crew F/U Grant
1A	John Crowley	Flu Kristiana
15	mike offerman	Crew Kristiana / owner
18	HERMAN SQUARTSOFF	VILLAGE OF OUZINKEE
17-	BOND WHATE HOUSE	a ALFA
18	1 Howard Torson	OUZINKIE Native Corpi
19	Simeon Swetzer Jp.	F/V Wind DANCER
30	1 GAIE X. VICK	GDAC3
21	Chack Mc CAllum	LAKE & Pen
22	Hearty Mc Carty Evenette Buders	n CBSTA/APICDA
23	Self Kauthran	Flo Bay Rose
24	Frank Miles	Fly Lady Lu
25/	Deff Farlar	F/V Sattick

NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.

S:\4Peggy\Forms\Meeting Forms\Public Testimony Sign Up Sheet.doc

Revised January 22, 2009

PUBLIC TESTIMONY SIGN-UP SHEET Page 2

Agenda Item: C-1 Hollet / Sollah IFQ

	NAME (PLEASE PRINT)	TESTIFYING ON BEHALF OF:
1	Clem Tillion	AEC
2	David Polystikih	Flu Destroyer
3	Julianne Curry	PVOA
4	/LINDa Kozak	Kodich Vessel Duners Crewman's Ossociation
5	Shawn C. Dochtermann	Crewman's association
6		
7		
8		
9		
10		La contraction de la contracti
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21	\	
22		
23		
24		
25		

NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.



February 5, 2010

To:

Eric Olson, Chairman Chris Oliver, Executive Director Members of the North Pacific Fisheries Management Council Members of the Advisory Panel

From:

Erik T. Olson, VP/Industry Team Leader

Subject: Hired Skipper considerations

In consideration of structural changes to the IFQ program in relation to who is allowed to fish quota (aka the "owner on board provisions"), I would like to share some perspective and advocate that the Council remain status quo through these unprecedented economic times.

I urge the Council to keep a steady approach to fisheries management, and continue to lean on using the best available science to manage each fishery. Any regulatory imposition like this placed on the business practices that have developed over the last 15 years would create undue financial stress. And given the that banking crisis is still unfolding, and given the overall reduction in available capital to deal with stress **or** opportunities for small business, the ripple effects of change could lead down a path that does more harm than good.

Without careful, thorough, multi year objective cost/benefit analysis, an arbitrary change in the program as related to a hired skipper may upend the natural market solutions developed over time.

Quantification of the disruption of the fabric of the fishery is hard to measure, but one scenario is that for a displaced hired skipper (with whom we, NMFS Financial Services and other lenders) have many loan dollars

invested to grow these producers' businesses, will have decreased crew shares, lower asset values, which will impact their credit ratings and ability to borrow. For this segment of the fishery to be put at risk is a negative impact.

The IFQ system has worked for a very large portion of producers in the system, and has allowed many new entrants due to the unique structure of the program because of its <u>regulatory stability</u>. Since 1995, we have observed many positive developments in the transition from the first generation of quota holder to the next, and predict that over time, the next generation will find themselves in a majority of ownership of the quota privileges. We are well aware of the term privileges.

For perspective, Northwest Farm Credit Services is a financial institution owned by farmers, fishermen and those who make their living from growing or harvesting food in the Pacific Northwest and Alaska. We are a cooperative, i.e. a privately held company owned by our borrowers.

Customer/Borrowers are elected by their peers to be our board of directors. This group of producers/board members set the strategic direction for our us. Our approach to lending to natural resource based businesses is rooted in sound and safe lending principals with a policy mission to serve Rural America. Our customer/owners are exposed to extremely volatile product pricing markets, weather patterns and dangerous operating conditions.

We and our customers deal with changing markets, complex production systems, drought issues, water rights issues, agricultural land in transition, changing ecological factors, changing public perceptions of food production and consumer taste differences. With this in mind, our underwriting standards are designed to work through good times and bad.

We have been in business for over 90 years, and our customer base comprises \$9B dollars in a diversified mix of commodity sectors including dairy, wheat, timber, cattle, sugarbeets, hay, potatoes, nursery greenhouse, farm related businesses and seafood. We are also the largest crop insurer in the Pacific Northwest. Risk is something we know too well. We have over 12,000 customers and many of which are generational families who are accustomed to dealing with risk. As you may know, natural resource producers develop entrepreneurial ways of dealing with risk. It takes a lot of

fortitude, planning and perseverance to pass this ability to deal with risk on to the next generation of family.

