


MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director 

DATE: June 2, 1997

SUBJECT: Halibut and Sablefish IFQ Program

ESTIMATED TIME 3 HOURS

ACTION REQUIRED

- (a) Final review of IFQ amendments.
- (b) Initiate analysis of North Pacific Loan Program.
- (c) NMFS response to Council letter regarding IFQ enforcement.

BACKGROUND

(a) Final Review of IFO Amendments

At the April 1997 meeting, the Council approved the release for public review of the EA/RIR to allow QS transfers to immediate family members, under the 3-year emergency provision. This proposal would change 'surviving spouse' to 'heir.' Proposed regulations would extend transfer privileges of QS and IFQ to surviving members of a deceased QS holder's immediate family. This alternative would provide for cases in which a deceased QS holder has no surviving spouse, but has other surviving members of his or her immediate family who might be in need of temporary financial support from the deceased QS holder's fishing interests. As with the provisions for transfer to a surviving spouse, this alternative would allow a surviving heir, first, to transfer any current year's IFQ for the duration of the allocation year, and, second, to transfer annual allocations of IFQ resulting from the total QS transferred by right of survivorship for three calendar years from the date of the deceased QS holder's death. "Immediate family" is defined as a spouse and children of a holder of QS or IFQ.

Alternatives included in the analysis are:

Alternative 1: Status Quo. Provide transfer privileges for a period of three years to a deceased QS holder's surviving spouse only.

Alternative 2: Revise regulations to extend transfer privileges of QS and IFQ to surviving members of a deceased QS holder's immediate family. This alternative would provide for cases in which a deceased QS holder has no surviving spouse, but has other surviving members of his or her immediate family who might be in need of temporary financial support from the deceased QS holder's fishing interests. As with the provisions for transfer to a surviving spouse, this alternative would allow a surviving heir, first, to transfer any current year's IFQ for the duration of the allocation year, and, second, to transfer annual allocations of IFQ resulting from the total QS transferred by right of survivorship for three calendar years from the date of the deceased

QS holder's death. "Immediate family" is defined as a spouse and children of a holder of QS or IFQ.

- Option A. Allow a surviving heir, first, to transfer any current year's IFQ for the duration of the allocation year, and, second, to transfer annual allocations of IFQ resulting from the total QS transferred by right of survivorship for three calendar years from the date of the deceased QS holder's death.
- Option B. In addition to the provisions of Option A, allow immediate family members who receive QS by right of survivorship to use the resulting IFQ indefinitely provided that the vessel fishing the resulting IFQ remains in the ownership of the immediate family.
- Option C. In addition to the provisions of Option A, allow a minor who receives QS by right of survivorship to use or transfer resulting IFQ for a period of three years following his or her attaining the age of eighteen.

A second EA/RIR, to define ownership of a vessel for purposes of using a hired skipper, was approved for public review with modifications to the alternatives included in the analysis. A loophole currently exists in the IFQ regulations that allows leasing in perpetuity by initial QS recipients due to inexact language related to ownership of vessels on which QS is fished.

Alternatives included in the analysis are:

Alternative 1: Status Quo. Ownership requirements for hiring a skipper to fish a QS holder's IFQ remain unspecified, allowing for minimal interest in vessels.

Alternative 2: Revise regulations to require a specific percentage of interest in vessels for QS holders wishing to hire skippers.

Option A: Require a 5% minimum interest in vessel;

Option B: Require a 20% minimum interest in vessel;

Option C: Require a 49% minimum interest in vessel;

Option D: Require a 51% minimum interest in vessel;

Option E: Require that the percentage of vessel ownership reflect the IFQ's percentage of the vessel cap.

Alternative 3: Require QS holders wishing to hire skippers to have held a specific percentage of vessel ownership (the above options under Alternative 2) as of a certain date.

Option A: ~~As of January 1, 1995~~ (the date of Secretarial approval of the IFQ Program);

Option B: As of April 17, 1997 (the date of the Council's initial review of the analysis).

Both IFQ analyses were mailed to you on May 21, 1997.

(b) North Pacific Loan Program

The North Pacific Loan Program is an offshoot of the overall fee program, but is to be developed and submitted by the North Pacific Council by October of 1997. While the specifics of the Loan Program are substantially dictated by the Magnuson-Stevens Act, we have been advised that it nevertheless requires a plan/regulatory

amendment and attendant rulemaking. We are also advised that the Loan Program cannot become operational until the underlying fees are collected and appropriated. We have been in contact with NMFS Financial Services Division regarding the specifics of the Loan Program, and have determined that, while we may question the need for an amendment, and the need to await fee collection, we can have the specifics of the program ready for Council review and approval by this September. This would allow us to meet the deadline imposed by Congress, and have the Loan Program infrastructure in place and awaiting funding, through either the fee program or other appropriation.

While we have been working on the Loan Program specifics, we do not have all of the issues fully fleshed out at this time. Our plan is to finish fleshing out those specifics, including application procedures and other logistics, and send that out for public review in August. Final action by the Council could occur in September and we would then forward the package to the Secretary of Commerce for approval and implementation. In September we also hope to have the underlying IFQ/CDQ fee program from NMFS for an initial Council review.

(c) IFQ Enforcement

In April 1997, Dayna Mathews presented his report on IFQ enforcement in the halibut and sablefish fisheries off Alaska. Since then, a second report on the South Atlantic wreckfish IFQ program was released. On May 14, 1997, the Council sent a letter to Secretary Baker expressing concern over the current level of enforcement in Alaska's IFQ fisheries (Item C-2(a)). The NMFS Regional Administrator indicated he would have an initial response available by this meeting.

North Pacific Fishery Management Council

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



605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Telephone: (907) 271-2809

Fax (907) 271-2817

May 14, 1997

D. James Baker, Ph.D.
Under Secretary and Administrator
National Oceanic & Atmospheric Adm.
Herbert C. Hoover Building, Room 5128
Washington, DC 20230

Dear Dr. Baker:

In April the North Pacific Fishery Management Council received a report from Dayna Matthews evaluating NMFS' enforcement of our sablefish and halibut individual fishing quota (IFQ) program. We commend Mr. Matthews for his thorough reporting, and David McKinney, Chief of Enforcement for NOAA/NMFS, for initiating the study. Unfortunately, the study revealed serious shortcomings in enforcement which threaten to undermine the IFQ program in its infancy and which clearly demonstrate that NOAA and NMFS have not lived up to their earlier commitments to field a rigorous enforcement program.

The Council decision in December 1991 to approve the IFQ program was not an easy one. It was in the making for a good four to five years. Many individuals in the public, the industry, and on the Council and its advisory bodies were dead set against any sort of IFQ system. Making the program ironclad in terms of enforcement probably was the number one issue. The Council was given assurances from your agency that a substantial enforcement program would be deployed. With the program not being implemented until 1995, the agency had plenty of lead time to ensure that the necessary funds would become available.

