

Pacific Halibut–Sablefish IFQ Report For Fishing Year 2005



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NOAA Fisheries

Alaska Region, NOAA Fisheries (NMFS) Restricted Access Management (RAM) August 2007

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IFQ LANGUAGE

ALT Alaska local time

Council North Pacific Fishery Management Council

IFQ Individual Fishing Quota

IPHC International Pacific Halibut Commission

MSA Magnuson-Stevens Act

NMFS National Marine Fisheries Service

NOAA National Oceanic and Atmospheric Administration

QS Quota Share

QSP Quota Share Pool

RAM Restricted Access Management

TAC Total Allowable Catch

Pacific Halibut–Sablefish IFQ Report For Fishing Year 2005



The 11th IFQ Program Report

Alaska Region, NOAA Fisheries (NMFS) Restricted Access Management (RAM)

August 2007

Since May 2007, the Report to the Fleet publications have been under new title.

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Section 1

TACs, Caps, and Regulations

2005 SEASON

The 2005 Individual Fishing Quota (IFQ) season for halibut and sablefish opened at noon Alaska local time (ALT) on February 27 and ended at noon ALT on November 15. This section of the report includes information on calculations of 2005 IFQ amounts, 2005 quota share (QS) use and vessel IFQ caps, and changes to the rules that came into effect for that fishing year.

CALCULATIONS

Annual IFQ permit amounts are calculated using a simple formula dependent on annual total allowable catch (TAC) limits, a person's QS holdings, and the sum of all units issued.

For each area in which a person holds QS, the amount of QS held is divided by the amount of all the QS issued for that area (the Quota Share Pool, or QSP). The resulting fraction is then multiplied by the TAC for that area. The equation yields the number of pounds of IFQ that a person is entitled to harvest for a year, derived from QS held. Simply stated, it looks like this:

$$(QS \div QSP) \times TAC = IFQ POUNDS$$

In many cases, the 2005 IFQ allocations were then adjusted slightly up or down, depending on fishing activities by the persons who fished the 2004 IFQ. The U.S. adopted annual "TACs" for halibut and sablefish based on recommendations by the International Pacific Halibut Commission (IPHC) and the North Pacific Fishery Management Council (Council), respectively, before the 2005 season started. The annual permit accounts were calculated using January 31 QSPs. Table 1.1 shows those amounts and the "ratio" between the QSP and the TAC for each area; this ratio shows how many units of QS were needed to yield one pound of IFQ.

Table 1.1 2005 Quota share pools (QSPs) and total allowable catches (TACs)

Species and Area	2005 Quota Share Pool ^a (units)	2005 IFQ TAC ^{b,c} (pounds)	Ratio ^d (QS:IFQ)
Halibut 2C	59,556,591	10,930,000	5.4489
3A	184,910,103	25,470,000	7.2599
3B	54,262,333	13,150,000	4.1264
4A	14,587,099	3,440,000	4.2404
4B	9,284,774	1,808,000	5.1354
4C	4,016,352	907,500	4.4257
4D	4,958,250	1,270,500	3.9026
4E	139,999	0	0
All Areas	331,715,501	56,976,000	
Sablefish AI	31,932,492	3,465,631	9.2140
BS	18,790,367	2,151,690	8.7328
CG	111,686,632	12,786,680	8.7346
SE	66,120,619	7,870,422	8.4012
WG	36,029,579	4,479,747	8.0428
WY	53,266,430	5,011,056	10.6298
All Areas	317,826,119	35,765,226	

^a QS Pools may include small amounts of QS in "Reserve" (QS that is yet to be issued) and QS that is "Restricted" (QS that has been issued, but which does not yield IFQ to its holder).

^b IFQ TACs do not include pounds that have been set aside for the CDQ program.

^c Halibut weights are in net (headed and gutted) lbs; sablefish weights are in round lbs.

^d The "ratio" displays the number of units of QS that yield one pound of 2005 IFQ.

2005 QUOTA SHARE USE AND VESSEL IFQ CAPS

The IFQ rules place limits on the amount of QS that yields IFQ that a person may hold (QS Use Caps) and on the amount of total IFQ pounds that can be landed from one vessel during a season (vessel IFQ caps). The following tables display the caps in effect during the 2005 season. Note the QS use caps are constant, based on the 1996 QSPs.

Table 1.2 2005 QS use caps

	Applicable %	Size of Relevant QSPs ^a	QS Use Cap
	1% of 2C QSP	59,979,977 QS units	599,799 QS units
Halibut	.5% of 2C, 3A, 3B	300,564,647 QS units	1,502,823 QS units
	1.5% of Area 4 QSPs	33,002,937 QS units	495,044 QS units
0.11.6.1	1% of SE QSPs	68,848,467 QS units	688,485 QS units
Sablefish	1% of All QSPs	322,972,132 QS units	3,229,721 QS units

^a The "Relevant" QSPs for calculating the use caps for both sablefish and halibut are the 1996 QSPs.

Table 1.3 2005 vessel IFQ caps^a

	Vessel Use Cap %	2005 IFQ TAC	Vessel Use Cap
11.1:14b	1% of 2C IFQ TAC	10,930,000 net lbs	109,300 net lbs
Halibut ^b	.5% of All IFQ TAC	56,976,000 net lbs	284,880 net lbs
c 11 c 1h	1% of SE IFQ TAC	7,870,422 round lbs	78,704 round lbs
Sablefish ^b	1% of All IFQ TAC	35,765,226 round lbs	357,652 round lbs

^a Vessel IFQ caps are calculated based on the IFQ TACs only; CDQ TACs are not included in the calculations.

^b Halibut weights are in net (headed and gutted) lbs, and sablefish weights are in round pounds.

RULE CHANGES EFFECTIVE IN 2005

Since the IFQ Program regulations were first published in November 1993, numerous administrative and programmatic changes have been made through regulatory changes.

In 2005 the IFQ halibut fisheries underwent two significant regulatory changes, one that provided Area 4C IFQ halibut fishermen more flexibility and another that prohibited fishing and anchoring within the Sitka Pinnacles Marine Reserve:

- Effective July 2005, 70 FR 43328, July 27, 2005 amends the Pacific halibut regulations for waters in and off Alaska. This final rule modifies the IFQ Program and the Western Alaska Community Development Quota (CDQ) Program to allow quota shareholders in IPHC Area 4C to fish all or part of their Area 4C IFQ in Area 4D. With a decline in catch rates greater than 70 percent over the past ten years, this action allows 4C IFQ (and CDQ) fishermen to fish outside their localized depleted area, enhancing harvesting opportunity and promoting objectives of the Halibut Act, the IPHC, and the Council.
- Effective in September 2005, 70 FR 53312, September 8, 2005, corrects 679.22 Title 50 of the Code of Federal Regulations, part 600 to the end by reinstating paragraph (b)(5) regarding the Sitka Pinnacles Marine Reserve. This inserted paragraph stipulates that no vessel required to have an IFQ halibut permit onboard may fish for halibut or anchor in the Sitka Pinnacles Marine Reserve.

Section 2

The 2005 IFQ SEASON IN REVIEW

PERMITS AND LANDINGS

The 2005 IFQ season opened at noon (ALT) on February 27 and ended at noon on November 15. A total of 6,233 IFQ permits (as defined by unique combinations of species, areas, and vessel categories), including 4,584 halibut permits and 1,649 sablefish permits, were active as of year-end 2005.

When the season ended November 15, those permits had been used by IFQ holders to report 6,911 vessel landings of IFQ halibut and 2,041 of sablefish, for a total harvest of approximately 97 percent of the IFQ halibut TAC and 92 percent of the IFQ sablefish TAC. The following tables display those landings by species, regulatory area, and IFQ pounds as reported by Registered Buyers.

Table 2.1 2005 IFQ halibut allocations and fixed-gear IFQ landings

Species/Area	Vessel Landings ^a	Area IFQ TAC ^b	Total Harvest	Percent Harvested ^c
Halibut 2C	2,956	10,930,000	10,459,446	96
3A	2,650	25,470,000	25,053,063	98
3B	845	13,150,000	13,003,916	99
4A	313	3,440,000	3,323,997	97
4B	93	1,808,000	1,595,682	88
4C	10	907,500	78,361	9
4D	44	1,270,500	1,678,464	132
Total	6,911	56,976,000	55,192,929	97

^a Vessel landings include the number of reported landings by participating vessels reported by IFQ regulatory area; each such landing may include harvests from multiple IFQ permitholders.

^b Halibut weights are in net (headed and gutted) pounds.

Due to over- or underharvest of TAC and rounding, percentages may not total 100 percent.

Table 2.2 2005 IFQ sablefish allocations and IFQ landings

Species/Area	Vessel Landings ^a	Area IFQ TAC ^b	Total Harvest	Percent Harvested ^c
Sablefish AI	101	3,465,631	2,086,603	60
BS	137	2,151,690	1,227,693	57
CG	684	12,786,680	12,597,455	99
SE	701	7,870,422	7,796,182	99
WG	162	4,479,747	4,185,407	93
WY	256	5,011,056	4,984,406	99
Total	2,041	35,765,226	32,877,746	92

^a Vessel landings include the number of reported landings by participating vessels reported by IFQ regulatory area; each such landing may include harvests from multiple IFQ permitholders.

