


MEMORANDUM

TO: Council, SSC and AP Members  
FROM: Clarence G. Pautzke   
Executive Director  
DATE: April 9, 1996  
SUBJECT: Sablefish and Halibut IFQs

ESTIMATED TIME  5 HOURS
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**ACTION REQUIRED**

- (a) Final review of Amendment 43/43 to increase halibut and sablefish sweep-up limits.
- (b) Initial review of regulatory amendment to allow the use of pot longlines for sablefish in the Bering Sea and increase halibut use caps in the Bering Sea/Aleutian Islands.

**BACKGROUND**

(a) Final Review of Sweep-up Amendment 43/43

The Council is scheduled for final action on Amendment 43/43 to increase the current sweep-up limits of less than 1,000 lb for halibut IFQs and less than 3,000 lb for sablefish IFQs, based on 1994 TAC levels. Industry has reported that current sweep-up levels do not equal the harvest of a worthwhile fishing trip and has requested a moderate increase to provide economically "fishable" amounts, without overly increasing consolidation or creating large blocks. Further, fishermen report there is little market for small QS blocks because of the two-block cap. A moderate increase in the sweep-up levels could facilitate transfer of very small blocked QS to crewmen and small boat fishermen who seek to increase their holdings. Smaller blocks are reportedly available at relatively low price per pound and total price.

The EA/RIR for Amendment 43/43 was mailed to you on February 15, 1996. Three tables, revised from data recently provided by the RAM Division, are attached as Item C-4(a). Public comments are attached under Item C-4(b).

The following sweep-up levels are included in the analysis:

Alternative 1: Status quo.

- QS blocks less than 1,000 pounds of halibut can be combined as long as the resulting block does not contain QS that would equate to more than 1,000 pounds of IFQ at 1994 levels.
- QS blocks less than 3,000 pounds of sablefish can be combined as long as the resulting block does not contain QS that would equate to more than 3,000 pounds of IFQ at 1994 levels.

**Alternative 2: Increase the halibut sweep-up levels under the Modified Block Program to:**

Option A. 3,000 lb.

Option B. 5,000 lb.

**Alternative 3: Increase the sablefish sweep-up levels under the Modified Block Program to:**

Option A. 5,000 lb.

Option B. 7,000 lb.

The analysis draws the following conclusions about potential consolidation and availability of QS under the various alternatives and options. These results should be considered as potential or hypothetical limits of consolidation; it is not expected that QS holders will optimally combine small shares into the exact sweep-up limits. For example, under the current sweep-up rule allowing blocked halibut QS to be combined into blocks less than 1,000 lb, 25% of current halibut blocks could have been combined. In actuality, less than 1% were combined in 1995.

Alternative 2 would allow halibut QS blocks to be combined into blocks equivalent to less than 3,000 lb under Option A or 5,000 lb under Option B. The 5,991 halibut QS blocks issued by RAM as of December 1995 could be consolidated by 25% to 4,489 blocks under the current sweep-up limit of 1,000 lb and the 1994 base year. Potential consolidation under Option A could be 44% to 3,340 blocks; Option B could consolidate blocks by 55% to 2,678. Raising the sweep-up level from Option A to Option B increases consolidation by 11%. Most consolidation occurs in Areas 2C, 3A, and 3B under all alternatives due to the small size of issued QS.

Alternative 3 would allow sablefish QS blocks to be combined into blocks of less than 5,000 lb under Option A or 7,000 lb under Option B. The 1,046 sablefish QS blocks could be consolidated by 39% to 853 blocks under the current sweep-up limit of 3,000 lb and the 1994 base year. Potential consolidation under Option A could be 49% to 718 blocks; Option B would consolidate blocks by 57% to 601. Raising the sweep-up level from Option A to Option B increases consolidation by 8%. Most consolidation occurs in the Central Gulf area under all alternatives.

In addition to raising the sweep-up levels, the Council may also revise sweep-up operational procedures in two ways. The Council may choose to update the current 1994 base year upon which the sweep-ups are calculated to 1996. The IFQ pounds associated with the sweep-up limits, originally based on 1994 TACs, change along with the annual TAC in each regulatory area and no longer equal the 1,000 lb halibut limit and 3,000 lb sablefish limit set in 1994 (e.g., 1,000 lb in 1994 in halibut Area 2C is equivalent to 772 lb in 1996). Updating the base year to 1996 increases halibut QS block consolidation to the actual sweep-up poundage chosen by the Council (e.g., 772 lb in Area 2C to 1,000 lb). This adds 255,131 lb to the 1,000 lb halibut sweep-up category and increases consolidation by 1% under all alternatives. For sablefish, 260,786 lb is added to the 3,000 lb category and increases consolidation by 3% under all alternatives.

The Council may also continue to specify the actual sweep-up pounds (status quo) by area in the IFQ regulations. While an issuee's QS are more or less fixed, the associated IFQs fluctuate according to the TAC. The Council could recommend that the QS units associated with the preferred sweep-up level (using either a 1994 or 1996 base year) be specified in the regulations and allow the associated pounds to fluctuate with the TAC. Or the Council could specify the preferred sweep-up pounds be fixed in the regulations and allow the associated QS units to fluctuate annually with the TAC. The NMFS RAM Division has indicated an annual calculation of either method is feasible.

(b) Initial Review of Sablefish Pot Longline and Halibut Use Cap Regulatory Amendment

In January 1996, the Council directed staff to prepare a draft analysis for two regulatory amendments: authorizing the use of pot longlines for sablefish in the Bering Sea, and increasing the QS use caps for halibut in the Bering Sea and Aleutian Islands. The analysis was mailed to you on April 5. If the Council decides to send the draft amendments out for public review, final action could be scheduled for June.

**(1) Pot Longlines for Sablefish in the Bering Sea.** This industry proposal was submitted primarily because of interactions with killer whales. The issue raises concern over competition with killer whales for the resource as well as the possibility of harmful gear interactions. The endangered short-tailed albatross also have been impacted by the sablefish longline fishery. The main concern expressed by industry, however, is depredation of hooked sablefish by killer whales, which makes fishing inefficient and may be precluding full attainment of the TAC. The fixed gear IFQ fishery in the Bering Sea was allocated 1,410,944 lb for the 1995 fishing year. Only 61% of the Total Allowable Catch (TAC) was taken, leaving over 400,000 lb of sablefish unharvested.

Pots, an alternative to hook-and-line gear, may be used, but not on longline gear because of a 1992 prohibition in the Bering Sea based on grounds preemption. Fishing practices under the sablefish IFQ fishery may have mitigated the preemption problem because the fleet can spread out over the fishing grounds over the extended eight-month fishing season.

Under the proposed action, Bering Sea fishermen could switch from hook-and-line to pot longline gear to minimize killer whale and short-tailed albatross interactions and increase their ability to harvest their IFQs. Longline and pot longline gear may compete for prime sablefish grounds in areas not experiencing high predation by killer whales. Pot longline gear may also be fished in areas currently avoided by the longline fleet due to high killer whale activity. It appears likely, however, that the two gear groups may be well-separated on the fishing grounds. Hook-and-line longline landings in 1993 and 1994 were concentrated around the 200 m depth contour. Pot longlines may be fished at greater depths, between 350-800 m. However, even if the gears are fished at similar depths, the IFQ program allows for separation in space and time of the fishing vessels as a result of the end of derby-style fishing practices.

Proposed alternatives include:

Alternative 1: Status quo. Prohibit the use of pot longline gear in the Bering Sea.

Alternative 2: Allow the use of pot longline gear for sablefish in the Bering Sea:

Option A. by season:

- (i) the entire sablefish IFQ fishing season;
- (ii) *month? to month?*, when peak killer whale/sablefish H&L longline fishery interactions occur;
- (iii) August and November, when short-tailed albatross were taken by the sablefish H&L longline fleet;
- (iv) other.

Option B. by area:

- (i) the entire Bering Sea;
- (ii) Statistical Reporting Areas 517, 518, and 519, where peak killer whale/sablefish H&L longline fishery interactions occur;
- (iii) outside of a 15-mile buffer surrounding the 200 m depth contour;
- (iv) other.

Options A and B and their respective suboptions provide a range of seasons and areas for use of pot longlines to meet various objectives. Option A (i) is the most liberal for seasons: it would allow the use of pot longlines for the entire IFQ season in the Bering Sea, March 15 to November 15. Fishermen now using hook-and-line longline gear could choose to use pot longlines to reduce killer whale predation and seabird interactions, and thereby would most likely improve their efficiency in catching sablefish. They would not be required, however, to switch gears, and may not do so if the cost of rerigging to pot longlines is prohibitive. To the extent that fishermen would choose to switch to pot longlines, Option A (i) would provide for maximum reduction in interactions with killer whales and short-tailed albatross particularly as they occur throughout the year.

The Option B suboptions provide for various area closures to the use of pot longlines. Option B (i) is the most expansive and would allow fishermen to switch to pot longlines anywhere in the Bering Sea. This would allow for the most reduction in fishery interactions with killer whales and short-tailed albatross, particularly as they might occur outside areas identified in the remaining suboptions.

Options A (ii) and (iii) and B (ii) and (iii) would have similar, but reduced, effects. Because whales occupy the Bering sea year-round, it has been difficult to identify a period of peak fishery/killer whale interactions as would be provided under Option A (ii). Most reports of interactions have come in the summer months, but that simply may be an artifact of harvest activity being the highest then. The two months chosen under Option A (iii) coincide with months of reported takings of endangered seabirds, however, it may be expected that additional takings may occur in other months, but are unreported due to the difficulty in identification of seabirds by the industry and observers. Numerous other seabirds are known to be taken on longline gear throughout the fishing season.