We finance a broad spectrum of producers, but they all have the same problem: who will take over, or who will I sell to when I am ready? To meet the goal of passing an operation to the next generation, we have our "Agvision" Program. We have lending guidelines for producers who have saved their money, maintained excellent credit, and are ready to venture out on their own to own their own business. This venture could be part of a family legacy, or, just the first of many business expansions. In fisheries, this would mean a fisherman who is ready to buy quota, or buy part or all of an interest in a vessel. Typically, this is a hired skipper. These crew and captains who buy into quota and vessel ownership make this long term investment decision after many years of planning.

With this perspective in mind, we know that our Agvision fisheries Producers, as well as our traditional fishing customer base would experience stress given the proposals at hand. They would begin an adverse business decision making to deal with changes such as those contemplated. They, and we, all know things change, especially in fisheries. But this type of proposal is fraught with political overtones which have nothing to do with protecting the resource. Protecting the resource for the long term is a common goal for anyone who makes a living or provides jobs with the resource.

In working in fisheries finance, and for a lending institution founded on serving agriculture and rural America, I think it is important to share our perspective. Right now, we observe that producers have experienced large declines in revenue and face a lot of uncertainty about prices and costs going forward.

Right now, we observe many crew, vessel owners and quota owners in a position of needing stability in their fishery due to declining quota. This is so that they can focus on dealing with risks at hand, such as: weather, operating risks and market risks inherent in their business. They do not need another layer of man-made risk imposed at this time. Instability imposes more risk. Lenders are risk adverse and may view the IFQ program as even more atrisk than before and as a result, reduce lending. In these times, this reduction in lending for quota is probably counter to the prevailing outcome desired by the proponents of the suggested change.

Again, in consideration of structural changes to the IFQ program in relation to who is allowed to fish quota (aka the "owner on board provisions"), we advocate that the Council remain status quo through these unprecedented and stressful times without considerable investment in the risk reward balance of such provisions.

Respectfully,

Erik T. Olson

VP/Industry Team Leader Commercial Lending Group

206.691.2007

Bob alverson

Notes of proposed amendments to the Halibut/Sablefish IFQ program.

1. Allow the retention of coincidentally harvested halibut during the Bering Sea Sablefish pot fishery.

As presented FVOA would not support as there are no provisions that propose an enforceable tunnel size. If this is truly a bycatch there should no incentive to change tunnel configurations to make this a targeted fishery. This would require an enforceable configuration of the tunnel. Currently we are informed that the bycatch is viable and alive which would suggest it could be returned to the sea. A larger tunnel configuration will likely result in increased amounts of undersized halibut being associated with sablefish pots, therefore increasing bycatch concerns. This option should be part of the option to look at pots in the Gulf of Alaska and reviewed by a longline/pot gear committee.

2. Allow the use of pots in the Gulf of Alaska /S.E. area sablefish fishery.

If the council wishes this option to be analysis, FVOA recommends that the Council select a gear committee made up of potential pot and longline participants. Issues that should be considered and discussed are;

- a. Pot configuration
- b. Pots must be used deeper than 200 fathoms
- c. Time slot openings for pots
- d. Safety concerns for small vessels
- e. When will pots be removed from the grounds, should pots be removed when a vessel goes to off load a trip,
- f. Should pots have sinking line from the buoy rather than floating line to minimize whale entanglement
- g. Gear conflict concerns between the two gears

3. Allow Area 4b category D quota shares to be fished on category C vessels

The members of FVOA support this option. This area was never operated by many D class vessels prior to the IFQ program due to weather and long distances to the various fishing areas. For safety reasons we support this option.

4. Amend grandfather/hired skipper privileges in the halibut/sablefish fishery to sunset these rights, on any future quota which is bought/traded or gifted.

FVOA believe the current program is progressing towards the goal of a owner on board program with over 30 percent of the halibut QS no in 2nd generation control. S.E. is already 2nd owner on board quota which represents 15% of the overall QS for halibut. There is about 6 percent of the overall quota that is CDQ. Currently over 50% of the QS is being fished in a manner envisioned by previous councils. FVOA gives this a low priority. Additional comment about how 2nd generation QS holders are working with 1st generation QS holders is attached.

5. Eliminate vessel limitations for CQEs

This options deals with the current 50,000lb. Limits for use caps on CQE/s. The proposal is to allow similar caps as currently provided to all individual QS holders. The Association would support this.