^b Sablefish weights are in round pounds.

Due to over-or underharvest of TAC and rounding, percentages may not total 100 percent.

RATE OF IFQ HARVEST

Halibut

Figures 2.1 and 2.2 display the pattern and rate of IFQ halibut and sablefish harvests by month and percent of TAC for 2005 compared with monthly averages for all IFQ years. Since 1995, the monthly pattern of the IFQ halibut and sablefish harvests has been consistent, although season dates varied by as much as a few weeks among years.

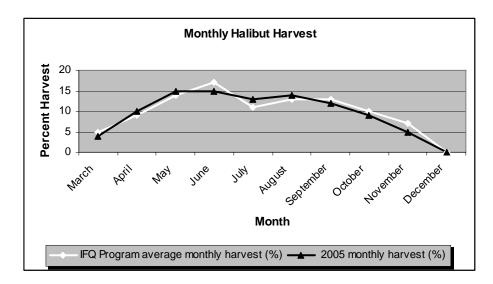


Figure 2.1 Average Monthly IFQ Halibut Harvest (1995–2005) and 2005 Monthly Halibut Harvest (%)

Sablefish

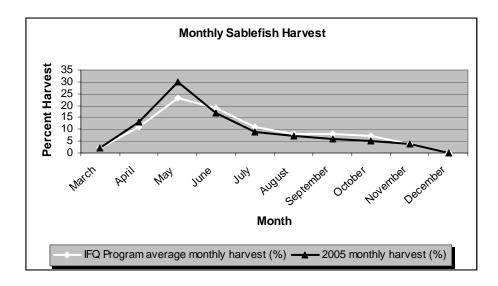


Figure 2.2 Average Monthly IFQ Sablefish Harvest (1995–2005) and 2005 Monthly Sablefish Harvest (%)

ALASKA'S TOP 10 PORTS

Halibut

This table displays the top ten Alaska ports in which IFQ halibut were landed. These top ports have remained relatively constant over the past eleven years, while the percentage of IFQ halibut landed outside Alaska has steadily decreased. Rated ninth port in 2005, Cordova reclaimed its top ten standing among Alaskan ports. Hoonah, ninth in 2004, lost its top ten standing.

Table 2.3 Top ten Alaska halibut ports in rank order for 2005 performance, 1995–2005

Port	2005 Net lbs Landed ^a	2005 Percent Landed	2005 Rank	2004 Rank	2003 Rank	2002 Rank	2001 Rank	2000 Rank	1999 Rank	1998 Rank	1997 Rank	1996 Rank	1995 Rank
Homer	10,716,246	19.42	1	1	1	1	1	1	1	1	3	2	2
Kodiak	8,339,017	15.11	2	2	2	2	2	2	2	2	1	1	1
Seward	5,700,133	10.33	3	3	3	3	4	4	3	3	4	3	5
Dutch/Unalaska	3,913,686	7.09	4	4	4	4	3	3	4	4	2	4	4
Sitka	3,710,605	6.72	5	6	6	7	5	6	6	5	5	5	3
Juneau	3,701,678	6.71	6	7	7	6	6	5	5	7	8	8	13
Petersburg	3,402,495	6.16	7	8	8	8	7	7	7	6	6	6	6
Sand Point	2,980,063	5.40	8	5	5	5	11	10	14	13	13	15	15
Cordova	1,562,581	2.83	9	11	10	10	6	9	9	10	7	7	8
King Cove	1,350,763	2.45	10	10	9	13	14	9	13	13	10	11	11
All Ports ^b	55,192,929	NA											

^a Halibut weights are in net (headed and gutted) pounds.

^b "All ports" includes additional Alaska landing locations and all locations outside Alaska.

Sablefish

As the following table displays, the top ten Alaska ports in which the IFQ sablefish were landed have remained relatively constant over the past eleven seasons. During 2005 Yakutat rejoined the top ten ports, and Hoonah slipped to eleventh.

Table 2.4 Top ten Alaska sablefish ports in rank order for 2005 performance, 1995–2005

Port	2005 Rounded lbs Landed ^a	2005 Percent Landed	2005 Rank	2004 Rank	2003 Rank	2002 Rank	2001 Rank	2000 Rank	1999 Rank	1998 Rank	1997 Rank	1996 Rank	1995 Rank
Seward	6,180,968	18.80	1	1	1	1	1	1	1	1	1	1	1
Sitka	4,511,182	13.72	2	2	3	3	3	3	2	2	2	2	2
Dutch/Unalaska	4,328,149	13.16	3	3	2	2	2	2	4	4	4	4	3
Kodiak	2,937,695	8.94	4	4	5	5	4	4	3	3	3	3	4
Homer	2,278,829	6.93	5	5	4	4	5	6	5	6	9	8	9
Cordova	2,131,880	6.48	6	7	6	8	6	9	9	10	7	7	8
Juneau	1,703,961	5.18	7	8	9	6	7	5	7	7	8	13	9
Sand Point	1,319,552	4.01	8	6	7	9	12	13	12	12	11	11	12
Yakutat	1,302,135	3.96	9	14	12	10	10	7	6	5	5	6	5
Petersburg	1,295,633	3.94	10	9	8	7	9	10	8	9	10	5	7
All Ports ^b	32,877,746	NA											

^a Sablefish weights are in round pounds.

^b "All ports" includes additional Alaska landing locations and all locations outside Alaska.

HIRED SKIPPER ACTIVITY

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

An element of the program is that, during a transitional period, some persons may (and others must) designate a "master" (or "hire a skipper") to do the fishing authorized by their annual IFQ permit. Under current regulations, the IFQ permitholder may not hire a skipper unless the IFQ permitholder holds an ownership interest of at least 20 percent of the vessel upon which the IFQ is to be fished by that skipper (an exception to this rule results in a small number of IFQ permitholders allowed to hold less than 20 percent). One way of looking at this provision is that it is a "grandfather" provision — vessel owners who, before the IFQ Program was implemented, were able to hire someone else to run the boats they owned may continue to do so. However, as individuals depart from the fishery, and as corporations and partnerships dissolve over time, the new entrants who take their place must be onboard when the fish are caught.

During the 2005 IFQ season, 316 distinct skippers participated in the fishery. A total of 278 Hired Skippers harvested 20,978,000 pounds of IFQ halibut (head off, gutted), which was 35.6 percent of the halibut IFQ TAC. Also during the season 191 Hired Skippers harvested 18,745,000 pounds of sablefish (round weight), which was 52.4 percent of IFQ sablefish landed.

EFFECTS OF UNDER- AND OVERFISHING OF ANNUAL IFQ PERMITS ON FUTURE YEAR PERMITS

IFQ regulations provide for administrative adjustment of IFQ permits because of under- and overfishing QS the prior year. If IFQ pounds remain unfished, a "use it or lose it" provision limits the amount of poundage that may be carried over to the following year. If a person exceeds a permit by a small percentage, the next year the QS holder may see a permit account debit; since 1998 a large permit overage results in enforcement action without future administrative adjustment. Therefore, the debit or credit adjustment to the QS holder's permit may be less than the actual number of pounds that were under- or overfished the prior year.

NMFS applies administrative adjustments at the beginning of each fishing year when annual IFQ accounts are created and IFQ pounds are allocated to QS holders. Administrative adjustments "follow the QS" so that the adjustment is applied to the permit of the person(s) who, at the beginning of a year, holds the QS associated with the IFQ that was under- or overfished the prior year.

The following tables show the net adjustments to 2005 IFQ halibut and sablefish permits from under- and overfished IFQ pounds during 2004, including adjustment *averages* from 1996 through 2005. "Net adjustment" is the sum of all credits and debits applied to all IFQ permits.

In every year since the beginning of the program, underfishing has exceeded overfishing, resulting in net positive adjustments to IFQ permits. In 2005 this trend continued; had all

additional adjustment pounds been harvested with no underfishing, the allotted annual IFQ TACs would have been exceeded by the pounds and percentages indicated in tables.

Table 2.5 Net Adjustments to IFQ halibut permits with yearly averages, derived from under- and overfishing of prior year permits

Species/category	2005	Averages 1996 ^a –2005
Halibut ^b All areas net adjustment	820,071	952,979
All areas annual IFQ TAC	56,976,000	54,818,200
All areas percentage by which TAC could be exceeded	1%	2%

^a The IFQ Program started in 1995; the first adjustments were made to 1996 annual IFQ permits.

Table 2.6 Net Adjustments to IFQ sablefish permits with yearly averages, derived from under- and overfishing of prior year permits

Species/category	2005	Averages 1996 ^a –2005
Sablefish ^b All areas net adjustment	1,078,615	653,716
All areas annual IFQ TAC	35,765,226	31,955,413
All areas percentage by which TAC could be exceeded	3%	2%

^a The IFQ Program started in 1995; the first adjustments were made to 1996 annual IFQ permits.

^b Halibut data are in net weight (head off, gutted) pounds.

^b Sablefish data are in round weight pounds.