Option B (ii) would offer much of the same benefits as Option B (i) since 89% of all Bering Sea sablefish landings are reported from the areas defined within Option B (ii). This alternative may offer some protection from competition for fishing grounds for those smaller vessels that may be unequipped to fish with pot longlines. Option B (iii) would similarly restrict pot longlines to certain geographic areas to limit gear interactions; however, a review of the fishing patterns of the sablefish longline fleet, other groundfish fisheries, and the depths at which sablefish pot longlines would be fished suggests that minimal gear conflicts would occur as a result of allowing the use of pot longlines in this fishery. Additionally, the extended eight-month IFQ season would spread the fleet out over area and time.

**(2) Halibut Quota Share Use Caps in the Bering Sea/Aleutian Islands** The second management action under Council consideration would relax halibut use caps for second generation QS holders in the Bering Sea/Aleutian Islands. Current regulations stipulate that halibut Area 4 use caps may not exceed 1/2 percent of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, combined. The use caps are a result of the concern that an unrestricted market for QS could result in a few powerful interests controlling most of the landings and result in excessive decreases in the numbers of vessels and fishermen participating in the fixed gear halibut fishery.

Industry, however, reports that the current 1/2 percent cap for Area 4 is too low. The 1996 QS pool totals 33,002,937 QS units for Area 4. The 1/2 percent cap for all of Area 4 equals 165,015 QS units. Some fishermen have reported that this restriction does not allow them to purchase sufficient QS for a viable fishing trip in the BSAI. The cap amounted to 26,500 lb based on combined Area 4 1994 TACs and 23,610 lb based on 1995 and 1996 TACs. Most QS, however, is distributed among multiple areas, further exacerbating the problem of low use caps. Industry has reported that the 1/2 percent cap on new QS owners is insufficient to justify the expense of traveling to remote areas in the western Aleutian Islands and Bering Sea to harvest halibut. The status quo individual QS cap of 165,015 units converted to 1996 IFQ pounds by Area 4 is listed by subarea to the right.

Area	1996 IFQ
4A	21,573 lb
4B	32,813
4C	16,005
4D	18,980
4E	0

Proposed alternatives include:

- Alternative 1. Status quo. Halibut QS use will be limited to ½ percent of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, combined.
- Alternative 2. Increase Halibut QS use of the total amount of halibut QS for IFQ regulatory areas 4A, 4B, 4C, 4D, and 4E, combined to:
- Option A. 1.0 percent;
  - Option B. 2.0 percent.

Alternative 2, Option A would allow an additional 32 QS holders (7% of the total) to increase their QS to the proposed 1 percent cap of 333,029 units. This alternative would allow the transfer of a theoretical maximum of 2,536,373 units to 32 currently capped QS holders to reach the higher 1 percent cap.

Alternative 2, Option B would allow an additional 50 QS holders (10% of the total) to increase their QS holdings to the 2 percent cap of 660,058 QS units. The theoretical maximum of QS units required to allow all 50 QS holders to reach the cap under this alternative exceeds the available QS units held by the remaining 509 QS holders under the current cap, so not all 50 could increase to the maximum amount allowed.

Area 4A is the only area with unblocked shares, totaling less than 12 million QS units. With the Area 4A 1996 TAC of 1,950,000 lb and  $QS_{pool}/IFQ$  ratio of 7.649, these QS units translate into 1,530,138 lb. At a reported ex-vessel price of \$2.20/lb, the value of the resource that may be transferred from small QS holders to large QS holders is approximately \$3.4 million. It is assumed that the current block restrictions would limit the transfer of blocked QS, although this may be slightly mitigated under proposed action to increase sweep-up limits.

Joint IPHC/NPFMC Meeting

At their January 1996 meeting, the International Pacific Halibut Commission requested to meet jointly with the Council to discuss halibut bycatch in the Alaskan groundfish fisheries. The Council accepted the invitation and has scheduled the joint meeting for Tuesday afternoon, June 11. This meeting will precede the start of the June Council meeting in Portland. Other topics that may be discussed include a commission staff report on Halibut Area 4 sub-area biomass calculations, a NMFS staff report on halibut grid-sorting, and an inter-agency report on the halibut and sablefish IFQ program. Item C-4(c) is a report from the Commission meeting.

Additional Materials

Item C-4(d) has two letters from Steve Pennoyer. The first is to the IFQ Implementation Team and concerns halibut landings by salmon trollers. The second is to the Council Chairman and concerns NMFS' decision not to allow emergency transfers of IFQs.

Table 10. 1995 halibut and sablefish IFQ allocations, landings and percent of quota remaining (Source:RAM\*).

Halibut	TAC			Reserve IFQ Pounds	Percent of Allocation	Remaining - Reserve	Percent Remaining
	Allocation Pounds	Remaining Pounds	Percent Remaining				
2C	9,000,000	1,211,485	13%	10,595	0.1%	1,200,890	13%
3A	20,000,000	2,025,828	10%	322,008	1.6%	1,703,820	9%
3B	3,700,000	528,131	14%	71,285	1.9%	456,846	12%
4A	1,950,000	366,331	19%	81,390	4.2%	284,941	15%
4B	1,848,000	599,667	32%	4,160	0.2%	595,507	32%
4C	385,000	83,779	22%	0	0.0%	83,779	22%
4D	539,000	107,232	20%	0	0.0%	107,232	20%
4E	0	0	0%	0	0.0%	0	0%
<b>Total</b>	<b>37,422,000</b>	<b>4,922,453</b>	<b>13%</b>	<b>489,438</b>	<b>1.3%</b>	<b>4,433,015</b>	<b>12%</b>
<b>Sablefish</b>							
SE	12,996,900	993,716	8%	678,610	5.2%	315,106	2%
WY	8,586,917	593,747	7%	415,299	4.8%	178,448	2%
CG	15,167,648	1,095,058	7%	550,817	3.6%	544,241	4%
WG	4,585,568	634,750	14%	293,888	6.4%	340,862	7%
AI	2,190,072	992,289	45%	138,853	6.3%	853,436	39%
BS	1,410,944	412,625	29%	0	0.0%	412,625	29%
<b>Total</b>	<b>44,938,049</b>	<b>4,722,185</b>	<b>11%</b>	<b>2,077,467</b>	<b>4.6%</b>	<b>2,644,718</b>	<b>6%</b>

\*as of March 5, 1996

Table 11a. Number of unfished halibut permits by area, type\* and size of IFQ holding (Source: RAM)

Area B/U	Under 1,000 lb		1,000 to 3,000lb		3,000 to 5,000 lb		
	total	unfish	total	unfish	total	unfish	
2C BL	680	490	407	117	181	15	8%
2C MLT	11	5	36	4	22	0	0%
2C UBL	182	163	42	14	19	5	26%
3A BL	1,072	902	472	183	193	32	17%
3A MLT	16	4	39	8	26	3	12%
3A UBL	93	92	23	15	11	3	27%
3B BL	346	293	194	79	77	10	13%
3B MLT	5	2	9	2	9	1	11%
3B UBL	129	125	7	7	2	1	50%
4A BL	77	64	85	55	49	20	41%
4A MLT	2	1	8	2	6	2	33%
4A BUL	137	131	2	0	3	2	67%
4B BL	20	19	27	26	19	17	89%
4B MLT	0	0	0	0	0	0	0%
4B UBL	0	0	0	0	0	0	0%
4C BL	21	17	21	15	19	9	47%
4C MLT	0	0	0	0	0	0	0%
4C UBL	0	0	0	0	0	0	0%
4D BL	9	9	18	17	8	5	63%
4D MLT	0	0	0	0	0	0	0%
4D UBL	0	0	0	0	0	0	0%
Total BL	2,225	1,794	1,224	492	546	108	20%
Total MLT	34	12	92	16	63	6	10%
Total UBL	541	511	74	36	35	11	48%

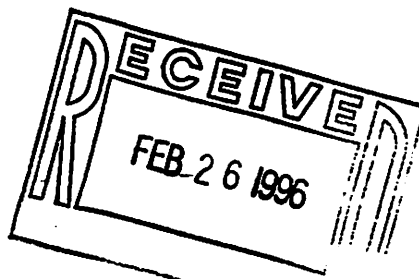
(\* BL = Blocked, MLT = Blocked & Unblocked, or UBL = Unblocked)

Table 11b. Number of unfished sablefish permits by area, type\* and size of IFQ holding (Source: RAM)

Area	B/U	Under 3,000lb			3,000 to 5,000 lb			5,000 to 7,000 lb		
		total	unfish	%	total	unfish	%	total	unfish	%
SE	BL	141	86	61%	38	5	13%	31	2	6%
SE	MLT	8	2	25%	8	1	13%	3	0	0%
SE	UBL	79	63	80%	5	3	60%	3	0	0%
WY	BL	126	81	64%	21	4	19%	23	2	9%
WY	MLT	6	1	17%	5	1	20%	2	0	0%
WY	UBL	42	34	81%	4	2	50%	2	1	50%
CG	BL	245	142	58%	22	5	23%	20	3	15%
CG	MLT	5	1	20%	2	0	0%	2	0	0%
CG	UBL	23	19	83%	1	0	0%	2	1	50%
WG	BL	47	40	85%	14	4	29%	12	6	50%
WG	MLT	1	0	0%	5	0	0%	0	0	0%
WG	UBL	40	34	85%	1	1	100%	0	0	0%
BS	BL	56	42	75%	23	8	35%	13	6	46%
BS	MLT	0	0	0%	0	0	0%	0	0	0%
BS	UBL	0	0	0%	0	0	0%	0	0	0%
AI	BL	44	37	84%	9	5	56%	9	2	22%
AI	MLT	2	1	50%	0	0	0%	0	0	0%
AI	UBL	3	2	67%	2	1	50%	0	0	0%
Total	BL	659	428	65%	127	31	24%	108	21	19%
Total	MLT	22	7	32%	20	2	10%	7	0	0%
Total	UBL	187	154	82%	13	7	54%	7	2	29%

(\* BL = Blocked, MLT = Blocked & Unblocked, or UBL = Unblocked)





Box 1367  
Sitka, Alaska 99835  
February 26, 1996

Richard B. Lauber, Chairman  
NPFMC

Dear Mr. Lauber:

I am writing concerning the analysis of the halibut sweep-up proposal. I am in favor of the 3000# sweep-up if 1996 is used as the base year or the 5000# sweep-up if 1994 is used as the base year.

