

1998 REPORT TO THE IFQ FLEET

Prepared February 1999

Alaska Region, National Marine Fisheries Service
Restricted Access Management
P.O. Box 21668 • Juneau, AK 99802





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To the IFQ Fleet:

Greetings from the Alaska Region, National Marine Fisheries Service (NMFS), Restricted Access Management (RAM). The 1999 IFQ season gets under way at noon on March 15, and as part of the process of supplying you with your 1999 IFQ permit and cards, we also provide this *1999 Report to the IFQ Fleet*.

The report contains important information about the 1999 season, reviews the 1998 season, provides information on IFQ program performance, discusses some developments that may affect the program, and provides a directory of offices and officials that you may find useful. Of course, we welcome any questions you may have. RAM may be contacted as follows:

Telephone (toll free)	(800) 304-4846 (# 2)
Juneau local number	(907) 586-7344
Facsimile	(907) 586-7354
Mailing Address	P.O. Box 21668 Juneau, Alaska 99802-1668
Internet Home Page	< http://www.fakr.noaa.gov >

The 1999 season is the fifth full season of fishing for halibut and sablefish under the IFQ Program; we hope your season is successful.

Sincerely,

Philip J. Smith, Administrator
Restricted Access Management

1998 REPORT TO THE FLEET
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SECTION I

THE 1999 HALIBUT AND SABLEFISH IFQ SEASON

The 1999 Individual Fishing Quota (IFQ) season gets under way at Noon on March 15, 1999. Fishing will be allowed for the next 240 days, until Noon on November 15, 1999. To help you to prepare for the season, this section includes information on how your 1999 IFQ amounts were calculated, what to do if you disagree with RAM's calculations, the 1999 Quota Share (QS) Use and Vessel IFQ Caps, changes to the rules that are in effect for this new fishing year, and other issues.

CALCULATING YOUR 1999 IFQ AMOUNTS

Now that the fisheries managers have determined, for each halibut and sablefish regulatory area, what the 1999 Total Allowable Catch (TAC) limits will be, it is possible to apply some simple math to calculate your IFQ. For each area in which you hold QS, the amount of QS you hold is divided by the amount of all the QS that has been issued for that area (this is 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 you may harvest that year based on the QS you hold. Put simply, the above explanation can be expressed as follows:

$$\text{QS} \div \text{QSP} \times \text{TAC} = \text{IFQ}$$

In many cases, the resulting IFQ number is adjusted slightly (up or down) depending on the prior season's fishing. If you (or whoever the prior years' IFQ holder may have been) recorded overages (caught more fish than the permit allowed), an amount up to 10% of the IFQ remaining at the beginning of the last 1998 trip will be deducted from your current season's IFQ. On the other hand, if you (or the IFQ holder) did not catch as many pounds as allowed by the IFQ permit, up to 10% of the final 1998 permit amount will be added to the current season's IFQ. The adjustment "follows" the QS in 1999. This means that if the QS transferred the following year's overage or underage allocation will apply to the new QS holder(s). In short, your 1999 IFQ will be adjusted by overages and underages if last year's IFQ holder overfished or underfished the IFQ, regardless of who that may have been.

The QSPs and TACs for each area have been established for 1999. The following table (overleaf) shows those amounts. It also shows the "ratio" between the QSP and the TAC for each area; this ratio shows how many units of QS are needed to yield one pound of IFQ.

1999 QUOTA SHARE POOLS (QSPs) AND TOTAL ALLOWABLE CATCHES (TACs)

Species and Area	1999 Quota Share Pool (units)	1999 IFQ TAC (pounds)	Ratio (QS:IFQ)
Halibut 2C	59,551,257	10,490,000	5.677
3A	184,907,401	24,670,000	7.495
3B	53,903,791	13,370,000	4.032
4A	14,503,009	4,240,000	3.421
4B	9,284,774	3,184,000	2.916
4C	3,969,186	1,015,000	3.911
4D	4,869,276	1,421,000	3.427
4E	139,999	0	0
All Areas	331,128,693	58,390,000	
Sablefish SE	65,967,848	7,054,720	9.351
WY	53,207,225	4,023,395	13.224
CG	111,032,423	9,858,971	11.262
WG	35,951,012	3,209,898	11.200
AI	31,518,176	1,825,409	17.266
BS	18,587,476	1,181,666	15.730
All Areas	316,264,160	27,154,059	

Notes to Table:

- C The "ratio" displays the number of units of QS that yield one pound of 1999 IFQ.
- C QS Pools 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).
- C TACs do not include pounds that have been set aside for the CDQ program.
- C Halibut weights are displayed in net pounds; sablefish weights in round pounds.