REPORTING LANDINGS

Registered Buyers must report IFQ landings electronically using the Internet (with permission, a backup paper submission system is available). Real-time accounting of individual harvests contributes significantly to accurate management of each IFQ holder's IFQ accounts. In 2005, 98 percent of more than 11,500 Landing Report transactions were reported electronically.

REGISTERED BUYERS

An IFQ Registered Buyer (RB) must report landings of IFQ halibut and sablefish, and must do so electronically, using a real-time Internet reporting system. Tables 2.7 and 2.8 display the number and types of Registered Buyer permits issued by RAM for 2005 and the number of Registered Buyers who reported landings this fishing season.

Table 2.7 Number and type of Registered Buyer permits, 2005

Type of RB	Permits Issued	RBs Reporting Landings	Percent Reporting landings ^b
Buyer-Broker	110	35	32
Catcher-Seller	321	55	17
Retail	49	20	41
Mothership	8	2	25
Tender	16	3	19
Catcher-Processor	100	25	25
Restaurant	19	5	26
Shoreplant	135	85	63
Other	49	13	27
Total (not additive)	611	174	28

^a Permit applicants select all relevant "Types of Registered Buyer" operations; as a result, numbers are not additive across types.

Table 2.8 Mean pounds and landings by Registered Buyers and species, 2005

Species	Registered Buyers reporting landings	Mean pounds
Halibut	138	397,068
Sablefish	84	391,401

^b Because percentages are rounded, they may differ slightly from actual data.

NMFS IFQ ENFORCEMENT ACTIVITIES

Partners

The U.S. Coast Guard and the National Marine Fisheries Service (NMFS) Alaska Enforcement Division (AED) enforce the regulations that govern fishing under the IFQ Program. In addition, AED has created a partnership with the State of Alaska Department of Public Safety through Joint Enforcement Agreements (JEAs). These JEAs assist AED in enforcing IFQ and other federal fishing regulations. The AED and U.S. Coast Guard periodically report on enforcement activities to the Council. More detailed enforcement information is available online at www.nmfs.noaa.gov/ole.

Joint Enforcement Agreements (JEAs)

The Alaska State Troopers assist AED by using Troopers and Public Safety Technicians to carry out dockside boardings and inspections and at-sea patrols. The state conducts these duties under authority through a Cooperative Enforcement Agreement and is funded through JEAs.

Trooper Effort

During 2005, Troopers boarded 495 IFQ vessels. From these boardings, Troopers detected 232 federal violations and 40 state violations. Aircraft patrol hours totaled 105 with 32 Patrol Vessel Days.

AED Effort

NMFS AED is primarily responsible for offload monitoring, accounting for IFQ shipments, and investigating fraud and other illegal activities.

In 2005 the AED boarded 317 vessels, a 37 percent decrease from the 508 boardings in 2004. Vacancies in some of the main ports of landings caused a decrease in effort. Fully staffed, AED operates with 17 Special Agents and 15 Enforcement Officers; however, in 2005 only 12 Special Agents worked with 8 Enforcement Officers. Total agent/officer IFQ effort was 16 percent of AED 2005 effort.

Increased aerial surveillance since September 11, 2001 has also affected dockside effort with a necessary shift of resources. Regardless, total IFQ Program effort reached almost 21,000 agent/officer hours, more than twice the IFQ agent/officer effort of 2004 (which was nearly 9,000 hours).

U.S. COAST GUARD IFQ ENFORCEMENT

Duties

Although the U.S. Coast Guard focuses its efforts at sea, the Seventeenth Coast Guard District also monitors offloads and provides after-hours surveillance.

IFQ Patrol Effort

IFQ enforcement patrol effort by smaller cutters (patrol boats and buoy tenders) dropped 14 percent in 2005 from the steady levels of the four previous years (Figure 2.3). Participation by major cutters was consistent with 2001–2004 levels.

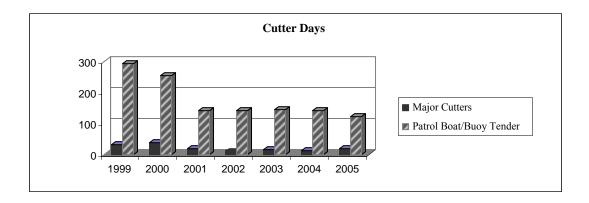


Figure 2.3 1999–2005 Cutter IFQ Patrol Effort

Aircraft IFQ Patrol Effort

There were decreases in both helicopter and HC-130 aircraft IFQ patrol hours. HC-130 patrol hours (281 hours) decreased by 5 percent from the 2004 level (298 aircraft hours). During 2005, helicopter IFQ patrol hours (856) dropped about 23 percent from the 2004 level (1,112 aircraft hours).

IFQ At-Sea and Dockside Effort

The following table provides at-sea and dockside IFQ boarding and monitoring effort for 2004 and 2005. Violation rates rose as at-sea boarding and dockside monitoring effort fell.

Table 2.9	Comparison	of at-sea and	d docksid	e IFQ boa	rding and	monitoring,	2004–2005

IFQ Boardings/Violations	2004 Violations	2005 Violations
At-Sea boardings	132	102
Dockside monitors	73	44
Boardings/Monitors w/fishery violations	11	14
Violation rate (%)	5%	10%

At-Sea Boardings

Table 2.10 At-sea IFQ fisheries violations, 2005

2005 (10 IFQ Violations on 8 Vessels)	Violations
Permit not onboard	4
Insufficient seabird avoidance	3
Log violation	2
IFQ holder not onboard	1

Shoreside Enforcement

Shoreside IFQ enforcement includes dockside monitoring and shoreside surveillance. The 44 landings monitored (quotaholders checked) in 2005 correspond to monitoring 37 vessels. Table 2.11 displays violations detected during dockside monitoring during 2005.

Table 2.11 Dockside Fisheries Violations, 2005

2005	Violations
Overage greater than 10%	1
Undersize halibut	1
Early offload	1
Insufficient seabird avoidance	2
Log violation	1
Permit not onboard	1

IFQ Vessel Safety

During 2005 the Coast Guard issued 20 violations, involving 14 IFQ fleet vessels. The number of fishing year 2005 violations is 5 fewer than those in 2004; the number of IFQ vessels involved in these violations declined by 6. In the 2005 IFQ fleet, the Coast Guard terminated 4 fishing trips due to safety concerns; all involved insufficient survival suits, 3 had insufficient life ring buoys, and 1 had no life raft. The table below compares the 2005 fishing year violations with those in 2003 and 2004.

Table 2.12 IFQ fleet at-sea safety violations by type and number, 2003–2005

Safety Violation Types	2003 Violations	2004 Violations	2005 Violations
Expired/missing life raft/hydro ^a	11	6	3
Insufficient visual distress signals	7	6	3
Expired EPIRB ^b /hydro	8	4	8
Insufficient/expired fire extinguishers	5	3	5
Insufficient survival suits	3	2	7
Unserviceable/missing life ring	6	1	4
Exposed hazards	3	1	3
No marine sanitation device	2	1	1
No sound-producing device	1	1	1

^a A hydro, or HRU, is a hydrostatic release unit that holds life rings or an Emergency Position Indicating Radio Beacon (EPIRB). If a vessel takes on water, a wet "hydro" releases what it is holding to let it rise to the water's surface.

^b An EPIRB is an emergency device that uses a radio signal to alert satellites or passing airplanes to a vessel's position.

2005 Search and Rescue (SAR)

During 2005, the three (3) IFQ SAR cases were comparable to the number of cases in 2004 (2). However, 2005 is the first year with *no fatalities* and *no vessel losses* since the Coast Guard started identifying IFQ activities as a possible cause of SAR cases in 1999. Figure 2.4 displays the IFQ search and rescue (SAR) safety record during the last 7 years.

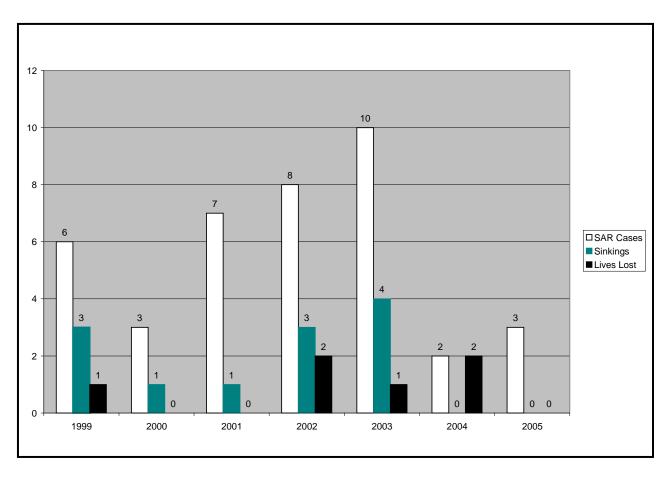


Figure 2.4 Search and Rescue Cases, 1999-2005

Section 3

THE 2005 IFQ SEASON BY THE NUMBERS

INTRODUCTION

One way of assessing the performance of a program that restricts access to fisheries is to quantify as many elements as possible and report these data to the fleet, the public, fisheries managers, and policymakers. That is this section's purpose.