Under the present plan it is not possible to purchase a meaningful block in area 2C for a vessel in the C or B class. I have been trying to find a block of around 3000#s for several months. None has been available. I received one block of 8400#s under an initial allocation but have found that with falling salmon prices it is necessary to find IFQ quota to survive in the fisheries.

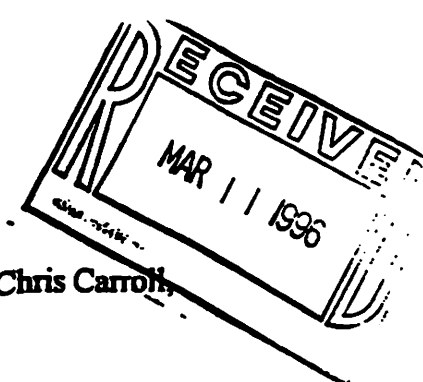
Although I would personally benefit from the larger sweep-up provision, the 5000#, 96 base, proposal may be too much of an investment for people trying to get into the fishery for the first time. Since the values in the analysis were done, the share prices in Southeast have gone up. A 5000# block would cost at least \$50,000- if one could be found-for area 2C.

In requesting a sweep-up to 3000#s, this would need to be in actual pounds, not the reduced pounds using the 1994 TACs. Whichever base the council uses, the total sweep-up needs to be at the minimum of 3000#s if it is to provide viable options to block purchasers.

Thank you for your consideration.

*Robert D. Schell*  
Robert D. Schell  
F/V Alice Faye  
907-747-8541

Alaska Department of Fish & Game  
Pelican Advisory Committee Meeting  
February 27, 1996 4:00 p.m.



Members Present: William Combs, Richard Lundahl, Chris Howard, Chris Carroll,  
Patricia Phillips, James Phillips

Visitor Present: Terry Wirta

Agenda:

- 1.) Elections
- 2.) March ADFG Joint Board meeting
- 3.) 1997 Finfish Proposals
- 4.) IFQ review & comment
- 5.) Tongass Timber Alternative Plans
- 6.) Sport Charter Allocation
- 7.) Fish Initiative
- 8.) Minutes of May 17, 1995.

1.) Elections: Nominations for Pelican ADFG Advisory Committee:

Chris Carroll, William Combs, Chris Howard, Richard Lundahl, James Phillips, Patricia Phillips and Terry Wirta. Nominations closed.

Each person has unanimous consent for membership on the Pelican ADFG Advisory Committee. The Pelican ADFG Advisory Committee elected Chris Howard for Chairman, Chris Carroll for Vice-Chairman, and Patricia Phillips for Secretary by unanimous consent.

2.) March ADFG Joint Board Meeting: The Pelican ADFG AC noted that the proposals for the Joint Board Meeting are complicated. The Pelican ADFG AC approves of the SE AK coordinator position being filled to facilitate the communications from the local advisory committees to the Board. Otherwise how can we be sure our minutes are being transferred on to the Board?

3.) 1997 Finfish proposals: Just a reminder 1997 will have a focus on Finfish in SE.

4.) IFQ review & comment: The State of Alaska should raise the dollar amount available for purchase of IFQ's for rural Alaskans. The IFQ program has been good for permit holders but the crewhand has been at a disadvantage being able to purchase IFQ's at a reasonable price.

Sweep up clause: A lot of unfished quota. Buying a small block limits your ability to buy more IFQ's. NPFMC should increase the sweep up 3000# halibut and 5000# blackcod. It should be a gradual increase to allow the small boat fleet to work its way up to bigger quota.

Comment was given concerning buying, selling, & fishing IFQ's. IFQ's originally owned should stay within the class originally issued at and when sold, it should stay within the same classification. When the IFQ is fished, a person should be able to fish it on any size boat. But that IFQ can only be sold at the classification originally issued.. Selling IFQ's vs. Fishing IFQ's.

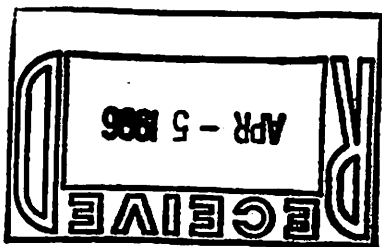
Enforcement regulations: The Pelican ADFG AC had comments concerning the 12 hour selling window, Skipper having to stay onboard, Unable to deliver to packers because of no terminal on site, and the need to deliver different areas quota to a single port. NPFMC did not allow adequate public discussion of the enforcement issues. The regulations were mandated without the public being given timely chance to comment. Trollers have been unable to sell small amounts of quota to packers, they have to run in to a delivery port. The law says you cannot shake a halibut if you are a IFQ holder. Simplify the delivery access for small amounts of IFQ's.

5.) Tongass Timber Alternative Plans: To inform members of the public hearings to be held in SE communities to review and comment on the 9 alternatives concerning the Tongass.

6.) Sport/Charter Allocation: Charter boats should be recognized as a commercial enterprise. The commercial salmon fleet already in existence is being displaced by an unregulated, overcapitalized charter fleet. There is no way to tell the size limits of salmon caught, what is the number in possession. Locally the yacht fleet is able to process onboard and because of lack of enforcement, the number of daily possession is exceeded. Why can a sport fisherman cut up a salmon and eat it when a commercial fisherman gets pinched if they get caught doing the same thing. When it is part of our livelihood to eat our own fish. The Pelican ADFG AC supports restrictions to non-resident sports catch.

7.) Minutes of May 17, 1995: Chris Carroll moves to adopt minutes of May 17, 1995. Terry Wirta seconds. All in favor. Motion passes.

Chris Carroll moves to adjourn. Patricia Phillips seconds. All in favor. Meeting adjourned 6:00 p.m.



4-4-96

To N.P.F.M.C.  
C. Rautzke

I am writing to voice my opinion  
on the IRA HAH'but Blackcod

sweep up proposals.

I strongly feel the sweepup  
should be 5000 for HAH'but & 7000

blackcod this would make it more

viable to me to be able to own #1000

lbs via 2 blocks instead I currently

have 2 blocks equating 6400 and would

like to be able to buy a couple more

to bring my #3500 & #2800 up to approx

#5000 each

Thankyou

Mark B. Hofmann

3241 Tasha dr

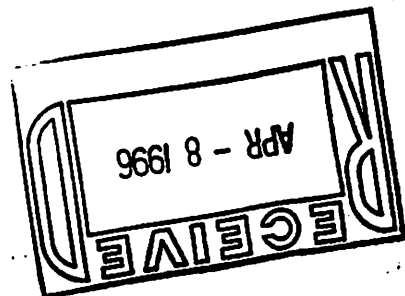
Auch AK 99502

3449671

Home Port Petersburg Al

36' Troller longliner

F/V Bolithon



Dear Chairman Lauber,

4-5-96  
Juncos, HK

My name is Andy Massey and I've been a longline crewman for more years than I like to remember. I would like to register my support for a halibut sweep up of at least 5000 lbs. Any less than that, wouldn't even make an economical viable trip.

I believe that the theory of holding small blocks open for entry level people without credit resources doesn't hold water. This shouldn't be a genuine program for the non-credit worthy. If they want in they'll just have to pay the price, like I did.

Also, I think that the black and sweep up should be higher than 7000 lbs because at a 65% net weight it's not enough to make a worthwhile trip. Other than that, I love the

9/20/01

Tuesday 4/4

4121 Blackabyrd

Andy Massey

~~Andy Massey~~

Thanks for your time

in lousy weather

having beat ourselves to death

as it's much more bearable, not

season has become longer for

good crew job, while the

lucky ones that still has a

I.F.C. program. I'm one of the

APRIL 1996

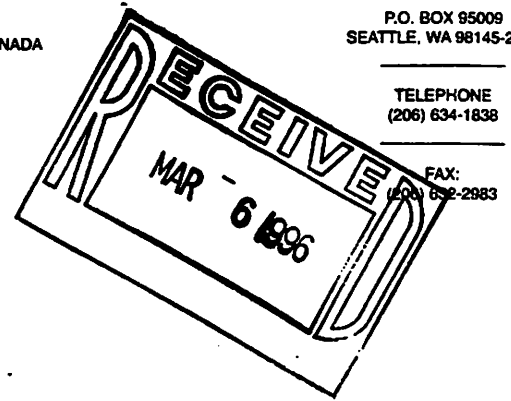
DONALD A. MCCAUGHNAN

P.O. BOX 95009  
SEATTLE, WA 98145-2009TELEPHONE  
(206) 634-1838FAX:  
(206) 632-2883**INTERNATIONAL PACIFIC HALIBUT COMMISSION**

ESTABLISHED BY A CONVENTION BETWEEN CANADA

AND THE UNITED STATES OF AMERICA

February 19, 1996

**COMMISSIONERS:**

**RICHARD J. BEAMISH**  
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PETERSBURG, AK  
**STEVEN PENNOYER**  
JUNEAU, AK  
**BRIAN VAN DORP**  
RICHMOND, B.C.

**Dr. Clarence Pautzke**  
**North Pacific Fishery Management Council**  
**605 W. 4<sup>th</sup> Avenue**  
**Room 306 - 3<sup>rd</sup> Floor**  
**Anchorage, Alaska 99501**

Dear Clarence:

The International Pacific Halibut Commission held its annual meeting January 22-25 in Bellevue, Washington. The Commission has directed me to relay the following items of interest to the North Pacific Fishery Management Council.