The Council was given a clear idea in 1991 of the level of enforcement envisioned by the agency. It was described in a document entitled "Enforcement of Individual Fishery Quotas in the Fixed Gear Halibut and Sablefish Fishery," prepared by the NMFS Alaska Region Enforcement Office. That document was cited extensively in Matthews' report, but I have attached it here for reference. It noted that under an IFQ system, the focus of enforcement would shift to the point of landing. The first enforcement check point would be random boardings at sea and in port. The second check point would be advance notice of landings. There would be a four-tier approach that "... provides the ability to detect violations on and off the fishing grounds through patrol and investigative functions, while at the same time creates an adequate level of compliance through the possibility of violation detection. This detection/deterrence balance is a cornerstone (emphasis added) of the IFQ enforcement operations." (p. 6).

The report went on to describe the four tiers of a successful program: (1) patrols offshore to detect quota busters, and shoreside to detect and deter unauthorized landings; (2) monitoring of landings and transshipments to "... establish an environment conducive to program compliance by elevating the probability of detection and apprehension of illegal activities." (p. 7); (3) auditing to detect any inaccuracies in shipping records and other documents on the IFQ fish received and processed; and (4) investigation to detect fraud, illegal shipments, etc. To complete these tasks, the existing level of 28 staff members would need to be increased to 62, particularly with an expansion in numbers of Fishery Patrol (or Enforcement) Officers by 18, and the addition to the staff of seven new enforcement aides, whose primary duties would include random monitoring of landings and inspections of shipments. The report concluded on p. 8 that the "...proposed program is our best guess at the minimum

Dr. James Baker
May 14, 1997
Page 2

(emphasis added) amount of enforcement necessary to result in a successful IFQ program . . . The program we have presented has been submitted to our central office and has received tentative approval.”

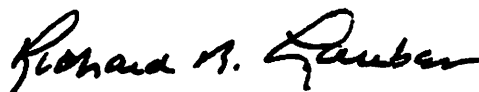
Now, three years into the program, we are presented with a most unsettling finding: only 25% of the IFQ landings were monitored in 1995, and less than 20% were monitored in 1996. The 1997 level likely will be even worse, considering that nine Fishery Patrol Officer positions are unfilled and new staff represent 40% of current staffing levels. Further aggravating the problem is the absence of any enforcement aides as were proposed in 1991 to be a first line of monitoring.

We want to give all due respect to Steve Meyer, head of Alaska NMFS Enforcement Office in Juneau. He is doing a fine job and likely is being very creative in spreading his enforcement personnel around to provide a presence with fewer FTEs. But he does not have the funding or FTEs to field the minimum necessary program prescribed by your agency for successful enforcement. He reported in April, for example, that the Alaska Enforcement Division is short ten positions for field enforcement of the IFQ program because of funding shortfalls. Apparently, over the past five years, NMFS has requested over a \$5 million increase in its enforcement budget, but Congress has approved only \$1 million. Personnel ceilings also have kept the enforcement program from keeping pace with IFQ program needs.

We strongly urge you to review and enhance IFQ program enforcement. Too much is at stake here. The Council approved the sablefish and halibut IFQ program despite heated opposition, and we want it to be successful. Indeed, in 1991 when we made our final decision, the leaders of NOAA and NMFS, Drs. John A. Knauss and William W. Fox, Jr., respectively, strongly urged us and other councils around the nation to move toward IFQ type management in all our fisheries. Further, our IFQ program is the largest such individual quota program in the United States. It is certain to be a centerpiece of the National Research Council's IFQ evaluation mandated in recent revisions to the Magnuson-Stevens Act.

Industry and managers alike need your reassurance that there will be no lapses in enforcement and that there will be minimal risk of fish being removed from the ocean, but not counted. We urge you to consider closely the needs of enforcement off Alaska and restore the integrity of our program. Positively or negatively, the sablefish/halibut program will be used during reauthorization in 2000 as an example of progressive fisheries management in the United States, an approach that NOAA and NMFS have endorsed vigorously.

Sincerely,



Richard B. Lauber
Chairman

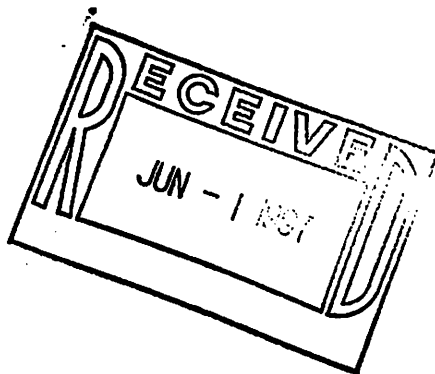
Enclosure

cc (w/o enclosure):

Steve Meyer
Rollie Schmitten
Steve Pennoyer
Senator Stevens
Senator Gorton
Regional Councils



P.O.Box 3047
Kodiak, AK 99615



To: Clarence Pautzke
Company:
Fax number: +1 (907) 271-2817
Business phone: 907-271-2809

From: Toby Sullivan
Fax number: tobys@ptialaska.net@+1 (907) 486-1481
Business phone:
Home phone: (907) 486-1481

Date & Time: 6/2/97 2:39:39 PM
Pages: 3
Re: Halibut tendering

Toby Sullivan
Northwest Setnetters Association
Box 3047, Kodiak, AK 99615
(907) 486-1481

Fax (907) 486-5542

Rick Lauber, chairman
North Pacific Fisheries Management Council

June 2, 1997

Dear Mr Lauber:

□At the inception of the IFQ program in 1995, about 150 Kodiak Island salmon setnet permit holders were awarded Individual Fishing Quota halibut shares based on their historical participation in the halibut fishery. These are mainly Class D shares of under 1,000 lbs. each. These fishermen necessarily used tenders to deliver their halibut during the qualifying years, but since existing regulations make no provisions for tendering, many have been unable to

participate in the fishery since the beginning of the IFQ program. The shares have gone unfished.

We believe the current IFQ program unfairly prevents small boat fishermen in remote areas from fishing halibut, despite a previous participation which qualified them for initial IFQ shares. We believe this inequity should be addressed by the Council.

During the qualifying years, these setnetters used skiffs to fish for halibut whenever halibut openings occurred while they were at their salmon fish camps, and used tenders to get this halibut to plants in Kodiak. With distances from these setnet sites to Kodiak varying between 25 and 150 miles, and using skiffs under 25 feet, tendering was, and is, the only practical way for them to participate in the halibut fishery from anywhere beyond a few miles radius of the town of Kodiak.

