

MEMORANDUM

TO: Council, AP, and SSC Members

FROM: Chris Oliver   
Executive Director

ESTIMATED TIME

6 HOURS

DATE: November 29, 2004

SUBJECT: Halibut/Sablefish IFQ Program

**ACTION REQUIRED**

- (a) Receive report from IFQ Implementation Team regarding four proposals
- (b) Final Action on regulatory amendment for IFQ/CDQ Area 4C/4D
- (c) Final Action on regulatory amendment for IFQ omnibus actions

**BACKGROUND**

IFQ Implementation Team report

At its October meeting, the Council requested that staff prepare a discussion paper on four proposals to revise the IFQ program for review and recommendations by the IFQ Implementations Team (Item C-7(a)(1)). The four proposals would: (1) allow non-IFQ species to be frozen onboard while directed fishing for halibut and sablefish; (2) allow category A quota shares to be fished at any time and in any sequence with category B, C, and D quota shares; (3) allow the use of pot longline gear in the Bering Sea sablefish fishery during June; and (4) institute forfeiture of never-activated IFQ permits (Item C-7(a)(2)). The Team will convene on December 8 to review the proposals. In December, the Council may decide to initiate analysis of some or all of these proposals for action in 2005.

Halibut IFQ/CDQ regulations for IPHC Areas 4C/4D

In October, the Council approved sending out an analysis of alternatives that may allow holders of Area 4C halibut Individual Fishing Quota (IFQ) and Community Development Quota (CDQ) to harvest such Pacific halibut IFQ/CDQ in IPHC Area 4D. Currently, halibut IFQ and CDQ allocated in a particular area may only be harvested in that same area, in accordance with biomass-based quotas, except that halibut CDQ (only) allocated in Area 4D may be harvested in Area 4E. The alternatives would allow additional fishing opportunities to allow Area 4C IFQ and CDQ quotas to be fully harvested by two CDQ groups on behalf of two Pribilof Island communities (St. Paul and St. George), and all Area 4C IFQ holders, by allowing them to be fished in Area 4D. At this meeting, the Council will decide whether to change existing regulations.

Complementary action by the IPHC during its January 2005 meeting would be necessary for regulations to become effective in 2005, if approved by the Secretary of Commerce. The analysis was mailed to the Council and made available to the public in early October. The alternatives include:

Alternative 1. No action.

Alternative 2. Allow holders of Area 4C IFQ and CDQ to harvest such IFQ/CDQ in Area 4D.

#### Halibut and Sablefish IFQ amendments

In October 2004, the Council approved sending out an analysis of alternatives to amend the regulations implementing the IFQ program for fixed gear Pacific halibut and sablefish fisheries in and off Alaska. Seven separate amendments are presented in the analysis: (1) allow the use of medical transfers; (2) tighten the criteria allowing the use of hired skippers; (3) add vessel clearance requirements to the Bering Sea and Aleutian Islands sablefish fisheries; (4) amend the sablefish product recovery rate for bled sablefish; (5) amend the halibut block program; (6) amend halibut quota share categories; and (7) amend fish-down regulations. The seven actions proposed for this amendment are attached as Item C-7(c).

The analysis was revised at Council request, where such information was available. It was distributed to the Council and made available to the public in early October. The Council's action at this meeting is to decide whether to approve any, all, or some of the proposed actions. It is unlikely that the proposed changes, if adopted, could be implemented for the start of the 2005 fishing year.

## Halibut and Sablefish Individual Fishing Quota (IFQ) Program

### Amendment Proposals 2004

**Proposals 1 and 2: Modify regulations to allow the processing of non-IFQ species on a fishing vessel when IFQ halibut resulting from quota share (QS) assigned to vessel categories B, C, or D are on board the vessel.**

Related Documents: Groundfish FMP Amendments 33 and 37

Proposed rule published April 2, 1996 at 61 FR 14547

Final rule published June 27, 1996 at 61 FR 33382

Regulations at 50 CFR 679.7(f)(15) and 50 CFR 679.42(k)

#### Background

In 1991, the Council developed the IFQ program to end the race for fish that resulted from the open access management system for the halibut and sablefish longline fisheries during the 1980s. In crafting the IFQ program, the Council demonstrated a deep concern for the potential social and economic effects of a market-based allocation scheme especially on small Alaska fishing communities and the characteristic small-scale, owner-operator fishing businesses involved in these fisheries. Hence, the Council's recommended IFQ policy included a variety of rules to prevent excessive consolidation of QS, and economic protection of small-scale and entry-level fishermen. These rules were acknowledged to create inefficiencies in the fisheries but were considered necessary in a rationalized fishery.

The Secretary of Commerce approved the Council's recommended IFQ program and implementing rules were published November 9, 1993 (59 FR 28281). Fishing under the IFQ program started in March 1995. The implementing rules were amended frequently, however, before the end of the first year of fishing under the program. Three changes to the IFQ program rules were made in 1994 and seven in 1995. In 1996, the Council recommended further changes to the rules in the form of groundfish FMP Amendments 33 and 37. These amendments were approved by the Secretary on June 13, 1996, and implemented by rules published June 27, 1996 (61 FR 33382).

These amendments were designed by the Council to allow processing of non-IFQ species (i.e., any species of fish other than sablefish and halibut taken with longline gear off Alaska) on fishing vessels on which persons possess sablefish IFQ derived from QS in the non-processing or catcher vessel categories (i.e., categories B and C). This change was intended to relieve a restriction and associated inefficiency imposed on processor vessels. At that time, a person authorized to use sablefish IFQ derived from QS assigned to vessel categories B and C was not allowed to process any fish on board the harvesting vessel because the definition of "freezer vessel" included the processing of any species, regardless of whether it was an IFQ species.

The Council's recommendation to relieve this restriction, however, did not extend to persons holding halibut IFQ derived from QS assigned to the non-processing vessel categories B, C, and D. Hence, a person holding halibut IFQ in any of these categories would effectively prevent the vessel used by the person from processing any non-IFQ species, until the IFQ is exhausted or the person leaves the vessel.

#### Rationale

The Council's rationale for making a distinction between halibut and sablefish was described in the preambles to the proposed and final rules implementing Amendments 33 and 37 as follows.

*The Council declined to extend the IFQ sablefish exemption to IFQ halibut due to the socio-economic differences between the fisheries. The halibut fishery characteristically is prosecuted by local vessels that do not have on-board processing capabilities. The Council does not intend to change this characteristic of the halibut fishery. Also, not extending the authorization to process fish other than IFQ sablefish and IFQ halibut [to holders of B, C, or D category IFQ] is consistent with one of the objectives of the IFQ Program, which is to maintain a diverse fleet where all segments, and the social structures associated with those segments, continue to exist.*

*The Council expressed concern that if the owners of large, industrial-type vessels that process their catch could harvest IFQ species with IFQ resulting from QS assigned to vessel categories B, C, or D while processed fish is on board, these owners could acquire the majority of the "catcher vessel" QS. The result would be an increase in harvesting IFQ species on large, industrial-type vessels that process their catch and a decrease in harvesting of IFQ species on small vessels that do not have processing capabilities. These small vessels that do not have processing capabilities are more likely to make landings at local coastal communities. The Council determined that phasing out small vessels that do not have processing capabilities, and which would not be able to compete with large, industrial-type vessels that process their catch..., would have a detrimental socio-economic impact on coastal communities. This is especially true for halibut IFQ. Many coastal communities rely on the delivery of halibut harvested by persons operating small vessels that do not have processing capabilities as a source of revenue. (Proposed rule preamble at page 14548).*

The Council's rationale for allowing the processing (e.g., freezing) of non-IFQ species on vessels used by persons holding sablefish IFQ assigned to vessel categories B or C, however, recognizes market value and product quality reasons for making the change as follows.

*Prohibiting the processing of fish other than IFQ halibut or IFQ sablefish on category B or C vessels resulted in the unanticipated waste of fish caught incidentally with IFQ sablefish, because sablefish can be preserved longer on ice than some incidentally-caught fish (e.g., Pacific cod). The longer "shelf life" of fresh sablefish allowed a typical sablefish longline trip to exceed the time period in which fish other than IFQ halibut or IFQ sablefish maintain sufficient quality to market as fresh fish. This often resulted in the discard of some or all incidentally caught fish. Also persons are required to retain Pacific cod and rockfish caught incidentally to IFQ sablefish. This forces persons authorized to harvest IFQ sablefish, based on an annual allocation of IFQ assigned to vessel categories B and C, to keep Pacific cod and rockfish caught incidentally with IFQ sablefish, even though the value of the Pacific cod and rockfish is diminished during a long sablefish trip. Amendments 33 and 37 will eliminate the lost revenue of discarding, or landing poor quality, fish other than IFQ halibut and IFQ sablefish due to the repealed prohibition on processing fish other than IFQ halibut and IFQ sablefish. (Final rule preamble at pages 33383-33384).*

Proposals 1 and 2 seek to modify the IFQ program regulations by repealing this prohibition with regard to IFQ halibut in addition to IFQ sablefish for similar reasons of improved efficiency and market quality of non-IFQ species.

### **PROPOSAL 3: Allow use of pot gear in the Bering Sea sablefish fishery during June.**

Related Documents: Proposed rule, 61 FR 37041, July 16, 1996  
Final rule, 61 FR 49076, September 18, 1996

#### **Background**

The Council chose in 1991 to prohibit the use of longline pot gear in the Bering Sea subarea groundfish fisheries to prevent the pre-emption of fishing grounds by one gear type. The nature of longline pot gear and strategies used in fishing longline pots deter fishermen from deploying hook-and-line and trawl gear on fishing grounds

where longline pot gear is set. This effectively pre-empts common fishing grounds. Regulations prohibiting longline pot gear were promulgated on August 21, 1992 (57 FR 37906).

The IFQ program changed the character of halibut and sablefish fixed gear fisheries by extending the season to a period of 8 months, and allowing the fleet to spread its operations over time. As a result, the possibility of congestion and pre-emption of common fishing grounds was greatly reduced.

Longline pot fishing was re-authorized in the Bering Sea subarea directed sablefish fishery in 1996 (61 FR 49076), in response to increasing killer whale predation of hooked sablefish causing underharvest of the sablefish TAC, and recognizing the changes brought about by the IFQ program to the potential for grounds pre-emption. However, the Council expressed concern that small boat fishermen using traditional hook-and-line gear may be pre-empted from grounds by fishermen in larger boats using longline pot gear, The size of their vessels may not allow them to carry longline pot gear, and also restricts them to a shorter fishing season. Consequently, a Bering Sea closure to longline pot gear from June 1 through June 30 was established.

## **PROPOSAL 4: Withdrawal of never-activated IFQ permits.**

### Background

There is no regulatory authority for NMFS to withdraw QS. While a regulatory change could be made to allow permit holders to *voluntarily* relinquish his/her QS, few may opt to file the paperwork to relinquish small holdings. A QS (permit) holder also may voluntarily sell his/her QS or fish the associated IFQ, neither one of which is apparently happening. NMFS/RAM updates several files of QS holders and transfer-eligible persons daily to facilitate transfers and for general public information. All files include descriptions of the QS held (e.g., species, area, category, block type, fish down flag, CDQ compensation QS flag), number of QS units held, and include business mailing addresses of QS holders.

Under the proposal, the withdrawal would apply to QS held by those who received QS initially but have never fished any of the resulting IFQ AND who have never transferred away, nor received by transfer, any other QS. Notice would be given to all whose permits would be withdrawn. Relinquished QS would be eliminated from the program and result in redistribution to those remaining in the QS pool. The concept mirrors that whereby voter registration rolls are "purged" periodically to remove those who don't exercise their right to vote.