The Commission did not vote to open the halibut season earlier than March 15 to accommodate the few vessels that fish for sablefish in Area 4B that also have halibut IFQ. The Commission's conference board was also not in favor of this request for the following reasons:

- Changes in IPHC regulation mandating halibut retention during winter closure.
- Precedent setting for other local Canadian and U.S. groundfish fisheries.
- Unfair market advantage.
- Potential for increased participation due to the above concerns

The Commission does not have the authority to allow retention of halibut to a group of vessels. The Commission can only accommodate such a fishery by opening the area earlier than the other areas (March 15) to anyone that wishes to fish.

The staff reported to the Commission that in 1997 it will recommend quotas for Areas 4A and 4B based on the Commission's CEY strategy and will also recommend a combined quota for Areas 4C, 4D, and 4E. Commission staff will work with the Council on this and the bycatch compensation adjustment this spring. The Council could then use its allocative authority to allocate the catch between the IFQ holders within those areas.

The Canadian and U.S. commissioners discussed their concern about the level of halibut bycatch in the U.S. Fishery Management Zone. A joint resolution was agreed to and has been forwarded to both governments, I enclose a copy for the Council. One recommendation is that a joint meeting on bycatch, between IPHC and the NPFMC, be held during the Council's June meeting

Dr. Clarence Pautzke  
February 19, 1996  
Page 2

scheduled for Portland, Oregon. In addition to the formal meeting the Canadian delegation may propose to hold a reception for the council members and council staff the evening following the meeting. The arrangements for this meeting can be taken care of by you and I. We anticipate seven Canadians and three IPHC staff will attend. The three U.S. commissioners are usually in attendance at the NPFMC meetings.

In addition to the Commission's bycatch discussion the conference board also prepared a resolution with respect to bycatch in the U.S. zone. A copy of that resolution is enclosed.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Richard J. Beamish".

Richard J. Beamish  
Chairman

Encls.  
cc: Commissioners



**1996 RESOLUTION OF THE INTERNATIONAL PACIFIC  
HALIBUT COMMISSION ON BYCATCH REDUCTION**

**The Commission,**

**RECALLING** its July 22, 1991, recommendations of the Special Bycatch Meeting of the International Pacific Halibut Commission for the Parties to reduce halibut bycatch mortality;

**RECOGNIZING** that concerns continue for the productivity, biomass decline, recruitment status and the impact of bycatch on the directed fishery of both countries;

**RECOGNIZING** the efforts of both countries to reduce halibut bycatch while preserving each country's ability to harvest its groundfish resources;

**RECOGNIZING** that no single solution has been demonstrated by either country to adequately address the bycatch issue;

**RECOGNIZING** the Government of Canada plans to implement an Individual Bycatch Quota (IBQ) program, as well as 100 percent observer coverage for that portion of its trawl fleet which has exhibited high bycatch and will reduce its bycatch mortality significantly by 1997;

**NOTING** the United States had reduced total discard mortality estimated for the 1995 Alaska groundfish fisheries by 8 percent from 1994 and substantially reduced waste in the halibut fishery through implementation of an IFQ program;

**NOTING** the United States anticipates improved in-season management of halibut mortality allowances experienced in 1995 to continue, including implementing a new electronic reporting system for observer reports in the summer of 1996 to improve the quality and timeliness of observer data for in-season management of halibut mortality allowances;

**NOTING** the North Pacific Fishery Management Council (NPFMC) has initiated analyses of alternative gear allocations of Pacific cod to vessels using non-trawl gear which would be a means of reducing halibut discard mortality and which could be in place in 1997;

**NOTING** the NPFMC and the National Marine Fisheries Service is continuing its analyses for implementing an IBQ program off Alaska;

**NOTING** that bycatch reduction programs take time to implement;

**RECOMMENDS** that:

1. Both countries reaffirm their commitment to achieve the goals of the Commission's 1991 bycatch recommendations.
2. The United States move as quickly as possible to implement a vessel incentive bycatch reduction program which makes the achievement of these goals possible.
3. The Commission convene a special meeting of the parties in June 1996 to:
  - a. review the effectiveness and further develop each country's bycatch reduction programs and,
  - b. consider new procedures to compensate the halibut biomass for losses due to bycatch mortality.
4. The Commission convene a joint meeting with the NPFMC at its June 1996 meeting to discuss halibut reduction programs in U.S. fisheries, including implementation of an IBQ program or other similar incentive-based halibut reduction programs.

**CONFERENCE BOARD BYCATCH STATEMENTS**  
**1996 DRAFT UNITED STATES BYCATCH POLICY RESOLUTION**

The Commission,

**RECALLING** its July 22, 1991 recommendations of the Special Bycatch Meeting of the International Pacific Halibut Commission for the Parties to reduce halibut bycatch mortality;

**RECOGNIZING** the efforts of both countries to reduce bycatch while preserving each country's ability to harvest its groundfish resources;

**RECOGNIZING** that no solution has been found by either country to address the bycatch issue;

**NOTHING** that the United States has taken extraordinary conservation and management measures to minimize halibut bycatch through such management actions as:

- implementing an extensive industry funded observer program;
- disseminating information on halibut catch rates to the fleet;
- directly reducing groundfish catch quotas;
- requiring a detailed record-keeping and reporting program;
- establishing halibut bycatch limits;
- implementing gear restrictions;
- establishing time/area closures for groundfish fisheries;
- implementing vessel incentive program;
- implementing mandatory careful release measures for incidentally caught halibut;
- cooperating on industry initiatives to address bycatch;
- closing down numerous fisheries when bycatch caps have been reached; thus foregoing groundfish economic opportunities; and
- implementing a sablefish and halibut Individual Fishing Quota (IFQ) program beginning in 1995;

**NOTING** that if groundfish resources were fully harvested, bycatch and bycatch rates would have been much higher without these bycatch management measures. While bycatch was reduced during 1991-1993 through various measures, it increased in 1994 due to difficulties in managing high pressure fisheries over 1993. Since 1994, management regimes have been adopted to reduce bycatch mortalities to levels that would approximate those of 1993.

**NOTING** also that the foregone revenue of groundfish that could have been harvested, if not for bycatch management measures, has reached \$80 million in some years;

**RECOGNIZING** that long-term solutions to bycatch reduction are not yet realized despite the numerous conservation and management measures which have been implemented.

**OBSERVING** with approval that the U.S. Congress is currently amending the Magnuson Fishery Conservation and Management Act which may include such bycatch reduction measures as:

- establishing a system of fees to provide an incentive to reduce bycatch;
- allocating preference to fishing and processing practices within each gear group that result in the lowest levels of discards;
- requiring full retention, to the maximum extent practicable, by fishing vessels and full utilization by processors;
- establishing a system of fines, caps, or other incentives to reduce the incidental harvest of regulatory discards; and
- requiring 100 percent observer coverage on all fishing vessels which can safely accommodate an observer and at all fish processing plants;

**RECOGNIZING** that the Government of Canada has initiated the following bycatch reduction regimes in the prosecution of its fisheries:

1. Closure of the trawl fishery because of bycatch constraint
2. Proposed bycatch caps in the trawl fishery in two of the three regulatory areas in 1996
3. Proposed 100% observer coverage and 100% portside monitoring in 1996;

**NOTING** that the forecasts of halibut abundance through the end of the decade indicate a continuing decline in stock biomass, coupled with a sharp decline in recruitment that make bycatch reduction an even more important issue;

**NOTING** that while methodologies to reduce bycatch while harvesting groundfish at optimum yield may be available, the legal and programmatic bases may not be;

**NOTING** that bycatch reduction programs take time to implement;

**RECOMMENDS** that the Commission convene a special meeting in 1996 to:

1. review the status of bycatch reduction programs and opportunities based on recent legislation,
2. review formulas used to compensate for bycatch losses for appropriateness relative to areas where bycatch actually occurs in, and
3. further develop bycatch reduction programs.

The Canadian Conference Board notes that National Marine Fishery Service continues to ignore its own regulation by allowing the landing of halibut as a prohibited species at shoreside plants. We demand accountability, i.e. size, weight, number of fish, and total weight for these illegal landings. Furthermore, we recommend that an appropriate schedule of fines be adopted to discourage this practice.

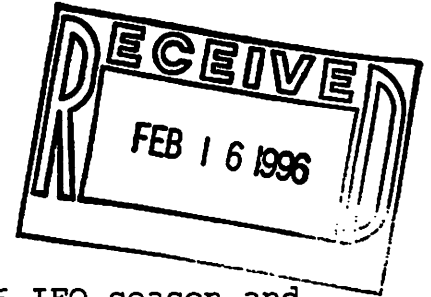


National Marine Fisheries Service  
P.O. Box 21668

Juneau, Alaska 99802-1668

February 8, 1996

Mr. Jeff Stephan, Chair  
IFQ Industry Implementation Team  
North Pacific Fisheries Management Council  
605 West 4th Avenue, Suite 306  
Anchorage, Alaska 99501-2252



Dear Jeff:

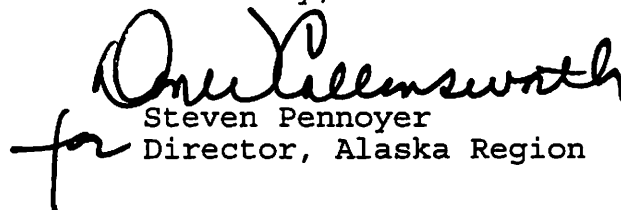
Thank you for your letter concerning the 1996 IFQ season and pending provisions to improve the IFQ Program. The IFQ Industry Implementation Team's recommendations regarding relief for skiff fishermen are being addressed in a proposed rule, currently under NMFS internal review, that would implement a number of regulatory changes designed to improve the ability of fishermen to conduct operations under the IFQ Program.