Quite simply, these data reflect the decisions of thousands of quota shareholders—decisions to appeal determinations, to buy or sell quota share, to fish or join with other quota shareholders on a vessel. We report these data generally without comment, allowing only the numbers to speak.

On the following pages, we present information on appeals, consolidation of quota shareholders and of vessels, "IFQ crewmembers" who have entered the fishery after the IFQ Program began, vessel participation, and updates from the North Pacific Loan Program.

DETERMINATIONS AND APPEALS

The Office of Administrative Appeals (OAA) adjudicated most IFQ Program appeals prior to 2005. Infrequently, RAM receives an inquiry about eligibility for initial QS or other program features. Table 3.1 provides the cumulative status of IFQ appeals. The three most common causes of appeal have been basic eligibility, vessel owner/lease conflicts, and untimely applications. During 2005, no new appeals were filed. However, from the beginning of the Program through 2005, constituents had filed 189 appeals with the OAA, and by year-end only 1 IFQ case was pending. For more information on published OAA decisions, visit the OAA online at www.fakr.noaa.gov/appeals.

Table 3.1 Status of IFQ Appeals 1994–2005

Cumulative Status of IFQ Appeals at year-end 2005	Number
Decisions Issued (Final Determination)	159
Appeal Settled or Dismissed (Final Determination)	29
Appeals Pending	1
New Appeals Received in 2005	0
Total IFQ Appeals ^a	189

^a Cases are counted once and for each case this table displays only the most recent OAA actions.

APPEALS OF FINAL AGENCY ACTIONS

Normally, a decision of the OAA becomes a Final Agency Action 30 days after it is published. An appellant may appeal a Final Agency Action to the federal courts and eleven have done so in IFQ cases. Table 3.2 shows the status of these cases.

Table 3.2 Status of appeals to federal courts, year-end 2005

Case Title (Nature of Dispute)	Status of Appeal
Dell v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
Smee v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
Cole v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
Gates v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
West v. NMFS (Ownership Conflict)	District Court Judgment for Appellant (West)
Foss v. NMFS (Untimely Application)	Ninth Circuit Court Judgment for Defendant (NMFS)
Pancratz v. NMFS (Transfer)	District Court Order denied plaintiff's motion for Summary Judgment. District Court dismissed the case in its entirety with prejudice. Plaintiff appealed this judgment to the Ninth Circuit Court of Appeals.
Prowler/Ocean Prowler Partnerships v. NMFS (Ownership Conflict)	District Court Partial Summary Judgment for Defendant (NMFS); Partial Remand. On remand, agency denial was affirmed; to date, the decision has not been reappealed to the federal courts.
Prowler/Ocean Prowler Partnerships v. NMFS (Landings)	Ninth Circuit Court Judgment for Defendant (NMFS)
Petticrew v. NMFS (Regulation Challenge)	Settled prior to Judgment
Ward's Cove Packing v. NMFS (Regulation Challenge)	Ninth Circuit Court Judgment for Appellant (Ward's Cove Packing)

QUOTA SHARE TRANSFER ACTIVITY

Table 3.3 displays a summary of QS/IFQ transfer activities (numbers of approved transfer applications) from the beginning of the program in late 1994 through year-end 2005. The table displays transfers for halibut and sablefish, and both species combined.

Table 3.3 Numbers of approved QS/IFQ transfers 1995–2005^a

Species	Transfer Type	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
	Regular QS/IFQ	1,218	1,397	1,002	544	631	556	588	509	560	494	485
Halibut	IFQ Only (lease)	31	61	52	43	39	49	48	51	39	33	42
	Sweep-up of Small Blocks	31	63	441	147	154	71	92	62	73	104	52
	Total Halibut Transfers	1,279	1,521	1,498	730	800	676	728	622	672	631	579
	Regular QS/IFQ	352	351	388	184	238	220	200	174	264	149	197
Sablefish	IFQ Only (lease)	76	51	50	57	53	79	67	60	56	47	35
	Sweep-up of Small Blocks	15	20	82	33	24	29	19	18	25	10	21
	Total Sablefish Transfers	443	422	521	275	312	328	286	252	345	206	253
	Regular QS/IFQ	1,570	1,748	1,390	728	869	776	788	683	824	643	682
Both Species	IFQ Only (lease)	107	112	102	100	92	128	115	111	95	80	77
•	Sweep-up of Small Blocks	46	83	523	180	178	100	111	80	98	114	73
	Total–All Transfers	1,723	1,943	2,015	1,008	1,139	1,004	1,014	874	1,017	837	832

^a Transactions reflect calendar year activity.

Tables 3.4 and 3.5 below summarize the transfer of QS/IFQ between Alaskans and Non-Alaskans. The distributive effects of the transfers summarized below have not been dramatic (at least with respect to net gains and losses of QS/IFQ by Alaskans compared with Non-Alaskans).

Additional information on changes in QS holdings and consolidation in the halibut and sablefish fisheries can be found on our website at www.fakr.noaa.gov.

Table 3.4 Changes in halibut QS holdings between initial issuance and year-end 2005

		Initially Issu	ied ^a	Issued as of Year-end 2005					
	Alaskan ^b Non-A				Alas	Alaskan		Alaskan	
Area	Number of Persons	QS Units	Number of Persons	QS Units	Number of Persons	QS Units	Number of Persons	QS Units	
2C	1,971	49,265,458	417	10,293,932	1,130	49,213,147	243	10,332,418	
3A	2,436	118,591,502	636	66,843,449	1,406	111,109,737	406	73,556,655	
3B	780	28,061,266	277	26,159,470	370	26,836,129	170	27,414,829	
4A	376	7,065,931	155	7,485,405	175	6,742,629	91	7,844,023	
4B	80	3,242,733	73	6,050,658	51	3,453,654	55	5,831,120	
4C	48	2,199,603	32	1,769,583	40	1,806,780	22	2,201,806	
4D	22	665,856	46	4,168,808	16	1,579,957	31	3,378,293	
4E	98	127,392	6	12,607	94	125,944	8	13,827	
Total unique Persons ^c	3,975		854		2,584		655		

^a "Initially Issued" means QS that was initially issued to its first holder. Initial issuance was accomplished primarily at the beginning of the IFQ Program but continued because of adjudicated appeals.

^bDesignation of "Alaskan" or Non-Alaskan" is premised on holders' self-reported business mailing address; NMFS/RAM makes no effort to verify residency. Changes over time between "Alaskan" and "Non-Alaskan" QS holdings result from QS transfers and QS holders' address changes. Persons with unknown addresses are excluded from this table.

^cThe number of QS holders is not additive across areas or species. "Total Unique Persons" represents the number of QS holders for each species.

Table 3.5 Changes in sablefish QS holdings between initial issuance and those issued in 2005

		Initially Issue	ed ^a	Issued as of Year-end 2005					
	Alaskan ^b	1	Non-A	Alaskan ^b	Al	askan	Non-Alaskan		
Area	Number of Persons	QS Units	Number QS of Persons Units		Number of Persons	QS Units	Number of Persons	QS Units	
AI	49	7,112,625	87	24,405,551	31	9,231,284	68	22,680,151	
BS	62	7,090,226	82	11,514,928	51	6,827,979	64	11,931,611	
CG	395	43,422,477	247	68,055,072	233	41,594,246	173	70,019,869	
SE	466	42,774,622	247	23,734,199	290	43,208,347	158	22,910,066	
WG	107	8,523,462	125	27,562,419	69	8,050,709	102	27,977,001	
WY	250	18,494,619	205	34,938,242	135	17,344,968	138	35,899,731	
Total unique Persons ^c	720		332		520		344		

^a "Initially Issued" means QS that was initially issued to its first holder. Initial issuance was accomplished primarily at the beginning of the IFQ Program but continued because of adjudicated appeals.

TRANSFER ELIGIBILITY CERTIFICATE (TEC)

Besides the GOA Community Purchase Program, eligibility to receive catcher vessel QS by transfer is restricted to those persons who received QS by initial issuance and those individuals who can demonstrate they have served as a member of the harvesting crew in any U.S. fishery for no fewer than 150 days. Those individuals are designated as "IFQ Crewmembers" and receive Transfer Eligibility Certificates (TECs) from RAM.

Table 3.6 displays the number of TECs issued by state of residence to IFQ crewmembers since the program began in 1994. It also shows how many of those IFQ crewmembers were holding QS at year-end 2005. For the same period, Table 3.7 shows quota held by IFQ crewmembers by species, area, and residence.

^bDesignation of "Alaskan" or Non-Alaskan" is premised on holders' self-reported business mailing address; NMFS makes no effort to verify residency. Changes over time between "Alaskan" and "Non-Alaskan" QS holdings result from QS transfers and QS holders' address changes. Persons without known addresses are excluded from this table.

^cThe number of QS holders is not additive across areas or species. "Total Unique Persons" represents the number of QS holders for each species.

Table 3.6 Summary of Transfer Eligibility Certificate (TEC) issuance 1994–2005 and crewmembers holding QS at year-end 2005

Residency	Crewmember TECs Issued 1994–2005	Crewmembers Holding QS/IFQ Year-end 2005
Alaskan ^a	1,923	831
Non-Alaskan ^a	790	294
Total ^b	2,713	1,125

^a Designation of "Alaskan" and "Non-Alaskan" is premised on the applicant's most recently self-reported address.