6. Remove the block system for sablefish A shares and increase sablefish A only cap.

The Association does not support this as presented. This option would increase the use caps for A shares. The arguments for doing so can be made by all the different quota categories, d,c and b quotas an FVOA does not support doing this. Additionally much of the A class shares are found in the GOA. Many FVOA vessel owners and crews have purchased A shares and fish them as B and C shares. This option would put additional upward pressure on share prices of A shares in the GOA and we do not support that result.

If this option had been focused on increasing share ownership in the Aleutians and Bering Sea districts where harvest have rarely exceeded 50% of the BSAI TAC's this might have merit.

7. Exempt D class vessels delivering less than 300, 500 or 1000 lbs.

Due to expressed concerns from enforcement FVOA will be supporting this option.

8. Megabit -transportation

Due to the expressed concerns of enforcement FVOA will not support.

9. <u>IFQ vessel CAP increase for area 4</u>

FVOA is not supportive of this option. The CAP's have worked well for the halibut/sablefish program. This will lead to more consolidation of quota per single vessel. The area 4 quota is priced at a level that is attractive to 2nd generation fishermen and there is a concern that this action will negative affect their

ability to acquire QS that is currently not being fished. One of the arguments for this is that 18 percent of areas 4cde were not caught. If someone is not deriving income from these QS they will likely put it up for sale and indeed there has been 4cde quota available this winter. We do not see this as a long term problem that required adjusting CAPs.

10. GAC3 CQE to use IFQ loan program

FVOA members would support CQEs having their own loan program, but are concerned that with the recent Congressional action that puts Bering Sea Crab and Halibut/Sablefish into the same loan program that the competition for loans from 2nd generation fishermen will be compromised.

11. Allow Adak to be a CQE Community
This option specifies that the quota that they would be interested in would be from area 4B only. FVOA will support this option.

Bob alverson

There are more hired skippers registered.

This is a transitional outcome you would expect to see occurring as the last half of the initial QS transitions to second generation. In talking to FVOA initial recipients of QS who are themselves required to list themselves as a hired skipper, many of our vessels now have two hired skippers associated with the vessel, some have three hired skippers. On most of our vessels there are 2 to 3 crew who are also second generation QS holders. The more aggressive second generation QS holders are beginning to advance to learning how to run a vessel and manage a crew. In almost every case where an additional hired skipper is listed among our vessels, that person is also a 2nd generation QS holder.

2. QS fished by hired skippers is more expensive for 2nd generation QS holders.

The magazines, "Pacific Fishing" and "Fishermen's News" publish asking and offering prices for QS as well as Alaska L.E. permits. There is no evidence that hired skipper quota is any more expensive than owner on board quota. The most expensive sablefish permit happens to be an owner on board Chatham longline permit which goes for \$325,000 for 12,000 lbs or \$27 per round pound. Central Gulf Sablefish goes for \$17 to \$18.50 per pound.

Prices for halibut QS generally reflect resource and management stability of the area and proximity to the fresh fish market. Sablefish prices seem to reflect the CPUE per area. The sablefish price is based on a frozen export price so just about any port can be competitive. Sablefish CPUE varies greatly with S.E. and West Yakutat having usually higher CPUE levels followed by the Central Gulf and western Gulf. The price of these respective areas are less per pound than for QS to the west.

3. The impact of transferring QS to existing crew and/or family is analogous with transferring the family farm between friends and family.

Many fishing operations in the halibut/sablefish fishery are the results of successful family operations building upon success from the previous family members. The ability to hire a skipper is essential in teaching someone how to run and care for a vessel as well as the responsibility of a crew. If the current hired skipper provision were eliminated, current partnerships, family corporations, and husband and wife sole proprietorships would have to redesignate their holding of their QS assets to an individual's name. Corporations and LLCs would have to figure out how to separate their quota. Once that event takes place, the Internal Revenue Service considers that to have been a tax consequence, and 100% of the capital gains @ 15% tax is due the year that event occurs. For a family that holds 100,000 lbs. of halibut, this could mean a capital gains tax on \$2 million of asset value, or \$300,000 just to continue fishing in the manner they already are doing.

4. Second generation quota will not employ the same number of individuals employed at the same wages as first generation quota, likely reduction in wages and increased unemployment with forced selling of quota.