A significant number of people who hold QS/IFQ have never fished (these figures may be overestimates due to multiple permit holdings). The QS held by these permit holders, however, is miniscule (e.g., < 0.1% in most areas and < 0.5% in the Area 2C halibut fishery). Approximately 630 halibut and 110 sablefish initial issues of QS have never made a landing (as of 9/03).

Halibut and Sablefish IFQ Program  
Amendment Proposal #18 (2003) Revised  
NPFMC  
Fax: (907) 271-2817

RECEIVED  
SEP 21 2004  
N.P.F.M.C.

**Name of Proposer:** Rhonda A. Hubbard  
**Address:** P.O. Box 3302, Seward, Ak 99664  
**Telephone/Fax:** (907) 224-5584 / 5572 **E-mail:** [Kruzof@ak.net](mailto:Kruzof@ak.net)

Date: 9/17/04

**Brief Stmt of Proposal:**

Implement Plan Amendment, to 50 CFR, 679.7f15 and its reference to (50 CFR) 679.42k1&2, that would give fishermen the flexibility to fish their A and /or B, C, D vessel category shares at any time, in any order throughout the season. The current regulation states that it is prohibitive to *'process fish on board a vessel on which a person aboard has unused IFQ derived from QS issued to vessel categories B,C, or D'*. This regulation adversely affects a fisherman's ability to Process A shares if he hasn't first caught his non-A-shares. My Proposal is to **withdraw completely the statement as read under 50 CFR, 679.7f15.**

**Objectives of Proposal (What is the Problem?):**

Reduce inefficiencies of harvest and landings among fishermen who may hold A (processed) shares, in conjunction with B, C and/or D category shares and other non IFQ permits. It allows fishermen the flexibility to harvest their shares whenever they want, and it will no longer be mandated that B,C and/or D shares be harvested first before fishing and processing A shares or non-IFQ fish.

**Need and Justification for Council Action:**

The NPFMC has the management authority to recommend a regulatory amendment to the Secretary of Commerce. This proposal is being re-submitted in hopes that it can be considered in this cycle.

**Foreseeable impacts:**

**Background of Regulation:** The original intent of this regulation was to help limit the potential phasing out of small vessels that do not have processing capabilities, and who would normally make landings to coastal communities. Given other program limits on how many IFQ shares can be fished on one vessel and vessel class limits, I believe this proposed regulation change would not threaten the original concern that instituted this regulation. The fear that small boat owners or local communities would lose harvest rights and deliveries has not been realized.

**Impact:** I do not believe there would be losers with an amendment to or elimination of this regulation. As for winners, it would be those who may hold a variety of QS

categories and non IFQ permits along w/their A shares. **This regulation change would grant the fishermen the flexibility to fish the QS at anytime throughout the season per their discretion.** As the regulation stands now, fishermen who own A shares in conjunction w/other shares and "other" non IFQ permits, are required to have those "other shares" fished first before they can fish their A shares and other fish that may correspond w/non IFQ permits. This causes inefficiencies in a fisherman's annual harvest plan and does not maximize timely optimization of the resource and marketing plans for processed products.

**Alternative Solution:** Eliminate the regulation completely and all its corresponding references.

**Supportive Data and Other Information:** See Prohibitions 679.7f15 and 679.42k1&2. Federal Register 50 CFR Part 676 April 2<sup>nd</sup>, 1996 and CFR 679 June 27<sup>th</sup>, 1996. Past meetings with NMFS enforcement, John Kingingter , Jeff Passer, and Scott Adams have confirmed this is not an enforcement concern. Reference meeting held at regional office in Juneau at 10 A.M., September 3<sup>rd</sup>, 2004 when this topic was discussed in detail, and suggestions for change were made. Present were, Jim Balsiger, Jay Ginter, Jesse Garret, Ron Antaya, John Kingingter and myself, Rhonda A. Hubbard.

# Alaskan Leader Fisheries

F/V Alaskan Leader  
F/V Bristol Leader

8874 Bender Rd, Suite 201  
Lynden, WA 98264  
360-318-1280 fax 360-318-1440

Ms. Stephanie Madsen, Chair  
North Pacific Fishery Management Council  
P. O. Box 103136  
Anchorage, Alaska 99510

SENT BY FAX: 907-271-2809

RE: Proposed IFQ Amendment

Ms. Madsen:

Attached please find a proposal to modify the IFQ program for sablefish and halibut. While the IFQ amendment package is scheduled for initial review at the October meeting, with final action in December, I would request that consideration be given to add this issue to that package. If that is not possible, I would ask that the process to review and analyze this proposal be initiated during the staff tasking portion of your upcoming meeting.

The proposal is simply to allow for frozen product of other species to be on board, while harvesting catcher shares of halibut IFQ in either the Bering Sea/Aleutian Islands or the Gulf of Alaska.

As you are aware, many of the regulations put into place were designed primarily around the potential concerns regarding behavior of the fleet, without any biological or enforcement basis. This proposal addresses just such a regulation. The concerns that prompted the development of the regulation have not been realized and it has resulted in reducing the quality of fish landed.

In discussing this issue with National Marine Fisheries Service Enforcement officials, I do not believe this to be any kind of concern for enforcement. I also believe that the analysis required for this simple modification would not be time intensive. Based on my discussions with other members of industry, I also believe that this issue is not controversial.

I would like to thank you for considering my request.

Sincerely,



Robert J. Wurm  
Managing Partner

RECEIVED  
SEP 27 2004  
N.P.F.M.C.



## IFQ PROGRAM PROPOSAL

**Name of Proposer:** Robert J. Wurm

**Date:** 9/24/04

**Address:** 8874 Bender Road, Lynden, WA 98264

**Telephone/Fax:** 360-318-1280 – Fax 360-318-1440

**E-mail:** [rob@alaskanleaderfisheries.com](mailto:rob@alaskanleaderfisheries.com)

### **BRIEF STATEMENT OF PROPOSAL:**

Modify the regulations to allow frozen product of any allowed species on board a vessel while harvesting IFQ halibut in the B, C, or D class.

### **OBJECTIVES (Problem):**

The requirement to retain Pacific cod, without the ability to process it and maximize the marketability and quality, ends up being a serious problem when fishing for IFQ halibut. By the time you come into port to deliver, the Pacific cod is basically sub-standard and not the quality of fish we want to be selling. Additionally, if you are fishing with "A" shares of sablefish, and anyone on board the vessel is holding any halibut catcher IFQ, you are not able to process your sablefish either. This is also a significant concern.

### **NEED FOR COUNCIL ACTION:**

The Magnuson-Stevens Act is very clear that we should, whenever possible, consider efficiency in the utilization of fishery resources. The regulation was put into place primarily as part of the social engineering of the IFQ program and the fears that provided the basis for the regulation have not been realized. It is important to recognize that a change is not only appropriate, but is important in the full utilization of the fishery resources we are harvesting.

### **IMPACTS:**

The only impacts that would result in changing the regulation would be positive. Those vessels that have the ability to freeze product onboard would have the opportunity to maximize the potential of the fish they are harvesting and allow product delivery of the highest possible quality.

### **ALTERNATIVE SOLUTION:**

None, other than to leave the regulation in place, which would result in continued quality problems.

### **SUPPORTIVE DATA AND OTHER INFORMATION:**

In discussions with National Marine Fisheries Service and Council staff, it is my understanding that this proposal is not an enforcement issue, nor would it require a significant amount of analytical time.

**HALIBUT AND SABLEFISH IFQ PROGRAM  
AMENDMENT PROPOSAL  
North Pacific Fishery Management Council  
Fax: (907) 271-2817**

**Name of Proposer:** Jane DiCosimo, Council staff

**Date:** 8/27/03

**Address:** North Pacific Fishery Management Council  
605 W. Fourth Avenue, Suite 306  
Anchorage, Alaska 99501

**Telephone:** 907 271-2809

**Brief Statement of Proposal:** "Use it or lose it." Inactive QS permits would be forfeited (with no compensation). Notice would be given to all whose permits would be forfeited. Relinquished QS would be eliminated from the program and result in redistribution to the QS pool. The concept mirrors that whereby voter registration rolls are "purged" periodically to remove those who don't exercise their right to vote.

**Objectives of Proposal (What is the problem?):**

A significant number of people who hold QS/IFQ have never fished.

Approximately 900 halibut and 200 sablefish QS holders have never made a landing.

Approximately 750 halibut and 140 sablefish initial issues of QS have never made a landing.

Approximately 2,500 out of 4,400 QS holders are billed for IFQ cost recovery fees (indicating activity).

(These figures may be overestimates due to multiple permit holdings.)

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

Magnuson-Stevens Act National Standard 1 – Conservation and management measures shall prevent overfishing while achieving, on a continuing basis, the optimum yield from each fishery.

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

Inactive QS holders win by not receiving unwanted paperwork annually. Active QS holders win by having their IFQs increase proportionate to the amount of QS voluntarily relinquished. The nation benefits by a reduction in unnecessary paperwork and achievement of optimal yield (full utilization) of the halibut and sablefish resource.

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

A regulatory change could be made to allow permit holders to voluntarily relinquish his/her QS, but few may voluntarily opt to file the paperwork to relinquish small holdings. A QS (permit) holder also may voluntarily sell his/her QS or fish the associated IFQ, neither one of which is apparently happening. NMFS/RAM updates several files of QS holders and transfer-eligible persons daily to facilitate transfers and for general public information. All include descriptions of the QS held (e.g., species, area, category, block type, fish down flag, CDQ compensation QS flag), number of QS units held, and include business mailing addresses of QS holders. In each file, a person is listed as many times as necessary; each block is listed on a separate row but all "identical" unblocked QS held by a person is summed and displayed in a single row. Each list is formatted in .csv format which is an ascii text file meant to be used with Excel or other spreadsheets. These lists are available at:

<http://www.fakr.noaa.gov/ram/ifqdata.htm>

1. "master list" of all QS holders. Current Quota Share Holders with QS Units: .csv or .zip (by species, area, vessel category, fish down flag, blocks, and CDQ compensation flag);
2. subset of (1) that lists Current Holders of QS Blocks Under Sweep-up Limit Size: .csv or .zip (by species, area, vessel category, and fish down flag);
3. subset of (1): Current Holders of CDQ Compensation QS: .csv or .zip (by species, area, vessel category, and fish down flag. QS is all unblocked.);
4. subset of (1): Current Holders of Category "A" (freezer) QS: .csv or .zip (by species, area, fish down flag, blocks, and CDQ compensation flag); and
5. list of Persons Eligible to Receive QS by Transfer: .csv or .zip (by name)

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

See attached Tables 1 and 2

**Signature:**

9/9/2003

NMFS/AKR/RAM/Gharrett,Fratzke

Persons\_notfished.xls

**Table 1. Number of Initial Issues of any QS who Currently Hold any QS and who Never did QS/IFQ Transfers nor Fished any IFQ Permits Ever Held**

IFQ Species	Number of Initial Issues of any QS with Current QS and Never Fished IFQ	Distinct Number of All QS Holders at Year End 2002	Percent of Year End 2002 All QS Holders	Distinct Number of Initial Issue QS Holders at Year End 2002	Percent of Year End 2002 Initial Issue QS Holders
Any	662	3,773	18%	2,722	24%

**Table 2. For Each Species: Number of Initial Issues who Currently Hold QS and who Never did QS/IFQ Transfers nor Fished any IFQ Permits Ever Held**

IFQ Species	Number of Initial Issues of any QS with Current QS and Never Fished IFQ	Distinct Number of All QS Holders at Year End 2002	Percent of Year End 2002 All QS Holders	Distinct Number of Initial Issue QS Holders at Year End 2002	Percent of Year End 2002 Initial Issue QS Holders
Halibut	631	3,556	18%	2,581	24%
Sablefish	106	887	12%	656	16%

