


MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke  
Executive Director 

DATE: September 21, 1994

SUBJECT: Sablefish and Halibut IFQ Program

ESTIMATED TIME 6 HOURS
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ACTION REQUIRED

- (a) Receive status report on overall program implementation.
- (b) Review issues paper on potential hardship provisions and take appropriate action.
- (c) Discuss issue of titles and liens registry.
- (d) Receive report on progress of various plan and regulatory amendments initiated in previous meetings.
- (e) Review sablefish/halibut CDQ apportionments for 1995-1997.

BACKGROUND

- (a) Status report on program implementation.

Agency personnel from NMFS RAM Division will be on hand to update the Council on this item.

- (b) Review issues paper on potential hardship provisions.

In April 1994 the Council recommended an amendment to the program which would have allowed a specific hardship provision - that a person which lost a vessel during the latter half of 1987, but remained 'active' in the fisheries during the qualification period of 1988-1990, be allowed eligibility for QS allocations. In June the Council revisited this issue and requested that additional information be developed to examine other potential hardships, and whether the Council should consider altering the existing program to accommodate these potential hardship cases. The NMFS RAM Division has prepared a detailed discussion paper examining the issue. It was mailed to you last week, and is also included here under Item C-3 (b)(1). They will walk the Council through this issue and be prepared to respond to questions at this meeting.

- (c) Registry for titles and liens.

The industry and the Council over the past few meetings have expressed a desire to have a central registry for titles and liens on QS/IFQ ownership, to be administered by NMFS. As part of the development process, NMFS held a meeting in Anchorage on August 22 to help flesh out the parameters of this issue. In attendance were

NMFS staff, Council staff, members of the fishing industry, and members of the banking/lending community. NMFS Management Division staff will summarize the meeting and present plan for implementing such a system.

(d) Status of plan/regulatory amendments initiated at earlier meetings.

A suite of modifications and adjustments has been initiated by the Council that will affect the IFQ program. The status of these actions is summarized under Item C-3(d)(1). Many of these actions are still in preparation, but are expected to be in place in time for the program's implementation next March. One item which may require Council attention at this meeting relates to the plan amendment which would allow a one-time trade of CDQ compensation QS between the GOA and the BSAI. This amendment was initiated to address complications arising from the creation of small CDQ compensation QS 'pieces', which in total amount to about 2% of the overall QS pool (or available resource).

As proposed, this amendment would allow holders of CDQ compensation 'pieces' to trade these pieces with 'pieces' from an appropriate area with other owners, exempt from the vessel length categories and the provisions for 2-block ownership caps as will be implemented under the Block Amendment which has now been approved.

After preliminary examination of this issue, an ancillary issue arises regarding the disposition of CDQ compensation 'pieces'. Because so many small pieces of CDQ compensation QS exist, the burden on the industry, and the administrative agency governing transfers, may be unnecessarily great if we require each small piece to be traded separately and independently. This is mitigated somewhat by the 'sweep-up' provisions which allow consolidation of QS up to 1,000 for halibut (3,000 pounds for sablefish), but there will still exist a large number of compensation pieces held by persons in areas geographically distant from the areas for which these pieces are designated.

Fishing these small pieces will not be feasible for these persons, and matching such 'pieces' with other comparable pieces may be a difficult proposition at best. For example, in Area 4E, which is designated as 100% CDQ, there exist 44 'persons' who have landings history which will be rewarded via CDQ compensation pieces in four other areas. The total of 176 'pieces' of QS amount to less than 60,000 pounds, and will be difficult to trade in separate pieces. If "swept up" per the provisions of the Block Proposal, there would exist approximately 60 pieces in four different areas.

A possible solution would be to allow exemption from the provisions of the block proposal up front so that these numerous pieces could be consolidated, under one 'person's' name, into four larger 'pieces', each corresponding to the four areas in which the compensation was received. These larger pieces may be more marketable than numerous small pieces. An argument can be made to simply allow the CDQ compensation QS, regardless of the size of the 'piece', to function as unblocked QS on the market, in perpetuity. This would result in maximum flexibility for the recipients of such 'pieces' and minimum transfer and administrative burden on the implementing agency, again noting that these 'pieces' amount to about 2% of the total QS in existence. The analysis of the Block Proposal concentrated on the numbers of blocks (and maximum possible fleet consolidation) based on initial QS allocations irrespective of CDQ pieces. As such, exempting CDQ pieces from the Block Amendment would not change the results of the analysis with regard to maximum numbers of vessels in the fisheries.

An alternative would be to subject these newly consolidated 'pieces' to the "20,000 pound test" to determine whether they should exist as blocks in perpetuity, and be part of the 2-block cap. It is likely that the majority of these pieces would be designated as blocks under this alternative, making the trade of them potentially less attractive.

The council also requested an analysis of relaxing ownership and use caps in the BSAI, indicating that this is not a high priority at this time and that we may wait and see if the 1995 fishery presents additional support for such an amendment. We will be examining this issue sometime in 1995.

(e) **Review CDQ apportionments for 1995-1997.**

The State of Alaska will be presenting the Governor's recommendations for the sablefish/halibut CDQ apportionments for 1995-1997 at this meeting for Council review. A summary of the proposals and the recommended apportionments is provided in Item C-3(e)(1).



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

AGENDA C-3(b)(1)  
SEPTEMBER 1994

September 16, 1994

Clarence Pautzke  
Executive Director  
North Pacific Fishery Management Council  
P.O. Box 103136  
Anchorage, Alaska 99510

Dear Clarence,

By this letter, I am pleased to transmit the Enclosed paper ("Hardship Claims Under the Halibut and Sablefish IFQ Program") for consideration by you and members of the Council. As you can see, the paper strongly recommends against including new provisions in the IFQ program that would expand the terms under which eligibility for Quota Share (QS) could be gained.

RAM Division staff engaged in considerable research and analysis prior to reaching the inescapable conclusion, with which I fully agree, that the Council's wisdom in providing for multiple years during which eligibility under the IFQ program could be obtained, and in providing that an applicant could "drop" his or her least productive years from QS calculation should not now be undermined by attempts to open the program to new claims under new rules.

We look forward to discussing the Report and its recommendations when the Council meets in Seattle.

Sincerely,

Steven Pennoyer  
Director, Alaska Region

Enclosure



**STATUS OF IFQ REGULATIONS AND AMENDMENTS**

A Report to the North Pacific Fishery Management Council  
From The  
National Marine Fisheries Service, Alaska Region  
Fisheries Management Division

September 16, 1994

Work completed

IFQ program rules were published November 9, 1993 (58 FR 59375). Since that time, we have published the following notices affecting the IFQ program and its implementing regulations:

Notice:

- Notification of application period--announced application period for initial allocations of January 17, 1994 through July 15, 1994 (59 FR 701).

Rule notices:

- Limited access appeal procedure--establishes rules governing administrative appeals and hearings--proposed rule published Feb. 9, 1994 (59 FR 5979); final rule published June 1, 1994 (59 FR 28281).
- Amendments 30/34--(a) changes the CDQ allocation limit to any one applicant from 12% to 33% of the total sablefish CDQ reserve; and (b) expands types of evidence that may be used to verify vessel lease for purposes of initial allocation claims--proposed rule published May 31, 1994 (59 FR 28048); final rule published August 24, 1994 (59 FR 43502).
- Amendments 31/35--(a) changes initial allocation and transfer regulations to establish Modified Block Proposal; and (b) clarifies transfer restrictions--proposed rule published June 28, 1994 (59 FR 33272); final rule published soon.

Work in progress

FMP amendments approved by Council but not yet submitted; analysis and draft regulations are under development:

- One-time trade of QS between GOA and BSAI areas regardless of vessel and block categories.
- Processing (i.e. freezing) of non-IFQ species on vessels using catcher vessel IFQ and prohibiting catcher vessel halibut IFQ use on freezer vessels.

Regulatory amendments approved by Council and other actions:

CDQ compensation formula: This action will change regulations to specifically state algorithm for compensation for IFQ reductions in BSAI due to CDQ program--under review at NMFS Central Office; publication of proposed rule soon.

Omnibus regulatory amendment will:

- (a) geographic locations of primary ports;
- (b) require landing and weighing of all IFQ species on first landing of any species;
- (c) authorize IPHC biologists to board vessels;
- (d) hail weights: change language to "accurate" for clearing in Bellingham, and "estimate" for landing in Alaska;
- (e) provide for landings in 3 ports in Canada;
- (f) provide for carryover of underage to next year;
- (g) change definition of "trip;"
- (h) clarify that use of catcher vessel IFQ on freezer vessel must not violate catcher vessel length categories;
- (i) clarify "enforcement officer" language; and
- (j) require clearance in Alaska of vessels that are intending to land IFQ species in foreign countries.

Season delay: This action will provide a framework for coordinating the start of the sablefish IFQ fishery with the halibut fishery and provide for an IFQ fishery in the Aleutian Islands area if there is a delay from the currently specified season opening of March 1.

Work discussed but currently not in progress

Initial allocation to individuals in SE Alaska.

At its meeting in June 1994, the Council reaffirmed that it wanted initial allocations to be made to the entity that existed in the most recent year of participation, through September 25, 1991, in SE Alaska (i.e. Area 2C for halibut or southeast outside for sablefish). The Council's intent is to prevent persons who qualified for QS as individuals in this area from applying for and receiving QS as a corporation or partnership and being able to fish the resulting IFQ with a hired skipper.

There is no apparent need to change the regulations to accomplish this intent. The incidence of persons who qualified for QS as individuals but applied for QS as corporate entities appears to be insignificant in the applications data. The period in which an application can be initiated is now finished.

Summary of 1995-97 CDQ Applications

applicant group	species	APICDA	ATKA/APICDA	BBEDC	CVFC	YDFDA	PRIBILOFS	NSEDC
Governor's recommendations	halibut sablefish	10% AI	100% 4B	30% 4E,23% 4D 25% AI	70% 4E,24% 4D 25%AI	33% 4D 10% AI,75% BS	100% 4C	20% 4D 30% AI,25% BS
95-97 requests	halibut sablefish	33%AI	100% 4B	33% 4D & 4E 33% BS & AI	90% 4E, 33% 4D 33% BS & AI	33% 4D & 4E 33% BS & AI	100% 4C	100% 4D, 50% 4E 33% BS & AI
94-95 pollock allocation		18%	N/A	20%	27%	7%	N/A	20%
number of communities		5	1	14	17	4	2	15
number of residents		449	83	3,854	5,786	1,756	1050	8752
per capita income		\$9,992	\$ 8 , 4 7 7	\$12,900	\$4,456	\$6,519	\$ 1 2 , 2 2 3	\$11,004
Managing organization		Pacific Associates	Pacific Associates	staff	staff	staff	staff	staff
Fishing vessels		11 local and APICDA boats JUDY B???	11 local and APICDA boats	local boats for 4E Ocean Harvester	local boats for 4E Ocean Harvester	8 YDFDA boats	local boats	local boats for 4D J/V with Glacier Fish in freezer/longliner
CDP components		local employment	expand Atka plant new Atka dock	training local employment	training local employment	local employment	local employment	local employment longliner to also process fish in NS

**STATE OF ALASKA**  
**Review Committee**  
**1994 Halibut Sablefish CDQ Recommendations**

<b>FISHING AREA &amp; SPECIES</b>	<b>Norton Sound Economic Development Corporation</b>	<b>Yukon Delta Fisheries Development Association</b>	<b>Coastal Villages Fisheries Cooperative</b>	<b>Bristol Bay Economic Development Corporation</b>	<b>Aleutian Pribilof Island Community Development Association</b>	<b>Atka Fishermen's Association</b>	<b>Pribilof Island Fishermen</b>	<b>TOTAL</b>
<b>4B - Halibut</b>	0	0	0	0	0	100%	0	100%
<b>4C - Halibut</b>	0	0	0	0	0	0	100%	100%
<b>4D - Halibut</b>	20%	33%	24%	23%	0	0	0	100%
<b>4E - Halibut</b>	0	0	70%	30%	0	0	0	100%
<b>Bering Sea - Sablefish</b>	25%	75%	0	0	0	0	0	100%
<b>Aleutian Island - Sablefish</b>	30%	10%	25%	25%	10%	0	0	100%



**ATKA Fishermen's Association**  
**1995-97 CDQ Application Review**

<u>Governor's recommendation</u>	<u>1994 Equivalent CDO Harvest</u>
100% halibut in 4B	420,000 pounds
Request	100% halibut in area 4B
Managing organization	Pacific Associates
Community information	1 community; [Atka]; 83 people; \$8,997 per capita income.