Many first generation quota share holders have not been charging a fee for the use of their quota. The Deep Sea Fishermen's Union and the Fishing Vessel Owners' Association made such a crew contract agreement back in 1995. Many other vessels from Alaska and initial quota share holders have chosen not to charge for initial share quota. The result of this has been higher crew shares on initial QS vessels. The wages on a vessel that has 100% initial quota share with no charges for quota versus second generation quota with a charge is about 40% to 50% greater. This is because all second generation quota has been purchased and is expected to make a return on investment. Currently a 50% charge is likely for second generation quota. At the current prices, such a fee is intended to cover the interest and principal payment for the QS.

A forced reorganization action by the Council that might speed up the movement toward second generation quota will have the unintended consequence of lowering wages to the crew and resulting in more consolidation of quota as fishermen try to keep wages up by acquiring more quota.

5. The inability to have a hired skipper option creates a higher bar for entry to the fishery.

It is a curious thing to have a totally owner operated fishery and even the Alaska LE programs are not totally regulated as owners on board. There are medical provisions that allow loop holes for training new vessel owners as hired skippers. It would seem that the Council believes that someday a person metamorphoses into a vessel operator. For the Central Gulf, the entry cost for a used steel limit seiner can be \$500,000 to \$700,000 plus the cost of permits which would run around \$2-\$3 million. This is the reason there are multiple owners in vessels in the Central GOA and westward, in order to spread risk and raise capital.

In order for a person to acquire the knowledge of running a vessel and the capital, hired skippers provide the ability to earn additional wages (about 20%-30% more) and begin to buy into a vessel and/or fishing permits. This is what is occurring through the fleet, not just on FVOA vessels. The future look of IFQ halibut/sablefish vessels is probably multiple owners in a vessel and multiple QS holders on the vessel.

DRAFT IFQ Implementation Team February 4, 2010

The IFQ Implementation Team convened at 9 am on Thursday, February 4, 2010 by teleconference. Dan Hull (Chair), Bob Alverson, Rick Berns, Julianne Curry, Tim Henkel, Don Iverson, Jeff Kaufmann, Don Lane, Paul Peyton, and Phil Wyman attended. Jeff Stephan and Kris Norosz were absent.

Staff included Ron Antaya, Jane DiCosimo, Heather Gilroy, Jay Ginter, Tom Meyer, Peggy Murphy, Nicole Kimball, and Brad Robbins. Seven members of the public (including those who submitted proposals) attended. The team approved the agenda.

New Proposals In summary, the team recommended that two of the four proposals submitted by the January 10, 2010 deadline be developed into discussion papers. The other two proposals were not recommended for further Council consideration.

1. Allow transport of fish on a catcher vessel via trailer to the buyer (Megabite/Gianarelli)

Stephen Gianarelli spoke to his proposal. Jane DiCosimo summarized staff comments on this proposal; the proposal would reverse a correction to the regulation that was made after the program was initially implemented to address enforcement concerns (see Appendix 1). Mr. Antaya provided additional detail on enforcement concerns regarding the proposal. Mr. Alverson asked whether an exception to a particular location could be written (e.g., Prince of Wales). Mr. Antaya replied that an exception could be made, but that could result in numerous exceptions, which would weaken the regulation. Don Lane asked if there was a specific list of locations where an offloading can occur. Mr. Antaya clarified that there are no regulatory limitations on where a landing can occur. A landing would and could occur (by regulatory definition) where ever any IFQ species is removed from the harvesting vessel, or where ever a vessel that contains IFQ species is removed from the water.

Paul Peyton suggested that the issue is getting the IFQ fish into the system. The critical issue is to get the fish weighed and a fish ticket completed. One mechanism would be for the IFQ holder to operate as both the buyer and seller. Mr. Antaya suggested that other IFQ holders are offloading lawfully by using registered buyer provision to make and report a landing and transport the fish to a second buyer. One would need a registered buyer permit and cell phone coverage. Some registered buyers are willing to accommodate their fishermen by making such arrangements in remote communities.

Consensus to not forward this proposal due to enforcement concerns, but another solution was offered to the proposer.