Many setnetters would be willing to forego their traditional halibut grounds near their setnet sites, to fish nearer the town of Kodiak, if it could be done. However, because of other jobs and fisheries, halibut fishing before or after salmon season is difficult for many setnetters. Also, because setnet skiffs are commonly stored during the off season at several salmon canneries around Kodiak Island or at the setnet sites, it is logistically difficult to use the skiffs anywhere but near the sites themselves.

In the last two summers several setnet skiff fishermen have run their halibut from Uganik Bay, on the west side of Kodiak Island, to Kodiak, a distance of about eighty miles. Although these fisherman delivered their halibut without incident, many of us remember the loss of a skiff with several men from Kodiak (not setnetters) during a rough weather halibut opening near Spruce Island in the early '90's. Although one of the stated reasons for implementing the IFQ program was increasing fishermen's safety, The Northwest Setnetters Association is concerned that long distance travel to a limited number of landing points is inherent in the program, and that safety is again an issue.

In March of this year I expressed the concerns of our group to Phil Smith of the RAM Division while he was in Kodiak attending the Comfish show. He assured me the problem had been addressed and remedied, and referred me to National Marine Fisheries Enforcement for particulars.

After speaking with Enforcement agents Ken Hansen in Kodiak and Steve Meyer in Juneau, I initially thought some kind of regulation change might be implemented to address the lack of tendering provisions in the IFQ program. Agent Meyer discouraged this line of thinking however, saying Enforcement preferred case by case waivers rather than a full blown regulation change. He agreed to consider a Transaction Terminal Waiver for Kodiak setnetters similar to one previously granted to tender operator Paul Seaton in Homer in 1996, and re-issued in March of 1997.

In late April I wrote a proposal similar to Mr. Seaton's, involving about 25 setnetters in Uganik and Viekoda Bays, on the west side of Kodiak, and two delivery locations, one in each bay. My boat, the Swallow, was the proposed tender, and I proposed a specific date, June 12th of this year as halibut tendering day. The fish were to have been delivered to Cook Inlet Processors in Kodiak.

On May 23 Agent Meyer told me a committee was deliberating the fate of my proposal and he would get back to me. I called him May 30th and was told my proposal had been denied. His stated reason was that NMFS lawyers had concluded that my and two other tendering proposals under consideration might be more than Enforcement could control. The previously approved waiver to Mr Seaton in Homer was also rescinded. Agent Meyer suggested I pursue a regulation change through the North Pacific Fisheries Management Council.

Seeing as how a regulation change would be unlikely to go into effect until next year, even if one were written now, I would like you to consider granting a waiver similar to the one denied by Agent Meyer. I intend to testify at the Council meeting in Kodiak June

18th, much as I have written above.
 Your time and consideration in this matter are appreciated.

Yours sincerely,

Toby Sullivan

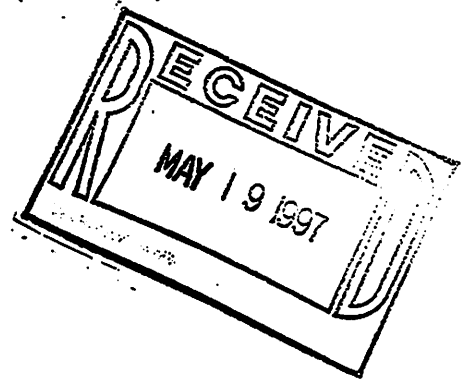
cc: Clarence Pautzke

- Dave Benton
- Seth Macinko
- Steve Pennoyer
- Steve Meyer
- Ken Hansen
- Leigh Selig
- Kevin O'Leary
- Jeff Stephen
-

TO: North Pacific Fisheries Management Council (NPFMC)
cc: NOAA

FROM: Lloyd Pederson
PO Box 447
Petersburg, Alaska 99833
907-772-3242

Patrick Ridley
PO Box 731
Petersburg, Alaska 99833
907-772-4630



April 16, 1997

To Whom It May Concern,

~~To begin, we want to stress that we are not against an I.F.Q. program, but are strictly against the present system. We question how these certain longline associations from Seattle and Alaska put together this program that made them instant millionaires.~~

The National Marine Fisheries Service (NMFS) did not know how to implement this program, so they had to rely on associations to form committee meetings to set up a program that eventually made them millionaires. ~~Shame on the NPFMC and NMFS for accepting this program!~~

Why wasn't the cut-off date moved back? The International Halibut Commission was formed around 1923, so why wasn't the cut-off date of ~~1984 moved back?~~ It is pretty obvious why it was not!

Currently, boat owners are working together and using their quota shares on one boat, thus eliminating long time crew member jobs. Crew members that have been fishing halibut and Black Cod all their lives came out with nothing -- zero shares. Crew members helped buy many of those longline boats.

It's a known fact that some boat owners are taking exorbitant boat shares, up to 50% to 75%, when it used to be around 30%. It is just about impossible for the younger generation to go longline fishing unless their father has a boat.

The outfitting stores, grocery stores, gear shops, etc., are all starting to feel the effect of this unreal program. ~~Of the 20 million pounds added on to the quota this year, why was this not given to the smaller guy? Instead, it was given to the multimillionaires!~~

Rick Lauber, Chairman of NPFMC, wondered out loud why the IPHC did not drop the bomb 4 years ago as the council hammered out the highly contested IFQ program. He said he found it "fortuitous that people who are already millionaires became multimillionaires." Lauber ventured to say that the council might have voted differently on the IFQ program had they known such changes were in the wind.

The biggest union involved in the longline fisheries, the Deep Sea Fishermen's Union of Seattle, were led to believe it would benefit them tremendously. But, as it turned out, it completely back-fired on them. Many fishermen lost their jobs because of this program, some who have

longlined many, many, many years. This program was promulgated by the very few who will receive the greatest benefit, and is redundant with inequities that not only deprive some fishermen of a livelihood, but destroys the Democratic process by its adoption.

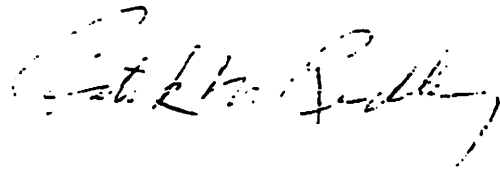
While IFQ holders were cleaning-up, those fishermen recently disposed of in the Alaska fishery were making a last-ditch effort to have the program over-turned in court. ~~Although the Ninth Circuit Court of Appeals agreed that many skippers and crewmembers had been unfairly dealt with, they could find no legal grounds to undo it.~~

"This case is troubling," wrote Judge Andrew Kleinfeld, "Perfectly innocent people suffered great economic harm. ~~Alternate schemes can easily be imagined..~~but we are not the regulators of the North Pacific halibut and sable fish industry, the Secretary of Commerce is. ~~The decision left the quota share holders breathing a sigh of relief and helped to stimulate the already heated purchases of quota shares in the lucrative fishery.~~"

Again, we endorse some form of a program that will be more equitable for all.