CDP summary

The allocation will be harvested by eight local boats and three 32 foot APICDA vessels. All halibut will be processed in the Atka plant, which is currently being expanded. In 1994, APICDA spent \$300,000 in Atka for floating docks, so boats could access the plant. Other CDQ groups will have priority to complete the annual harvest, if the local fleet cannot catch the CDQ quota.

**APICDA**  
1995-97 CDQ Application Review

<u>Governor's recommendation</u>	<u>1994 Equivalent CDO Harvest</u>
10% sablefish in Aleutians	92,568 pounds
Request	33% sablefish in Aleutians
Managing organization	Pacific Associates
Community information	5 communities; [Atka, St. George, False Pass, Nelson Lagoon, Nikolski]; 449 people; \$9,992 per capita income.
CDP summary	
Local fleet or <i>Judy B</i> to harvest fish. May process sablefish in Atka when the plant is expanded.	

**BBEDC**  
1995-97 CDQ Application Review

Governor's recommendation                      1994 Equivalent CDQ Harvest

30% halibut in 4E	30,000 pounds
23% halibut in 4D	48,300 pounds
25% sablefish in Aleutians	231,420 pounds

Request	33% halibut in 4E 33% halibut in 4D 33% sablefish in Bering Sea 33% sablefish in Aleutians
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Managing organization	BBEDC staff
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Community information	14 communities [Aleknagik, Clark's Point, Dillingham, Egegik, Ekuk, Manokotak, Naknek, King Salmon/Savonoski, South Naknek, Togiak, Twin Hills, Pilot Point/Ugashik, Port Heiden] 3,406 people over 16; \$12,900 per capita income.
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CDP summary

BBEDC will have local fishing vessels harvest halibut in the southern portion of 4E. BBEDC will contract with *Ocean Harvester* to harvest 4D halibut and Aleutian Islands sablefish. Proceeds will go to manage fisheries. Two BBEDC fishermen will be trained on *Ocean Harvester* when it is harvesting CDQ fish.

**CVFC**  
1995-97 CDQ Application Review

Governor's recommendation                      1994 Equivalent CDO Harvest

70% halibut in 4E	70,000 pounds
24% halibut in 4D	50,400 pounds
25% sablefish in Aleutians	231,420 pounds

Request	90% halibut in 4E
	33% halibut in 4D
	33% sablefish in Bering Sea
	33% sablefish in Aleutians

Managing organization	CVFC staff
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Community information	17 communities [Chefornak, Chevak, Eek, Kongiganak, Nightmute, Kipnuk, Goodnews Bay, Hooper Bay, Mekoryuk, Newtok, Kwigillingok, Platinum, Quinhagak, Scammon Bay, Toksook Bay, Tununak, Tuntutuliak] 5,786 people; \$4,456 per capita income.
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CDP summary

CVFC will have local fishing vessels harvest halibut in the northern portion of 4E. CVFC will contract with *Ocean Harvester* to harvest 4D halibut and Aleutian Islands sablefish. Proceeds will go to manage fisheries. Two CVFC fishermen will be trained on *Ocean Harvester* when it is harvesting CDQ fish. CVFC is helping local fishermen optimize their small boat displacement quota share in Gulf of Alaska.

**NSEDC**  
1995-97 CDQ Application Review

<u>Governor's recommendation</u>	<u>1994 Equivalent CDO Harvest</u>
20% halibut in 4D	42,000 pounds
30% sablefish in Aleutians	277,704 pounds
25% sablefish in Bering Sea	29,754 pounds
Request	50% halibut in 4E 100% halibut in 4D 33% sablefish in Bering Sea 33% sablefish in Aleutians
Managing organization	NSEDC staff
Community information	15 communities [Brevig Mission, Diomedes/Inalik, Elim, Gambell, Golovin, Koyuk, Nome, Savoonga, Shaktoolik, St. Michael, Stebbins, Teller, Unalakleet, Wales, White Mountain]; 8,752 people; \$11,004 per capita income.
CDP summary	
NSEDC intends to jointly purchase a freezer/longliner vessel with Glacier Fish to harvest their allocation. They will use the vessel in Norton Sound to process salmon during odd years. They will train locals on the vessel.	

**Pribilof Islands**  
1995-97 CDQ Application Review

<u>Governor's recommendation</u>	<u>1994 Equivalent CDO Harvest</u>
100% halibut in 4C	350,000 pounds
Request	100% halibut in 4C
Managing organization	Pribilof Islands Fishermen
Community information	2 communities; [St. Paul, St. George]; 1050 people; \$12,224 per capita income.

CDP summary

The CDQ group will act as managing organization for the two fishing communities. The emphasis of the CDP is economic benefits to the local fleet. The group will charge a small fee (~\$.10/pound) to recoup management costs. Both St. Paul and St. George expect to have local processors buy the fish.

**YDFDA**  
1995-97 CDQ Application Review

Governor's recommendation	1994 Equivalent CDQ Harvest
33% halibut in 4D	69,300 pounds
10% sablefish in Aleutians	92,568 pounds
75% sablefish in Bering Sea	89,262 pounds

Request	33% halibut in 4E
	33% halibut in 4D
	33% sablefish in Bering Sea
	33% sablefish in Aleutians

Managing organization	YDFDA staff
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Community information	4 communities [Alakanuk, Emmonak, Kotlik, Sheldon Point]; 1,756 people; \$6,519 per capita income.
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CDP summary

YDFDA will harvest all their quota with their local fleet. They had built six 32 foot aluminum boats in the past year. Two of these were built in Seward at the vocational center by their fishermen. The boats have fished in Norton Sound, Gulf of Alaska, and Dutch Harbor. They also have two larger vessels. Fish caught near the Yukon area will be sold and processed in Emmonak. YDFDA fishermen caught 435,000 pounds of cod jigging near Dutch Harbor in early 1994.