**PROTESTING RAM'S CALCULATION OF YOUR
1999 IFQ PERMIT AMOUNTS**

Although much effort is made to insure that your IFQ pounds are calculated correctly, some of the calculations are difficult, particularly when overage and underage adjustments from the prior season are combined with transfers. In other words, mistakes are occasionally made. Therefore, it is in your interest to double-check your permit with your own calculations. If you find a discrepancy between RAM's calculation and your own, we urge you to contact RAM to discuss the matter.

If RAM's explanation for the calculations does not satisfy you, and if you still wish to pursue the matter, you may formally request, in writing, that a change be made. To be considered, any such request for an adjustment to your IFQ amounts must be in writing, should contain relevant documentation, and should be received by RAM no later than the 60th day from the effective date of your IFQ permit (or May 15, 1999).

If, upon reviewing your written claim, RAM agrees with you, an adjustment will be made. On the other hand, if RAM does not agree, an Initial Administrative Determination (IAD) will be prepared and sent to you. The IAD will explain the rationale that was used to calculate your IFQ, will contain a discussion of the regulations that pertain, and will give you explicit instructions for appealing the determination to the Office of Administrative Appeals.

1998 QS USE AND VESSEL IFQ CAPS

The IFQ rules place definite limits on the amount of QS that yields IFQ that any one person may hold (QS Use Caps) and on the amount of total IFQ pounds that can be landed from one vessel during any season (Vessel IFQ Caps). The following table displays the caps that are in effect during the 1999 season (note that the halibut QS Use Caps are constant, based on the 1996 QSPs):

1999 QS USE CAPS AND VESSEL IFQ CAPS

Halibut QS Use Caps		
Applicable %	Size of 1996 QSPs	QS Use Cap
1% of 2C QSP	59,979,977 QS units	599,799 QS units
.5% of 2C, 3A, 3B QSPs	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
Halibut Vessel IFQ Caps		
Vessel Use Cap %	1999 IFQ TAC	Vessel Use Cap
1% of 2C IFQ TAC	10,490,000 net pounds	104,900 net pounds
.5% of All IFQ TAC	58,390,000 net pounds	291,950 net pounds
Sablefish QS Use Caps		
Applicable %	Size of 1999 QSPs	QS Use Cap
1% of SE QSPs	65,967,848 QS units	659,678 QS units
1% of All QSPs	316,264,160 QS units	3,162,642 QS units
Sablefish Vessel IFQ Caps		
Vessel Use Cap %	1999 IFQ TAC	Vessel Use Cap
1% of SE IFQ TAC	7,054,720 round pounds	70,547 round pounds
1% of All IFQ TAC	27,154,059 round pounds	271,541 round pounds

Note to Table:

- C Vessel IFQ Caps are calculated on the IFQ TAC only; CDQ TACs are not included in the calculations.

THE 1999 SABLEFISH SURVEY

The 1999 sablefish survey, conducted by the Alaska Fisheries Science Center (Auke Bay Laboratory), will proceed during the summer months (June, July, and August). As mentioned in a Special Notice, dated February 1999, there have been some changes to the way the survey is being conducted, and sablefish fishermen are urged to remain informed about the survey.

Meanwhile, to insure the accuracy and reliability of the survey data, longline fishermen are strongly urged to stay at least five nautical miles away from each survey station for seven days before, and three days after, the planned sampling. The location and date of survey activities were provided in a Special Notice that was sent to all sablefish IFQ holders. The information is also posted on the NMFS, Alaska Region Internet site. Mike Sigler and Tom Rutecki at the Auke Bay Laboratory are the contacts for survey information; they can be reached by calling (907) 789-6037 and (907) 789-6051, respectively.