Lloyd Pederson

Signed,

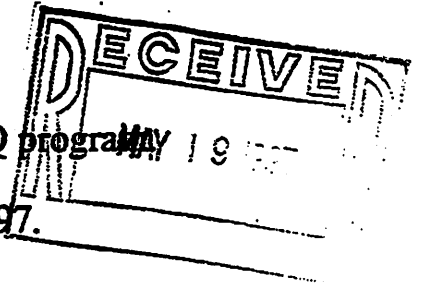


Have longlined in the gulf of ak 50 yrs. and zero I.F.Q. am still fishing.

**TO: Secretary of Commerce
Department of Commerce
15th Street & Constitution Avenue, NW
Washington, D.C. 20230**

SUBJECT: Request for remedial action to salvage IFQ program

ENCLOSURE: Signers to NPFMC dated April 16, 1997.



April 17, 1997

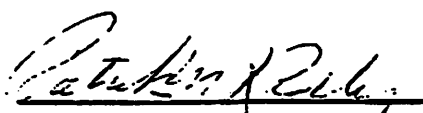
The purpose of this letter and informative enclosure is to acquaint you with the inequitable conditions that have occurred in the longline fishery since the establishment of the quota system by the North Pacific Fisheries Management Council (NPFMC), and to request you assert the authority, as outlined by Judge Kleinfeld in the enclosure, to effect corrective changes in the administration of this vital industry.

In order to alleviate the current traumatic economic effect that the present IFQ regulations have created, it is of paramount importance to rehabilitate this program to equate equal justice and ensure that these fisheries resources are not completely monopolized by a cartel of individuals who have purchased a majority of the outstanding shares which enables them to dictate the industry's operation from catch to market, and thereby control consumer prices without competition.

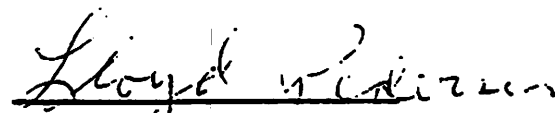
These shareholders monopolizing tactics appear to flaunt Federal anti-trust laws and there is no doubt that the breakdown in the system has generated millionaires at the expense of those fishermen who have been derailed by unfair IFQ mandates.

In view of the pressing need for corrective action outlined above and in the enclosed letter, the signers and a host of deprived fishermen request that you exert the authority of your office to effect immediate remedial, beneficial changes.

Respectfully submitted.



Patrick M. Ridley
PO Box 731
Petersburg, Alaska 99833
(907) 772-4630



Lloyd Pederson
PO Box 447
Petersburg, Alaska 99833
(907) 772-3242

cc: NPFMC
NOAA

On Mon, 14 Apr 1997, Dean Adams wrote:

>
> To:
> North Pacific Fisheries Management Council

>
> From:
> Dean J. Adams
> F/V Quest, Inc.
> 10018 Richwood Ave. NW.
> Seattle, WA 98177

> Council-members:

>
> I would like to express my support for implementation of any
> management tool available, which would stop the present loophole in IFQ
> regulations that allows leasing of quota by quota shareholders that have
> an insignificant investment -- physically or financially -- in the
> sablefish or halibut fishery.

>
> The IFQ system was designed purposefully, to avoid activities that
> individuals are successfully practicing today, because of this loophole.

>
> Quota-leasing to "on-shore" or disassociated shareholders will
> siphon profits from the harvesting sector of the industry. Fishermen and
> fishing vessel owners will suffer from this parasitic relationship.

>
> On the other hand, if this revenue remains in the harvesting sector:

> -shareholder fishermen and families will directly benefit
> -shareholder vessel owners will benefit

>
> And:

> -non-shareholders, fishermen and vessel-owners alike will benefit
> because, revenues will remain within the fishery, rather than be sucked
> on-shore.

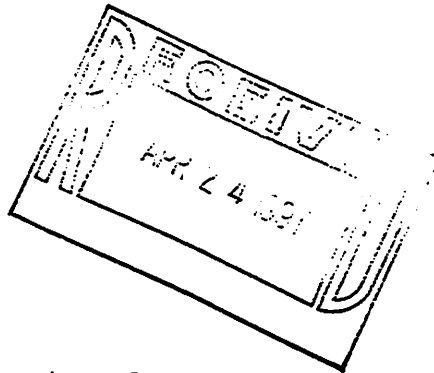
>
> If you keep leasing revenue "on the water" (with shareholders that
> have vested interests in the fishery), return investments will occur BACK
> INTO THE FISHERY:

> -vessels will be newer
> -vessels will be safer
> -vessels will be updated
> -vessels will be more comfortable

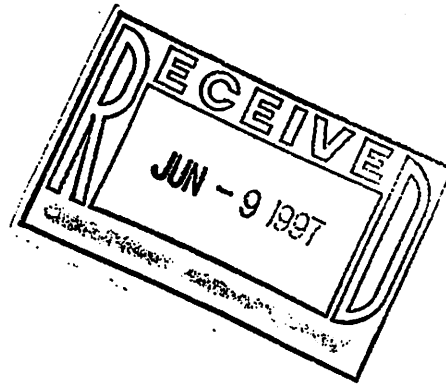
>
> Let's face it, if revenue from quota leasing stays "on the
> water," the IFQ fishery will benefit.

>
> Thank you,
>
> Dean J. Adams

Dean J. Adams



Buck & Ann LLC
P.O.B.8212
Kodiak Ak. 99615



Dear Mr. Stephan,

I ran into a problem with the vessel use cap for the IFQ fishery in Alaska this year.

I have been in a partnership on the F/V Buck & Ann for 8 years now. My partners, Bernie Burkholder, and Jody Burkholder were issued halibut IFQ's in the beginning, I was not issued any shares. Bernie was issued approx. 65,000 pounds, Jody was issued approx. 64,000 pounds. Last year Jody also recieved approx. 15,000 pounds through appeals. Also last year I bought Approx. 38,000 pounds of halibut to get the Buck & Ann close to the maximum the boat could catch.

We then owned approx. 182,000 pounds. With the cap being 187,000 pounds, I felt we were close enough and could concentrate any future effort toward sablefish.

When the TAC went up this year, I thought nothing of it because I was under the limit. Until the other day a computer glitch at NMFS thought I had exceeded the vessel use cap. It was found that I had not, but revealed to me that my 267,000 pounds this year was over the vessel cap this year set at 255,000 pounds. After long deliberations with NMFS Kodiak, and the RAM Division about how I could possibly be over this year when I was under last year, I realized that when 1 area (3B) went up so much, even though I didn't buy any more, it put me over 1/2 % of the TAC.