Table 3.7 Quota held by IFQ Crewmembers by species, area, and residence, year-end 2005^a

Species/	Area	Alaskan IFQ Pounds ^b	Non-Alaskan IFQ Pounds	Total 2005 IFQ Pounds ^c	Percent Area TAC ^d
Halibut	2C	2,584,541	809,593	3,394,134	31
	3A	3,817,574	1,862,748	5,680,322	22
	3B	1,889,078	1,355,310	3,244,388	25
	4A	544,945	617,638	1,162,583	34
	4B	226,673	290,946	517,619	29
	4C	148,381	102,467	250,848	28
	4D	81,487	181,607	263,094	21
Halibut to	otal ^e	9,292,679	5,220,309	14,512,988	25 (% Halibut TAC)
Sablefish	AI	56,335	745,399	801,734	23
	BS	272,467	358,673	631,140	29
	CG	619,886	897,550	1,517,436	12
	SE	1,148,701	808,732	1,957,433	25
	WG	139,487	401,268	540,755	12
	WY	247,021	366,009	583,030	12
Sablefish	total ^e	2,483,897	3,547,631	6,031,528	17 (% Sablefish TAC)

^a An "IFQ Crewmember" is an individual who did not receive QS/IFQ by initial issuance, but who applied for, and was issued, a TEC.

^b Persons without known addresses are excluded from this table.

^b Designation of "Alaskan" or Non-Alaskan" is premised on holders' self-reported business mailing address; NMFS/RAM makes no effort to verify residency.

^c Pounds derive from QS held and are not adjusted by prior year fishing activity.

^d TAC amounts are listed in Table 1.1

^e Persons without known addresses are excluded from this table.

INTERESTS AGAINST OS

Since mid-1995 RAM has informally recorded claimed interests against QS on behalf of creditors. Most lending institutions take advantage of this service, although there is no legal requirement to do so, and these notations do not legally perfect the creditors' interest in the QS.

Table 3.8 shows, by species and type of creditor, the number of reports of interest that RAM recorded as of year-end 2005. Note this table displays the number of interests filed against identifiable QS ranges (blocks, ranges of unblocked QS) and not against quota shareholders.

Table 3.8 Asserted interests recorded by RAM against QS ranges, year-end 2005^a

Type of Person Asserting Interest	Halibut	Sablefish	Total number of Interests Asserted ^{b,c}
Private Banks (and CFAB/credit unions)	980	493	1,473
State of Alaska (Division of Investments)	301	87	388
States of Alaska/WA (Child Support)	3	5	8
Private Lenders (other than banks)	224	126	350
CDQ Groups	18	4	22
NMFS Financial Services Branch	229	88	317
Internal Revenue Service	27	3	30
Total—All NMFS Recorded Interests	1,782	806	2,588

^a Table displays interests voluntarily reported to RAM; interests may be recorded in other venues.

CONSOLIDATION OF OS

Over time in the IFQ Program, QS has consolidated into the hands of fewer persons than the number that received QS by initial issuance. The following tables show, by area and size of holding, how transfer activities have led to consolidation of QS. In these tables, the area data are not additive; quota shareholders may (and many do) hold QS in more than one administrative area for both halibut and sablefish. Also the number of persons holding QS that yields IFQ of differing amounts has changed from the report published in 2004. These minor changes result from two causes:

- tables are updated to include those who received QS through settlements and appeal determinations; and
- to make data comparable over time, tables display the number of quota shareholders using pound equivalents; this report uses 2005 IFQ pound equivalents for all years.

^b More than one person may have reported an interest against the same range of QS units.

^C An interest is counted once for each range of QS units for which it is reported.

CONSOLIDATION OF HALIBUT QS-INITIAL ISSUANCE THROUGH DECEMBER 31, 2005

Table 3.9 Consolidation of halibut QS, initial issuance through year-end 2005 by numbers of persons holding halibut QS by area and size of holdings, expressed in 2005 IFQ pounds

Area ^{a,b}	Size of Holding ('05 IFQ Pounds)	Number Initial Issuees	Holders End of 1995°	Holders End of 1996	Holders End of 1997	Holders End of 1998	Holders End of 1999	Holders End of 2000	Holders End of 2001	Holders End of 2002	Holders End of 2003	Holders End of 2004	Holders End of 2005
	3,000 or less	1,424	1,245	1,056	908	857	806	775	742	717	673	619	591
	3,001-10,000	632	521	473	470	462	449	435	424	420	425	422	416
2C	10,001-25,000	284	300	297	286	285	283	286	279	284	278	282	288
	over 25,000	48	59	69	77	81	85	86	91	90	90	90	89
	2C Total	2,388	2,125	1,895	1,741	1,685	1,623	1,582	1,536	1,511	1,466	1,413	1,384
	3,000 or less	1,750	1,548	1,357	1,197	1,104	1,029	979	932	901	852	793	741
	3,001-10,000	655	554	503	480	484	471	466	464	468	467	470	458
3A	10,001-25,000	372	360	363	363	356	354	353	352	346	346	335	347
	over 25,000	294	291	292	298	298	302	300	301	302	299	299	296
	3A Total	3,071	2,753	2,515	2,338	2,242	2,156	2,098	2,049	2,017	1,964	1,897	1,842
	3,000 or less	483	434	346	250	214	189	175	159	150	139	126	120
	3,001-10,000	265	226	189	163	145	132	125	116	111	117	109	104
3B	10,001-25,000	158	141	127	133	140	135	136	138	140	143	145	142
	over 25,000	150	154	162	163	166	174	173	173	176	178	177	180
	3 B Total	1,056	955	824	709	665	630	609	586	577	577	557	546

Continued

Table 3.9 Continued

Area ^{a,b}	Size of Holding ^b ('05 IFQ Pounds)	Number Initial Issuees	Holders End of 1995°	Holders End of 1996	Holders End of 1997	Holders End of 1998	Holders End of 1999	Holders End of 2000	Holders End of 2001	Holders End of 2002	Holders End of 2003	Holders End of 2004	Holders End of 2005
	3,000 or less	303	261	228	186	162	143	129	110	104	98	99	96
	3,001-10,000	130	114	99	84	82	81	73	66	68	64	63	57
4A	10,001-25,000	61	63	66	66	66	69	67	74	75	74	70	68
	over 25,000	37	39	42	43	44	44	46	45	43	46	48	50
	4A Total	531	477	435	379	354	337	315	295	290	282	280	271
	3,000 or less	47	45	40	35	29	22	22	19	19	18	19	20
	3,001-10,000	56	52	52	45	46	42	38	40	34	36	32	31
4B	10,001-25,000	28	27	26	28	26	30	27	28	30	29	30	29
	over 25,000	21	21	23	22	23	23	26	25	25	25	26	26
	4B Total	152	145	141	130	124	117	113	112	108	108	107	106
	3.000 or less	23	23	22	23	20	20	19	15	15	15	15	16
	3,001 - 10,000	32	32	30	26	24	23	20	15	14	14	14	15
4C	10,001 - 25,000	16	15	17	16	16	16	17	19	19	21	21	20
	over 25,000	10	10	11	12	12	12	13	13	13	13	13	12
ļ	4C Total	81	80	80	77	72	71	69	62	61	63	63	63
	3,000 or less	11	11	10	9	8	7	5	5	3	3	3	3
	3,001 - 10,000	18	18	17	13	10	10	9	8	8	10	10	9
4D	10,001 - 25,000	27	25	28	20	21	18	21	19	19	16	16	14
	over 25,000	13	13	13	17	17	18	17	18	18	20	20	21
	4D Total	69	67	68	59	56	53	52	50	48	49	49	47
	3,000 or less	2,504	2,364	2,148	1,866	1,759	1,648	1,589	1,521	1,469	1,398	1,298	1,231
	3,001 - 10,000	1,158	992	917	880	876	862	850	836	835	824	801	782
All	10,001 - 25,000	662	642	637	622	616	611	611	603	601	605	613	609
	over 25,000	505	512	525	545	544	556	558	575	584	591	590	596
	Total All Areas (Unique Persons)	4,829	4,510	4,227	3,913	3,795	3,677	3,608	3,535	3,489			

^a Halibut data do not include Area 4E; there is no IFQ allocation for that area.

^b The area data in the table are not additive; QS holders may hold QS in more than one administrative area. ^c All years are calculated using 2005 IFQ pound equivalents.