2. Increase the halibut vessel IFQ cap in Area 4 (CBSFA and APICDA)

Heather McCarty (Central Bering Sea Fishermen's Association) spoke to this proposal. Jane DiCosimo summarized staff comments on this proposal; she clarified some issues related to the proposal (see Appendix 1). Bob Alverson requested clarification on some points of the proposal. Jane distinguished between use (AKA "ownership") caps and vessel caps, and that easing either restriction could result in additional consolidation of QS. Other members expressed some concerns about the proposal because Area 4 now has the most affordable halibut QS and provides entry level opportunities. Mr. Kauffman provided additional information in support of the proposal. Mr. Peyton identified that the use cap is constraining. Mr. Wyman reported that ALFA was neutral but expressed concerns about further consolidation. Mr. Hull readdressed some comments previously heard about the inability for some crew to get on a vessel to harvest their QS. Mr. Alverson commented that high lease fees (40 -60 percent) may contribute to why fish are not being caught. There is a struggle in the industry over lease fees. CDQ groups can finance a crew which does not show up as a lease. Nicole Kimball reported that RAM prepared a Transfer Report dated January 2009 that contains data from 1995 through 2006 on lease fees. Some committee members had concerns about the proposal but were supportive of a discussion paper to address questions as to why the TACs have not been taken in Area 4.

Consensus to not forward this proposal to the Council for analysis, but to recommend a discussion paper to address the problem of unharvested IFQs in Area 4 and to determine if the vessel cap is contributing to

the problem of the IFQs not being fully harvested, incorporating socio-economic data to address concerns about consolidation and crew jobs.

3. Council take action to ensure that qualified Community Quota Entities become eligible to participate in the federal IFQ Loam Program (GOACCC)

Ole Olsen (GOACC) spoke to the proposal. This issue will also be addressed under the CQE review agenda item in February 2010. Bob Alverson noted that Congress recently acted to combine the loan programs for the crab and the halibut and sablefish programs. He voiced some concerns about adding competition by CQEs with halibut and sablefish IFQ holders for limited pool of funds. Mr. Hull asked if the loan funds were fully allocated; staff responded that all funds were being allocated but would verify this. Tim Henkel added detail on the consolidation of the loan program for crab, and halibut and sablefish under an additional Congressional appropriation of funds. He suggested that the Council write a letter to the NMFS Office of Financial Services to include CQEs and for Congress to provide additional funding. Don Iverson added that the affected entities should be supporting these changes at NMFS HQ and Congress. Don Lane responded that increasing the loan fund raises the cost of quota share for IFQ fishery participants because it makes more inexpensive financing available; it would also increase competition for the loans. Mr. Peyton supported the idea that coastal communities will need to go their Congressional delegation for more financial support. Phil Wyman recommended taking no action. Mr. Hull summarized that the potential action that the Council could take is either a letter to NMFS or under the CQE five year review agenda item.

Mr. Berns moved that the GOA CCC proposal to add CQEs to become part of the federal loan program be taken up under the CQE review for the appropriate Council action. Mr. Peyton clarified that this would include consideration that CQEs being included in the loan program with additional funding, so that the result would be to add funds to the program rather than dilute those funds to current participants.

The team vote split on this issue, so the motion failed.

4. Allow Adak to become an AI CQE community (ACDC)

Dave Fraser spoke to this proposal. Rick Koso (ACDC) also was available to answer questions. Part of the 18% TAC underage in Area 4B was due to closure of the processing plant in Adak. ACDC is setting up a small boat fishery for Adak so as to take the TAC in 2010. Ms DiCosimo and Ms Kimball presented the staff comments (Appendix 1). Mr. Hull asked for clarification on how the current GOA CQE program would need to be changed under this proposal. Ms. DiCosimo responded that the CQE program under the GOA Groundfish FMP likely would be unchanged; a new CQE Program for Area 4B would be created under the BSAI Groundfish FMP. Ms. Kimball noted that Adak is the only community that appears to meet the requirements to be a CQE under the proposal. Dave Fraser clarified that Adak is neither a CDQ nor a CQE community currently. The proposal also differs from the CQE program in that there are no residency requirements for QS leased by the proposed Adak CQE; instead there are regional landing requirements for the resulting IFQ.

Mr. Berns had reservations for creating a program for Adak that differed from the GOA program. Mr. Fraser responded that the analysis could consider different options. Ms. Kimball noted that the proposal limits the vessel size restriction to B and C, and would not allow D class shares.

Consensus to not forward this proposal to the Council for analysis, but to recommend a discussion paper that contrasted this proposal with the current GOA CQE program.

Ranking proposals Ms. DiCosimo reviewed a spreadsheet she prepared of the proposals (and team modifications of those proposals) for use by the team to rank its recommended proposals. She noted that it was likely that the Council would move any approved CQE proposals (along with any other proposed actions that ay result from the CQE five year review), separate from the IFQ proposals and on a separate timeline (and preparer(s)). She noted that it would be helpful for the team to comment on whether the first proposals to be analyzed are those of the highest policy priority or whether those that were simplest could be prepared first. She reviewed which proposals appear to be simpler to analyze and which may be more

complex, as well as those that were more data dependent and those that appear to be more policy oriented. These preliminary characterizations contributed to how members ranked individual proposals. The team collectively ranked each of the nine proposals that were forwarded to the Council for consideration. These rankings are presented below.