In this rule, we propose regulatory exceptions that would encourage salmon troll fishermen with halibut IFQ to land incidental halibut bycatch. Fishermen carrying 500 lbs. (0.227 mt) or less of IFQ halibut bycatch would be relieved of the 6-hour prior notice of landing requirement and the 0600-1800 unloading window for the purpose of unloading that bycatch at the same time that they land salmon, whether to tenders or to shoreside facilities. This change would address, at least in part, the Implementation Team's concerns while allowing fishermen to manage halibut bycatch more effectively.

We appreciate the Team's recognition of the concerns of the NMFS Office of Enforcement. We believe that the proposed regulatory changes will satisfy the stated needs of the industry and the IFQ Program's enforcement requirements.

We are also reviewing the IPHC staff's request to include regulatory area fished on the IFQ Landing report. We will keep the Implementation Team informed of the progress of this review.

Sincerely,

  
Steven Pennoyer  
Director, Alaska Region

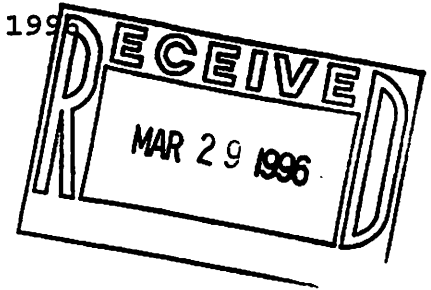
cc: Stephen Meyer, F/ENF





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

March 22, 1996



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

Dear Rick:

This letter is to notify you of my decision to not include emergency transfer provisions in the most recent regulatory rule (Omnibus II) amending the IFQ Program. Upon the advice of NOAA General Counsel (see attached memorandum), I determined that NMFS does not have the expertise or the resources at this time to make emergency transfer provisions a viable part of the IFQ Program.

The Omnibus II regulatory package contains several other changes that are beneficial to the IFQ Program. I am forwarding, therefore, the package to NMFS Headquarters with the emergency transfer provision excised and will direct my staff to continue working on a solution to the emergency transfer issue.

Sincerely,

Steven Pennoyer  
Director, Alaska Region

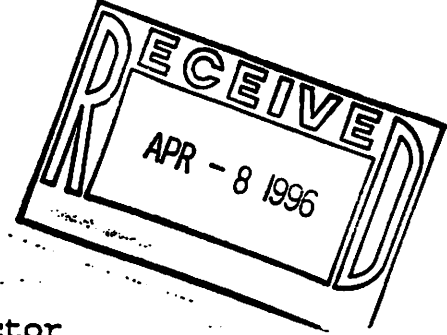
enclosure

cc: Jeff Stephan, Chair  
IFQ Industry Implementation Team





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



DATE: March 11, 1996

MEMORANDUM FOR: Steven Pennoyer  
Alaska Regional Director  
NMFS

FROM: Robert Babson  
Attorney

SUBJECT: Pacific halibut/sablefish IFQ Omnibus 2 Proposed  
Rule - emergency transfer provisions.

When the halibut/sablefish regulations were originally drafted, they included exemptions to the IFQ leasing prohibitions for temporary emergency situations (e.g., when a catcher vessel QS holder is unable to be on-board his vessel, as required by the regulations in order to fish his IFQ, because of physical injury). After this office pointed out the obvious implementation problems inherent with agency determinations of temporary disability, the original provision was redrafted to provide for a general, unlimited right to lease up to 10% of a catcher vessel QS holder's IFQ for any given year. The rationale for the redrafted regulation was that this would provide for such emergency situations without involving the agency in a process for which it has few resources and absolutely no expertise. The redrafted leasing language is now found at 50 CFR 676.21(g).

Upon review of the draft Omnibus 2 amendments to the IFQ regulations, I now find this same emergency leasing language included in the proposed rule. Also, I have been asked whether appeals of agency determinations under the provisions of the proposed regulation can be limited. Answering the last question first, any individual denied the right to an emergency transfer of IFQ will have the same administrative appeal rights as any other transfer applicant. See generally, 50 CFR 676.25. Because



disputes under the proposed rule will invariably be factual, their resolution on appeal will just as invariably involve a right to fact-finding hearing. 50 CFR 676.25(g)(3).

The proposed language of 50 CFR 676.21(i)(1) provides in pertinent part

Emergency transfers.

(1) ...the Regional Director may approve the Application for Transfer of a person's IFQ if it can be demonstrated that the person is presently unable to participate actively in the IFQ fisheries because of illness, disability, or other unavoidable hardship of a temporary, unexpected, and unforeseen nature.

Subsection (2) of the draft regulation then goes on to provide that the "transfer" will remain "effective until the circumstance that made the transfer necessary are over..."

This ill-considered regulatory provision should not be included in the proposed rule. How does an applicant "demonstrate" that he/she is "presently unable to participate actively in the IFQ fisheries?" What is an "illness?" What is a "disability?" What is an "other unavoidable hardship?" What is "temporary?" What is "unexpected?" What is "unforeseen?" How will you determine when the "illness," "disability," or "hardship" is over? How will you make each of these determinations, as required by the draft regulation? What standards will you apply in making such determinations? Is it the agency's opinion that these concepts are self-explanatory or self-evident? There are entire shelves in law libraries devoted to housing the decisions of administrative agencies defining these and like terms: administrative agencies whose expertise lie in precisely these areas. What expertise does NMFS have in determining conditions such as "disability?"

I note that the RIR prepared for these draft regulations makes no mention whatsoever of what the increased administrative costs might be for the processing of applications for such "emergency" transfers. I refer to the costs associated not only with the



initial agency determination of whether such an "emergency" transfer is authorized under the draft regulatory language, but costs associated with resulting administrative appeals as well.

I don't know what is motivating the agency to assume this task. If the currently existing 10% leasing provisions of 50 CFR 676.21(g) are inadequate, how so? Neither the discussion of this subject in the preamble to the draft regulation nor the discussion in the RIR even mentions this existing regulatory provision and its purpose. If it is inadequate to the needs of industry, surely those needs can be met through a process less onerous than the present draft language of 50 CFR 676.21(i).

I strongly advise the agency to reconsider voluntarily taking upon itself this task. It is unnecessary, burdensome, it lies outside the agency's expertise, and, in an era of budgetary and FTE constraints, seems unwise.

cc: Lisa Lindeman  
Ron Berg  
Phil Smith

# IFQ RESEARCH PLANNING TEAM

## INTERIM REPORTS

(April, 1996)

Mr. Richard B. Lauber, Chairman  
North Pacific Fishery Management Council  
605 West 4th Avenue, Suite #306  
Anchorage, AK 99501-2252

Dear Mr. Lauber:

This report summarizes research activities that have thus far been undertaken on the effects of the halibut and sablefish Individual Fishing Quota (IFQ) program. It is provided to give you an idea of the directions in which research into various aspects of the program are headed, and is therefore only preliminary. Full reports are in preparation and will be presented to the Council at your meeting in Portland in June.

### **Background**

Because of the intense public interest in the IFQ program, and at the urging of Governor Knowles, a number of agencies came together last summer to devise a plan to research various elements of the performance of the program, and to provide research reports to the Council, other decision-makers, and the public. The basic outline of that preliminary plan was presented to the Council at the September, 1995, meeting (for a complete discussion of the intended research activities, including a complete description of the elements of the research, please review that report). Summarized, the elements of the overall research that were to be undertaken (and which agency would take the "lead") included the following:

#### **Research Report Element**

1. Distributional Effects
2. Conservation Effects
3. Individual Operations Effects
4. Community Effects
5. Safety Report
6. Enforcement Report
7. Initial Issuance Report
8. Implementation Cost Report
9. "Gap Report"

#### **Responsible Agency(ies)**

State, CFEC (NMFS Contract/RAM Data)  
NMFS/AFSC and Halibut Commission  
UAA/ISER (with ADCED & ADF&G)  
UAA/ISER (with ADCED & ADF&G)  
U.S. Coast Guard  
NMFS/Enforcement Division  
NMFS/RAM Division  
NMFS/RAM Division  
State, CFEC (with State funding)

Although the initial hope of the Planning Team was to provide complete reports at this (April, 1996) meeting, a series of events and impediments have conspired to make that goal impossible to achieve. Accordingly, we take this opportunity to present the available summary information that has been provided by the involved agencies, and invite your review and comments.

Attached to this memo are five interim reports from the various agencies undertaking research on these issues. They include:

- Report from the CFEC (Kurt Schelle), discussing the distribution report and the "Gap" study (5 pages);
- Report from UAA/ISER (Gunnar Knapp), discussing the surveys of IFQ holders and processors (2 page);
- Report from the Halibut Commission (Heather Gilroy and Patrick Sullivan), discussing the 9 identified conservation issues and initial halibut research results (2 pages);
- Report from NMFS/AFSC (Sandra Lowe & Joe Terry), discussing the 9 identified conservation issues and initial sablefish research results (7 pages); and,
- Report from the Coast Guard (Captain Bill Anderson), discussing safety aspects of the 1995 halibut/sablefish longline season (4 pages).

These interim reports speak for themselves. Taken together (and when combined with all reports in June), they certainly underscore the magnitude of the effects of the IFQ program on the conduct of the Alaska halibut and sablefish fisheries.

Donna Parker  
Alaska Department of Commerce  
& Economic Development

Phil Smith  
NMFS/RAM Division

**TO:** Donna Parker  
DCED  
Div. of Trade & Dev.  
M/S:0800

**DATE:** April 5, 1996

**FILE:** NMFS\ITQStudy\Prog.rpt

**FROM:** Kurt Schelle  
CFEC  
M/S:0302

**PHONE:** 789-6160/Voice  
789-6170/FAX

**SUBJECT:** ITQ Studies

The following paragraphs provide brief summaries on the ITQ studies that CFEC is working on. If you have any questions, please feel free to contact me.