4B TAC of 2,100,000 CDQ%=20%  
 CDQ poundage=420,000  
 value=\$525,000 for 1994

4C TAC of 700,000 CDQ%=50%  
 CDQ poundage=350,000  
 value=\$437,500 for 1994

4D TAC of 700,000 CDQ%=30%  
 CDQ poundage=210,000  
 value=\$262,500 for 1994

4E TAC of 100,000 CDQ%=100%  
 CDQ poundage=100,000  
 value=\$125,000 for 1994

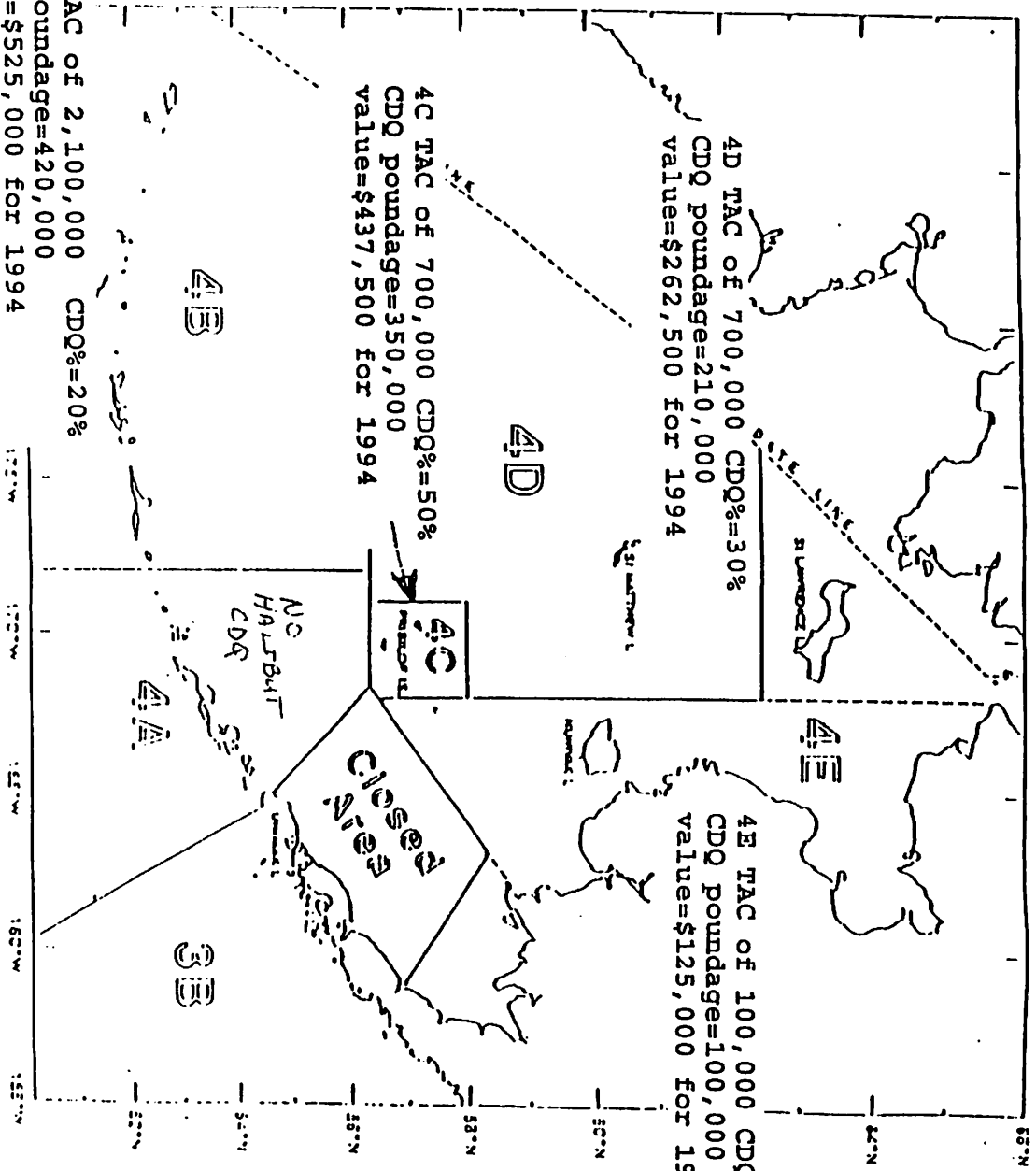
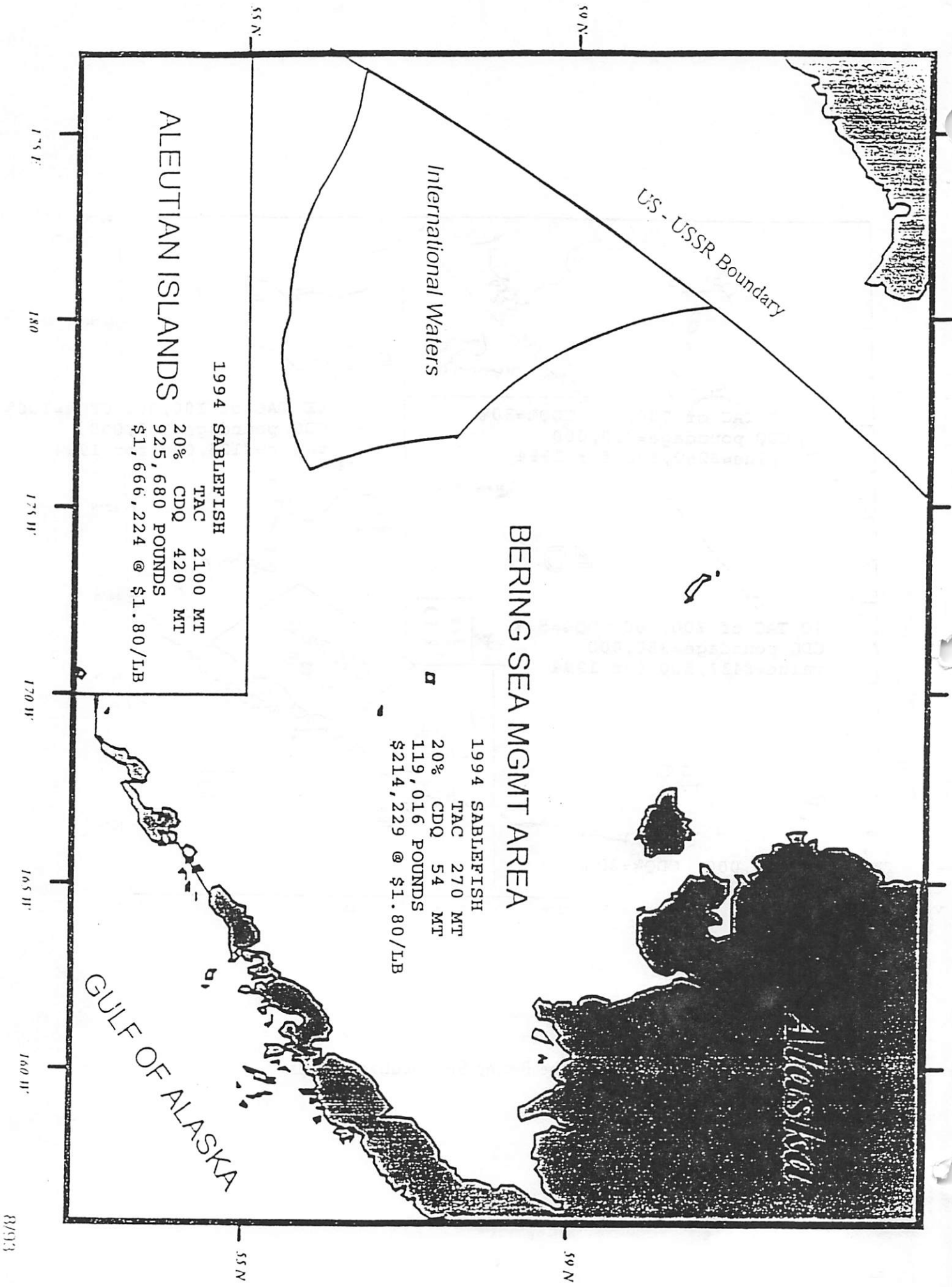


Figure 1. IPHC regulatory areas for the Bering Sea/Aleutian Islands.





US - USSR Boundary

International Waters

**ALEUTIAN ISLANDS**

1994 SABLEFISH  
 TAC 2100 MT  
 20% CDQ 420 MT  
 925,680 POUNDS  
 \$1,666,224 @ \$1.80/LB

**BERING SEA MGMT AREA**

1994 SABLEFISH  
 TAC 270 MT  
 20% CDQ 54 MT  
 119,016 POUNDS  
 \$214,229 @ \$1.80/LB

GULF OF ALASKA

Alaska



UNITED STATES DEPARTMENT OF COMMERCE  
National Oceanic and Atmospheric Administration

National Marine Fisheries Service

P.O. Box 21668

Juneau, Alaska 99802-1668

September 23, 1994

Mr. Richard B. Lauber, Chairman  
North Pacific Fishery Management Council  
P.O. Box 10316  
Anchorage, AK 99510

Subject: IFQ Implementation Report

Dear Mr. Lauber:

This will bring you up-to-date on the status of implementation of the halibut/sablefish IFQ program. As you know, this is a complicated program that contains many elements; so, if I've failed to adequately address any concerns that you may have, please let me know.

APPLICATIONS/APPLICATION PROCESSING/QUOTA SHARE ESTIMATES

The following tables display, by total number, the status of the applications process as of September 23, 1994. Please note that all numbers are rounded, since absolute precision is almost impossible to provide at this point in the implementation process - too many things are changing on a daily basis to provide information with absolute precision!

Request for Application Status

All persons who are applying for QS were required to complete and to submit a Request for Application by July 15, 1994. The following table displays the status of that activity.

	<i>Halibut</i>	<i>Sablefish</i>	<i>Total</i>
RFAs made available:	7,590	1950	9,540
RFAs that were undeliverable:	410	70	480
RFAs that were duplicated:	160	50	210
RFAs that were not returned:	<u>1,020</u>	<u>230</u>	<u>1,250</u>
<b>Total RFAs that were returned:</b>	<b>5,900</b>	<b>1,700</b>	<b>7,600</b>

QS Permits Applied For

A "QS Permit" (species, area, category combination) will be issued to each qualified applicant who can demonstrate that s/he has met the qualifying criteria. Since many applicants have a varied history in different parts of the state, with different species



and with different vessels, a number will be issued more than one type of QS permit. The following table sums the total of different permits (and includes those that will be issued as compensation under the CDQ program) applied for.

Halibut QS Permits Applied for:	6,650
Sablefish QS Permits Applied for:	2,050
Estimate of CDQ Compensation Permits:	<u>910</u>
<b>Total QS Permits to be Issued</b>	<b>9,610</b>

#### Status of Applications Processing (both species)

For purposes of this summary, every person that returned a properly-executed and dated RFA prior to the July 15 deadline is considered to have made application for QS. Those applications are in different stages of processing, as displayed below (note that these numbers are approximates, because processing activities cause movement between stages on a daily basis).

Applications (RFAs) Submitted (both species):	7,600
Sent "90-day" letter requesting more information:	600
Will receive "QS Data Summary" explaining changes:	3,800
Processing Completed; QS Permits ready to issue:	3,200

Notes: The "90-day" letter allows applicant to send more evidence in support of a claim to QS, or an amount of QS.

The "QS Data Summary" will display the status of the "Official Record" (RAM database) in cases in which changes have occurred due to application activities and for those who have not yet returned their 3-part application.

#### Application Conflicts, Denials and Appeals

"Conflicts" occur when two or more persons claim credit for the qualifying pounds landed on the same vessel during the same period of time. This mostly happens when the vessel owner and a person who claims to have orally leased the vessel cannot come to some agreement on the facts. Denials, at this point are all due to untimely submission of applications. Appeals are formal requests for Appellate Officer review of RAM Division Determinations (in this case, to deny the appellant's late application).

Conflicts over vessel leases:	35
Applicants involved in conflicts:	71
Applications denied as untimely:	47
Appeals filed with RAM Division Appeals Officer:	2
Completed Appeals Officer Decisions	1

### Up-dated Estimate of QS Pool (OSP) Size

Based on the verified claims on applications returned, the current estimate of the number of units of QS in each IFQ Regulatory area is displayed below. Note that the numbers are rounded to the nearest 1,000 units. Also, the "CDQ addition" numbers are very preliminary.

<i>Regulatory Area</i>	<i>Estimated QSP</i>	<i>CDQ Addition</i>
Area 2C (halibut)	56,383,000	1,314,000
Area 3A (halibut)	173,940,000	2,648,000
Area 3B (halibut)	51,595,000	1,201,000
Area 4A (halibut)	13,452,000	311,600
Area 4B (halibut)	8,921,000	
Area 4C (halibut)	3,980,000	
Area 4D (halibut)	4,473,000	
Area 4E (halibut)	140,000	
Area AI (sablefish)	29,202,000	
Area BS (sablefish)	15,713,000	
Area CG (sablefish)	100,968,000	1,947,000
Area WG (sablefish)	33,158,000	627,000
Area WY (sablefish)	48,620,000	944,000
Area EY (sablefish)	60,886,000	1,188,000

### Quota Share Block Provisions

Because the Block Provisions were not finally adopted until September 14, we have no current estimates on how many QS Permits will be issued as blocks. However, in anticipation of approval of the amendments, we have been planning to implement them. The amount of QS that will determine whether or not QS permits will be blocked upon issuance will be determined on the basis of the QSP for each area, as of October 17. The RAM Division will thus be prepared to issue QS in blocks when the time comes.

### OTHER RAM DIVISION ACTIVITIES

#### Appeals Process

As reported at the June meeting, the Division has retained an Appeals Officer (Ed Hein). Ed began work this summer and has established the internal administrative processes that will be used to implement the regulatory appeals process. We are also seeking authority to hire an additional appeals officer in the Juneau office, and to contract for appeals officer services in ports closer to the affected fishermen.

As noted in the data summaries above, we have received (as of 8/23/94) the first two appeals of Division determinations. Since some 47 untimely applications were denied, we expect a few more. Also, we expect appeals in several of those cases where there is a conflict over whether or not a vessel was leased. As noted above, there are some 35 such conflicts at present, involving 71 people (one of them involved 3 parties). These folks have all been provided 90 days to come to agreement on the facts, but we expect that some will result in appeals.

#### Registered Buyers/Transaction Terminals

On Friday afternoon, September 30, in conjunction with the Council meeting, the RAM Division will present information on progress that has been made toward implementing the "registered buyer" permitting and landings processes envisioned in the regulations, and to discuss those activities with interested processors and others. With publicity assistance from the Council and industry representatives (HANA, in particular), we are expecting a "full house" at the presentation.

Transaction terminals ("card swipe machines") have been purchased and are now being programmed to accept the IFQ cards that are currently being designed. At the December Council meeting, we will demonstrate the system with fully-operational transaction terminals and cards.