DD000044		RANK	
PROPOSAL	COMMITTEE MODIFICATION	IFQ	CQE
Allow the retention of coincidentally harvested halibut during the Bering Sea sablefish pot fishery	sablefish in the Bering Sea and Aleutian Islands regulatory areas	3High: 6Medium	
Allow the use of pots in the Gulf of Alaska Southeast area sablefish fishery	restrictions to gear usage (a) single v longline pots, b) pots retained on grounds for long soaks v retrieved during deliveries, c) pot storage, d) gear configuration requirements; e) gear conflicts, f) use the 200 fathom depth contour to mark open areas, g) pot soak time slot; 2) area management (SE v GOA); 3) exacerbation of halibut mortality; 4) dynamic(social/economic) effects, including a) small vessels could not safely use pots, b) crew employment, c) QS prices; d) ongoing acoustic research for avoiding whale	5High/ 4Medium	
Allow Area 4B Category D quota shares to be fished on Category C vessels	and the second s	6High: 3Medium	
Amend grandfather/hired skipper privileges in the halibut/sablefish fishery to sunset these rights, on any future quota which is bought/traded/gifted	Sunset the hired skipper provisions for (future) halibut and sablefish QS transferred by individual initial recipients, excluding leased (A) shares	3High: 6Medium	3High: 1Medium:
Eliminate vessel use caps for CQEs			5Low
Remove block system for sablefish A shares and increase sablefish A (only) cap	Exempt A shares from the overall sablefish use cap and apply a use cap at between 1.25% to 1.5% of the current use cap for vessels that ONLY fish A shares (no catcher vessel QS onboard) and regardless of whether the sablefish harvest was processed	1 High: 2 Medium: 6 Low	
Exempt D class vessels (or those under 26 ft) delivering less than 300, 500, or 1000 lb of halibut to be either exempt from 3-hour notice to deliver or implement a less burdensome notice to deliver (one hour) for qualified vessel deliveries	Allow vessels less than 26 ft that deliver? 500 lb of halibut IFQ to provide 1-hour notice of delivery	1High: 6Medium: 2Low	
Increase halibut IFQ vessel cap in Area 4	discussion paper	1High: 8Medium	
Add Adak as CQE community	discussion paper		1High: 4Medium: 4Low

[Note: "?" = "≤" above]

Adjourn The team adjourned at approximately noon.

Interagency Staff Review of Second Call for IFQ Proposals February 3, 2010

Proposal 15. Staff reviewed the proposal to allow the transport of fish on a catcher vessel via trailer to the buyer. Staff observed that the proposal would reverse a correction to the regulations, which was identified by NMFS as necessary to enforce the IFQ program. Ron Antaya (OLE) and Jessie Gharrett (RAM) reported that the proposed allowance was an enforcement loophole that existed when the IFQ program was first implemented. The regulations were revised in the first few years of the IFQ program to define an IFQ offloading because some smaller catcher vessels were trailered with IFQ fish onboard and offloaded upon arrival at a new location. Section 679.2 now defines an IFQ offloading (see below). The regulations were revised to identify when the offload occurred specifically to close that loop hole. Ron reported that in 2009 through September, 84 distinct vessels less than 26 ft made 275 IFQ landings. Tom Meyer (AKGC) reported that under the Administrative Procedures Act, any regulation that overlooks a material fact (i.e, enforcement) would be legally vulnerable. Staff reported that this proposal would result in a significant compromise for enforcement and it could make it difficult for IPHC to meet the vessel during offloading to sample and therefore recommended that this proposal not move forward. Staff recommends that the proposal not be moved forward by the Council.

Section 679.2. IFQ landing means the unloading or transferring of any IFQ halibut, CDQ halibut, IFQ sablefish, or products thereof from the vessel that harvested such fish or the removal from the water of a vessel containing IFO halibut, CDO halibut, IFO sablefish, or products thereof.

Section 679.5 (2) IFQ Landing.