Table 3.10 Consolidation of sablefish QS, initial issuance through year-end 2005 by numbers of persons holding QS by area and size of holdings, expressed in 2005 IFQ pounds

Area ^a	Size of Holding ('05 IFQ Pounds)	Number Initial Issuees	Holders End of 1995 ^b	Holders End of 1996	Holders End of 1997	Holders End of 1998	Holders End of 1999	Holders End of 2000	Holders End of 2001	Holders End of 2002	Holders End of 2003	Holders End of 2004	Holders End of 2005
	5,000 or less	59	55	54	48	46	44	36	34	34	32	32	32
	5,001-10,000	21	18	19	19	20	20	19	16	15	14	16	18
AI	10,001-25,000	20	19	23	23	19	18	20	18	18	17	19	21
	over 25,000	35	32	34	34	34	30	29	29	31	32	31	29
	AI Total	135	124	130	124	119	112	104	97	98	95	98	100
	5,000 or less	72	67	64	58	57	58	52	53	50	50	50	51
	5,001-10,000	26	27	25	26	25	24	22	21	20	16	16	19
BS	10,001-25,000	22	18	20	19	19	19	20	18	20	23	23	23
	over 25,000	25	25	26	27	27	26	25	25	24	25	25	24
	BS Total	145	137	135	130	128	127	119	117	114	114	114	117
	5,000 or less	341	308	284	239	227	216	206	196	188	184	182	173
	5,001-10,000	61	51	42	37	40	38	37	37	38	35	36	34
CG	10,001-25,000	88	86	84	80	74	69	67	72	70	73	72	65
	over 25,000	153	141	141	136	136	135	138	138	141	141	139	141
	CG Total	643	586	551	492	477	458	448	443	437	433	429	413
	5,000 or less	374	321	289	236	215	198	196	184	178	173	166	157
~	5,001-10,000	111	100	83	79	76	78	76	77	74	77	82	77
SE	10,001-25,000	139	142	143	139	135	129	122	123	124	112	104	103
	over 25,000	91	91	94	95	98	99	102	102	105	108	112	115
	SE Total	715	654	609	549	524	504	496	486	481	470	464	452

Continued

Table 3.10 Continued

Area	Size of Holding ('05 IFQ Pounds)	Number Initial Issuees	Holders End of 1995 ^b	Holders End of 1996	Holders End of 1997	Holders End of 1998	Holders End of 1999	Holders End of 2000	Holders End of 2001	Holders End of 2002	Holders End of 2003	Holders End of 2004	Holders End of 2005
	5,000 or less	116	110	106	89	85	84	76	80	77	75	74	71
	5,001-10,000	28	26	22	23	24	26	26	24	21	21	22	21
WG	10,001-25,000	48	39	40	41	37	34	33	30	30	32	33	37
	over 25,000	40	41	43	41	42	41	41	43	45	46	44	45
	WG Total	232	216	211	194	188	185	176	177	173	174	173	174
	5,000 or less	287	251	226	187	174	158	145	140	139	134	127	131
	5,001-10,000	47	46	46	46	51	47	48	46	45	45	43	38
WY	10,001-25,000	63	57	59	56	56	50	47	52	47	43	43	40
	over 25,000	59	62	61	61	60	63	63	62	65	65	67	67
	WY Total	456	416	392	350	341	318	303	300	296	287	280	276
	5,000 or less	506	470	463	407	383	372	362	353	341	323	321	312
	5,001 - 10,000	114	110	99	104	109	110	112	110	107	109	108	106
All	10,001 - 25,000	154	153	155	160	152	150	144	148	152	156	157	154
	over 25,000	280	274	277	269	275	270	272	279	287	298	299	303
	Total All Areas ^c	1,054	1,007	994	940	919	902	890	890	887	886	885	875

^a The area data in the tables are not additive; QS holders may hold QS in more than one administrative area.

^b All years are calculated using 2005 IFQ pound equivalents.

^c "Total All Areas" shows unique persons.

CHANGES IN QS HOLDINGS, INITIAL ISSUANCE TO YEAR-END 2005

Over time, fewer initial issuees have been active in the fishery. As expected, the rate at which they have left the IFQ fisheries has decreased. Figure 3.1 shows the percent and number of persons initially issued any type of QS who were holding QS at the end of each year of the IFQ Program.

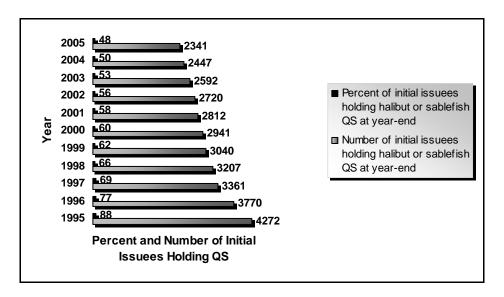


Figure 3.1 IFQ Halibut and Sablefish Initial Issuees, 1995–2005

Figures 3.2a and 3.2b show a decrease over time in numbers of halibut and sablefish QS holders (whether or not holders were initial issuees).

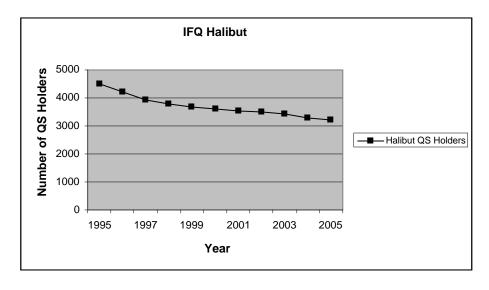


Figure 3.2a Halibut QS Holders, 1995–2005

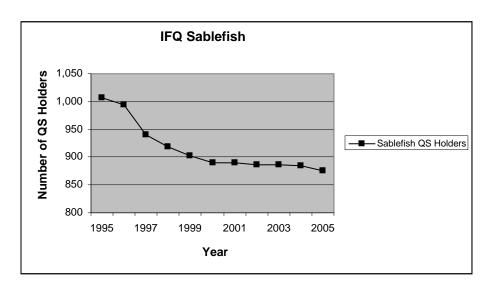


Figure 3.2b Sablefish QS Holders, 1995-2005

VESSEL PARTICIPATION

Tables 3.11 and 3.12 display reductions in the numbers of vessels participating in fixed-gear fisheries under the IFQ Program, compared with years just prior to program implementation. In the columns displaying counts of vessels by area, note that the same vessels may have participated in the fishery in different areas. The final rows of data show the total numbers of individual vessels that participated in the fisheries in any regulatory area.

Table 3.11 Number of vessels with halibut harvests by area and year, 1992–2005

Species/ Area	Pre-I	FQ Pro	gram		IFQ Program									
Halibut	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
2C	1,775	1,562	1,461	1,105	1,029	993	836	840	816	733	713	706	678	672
3A	1,924	1,529	1,712	1,145	1,104	1,076	899	892	839	802	746	712	696	670
3B	478	401	320	332	350	357	325	323	340	327	315	328	303	302
4A	190	165	176	140	147	142	120	121	125	118	119	114	112	104
4B	82	65	74	57	64	69	47	51	55	52	52	44	42	38
4C	62	58	64	35	41	46	30	36	35	28	24	24	24	9
4D	26	19	39	27	33	33	22	29	32	31	32	26	27	29
Total Vessels	3,452	3,393	3,450	2,057	1,962	1,925	1,601	1,613	1,568	1,451	1,385	1,338	1,304	1,276

Table 3.12 Number of vessels with sablefish harvests by area and year, 1992–2005

Species/ Area	Pre-IFQ Program		IFQ Program											
Sablefish	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
AI	50	65	61	67	64	56	39	42	43	39	38	44	36	34
BS	100	85	61	68	64	55	45	44	53	42	47	45	38	45
CG	613	500	602	347	312	291	260	244	228	225	208	204	192	192
SE	510	393	488	391	368	339	309	295	280	266	262	250	252	234
WG	126	47	30	101	97	91	81	77	77	74	74	75	73	76
WY	275	209	265	243	230	206	188	172	158	146	143	136	136	131
Total Vessels	1,166	969	1,191	616	565	530	477	463	450	433	415	409	396	378

Figures 3.3a and 3.3b show a consistent pattern of decreasing numbers of vessels in the halibut and sablefish fisheries since the IFQ fishery began in 1995. The figures reveal initial precipitous declines that, as expected, gradually slowed over time.

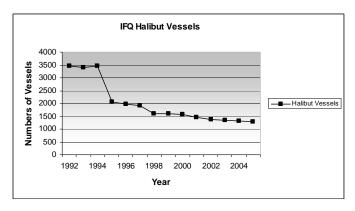


Figure 3.3a Vessel Participation in the IFQ Halibut Fisheries, 1992-2005

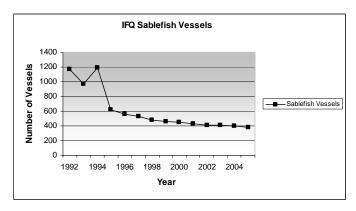


Figure 3.3b Vessel Participation in the IFQ Sablefish Fisheries, 1992–2005

IFQ LOANS

The North Pacific Loan Program

Under the authority of the Magnuson–Stevens Act, the NMFS financial Services Branch in Seattle issues loans to purchase or refinance Quota Share to entry-level fishermen and those fishing from small vessels. Since fiscal year (FY) 1998, congressional appropriations have established a loan fund of \$5,000,000 for each fiscal year. The next table displays the number of loans and amounts approved each fiscal year by borrowers' state of residence.