A copy of a DRAFT "Application for IFQ Registered Buyer Permit" (and to receive a Transaction Terminal and printer) are attached; we would welcome your comments on the proposed form.

#### IFQ Crew Member Applications

Under the terms of the program, there are two types of "IFQ Crew Members" [those eligible to receive QS and IFQ by transfer (purchase, lease, or gift)]. They are: 1) persons that received QS upon initial issuance; and, 2) those individuals who can demonstrate that they have served on the harvesting crew(s) in any United States fishery for a total of at least 150 days. Since the time for issuing QS is drawing near, there has been quite a lot of interest in the Application those individuals must complete to demonstrate their eligibility for "IFQ Crew Member" status.

Very shortly, we will have completed a final version of that form and will make it available to the public. A DRAFT of the form is attached, and we would welcome your comments on it. Individuals who did not receive QS upon initial issuance, and who demonstrate their eligibility for "IFQ Crew Member" status, will receive a Certificate attesting to their eligibility. The Division will require submission of the Certificate, or a copy of it, when the individual applies to receive QS or IFQ by transfer.

## Transfer of QS and IFQ

Work on transfer forms is also progressing. Uncertainty over the issue of lien recordation (discussed elsewhere on the Council's agenda) and other complications have delayed production of the forms and the internal processes required to provide for transfer of the fishing privileges represented by QS IFQ permits.

Instructions for transferring QS and IFQ, together with all the forms needed to request transfers, will be provided with the Certificates that attest to a person's eligibility for QS. As noted below, we anticipate that we will begin issuing QS at the end of October or in early November.

## "Hardship" Analysis

At the request of the Council, the Division has prepared an analysis of possible ways to include a "hardship" provision in the IFQ Program. The purpose of such a provision would be to "restore" applicants to the status in the fishery that they would have held but for some allowable "hardship" situation.

As this issue appears elsewhere on your agenda, I will not discuss it here; suffice it to say that, following extensive analysis, the Region has concluded that the Council quite wisely, and adequately, provided for such unique situations when it devised the criteria for the program; accordingly, the Region is recommending that the Council take no further action on hardships.

## Data Collection

Because of the high degree of public interest in the socio-economic consequences of distributing fishing privileges under the IFQ program, we conducted an analysis of our data collection processes. This work was accomplished over the summer by a College Intern, and consisted of conducting a survey of fisheries economists, managers, and researchers who will make future use of any data that is generated by the Division.

As a result of the project, we will be adjusting some of the data collection we had intended to accomplish; however, we can not accommodate all of the requests. Some asked for information that we may not (by law) collect, while others asked for information that would be unduly burdensome to provide, or plainly beyond the scope of IFQ implementation.

Our expectation is that the data that are finally retrieved can be displayed on the NMFS Bulletin Board and periodically updated. In this manner, we will relieve users of the need to ask the Division to provide the data (and relieve the Division of the need to constantly respond to such requests).

Schedules and Time-Frames

We consider implementation of the IFQ program to be substantially "on track" and currently envision no impediments to full implementation, as scheduled, by the spring of 1995.

In summary form, the schedule for the next few months looks like this:

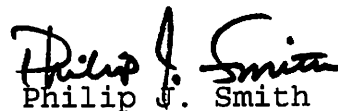
<i>Activity</i>	<i>Beginning Date</i>	<i>End Date</i>
Determination of Blocks	October 17	
Application Processing	Continuing	12/94 - 1/95
IFQ Crew Member Permits	Mid-October	Continuing
Issue Quota Share	Late October	Mid-November
QS Transfer Processing	Early November	Continuing
Appeals of Determinations	Now	Continuing
Registered Buyers Permits	1/95	Continuing
Determine IFQ & Issue Cards	2/95	3/95
<b>Fishing With IFQ Begins</b>	<b>Spring of 1995</b>	

Of course, a number of variables could affect any or all aspects of program implementation and the time-table for accomplishing it; however, the further we get down the road, it becomes less likely that we will be encountering any significant road blocks.

CONCLUSION

Thank you for your interest in IFQ Implementation. Both Jessica Gharrett (RAM Division Operations Manager) and myself will be in attendance throughout the Council meeting, and are available to discuss IFQ implementation at your convenience.

Sincerely,



Philip F. Smith  
Chief, Restricted Access  
Management Division

cc: Steven Pennoyer  
Director, Alaska Region

Attachments:

1. *DRAFT* "Application for IFQ Registered Buyer Permit"
2. *DRAFT* "Application for IFQ Crew Member Transfer Eligibility Certificate"

Application for  
IFQ Registered Buyer Permit

**DRAFT**

**INSTRUCTIONS:**

Under the rules that govern the halibut and sablefish Individual Fishing Quota [IFQ] program (50 CFR, Part 676), a Registered Buyer Permit is required for: 1) any person who receives halibut or sablefish from an IFQ permit holder (fisherman), or 2) any IFQ permit holder who harvests IFQ halibut or IFQ sablefish and transfers the fish in any of the following ways - a) in a dockside sale, b) outside of an IFQ regulatory area, or c) outside the State of Alaska.

Each person that receives IFQ halibut or sablefish, or who harvests and transfers IFQ halibut or IFQ sablefish in a manner described above, is required to hold a valid Registered Buyer Permit; e.g., each plant, processing vessel, tendering vessel, fish buyer, fish market, and fish broker, and each IFQ permit holder who harvests and transfers IFQ halibut or sablefish in the manner described above. Registered Buyer Permits will be issued annually only to persons who have submitted an approved Registered Buyer Application. Registered Buyer Permits are not transferable. A copy of the Registered Buyer Permit must be present at the location of an IFQ landing, and must be made available for inspection upon the request of any authorized officer or NMFS enforcement aide.

If you wish to obtain a Registered Buyer Permit, you must complete this application, as explained below. You must complete a separate Application for each Registered Buyer Permit you are seeking to obtain. There are two parts to the Application, and one optional part, as explained below:

**Part I** requests information about the Permit Applicant, including the name, name of authorized representative or agent (if any), address, telephone and fax numbers and the specific location of the activity for which a Registered Buyer Permit is requested.

**Part I(a)** is optional. It can be used to request a Transaction Terminal for the purpose of electronically recording IFQ landings.

**Part II** requires that, by your notarized signature, you swear (or affirm) that the information you have provided in the Registered Buyer Permit Application is true and correct to the best of your knowledge. Note that your signature must be notarized. **Failure to have your signature properly notarized will result in the denial of your Application.**

Complete all relevant parts of this Application. Assemble all pages, make a copy for your records, and mail the completed original Application to:

**Restricted Access Management [RAM] Division  
Alaska Region, National Marine Fisheries Service  
P.O. Box 21668 • Juneau, Alaska 99802-1668  
Telephone: 800-304-4846 or 907-586-7202**



**Part I - IDENTIFICATION OF APPLICANT**

**Identification of Registered Buyer Applicant:**

Name of Registered Buyer: \_\_\_\_\_

Name of Authorized Agent: \_\_\_\_\_

Business Address of Applicant: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone and Facsimile: Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

**Nature or type of Registered Buyer Business (IFQ permit holder, at-sea processor, tender, shore plant, fish market, fish broker, fishing/marketing cooperative, etc):**

Nature of Business (specify): \_\_\_\_\_

**Permanent Physical Location of Business (if different from business address):**

Physical Location of Business: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**If Business Location is Mobile (i.e., tender, off-shore processor, etc.) Complete the Following:**

Location of Expected Activity

(Lat./Long. or Primary Port): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

State Processor ID Number (if applicable): \_\_\_\_\_

NMFS Research Plan Processor Number (if applicable): \_\_\_\_\_

**Part I(a) -- REQUEST FOR TRANSACTION TERMINAL**

**Special Information:** It is the intention and expectation of NMFS that IFQ landings will be reported electronically, using Transaction Terminals, IFQ permit cards, and a printer; all activated with custom-designed software.

You may use this form to request a Transaction Terminal; however, if insufficient units are available for all who request them, they will be distributed to locations determined by NMFS to be most convenient for the fishing fleet and most likely to insure timely and accurate reporting of landings of IFQ halibut and sablefish. To assist those without Transaction Terminals, NMFS will attempt to place the units at appropriate public places, such as NMFS Enforcement and Management Offices, Harbormaster Offices, etc. Locations of all such Terminals will be announced.

If you hold a Registered Buyer Permit, you may also purchase Transaction Terminals and printers directly from the supplier; however, NMFS must install custom software to establish a functional unit. If you wish to arrange for private purchase of a Transaction Terminal and a printer, contact the RAM Division at the above address.

**I Request that NMFS Provide a Transaction Terminal to the Following Registered Buyer:**

Registered Buyer: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Physical Location at Which Transaction Terminal Will Be Located:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**If Location is Mobile (i.e., tender, off-shore processor, etc.) Complete the Following:**

Location of Expected Activity  
(Lat./Long. or Primary Port): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Part II -- CERTIFICATION**

Remember: To be complete, this Application must be signed and your signature must be notarized. Failure to have your signature properly notarized will result in denial of your Application.

By my signature below, I hereby swear (or affirm) that all of the information that I have provided on this Application for an IFQ Crew Member Transfer Eligibility Certificate is true and correct to the best of my knowledge and belief. I further acknowledge that knowingly submitting false or inaccurate information is a criminal offense.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Notary Public:                      Commission Expires: \_\_\_\_\_

**Affix Notary Stamp or Seal Below:**

Application for "IFQ Crew Member"  
Transfer Eligibility Certificate

**DRAFT**

**INSTRUCTIONS:**

Under the rules that govern the halibut and sablefish Individual Fishing Quota [IFQ] program (50 CFR, Part 676), eligibility to receive Quota Share [QS] and IFQ by transfer (by purchase, lease, or gift) is limited to persons that have had QS initially awarded to them, or those individuals who have worked, for at least 150 days, as a member of a harvesting crew in any U.S. fishery. Those who wish to receive QS/IFQ by transfer, but who did not have QS initially awarded to them, must complete this application for a Transfer Eligibility Certificate. There are three parts to this Application; each must be completed, as explained below:

**Part I** requests information about you, including your name, address, phone and fax numbers, social security number [SSN] and date of birth [DOB].

**Part II** asks for specific information about your experience in the commercial fisheries. You are asked to identify each fishery in which you have worked as a member of the harvesting crew, and to provide a summary statement of your duties and responsibilities. Note that your experience must be as a member of the harvesting crew (experience as a ship's carpenter or engineer, for instance, does not satisfy the requirement).

To qualify for the Transfer Eligibility Certificate, you must show that (as of the date you complete this Application) you have worked for a total of at least 150 days on harvesting crews. Use a separate "Part II" form for each fishery. You don't need to supply information on your entire fishing history; a minimum total of 150 days of harvesting experience is sufficient.

**Part III** requires that, by your notarized signature, you swear (or affirm) that the information you have provided in the Application is true and correct to the best of your knowledge. Note that your signature must be notarized. Failure to have your signature properly notarized will result in the denial of your Application.