- (i) Remain at landing site. Once the landing has commenced, the IFQ permit holder, the IFQ hired master permit holder, or the CDQ hired master permit holder, and the harvesting vessel may not leave the landing site until the IFQ halibut, IFQ sablefish, or CDQ halibut account is properly debited (see § 679.40(h)).
- (ii) No movement of IFQ halibut, CDQ halibut, or IFQ sablefish. The offloaded IFQ halibut, CDQ halibut, or IFQ sablefish may not be moved from the landing site until the IFQ Landing Report is completed through eLandings or other NMFS-approved software and the IFQ permit holder's or CDQ permit holder's account is properly debited (see § 679.40(h)).
- (iii) Single offload site.
- (A) IFQ halibut and CDQ halibut. The vessel operator who lands IFQ halibut or CDQ halibut must continuously and completely offload at a single offload site all halibut onboard the vessel.
- (B) IFQ sablefish. The vessel operator who lands IFQ sablefish must continuously and completely offload at a single offload site all sablefish onboard the vessel.

Proposal 16. Staff reviewed the proposal to increase the halibut vessel cap in Area 4. Jessie Gharrett noted that the proposal does not accurately describe the current QS caps (see current vessel caps below). Vessel caps apply simultaneously; that is, a vessel must meet BOTH caps for halibut. This also means that a cap applicable to Area 4 (only) could either be 1) a new, third vessel cap; 2) a modification to the existing vessel cap; or 3) an exemption to the existing "ALL" area cap. If a new additional cap is envisioned, another question is whether, and if so, how, the 'ALL" cap might be modified. Staff noted that an effect of increasing vessel caps may be to consolidate further the number of vessels in the fishery, which may conflict with the stated need for the proposal (i.e., a lack of vessels in Area 4); however the proposal would allow for more use of the vessels that are active in the area.

Staff did not identify any legal, enforcement, administrative issues with this proposal.

2008 halibut vessel IFO caps

Vessel Use Cap %	2008 IFQ TAC	Vessel Use Cap
1% of 2C IFQ TAC	6,210,000 net lbs	62,100 net lbs
.5% of All IFQ TAC	48,040,800 net lbs	240,204 net lbs

Proposal 17. Staff identified that any change to the loan program requires Congressional action to include additional entities. It is not within the Council's jurisdiction to act on this proposal.

Proposal 18. Staff noted potential inconsistencies relative to the current Gulf of Alaska CQE program. Jessie Gharrett identified that for effective enforcement, proposed geographic delivery requirements for IFQ derived from community-held QS would require that this IFQ be accounted for on a separate permit because all "like" IFQ currently is comingled on a permit. The geographic delivery requirement makes the IFQ a different type with different use provisions. The Council would need to identify who would be responsible if the IFQ was used improperly (i.e., lessee, non-profit entity, community, or a combination)?

For clarification:

- Under the proposed "Purchase, Use, Sale" element the Council would need to identify whether block and vessel category provisions would apply if the QS is transferred to any other person other than a non-profit representing any eligible community rather than as stated (i.e., another community).
- QS is held by, or leased to, persons and not vessels.
- Once IFQ is leased, whether community purchase or otherwise, the QS holder loses access via NMFS to what is confidential info about use of that IFQ.
- NMFS would not be a party to the lease contract or participate in enforcement of same. For example, without express new regulatory authority, NMFS cannot "reverse" an IFQ lease for non-performance; returning unused IFQ to the originator may require a written request of BOTH PARTIES TO THE LEASE because due process and enforcement issues quickly come to bear on such actions. Further, NMFS does not allow subleases because database control of the QS and IFQ requires that only the QS holder be the leasor.

Staff did not identify any other legal, enforcement, regulatory, or data issues to the above proposal.

Staff:

Jane DiCosimo, Nicole Kimball (NPFMC)
Jessie Gharrett (NMFS RAM)
Jay Ginter, Peggy Murphy, Rachel Baker (NMFS SF)
Heather Gilroy (IPHC)

Ron Antaya (NOAA OLE) Tom Meyer (NOAA GC) Brad Robbins (ADF&G) CMDR Lisa Ragone, LT Ray Reichl (USCG)

) unean

Motion

I move that the Council initiate a regulatory amendment to address issues and concerns raised by the CQE 5 year review document. (Staff to draft problem statement for Council's consideration). The amendment would be limited to the following alternative for the Council's consideration.