I really wonder how to judge how much quota to own. I would like to fish all of our quota on our own boat. It is not cost effective for me to lease quota to another boat, as I have a big mortgage on the shares I bought, and I also do not have any desire to own more quota than I can effectively fish myself. I would like to be at the vessel cap, but I don't know how to do that with an ever changing TAC. I could sell some now, but next year if certain areas went down, I could end up short. Then if I bought more, the next year I might be over again.

I am not sure how unique my situation is at this time, but I can see that there will be more people affected by this in the future.

I would like to see you consider this problem and possibly make a regulatory amendment to put the vessel cap at 1/2 % of quota share units instead of pounds. This would give a consistant target area instead of one that changes every year.

Thank-you for your time,

John E. Corbin
F/V Buck & Ann

Stratos Inmarsat-C Service

Fax, Telex and Internet E-mail via Inmarsat-C

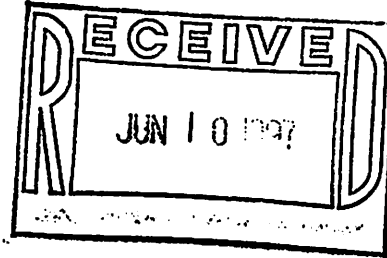
To Register, please contact us at

1-800-563-2255

+1-709-748-4320 (fax)

sales@stratos.ca

From: Mobile 436745710
Sent: Jun 10 19:34 UTC
LES Ref: 921290



FAX TO RICK LAUBER, CHAIRMAN, NPFMC
FROM F/V MASONIC

Dear Rick,

Please do not allow 1st-generation IFQ-holders to continue hiring skippers while owning only 1% of a vessel. While this practice has short-term benefits for those fishers who want more quota to fish, it runs counter to good management and to the original intent of the program.

A person who owns a boat, legitimately, and manages it from the beach has a JOB. That person maintains a boat and keeps track of markets, insurance, parts, and crew. That person is liable for accidents and injuries. If the EPIRB goes off, that person is the one they call.

I have no argument with 1st-generation IFQ-holders who are real boat owners being allowed to hire skippers on boats those owners actually manage. To disallow that would be too disruptive of historical practices in a certain part of our fleet.

But a 1% owner has no job at all. That person is just taking advantage of our program to become a "banker" loaning out paper for a very handsome return, at everyone else's, and the program's, expense. They virtually turn IFQs into a stock portfolio or a mutual fund. Those who fish this quota are virtually peasants taking whatever a fish baron deigns to offer them to remain "competitive."

IFQs in the hands of working fishermen don't work that way. There, if an owner tries to take too much money, that owner has to deal with the consequences of a shoddy operation.

Please require that IFQ-holders all be working members of the fleet, even if that work is done on the beach in some cases. My own opinion is that any 1st-generation IFQ-holder should own at least 49% of a vessel in order to be allowed to hire a skipper.

Sincerely,
Mark S. Lundsten

P.S. A related proposal to change the regulation allowing any IFQ-holder to lease 10% of their IFQs in any area to allow leasing of 10% of TOTAL IFQs owned should make much more fish available to those who want to lease quota (especially in the BS/AI areas where many people have small pieces in faraway places hardly worth going to catch).

C-2a,b

At the request of Jim Hale, National Marine Fisheries Service (NMFS) Fish Management Division, the NMFS Restricted Access Management Division (RAM) undertook an analysis of data to characterize the Quota Share Units (QS) held by QS holders who had hired skippers to fish their Individual Fishing Quota (IFQ) pounds and to associate the QS/IFQ with different levels of vessel ownership interest (specifically up to 5%, 20% 49% and 51%). The accompanying tables:

- 1) Quantify the amount of Individual Fishing Quota (IFQ) that can potentially be fished by hired skippers
- 2) Categorize the percentage of ownership interest that Quota Share (QS) holders have in the vessels designated to be used by hired skippers to harvest catcher vessel IFQ
- 3) Include only catcher vessel QS and do not include processor QS (A shares)

There are several characteristic of the data that should be considered when examining these tables.

The hiring of skippers occurs throughout the IFQ season and RAM weekly (if not daily) receives applications for hired skippers. The QS/IFQ summarized in the accompanying tables is based on a list of QS holders who had hired skippers up to a certain point in the 1997 IFQ season. Since the list was compiled, additional QS holders have hired skippers and some entities on the list are known to have hired skippers on additional vessels that were not included in this summary.

The QS held by each of the QS holders on the list was tabulated and the amount of IFQ represented by the QS was calculated using the 1997 QS/IFQ ratios and does not include any 1996 overage/ underage adjustments.

RAM staff members examined the Division's IFQ files to determine the percentage of vessel ownership. Proof of ownership must accompany the catcher vessel QS hired skipper application. The most common proof of ownership is a copy of the U.S.C.G. Certificate of Documentation (COD), an Abstract of Title (AOT), or a Bill of Sale. Occasionally, RAM accepts a signed affidavit or other document clearly indicated ownership interest in the vessel. For the 1997 season only, RAM accepts proof that a person associated with the non-individual QS holder owns an interest in the vessel, either individually or collectively. In some cases, a member of the QS holding corporation or partnership was a member in a vessel owning corporation or partnership.

Proof of the percentage of ownership is not required. Ownership percentages are rarely indicated in many of the submitted documents (such as, COD and AOT) and it is necessary to estimate. For example, if the COD lists four owners, each is assumed to own an equal portion (25%) of the vessel even though the actual percentage is likely to be different. Estimated percentages are most likely to increase the amount of QS attributed to the 5% to 19%, the 20% to 48%, and the

49% to 51% ownership categories. Additionally, some of the documents submitted to RAM are not recent/current and it is possible that ownership or the percentage of ownership may have changed since the document was issued.

Two categories of ownership deserve some further explanation

Multiple Vessels - this category contains 8 QS holders that have hired skippers on two or more vessels and hold such a differing percentage of ownership interest in the vessels that it was not possible to confidently assign the QS/IFQ to other categories. For example, a QS holder may have a 98% ownership interest in one vessel and but only a 1% interest in a second vessel. Rather than arbitrarily placing the QS/IFQ in one category or splitting it up into several categories, the holding of these 8 QS holders have been tabulated separately.

Undetermined Interest - this category contains three QS holders. One non-individual QS holder has made an application to hire a skipper to fish A shares (proof of ownership is not required for A shares) and has not applied for hired skippers to fish the catcher vessel QS. The other two QS holders have submitted documents that indicated ownership interest in the vessel but the percentage of ownership could not be determined or estimated.