NEW RULES FOR THE 1999 IFQ SEASON

Every year since the inception of the IFQ program, there have been adjustments to the regulations that govern the program. Some of these have been major (such as the “Fish-Down” provisions that came into effect in late 1996), while many have been “technical” in nature. For 1999, a variety of new rules and procedures have been adopted. Those that may most significantly effect your 1999 fishing operations are discussed below:

NOTE THAT THE FOLLOWING DISCUSSION OF IFQ REGULATIONS IS FOR INFORMATIONAL PURPOSES ONLY; IT SHOULD NOT BE RELIED ON AS A STATEMENT OF THE LEGAL REQUIREMENTS OF THE REGULATIONS. CURRENT REGULATIONS THAT GOVERN THE IFQ PROGRAM CAN BE FOUND AT 50 CFR § 679.

AVOIDING SEABIRDS IN THE HOOK AND LINE FISHERIES

New regulations that require operators of vessels fishing for halibut to employ specified measures to reduce seabird bycatch and incidental seabird mortality have been published in the Federal Register. These regulations parallel the regulations that were already in effect for the groundfish (including sablefish) fishery, beginning in 1998. The new rules require that persons who operate hook and line vessels must (for example):

- Use hooks that, when baited, sink as soon as they are put in the water;
- Discharge offal (if any) in a manner that distracts seabirds from baited hooks; and
- Make every reasonable effort to insure that seabirds that are brought aboard alive are released alive and, when possible, hooks are removed without jeopardizing the life of the bird.

For your information and ready reference, an update of the brochure that was distributed last year is included with the IFQ permit materials. Also, because of continuing seabird mortality, additional measures (refining those already in place) are being considered.

CHANGE TO LANDING REPORTS

To improve the accuracy of landings data, Registered Buyers (RB) are now required to include reporting of a three-digit port code as part of a complete landing report. The port reported by the vessel operator in the Prior Notice of Landing must match the port reported by the RB in the Landing Report. A list of port codes is included in the updated *Transaction Terminal User's Guide*, which is available from RAM and can be found on our Internet web site. Lists of codes for use in reporting landings are also being mailed to each person holding an electronic Transaction Terminal.

LOGBOOK RECORDKEEPING AND REPORTING REQUIREMENTS

Each year, the International Pacific Halibut Commission (IPHC) and NMFS distribute logbooks for use in reporting information about halibut and groundfish fishing. Many vessel owners and operators will continue to use the conventional 1999 logbooks that were distributed beginning December 1998. However, beginning this fishing year, owners and operators of vessels that participate in both the IFQ fisheries and in non-IFQ groundfish fisheries will be able to take advantage of a single, combined IFQ/groundfish logbook. The new logbooks are being mailed to owners of catcher/processors and of catcher vessels greater than 60 feet length overall, which in 1998 had IFQ landings and which are licensed to retain groundfish. If you believe you own or operate a vessel that should use the new combined logbook but do not receive one soon, contact NMFS Sustainable Fisheries Division at the address provided in the Appendix, before your vessel is deployed in the 1999 IFQ fishery.

HIRING A SKIPPER TO FISH YOUR IFQ

Early in 1998, RAM sent out a Special Notice to all QS holders who may (or who must) designate skippers to fish their IFQ. The notice summarized regulations that were intended to be in effect during the 1998 season. Although they were not finalized during 1998, they are in effect for the 1999 season and provide as follows (this information is repeated from last year's Report to the Fleet):

- C QS holders that are not individuals (such as Corporations, Partnerships, Estates, etc.) must designate a hired skipper (master) to fish their IFQ; further, such QS holders must demonstrate that they hold an ownership interest of at least 20% in the vessel upon which the designated skipper is going to fish their IFQ; further, such QS holders must demonstrate that they own the vessel upon which the designated Skipper is going to fish.