Be sure to complete all three parts of this Application. Put your name on each page, and number each page on the place provided on the lower right hand corner. Assemble all pages, make a copy for your records, and mail the completed original Application to:

Restricted Access Management [RAM] Division  
Alaska Region, National Marine Fisheries Service  
P.O. Box 21668 • Juneau, Alaska 99802-1668  
Telephone: 800-304-4846 or 907-586-7202



**Part I -- IDENTIFYING INFORMATION**

Your Name: \_\_\_\_\_

Business Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone/Fax: Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

Other Information: SSN: \_\_\_\_\_ DOB: \_\_\_\_\_

**Part II - COMMERCIAL FISHING EXPERIENCE**

Complete one "Part II" Form for each U.S. commercial fishery for which you are claiming credit; harvest crew experience may be in any commercial fishery in the United States; it is not limited to halibut, sablefish, or some other Alaskan fishery.

**U.S. Fishery (targeted species, gear, location or regulatory area):**

Species: \_\_\_\_\_  
Gear Used: \_\_\_\_\_  
Location (Area): \_\_\_\_\_

**Dates of Participation:**

From: \_\_\_\_\_ To: \_\_\_\_\_  
Total Days As Member of Harvesting Crew in the Fishery: \_\_\_\_\_

**Identification of Vessel, Vessel Owner, and Skipper/Captain:**

Name of Vessel: \_\_\_\_\_  
Registration Number: \_\_\_\_\_  
Owner of Vessel: \_\_\_\_\_  
Skipper/Captain: \_\_\_\_\_

**Description of Your Primary Duties and Responsibilities as Member of the Crew:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Name and Address of Person Who Can Verify Your Claimed Participation:**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Application of \_\_\_\_\_ for an IFQ Transfer Eligibility Certificate: Page \_\_\_\_ of \_\_\_\_.

**Part III -- CERTIFICATION**

Remember: To be complete, this form must be signed and your signature must be notarized. Failure to have your signature properly notarized will result in denial of your Application.

By my signature below, I hereby swear (or affirm) that all of the information that I have provided on this Application for an IFQ Crew Member Transfer Eligibility Certificate is true and correct to the best of my knowledge and belief. I further acknowledge that knowingly submitting false or inaccurate information is a criminal offense.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Notary Public:                      Commission Expires: \_\_\_\_\_

**Affix Notary Stamp or Seal Below:**

Application of \_\_\_\_\_ for an IFQ Transfer Eligibility Certificate: Page \_\_\_\_ of \_\_\_\_.

Mary Pete

**PRELIMINARY FINDINGS**

from on-going research on

**ALASKA'S COMMUNITY DEVELOPMENT QUOTA'S:  
Analyzing Their Significance to Western Alaska Communities**

Prepared by

**Department of Rural Development  
College of Rural Alaska  
University of Alaska**

Prepared for

**Western Alaska Fisheries Development Association  
(WAFDA)**

and the  
**Bering Sea Fishermen's Association  
(BSFA)**

**September 1994**

## INTRODUCTION

This report highlights preliminary research findings from two communities and provides a status report (Appendix 1) of on-going research in and analysis of data from seven communities in western Alaska. In summer 1994, the Department of Rural Development, University of Alaska Fairbanks (UAF) secured funding from the Western Alaska Fisheries Development Association (WAFDA) to conduct research on the significance of the community development quota (CDQ) program to participating communities. Begun in 1992 by the North Pacific Fisheries Management Council (NPFMC), the CDQ program features innovative partnerships between Alaska Native communities along the Bering Sea coast and the established seafood processing industry. Through the program, 7.5 percent of the harvestable surplus of pollock in the Bering Sea was allocated to 56 coastal communities organized into six groups. WAFDA represents 50 communities in four of the six CDQ groups: Norton Sound Economic Development Corporation (NSED), Yukon Delta Fisheries Development Association (YDFDA), Coastal Villages Fisheries Cooperative (CVFC), and Bristol Bay Economic Development Corporation (BBEDC). The NPFMC began reviewing the CDQ program because it is slated for sunset or extension in some form by December 1995. This study will hopefully inform the evaluation process.

The study was designed to provide a community context of responses to opportunities afforded by the CDQ program to eligible communities. Basically, findings were to be cast against a backdrop of existing regional statistical, economic, or programmatic analyses and reports. We hope to frame personal choices about and household strategies regarding CDQ initiatives, and to outline community perceptions of and reactions to the CDQ program. As one resident noted, "so many times we have been acted upon by this or that new program without really being informed or even asked whether we want it." Through this study, we want give voice to those being "acted upon" by the CDQ program. General questions asked through several surveys included: What do communities know about the CDQ program? What are attitudes about the program's opportunities held by community leaders, households, and affected individuals? Does the program have a viable future in their communities and lives?

## METHODOLOGY

At the project's initiation, each of the four WAFDA-member CDQ groups nominated two to four possible case study communities. Rural Development faculty



reviewed nominations and selected two communities each from NSEDC, CVFC, and BBEDC, and one from YDFDA. Selections were based on the number of communities, population, and known research history in each group and nominated community. In early June, letters asking permission to conduct research were sent to officials in the study communities. Although three communities (Chevak, Alakanuk, and Dillingham) responded positively within several weeks, scheduling fieldtrips around the busy fishing and fish camp season, seasonal work opportunities such as fire-fighting, deaths and funerals, and eventually, teaching commitments, proved difficult. Officials in Dillingham suggested a mid-August beginning for the study to avoid fruitless efforts during the hectic commercial salmon fishery. Three communities (Teller, Elim, Egegik) responded positively in early to late August. One community refused to participate, prompting a renewed effort to find an alternative study community (Chefornak).

Work began in Chevak and Alakanuk by early July, in Dillingham, Teller and Egegik by mid-August, and in Elim by late-September. Local assistants were interviewed and hired from lists of interested persons recommended by local officials or through the local Job Service office. Their job was to administer surveys and/or enter data. Bilingual assistants were hired in three of the four groups and their skills proved invaluable. Local assistants greatly facilitated updating community censuses, verifying lists of CDQ-active and -formerly active individuals, and mapping locations of prospective sample households. Members of the research team were trained either in person or by phone and worked part-time around family and other work commitments. So far, seventeen individuals have contributed to data collection and processing efforts of this study.

Data collection instruments included a telephone survey (Appendix 2) for representatives and officials in all 50 participating communities. Two different personal surveys were developed for the seven case study communities. One was for a sample of households (Appendix 3) and the other was for individuals (Appendix 4) who participated in CDQ initiatives. The study attempted to survey three to five representatives or officials from each participating community to assess general awareness of and perceived community responses to the CDQ programs. These surveys were administered by phone or in person in six case study communities. Aimed at outlining the significance of the CDQ program in a community context, the study focused on household and individual surveys in each of the six case study communities in progress thus far. Household survey efforts targeted a random sample of 30 percent of all households (15 percent in Dillingham), while individual surveys attempted to include as many people directly affected by CDQ program initiatives as possible in the time allowed. The random selection method for household surveys consisted of a flip of a coin

at each house (heads: ask for permission to survey; tails: go to the next house) or drawing pre-assigned numbers for each household. Tracking, finding, and eventually surveying individuals who participated in CDQ-related work and/or benefit proved to be a highly time-consuming task, primarily because many of these individuals were out of town during much of the data collection effort, actively involved in CDQ program or other productive work.

Household and individual surveys included general attitudinal questions about the respondent's community, socioeconomic situation and outlook, and knowledge about and perceptions about the future of the CDQ program in their community. We also asked for specific information about household and personal income, expenses, and about participation in wage employment both prior to and since the inception of the CDQ program. Several base-line questions regarding subsistence production and involvement should prove useful in future surveys.

Everyone surveyed or informally interviewed -- from community officials, household heads, and individuals -- had a choice to participate. They could skip or refuse to answer any question once the surveys began. We gave assurances of confidentiality about respondents and responses, as well as assurances that ignorance about and/or negative attitudes toward the CDQ program were perfectly valid. In general, cooperation from and interest in all case study communities was outstanding and positive. Even many who refused surveys contributed useful information through informal discussions and conversations.

### PRELIMINARY FINDINGS

*"[The] CDQ [program] seems to have lots of potential, if those who have a say would just let it work through what it's supposed to do. [It] is still very new; many people don't know much about it, but [it] sure gets some people excited in a good way...finally might have a chance to stay in our villages but have jobs or go fishing."*

Community official

Data collection, processing, and analysis has proceeded further for Alakanuk and Teller, the two communities featured in this brief overview. Preliminary findings from the two communities appear to represent cases from nearly opposite points along a continuum of program implementation. In Alakanuk, YDFDA has been actively

implementing CDQ program initiatives for approximately a year, whereas in Teller, NSEDC began education and recruitment activities this spring and summer. Further, each CDQ group developed different initiatives: YDFDA emphasized training, employment, and vessel building, leasing and fishing for its members, while NSEDC initiated a loan program to buy fishing gear to fish in herring and crab fisheries in Teller. Briefly featured are examples of selected types of analysis and information we found from household and individual surveys in this study. Community official surveys represent small numbers. Except for a few general comments, data will be discussed in the final report by CDQ group rather than by community in order to protect confidentiality.

### Household Surveys

*"[The] CDQ [program] is good...[it is] creating more jobs, keeping mostly young adults busy and out of drinking."*

Alakanuk respondent

*"The best thing [for Teller about the CDQ program] is it brings loans for boats, nets, and gear. They use [the] same equipment for subsistence. [It] has increased subsistence activities by having people afford equipment."*

Teller respondent

Tables 1 and 2 summarize demographic information from the two communities and the sampled households. The average household size in Alakanuk is considerably larger than that in Teller: 5.2 compared to 3.7, perhaps reflecting the proportionately higher Alaska Native population in Alakanuk. Target samples (30 percent) for household surveys were close in both communities (27 percent in Alakanuk and 31 percent in Teller). Sampled households in both communities were fairly representative of the distribution of sizes of community households, except that the Alakanuk sample included a higher number of large households, thus 35 percent of the community population was included in the sample.

Both community samples closely approximated distribution of ages of household heads in the community at large, except that female and older household heads (50+ years of age) were slightly over-represented in the Alakanuk sample. They were willing to be surveyed when selected. Many of the smaller households were composed of younger

TABLE 1. POPULATION, TOTAL HOUSEHOLDS, NUMBER (AND PERCENTAGE) OF HOUSEHOLDS SURVEYED IN ALAKANUK AND TELLER, 1994

Community	Population* (Percentage AK Native)	Total Number of Households	Average Household Size	# of HHs Surveyed (Percentage)	# of People in Surveyed HHs (Percentage)
Alakanuk	617 (97%)	118	5.2	32 (27%)	213 (35%)
Teller	254 (77%)	72	3.7	21 (31%)	77 (30%)

\*Information was derived from updated 1993 household censuses from the Alakanuk city office and through interviews with city officials in Teller. Only identified permanent residents were included for sampling. Teachers were viewed as non-permanent residents and were excluded from the Alakanuk census; including teachers Alakanuk had 629 people (95% Native) in 124 households. Teller officials did not provide information in comparable detail.

single men working out of town during the survey effort or refused surveys. Sampled household heads in both communities shared similar educational attainment levels reflecting community patterns (Table 2). Alaska Natives comprised 97 percent of the Alakanuk sample of household heads and 80 percent of the Teller sample; Caucasians comprised the remainder of the sample in both communities.