Notes: Numbers of persons are not additive across species

**Table 3. For Each Species: QS and IFQ (QS Pounds) by Area Currently Held by Initial Issuees in Table 2 (Persons who Never did QS/IFQ Transfers nor Fished any IFQ Permits Ever Held)**

IFQ Species/Area	QS Units Currently Held by Persons in Table 2	2003 IFQ Pounds From QS Units Held	2003 QS Pool	2003 Area IFQ TAC	Percent of Area QS Pool and Area IFQ TAC Represented by QS Pounds Currently Held by Persons in Table 2
Halibut 2C	293,085	41,774	59,635,055	8,500,000	0.49%
3A	816,519	99,918	184,930,966	22,630,000	0.44%
3B	33,872	10,705	54,203,176	17,130,000	0.06%
4A	11,547	3,934	14,587,099	4,970,000	0.08%
4B	5,116	1,843	9,284,774	3,344,000	0.06%
4C	578	146	4,016,352	1,015,000	0.01%
4D	0	0	4,958,250	1,421,000	0.00%
4E	8,351	0	139,999	0	5.97%
Sablefish AI	0	0	31,932,492	4,100,556	0.00%
BS	2,928	399	18,768,845	2,557,336	0.02%
CG	47,172	4,798	111,668,048	11,358,099	0.04%
SE	25,521	3,029	66,119,746	7,848,376	0.04%
WG	23,999	3,019	36,029,105	4,532,658	0.07%
WY	19169	1,607	53,267,935	4,466,520	0.04%

Notes: IFQ Pounds are round weight for halibut; head off, gutted (net) weight for sablefish.  
 IFQ pounds are from QS held, excluding adjustments.  
 For 4E the "percent" is % of the QS pool; no IFQ TAC is allocated for QS in 4E.  
 Numbers of persons are not additive across species  
 Data are as of 9/4/03.

Halibut and Sablefish IFQ Program  
Amendment Proposal #18 (2003) Revised  
NPFMC  
Fax: (907) 271-2817

RECEIVED  
SEP 21 2004  
N.P.F.M.C.

**Name of Proposer:** Rhonda A. Hubbard

Date: 9/17/04

**Address:** P.O. Box 3302, Seward, Ak 99664

**Telephone/Fax:** (907) 224-5584 / 5572 **E-mail:** [Kruzof@ak.net](mailto:Kruzof@ak.net)

**Brief Stmt of Proposal:**

Implement Plan Amendment, to 50 CFR, 679.7f15 and its reference to (50 CFR) 679.42k1&2, that would give fishermen the flexibility to fish their A and /or B, C, D vessel category shares at any time, in any order throughout the season. The current regulation states that it is prohibitive to *'process fish on board a vessel on which a person aboard has unused IFQ derived from QS issued to vessel categories B,C, or D'*. This regulation adversely affects a fisherman's ability to Process A shares if he hasn't first caught his non-A-shares. My Proposal is to **withdraw completely the statement as read under 50 CFR, 679.7f15.**

**Objectives of Proposal (What is the Problem?):**

Reduce inefficiencies of harvest and landings among fishermen who may hold A (processed) shares, in conjunction with B, C and/or D category shares and other non IFQ permits. It allows fishermen the flexibility to harvest their shares whenever they want, and it will no longer be mandated that B,C and/or D shares be harvested first before fishing and processing A shares or non-IFQ fish.

**Need and Justification for Council Action:**

The NPFM has the management authority to recommend a regulatory amendment to the Secretary of Commerce. This proposal is being re-submitted in hopes that it can be considered in this cycle.

**Foreseeable impacts:**

**Background of Regulation:** The original intent of this regulation was to help limit the potential phasing out of small vessels that do not have processing capabilities, and who would normally make landings to coastal communities. Given other program limits on how many IFQ shares can be fished on one vessel and vessel class limits, I believe this proposed regulation change would not threaten the original concern that instituted this regulation. The fear that small boat owners or local communities would lose harvest rights and deliveries has not been realized.

**Impact:** I do not believe there would be losers with an amendment to or elimination of this regulation. As for winners, it would be those who may hold a variety of QS

categories and non IFQ permits along w/their A shares. **This regulation change would grant the fishermen the flexibility to fish the QS at anytime throughout the season per their discretion.** As the regulation stands now, fishermen who own A shares in conjunction w/other shares and "other" non IFQ permits, are required to have those "other shares" fished first before they can fish their A shares and other fish that may correspond w/non IFQ permits. This causes inefficiencies in a fisherman's annual harvest plan and does not maximize timely optimization of the resource and marketing plans for processed products.

**Alternative Solution:** Eliminate the regulation completely and all its corresponding references.

**Supportive Data and Other Information:** See Prohibitions 679.7f15 and 679.42k1&2. Federal Register 50 CFR Part 676 April 2<sup>nd</sup>, 1996 and CFR 679 June 27<sup>th</sup>, 1996. Past meetings with NMFS enforcement, John Kinginger, Jeff Passer, and Scott Adams have confirmed this is not an enforcement concern. Reference meeting held at regional office in Juneau at 10 A.M., September 3<sup>rd</sup>, 2004 when this topic was discussed in detail, and suggestions for change were made. Present were, Jim Balsiger, Jay Ginter, Jesse Garret, Ron Antaya, John Kinginger and myself, Rhonda A. Hubbard.

# Alaskan Leader Fisheries

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Ms. Stephanie Madsen, Chair  
North Pacific Fishery Management Council  
P. O. Box 103136  
Anchorage, Alaska 99510

SENT BY FAX: 907-271-2809

RE: Proposed IFQ Amendment

Ms. Madsen:

Attached please find a proposal to modify the IFQ program for sablefish and halibut. While the IFQ amendment package is scheduled for initial review at the October meeting, with final action in December, I would request that consideration be given to add this issue to that package. If that is not possible, I would ask that the process to review and analyze this proposal be initiated during the staff tasking portion of your upcoming meeting.


The proposal is simply to allow for frozen product of other species to be on board, while harvesting catcher shares of halibut IFQ in either the Bering Sea/Aleutian Islands or the Gulf of Alaska.

As you are aware, many of the regulations put into place were designed primarily around the potential concerns regarding behavior of the fleet, without any biological or enforcement basis. This proposal addresses just such a regulation. The concerns that prompted the development of the regulation have not been realized and it has resulted in reducing the quality of fish landed.

In discussing this issue with National Marine Fisheries Service Enforcement officials, I do not believe this to be any kind of concern for enforcement. I also believe that the analysis required for this simple modification would not be time intensive. Based on my discussions with other members of industry, I also believe that this issue is not controversial.

I would like to thank you for considering my request.

Sincerely,



Robert J. Wurm  
Managing Partner

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SEP 27 2004  
N.P.F.M.C.

## IFQ PROGRAM PROPOSAL

**Name of Proposer:** Robert J. Wurm **Date:** 9/24/04  
**Address:** 8874 Bender Road, Lynden, WA 98264  
**Telephone/Fax:** 360-318-1280 – Fax 360-318-1440  
**E-mail:** [rob@alaskanleaderfisheries.com](mailto:rob@alaskanleaderfisheries.com)

### BRIEF STATEMENT OF PROPOSAL:

Modify the regulations to allow frozen product of any allowed species on board a vessel while harvesting IFQ halibut in the B, C, or D class.

### OBJECTIVES (Problem):

The requirement to retain Pacific cod, without the ability to process it and maximize the marketability and quality, ends up being a serious problem when fishing for IFQ halibut. By the time you come into port to deliver, the Pacific cod is basically sub-standard and not the quality of fish we want to be selling. Additionally, if you are fishing with "A" shares of sablefish, and anyone on board the vessel is holding any halibut catcher IFQ, you are not able to process your sablefish either. This is also a significant concern.

### NEED FOR COUNCIL ACTION:

The Magnuson-Stevens Act is very clear that we should, whenever possible, consider efficiency in the utilization of fishery resources. The regulation was put into place primarily as part of the social engineering of the IFQ program and the fears that provided the basis for the regulation have not been realized. It is important to recognize that a change is not only appropriate, but is important in the full utilization of the fishery resources we are harvesting.

### IMPACTS:

The only impacts that would result in changing the regulation would be positive. Those vessels that have the ability to freeze product onboard would have the opportunity to maximize the potential of the fish they are harvesting and allow product delivery of the highest possible quality.

### ALTERNATIVE SOLUTION:

None, other than to leave the regulation in place, which would result in continued quality problems.

### SUPPORTIVE DATA AND OTHER INFORMATION:

In discussions with National Marine Fisheries Service and Council staff, it is my understanding that this proposal is not an enforcement issue, nor would it require a significant amount of analytical time.



**PROPOSAL: Allow use of pot gear in the Bering Sea sablefish fishery during June.**

Submitted: During public testimony in October 2004

Related Documents: Proposed rule, 61 FR 37041, July 16, 1996  
Final rule, 61 FR 49076, September 18, 1996

**Background:**

The Council chose in 1991 to prohibit the use of longline pot gear in the Bering Sea subarea groundfish fisheries to prevent the pre-emption of fishing grounds by one gear type. The nature of longline pot gear and strategies used in fishing longline pots deter fishermen from deploying hook-and-line and trawl gear on fishing grounds where longline pot gear is set. This effectively pre-empts common fishing grounds. Regulations prohibiting longline pot gear were promulgated on August 21, 1992 (57 FR 37906).

The IFQ program changed the character of halibut and sablefish fixed gear fisheries by extending the season to a period of 8 months, and allowing the fleet to spread its operations over time. As a result, the possibility of congestion and pre-emption of common fishing grounds was greatly reduced.

Longline pot fishing was re-authorized in the Bering Sea subarea directed sablefish fishery in 1996 (61 FR 49076), in response to increasing killer whale predation of hooked sablefish causing underharvest of the sablefish TAC, and recognizing the changes brought about by the IFQ program to the potential for grounds pre-emption. However, the Council expressed concern that small boat fishermen using traditional hook-and-line gear may be pre-empted from grounds by fishermen in larger boats using longline pot gear. The size of their vessels may not allow them to carry longline pot gear, and also restricts them to a shorter fishing season. Consequently, a Bering Sea closure to longline pot gear from June 1 through June 30 was established.

**HALIBUT AND SABLEFISH IFQ PROGRAM  
AMENDMENT PROPOSAL  
North Pacific Fishery Management Council  
Fax: (907) 271-2817**

**Name of Proposer:** Jane DiCosimo, Council staff

**Date:** 8/27/03

**Address:** North Pacific Fishery Management Council  
605 W. Fourth Avenue, Suite 306  
Anchorage, Alaska 99501

**Telephone:** 907 271-2809

**Brief Statement of Proposal:** "Use it or lose it." Inactive QS permits would be forfeited (with no compensation). Notice would be given to all whose permits would be forfeited. Relinquished QS would be eliminated from the program and result in redistribution to the QS pool. The concept mirrors that whereby voter registration rolls are "purged" periodically to remove those who don't exercise their right to vote.

**Objectives of Proposal (What is the problem?):**

A significant number of people who hold QS/IFQ have never fished.

Approximately 900 halibut and 200 sablefish QS holders have never made a landing.

Approximately 750 halibut and 140 sablefish initial issues of QS have never made a landing.

Approximately 2,500 out of 4,400 QS holders are billed for IFQ cost recovery fees (indicating activity).

(These figures may be overestimates due to multiple permit holdings.)