- C QS holders who wish to designate a hired skipper (i.e., all non-individual holders, and individuals who received QS by initial issuance) must demonstrate that they hold an ownership interest of at least 20% in the vessel upon which the designated hired skipper is going to fish;

- C Evidence of vessel ownership percentage (in the form of a current U.S. Coast Guard Abstract of Title) will be required;
- C Indirect ownership of 20% of the vessel will be allowed, provided that sufficient documentation is provided to show the ownership relationship between the QS holder and the vessel owner (for instance, if a QS holder is an individual who owns 20% of a corporation that owns the vessel, s/he must present corporate documents showing that ownership interest). To formalize this practice (which heretofore was simply a RAM policy interpretation), the Council gave its final approval to a Fisheries Management Plan amendment during 1998; and,
- C QS holders who, prior to April 17, 1997, obtained a hired skipper IFQ landing card and who owned less than 20% of the vessel at the time the card was issued, may continue to apply for, and have approved, IFQ landing cards for hired skippers at that same percent of ownership for that same vessel; however, once those QS holders receive additional QS by transfer, the “grandfather” rights lapse and they must demonstrate ownership of at least 20% of the vessel upon which their hired skipper is going to fish the IFQ.

These rules are complicated, and individual situations may vary. Accordingly, if you have questions about how they might apply in your particular situation, please contact RAM.

OTHER PROPOSED REGULATORY CHANGES

In 1998, the North Pacific Fishery Management Council (Council) analyzed the following proposed amendments to the Fishery Management Plans (FMPs) for groundfish and recommended that they be adopted by the Secretary:

- C A proposed amendment to the FMPs to change the way that the sablefish QS use limits (“caps”) are calculated. When finalized, the caps will be established as fixed numbers of QS units (in the same way that the halibut caps are now calculated), and will not change from year to year;
- C A proposed FMP amendment to redefine “... a change in the corporation or partnership ...” to include the dissolution of an estate and require all non-individual QS holders to annually report their status to RAM; and
- C A proposed FMP amendment to allow for “indirect” ownership of a vessel by a QS holder who wishes to hire a skipper to harvest his/her IFQ (see discussion of hired skippers, above).

Regulations to implement these formal changes to the FMP are under review and are expected to be in effect for the 1999 season.

Also under development is a set of mostly technical amendments to the IFQ regulations, which we anticipate will be in effect during the 1999 season. If adopted, these proposals would:

C Clarify the requirements for IFQ fishermen fishing in open access sablefish fisheries in Alaska State waters; the proposed regulation would clarify that only those who currently hold sablefish QS and IFQ permits and cards would be required to follow all federal IFQ regulations while fishing in state waters;

C Revise the definition of an "IFQ landing" to include "trailing" -- i.e., the removal from the water of a vessel that contains IFQ harvests;

C Exempt lingcod fishermen employing dinglebar gear from the six-hour Prior Notice of Landing and twelve-hour landing window requirements if they hold halibut IFQ and wish to land incidental bycatch of up to 500 pounds of halibut bycatch along with their legal lingcod landings;

C Specify which RB is responsible for filing shipment reports for IFQ landings when more than one registered buyer is involved;

C Extend the existing surviving spouse transfer provisions to include a family member designated as a beneficiary to whom the survivorship transfers privileges would extend in the absence of a surviving spouse;

C Require corporations, partnerships, and other non-individual entities that hold QS to provide annual updates to RAM on the status of the corporation or partnership, including the number and names of shareholders or partners; and,

C Allow appeals of IADs made under the IFQ Program regulations to be submitted by electronic media.

For further information on the content and status of these (or any other) proposed changes to the IFQ regulations, contact the NMFS Sustainable Fisheries Division.

NEW IFQ OVERAGE PENALTY POLICY

The NOAA General Counsel and the NMFS Alaska Enforcement Division have reinterpreted the regulation governing deductions (administrative adjustments) and penalties. Effective with the 1999 season the new policy provides:

C For any IFQ overage of 10% or less (i.e., an IFQ landing of 110% or less of the IFQ available to the IFQ holder at the beginning of the trip on which the overage occurred), an automatic administrative adjustment will continue to be made by RAM. This administrative adjustment deducts the amount of overage from the IFQ holder's IFQ account in the year following the occurrence of the overage. The IFQ holder retains ownership of the fish that exceeded the amount authorized by the IFQ permit and there is no enforcement action. This is consistent with past IFQ overage policy.