One further note:

The overall totals of this summary differ from an earlier summary. The difference is due to the removal of a 360 unit block of 4E halibut QS because it does not have any IFQ associated with it and can not be fished.

OS UNITS POUNDS				
0% TO 5% INTEREST - HALIBUT	288927	48888		
0% TO 5% INTEREST - HALIBUT	700773	946434		
0% TO 5% INTEREST - HALIBUT	339357	566539		
0% TO 5% INTEREST - HALIBUT	867010	175757		
0% TO 5% INTEREST - HALIBUT	1049330	314642		
0% TO 5% INTEREST - HALIBUT	185392	27092		
0% TO 5% INTEREST - HALIBUT	430032	72887		
	13215031	2152238	TOTAL	
0% TO 5% INTEREST - SABLEFISH	1989754	100209		
0% TO 5% INTEREST - SABLEFISH	2856105	148934		
0% TO 5% INTEREST - SABLEFISH	6436694	656808		
0% TO 5% INTEREST - SABLEFISH	1064328	129764		
0% TO 5% INTEREST - SABLEFISH	4213732	384851		
0% TO 5% INTEREST - SABLEFISH	489070	464130		
	21450683	1884684	TOTAL	
6% TO 20% INTEREST - HALIBUT	31164	5273		
6% TO 20% INTEREST - HALIBUT	1268305	171462		
6% TO 20% INTEREST - HALIBUT	669759	111813		
6% TO 20% INTEREST - HALIBUT	153878	31194		
6% TO 20% INTEREST - HALIBUT	313796	94092		
6% TO 20% INTEREST - HALIBUT	78704	11501		
6% TO 20% INTEREST - HALIBUT	355380	60236		
	2870986	485570	TOTAL	
6% TO 20% INTEREST - SABLEFISH	310606	15653		
6% TO 20% INTEREST - SABLEFISH	174505	9100		
6% TO 20% INTEREST - SABLEFISH	2092351	213505		
6% TO 20% INTEREST - SABLEFISH	356398	43453		
6% TO 20% INTEREST - SABLEFISH	279594	25536		
6% TO 20% INTEREST - SABLEFISH	1784837	169404		
	4998491	476650	TOTAL	
21% TO 48% INTEREST - HALIBUT	8551	1447		
21% TO 48% INTEREST - HALIBUT	2792813	377560		
21% TO 48% INTEREST - HALIBUT	809407	135126		
21% TO 48% INTEREST - HALIBUT	474916	36273		
21% TO 48% INTEREST - HALIBUT	199412	59794		
21% TO 48% INTEREST - HALIBUT	28331	4140		
21% TO 48% INTEREST - HALIBUT	483089	81879		
	4796519	756220	TOTAL	
21% TO 49% INTEREST - SABLEFISH	50800	2558		
21% TO 49% INTEREST - SABLEFISH	122376	6381		
21% TO 49% INTEREST - SABLEFISH	1788161	180425		
21% TO 49% INTEREST - SABLEFISH	803253	97934		
21% TO 49% INTEREST - SABLEFISH	385638	35212		
21% TO 49% INTEREST - SABLEFISH	1086917	103162		
	4217045	425673	TOTAL	

BY OWNERSHIP

BY OWNERSHIP

		QS UNITS	POUNDS	
49.1% TO 51% INTEREST - HALIBUT	2C	188244	31852	
49.1% TO 51% INTEREST - HALIBUT	3A	8091682	1093914	
49.1% TO 51% INTEREST - HALIBUT	3B	2981300	497713	
49.1% TO 51% INTEREST - HALIBUT	4A	914756	185436	
49.1% TO 51% INTEREST - HALIBUT	4B	652676	195705	
49.1% TO 51% INTEREST - HALIBUT	4C	101993	14905	
49.1% TO 51% INTEREST - HALIBUT	4D	596710	101137	
		13527361	2120662	TOTAL
49.1% TO 51% INTEREST - SABLEFISH	AI	748571	37700	
49.1% TO 51% INTEREST - SABLEFISH	BS	176236	9190	
49.1% TO 51% INTEREST - SABLEFISH	CG	5832856	595189	
49.1% TO 51% INTEREST - SABLEFISH	SE	1206722	147125	
49.1% TO 51% INTEREST - SABLEFISH	WG	1119593	102255	
49.1% TO 51% INTEREST - SABLEFISH	WY	3618647	343455	
		12702625	1234915	TOTAL
52% TO 100% INTEREST- HALIBUT	2C	1051629	177941	
52% TO 100% INTEREST- HALIBUT	3A	30388852	4108267	
52% TO 100% INTEREST- HALIBUT	3B	14734056	2459776	
52% TO 100% INTEREST- HALIBUT	4A	4474716	907098	
52% TO 100% INTEREST- HALIBUT	4B	2576676	772616	
52% TO 100% INTEREST- HALIBUT	4C	637306	93133	
52% TO 100% INTEREST- HALIBUT	4D	866307	163781	
		54829542	8682612	TOTAL
52% TO 100% INTEREST-SABLEFISH	AI	3945563	198709	
52% TO 100% INTEREST-SABLEFISH	BS	4508292	235088	
52% TO 100% INTEREST-SABLEFISH	CG	30807481	3143621	
52% TO 100% INTEREST-SABLEFISH	SE	6106209	744478	
52% TO 100% INTEREST-SABLEFISH	WG	7337348	670139	
52% TO 100% INTEREST-SABLEFISH	WY	14225622	1350192	
		66930515	6342226	TOTAL
MULTIPLE VESSELS - HALIBUT	2C	16499	2792	
MULTIPLE VESSELS - HALIBUT	3A	2915609	394161	
MULTIPLE VESSELS - HALIBUT	3B	1338309	223424	
MULTIPLE VESSELS - HALIBUT	4A	287099	58200	
MULTIPLE VESSELS - HALIBUT	4B	428041	128348	
MULTIPLE VESSELS - HALIBUT	4C	241279	35259	
MULTIPLE VESSELS - HALIBUT	4D	131054	22213	
		5357880	864396	TOTAL
MULTIPLE VESSELS - SABLEFISH	AI	669057	33695	
MULTIPLE VESSELS - SABLEFISH	BS	478729	24964	
MULTIPLE VESSELS - SABLEFISH	CG	5122030	522656	
MULTIPLE VESSELS - SABLEFISH	SE	726602	88588	
MULTIPLE VESSELS - SABLEFISH	WG	537464	49088	
MULTIPLE VESSELS - SABLEFISH	WY	1889712	179358	
		9423594	898349	TOTAL