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

Magnuson-Stevens Act National Standard 1 – Conservation and management measures shall prevent overfishing while achieving, on a continuing basis, the optimum yield from each fishery.

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

Inactive QS holders win by not receiving unwanted paperwork annually. Active QS holders win by having their IFQs increase proportionate to the amount of QS voluntarily relinquished. The nation benefits by a reduction in unnecessary paperwork and achievement of optimal yield (full utilization) of the halibut and sablefish resource.

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

A regulatory change could be made to allow permit holders to voluntarily relinquish his/her QS, but few may voluntarily opt to file the paperwork to relinquish small holdings. A QS (permit) holder also may voluntarily sell his/her QS or fish the associated IFQ, neither one of which is apparently happening. NMFS/RAM updates several files of QS holders and transfer-eligible persons daily to facilitate transfers and for general public information. All include descriptions of the QS held (e.g., species, area, category, block type, fish down flag, CDQ compensation QS flag), number of QS units held, and include business mailing addresses of QS holders. In each file, a person is listed as many times as necessary; each block is listed on a separate row but all "identical" unblocked QS held by a person is summed and displayed in a single row. Each list is formatted in .csv format which is an ascii text file meant to be used with Excel or other spreadsheets. These lists are available at:

<http://www.fakr.noaa.gov/ram/ifqdata.htm>

1. "master list" of all QS holders. Current Quota Share Holders with QS Units: .csv or .zip (by species, area, vessel category, fish down flag, blocks, and CDQ compensation flag);
2. subset of (1) that lists Current Holders of QS Blocks Under Sweep-up Limit Size: .csv or .zip (by species, area, vessel category, and fish down flag);
3. subset of (1): Current Holders of CDQ Compensation QS: .csv or .zip (by species, area, vessel category, and fish down flag, QS is all unblocked.);
4. subset of (1): Current Holders of Category "A" (freezer) QS: .csv or .zip (by species, area, fish down flag, blocks, and CDQ compensation flag); and
5. list of Persons Eligible to Receive QS by Transfer: .csv or .zip (by name)

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

See attached Tables 1 and 2

**Signature:**

**Table 1. Number of Initial Issueses of any QS who Currently Hold any QS and who Never did QS/IFQ Transfers nor Fished any IFQ Permits Ever Held**

IFQ Species	Number of Initial Issueses of any QS with Current QS and Never Fished IFQ	Distinct Number of All QS Holders at Year End 2002	Percent of Year End 2002 All QS Holders	Distinct Number of Initial Issuee QS Holders at Year End 2002	Percent of Year End 2002 Initial Issuee QS Holders
Any	662	3,773	18%	2,722	24%

**Table 2. For Each Species: Number of Initial Issueses who Currently Hold QS and who Never did QS/IFQ Transfers nor Fished any IFQ Permits Ever Held**

IFQ Species	Number of Initial Issueses of any QS with Current QS and Never Fished IFQ	Distinct Number of All QS Holders at Year End 2002	Percent of Year End 2002 All QS Holders	Distinct Number of Initial Issuee QS Holders at Year End 2002	Percent of Year End 2002 Initial Issuee QS Holders
Halibut	631	3,556	18%	2,581	24%
Sablefish	106	887	12%	656	16%

Notes: Numbers of persons are not additive across species

**Table 3. For Each Species: QS and IFQ (QS Pounds) by Area Currently Held by Initial Issues in Table 2 (Persons who Never did QS/IFQ Transfers nor Fished any IFQ Permits Ever Held)**

IFQ Species/Area	QS Units Currently Held by Persons in Table 2	2003 IFQ Pounds From QS Units Held	2003 QS Pool	2003 Area IFQ TAC	Percent of Area QS Pool and Area IFQ TAC Represented by QS Pounds Currently Held by Persons in Table 2
Halibut 2C	293,085	41,774	59,635,055	8,500,000	0.49%
3A	816,519	99,918	184,930,966	22,630,000	0.44%
3B	33,872	10,705	54,203,176	17,130,000	0.06%
4A	11,547	3,934	14,587,099	4,970,000	0.08%
4B	5,116	1,843	9,284,774	3,344,000	0.06%
4C	578	146	4,016,352	1,015,000	0.01%
4D	0	0	4,958,250	1,421,000	0.00%
4E	8,351	0	139,999	0	5.97%
Sablefish AI	0	0	31,932,492	4,100,556	0.00%
BS	2,928	399	18,768,845	2,557,336	0.02%
CG	47,172	4,798	111,668,048	11,358,099	0.04%
SE	25,521	3,029	66,119,746	7,848,376	0.04%
WG	23,999	3,019	36,029,105	4,532,658	0.07%
WY	19169	1,607	53,267,935	4,466,520	0.04%

Notes: IFQ Pounds are round weight for halibut; head off, gutted (net) weight for sablefish.  
 IFQ pounds are from QS held, excluding adjustments.  
 For 4E the "percent" is % of the QS pool; no IFQ TAC is allocated for QS in 4E.  
 Numbers of persons are not additive across species  
 Data are as of 9/4/03.

**PROPOSED ACTIONS TO REVISE THE HALIBUT AND SABLEFISH IFQ PROGRAM**

**Action 1: Amend regulations to allow medical transfers**

Alternative 1. No action.

Alternative 2. Allow medical transfers:

Policy Element
<p><b>Eligibility for Benefit:</b> Only individual halibut or sablefish QS holders to whom one or more catcher vessel IFQ permit(s) have been issued for any given fishing year, and only those who may not retain the services of a master (hire a skipper) to fish his/her annual IFQ permits, may apply for an Emergency Medical Transfer (EMT).</p>
<p><b>Nature of Benefit:</b> Upon approval of an application to receive an EMT, an eligible individual QS/IFQ permit holder may transfer his/her annual IFQ permit to an eligible recipient; i.e., only an individual who is otherwise eligible to receive catcher vessel QS/IFQ by transfer (individuals who received QS upon initial issuance and individuals who are "IFQ Crewmembers").</p>
<p><b>Limitation:</b> Approval of an application for an EMT will be valid only during the calendar (permit) year for which the permit(s) is issued. An application for an EMT in subsequent years, for the same medical condition, will not be approved unless the medical professional attests that there is a reasonable likelihood of recovery. An individual halibut or sablefish quota share holder will not be granted an emergency medical transfer if the individual has been granted an emergency medical transfer in:  <u>Option 1. three of the previous six years</u>  <u>Option 2. two of the previous five years</u></p>
<p><b>Justification for an EMT:</b> An application for an EMT will not be approved unless the applicant demonstrates that:            1. s/he is unable to participate in the IFQ fishery(ies) for which s/he holds IFQ permit(s) because of a severe medical condition that precludes such participation; or,            2. s/he is unable to participate in the IFQ fishery(ies) for which s/he holds IFQ permit(s) because of a severe medical condition involving a family member that necessitates the IFQ permit holder's full-time attendance.</p>
<p><b>Evidence of Qualifying Medical Condition:</b> An application for an EMT must contain information required by NMFS and be submitted on a form provided by NMFS. To be approved, the application must be accompanied by an affidavit presented by a certified medical practitioner. The affidavit must describe the medical condition affecting the applicant and must attest to the inability of the applicant to participate in the IFQ fishery(ies) for which s/he holds IFQ permit(s) during the IFQ season, or (in the case of a family member) that describes the necessity for the IFQ permit holder to tend to an immediate family member who suffers from the medical condition. It must include acknowledgment of the requirements precedent to approval of an application for an EMT. An affidavit so executed will be assumed to be dispositive.  <u>Option 1. licensed medical doctor (including local representatives)</u>  <u>Option 2. State or Federal certified medical professional</u></p>
<p><b>Consideration of Applications:</b> Applications for EMTs, together with appropriate evidence (described above), must be submitted to the Regional Administrator (RA) or his/her designee on a form provided by the RA. The RA/designee may request additional information before taking action on the application.            If the application is approved, the applicant and the transferee will be so notified and the IFQ permit(s) will transfer. If the application is not approved, the applicant will receive an Administrative Determination (AD) that sets out the reason(s) the application is not approved. An applicant whose application is denied by an AD may request reconsideration of the AD and submit additional evidence. Action taken by the RA on an applicant's Request for Reconsideration is the Final Agency Action.</p>
<p><b>Consideration of Appeals:</b> Any time an EMT application is denied by RAM, such denial would be formally set out in an Initial Administrative Determination. As with all such determinations, it could be appealed to the NMFS office of Administrative Appeals.</p>

**Action 2: Amend hired skipper provisions**

Alternative 1. No action.

Alternative 2. To use the hired skipper exception, a QS holder must demonstrate at least a 20% vessel owner interest in the vessel to be used and have continuously owned the vessel as documented by the contemporary abstract of title for the previous:

- a. 6 months
- b. 12 months
- c. 24 months
- d. year to date plus previous calendar year

Option. Allow for replacement of vessel in case of a constructive loss

**Action 3: Add vessel clearance requirements**

Alternative 1. No action.

Alternative 2. Add vessel clearance requirements to the BS and AI sablefish regulations.

Option 1. Add check-in/check-out for the Aleutian Islands and Bering Sea sablefish fishery (e.g., in Dutch Harbor, Adak, St Paul, St George, Akutan, and Atka)

Option 2. Require VMS when fishing in the Aleutian Islands and Bering Sea sablefish fishery

**Action 4: Amend sablefish product recovery rate**

Alternative 1. No action.

Alternative 2. Change product recovery rate from 0.98 to 1.0 for bled sablefish.

Alternative 3. Change product recovery rate from 0.98 to 0.99 for bled sablefish.

**Action 5: Amend the halibut block program in Areas 2C, 3A, 3B, 4A, 4B, 4C, and 4D**

Alternative 1. No action

Alternative 2. Increase block limits to 3 or 4 blocks

- a) limit is 3 blocks unless unblocked QS is held, in which case the limit is 1 block
- b) limit is 3 blocks unless unblocked QS is held, in which case the limit is 2 blocks
- c) limit is 4 blocks unless unblocked QS is held, in which case the limit is 2 blocks
- d) limit is 4 blocks unless unblocked QS is held, in which case the limit is 3 blocks

Alternative 3. Unblock all QS blocks that yield more than 20,000 lb

Alternative 4. Allow blocked QS greater than 20,000 lb to be divided into smaller blocks

Alternative 5. Increase the Areas 2C and 3A halibut sweep-up level to the 5,000 lb equivalent in 1996 QS units

**Action 6: Amend Area 3B, 4A, 4B, 4C, and 4D halibut quota share categories**

Alternative 1. No action

Alternative 2. Allow IFQ derived from D category QS to be fished on C category vessels

Alternative 3. Allow IFQ derived from D category QS to be fished on C or B category vessels

Alternative 4. Combine C and D category QS

**Action 7: Amend fish down regulations for Area 2C halibut and Southeast Outside District sablefish**

Alternative 1. No action

Alternative 2. Eliminate the exception to the fish down regulations for Area 2C halibut and Southeast area sablefish

**ALASKA LONGLINE FISHERMEN'S ASSOCIATION**  
403 Lincoln Street, Ste. 237 Sitka, AK 99835  
November 6, 2004

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Members of the Council,

On behalf of the Alaska Longline Fishermen's Association (ALFA), I would like to submit the following testimony on Agenda Item C-6, IFQ Program. I will start with the sablefish PRR, since our membership has been directly involved with this project.