## **I. "GAP" Study**

The purpose of this study is to examine participation in the halibut and sablefish fisheries over the 1991 to 1994 time period and identify persons who participated during the time period as permit holder or vessel owners but who did not receive an initial allocation of QS. The study will estimate the number of such persons by species and area, characterize their participation over the time period, and compare and contrast their participation with that of persons who did receive an initial allocation.

### **A. Progress Report**

The methodology required the matching of persons on an initial allocation file prepared by the NMFS-RAM division to 91 to 94 catch records (with permit and vessel license information added) using an identifier common to all files. In this fashion, persons who were initially allocated QS could be identified and separated from those who did not receive an allocation.

The project was more complicated than expected because the NMFS RAM identifier for a person frequently was not the same identifier used on CFEC permit or vessel licensing records. In other words, there was not a common identifier.

For that reason, CFEC had to attempt matches by name, city/state, and DOB to build an enhanced initial allocation file. This proved to be a time consuming process that required individual lookups on CFEC's database and a visual examination of some RAM paper files.

Due to the complexities of the process and differences between the databases, the matching process is far from perfect. In some cases, CFEC will have to decide whether or not certain types of matches should count as a "match" for purposes of the report. Moreover, vessel ownership information on vessel licenses is not definitive. For these reasons, the "GAP" report

will necessarily contain "estimates" as opposed to precise counts of those "leftout".

CFEC has completed an enhanced initial allocation file and is now going through a process of deciding which "matches" to accept based upon the quality of the match. Decisions also need to be made on how to handle data where a person that is a partnership or corporation on the NMFS-RAM data links to multiple individuals on ADFG/CFEC catch records.

## **B. Anticipated Work Products From The Report**

The final report for the study should contain information or estimates on the following topics:

- Number of permit holders/vessel owners by species and IFQ management area who fished over the 91 to 94 time period but who did not appear to receive an initial allocation.
- Counts of "leftout" permit holders/vessel owners by species, area, and resident-type.
- Summary data on the 91-94 catch histories of "leftout" permit holders/vessel owners by species and area including:
  - Numbers of persons with 1,2,3, and 4 years of landings.
  - Average catch and earnings per year of "leftout" Permit holders.
- Comparisons of 91-94 participation and catch statistics of "leftout" permit holders/vessel owners with persons who received initial allocations.

## **II. Halibut And Sablefish IFQ Study**

This study is funded by National Marine Fisheries Service. It is intended to closely monitor changes in the distribution of quota share, fleet consolidation, and other topics over the first three years of the QS/ITQ programs. Funding for the project began on March 1st, and funding will be renewed on an annual cycle that runs from March through February.

A first report from the study will be ready in June of 1996. This report will provide a detailed look at the first-year of the ITQ program for sablefish and halibut. Portions of the report will be similar to CFEC's annual report on changes in the distribution of limited entry permits. The report will examine the distribution of the initial allocation of QS from several perspectives and compare these with the distribution at year-end 1995.

### **A. Progress Report**

CFEC has completed initial diagnostics on the distribution of QS and has worked with RAM to correct discrepancies and errors. CFEC has also performed diagnostic tests on IFQ data and

RAM catch data. CFEC is continuing that testing so that remaining data discrepancies can be addressed.

CFEC has completed work on most of the ancillary files that will be used in the study. Files that assign addresses as "local" or non-local" to IFQ regulatory areas have been prepared and 1990 census data have been added to provide rural/urban classifications. CFEC has also developed enhanced files for reporting that include both RAM and CFEC data and has begun the development of tables that will be used in the June report.

## **B. Anticipated Work Products From The Report**

The June report on the first year of the program should contain information or estimates on the following topics:

- The initial and year-end 1995 distributions of QS by Species Area and resident-type. Resident-type classifications may include states, census areas within Alaska, and rural/urban and local/non-local distinctions within Alaska.
- The initial and year-end 1995 distributions of QS by Species Area and resident-type and vessel class.
- The initial and year-end 1995 distributions of QS by "Type of Person" (individual, partnership, corporation, and etc)
- The extent of consolidation of QS during the first year of the program.
- QS transfer volume and prices by species and area. CFEC may provide more detailed breakouts depending on the number of transactions, NMFS confidentiality standards, and the value of the information content. Preliminary reports indicate that real fine breakouts will not be meaningful due to the low volume of transactions.
- IFQ transfer volume and prices by species and area.
- Detailed reports on transfers based on information provided on RAM transfer applications forms.
- Age distribution of QS holders who are individuals by species and area (to the extent practicable with RAM data).
- Consolidation of IFQ Permit Holders On Fishing Operations
- The extent of "sweep-ups" among small blocks by species and area.
- Unfished IFQs

**Gunnar Knapp**  
Professor of Economics  
Institute of Social and Economic Research  
University of Alaska Anchorage  
3211 Providence Drive  
Anchorage, Alaska 99508  
(907) 786-7717 (telephone)  
(907) 786-7739 (fax)

April 8, 1996

To: Phil Smith, RAM Division  
Donna Parker, Alaska Department of Commerce and Economic Development

From: Gunnar Knapp

Re: ISER surveys of halibut and sablefish registered buyers and quota share holders

With funding from the State of Alaska, the University of Alaska Institute of Social and Economic Research is conducting surveys of halibut and sablefish registered buyers and quota share holders in order to collect information about experience during the first year of the program. During the fall of 1995, drafts of both surveys were circulated among industry and government officials for comments. Subsequently, revised surveys were pre-tested, after which additional revisions were made before mailing out the final surveys.

In the design of both surveys, we attempted to balance the number and complexity of questions asked with the need to keep the surveys of reasonable length in order to achieve an adequate response rate. Design of the surveys and selection of the samples was complicated and took longer than we had initially planned for. However we expect both survey projects to be complete in time to report on the results for the June meeting of the North Pacific Fishery Management Council.

#### **Registered Buyer Surveys**

During the second week in March 5-page surveys were mailed to 300 registered buyers. These included 141 surveys mailed to the top 100 buyers for both halibut and sablefish in 1995, as well as a random sample of 159 other registered buyers. The surveys include questions about buyers' production, pricing, markets, employment, as well as changes in operations between 1994 and 1995. The surveys also provide space for open-ended comments about the IFQ program and its effects. As of April 5, we had received 65 responses. Beginning in the second week of April, we plan to contact registered buyers who have not yet responded by mail and/or telephone, in an effort to increase the response rate.

Our report on the survey will include estimates of total 1995 halibut and sablefish production by product (fresh vs. frozen), average prices paid and received for halibut and sablefish, the extent to which processors are providing financial assistance to fishermen for quota share purchases, and the direction of change reported by processors in total volumes processed, average fish sizes, total production costs, processing margins, and employee regular and overtime hours. The report will also include comments of respondents about both positive and negative effects of the program, as well as suggestions offered by respondents for improving the program.

Responses to the survey to date confirm one thing that was already known: processors, as well as IFQ catcher vessel operators who are registered buyers, have strongly held and widely varying

opinions about the IFQ program. And as expected, many (but not all) processors report a substantial increase in the share of halibut sold fresh rather than frozen.

### **Quota Share Holder Survey**

During the second week in April, 5-page surveys were mailed to 300 randomly selected halibut quota share holders and 250 randomly selected sablefish quota share holders. The surveys include questions about trips, crew, payment, costs, and quota share purchases and sales, as well as changes in operations between 1994 and 1995. The surveys also provide space for open-ended comments about the IFQ program and its effects. Beginning at the end of April, we plan to contact quota share holders who have not yet responded by mail and/or telephone in an effort to increase the response rate.

Our report on the survey will include estimates for 1995 (as well as comparisons with estimates for earlier years), by vessel class, of the total number of trips taken in the halibut and sablefish fisheries, average trip lengths, average crew sizes, total employment, total harvest costs, average crew shares and total crew earnings, and volumes sold to different markets. It will describe, for the 1995 fishery, the relative importance of different factors in when boats fished and where they landed fish. We will also report survey results about QS holders' plans to purchase or sell QS in the future in different areas, financing arrangements for QS purchases, and problems encountered in obtaining financing. The report will also include comments of respondents about both positive and negative effects of the program, as well as suggestions offered by respondents for improving the program.



## COMMISSIONERS:

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## INTERNATIONAL PACIFIC HALIBUT COMMISSION

DIRECTOR  
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ESTABLISHED BY A CONVENTION BETWEEN CANADA

AND THE UNITED STATES OF AMERICA

FAX:  
(206) 632-2983

Date: April 1, 1996  
To: Phil Smith, RAM Division, NOAA  
From: Patrick J. Sullivan and Heather Gilroy, IPHC  
Subject: IFQ Evaluation

Enclosed is a brief summary of our initial findings on the nine identified conservation issues related to the IFQ program for Pacific halibut and sablefish. We shall expand on this summary at a future date providing more specifics regarding last year's halibut fishery and discuss further the British Columbia IVQ fishery which has been in effect since 1991.