Table 3.13 Status of NMFS loans for purchase of QS/IFQ by residence, fiscal year, amount, and number of loans, 1998–2005

State of Residence	1998	1999	2000	2001	2002	2003	2004	2005	Number loans	Average loan amount	Total loan amount
Alaska	2,704,749	2,942,881	2,852,759	2,506,978	2,898,348	3,886,000	2,412,042	1,921,075	181	122,237	22,124,832
Arizona				185,000	170,187				2	177,594	355,187
California			260,000				272,178		3	177,393	532,178
Colorado			60,000				150,000	288,000	3	166,000	498,000
Florida		360,019						360,240	2	360,130	720,259
Georgia	250,000		92,871						2	171,436	342,871
Idaho			80,000	99,564					2	89,782	179,564
Michigan		61,500							1	61,500	61,500
Minnesota					100,000				1	100,000	100,000
Nebraska				200,000					1	200,000	200,000
Nevada					100,000				1	100,000	100,000
Oregon	169,336	205,800	393,000	354,955	100,000	300,000	342,000		14	133,221	1,865,091
S. Dakota							100,000	200,000	2	150,000	300,000
Texas							68,780		1	68,780	68,780
Utah	114,808							240,000	2	177,404	354,808
Washington	1,761,107	1,429,800	1,261,370	1,570,914	1,631,465	814,000	1,655,000	1,990,685	81	149,560	12,114,341
Wisconsin				65,089					1	65,089	65,089
FY Totals	5,000,000	5,000,000	5,000,000	4,982,500	5,000,000	5,000,000	5,000,000	5,000,000	300	\$133,275	\$39,982,500

Section 4

ANNUAL REPORT IFQ FEE (COST RECOVERY) PROGRAM

COST RECOVERY

Section 304(d)(A) of the Magnuson–Stevens Fishery Conservation and Management Act (MSA), enacted in late 1996, obligates NMFS to recover the "actual costs of managing and enforcing" the IFQ Program. The law provides that the fee be paid by IFQ fishermen and premised on the exvessel value of fish harvested under the program. The fee cannot exceed 3 percent of the annual ex-vessel value in dollars, goods, and services.

USE OF FUNDS

Receipts from the collection effort are deposited in two accounts. Twenty-five percent (25 percent) of the collections are deposited in the U.S. Treasury. They are available to Congress for annual appropriations to support the North Pacific (IFQ) Loan Program. The other 75 percent is deposited in the "Limited Access System Administrative Fund" (LASAF). Funds in this account are available only to the Secretary of Commerce and must be spent on IFQ Program management and enforcement.

REQUIREMENTS AND RESPONSIBILITIES

The program places responsibilities on two categories of participants: 1) IFQ Registered Buyers who are acting as shoreside processors and 2) IFQ permitholders with landings of halibut or sablefish authorized by their permit.

For IFQ Registered Buyers

Registered Buyers acting as shoreside processors must report the price and amount of purchased pounds of halibut and sablefish by species, month, and port—essential for calculating annual standard ex-vessel prices of IFQ fish. Reports are due at RAM by October 15 each year and can be submitted on the Internet or on paper forms.

For IFO Permitholders

IFQ permitholders are responsible for fees owed for all landings on their permit(s), regardless of whether their IFQ pounds were from their own QS or leased from another quota shareholder and regardless of whether a permitholder or hired skippers made the landings.

Permitholders must pay their fee liability by no later than January 31 of the year after the calendar year of the landings. There are two payment options:

Option 1: Permitholders may pay the amount billed, (RAM's calculation of the annual fee owed, based on standard prices and values) or

Option 2: Permitholders may pay an amount based in whole or in part on actual ex-vessel value from the sale of their IFQ halibut or sablefish. If they choose this option, they must be prepared to demonstrate, with written documentation, how much they were paid for those IFQ landings.

RAM Responsibilities

At the end of each IFQ season, RAM is responsible for these actions:

- ✓ compiles a list of all IFQ landings by species, month, and port or port group;
- ✓ uses shoreside Registered Buyer data to calculate a set of standard ex-vessel prices for IFQ fish landed;
- ✓ applies the appropriate standard ex-vessel price to each landing, creating a standard exvessel *value* for each landing;
- ✓ sums the total standard ex-vessel values of all landings to derive the total ex-value of the year's IFQ fishery;
- ✓ compiles all costs directly attributable to the IFQ fishery;
- ✓ uses direct program costs and total ex-vessel value to calculate the annual fee percentage; and
- ✓ applies the percentage to the standard ex-vessel values to determine the fee owed for each landing;
- ✓ sums the fees owed for all landings on all IFQ permits held by each person. This final figure is the *annual fee* owed by each permitholder, based on standard prices and values.
- ✓ mails IFQ permitholders a summary that itemizes their landings and shows their calculated fee liability. RAM bases the fee liability on the sum of all payments of monetary (in dollars, goods, and services) worth to fishermen for landings of IFQ fish.

Penalties: Failure to pay on time results in NMFS action against the permitholder's Quota Share holdings and additional monetary charges, fines, and/or permit sanctions. If a permitholder fails to pay by the January 31 due date, his/her QS/IFQ will become nontransferable until the fee liability is satisfied. Also, RAM will issue an Initial Administrative Determination (IAD) to which the permitholder must respond within 30 days. If an account is unpaid for 30 days after the due date, administrative fees, interest, and penalties start to accrue.

If the account is not paid within the 30 days provided by the IAD, in addition to penalties, interest, and fees, the permitholder's IFQ permit account will be sanctioned and the permitholder will be unable to fish until the fee liability is satisfied. Additional fines may also apply.

2004 PAYMENT PERFORMANCE

At the end of last season, the fee was established at 1.3 percent, lower than every year except 2003, when the percentage was also 1.3 percent. In 2004 RAM billed 2,430 permitholders and of these only 8 were sent to collections.

CALCULATING THE 2005 FEE

The fee for 2005 rose slightly to 1.6 percent. This figure derives from at least four sources:

- the total ex-vessel value of the halibut and sablefish fisheries
- ➤ the total costs of managing and enforcing the IFQ Program (by actual expenditures during FY 2005)
- > the balance in the Limited Access System Administrative Fund (last year's overpayment, if any)
- the anticipated nonpayment rate. These are discussed below.

THE 2005 IFQ COST RECOVERY FEE PERCENTAGE

NMFS announced that the 2005 IFQ fee percentage was set at 1.6, slightly higher than in the last five years, except in 2000, when the fee percentage was 1.8 percent. Under cost recovery regulations, IFQ permitholders who used their permits to record landings of halibut or sablefish during the 2005 IFQ fishery were obligated to pay 1.6 percent of the total ex-vessel value from the sale of their halibut or sablefish.

The fee percentage was premised on a total ex-vessel value calculated at \$236,734,058.14 and total program expenditures of \$3,743,630.

In 2005 RAM billed 2,382 permitholders, down slightly from last year's 2,430. Compliance continues strong, partially due to improved payment options, which include credit card, online payments, and direct mail by check, money order, or credit card.

Calculating the fee percentage

The fee percentage is calculated using the following formula:

$[100 \times (DPC-AB)/V]/(1-NPR)$

This is not as complicated as it may seem. It simply means that the Direct Program Costs (DPC) of management and enforcement, less the amount that was overcollected from last year, or the Account Balance (AB), multiplied times 100, is then divided by the fisheries Value (V) and is further divided by the anticipated Payment Rate (calculated by subtracting the Non-Payment Rate from 1, or, as set out in the formula, "1-NPR"). The result, rounded to the nearest 0.1 percent, is the *fee percentage*. Table 4.1 shows the formula for calculating the 2005 fee percentage.

Table 4.1 Detail of formula for calculating the 2005 fee percentage

Factor	Value	Activity			
Cost (DPC)	3,743,630	minus			
Overpayment (AB)	0.00	times 100 and divided by			
Fisheries Value (V)	236,734,058.14	divided by			
Payment Rate (1-NPR)	0.9999	equals			
=	1.581207248	rounded to nearest 0.1 percent yields			

Rate for 2005 IFQ Season = 1.6 percent

COST COMPONENTS OF THE IFQ FEE PROGRAM

The two highest cost components are NMFS Enforcement and RAM, respectively. Between years, costs fluctuate due to changes within the programs, such as new purchases of patrol equipment and personnel changes.

Ex-vessel Value of the IFQ Fisheries

Because the fee obligation is premised on a percentage of the ex-vessel value of the IFQ fisheries, it has been necessary to calculate those values. Ex-vessel prices vary from port to port and with the time of year. Accordingly, in October IFQ Registered Buyers that received IFQ halibut or sablefish as shoreside processors submitted information on 1) the amount of halibut and sablefish they received and 2) their purchase price paid to permitholders. Buyers reported this information by species, port, and month.

RAM used the data to calculate the average ex-vessel value for each species, port, and each month. Then the amount of IFQ products delivered to each port, by month, was multiplied by this "standard value." Generally, the calculations show the total standard ex-vessel value of the two fisheries in 2005 was \$236,734,058.