BY OWNERSHIP

		QS UNITS	POUNDS	
UNDETERMINED INTEREST - HALIBUT	3A	585593	79167	
UNDETERMINED INTEREST - HALIBUT	3B	9732	1625	
		585325	80791	TOTAL
UNDETERMINED INTEREST - SABLEFISH	BS	7388	385	
UNDETERMINED INTEREST - SABLEFISH	CG	37570	3834	
UNDETERMINED INTEREST - SABLEFISH	SE	10682	1302	
UNDETERMINED INTEREST - SABLEFISH	WG	33223	3034	
UNDETERMINED INTEREST - SABLEFISH	WY	287278	27266	
		376141	35822	TOTAL

BY AREA

		QS UNITS	POUNDS	
0% TO 5% INTEREST - SABLEFISH	AI	1989754	100209	
6% TO 20% INTEREST - SABLEFISH	AI	310806	15653	
21% TO 49% INTEREST - SABLEFISH	AI	50800	2558	
49.1% TO 51% INTEREST - SABLEFISH	AI	748571	37700	
52% TO 100% INTEREST-SABLEFISH	AI	3945563	198709	
MULTIPLE VESSELS - SABLEFISH	AI	669057	33695	
		7714551	388525	TOTAL
0% TO 5% INTEREST - SABLEFISH	BS	2856105	148934	
6% TO 20% INTEREST - SABLEFISH	BS	174505	9100	
21% TO 49% INTEREST - SABLEFISH	BS	122376	6381	
49.1% TO 51% INTEREST - SABLEFISH	BS	176236	9190	
52% TO 100% INTEREST-SABLEFISH	BS	4508292	235088	
MULTIPLE VESSELS - SABLEFISH	BS	478729	24964	
UNDETERMINED INTEREST - SABLEFISH	BS	7388	385	
		8323631	434042	TOTAL
0% TO 5% INTEREST - SABLEFISH	CG	6436694	656806	
6% TO 20% INTEREST - SABLEFISH	CG	2092351	213505	
21% TO 49% INTEREST - SABLEFISH	CG	1768161	180425	
49.1% TO 51% INTEREST - SABLEFISH	CG	5832856	595189	
52% TO 100% INTEREST-SABLEFISH	CG	30807481	3143621	
MULTIPLE VESSELS - SABLEFISH	CG	5122030	522656	
UNDETERMINED INTEREST - SABLEFISH	CG	37570	3834	
		52097143	5316035	TOTAL
0% TO 5% INTEREST - SABLEFISH	SE	1064328	129764	
6% TO 20% INTEREST - SABLEFISH	SE	356398	43453	
21% TO 49% INTEREST - SABLEFISH	SE	803253	97934	
49.1% TO 51% INTEREST - SABLEFISH	SE	1206722	147125	
52% TO 100% INTEREST-SABLEFISH	SE	6108209	744478	
MULTIPLE VESSELS - SABLEFISH	SE	728602	88588	
UNDETERMINED INTEREST - SABLEFISH	SE	10682	1302	
		10274194	1252645	TOTAL
0% TO 5% INTEREST - SABLEFISH	WG	4213732	384851	
6% TO 20% INTEREST - SABLEFISH	WG	279594	25536	
21% TO 49% INTEREST - SABLEFISH	WG	385538	35212	
49.1% TO 51% INTEREST - SABLEFISH	WG	1119593	102255	
52% TO 100% INTEREST-SABLEFISH	WG	7337348	670139	
MULTIPLE VESSELS - SABLEFISH	WG	537464	49088	
UNDETERMINED INTEREST - SABLEFISH	WG	33223	3034	
		13906492	1270115	TOTAL
0% TO 5% INTEREST - SABLEFISH	WY	4890070	464130	
6% TO 20% INTEREST - SABLEFISH	WY	1784837	169404	
21% TO 49% INTEREST - SABLEFISH	WY	1086917	103162	
49.1% TO 51% INTEREST - SABLEFISH	WY	3618647	343455	
52% TO 100% INTEREST-SABLEFISH	WY	14225822	1350192	
MULTIPLE VESSELS - SABLEFISH	WY	1889712	179358	
UNDETERMINED INTEREST - SABLEFISH	WY	287278	27266	
		27783083	2636967	TOTAL
		120099094	11298330	GRAND TOTAL

BY AREA

		QS UNITS	POUNDS	
0% TO 5% INTEREST - HALIBUT	2C	288927	48888	
6% TO 20% INTEREST - HALIBUT	2C	31164	5273	
21% TO 49% INTEREST - HALIBUT	2C	8551	1447	
49.1% TO 51% INTEREST - HALIBUT	2C	188244	31852	
52% TO 100% INTEREST - HALIBUT	2C	1051629	177941	
MULTIPLE VESSELS - HALIBUT	2C	18499	2792	
		1585014	268192	TOTAL
0% TO 5% INTEREST - HALIBUT	3A	7000773	946434	
6% TO 20% INTEREST - HALIBUT	3A	1268305	171462	
21% TO 49% INTEREST - HALIBUT	3A	2792813	377560	
49.1% TO 51% INTEREST - HALIBUT	3A	8091682	1093914	
52% TO 100% INTEREST - HALIBUT	3A	30388852	4108267	
MULTIPLE VESSELS - HALIBUT	3A	2915609	394161	
UNDETERMINED INTEREST - HALIBUT	3A	585593	79167	
		53043627	7170965	TOTAL
0% TO 5% INTEREST - HALIBUT	3B	3393567	566539	
6% TO 20% INTEREST - HALIBUT	3B	669759	111813	
21% TO 49% INTEREST - HALIBUT	3B	809407	135126	
49.1% TO 51% INTEREST - HALIBUT	3B	2981300	497713	
52% TO 100% INTEREST - HALIBUT	3B	14734056	2459776	
MULTIPLE VESSELS - HALIBUT	3B	1338309	223424	
UNDETERMINED INTEREST - HALIBUT	3B	9732	1625	
		23936130	3996015	TOTAL
0% TO 5% INTEREST - HALIBUT	4A	867010	175757	
6% TO 20% INTEREST - HALIBUT	4A	153878	31194	
21% TO 49% INTEREST - HALIBUT	4A	474916	96273	
49.1% TO 51% INTEREST - HALIBUT	4A	914756	185436	
52% TO 100% INTEREST - HALIBUT	4A	4474716	907098	
MULTIPLE VESSELS - HALIBUT	4A	287099	58200	
		7172375	1453958	TOTAL
0% TO 5% INTEREST - HALIBUT	4B	1048330	314642	
6% TO 20% INTEREST - HALIBUT	4B	313786	94092	
21% TO 49% INTEREST - HALIBUT	4B	199412	59794	
49.1% TO 51% INTEREST - HALIBUT	4B	652676	195705	
52% TO 100% INTEREST - HALIBUT	4B	2576676	772616	
MULTIPLE VESSELS - HALIBUT	4B	428041	128348	
		5219931	1565197	TOTAL
0% TO 5% INTEREST - HALIBUT	4C	185382	27092	
6% TO 20% INTEREST - HALIBUT	4C	78704	11501	
21% TO 49% INTEREST - HALIBUT	4C	28331	4140	
49.1% TO 51% INTEREST - HALIBUT	4C	101993	14805	
52% TO 100% INTEREST - HALIBUT	4C	637306	93133	
MULTIPLE VESSELS - HALIBUT	4C	241279	35259	
		1273005	186030	TOTAL