TABLE 2. AGE AND EDUCATIONAL CHARACTERISTICS OF HOUSEHOLD HEADS IN SURVEY SAMPLE IN ALAKANUK AND TELLER, 1994

Number (and Percentage) of Household Heads:  
in Age Categories at Educational Level

Community	20 - 29	30 -39	40 - 49	50 - 59	60+	< than High sch.	High Sch. or GED	Some college
Alakanuk	4 (13%)	9 (28%)	6 (19%)	8 (25%)	5 (16%)	14 (44%)	15 (47%)	3 (9%)
Teller	1 (5%)	8 (38%)	5 (24%)	4 (19%)	3 (14%)	10 (48%)	9 (43%)	2 (9%)

### Employment and Income

Estimated 1993 income information for sampled households is summarized in Table 3. Some sample households (12.5 percent in Alakanuk and 9.5 percent in Teller) chose to withhold household income estimates. Income was extrapolated from hours worked per week, the reported hourly wage, estimated monthly transfer income, and estimated yearly incomes from commercial fishing. Permanent Fund Dividend income was also calculated from the number of household members resident in 1993 (Appendices 3 and 4). Many people strived for accuracy even with estimates; a few consulted fish tickets and respondents typically were reluctant to estimate incomes of absent household members, requiring follow-up interviews or phone calls to these individuals. Respondents in private business (small business owners or artisans) or those with "on-call" or "as-needed" jobs often preferred to provide a yearly income amount. Average household incomes were similar in both communities, but Alakanuk households had a lower and narrower range of household and per capita, and average per capita incomes than those sampled in Teller. These estimates parallel incomes levels indicated in the 1990 U.S. census for both communities.

**TABLE 3. AVERAGE AND RANGE OF HOUSEHOLD AND PER CAPITA INCOME IN SURVEY SAMPLES IN ALAKANUK AND TELLER, 1993\***

Community	Average Household Income	Range of Household Income	Average Per Capita Income	Range of Per Capita Income
Alakanuk	\$25,902	\$3,950 - \$62,500	\$5,039	\$2,313 - \$15,625
Teller	\$25,530	\$7,600 - \$76,260	\$8,667	\$2,230 - \$21,450

\*Income information was collected from 28 of 32 sample households in Alakanuk and 19 of 21 in Teller.

Table 4 summarizes sources of household income for each community. Only one Teller household with CDQ-generated income was willing to provide income information; an estimated 21 percent of that household's income in 1993 derived from participation in a CDQ program. Overrepresentation in the Alakanuk sample by female- and elder-headed households may inflate income contributions from transfer payments. Households in

Alakanuk with CDQ-generated income reported between 15 to 63 percent contribution from CDQ employment to the average household income. Without CDQ program money, the private sector contribution averaged approximately 23 percent. A few households offered that they would have continued drawing transfer payments (AFDC or unemployment compensation) without CDQ income or would have merely gone without, since "there are no jobs."

TABLE 4. AVERAGE (AND PERCENTAGE) OF HOUSEHOLD INCOME BY SOURCE FOR SAMPLE HOUSEHOLD IN ALAKANUK AND TELLER, 1993

Average Household Income (and Percentage) from:

Community	Public Sector*	Private Sector	Transfer Payments
Alakanuk	\$15,275 (51%)	\$6,221 (27%)**	\$5,309 (23%)
Teller	\$14,230 (60%)	\$8,960 (22%)	\$3,218 (23%)

\*Public sector includes government jobs at the federal, state, and local levels, and Permanent Fund Dividend income (22 percent of Alakanuk and 16 percent for Teller).

\*\*Five of the seven sample households which included CDQ-active members were willing to contribute income estimates and source information.

Individual Surveys

*"Before [the CDQ program], about seven years ago, I had gotten training at AVTEC (Alaska Vocational and Technical Center in Seward) on diesel mechanics and boiler maintenance. I never got to use [the] skills I trained for because there were no jobs, and same people [always] get hired for the few jobs. Now, with [the] CDQ [program], I use some of my skills.*

Alakanuk respondent

*"[Through CDQ] I have work, earn money, feel good...sometimes I used to get into bad things just for money...be bad off...I hope CDQ will help me keep straight."*

Alakanuk respondent

*"Some of us heard rumors about this guy, X's cousin from Y (community in Norton Sound). I think he's in our class (high school graduating class). He made over \$50,000 in something like a year. Before, he made about*

*\$2,000 a year, mostly [Permanent Fund] Dividend. It was true. That got some of us, me, excited, interested...it's hard work, but, hey, it's work."*

**Alakanuk respondent**

The number of individuals participating in CDQ program initiatives were 41 for Alakanuk and 14 for Teller. However, considering the populations of each community, proportionately more people in Teller have been affected (Tables 1 and 5). Individual income from CDQ program work in Alakanak ranged from \$1,500 to \$22,000 for 1993. In Teller, only one person contributed information. Several Alakanuk respondents offered that they had earned as much in the first seven months of 1994 as they had in all of 1993 from CDQ program work.

Data on expenses and spending patterns have not as yet been analyzed adequately for interpretation. However, most individuals reporting CDQ program income used earnings to purchase large single items, such as snow machines, all-terrain vehicles, or to pay off loans for boats.

**TABLE 5. NUMBER OF INDIVIDUALS INVOLVED IN CDQ-RELATED INITIATIVES AND NUMBER SURVEYED IN ALAKANUK AND TELLER, 1993-94**

Community	# of Individuals with CDQ-related Work*	# of Individuals Surveyed (Percentage)	# of HHs Surveyed with CDQ-employed member
Alakanuk	41	15 (37%)	7
Teller	14	5 (36%)	3

\*Numbers obtained from local officials and respondents reflect all residents involved in some CDQ-related initiative, including those who have secured loans, leased boats, completed training without employment, and completed work contracts since the program began in each community.

**Perceptions about the CDQ Program**

Unless households had active members who were on governing boards which received presentations about the CDQ program, most household heads and community officials surveyed had vague ideas about what the CDQ program was about or how it was

initiated. Thus, few people were willing to offer interpretations or observations about its effects. However, most people believed it was a positive move and hoped for continuation and expansion. Respondents did report that the best salespeople and recruiters for CDQ initiatives were those who had completed work and had income or experience to show for it.

Respondents from all communities offered some recommendations for changes and improvements. Some suggestions were community-specific: "change the representatives or board members; get more boats leased." Other comments were consistent across communities and groups: "provide more education; hire workers on rotation; pay workers more; include more fish species; expand to more villages." A few spoke to specific troubling incidences in communities: "expand the zero-tolerance rule so workers coming home don't bring booze to bootleg; give those who take [prohibited] substances a second chance." However, most respondents emphasized the positive influences that the program has in their communities.

### Summary

This report reflects preliminary findings from two communities. We emphasize that sample sizes are relatively small and that data are only partially analyzed. However, the significance of the CDQ program in households and the lives of those directly impacted is reported as being positive. A final report will be available by the end of December.

To summarize a few general statements about the CDQ program that can be made based upon preliminary findings:

- awareness and understanding of the program is highly variable and uneven in and between communities;
- those who have participated in or benefited from CDQ initiatives are considered the most credible and effective recruiters for and educators about the program;
- although reported incomes from CDQ initiatives appear relatively low, the proportions to total household incomes is considerable and is viewed locally as significant;
- community members are especially pleased about opportunities for increased self-sufficiency and wage employment related to the CDQ program;



- timing of and location of CDQ work and fisheries occur do not disrupt important subsistence production activities;
- the amount of time respondents spent looking for wage employment decreased considerably once the CDQ program began;
- access to training for jobs and advancement are viewed as some of the most advantageous aspects of the program;
- young participants, particularly those who spent their entire educational career in their home communities, enjoy the opportunity to travel through CDQ employment -- this experience is considered by some as enlightening and empowering as increased education and income.
- all respondents, even those decidedly neutral about the program would like to see it extended and/or expanded in some fashion -- they believe it has strong potential: for increasing employment and self-generated income leading toward more economic self-sufficiency; for effective commercial access to locally available fish resources other than salmon, herring and halibut; and for activating a generation of local residents which otherwise saw few opportunities for meaningful work which fit into local subsistence-based lifestyles.

**APPENDIX 1**

**STATUS OF DATA COLLECTION AND ANALYSIS BY CDQ GROUP AND COMMUNITY**

<b>CDQ Group (# of Communities)</b>	<b>Community Officials Surveyed and (#) and [%] of Communities Included</b>	<b>Study Communities</b>	<b># of Households Surveyed (%)</b>	<b># of Individuals Surveyed</b>	<b>Progress of Study</b>
NSEDC (15)	27 (9) [60%]	Teller	21 (31%)	3	Data entry complete; analysis on-going
		Elim			Field work scheduled (to be done in Oct.)
YDFDA (4)	10 (4) [100%]	Alakanuk	32 (27%)	15	Data entry complete; analysis on-going
CVFC (17)	12 (5) [29%]	Chevak	32 (27%)	9	Data collection complete; data entry on-going
		Cheformak			Community considering research request
BBEDC (14)	29 (11) [71%]	Dillingham	50 (7%)		Data collection on-going until Oct. 15.
		Egegik			Data collection on-going until Oct. 15.
<b>TOTALS (50)</b>	<b>78 (29) [58%]*</b>		<b>135</b>		

\*Although 58 percent of participating communities have been contacted, only 51 percent of all surveys of community representatives have been completed; targeted are three to five representatives per community or a minimum of 150 surveys.

Date: \_\_\_\_\_

Surveyor: \_\_\_\_\_

APPENDIX 2

SURVEY GUIDE FOR COMMUNITY OFFICIALS/REPRESENTATIVES: ALASKA'S CDQs  
DEPARTMENT OF RURAL DEVELOPMENT, CRA, UAF, SUMMER 1994

1. Community: \_\_\_\_\_ 2. Name: \_\_\_\_\_ 3. M / F \_\_\_\_\_ 4. Position: \_\_\_\_\_
5. Tenure in position: \_\_\_\_\_ 6. Length of residence: \_\_\_\_\_ 7. Age category (*circle*): under 30 30 - 50 over 50
8. From most (1) to least (3) common, number in rank order, the best description of what adult men (ages 18-65+) do in your community:
- \_\_\_\_\_ Primarily subsistence - limited or no wage employment  
\_\_\_\_\_ Some subsistence - part-time, year-round or seasonal employment; commercial fishing  
\_\_\_\_\_ Occasional or limited subsistence - full-time wage employment
9. From most (1) to least (3) common, number in rank order, the best description of what adult women (ages 18-65+) do in your community:
- \_\_\_\_\_ Full-time home/subsistence - limited or no wage employment  
\_\_\_\_\_ Full-time home/subsistence - part-time, year-round or seasonal employment  
\_\_\_\_\_ Full-time home/subsistence - full-time wage employment
10. Within the past two years, has the economy in your community changed? Here's a list to choose your response: (*circle*)?  
Much better      Better      About the same      Worse      Much worse      Don't know  
Why do you think that?
11. How familiar are you with the CDQ program (*circle*)?      Very      Somewhat      A little      Not at all  
(*If not at all, briefly identify four major goals listed on the back of this page and skip to Q. # 13*)
12. Are you directly involved in the CDQ program?      Yes      No      If yes, how?
13. What do you think are the major goals or reasons for the CDQ program?
14. Are any of these goals being achieved in your community?      Yes      No      Somewhat      Don't know  
Why or why not?
15. What CDQ activities are taking place and what time of year do they happen?
16. Have households and individuals from your community been involved in CDQ activities?      Yes      No  
Estimate # households (\_\_\_\_\_) and # individuals (\_\_\_\_\_) involved in each type of activity (list types).
17. Have businesses in your community been affected by CDQ activities?      Yes / No      How many & how so?
18. What kinds of impacts do you think these CDQ activities are having on your community?
19. Do you think these CDQ activities will continue? Why or why not?
20. If there are new economic activities in the future in your community, what do you think they will be?
21. Do you think the CDQ program will be involved in these future activities? Yes / No      If so, how?      If not, why not?
22. If there was one thing you could change about the CDQ program, what would it be? Why?
23. Do you have other comments about the CDQ program or any other questions about this project?