C

- C *For any IFQ overage of 10.1% or more* (i.e., an IFQ landing of more than 110% of the IFQ available to the IFQ holder at the beginning of the trip on which the overage occurred), all of the landing over 100% constitutes a violation of 50 CFR 679.7(f)(4). Unlike past policy where an administrative adjustment was automatically made for up to the first 10% of every overage regardless of the total percentage of the overage, under this new policy, no administrative adjustment will be made for any part of the overage when the IFQ landing exceeds 110% of IFQ available at the beginning of the trip. Unlike past policy, the IFQ holder will not be allowed to keep any part of an overage when a landing exceeds 110% of available IFQ. When a landing exceeds 110% of IFQ, all of the landing over 100% of IFQ authorized by the permit will be confiscated by authorized enforcement personnel and the overage violation will be resolved as an enforcement matter. In these cases, the IFQ account balance will be set to zero or to the most recent negative balance that existed before the overage occurred, as appropriate.

IFQ holders should be aware that the penalty and summary settlement schedules for IFQ violations are currently under review by NOAA General Counsel in Juneau. Promulgation of revised penalty and summary settlement schedules is expected in the near future. Contact NOAA Office of General Counsel in Juneau if you need further information.

CHANGES ON THE HORIZON

COLLECTION OF FEES FROM IFQ FISHERMEN

In 1996, Congress amended the Magnuson-Stevens Fishery Conservation and Management Act (MSA) to require that persons who hold IFQ permits pay a fee of up to 3% of the ex-vessel value of their IFQ harvests. The fee is to be collected by NMFS and used to recover the costs of managing and enforcing the IFQ program and to fund the North Pacific (IFQ) Loan Program.

Regulatory work to establish the fee collection program has not been completed, and it is highly unlikely that fees will be assessed for 1999 IFQ fishing; however, it is expected that final regulations will be adopted during 1999, and that IFQ fishermen will incur the liability for paying fees on the ex-vessel value of their harvests, beginning with the opening of the IFQ season in the year 2000.

Although, as noted, the fee collection regulation is not yet in place, it is under development and currently contains the following elements (some of which could change before the Final Regulations are put in place):

- C Fee payment would be the responsibility of the IFQ permit holder (as opposed to buyers or QS holders). Each permit holder would be required to pay up to 3% of his/her total ex-vessel receipts from the sale of IFQ halibut or sablefish (this would include any “bonus” payments from the prior season, as well);
- C Payment would be required by January 31 of the year following the IFQ season in which landings took place. For example, payment of the fees for the landing of IFQ fish during the year 2000 would be required by January 31, 2001;

- C Failure to pay the fee would result in withholding the IFQ permit for the year in which payment was due (for instance, a person who incurs fee liabilities in the year 2000, but who has not paid those fees by January 31, 2001, would not receive his/her IFQ permit(s) for 2001 until payment in full was received). Additionally, any QS/IFQ in the hands of the “non-payor” would be non-transferable, and the “non-payor” would not be allowed to receive any QS/IFQ by transfer, until the fees were paid;
- C In most cases, the fee liability would be determined by the actual ex-vessel receipts (including the prior year’s “bonus” payment, if any) received by the IFQ holder; in some cases, in which ex-vessel sales do not occur (for instance, if an IFQ holder markets the fish wholesale or takes fish home for personal use), standard prices would be used to determine the fee liability;
- C Using information provided by Registered Buyers and other appropriate sources (e.g., surveys of processors), NMFS would determine “standard” prices for IFQ halibut and sablefish throughout each season. In recognition of the volatility of the market, the standard price would be adjusted by time of year and by port group;
- C The burden of determining the correct fee would rest with each IFQ permit holder, using his/her own dockside receipts and other records (to assist permit holders, RAM would provide a “worksheet” that should be used to record the payments as they are received). Likewise, if NMFS chooses to question the permit holder (if, for instance, the fee paid is considerably below the expected amount based on standard prices), the burden of demonstrating the accuracy of the permit holder’s fee calculation would rest with the permit holder; and,
- C Any unresolved discrepancy between what NMFS/RAM determines is the amount that should have been paid and the amount that the IFQ permit holder believes should have been paid will give rise to an Initial Administrative Determination (IAD); the IAD would be the final determination unless the permit holder appealed to the Office of Administrative Appeals;

The above provides a summary of the current state of policy development for the Fee Collection program. We hasten to point out that the Final Rule to implement the program may not contain all of the program elements listed above or may contain variations on one or more of them. No matter what the final shape of the program may be, the IFQ Fleet can rest certain in the knowledge that the terms of the final regulation to establish the program will be widely distributed well in advance of the season during which the obligation to pay the fee on IFQ landings commences.