BY AREA

		QS UNITS	POUNDS	
0% TO 5% INTEREST - HALIBUT	4D	430032	72887	
6% TO 20% INTEREST - HALIBUT	4D	355390	60236	
21% TO 49% INTEREST - HALIBUT	4D	483089	81879	
49.1% TO 51% INTEREST - HALIBUT	4D	596710	101137	
52% TO 100% INTEREST - HALIBUT	4D	966307	163781	
MULTIPLE VESSELS - HALIBUT	4D	131054	22213	
		2962582	502133	TOTAL
		95192664	15142489	GRAND TOTAL

C-2

IFQ Industry Implementation Team

DRAFT Minutes and Report

June 16, 1997

The IFQ Industry Implementation Team met at Fishermen's Hall, Kodiak, Alaska, on Monday, June 16, 1997. The meeting convened at approximately 6:40 pm, and adjourned at approximately 11:50 pm.

Members Present: John Bruce, Arne Fuglvog, Dennis Hicks, Don Iverson, Linda Kozak, Jack Knudsen, Jeff Stephan, Drew Scalzi, John Woodruff

Staff Present: Jane DiCosimo (NPFMC), Jay Ginter (NMFS Management), Jim Hale (NMFS Management), Steve Hoag (IPHC), John Lepore (NMFS Management), Steve Meyer (NMFS Enforcement), Phil Smith (NMFS RAM)

A. Audience Comments

Members of the audience were given the opportunity to comment on the Sablefish/Halibut IFQ Program prior to the start of the Team's consideration of the meeting Agenda. Several fishermen who were in the audience took the opportunity to provide the Team with their thoughts relative to various aspects of the Program, including some items that were to be considered by the Team at this meeting.

B. D-1(b): Sablefish Rolling Closure

????????????? previously distributed

C. C-2: Halibut and Sablefish IFQ Program; Final Review of IFQ Amendments

1. Vessel Ownership Requirement for the Purpose of Hiring a Skipper

Jim Hale (NMFS Management) presented a report to the Team that summarized the EA/RIR for the proposed Regulatory Amendment to amend the current Sablefish/Halibut IFQ Regulations that govern vessel ownership requirements for hiring a skipper in the Sablefish/Halibut IFQ Program. The Council is scheduled to take final action on this issue

at this meeting. After extensive discussion with the Team and industry representatives that were in attendance at the Team meeting, the Team recommends that the Council add a 4th Alternative to the Analysis, and send it out for public review for final action in September (unanimous). Alternative 4 would terminate the ^{grandfather clause} ability to hire skippers on January 1, 2004. Alternative 4 will require a Plan Amendment. Most team members felt that neither Alternatives 2 nor 3 provided an adequate solution to the problems that are seen to exist with the current Sablefish/Halibut IFQ Regulations that govern vessel ownership requirements for hiring a skipper. The Team also recommends that the Analysis for Alternatives 2 and 3 should be further clarified, refined, developed and modified.

2. Transfer Privileges for Surviving Heir for Sablefish/Halibut QS and IFQ

Jim Hale (NMFS Management) presented a report that summarized the EA/RIR for the proposed Regulatory Amendment to extend Transfer Privileges for Quota Share (QS) and Individual Fishing Quota (IFQ) from deceased holders of QS and IFQ to Surviving Heirs. Currently, the Sablefish/Halibut IFQ regulations permit such transfers only to the Surviving Spouse. The Council is scheduled to take final action on this issue at this meeting. The Team recommends Alternative 1, Status Quo (6 yes, 3 no). In consideration of the concept to keep QS in the hands of professional fishermen, the Team concluded that the financial interests of heirs can be protected through existing legal practices and procedures, (e.g., wills). The majority of the Team felt that the Options and Alternatives that modify the Status Quo result in complications and complexities for IFQ ownership that are neither necessary nor desirable.

D. C-3 (b): Area 4 Catch Sharing Plan

The Team recommends that the Council adopt alternatives 2 and 3 (8 yes, 1 no). Alternative 2 removes Areas 4A and 4B from the Area 4 catch sharing plan. Alternative 3 allows CDQ QS from Area 4D and 4E to be harvested in either Area 4D or 4E. The Team notes that IPHC staff indicated that the IPHC does not have a conservation concern with the adoption of Alternatives 2 or 3.

E. IFQ Weighmaster Program

Steve Hoag (IPHC) and Steve Meyer (NMFS Enforcement, Alaska Region) provided the Team with brief reports on various aspects of a proposed IFQ Weighmaster Program. A Discussion Paper on this topic will be developed by IPHC staff, and is expected to be presented to the Council at the September meeting in Seattle. The Discussion Paper will include a Problem Statement, will review the Canadian Validator Program, and will summarize potential alternatives for an IFQ Weighmaster Program or an IFQ Dockside Monitoring Program for use in the Sablefish/Halibut IFQ Program. The team was informed that an EA/RIR that addresses economic and enforcement considerations will be necessary if the Council wishes to further develop the concept of either an IFQ Weighmaster Program or an IFQ Dockside Monitoring Program for use in the Sablefish/Halibut IFQ Program.

F. Enforcement Report

Steve Meyer (NMFS Enforcement) presented an Enforcement Report to the Team. The Enforcement Report included a review of several enforcement-related issues, including,

- Current status of staffing levels in the NMFS Alaska Region Enforcement Office, and the associated impacts of these staffing levels on NMFS enforcement of the Sablefish/Halibut IFQ Program
- the use of "institutional waivers" versus "case-by-case waivers"
- a recent enforcement case in Sitka
- criminal violations that result in the loss of QS
- several problems in the CDQ/IFQ fishery that have resulted in several Notices of Potential Violation

G. Proposals for the Sablefish/Halibut IFQ Program

The Team briefly reviewed letters from 2 members of the public who suggest proposed modifications to the Sablefish/Halibut IFQ Program. The Team recommends that these letters be included with any other Proposals that may be received by the Council in response to the Call for Proposals for the Sablefish/Halibut IFQ Program that will be announced later this summer.