THANK YOU VERY MUCH FOR YOUR TIME!

Date: \_\_\_\_\_

Surveyor: \_\_\_\_\_

**APPENDIX 3**  
**SURVEY FOR HOUSEHOLDS: ALASKA CDQs**  
**DEPARTMENT OF RURAL DEVELOPMENT, CRA, UAF, SUMMER 1994**

I work for the Rural Development Department of the UAF. The RD department has been employed by several Community development quota (CDQ) groups to conduct this research project. The purpose of this project is to get a sense of the place and significance of the CDQ program in your community. We would like to ask you a few questions about your household and community and if and how either has changed since the start of the CDQ program. These interviews are confidential; only research project staff know who is giving particular answers to the questions. Your community will be identified as participating in this project, but all responses from your community will be combined so that individual household responses cannot be identified. It is your choice to participate. If you participate, you may skip any question you do not want to answer. Do you have any questions before we start?

1. Community:            2. HH id #:            3. HH Size:            4. HH head:            5. Ethnicity:

6. Years of residence:            7. M/F            8. Age:            8b. Last grade completed:

9. Complete the following for each household member with a job, income source, and participation in commercial fishing and subsistence production from January to December, 1993. (Assumes all HH members got PFD; estimate from HH size):

HH member	a. Job title (✓ if CDQ-related); b. transfers &/or c.f.; c. subsistence	No. of months worked; time (type) of subsistence; for commercial fishing: <i>est. net income in 'b.*' of next col.; skip to last col. for transfer income</i>	Hours/week	Hourly salary	Estimate monthly transfer income
	a. _____ b. _____ c. _____	a. _____ b. _____ c. _____	a. _____ b.* _____		
	a. _____ b. _____ c. _____	a. _____ b. _____ c. _____	a. _____ b.* _____		
	a. _____ b. _____ c. _____	a. _____ b. _____ c. _____	a. _____ b.* _____		
	a. _____ b. _____ c. _____	a. _____ b. _____ c. _____	a. _____ b.* _____		
	a. _____ b. _____ c. _____	a. _____ b. _____ c. _____	a. _____ b.* _____		

10. Estimate average monthly amounts this household spends on: Home (mortgage, rent) \_\_\_\_\_ Electricity \_\_\_\_\_ Heating fuel \_\_\_\_\_ Gasoline \_\_\_\_\_ Food \_\_\_\_\_ Subsistence equipment & supplies \_\_\_\_\_ Other: \_\_\_\_\_

11. How many of the following items do members of this household own (and how often is each type replaced)?  
Snow machine \_\_\_\_\_ (\_\_\_\_\_) Boat \_\_\_\_\_ (\_\_\_\_\_) 4-wheeler \_\_\_\_\_ (\_\_\_\_\_)  
Truck/car \_\_\_\_\_ (\_\_\_\_\_) Fishing permits (types) \_\_\_\_\_ (\_\_\_\_\_) Other: \_\_\_\_\_ (\_\_\_\_\_)

12. Estimate the amount of food and materials used by this household that come from subsistence activities in a recent "typical" year (regardless of source) (Circle):            Most            Half            Some            Little            None

13. Compared to five years ago, how is the local economy in general today (circle)?  
Much better            Better            About the Same            Worse            Much Worse  
Why do you think that?

14. How familiar are you with the CDQ program (circle)?            Very            Somewhat            A little            Not at all  
(If 'not at all,' briefly identify the four major goals listed in crib sheet and skip to Q. # 17).

15. Is anyone in this household directly involved (e.g. work, scholarships, training) in the CDQ program?            Yes            No  
(If yes, ask if identified individual(s) would like to answer the individual participant survey later.)

16. What do you think are the major goals of or reasons for the CDQ program?

17. Are any of these goals being achieved in your community?(Circle): Yes No Somewhat Don't know  
Why or why not?

18. More specifically, based on your understanding and/or experience with the CDQ program in your community, do you think the program (circle choices):

a. is providing more job opportunities for MOST PEOPLE SOME ONLY A SELECT FEW  
Why?

b. is increasing the level of income for MOST PEOPLE SOME ONLY A SELECT FEW  
Why?

c. has lead to an INCREASE NO CHANGE DECREASE in subsistence activities and production  
Why?

d. has lead to an INCREASE NO CHANGE DECREASE in the number of people living here  
Why?

e. has lead to an INCREASE NO CHANGE DECREASE in the number and activity of businesses  
Why and what type?

f. has lead to an INCREASE NO CHANGE DECREASE in governmental activity  
Why and what type?

g. has lead to an INCREASE NO CHANGE DECREASE in the time families are together  
Why?

h. has lead to an INCREASE NO CHANGE DECREASE in individuals becoming involved  
in community activities. Why?

19. In general, do you think the CDQ program is a POSITIVE NEUTRAL NEGATIVE thing for your  
community? Why?

20. If there are new economic activities in the future in your community, what do you think they will be?

21. Do you think the CDQ program will be involved in these future activities? If so, how? If not, why not?

22. If you could change anything about the CDQ program, what would you change? Why?

23. Is there anything else you would like to say about the CDQ program, or do you have any questions about this project?

THANK YOU VERY MUCH FOR YOUR TIME!

Date: \_\_\_\_\_

Surveyor: \_\_\_\_\_

**APPENDIX 4**  
**SURVEY FOR INDIVIDUALS: ALASKA CDQs**  
**DEPARTMENT OF RURAL DEVELOPMENT, CRA, UAF, SUMMER 1994**

I work for the Rural Development Department of the UAF. The RD department has been employed by several community development quota (CDQ) groups to conduct this research project. The purpose of this project is to get a sense of the place and significance of the (CDQ) program in your community and your life. We would like to ask you a few questions about you and your community. We want to know if and how you and your community have changed since the start of the CDQ program. These interviews are confidential; only research project staff know who is giving particular answers to the questions. Your community will be identified as participating in this project, but all responses from your community will be combined so that particular household and individual responses cannot be identified. It is your choice to participate. If you participate, you may skip any question you do not want to answer. Do you have any questions before we start?

1. Community:                      2. HH survey done? Y / N                      3. Name:                      4. M / F
5. Age (circle): <20    20-24    25-29    30-34    35-39    40-44    45-49    >50    6. Ethnicity:
7. Marital status (circle): Single    Divorced/Separated/Widowed    Married    8. Years of residence:
9. # Adults (>18) living in this house: \_\_\_\_\_.    # Children (<18) living in this house: \_\_\_\_\_.
10. Within each age group, how many people depend on you for most of their cash-related needs?  
None (just self) or    # <18 \_\_\_\_    18-64 \_\_\_\_    >64 \_\_\_\_    In how many households?
11. Within each age group, how many people depend on your for most of their subsistence-related needs?  
None (just self) or    # <18 \_\_\_\_    18-64 \_\_\_\_    >64 \_\_\_\_    In how many households?
12. Last grade completed: \_\_\_\_    13. Vocational training prior to CDQ:    None    Some/type:
14. Years of wage employment experience prior to CDQ (circle): <1    1-3    3-5    >5    Main work tasks:
15. Are you now getting wages or income/benefit (e.g. scholarship, training) from a CDQ-related activity?    Yes  
No, but have in the past    If 'No', what was past activity/benefit?
16. How did you find out about the CDQ activity?
17. Who hired you for CDQ work?    Relationship to hiring agent?    None    Yes (what?)
18. If employed in CDQ work, what is your present job title?    What months do you work?
19. Was a level of schooling or vocational training required for your CDQ-related job?    No    If yes, what?
20. Did you get special training to be able to work in the CDQ-related job?    Yes / No    If yes, what?  
Where?    How long?    Did training fit job requirements?    If not, why not?
21. Within 1 year before & 1 year after you took CDQ work, estimate total income amount from & months employed in:  

<u>Before CDQ:</u>		<u>After CDQ:</u>	
\$ _____	# months _____	private sector wage employment	\$ _____ # months _____
\$ _____	# months _____	public sector wage employment	\$ _____ # months _____
\$ _____	# months _____	self-employment (com. fish)	\$ _____ # months _____
\$ _____	# months _____	transfer payments	\$ _____ # months _____

22. Estimate average monthly amounts you spend on the following expenses, then consider whether amounts and sources for some these have *changed* since CDQ activities began in your community (i.e. how have you spent your CDQ earnings)?

<u>Estimate monthly expenses:</u>	<u>Sources</u>	<u>Changes in amount or source since CDO</u>
	(local/nonlocal)	
Home (mortgage, rent) .....	_____	_____
Utilities (elec., heating fuel, phone) ...	_____	_____
Subsistence supplies & gear .....	_____	_____
Store-bought Food .....	_____	_____
Loan(s), payments .....	_____	_____
Other (                      ) .....	_____	_____
Single item (total price?) .....	_____	_____

23. Within 1 year before taking the CDQ job, estimate the # of months you were unemployed but willing to work if there was a job:
24. Within 1 year (or less, if CDQ work was more recent) since taking the CDQ job, estimate the number of months you were unemployed but willing to work if there was a job:
25. Compared to three years ago, is your economic situation/outlook in general (*circle*)?  
 Much better          Better          About the Same          Worse          Much Worse  
 Why do you think that?
26. Since you became involved in CDQ activity, is your economic situation/outlook in general (*circle*)?  
 Much better          Better          About the Same          Worse          Much Worse  
 Why do you think that?
27. One year from now, do you think your economic situation/outlook in general will be (*circle*)?  
 Much better          Better          About the Same          Worse          Much Worse  
 Why do you think that?
28. What do you think is the most pressing economic need in your community?          Why?
29. What do you think is the most pressing social need in your community?          Why?
30. Why and by whom do think the CDQ program was started in your community?
31. How long do you think the current CDQ activities may continue in you community?          Why?
32. How long do you see yourself continuing to work in the activities supported by the CDQ program?          Why?
33. In general, do you think the CDQ program is a POSITIVE          NEUTRAL          NEGATIVE          thing for your  
 community?          Why?
34. If generally positive, what do you think is the best thing the CDQ program has done for you, and then, for your community?
35. If generally negative, what do you think is the worst thing the CDQ program has done for you, and then, for your community?
36. If you could change anything about the CDQ activities in your community, what would you change?          Why?
37. Is there anything else you would like to say about the CDQ program? Do you have any questions about this project?