1. Information on fishing mortality from lost or abandoned gear is compiled from IPHC logbook statistics. The amount of wastage in Alaska dropped significantly from 1994 to 1995. The drop in wastage may reflect improved fishing practices resulting from the IFQ fishery as the ratio of effective skates lost to hauled for Alaska has dropped down to the level currently observed for Canada.
2. Regarding halibut and sablefish bycatch in Canadian fixed gear fisheries, our understanding is that most of the sablefish caught in British Columbia is taken with pot-gear where the survivorship of halibut is assumed to be high. However, neither pot fishing nor hook-and-line fishing is currently monitored with observers and so the data needed to assess the level of mortality is lacking.
3. It is difficult to assess what the level of groundfish discarding is in the halibut fishery. IPHC surveys do collect some information on other species landed in addition to halibut landed, but some adjustment would have to be made to distinguish the groundfish discarded from groundfish kept and sold. This might be accomplished by examining groundfish landing information, however, that information is not stored in any IPHC databases at present.
4. Estimates of sub-legal sized halibut discards are included in wastage calculations made annually by IPHC staff. The estimates are derived from the proportion in poundage of sub-legal to legal-sized halibut caught during IPHC systematic surveys. The ratio is calculated on an area-by-area basis resulting in the following rates: 2B=0.11, 2C=0.06, 3A=0.14, 3B=0.10, 4=0.05. Of these sub-legal sized halibut, roughly 84% are assumed to survive. In reference to the issue of discard and mortality of legal-sized halibut, there have been many anecdotal remarks suggesting both high-grading as well as low-grading to meet price and demand. Some fishers also are said to target differentially on grounds where the abundance of certain size-classes landed can be controlled. However, examination of size-composition data in Canada shows very little change over the period under which the IVQ was implemented. It is too early to tell what effect there may be in U.S. waters at this time.
5. We understand that NMFS enforcement has some information on the issue of the under-reporting of landings, however, the IPHC plans to compare fish ticket landing information (which has been entered in the IPHC database) with the corresponding information reported and recorded on the RAM database. We know there will be some discrepancy due to

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differences in deductions taken for head, ice, and slime. For example, while in many instances a standard 10% deduction is taken on landings upon entry into the RAM database, ticket information shows that some plants deduct an additional 2% per landing. This issue will need to be address further to make the deduction consistent with procedures used in Canada, Washington, and Oregon.

6. Tables will be provided comparing quotas and catches by area and year for 1991-1995 at a later date.
7. Tables will be provided comparing IPHC staff recommendations, Conference Board recommendations, and final Commission action.
8. The distribution of fishing effort was observed to change spatially and temporally on the fishing grounds in Canada. The majority of vessels tend to land their quota early in year, and more effort is now conducted in areas south and west of previously heavy fished areas. Preliminary observations in the Gulf fisheries suggest that similar temporal patterns may occur there as well, but further analysis will have to be conducted to confirm this.
9. An in-depth analysis of Canadian IVQ catch-per-unit-effort (CPUE) statistics indicate that the overall trend in CPUE did not appear to be significantly influenced by annual changes in the factors of fleet distribution by area, season, vessel size, or gear type. A report on this analysis will be released shortly and a similar analysis will be conducted in the future for U.S. halibut fisheries. IPHC systematic survey CPUE values also verify the consistent trend in commercial CPUE observed in both Canada and the Gulf of Alaska.

## Ghost Fishing

There is no information that would allow for estimating the amount of gear losses in the sablefish fishery for 1995 and prior. The Alaska Department of Fish & Game has only collected anecdotal information from the inside waters Chatham Strait sablefish fishery. This anecdotal information is considered very subjective and not applicable to the outside fishery situations.

However, it would be reasonable to assume that the IFQ fishery would result in a reduction of fishing during inclement weather conditions, which would also reduce the amount of gear losses due to weather.

The National Marine Fisheries Service has logbook data that could be a source of information on gear losses. However, this information is not in an electronic database format which could be easily accessed and analyzed at this time.

## Under Reporting

The current stock assessment methodology being applied to Alaskan sablefish utilizes a modification of the Schnute (1985) delay-difference equation in Stock Reduction Analysis (Kimura 1985). This application was modified to explicitly track estimates of exploitable biomass (from the longline survey), and instead provide estimates of recruitment each year ( $R_t$ ) (Fujioka, 1989). The model assumes no survey measurement error and assigns all variability to recruitment variability. The analysis assumes all sources of population change can be accounted for by fishing and natural mortality, and growth and recruitment; however, the model occasionally computed negative recruitment when population decreases were greater than could be accounted for by natural mortality and reported catch. Estimates of declines of such magnitude may result from either unreported fishing mortality, underestimated natural mortality, an improper expansion of relative abundance to absolute abundance, random errors in relative abundance measurements, or emigration.

The foreign sablefish fishery ended after 1984 and was replaced by the domestic fishery. While the foreign fishery has had observer coverage since 1977, the domestic observer program was not implemented until 1990. Thus, domestic catches prior to 1990 were unobserved and catch data were based on a combination of the vessels' and processors' reported catch. The unobserved domestic reported catch was also principally landed catch, thus significant information on discards was lacking. Large unexplained declines in sablefish abundance occurred in 1987 and 1990 (Fujioka 1995, Fig. 4.3), with the largest decline (30%) in 1990. While we cannot determine the magnitude or establish a direct impact of unreported mortality, it was a likely factor, especially prior to the implementation of the domestic observer program. Although the domestic observer program is in place, it does not provide complete coverage of the sablefish fleet. The unobserved portion of the fleet is now largely small boats not subject to 100% coverage requirements. While the existence of unreported catches still cannot be ruled out, it is

not as likely that significant amounts could be involved. There have not been the large unexplained abundance drops since 1990.

It should be noted that given the several sources of variability noted above, we are not able to separate out what portion, if any, of the unaccounted for population declines might be due to under reported catch. However, in a relative sense, the impact on the assessment of unreported catch was likely greater prior to 1990 than it is now.

#### Exceeding TACs

Comparisons of recent annual sablefish hook and line catches relative to the Total Allowable Catches (TACs) are given for the Gulf of Alaska and the Bering Sea/Aleutian Islands (Tables X.a and X.b). In the Gulf of Alaska, catches exceeded the TACs in the West Yakutat area in 1992 and 1993, and in 1991 and 1993 in the East Yakutat/Southeast area. In the Central Gulf, the TAC was exceeded in 1993. Total Allowable Catch levels have not been achieved in the Western Gulf in recent years. In 1995, catches from all areas of the Gulf remained below the TACs.

In the Bering Sea, the 1994 catch exceeded the TAC; the 1995 catch was at the TAC level (Table X.b). In the Aleutian Islands, the 1993 catch slightly exceeded the TAC level, but in 1994 and 1995, the catches were 77 and 76 percent, respectively.

#### Pressure to Increase TACs

Sablefish assessment scientists perceived little or no pressure to increase TAC's during the setting of the 1995 and 1996 ABC's, nor undue resistance to the 22% decrease recommended in the 1996 ABC. From 1991 to 1996 the Plan Teams' recommended ABCs were those recommended by the scientists; these ABCs were accepted by the Council and TACs were set equal to the ABCs. The setting of the sablefish TAC's have been relatively free of industry criticism since conclusion of the foreign fishery, with the only significant criticism since then, occurring during the setting of the 1986 and 1987 ABC's. In the resource assessment document for the 1987 ABC's, the Plan Team responded to specific comments from the trawl industry suggesting that the 1987 recommended ABC was too low. For whatever reason, the concern was no longer expressed.

While there has been increased scrutiny of the assessment, this may have been prompted by the recommended decrease, rather than by the change to IFQ management. The increased scrutiny has resulted in increased efforts to better understand the current methodology and to comment on how improvements might be made in the future, especially in measurement of abundance trends and understanding recruitment. The analysis of logbook data has been specifically requested. The other comments expressed concern about the level of research resources supporting sablefish assessment and expressions of industry providing support of research programs.

## Spatial and Temporal Distributions of Catch

**1995 observer data is not available at this time. It is expected that this data will be available by early summer, 1996.**

The spatial and temporal distributions of observed sablefish longline catches in 1993 and 1994 show concentrated effort along the 200m depth contour line (Figures X.1 and X.2). The data shown represent observed and sampled sablefish sets in which sablefish comprised the largest percentage (by weight) of the groundfish species composition. The data plotted represent the following percentages of the total (retained and discarded) sablefish catches:

Percent of total sablefish hook and line catch represented by observed hook and line sablefish target catches in the Bering Sea and Aleutian Islands. (Data plotted in Fig. X.1)

Management Area	1993	1994	1995
Bering Sea	2	1	
Aleutian Islands	22	17	

Percent of total sablefish hook and line catch represented by observed hook and line sablefish target catches in the Gulf of Alaska. (Data plotted in Fig. X.2).

Management Area	1993	1994	1995
Western Gulf	37	23	
Central	16	12	
West Yakutat	19	5	
East Yakutat/SEO	1	<1	

Figures X.1 and X.2 illustrate Aleutian Island and Gulf of Alaska data only. The Bering Sea data is very minimal; coverage was less than 5 percent, and not considered informative. The data shown in the charts represent less than 25% of the total sablefish hook and line catches by year and area, except for the 1993 Western Gulf of Alaska data. Thus, caution must be used in interpreting the data. If this data is to be considered representative of the directed hook and line sablefish fishery, one must assume that the small percentage of sets observed are generally representative of the time and areas fished by the unobserved fishery, and that observed vessels

fish in the same manner as unobserved vessels. Because of the low level of observer coverage for the sablefish fishery, this data is of limited use for distinguishing changes in fishing patterns because it is not possible to distinguish areas where fishing did not occur as opposed to being unobserved.

The 1993 and 1994 Aleutian Islands data show fishing occurring year-round and throughout the Aleutian chain (Fig. X.1). The greatest concentration of observed hauls occurred in quarters 2 and 3 in 1993 (Fig. X.1b,c) and in quarters 2 and 4 in 1994 (Fig. X.1f,h). Notable areas where observed sets caught more than 1 mt occurred north and south of the chain from Atka Island to the Delarof Islands along the 200m contour (Fig. X.1b,c,f,h). Additionally, there were notable catches southwest of Kiska Island during the second quarter of 1993 (Fig. X.1b), and in Sequam Pass in the fourth quarter of 1994 (Fig. X.1h).

Gulf of Alaska data are only available for the second quarter of 1993 and 1994 as the hook and line sablefish fishery opened April 15 and TACs were generally reached by the end of June. There was considerably more observed effort in 1993 relative to 1994 (Fig. X.2), despite the larger TAC in 1994 (25,500 mt compared to 20,900 mt in 1993). Fishing occurred along the 200m contour from West Yakutat through the Shumagin area. The East Yakutat/Southeast Outside fisheries are basically small boat fisheries for which there is minimal observer coverage. Fishing also occurred in Shelikof Strait in both years. There were a few observed sets offshore in 1993, presumably on seamounts. No particularly notable fishing areas could be discerned, however there were no observed sets which caught more than 10 mt in the Western Gulf in either year.