Sablefish product recovery rate: As you have heard, the Agency implemented a PRR of .98% for bled sablefish two years ago, causing fishermen who delivered bled sablefish to lose 2% off the weight of every landing. Not surprisingly, this PRR acted as a disincentive for fishermen to bleed sablefish at sea, a practice that enhances product quality. Because product quality is essential to maintaining markets—particularly given the threat of farmed fish—ALFA members believed the PRR should be tested. ALFA was able to work with the Agency to determine just how much blood a person could wring out of a sablefish. The bleeding study, which you have been provided, demonstrated that under ideal conditions (i.e., gear was left to “soak” for no more than two hours, fish were netted at the rail and immediately bled), it is possible to get 1.7% of the fishes body weight out of it in blood. However, unbled sablefish lost about 1%, making the difference between bled and unbled fish only 0.7%. And, as the study concludes, ideal conditions do not exist on a commercial vessel. Fish are on the hook longer, most are gaffed at the rail whether the fish will be bled, cleaned or delivered unbled, and on most vessels fish are dropped directly onto ice. These findings indicate that the 2% deduction is too high even under ideal conditions and that any deduction is difficult to justify since “unbled” fish bleed and always have both in the commercial fishery and in the survey. As the report concludes: “historic catch estimates represent the weight of sablefish after gaffing, rather than live weight... [t]hus, historic catches underestimate the live weight of the catch by 1%.” For accuracy, either the sablefish quota should be increased by 1% or the PRR for bled sablefish should be eliminated. It seems far simpler to eliminate the PRR for bled sablefish.

To conclude—eliminating the .98 PRR for bled sablefish will remove an existing disincentive to product quality, be consistent with historic catch accounting and not in any way effect conservation of the sablefish population. We urge the Council to eliminate this deduction by adopting Alternative 2.

On ALFA's behalf, I would also like to address five of the other initial action items.

1. Allow emergency medical transfers (EMT) Members recognize that some emergency medical provision may be necessary, but feel strongly that the provision should be designed such that it does not create a leasing loophole. We support a provision that allows a QS holder to be granted no more than two EMT every five years. If a medical problem can not be resolved in that much time, ALFA members believe QS holders should sell or transfer their quota.
2. Hired skipper provision: ALFA members continue to believe that QS holders should be on the vessel when IFQs are harvested. We have never supported the hired skipper provision and recognize that it has created a significant leasing loop hole. We support any

action the Council can take to tighten this provision, whether that is by proving ownership for the previous 12 or 24 months.

3. Changes to the Block Plan (item 6): ALFA continues to support the block plan, the vessel size classes and all other provisions in the halibut/sablefish plan that have helped to maintain a diverse fleet, provide an entry level and limit consolidation. We do not support allowing individuals to acquire a third block, for the obvious reasons that it will result in less fishermen in the fishery, less crew jobs, etc. We have no objection to unblocking quota over 20,000 pounds. Members also do not object to raising the sweep up limit to 5,000 pounds, recognizing that this will result in better utilization of the quota (since many small blocks are not currently fished) and because members recognize that they will soon face additional competition for shares from both communities and charter operators entering the quota market. Members also maintain that the data suggest that 10,000 pounds, or two 5,000 pound blocks, represents a viable amount of quota to remain in this fishery.
4. Vessel size classes: ALFA does not support the proposed changes to the vessel size classes. Combining C and D or allowing D shares to be fished on larger vessels will undermine the entry level opportunity the Council provided with the D category. In case there is a serious safety issue involved in the western areas and the Council decides to move ahead with this change, ALFA believes the Council should exempt 3A as well as 2C from these proposed changes.
5. Eliminate the SE/2C fish down exemption: ALFA members support this change. Initially B class holders were concerned by the minimal amount of SE/2C B class shares and requested the exemption from the fish down. Members no longer consider the exemption necessary.

In closing, I would urge the Council to keep in mind the principle on which the sablefish/halibut IFQ plan was based: to maintain the existing characteristics of the fleet. This fishery has always been primarily owner-operated, with a relatively large and diverse fleet. It is important to the residents of Alaska's coastal communities, including the processing sector and the people who work both on the boats and in marine service industries. The pressure on the Council to change the program will always come from quota share holders who would like to acquire more quota and be granted greater flexibility. It is the Council's responsibility to remember the needs of second generation fishermen, the people who are deckhands or processing workers now who are not at the table to testify but would like the opportunity to work their way into the fishery through a reasonable and viable entry level. Allowing too much consolidation or eliminating the D category will preclude that opportunity. In sum, the sablefish/halibut IFQ program is touted as a success because it balanced competing interests. Only the Council can insure that the balance remains equitable.

Thank you for the opportunity to comment.  
Sincerely,

Linda Behnken (Director, ALFA)



# Cordova District Fishermen United

Celebrating 69 Years of Service to Commercial Fishermen in Cordova, Alaska  
P.O. Box 939 Cordova, Alaska 99574 Telephone 907.424.3447 Fax 907.424.3430

November 30, 2004

Stephanie Madsen, Chair  
North Pacific Fishery Management Council

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Madame Chair and members of the Council,

On behalf of the Groundfish Division of CDFU I am providing comments on agenda item  
**C-7 Halibut/Sablefish IFQ Program.**

Members of the CDFU Groundfish Division include owners in the B, C and D vessel classes of the halibut and sablefish IFQ program, fishing within Prince William Sound, along the outer coast, and out into the Gulf of Alaska. All of our members actively fish their own QS, and the type of QS owned ranges from small blocked D class to large unblocked B class quota shares. The majority of our vessels are D class fishing primarily for halibut.

Action 1. Allow the use of medical transfers.

We support Alternative 2 to allow medical transfers, with evidence to be provided by a licensed medical doctor (including local representatives) under Option 1. Limits to a medical transfer should be limited to 2 out of 5 years under Option 2.

We believe that medical transfers can and should be provided in a way that prevents abuse of such provisions. Unless these regulatory amendments are made QS holders with legitimate medical emergencies may be forced to sell QS that they are unable to fish, with potentially damaging consequences to the financial and business interests of the QS holder.

Action 2. Tighten criteria allowing the use of hired skippers.

We support Alternative 2, Option b), which requires that at least a 20% ownership must be demonstrated for the previous 12 months. This will help to strengthen the intent of the IFQ program over the long run for QS holders to be active in the fishery.

A 6 month requirement may be too short, and could allow QS holders to switch vessels within a fishing season. A 24 month requirement may be too long, making it more difficult for a QS holder or hired skipper to get out from under a agreement that has gone sour.

Action 5. Amend the halibut block program in Areas 2C, 3A, 3B, 4A, 4B, 4C, and 4D.

The majority of our members expressed support for Alternative 5, which would increase the 2C and 3A sweep up levels to the 5,000 lb equivalent in 1996 QS units.

Alternative 5 would have the least affect on the price of QS and the ability of new entrants to get into the fishery, while still allowing for some expansion of business operations for QS holders who hold blocks at the current sweep up level. The analysis shows that in Area 3A 1,082 individuals hold only one block, and that 60% percent of the holdings in 2C and 3A are less than half the consolidation limit of 3,000 lbs (in 1996 units). This would indicate that there is currently room for business expansion for many QS holders, particularly at the lower levels of holdings.

If any of the options in Alternative 2 are chosen, we think there is a greater amount of uncertainty about the kind of consolidation that could occur and the amount that QS prices will rise. In the end it is not clear if Alternative 2 will best serve the interests of the intended beneficiaries.

Our group took no position on Alternatives 3 and 4, and will defer to users in those areas most affected by the proposed changes.

Thank you for considering our comments.



Dan Hull, Co-Chairman  
CDFU Groundfish Division

**FISHING VESSEL OWNERS' ASSOCIATION  
INCORPORATED**

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December 1, 2004

Ms. Stephanie Madsen, Chairwoman  
North Pacific Fishery Management Council  
605 W. 4<sup>th</sup> Ave., #306  
Anchorage, AK 99501-2252

RE: **IFQ Amendments**

Dear Chairwoman Madsen:

On behalf of the members of the Fishing Vessel Owners' Association (FVOA), we would like to express our recommendations on the various amendments being considered to the Halibut/Sablefish IFQ program.

1. **Allow for the use of medical transfers.** The members of the FVOA support this provision as written as described on page 10 of the RIR and IRFA.
2. **Tighten criteria allowing the use of hired skippers.** The Association supports Alternative Two with the 6-month option. In addition, the Association requests that there be an exemption for an ownership that loses a vessel, or where a partnership or corporation dissolves and the respective partner and/or shareholders buy their own vessel.
3. **Add vessel clearance requirements to the Bering Sea and Aleutian Island Sablefish fishermen.** We recommend adoption of this provision with the option of physical clearance and/or the use of a VMS system.
4. **Amend the Sablefish product recovery rate for bled Sablefish.** The members support this proposal as presented.

Ms. Stephanie Madsen  
December 1, 2004  
Page 2

5. **Amend the Block Program.** There are several options for the Council to consider on this option. We recommend the following:
  - (a) Allow for a person to hold three (3) Halibut blocks in all IPHC areas, and keep status quo in 2C;
  - (b) Allow for persons to hold four (4) Sablefish blocks in the Aleutian district and the Bering Sea district; there are only four pieces of quota that are not blocked in the Bering Sea district. This has created significant market problems in selling sablefish quota. The situation is similar in the Bering Sea district.
  - (c) In area 3B, redesignate those Halibut blocks that are currently greater than 20,000 lbs., as unblocked quota.
6. **Amend halibut quota-share categories.** We recommend adoption of this change for D Class quota shares to be put on C class and/or B class. We recommend that this provision be specific to halibut quota shares in area 3B, 4A, 4B, 4C and 4D.
7. **Amend Fish downs.** This provision applies to S.E. Alaska and FVOA supports its adoption.

Sincerely,



Robert D. Alverson  
Manager

RDA:cb

December 1, 2004

Stephanie Madsen  
Chair, NPFMC  
605 W 4<sup>th</sup> Avenue, Suite 306  
Anchorage, AK 99501-2252

**C-7: Halibut/Sablefish IFQ Program: Final Action**

Dear Madam Chair,

I am writing to you as small boat 2-C halibut fisherman. I have participated in the halibut fishery in SE Alaska on an annual basis since 1982 as a crewmember, a vessel owner, and a QS holder. I currently have two blocks of 2C-C halibut. I was initially issued one block and subsequently purchased a second block. With the present block limit of two blocks, I am "blocked" and I am asking the Council for relief in the form of revising the block program and sweep-ups by adopting (in Action 5) Alternative 2(a) and Alternative 5. Additionally, I support allowing the restricted use of medical transfers (Action 1, Alternative 2).

Many QS holders would like to increase their participation in the halibut fishery in their area by acquiring more QS to achieve growth in their business. QS holders of unblocked quota can do this by incrementally buying more unblocked QS (if available). Blocked QS holders must sell a block in order to buy a block. This makes it difficult to have incremental growth. QS holders of small blocks would like an increased opportunity for some growth within their means. Raising the sweep-up amounts in 2-C/3-A and allowing the ownership of three blocks would allow that opportunity by increasing the flexibility in the transfer and ownership provisions.

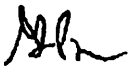
At present, QS holders of blocked quota must sell a block in order to buy a larger block. It is very difficult to arrange the two transactions to occur simultaneously. Selling a block without having another block already lined up can put an active participant in the fishery at risk of being at a reduced level of participation (minus a block) until another block is found. Additionally there can be costly price differences between the time of sale of the old block and purchase of the new block as well as contract complications. If this time period between sale and purchase extends too long, then capital gains tax is also triggered. Selling a block to buy a block is an unnecessary obstacle to growth of active small QS holders in the fishery.

Concerns over excessive consolidation of QS are unfounded as there will still be a variety of measures that will still remain in place: ownership caps, vessel use caps, and the vessel categories restrictions.