Halibut	\$167,722,392.79
Sablefish Sablefish	\$ 69,011,665.35
Total	\$236,734,058.14

Costs of Management and Enforcement

The other part of determining the fee is calculating costs associated with managing and enforcing the IFQ Program. Note these costs are incremental (that is, costs that would not have been incurred but for the IFQ Program). To arrive at these costs, in early September 2005 NMFS agency units and the International Pacific Halibut Commission (IPHC) each calculated their own IFQ-associated costs. NMFS Alaska Region agency units submitting costs included NMFS/RAM, NMFS Sustainable Fisheries, NMFS Office of Law Enforcement, and NMFS Operations, Management and Information Division (OMI). Table 4.2 shows the costs by agency and operating unit.

Table 4.2 Costs associated with management and enforcement of the IFQ Program, year-end 2005

Cost Category	NMFS RAM	NMFS Enforcement	NMFS Sustainable Fisheries	NMFS OMI	IPHC	Total
Personnel Costs ^a	545,026	1,135,610	67,488	81,101	233,243	2,062,468
Travel ^b	31,517	108,191	0		24,620	164,328
Transportation ^c	0	10,600	0		0	10,600
Printing	100	0	0		0	100
Contracts/Training	0	330,100	0		26,111	356,211
Supplies	63,983	33,736	990	2,300	11,471	112,480
Equipment	1,610	419,100	0		0	420,710
Rent/Util/Overhd ^d	168,268	224,590	8,581	3,000	0	404,439
Other	0	210,850	0		1,444	212,294
Total	810,504	2,472,777	77,059	86,401	296,889	3,743,630

^a Personnel Costs include COLA and all benefits.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

^d Rent/Utilities/Overhead includes costs of space and utilities and shared common space and services.

CONCLUSION

This year Registered Buyers and members of the IFQ fleet have continued to comply and cooperate well with fee program requirements. Each year RAM calculates the annual fee using these annual calculations, relying directly on excellent reporting by Registered Buyers. The IFQ fleet participation in 2005 remained strong, further strengthening the IFQ fee program. We expect this reciprocal relationship to continue to sustain the fee program well into the future.

Cost Recovery fees do not increase budgets or expenditures. They simply *offset* funds that would otherwise have been appropriated, except the IPHC expenditures, for which there is no direct appropriation. No budgetary advantage is ever gained by inflating IFQ management and enforcement costs.

APPENDIX

DESCRIPTION OF THE HALIBUT AND SABLEFISH IFQ PROGRAM

A BRIEF HISTORY OF THE IFQ PROGRAM

In December of 1991, the Council proposed an IFQ Program as the best alternative to address problems associated with excess harvesting capacity in the Pacific halibut and sablefish longline fisheries off Alaska. The decision to propose an IFQ Program resulted from years of discussion and debate about the best way to address the problems created by overcapitalization in the fisheries (sometimes expressed as "too many boats chasing too few fish"). These problems included short "derby" openings (in most cases, seasons lasted less than a week), lost gear (and resulting "ghost fishing"), gear conflicts, safety concerns, poor product quality, low ex-vessel prices, and a host of other issues.

The IFQ approach was chosen to provide fishermen with the authority to decide the amount and type of investment they wished to make to harvest the resource. By guaranteeing a certain amount of catch at the beginning of the season, and by extending the season over a period of 8 months, those who held the IFQ could determine where and when to fish, how much gear to deploy, and how much overall investment in harvesting they would make.

One way to achieve the advantages of such a program was to insure the transferability of quota from one person to another. However, concerns were expressed about allowing quota to be freely transferred. To address the fear that most of the quota could eventually be concentrated into very few hands (thus undermining the economies of fishery-dependent communities), and could be held by persons who do not fish (thus establishing a "landlord" class of quota holders), the Council designed a number of constraints to unrestricted transferability. This was done to ensure that the characteristics of the fleet that existed prior to the IFQ Program (an essentially "owner-operator" fleet of catcher vessels of various lengths) would not be fundamentally changed by the program.

Following further refinement, the Council's IFQ proposal was approved by the Secretary of Commerce and finally published in the Federal Register in November of 1993. The IFQ Program is administered by the National Marine Fisheries Service, Restricted Access Management (RAM).

During the initial application period, more than 6,000 persons applied for more than 9,000 QS certificates (by area, species, and vessel category). From that pool of applications, RAM determined approximately 1,100 not to be eligible for QS, while some 750 others challenged part or all of the official records used to determine who received QS, what amount, and which type. RAM issued an Initial Administrative Determination (IAD) to all applicants whose claims were denied in whole or in part. An appeal process within the Office of Administrative Appeals (OAA) allowed an appellant to appeal a Final Agency Action (a decision of the OAA that had

been published for 30 days) to the federal courts.

GENERAL IFO PROGRAM DESCRIPTION

Under the IFQ Program, eligible persons were issued QS based on halibut and sablefish landings made aboard vessels that they owned or leased during the late 1980s and in 1990. Applications for initial issuance of QS were received and processed by RAM. The application deadline was July 1994, and most applications were received in 1994. Issuance of QS to eligible applicants began in November of 1994.

To determine how many pounds of fish a QS holder may harvest during each year's fishing season (i.e., the person's annual IFQ), RAM first establishes the QS Pool (QSP) for both species and each regulatory area. There are eight halibut regulatory areas and six sablefish regulatory areas. The QSP is the sum of all the QS units that have been issued in a given area for each species. RAM calculates the QSP annually (on January 31), which varies slightly from year to year due to administrative adjustments.

After fisheries managers determine what the annual Total Allowable Catch (TAC) will be, each QS holder's QS for the area is divided by that area's QSP and the resulting fraction is then multiplied by the TAC. This equation yields the number of pounds of IFQ that a QS holder may harvest that year, before adjustments for the previous year's fishing activity. Put simply, the above explanation can be expressed in this equation:

$$QS \div QSP \times TAC = IFQ$$

Note that although a person's QS remains the same, and the QSP may vary by a slight amount from year to year, the TAC may change significantly annually, depending on the condition of the stocks. As the TAC rises, so does each person's IFQ; as it declines, each person's IFQ likewise decreases.

In this manner, the total annual TAC is divided up; those to whom IFQ permits have been issued may then harvest their share at any time during the eight plus-month IFQ halibut and sablefish seasons. Those who do not hold QS are generally excluded from the fisheries, although the program contains several very limited provisions for "leasing" IFQ.

OTHER PROGRAM ELEMENTS

As noted above, the Council took steps to insure that QS would not eventually be consolidated into a very few hands. To accomplish this goal, strict limits on how much QS can be held by any person are imposed on QS holders (persons who received more than the "cap" by initial issuance were "grandfathered" in; however, they may not receive more QS by transfer). Refer to Section 1, page 3, for a breakdown of the 2005 QS use and vessel IFQ caps.

In addition to the caps, the Council has provided for QS blocking provisions. Under this program element, QS that originally yielded less than 20,000 pounds of IFQ (using the 1994 QSPs and TACs) was issued as a block, and such blocks may not be subdivided upon transfer. Further, no person may hold more than two blocks of QS for the same species in any regulatory area (or one block and unblocked QS up to the cap). In this way, smaller amounts (blocks) of QS will always be available for those who wish to enter the fishery by getting QS by transfer.

To meet the goal of an owner-operated fleet, catcher vessel QS may only be transferred to individuals, and those individuals must be aboard the vessel when the fish are harvested and landed. In recognition of historical fishing practices, initial issuees may (with some exceptions) hire skippers to fish their annual IFQ. Currently, the QS holder must demonstrate that she or he holds at least a 20 percent ownership interest in the vessel on which the IFQ is to be fished.

Quota share and the annual IFQ that it yields are classified by species, regulatory area, and vessel category. A variety of restrictions regarding harvesting and landing IFQ fish are also in place. Although there is no space here to discuss these in detail, more information about program restrictions is available in the IFQ regulations on the NMFS website www.fakr.noaa.gov or by contacting RAM.

HALIBUT AND SABLEFISH IFQ REGULATORY AREAS

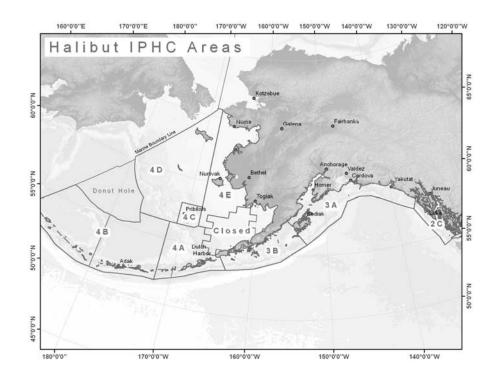


Figure A.1 Halibut IFQ Regulatory Areas.

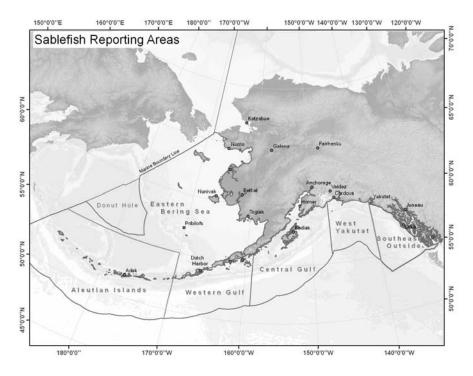


Figure A.2 Sablefish IFQ Regulatory Areas