### Sablefish CPUE

The sablefish target catch data described above are plotted as CPUE values in units of kilograms per hook. The patterns described above are generally evident with the CPUE data (Figs. X.3 and X.4). In the Aleutian Islands, the greatest concentration of observed hauls overall and hauls with CPUE greater than 0.3 kg/hook occurred in quarters 2 and 3 in 1993 (Fig. X.3b,c) and in quarters 2 and 4 in 1994 (Fig. X.3f,h). Notable areas where observed sets caught more than 0.3 kg/hook occurred north and south of the chain from Atka Island to the Delarof Islands along the 200m contour (Fig. X.1b,c,f,h). Additionally, there were notable catches southwest and southeast of Kiska Island during the second quarter of 1993 (Fig. X.3b); the catch data showed only significant catches southwest of Kiska (Fig. X.1b). The catch data also showed significant catches in Sequam Pass in the fourth quarter of 1994 (Fig. X.1h), which were shown to be catches with lower (<0.3 kg/hook) CPUE values.

Gulf of Alaska CPUE data show the same pattern (or lack of) as the catch data (Fig. X.4). It is interesting to note that while the catches shown in Shelikof Strait fell into the lower catch categories (<10 mt), one of the observed sets actually produced a high CPUE (>1.0 kg/hook). Although the catch data also showed a lack of higher catches in the Western Gulf, the area did produce some high CPUE values in both years.

## References

- Fujioka, J. J. 1989. Sablefish. In T. K. Wilderbuer (editor), Condition of groundfish resources in the Gulf of Alaska region as assessed in 1988. p. 77-91. U.S. Dep. Commer., NOAA Tech. Memo. NMFS F/NWC-165.
- Fujioka, J. J. 1995. Sablefish. *In* Stock Assessment and Fishery Evaluation Report for the Groundfish Resources of the Gulf of Alaska as Projected for 1996. North Pacific Fisheries Management Council, P.O. Box 103136, Anchorage, AK.
- Kimura D.K. 1985. Changes to stock reduction analysis indicated by Schnute's general theory. *Can. J. Fish. Aquat. Sci.* 42:2059-2060.
- Schnute, J. 1985. A general theory for analysis of catch and age data. *Can. J. Fish. Aquat. Sci.* 42:414-429.

Table X.a. Gulf of Alaska Sablefish Catch and Total Allowable Catch (TAC) for Hook and Line Gear, 1991 to 1995

**EASTERN GULF OF ALASKA****West Yakutat (640)**

Year	Catch	TAC	%TAC
			Taken
1991	3,856	4,050	95
1992	3,955	3,740	106
1993	4,319	3,638	119
1994	4,224	4,608	92
<b>1995</b>	<b>3,591</b>	<b>3,895</b>	<b>92</b>

**East Yakutat/Southeast Outside (650)**

Year	Catch	TAC	%TAC
			Taken
1991	5,737	4,950	116
1992	4,713	4,990	94
1993	5,267	5,158	102
1994	6,719	6,783	99
<b>1995</b>	<b>5,317</b>	<b>5,890</b>	<b>90</b>

**CENTRAL GULF OF ALASKA (620 & 630)**

Year	Catch	TAC	%TAC
			Taken
1991	9,241	10,575	87
1992	8,047	9,570	84
1993	9,988	7,688	130
1994	7,518	8,976	84
<b>1995</b>	<b>5,808</b>	<b>6,880</b>	<b>84</b>

**WESTERN GULF OF ALASKA (610)**

Year	Catch	TAC	%TAC
			Taken
1991	1,658	2,925	57
1992	2,143	2,500	86
1993	687	1,624	42
1994	451	1,832	25
<b>1995</b>	<b>1,668</b>	<b>2,080</b>	<b>80</b>



Table X.b. Bering Sea and Aleutian Islands Sablefish Catch and Total Allowable Catch (TAC) for Hook and Line Gear, 1991 to 1995

BERING SEA				ALEUTIAN ISLANDS			
Year	Catch	%TAC		Year	Catch	%TAC	
		TAC	Taken			TAC	Taken
1993	643	638	101	1993	2,008	1,950	103
1994	320	270	119	1994	1,613	2,100	77
1995	638	640	100	1995	1,000	1,320	76

U.S. Department  
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16240  
April 3, 1996

Mr. Philip J. Smith  
Chief, Restricted Access Management Division  
Alaska Region, NMFS  
709 W. 9th Street, Room 420 D  
Juneau, AK 99802-21668

Dear Mr. Smith,

Thank you for the opportunity to provide this information for the "joint" report on this first year of Individual Fishing Quotas (IFQ). My staff has compiled statistics on safety issues and "at sea" law enforcement issues. This information is consistent with the information provided to the International Pacific Halibut Commission (IPHC) during its 1996 Annual meeting. We trust this information will be helpful in compiling the overview for the North Pacific Fisheries Management Council (NPFMC) April meeting.

Search and Rescue (SAR) cases, directly related to the Halibut/Sablefish IFQ fishery, were less than SAR cases from previous "derby" years. Data are provided comparing 1992 - 1994 derby years to the 1995 IFQ season. Although this shows a trend to a safer fishery, we must caution against drawing conclusions from such a short period. The drop in cases, when correlated to statements we have gathered from fishermen during boardings indicate that fishermen have been choosing periods of good weather to fish. This seems to confirm that the IFQ system provides a framework where each fisherman has the greatest possible control over safety issues. It allows consideration for such variables as market conditions, the size of vessel, experience of crews and forecast weather when planning fishing trips. We will continue to collect and monitor safety data during the 1996 IFQ season.

Our "at sea" enforcement of the IFQ regulations was viewed as standard. Statistics showing the number of sightings and boardings are attached. They show an expected distribution across geographic areas. As expected, the Gulf of Alaska saw the highest concentration of longliner activity. This is where we concentrated our patrol activity to maximize compliance boardings. In doing this we worked closely with the National Marine Fisheries Enforcement office in Juneau, AK. This involved exchanges of information and coordination at all levels of enforcement throughout Alaska.

We look forward to our continued work with you and your staff. If you have any questions concerning data in the attachments please feel free to contact LCDR Walt Hunnings (907) 463-2284.

*Walt Hunnings* CAPT  
W. H. ANDERSON

# SEARCH AND RESCUE STATISTICS

<b>YEAR</b>	<b>TIME</b>	<b>NUMBER OF SAR CASES</b>
<b>1992</b>	<b>08-09 JUN</b>	<b>7</b>
	<b>07-09 SEP</b>	<b>13</b>
	<b>05-07 OCT</b>	<b>3</b>
		<b>TOTAL 23</b>
<b>1993</b>	<b>10 -11 JUN</b>	<b>15</b>
	<b>08 -10 SEP</b>	<b>11</b>
		<b>TOTAL 26</b>
<b>1994</b>	<b>06 -07 JUN</b>	<b>14</b>
	<b>12 -14 SEP</b>	<b>19</b>
		<b>TOTAL 33</b>
<b>1995</b>	<b>15 MAR - 15 NOV</b>	<b>15</b>
		<b>TOTAL 15</b>

# **1995 IFQ SEASON**

## **———— SAFETY TRENDS ————**

<b>SINKINGS</b>	<b>04</b>
<b>MEDICAL EVACUATION</b>	<b>05</b>
<b>MEDICAL ADVICE</b>	<b>03</b>
<b>MAN OVERBOARD</b>	<b>01</b>
<b>GROUNDINGS</b>	<b>01</b>
<b>MECHANICAL PROBLEMS</b>	<b>01</b>

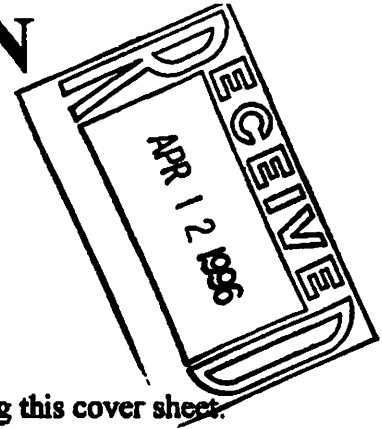
# 1995 IFQ SEASON

<b>AREA</b>	<b>IFQ BOARDINGS</b>	<b>IFQ SIGHTINGS</b>
<b>SEAK</b>	<b>108</b>	<b>531</b>
<b>GOA</b>	<b>166</b>	<b>1299</b>
<b>BERING SEA</b>	<b>33</b>	<b>649</b>
<b>ALEUTIAN ISLANDS</b>	<b>8</b>	<b>27</b>
<b>TOTAL</b>	<b>315</b>	<b>2506</b>

# FAX TRANSMISSION

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To: Clarence Pautzke or Chris Oliver      Date: April 12, 1996  
Fax #:      Pages: One, including this cover sheet.  
From: Linda Kozak *LK*  
Subject: Sablefish IFQ

### COMMENTS:

We are proposing that the North Pacific Council review an additional option for action in June with regard to the utilization of longline pots for the sablefish fishery in the Bering Sea.

We have members who are concerned that when using pots, they will operate in a much safer manner if they can utilize the pots on a vessel over 60'. Due to the heavy groundline and pots which will be stacked on a vessel when participating in the fishery or traveling to and from the fishing grounds, they wish to have the option of fishing in the safest manner.

We are proposing to amend the options in the analysis in the following manner:

### **OPTION C:**

To allow the use of catcher vessel class "C" (under 60') sablefish quota shares in the Bering Sea, when harvested with pot gear, by a vessel in vessel class "B" (over 60').

We are simply asking if the option we are proposing is worded properly to convey the intent and won't cause additional problems in analytical review.

Thanks for your help on this matter...