The halibut and sablefish IFQ program has been in effect since 1995. It has been a successful program for the resource, the longline fleet, and the public (at least those who like fresh halibut eight and a half months a year). However, the program can be

improved. Most of the amendments to the program that affected participation by commercial fishermen occurred in 1996-98. As the recently adopted management approach states "*Adaptive management requires regular and periodic review.*"

While the IFQ program has been recently amended to make it easier for non-commercial fishermen (communities) to buy QS, many of the IFQ amendments in front of you are designed to make it easier for commercial fishermen to acquire QS, i.e. ownership of multiple blocks and raising the halibut sweep-up amounts. The two block limitation and low sweep-up amount has hindered small boat fishermen from increasing their participation in the fisheries. Additionally, the medical transfer provision is long overdue.



Gerry Merrigan

Box 1065  
Petersburg, Alaska 99833

RECEIVED

NOV - 8 2004

N.P.F.M.C.

To: North Pacific Fishery Management Council  
605 West 4<sup>th</sup>, Suite 306  
Anchorage, AK 99501

Re: Halibut & Sablefish Commercial IFQ/CDQ  
Prohibition on use of pots in the Bering Sea Sablefish fishery during June

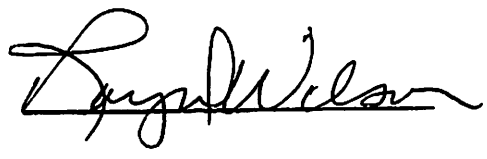
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Under current regulations, gear can be left on grounds in an unbaited condition so there is no relief from any potential gear conflicts, which are minimal, if any.

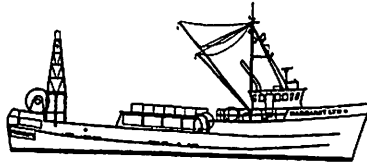
Fishers also lose track of optimal fishing areas, which results in further costs to relocate onto productive grounds. This extends the time it takes to catch quota.

The lifting of this restriction has no detrimental effects on any other gear group and would aid pot fishers in harvesting their quota.

Sincerely,



EN PACIFIC SOJOURN



GREAT WEST SEAFOODS, LP

511 W. Cornstock St.  
Seattle WA 98119  
Phone 206-285-2223  
Fax 206-285-2244

RECEIVED

NOV 22 2004

N.P.F.M.C.

To: North Pacific Fishery Management Council  
605 West 4<sup>th</sup>, Suite 306  
Anchorage, AK 99501

Re: Halibut & Sablefish Commercial IFQ/CDQ  
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We request the North Pacific Fishery Management Council to lift the prohibition on the use of pots in the month of June in the Bering Sea Sablefish fishery. The closure interrupts the pot Sablefish fishery and is a financial hardship on pot vessels and crews who have to cease active fishing during this period and then restart fishing in July. There are unnecessary costs incurred on vessels and crew for items such as fuel, bait and travel due to this prohibition.

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The lifting of this restriction has no detrimental effects on any other gear group and would aid pot fishers in harvesting their quota.

Sincerely,

  
J. Christopher Garbrick

FV Margaret Lyn



TO: NPFMC  
605 W 4th Avenue, Suite 306  
Anchorage, AK 99501

November 26, 2004

I would like to offer some comments on the halibut proposal that I submitted on July 15, 1999. The proposal would allow 3B and West "D" class shareholders to fish up their shares on a "C" class vessel. Many of the same problems that existed then are still present. These include safety, localized stock depletion, availability of markets and the difficulty of selling the blocks of "D" class shares.

Safety: Weather generally limits a small boat to fishing from mid May to mid September. During those four months, a fisherman has to work around the salmon, pollock and cod openings that forces the small boat fisherman to harvest in unsafe conditions or risk leaving fish in the water.

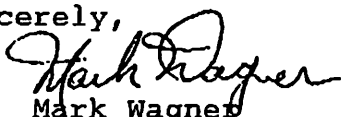
Localized stock depletion: After the IFQ program began, some of the local 58 footers changed the way they fished halibut. During the derby days the bigger boats would travel further from town to prevent gear conflict. Now, larger boats are choosing to fish closer to town where small boats had traditionally fished. With an increase in local stock depletion, the small boat must now choose either to scratch-fish locally or fish in open waters. Again, this has made fishing on a small boat a serious safety issue.

Markets: The availability of markets has gotten worse for the small boat in 3B. The price has improved but scheduling has become a big problem. In 1999, less than 1 million pounds of halibut were delivered to the processor in Sand Point. In 2004 close to 4 million pounds were delivered. This increase, along with other fisheries being conducted at the same time, has made scheduling deliveries difficult. King Cove and Chignik fishermen experience some of these same problems.

Selling difficulties: Since the fish down amendment was adopted in 1996 it is no longer required for a "D" class vessel to fish exclusively "D" class shares. The new rules enable "D" class shareholders to fish A,B, or C class shares on their boats. The fish down amendment opened up more options for the "D" class vessel to buy shares but it also made it very difficult for "D" class share holders to sell and buy up. This is especially true in 3B where the "D" class quota makes up only 3.1 % of the total 3B quota.

In conclusion, the IFQ program was instituted to help the fishermen and the resource. Periodically, changes have been made to improve the program. I'm asking the Council to adopt Action 6, Alternative 4 which would combine C and D category quota shares in 3B and West.

Sincerely,



Mark Wagner  
P.O. Box 326  
Sand Point, AK 99661

November 29, 2004

To The North Pacific Fishery Management Council;

My name is George Kirk, I reside in Kodiak and fish halibut and salmon from a small D class boat. Most of my income is gained from halibut fishing. I feel constrained however by the 2 block limit, as I would like to be able to fish more halibut but selling my smaller blocks in the hopes of buying bigger blocks is not always an option. Sometimes they are simply not on the market. Being able to increase the amount of blocks I own would enable me to purchase another block of moderate size, of which there are comparatively more on the market. I would like to urge you to consider raising this limit.

Sincerely, George Kirk  
P.O. Box 2796  
Kodiak, Ak. 99615  
907-486-5433

11/16/04

Page 1 of 1

**Clarion Company Mike**

---

**From:** "Clarion Company Mike" <mike.clarion@ak.net>  
**To:** <fugivog@aptalaska.net>  
**Cc:** <peterb@gci.net>  
**Sent:** Tuesday, November 30, 2004 7:51 PM  
**Subject:** 3a halibut sweeps and blocks

My name is Mike Friccero and I also was hoping to get a feel of what the council might be thinking in regards to some of the halibut issues coming up at the Dec. meeting. I live and fish out of Kodiak and have a 32 foot Bristol Bay gillnetter - FV Rainy Dawn - I also longline halibut in 3A, 3B and 4A areas. I feel that we need some relief with our small boats and that the two blocks with a sweep of approx. 3,782 lbs. in area 3A is really constricting my ability to diversify and make viable fishery of the halibut harvest. The salmon business has been brutal lately and there is a need to able to pursue other fisheries. There is a large group of small boat fisherman here in Kodiak that would like to see the block limits raised and the sweeps increased to enable us to halibut fish on a more viable scale than is currently available. Any information on who I might discuss this issue would be greatly appreciated. Thank you for your time and consideration on this matter. Mike Friccero Box 2187 Kodiak Ak 99615

Phone 907 486 3908  
Fax 907 486 3909

please note new e-mail address  
mike.clarion@ak.net

message also faxed to council FAX # 907 271-2817

October 16, 2004

**RECEIVED**

OCT 18 2004

**N.P.F.M.C.**

North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Ave, Suite 306  
Anchorage, AK 99601

Dear Council,

I'm writing to support the IFQ proposal that would combine D and C class halibut shares in 3B. I live in Sand Point and fish out of a 17 ft. skiff for halibut. During the qualifying years, I crewed on larger boats. The shares I own now were left to me by my father. I don't want to sell them. I will keep them to pass on to my children. I have no interest in buying more D class, but would buy a small C class block in the future.

My problem is catching 1500 pounds in a skiff. Near town there is more sport and subsistence fishing. There is less fish and that makes me go further away from my safety zone. I have a full time job and can only fish on my days off. I can't tell my boss when it's a nice day that I need to catch my halibut. This year I made it out 11 times and have delivered 0 pounds. Sometimes I set up to 5 strings for only 1 fish. I can't deliver 1 or 2 fish and must go out the next day if the weather is okay to try to catch more. A number of small halibut fishermen in both C and D class in Sand Point and King Cove are not catching their fish. If they could combine these small blocks on a larger boat we could work together and catch everyone's quota.

Skiff fishing in any weather is dangerous, but try pulling a large halibut in rough seas into a 17 ft. skiff. I don't take ice because I must take bait, gear and extra gas and don't have any room for it.

Safety is the biggest concern for me. I worry a lot when I'm fishing 5 miles from town with my daughter and hoping the weather stays nice.

I do wish I was able to attend and speak in person to you, but I caught no halibut this year and have a job to maintain.

Thank you,



Jason Byomstad  
P.O. Box 58  
Sand Point, Alaska 99661

Leroy Cossette  
PO Box 8670  
Kodiak, AK 99615

North Pacific Management Council

Anchorage, AK 99501

ATTN: C-7

Sir, I AM writing the council to express my opinion on the halibut issues facing the council. I favor increasing the sweep up in Area 3A. Also I am in favor of 3 or more blocks held by any fisherman. The block system puts a burden on the small boats trying to make a decent living. I have been juggling blocks for several years just to have enough to get by financially after the collapse of our Salmon fishery. So, It would be very beneficial to many of our small boat fleet to increase the block limit and thereby increasing their potential for better income in the halibut fishery.

Sincerely  
Leroy Cossette

To: NPFMC

30 NOV '04

I WISH TO ADD MY COMMENTS TO THE RECORD FOR THE NPFMC MEETING IN ANCH ON DEC 11-13. I'VE COMMERCIAL FISHED SINCE 1976 & CURRENTLY DERIVE 90% OF MY INCOME FROM HALIBUT FISHING. I'M A SMALL BOAT OWNER (D CLASS) W/ QUOTA IN 2C & 3A. I WAS FORTUNATE TO BE ISSUED QUOTA INITIALLY BUT SINCE HAVE INVESTED HEAVILY BUYING MORE & A BIGGER BOAT, MY LIVELIHOOD IS VERY DEPENDANT ON A HEALTHY, SUSTAINABLE HALIBUT FISHERY.

1. EMERGENCY MEDICAL TRANSFERS - TRANSFERS ALLOWED ONLY 2 OUT OF 5 YRS.
2. HIRED SKIPPER PROVISION - REQUIRE PROOF OF OWNERSHIP FOR THE PREVIOUS 24 MOS.
3. CHANGES TO BLOCK PLAN - I SUPPORT THE BLOCK PLAN & THE RESTRICTION OF 2 BLOCKS PER AREA, ~~INCREASE THE SWEEP UP ALLOWANCE TO 5000 #'S,~~ INCREASE THE SWEEP UP ALLOWANCE TO 5000 #'S.
4. PRL FOR SABLEFISH - SHOULD BE 1%, NOT 2%.
5. ELIMINATE THE SE/2C FISH DOWN EXEMPTION - EXTEND THE FISH DOWN TO SE/2C.
6. VESSEL SIZE CLASSES - DO NOT ALLOW D SHARES TO FISH ON C CLASS BOATS. IT IS DEFINITELY NOT NECESSARY IN AREAS 2C, 3A & 3B. REMEMBER, THE IDEA AT THE BEGINNING WAS TO KEEP THE FLEET AS NUMEROUS AS POSSIBLE & DIVERSIFIED.
7. HALIBUT SUBSISTENCE - THE CURRENT REBS FOR THE SUBSISTENCE FISHERY ARE FAR TOO LIBERAL. YOU'RE CREATING A WHOLE NEW FISHERY! THIS SUMMER (2004) WAS THE SLOWEST FISHING FOR ME IN THE LAST 6 YRS. YOU NEED TO SLOW THIS NEW FISHERY DOWN. YOU SHOULD REDUCE HOOK & BAG LIMITS, PROHIBIT POWER HAULING & THE USE OF CHARTER VESSELS DURING SUMMER MOS (MAY - SEP) AND ELIMINATE MONETARY TRANSFERS. I'M A DEEP BELIEVER IN SUBSISTENCE BUT THESE NEW REBS HAVE GONE TOO FAR. THOSE OF US WHO DEPEND ON THIS FISHERY FOR OUR LIVING ARE BEING ADVERSELY AFFECTED.