- 1. CQE entities located in halibut management Area 3A are permitted to purchase Area 3A "D" class halibut quota shares with the following limitations:
 - a. Area 3A "D" class quota shares purchased by Area 3A CQE's must have the annual IFQ fished on "D" class vessels. (Affidavit by grantee indicating use on "D" class vessel to be submitted by CQE when requesting IFQ transfer.)
 - b. Area 3A CQE's are limited in their cumulative purchase of "D" class quota shares to an amount equal to the total "D" class quota shares that were initially issued to individuals that resided in Area 3A CQE communities.

I further move that the Council draft a letter to NMFS encouraging the agency to modify Federal IFQ loan program regulations so that eligible CQE can participate in the IFQ loan program. no objection-notion passes

Motion

I move that the Council initiate a discussion paper regarding issues and options associated with the development of a "CQE type" program for halibut fand or management Area 4B communities. In addition to the ideas provided through "residency" requirement for fishing the CQE quota shares in area 4B. voll call vote 1/2

Dealy move to remove passes written and public testimony, the discussion paper should include discussion of a

Dealy move to remove motion passes No dejector

Day Hall

I move the following proposals reviewed by the IFQ Committee and the AP to be explored in discussion papers.

Proposal 1. Develop a discussion paper to allow the retention of 4A halibut incidentally caught while targeting sablefish in the Bering Sea and Aleutian Island regulatory areas. Included in the discussion paper is the premise that sablefish pot tunnel regulations will not change in the BS/AI regulatory area.

This out on has the object not increasing by catched by

- 1) restrictions to gear usage
 - a) single vs longline pots
 - b) pots retained on grounds for long soaks vs retrieved during deliveries
 - c) pot storage
 - d) gear configuration requirements
 - e) gear conflicts
 - f) use the 200 fathom depth contour to mark open areas
 - g) pot soak time
- 2) area management (SE vs GOA)
- 3) exacerbation of halibut mortality
- 4) dynamic (social/economic) effects
 - a) safety issue related to use of pots by small vessels
 - b) crew employment
 - c) QS prices
 - d) ongoing acoustic research for avoiding whale depredation

Following development of the discussion paper, the Council may consider forming a gear committee composed of affected stakeholders to discuss the findings of the paper and make recommendations to the Council.

Proposal 16. Develop a discussion paper to assess whether the problem of unharvested halibut IFQ in Area 4 is attributable to the current vessel IFQ cap.

metron no objection

Dantall

C-1 Halibut/Sablefish IFQ Proposals

I move the following IFQ proposals reviewed by the IFQ Committee and the AP to be analyzed.

Proposal 3. Initiate an analysis to allow Area 4B category D shares to be fished on category C vessels.

Proposal 4. Initiate an analysis to prohibit use of hired skippers for future transfers of halibut and sablefish B, C, and D class QS, and set a control date of February 12, 2010. It is expected that the analysis will include the following elements:

- 1) A comparison of the attrition rate of initial recipients of halibut and sablefish QS in regulatory areas 2C and SE where hired skipper privileges are allowed only for non individuals, against the attrition rate in other regulatory areas.
- 2) The effect of hired skipper provisions on QS prices, compared to other factors.
- 3) The kinds of business models and relationships that have developed around the use of the hired skipper provision.
- 4) Changes in the way IFQ is harvested by all types of QS holders over time, relative to the program goal of evolving towards an owner on board or owner-operated fleet.
- 5) Program elements, and factors outside the program, that provide incentives or disincentives for QS holders to retire from the fishery.
- 6) Changes in QS held over time by different types of QS holders.
- 7) Changes in the availability of QS on the market that might result from this action.

Draft Purpose and Need Statement

A key element of the IFQ program is the requirement for catcher vessel QS holders to be on board the vessel during harvest and offloading of IFQ halibut and sablefish. The Council did not wish to constrain existing small business practices and therefore created an exception for initial issuees of catcher vessel QS. The Council is concerned about the apparent consolidation and reduced opportunities for new entrants/second generation fishermen to enter the fishery. This reduced opportunity may be attributable to provisions that allow initial issuees to harvest not only their initially issued quota, but also new quota acquisitions without having to be onboard the vessel. Amending the hired skipper privileges for catcher vessel quota in the halibut/sablefish IFQ program to extend these privileges only to current QS holdings is not expected to be disruptive to existing hired skipper arrangements, but would prevent further consolidation of QS to initial issuees using hired skippers and the associated extraction of rents from the fishery.

It is the Council's intent that completion of the Area 2C/3A halibut charter Catch Sharing Plan remains a higher priority than these new analyses and any discussion papers. Staff work on these new analyses and discussion papers will occur as time becomes available, with the analyses taking precedent over the discussion papers.