THANK YOU FOR YOUR TIME!

NPFMC Discussion on "Hardship" Provisions for IFQ Program  
September 30, 1994

[NOTE: To save time and space, the formalities of seeking recognition of the Chair and being recognized by the Chair have been omitted.]

Tape 25

[The previous day the Council discussed other aspects of the program.]

Council Member (CM) Linda Behnken: I do have one question about the explanation that having a hardship case in there, I guess it's for Mr. Pennoyer (NMFS Regional Director), slowing everything down. And that is, I understand no one in the industry wants that and I wouldn't do that, but given that all these cases are going to be resolved, there's going to be appeals, and sort of ever-changing allocations of everybody's quota share, why is it that working out hardships is really something that's going to slow the program down? I mean, isn't it going to be a sort of iterative process throughout the IFQ, at least the first three or four years as we resolve the appeals and where people stand?

CM Steve Pennoyer: On the appeals process to do with the current application and issuance process, that's not going to hold the program up. Those people just will not get the fish; I mean the appeal is going on; that'll just continue. I think with the hardship case we'd have to go out to another whole application process because people didn't know that they could apply based on whatever hardship provisions you're going to put in, so it would require another whole public notice, application process, and another whole appeal process on top of that, so it's not...it wouldn't happen next year. I think my best assessment was if you did something it would happen in '96 or '97 or whenever. General Counsel has just pointed out there would be increased workload associated with the new appeal process and new people involved, but I think the main thing in terms of timing is the fact that you have to go out and have another whole application process. It couldn't be covered under the current situation; it'd be a new application process; you'd have to go out and start over again. My assumption is you wouldn't delay the whole program to do that; you'd continue with the program and that would just occur whenever it occurred.

Behnken: I'm sorry, I missed that last part. You couldn't put out another application process while the program was going on, saying, well we've approved this hardship; there's now this window for more people to apply and we'll be adjusting quota share over the next year?

Pennoyer: No, I thought that's what I said. You continue with the program as it is. What you'd have to do is go out for another whole application process, probably next year.

CM Rick Lauber (Council Chair): Well, it would be the same as...you have appeals ongoing now where people are contesting applications or whatever. They may not get any quota shares and may not be allowed to fish in 1995, but if they're successful, apparently they'll be in the pool in future years, right

Pennoyer: That is correct, and the other people's shares would be adjusted accordingly. I think with the hardship thing what you'd do, though, is start a whole new application process, which you could do, it would just occur next year and probably wouldn't get resolved until '96 or '97 or whenever. But you'd have to let everybody out there have notice that they could submit application under a different set of rules than the original set of rules, so...currently the appeals are ongoing, . . .relatively known horizon of people that we're dealing with. You now would have a whole new horizon because you'd have to go out and anybody who thought they would qualify under whatever hardship provisions are adopted could then apply. So, I think the answer to your question is, no,



it wouldn't stop the program, it would just extend this process of appeal and adjustment of quotas for probably a year or two.

CM Clem Tillion: We chewed this over and over and over at the beginning. I approve of what the AP (Advisory Panel) did. We had two years that you could discount for any hardship you might have had like throwing a rod through the engine or something like that. We talked this over then. To go back now and second-guess what we did. . .by only having to count 5 out of the last 7 years you had a hardship clause in there. God, I hope we don't we open it up, you know, bleeding heart-itis could absolutely destroy the Council process. You just have to lay it out and do it. Yes, you have to have some hardship, but put it in at the very beginning, something for the inadvertent foul-up, and we did. We gave them two years that they could totally discount without any losses and my God, if somebody went over two years without fishing, they're not a fisherman. You can't live that long without a paycheck.

Lauber: Well, I might say the same arguments were probably made when they came out Browns versus Kansas City School Board and changed the. . .you know, Supreme Court. . .separate but equal, and then opened up the educational system. You're saying we can't change something because we originally did it and if we made a mistake we ought to change it. I'm willing to face up to the fact that I don't have a majority of support here, but that doesn't necessarily mean by the way that this takes care of all the hardships. I understand that we considered the hardship that a person might have in allowing them a year and in some cases two years of not having fished, but that. . .in no way do I want to let it pass that that. . .anybody by any stretch of the imagination should say that takes care of every single hardship. There's a lot of hardships that don't fall in that category and I think they're going to surface. Again, I don't want to belabor the point, I understand that the majority of the people don't agree, but I'm bull-headed enough to think that just because the majority feels that way that that necessarily makes it right, and I don't happen to feel that way, so. . .

CM Bob Mace: How would opening this up be any different than getting through the appeals process that we have now. Doesn't the appeals process accommodate some of the hardship problems. People apply and they can appeal the decision and go through a sort of a quasi-court procedure. How do you visualize that opening this up would be handled any different? Would they come before the Council and appeal to us individually, or. . .?

Lauber: I think it could be handled different ways. But as of now, my feeling is that and. . .correct me if I'm wrong, but, as of now, many of these so-called hardship cases would not be covered under our current plan and no matter how sympathetic the hearing officer or NMFS might be and no matter how severe the hardship might be, there's absolutely nothing they can do because it's not provided for, quote, in the law, in our ITQ plan. Steve's right. We would have to set up some criteria under which to measure the hardships and that of course is part of the problem. Once you open that door then where do you. . .how far do you open it, and what do you let in. You're never going to be able to satisfy everyone and so forth. Yes, it is a serious problem, but as of now, in most of these cases of the people that we've heard here that testified at this hearing, and then previous hearings, and I'm sure many of you have gotten calls or letters or whatever, from people that have hardships, [Change to Tape 26] and I'm sure you have too, at the RAM Division, but I assume about the only thing you can tell them is under the current ITQ plan there's nothing that we can do--you do not fall under it. Now there are some situations that would be subject to review, but those have been laid out in our plan. Is that correct? Have I mis-stated, mis-spoke?

Phil Smith (NMFS RAM Division): No, that is quite correct. If somebody appeals under the current rules, the current rules are applied and the evidence that they provide and their appeal is evaluated and if they overcome the presumption that has been established by the official record and the actions of the agency, then they will prevail on appeal. But they have to appeal under the terms of the current program. The terms of the current program do not account for somebody's vessel sinking in 1987 or somebody's family having some disruption, or some of the types of hardships that have been brought before you. In order to accommodate those folks we

would have to change the rules of the game through an amendment to the program and as Mr. Pennoyer pointed out, we'd have to hold another application period so that all people who perceived themselves and similarly situated under the terms of the new rules would then be allowed to make application and to have their concerns evaluated under the process. And, by its nature, this would not be almost semi-automatic the way it is now where we're relying on a database because by its very nature all of these claims will be something that fell outside of the normal course of events and would almost without exception would have to be evaluated in a appeals situation.

Pennoyer: I think the point is not that we didn't want to take, quote, hardship, into account and are prevented from taking into account by the rules. The point was that the Council in its arguments early on knew that there would be all sorts of marginal cases. People who didn't fish in all those years, people who started a little bit late and didn't fish all the possible qualifying years, and for one reason or another they didn't do it. And defining which one was truly hardship and which was a matter of choice, or which one would qualify you for getting extra. . . I mean, this isn't just getting in or out, this is getting extra quota share; it's my share should be a little bit higher because I didn't fish that whole season. . . I mean, all the gamut of things the Council tried to cover by picking three eligibility years to get in and then allowing somebody to dump out their worst year of the years they fished, for whatever reason it was, the boat sank, the fish spoiled, you had Exxon Valdez oil spill. . . there was a long discussion on that process. For sablefish you dropped out one year; halibut I guess was two years, and that obviously doesn't take care of everybody's situation, but there probably is no way to take care of everybody's situation. So you had the initial allocation under these precepts and then after that you could buy share, trade, whatever you were going to do. It's not just simply in or out; that's there, of course, but it's also all the other in-between things about amount of share and so on, and so it doesn't stop the program. It is a different application process and probably will result in all sorts of extra hardship appeals, much more than the RAM currently had discussed, because a lot of folks didn't know that there might be a way of increasing their quota. So, I think it extremely complicates the program if you open that up and it's gonna be a. . . frankly I don't know how I'm even going to staff it or cost it. Right now we have a program that is getting along; the Agency has given a priority to implementation of the IFQ program. It's something we passed, we approved, the Council passed it; a lot of people are counting on it. But I'll be frank with you; I'm not sure how we're going to do a whole lot more in the near term. Implementation of, I think, complicated additions is going to be a problem. The block proposal, we did that, and I think we could assume after wrestling with it that it wasn't much of a increase in staff or program costs and capability, we could probably accommodate it. But I'm concerned that if you do something like this we're going to end up with a very extensive appeal process, much more than we've got now, and a lot more applicants for this type of process. A second application period is probably going to be longer than the first one in some ways. We are right now having problems with how we'll handle any extensive litigation. Our General Counsel staff has not been kept quite apace of what might happen if this thing expanded and I think that happens in spades if we go to this type of process because a lot of these things will end up in court. I don't care how you do the appeals hearings, a lot of them will end up in court, so I guess our position is, not trying to be, quote, hard-hearted, it's just basically we think the Council took this into account as well as they could to start with and I don't see any way for the Council, Mr. Mace, to do it on a case-by-case basis. That can't work even by regulation, and I don't know how we're going to do it either. So, I guess, Mr. Lauber, it's not a question of wanting to do something that we're prohibited from doing. I guess it's a question of whether we think the Council did the best job they could of taking that into account and we should proceed with it.

CM Robin Samuelson: I'd like to make a motion, Mr. Chairman, that the Council reaffirm its previous stand and make no change to its plan to accommodate hardship cases.

Lauber: Is there a second?

Tillion: Second.

Lauber: Any discussion?

Samuelsen: Reading the Executive Summary in the staff analysis, it's clearly evident. . . I think at one of the Council meetings I was in support of looking at the hardship cases, and after reviewing the document put out by staff it clearly shows that we'd be opening up Pandora's box to a number of issues and I believe that once we do open up the hardship cases, if we did do it, we'd have to take into consideration what the court is going to open up after we opened up. . . happened in the Alaska limited entry program in Alaska. So, I believe the Council has adequately provided for hardship cases by establishing a three-year qualifying period for eligibility and by allowing the applicants for quota shares to consider the only their best historic years on landings.

Lauber: Any other discussion?

Tillion: Question.

Lauber: Call the roll on the motion, Mr. Samuelsen's motion.

Clarence Pautzke (Council Executive Director) calls the roll:

Pennoyer	Yes
Pereyra	Yes
Rosier	Yes
Samuelsen	Yes
Tillion	Yes
Behnken	Yes
Fluharty	Yes
Hegge	Yes
Mace	Yes
Millikan	Yes
Lauber	No

Pautzke: Passed.

Lauber: O.K., that takes care of (b) and (c) . . .

[Council members went on to discuss other IFQ and CDQ issues]