THANK YOU FOR ADDRESSING THESE IMPORTANT ISSUES.

PAUL BARNES  
Box 155  
GUSTAVUS, AK 99820

To: North Pacific Fishery Management Council  
605 West 4<sup>th</sup>, Suite 306  
Anchorage, AK 99501

RECEIVED

DEC - 1 2004

N.P.F.M.C.

Re: Halibut & Sablefish Commercial IFQ/CDQ  
Prohibition on use of pots in the Bering Sea Sablefish fishery during June

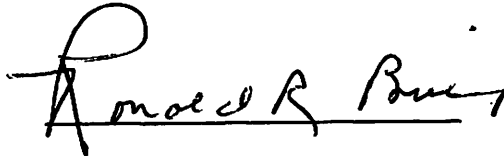
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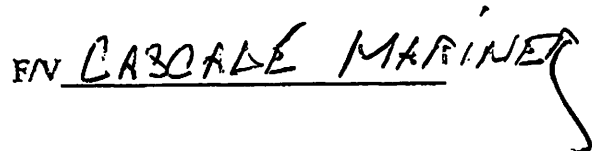
Under current regulations, gear can be left on grounds in an unbaited condition so there is no relief from any potential gear conflicts, which are minimal, if any.

Fishers also lose track of optimal fishing areas, which results in further costs to relocate onto productive grounds. This extends the time it takes to catch quota.

The lifting of this restriction has no detrimental effects on any other gear group and would aid pot fishers in harvesting their quota.

Sincerely,

  
Ronald R. Buis

  
FN CAROLÉ MARINER

To: North Pacific Fishery Management Council  
605 West 4<sup>th</sup>, Suite 306  
Anchorage, AK 99501

RECEIVED

DEC - 1 2004

N.P.F.M.C.

Re: Halibut & Sablefish Commercial IFQ/CDQ  
Prohibition on use of pots in the Bering Sea Sablefish fishery during June

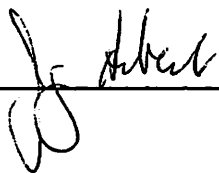
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The lifting of this restriction has no detrimental effects on any other gear group and would aid pot fishers in harvesting their quota.

Sincerely,

  
\_\_\_\_\_

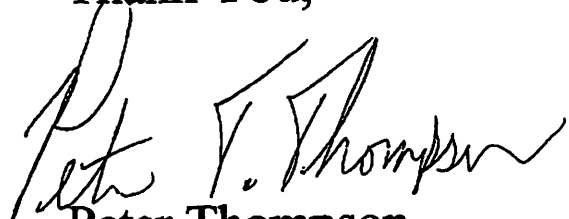
FV LISA MARIE



I am a small boat owner that lives and fishes out of Kodiak. I have a Bristol Bay gillnetter that I also use to longline halibut . The salmon business has been very tough lately and we need to diversify now more than ever.

I feel that we need some relief with our small boats and the two block limit with the approx. 3,782 lbs as the maximum sweep amount is really constricting in my ability to diversify and make a go of the halibut business. I would like to see the block limits increased and the sweeps raised in area 3A so that I can halibut fish on a more viable scale than is currently available. I would appreciate the council giving some consideration to this matter.

Thank You,



Peter Thompson

Dec. 1, 2004

North Pacific Fishery Management Council  
Advisory Panel Members

My name is Frank Miles, I have been a commercial fisherman for the past 25 years and have been a resident of the State of Alaska for the last 35 years. I reside in Kodiak where I participate in the crab, groundfish, halibut, sablefish, and salmon fisheries.

As a second generation IFQ stake holder of halibut shares in several areas, I am asking the council to support the following actions/options, to allow for relief in the IFQ Halibut Fishery for entry level and small boat business members who are struggling with the restrictions of the sweep up provisions as well as the two block ownership rules.

- |           |               |  |                  |
|-----------|---------------|--|------------------|
| Action 1. | Alternative 2 | Option 3(Licensed Medical Doctor)                        | Option 1(3 of 6) |
| Action 2  | Alternative 2 | Option B(12 months)                                      |                  |
| Action 3  |               |  |                  |
| Action 4  |               |  |                  |
| Action 5  | Alternative 2 | Option A(Limit 3 Blks. Unless Unblkd QS held/ 1Blk okay) |                  |
| Action 6  | Alternative 2 |  |                  |
| Action 7  |               |  |                  |

Frank Miles  
Box 2744  
Kodiak, AK. 99615

*Alaskan Leader Fisheries*

8874 Bender Rd, Suite 201  
Lynden, WA 98264  
360-318-1280 fax 360-318-1440

F/V Alaskan Leader  
F/V Bristol Leader

December 1, 2004

Ms. Stephanie Madsen, Chair  
North Pacific Fishery Management Council  
Anchorage, Alaska 99510

SENT BY FAX: 907-271-2817

**Subject: Comments on C-7 Halibut & Sablefish IFQ Omnibus Package**

Dear Madam Chair:

As you know, several of the partners of Alaskan Leader Fisheries have been involved with harvesting sablefish and halibut for many years, and were initial recipients under the IFQ program. Since the implementation of the program, there have been minor adjustments to the regulations for harvesters. A major change recently allows for communities to purchase quota shares. Due to this, some of the changes proposed in the options may be necessary to assist the fleet in continuing to be productive and efficient. I am writing to address several of the alternative actions under the Item C-7 agenda item.

**Action 1 – Amend regulations to allow medical transfers**

Alternative 2: Allow medical transfers

While there will always be the possibility of abuse, the alternative is too restrictive and doesn't provide for any relief in the event of a medical situation, where the IFQ holder is unable to physically be on board the vessel and participate in the harvest. As the program moves into the second generation, with all owners required to be on board the vessel when their IFQ is harvested, this problem will only become more frequent. Dealing with the issue now and allowing for medical transfers is appropriate and needed.

**Action 2 – Amend Hired Skipper Provision**

Alternative 1: No action

As a matter of principle, we are not in favor of creating more regulations in the IFQ fishery. However, if the Council chooses to require a continuous ownership of a vessel for a period of time, the option to allow for replacement vessels in the event of a constructive loss is greatly needed.

**Action 3 – Add Vessel Clearance Requirements****Alternative 2, Option 2: Require VMS when fishing in the Aleutian Islands and Bering Sea Sablefish Fishery**

After reviewing this proposal, it appears there may be some justification in requiring VMS on vessels participating in the Bering Sea and Aleutian Islands sablefish fishery. We do not believe a check-in/check-out system should also be required.

**Action 4 – Amend Sablefish Product Recovery Rate**

We have no opinion on this item.

**Action 5 – Amend the Halibut Block Program in Areas 2C, 3A, 3B, 4A, 4B, 4C, and 4D****Alternative 2, Option d**

It makes sense to allow an increase on the number of blocks a person is allowed to hold, especially in remote areas.

**Alternative 3**

In some cases and areas, the block size can be very large, thus making them nearly impossible to sell or transfer. By unblocking all QS blocks that yield more than 20,000 pounds of IFQ, it makes the block program more functional.

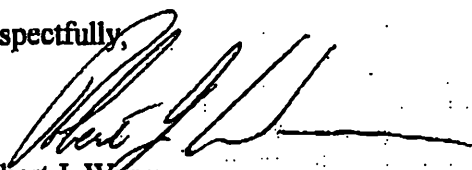
**Action 6 – Amend Area 3B, 4A, 4B, 4C, and 4D Halibut Quota Share Categories****Alternative 2 or 4**

Both of these alternatives address the issue of small boats in remote areas. In some areas, the restriction on Class D IFQ can lead to safety concerns.

**Action 7 – Amend Fish Down Regulations for Area 2C Halibut and Southeast Outside District Sablefish**

We have no opinion on this issue.

Respectfully,



Robert J. Wurm  
Managing Partner

**PUBLIC TESTIMONY SIGN-UP SHEET FOR  
AGENDA ITEM C-7 Halibut/Sablefish IFQs**

	NAME (PLEASE PRINT)	AFFILIATION
13	MARK WAGNER	Joe Kyle APIA
2	Phillip Lestenkof	CBSFA / Fisherman
3	Cora Creome	PVOA
43	Myron & Raymond Melovidou	F/V Aleut Crusader
53	GERRY MERRIGAN	SLZF - ZC HALIBUT
6	Karen Pletnikoff	APIA
73	PETER THOMPSON	FISHERMAN
8	Bob Alverson / Jack Knutson	FVOA - Seattle
93	Linda Kozak	Kozak + ASSOC.
103	Simeon Swetozof Jr.	F/V Wind Dancer
11	Dan Hull	CDFU
12	Kenneth Mack	Fisherman
13	Buck LAUKITIS	NPFA
14	Bob Storms	UNFA
15	Todd Hoppe	DSFU.
16	Robert Melovidou	Tribal Government of St. Paul
17	Jeff Stephan	UFMA
18		
19		
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24		
25		

NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.

Handwritten text at the top of the page, possibly a title or header.

Main body of handwritten text, consisting of several lines of cursive script.

Bottom section of handwritten text, possibly a signature or concluding remarks.



C-7 handout - Staff  
12-12-04 3:15pm

Item C-7 Supplemental  
December 2004

**ERRATA**

**PUBLIC REVIEW DRAFT Regulatory Impact Review and Initial Regulatory Flexibility Analysis  
for Proposed Amendments to Halibut and Sablefish IFQ Fishery Regulations**

page 39

**Table 6.1 QS Holdings by area.** Data as of 7/27/2004. Source: NMFS RAM.

Area	Total QS	% Blocked QS	% Unblocked QS	Total Number of Blocks	Total Number of QS Holders
2C	59,556,591	<del>90%</del> 71%	<del>10%</del> 29%	1667	1,426
3A	184,928,542	<del>93%</del> 35%	<del>7%</del> 65%	2055	1,928
3B	54,203,176	<del>89%</del> 66%	<del>11%</del> 34%	626	567
4A	14,587,099	<del>88%</del> 71%	<del>12%</del> 29%	276	284
4B	9,284,774	<del>86%</del> 36%	<del>14%</del> 64%	115	107
4C	4,016,352	<del>70%</del> 52%	<del>30%</del> 48%	66	63
4D	4,958,250	<del>85%</del> 49%	<del>15%</del> 51%	55	49

page 46

**Table 6.8 Effects of Alternative 3 on the proportion of blocked holdings.** Data as of 7/1/04. Source: NMFS RAM.

Area	2004				Under Alternative 3		
	Number of Large Blocks <sup>1</sup>	Total Blocks	Blocked QS as % of Total QS	Unblocked QS as % of Total QS	Total Blocks	Blocked QS as % of Total QS	Unblocked QS as % of Total QS
3B	156	626	<del>89%</del> 66%	<del>11%</del> 34%	470	26%	74%
4A	33	276	<del>88%</del> 71%	<del>12%</del> 29%	243	46%	54%
4B	2	115	<del>86%</del> 36%	<del>14%</del> 64%	113	34%	66%
4C	2	66	<del>70%</del> 52%	<del>30%</del> 48%	64	47%	53%
4D	7	55	<del>85%</del> 49%	<del>15%</del> 51%	48	35%	65%

<sup>1</sup>QS blocks that yield IFQ greater than 20,000 lb, based on 2004 TACs.