CHANGES BEYOND THE HORIZON

Every two years the Council entertains proposals for changes to the IFQ program regulations. Later in 1999, Council staff will issue a formal “Call for Proposals” and solicit input from the fleet, industry, agencies, and other interested parties. All proposals will be considered by the Council’s IFQ Implementation Workgroup, which will make recommendations to the Advisory Panel and the Council. If you have ideas for changes, contact the Council in Anchorage (see contact numbers in Appendix).

SECTION II

THE 1998 IFQ SEASON IN REVIEW

As scheduled, the 1998 IFQ season opened on March 15. A total of 7,380 IFQ permits (as defined by unique combinations of species, areas, and vessel categories), including 5,522 halibut permits and 1,858 sablefish permits, were active as of year-end 1998.

When the season ended on November 15, those permits had been used by IFQ holders to report 9,235 vessel landings of IFQ halibut and sablefish, for a total harvest of 92% of the IFQ halibut TAC and 93% of the IFQ sablefish TAC. The table below displays those landings by species, regulatory area, and IFQ pounds:

**IFQ HALIBUT AND SABLEFISH ALLOCATIONS AND LANDINGS
1998 IFQ SEASON**

Species/Area	Vessel Landings	Area IFQ TAC	Total Harvest	Percent Harvested
Halibut 2C	3,118	10,500,000	9,660,104	92%
3A	2,919	26,000,000	24,638,019	95%
3B	708	11,000,000	10,587,868	96%
4A	220	3,500,000	3,203,231	92%
4B	71	2,800,000	2,072,122	74%
4C	93	795,000	473,320	60%
4D	24	1,113,000	842,812	76%
Total	7,153	55,708,00	51,477,476	92%
Sablefish SE	802	7,687,440	7,598,009	99%
WY	296	4,795,005	4,672,007	97%
CG	695	11,146,458	10,843,967	97%
WG	149	3,245,171	3,060,085	94%
AI	61	1,825,409	895,489	49%
BS	79	1,146,392	579,861	51%
	2,082	29,845,875	Total	93%

Notes to Table:

C 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 permit holders.

C Halibut weights are reported in net (headed and gutted) pounds; sablefish weights are reported in round pounds.

RATE OF HARVEST IN THE 1998 IFQ SEASON

The following tables display the rate of IFQ harvest by month for each of the past four seasons:

**RELATIVE RATE OF HALIBUT IFQ HARVEST
(PERCENTAGE OF IFQ TAC HARVESTED BY MONTH AND YEAR)**

Month Ending	1995 Season TAC: 37,422,000	1996 Season TAC: 37,422,000	1997 Season TAC: 51,116,000	1998 Season TAC: 55,708,000
April 14	3.6%	12.2%	9.7%	7.8%
May 14	7.4%	12.6%	12.3%	11.4%
June 14	15.5%	13.8%	21.1%	13.0%
July 14	9.2%	12.6%	9.5%	12.5%
August 14	9.7%	11.1%	12.9%	14.1%
September 14	15.8%	16.7%	12.5%	12.9%
October 14	14.2%	10.0%	10.1%	11.9%
November 15	11.9%	5.9%	8.3%	8.9%
Total %	87.3%	94.9%	96.4%	92.5%

**RELATIVE RATE OF SABLEFISH IFQ HARVEST
(PERCENTAGE OF IFQ TAC HARVESTED BY MONTH YEAR)**

Month Ending	1995 Season TAC: 45,658,049	1996 Season TAC: 35,319,897	1997 Season TAC: 30,233,885	1998 Season TAC: 29,845,875
April 14	9.9%	15.0%	11.4%	7.0%
May 14	22.3%	24.3%	24.4%	17.9%
June 14	21.8%	19.9%	19.7%	19.0%
July 14	11.3%	10.1%	9.7%	11.9%
August 14	4.4%	8.0%	10.8%	11.1%
September 14	8.0%	7.5%	7.0%	9.1%
October 14	7.0%	5.4%	7.8%	10.8%
November 15	6.6%	3.8%	4.0%	5.9%
Total %	91.3%	94.0%	94.8%	92.7%

LOCATION OF IFQ LANDINGS

As the following tables display, the “Top Ten” Alaska ports in which the IFQ halibut and sablefish were landed has remained relatively constant over the past four seasons, as has the percentage of IFQ halibut and sablefish landed outside of Alaska.