The second paragraph on page 46 should read:

However, this alternative considerably changes the proportion of blocked versus unblocked QS in these areas. Table 6.8 illustrates that in most areas, ~~85-90%~~ 50-70% of all QS is blocked. Under Alternative 3, this proportion would change to only 26-46% of total QS remaining blocked (Table 6.8). Areas 3B and 4A are most affected. ...

C-7 handout: staff  
12.12.04 3:15p

C-7 Supplemental

**IFQ Implementation Team  
December 8, 2004  
Draft Minutes**

The IFQ Implementation Team convened at 6 pm on Wednesday, December 8, 2004. Committee members in attendance included Jeff Stephan (Chair), Don Iverson, Cora Crome, Dennis Hicks, Don Lane, Dave Soma, Gerry Merrigan, Kris Norosz. Paul Peyton and Bob Alverson were absent. Staff included Jane DiCosimo, Diana Evans, Jay Ginter, Bubba Cook, Ron Antaya, and Heather Gilroy. About 20 members of the public attended.

The committee reviewed four proposals to determine whether they should be analyzed for possible revision to the commercial IFQ regulations. In summary, the team recommended that all four proposals be analyzed.

Proposal #1 would *allow the processing of fish on board regardless of the type of unused IFQ held (A, B, C, or D class)*. Currently, processing is only allowed if no catcher vessel (B, C, or D) IFQ remains unharvested on board a vessel. The proposed change would reduce inefficiencies inherent in requiring an IFQ holder to fish 100% of his/her catcher vessel IFQs before s/he can process A category IFQs. It is very difficult to zero an IFQ account, without exceeding the overage limit and subsequent penalties. The team discussed whether the social or economic conditions that existed at initial implementation of the IFQ program which resulted in the prohibition of mixing processed and fresh IFQ and non-IFQ fish are still in effect. The original intent was to maintain the small boat, owner-operator nature of the fleet. Landings have shifted since the prohibition on mixing product forms was implemented in 1996 due to improved fresh market conditions. Stacking of QS is already well addressed by other prohibitions (use and vessel caps). Those fears are no longer valid. Increased retention and utilization have occurred over the years. Increased prices would result from freezing other species and more small boats have freezer capacity. There is no market for unfrozen cod due to poor quality. No negative effects on communities were identified. The proposed change would reduce discards and increase utilization. No enforcement difficulties were identified with implementing the proposal. Public testimony unanimously supported the proposal. The team unanimously approved the motion to recommend further analysis of this proposal. It recommended that the analysis look at distribution of landings since 1996 and contrast utilization vs. waste.

Proposal #2 would *allow frozen product of any allowed species on board a vessel while harvesting catcher vessel IFQ halibut*. Current regulations result in fresh landings of cod and other species that go to meal with little ex-vessel value that otherwise would have been frozen and sold as a higher quality and valued product. The social and economic concerns that led to the prohibition of mixing fresh and frozen IFQ and non-IFQ species that were current at the start of the program are no longer valid. No enforcement difficulties were identified. Public testimony unanimously supported the proposal. The team unanimously approved the motion to recommend further analysis of this proposal separate from Proposal #1 because the rationales for the proposed actions were distinct. The team recommended that the analysis look at recent landings distribution and contrast utilization vs. waste.



Proposal #3 would eliminate a prohibition on the use of longline pots for harvesting sablefish in June. The team discussed that the potential gear conflicts that were thought to have been occurring at the time of Council action was undocumented then and now. The team noted that there is no limit on the number of pots that may be strung together. Further, longline pots are stored on the fishing grounds when not fished, which does not minimize potential gear conflicts. Pot gear can not all be stacked on the fishing vessel for transport off the fishing grounds. Public testimony supported the proposal and no enforcement issues were identified. The team unanimously supported a motion to analyze removal of the June prohibition on the use of longline pots. The team recommended that the analysis should examine gear selectivity for sablefish, that is, pot gear catches smaller fish than longline gear, as addressed in the BSAI Groundfish SAFE report.

Proposal #4 would provide a one-time process for withdrawing completely unused QS permits. It would remove the QS units from completely inactive QS holders (across all areas for which they hold QS) from the QS pool. This has been likened to purging voter registration rolls. The team noted that only active QS holders pay the IFQ recovery fee (which is based on landings) for the costs of the program and inactive QS holders are free riders on that program. The team made the following observations about the proposed amendment to the IFQ program: (1) the QS program is a privilege and not a right and the legal aspect of a "taking" is not applicable to this proposal; (2) the Magnuson-Stevens Act mandates full utilization; (3) QS holders who have been inactive during the ten years of the program has led to inefficiencies, although it was noted that "banking" unharvested halibut could have positive effects on the stock; and inactive initial recipients who divest themselves of their unused QS (either through sale or withdrawal) become second generation QS holders is they buy QS in the future. Public testimony supported the proposal and no enforcement issues were identified. The team approved a motion (with one dissent) to analyze a range of methods to address the issue of inactive QS holders. One option would withdraw QS from unused IFQ permits after a 2-year notice. Another option would implement a fee system on inactive permit holders to continue to hold their unused QS (modeled after the CFEC system on salmon permits). It would recover program costs that could reduce the cost recovery fees of active permit holders. The fee was proposed as voluntary method for inactive fishermen to opt in or out of the program in the future. The team recommended a proposed plan by RAM staff to canvas inactive permit holders for their consent to be included in an on-line database of inactive permits and associated QS to facilitate transfers. This would assist those QS holders to extract rent from their unharvested QS, increase fishery efficiencies for achieving the quotas and increase opportunities for new entrants.

The meeting adjourned at approximately 8 pm.

C-7 PubTest: Mark Wagner  
12-12-04 402pm

10/30/2004

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Re. IFQ Proposal's, Action 6, Alternative 4, Combine C&D Category Q's

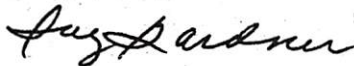
Madam Chair,

I would like to support the ongoing effort that would enable class D IFQ holders to harvest halibut on a fishing vessel up to sixty feet in length.

There are many reasons to support this measure, but the most serious is a major safety concern. It is quite simple; "weather" plays havoc with the small boat fleet. A person's life is always in danger when facing high seas on a small boat. With the current fishing openings a small boat operation is basically restricted to fishing between the months of May and September. This brings the weather factor into play. Before and after these dates weather is a major obstacle. Also, the halibut are generally located further offshore, creating a major safety concern for a class D vessel.

Again, I'm in full support of this measure to enable the small boat fleet to fish up their IFQ shares. It is important to keep this a safe and prosperous fishery.

Sincerely Yours,



Ivy Gardner

Gerry Merrigan  
Pub Test Handout  
12.12.04 4:12p

## Halibut and Sablefish IFQ Amendments

**Increase Sweep-Ups in 2-C and 3-A for Halibut:** (page 47-49): Sweep-up amounts (in 2003 pounds) were: 2C = 2,850 and 3A = 3,416. For the other areas: 3B = 13,967; 4A = 7,818; 4B = 5,434; 4C = 7,690; and 4D = 7,475.

Sweep-ups are expressed in QS units which are annually converted to IFQ. The sweep-up amount was originally 1,000#s and was revised in 1996 to present levels. The number of sweep-up transfers peaked in 1997 (441 transfers, all areas) and has largely declined (2003: 2C = 18, 3A = 23). There are currently 930 blocks in 2C and 1262 blocks in 3A eligible for sweep-up. The amendment would increase that to a total of 1194 in 2C and 1535 in 3A.

Increasing the sweep-up amounts would allow increased but limited incremental growth for holders of small blocks. It would also facilitate entry level as amounts below the sweep-up level are not eligible for purchase by the community program.

### **Allow Ownership of 3 Blocks** (unless unblocked QS is held, then 1 block)

The class of QS holders that have the most difficulty in increasing participation in the halibut program are those with holdings of two blocks, the predominate situation of mid-size to small boat fishermen. Those with unblocked QS can add incrementally in amounts proportion to needs and financing. Those with one block can buy an additional block. Those with two blocks must sell a block in order to buy a larger block. In all areas, 20-30% of all QS holders have two blocks (Table 6.5, page 42). In 2C/3A, 75% of QS holders have 10,000 pounds or less. The proposed amendment is the smallest incremental step in the options that would revise the block program.

There are a combination of many elements in the IFQ program that prevent excessive consolidation: 1.) ownership caps, 2.) vessel caps, 3.) sweep-up caps, and 4.) restrictions on use such as area, vessel size class, hired skipper limitations, and owner on board requirements.

In the amendment package, entry level opportunity is still provided for as the IFQ program still would incorporate 1.) a slightly revised block program, 2.) caps and use restrictions, 3.) raised sweep-up amounts, and 4.) and tightening up the hired skipper provision (may trigger sales of QS).

**Action 5, Amend the halibut block program  
 AP-Modified Alternative 3**

In Areas 3B and 4A, for large QS blocks (those yielding more than 20,000 lb), divide the large block into one block of 20,000 lb, based on the 2004 TACs, and unblock remaining QS.

- one-time change, to occur prior to the start of an IFQ fishing year
- only Areas 3B, 4A, 4B, 4C, and 4D include QS blocks that yield more than 20,000 lb, based on the 2004 TACs
- those QS holders who will hold 2 blocks + unblocked QS in an area (which is not allowed under the IFQ program regulations) as a result of this change, will not be required to divest themselves of their QS, until such time as a transfer in or out of their QS account is made, at which time the normal block ownership regulations will apply

**Table S-1 Total amount of QS that would become unblocked under Modified Alternative 3, based on 2004 TACs.**

Area	Number of blocks affected	Number of QS that would equal 20,000 lb, based on 2004 TACs	Total amount of QS that would become unblocked under Alternative 3b		
			QS units	IFQ lb, based on 2004 TACs	% of total QS pool
3B	156	69,492	10,558,727	3,038,832	19.5%
4A	33	84,076	915,247	217,719	6.3%
4B	2	82,604	5,244	1,270	< 0.1%
4C	2	93,404	9,997	2,141	< 0.1%
4D	7	82,362	103,566	25,149	2.1%

**Table S-2 Total proportion of blocked versus unblocked QS by area, in 2004 and under Alternatives 3 and 3b. Equates to Table 6.8, p.46 in the analysis.**

Area	2004		Alternative 3		Alternative 3b	
	Blocked QS as % of total QS	Unblocked QS as % of total QS	Blocked QS as % of total QS	Unblocked QS as % of total QS	Blocked QS as % of total QS	Unblocked QS as % of total QS
3B	66%	34%	26%	74%	46%	54%
4A	71%	29%	46%	54%	65%	35%
4B	36%	64%	34%	66%	36%	64%
4C	52%	48%	47%	53%	52%	48%
4D	49%	51%	35%	65%	47%	53%
Range	Blocked QS 50-70%, except in Area 4B		Blocked QS 26-46%		Blocked QS 46-65%, except in Area 4B	

**Table S-3 Approximate number of QS holders affected, based on RAM data from 7/27/04. Counts are not additive across areas.**

Area	Number of QS holders affected	Number of QS holders who would hold 2 blocks + unblocked QS as a result of this action
3B	143	54
4A	31	11
4B	2	1
4C	2	1
4D	5	2