TOP TEN ALASKAN HALIBUT PORTS 1998

Port	1998 Rank	1998 Pounds (net wt.)	Percent of 1998	1995 Rank	1996 Rank	1997 Rank
Homer	1	10,398,348	20.2%	2	2	3
Kodiak	2	8,952,078	17.4%	1	1	1
Seward	3	5,469,734	10.6%	5	3	4
Dutch/Unalaska	4	3,922,635	7.6%	4	4	2
Sitka	5	3,504,850	6.8%	3	5	5
Petersburg	6	2,694,636	5.2%	6	6	6
Juneau	7	1,855,242	3.6%	13	8	8
Hoonah	8	1,448,667	2.8%	7	7	7
Cordova	9	1,189,943	2.3%	8	9	9
Yakutat	10	991,833	1.9%	10	13	10
All “Outside”	N/A	4,711,741	9.2%	N/A	N/A	N/A
All Ports	N/A	51,477,476	100%	N/A	N/A	N/A

**TOP TEN ALASKAN SABLEFISH PORTS
1998**

Port	1998 Rank	1998 Pounds (round wt.)	Percent of 1998	1995 Rank	1996 Rank	1997 Rank
Seward	1	6,994,443	25.3%	1	1	1
Sitka	2	4,198,602	15.2%	2	2	2
Kodiak	3	3,051,840	11.0%	4	3	3
Dutch/Unalaska	4	1,984,986	7.2%	3	4	4
Yakutat	5	1,519,257	5.5%	5	6	5
Homer	6	1,296,309	4.7%	9	8	9
Juneau	7	1,202,004	4.4%	19	13	8
Hoonah	8	999,983	3.6%	10	9	6
Petersburg	9	911,999	3.3%	7	5	10
Cordova	10	907,867	3.3%	8	7	7
All "Outside"	N/A	2,740,491	9.9%	N/A	N/A	N/A
All Ports	N/A	27,649,418	100%	N/A	N/A	N/A

Note to Table:

C Landings at some ports have been combined to be included with the nearest "major" port; e.g., the Port of "Juneau" includes Juneau, Douglas, and Auke Bay.

1998 HIRED SKIPPER ACTIVITY

During the 1998 IFQ season, a total of 291 Hired Skippers participated in the fishery. Hired Skippers harvested 32% (17,947,078 pounds) of the halibut TAC and 46% (13,708,113 pounds) of the sablefish TAC. A more detailed examination of 1998 Hired Skipper activity is being prepared and will be presented to the Council at its April 1999 meeting.

1998 OVERAGES AND UNDERAGES

Under the IFQ regulations, non-confiscated amounts of 1998 IFQ permit "overages" are to be deducted from the 1999 IFQ permit amounts. "Underages" are to be added to the 1999 IFQ permit amounts, although the actual carry-over may be limited under regulations. The table below summarizes the effects of the 1998 overages and underages on the 1999 IFQ permit amounts.

**EFFECT OF OVERAGE/UNDERAGE ADJUSTMENTS ON
1999 IFQ ALLOCATIONS**

Species	'98 Permits with Underages	Total Underage	'98 Permits with Overage	Total Overage Adjustment	Net '99 IFQ Pounds
Halibut	4,091	2,046,414	692	[364,634]	1,681,780
Sablefish	1,272	846,645	407	[202,548]	644,097

Notes to table:

- C A total of 5,522 halibut permits and 1,858 sablefish permits (by area and category) were active as of the end of the 1998 IFQ season.
- C The “Net '99 IFQ Pounds” column displays the total number of IFQ pounds that will be issued above the TAC for the 1999 sablefish and halibut IFQ season.

USE OF TRANSACTION TERMINALS

Registered Buyers must report IFQ landings by using electronic Transaction Terminals. This allows for “real-time” accounting of individual harvest and contributes significantly to management of each individual IFQ holder’s IFQ account. During the first two IFQ seasons, technical problems were experienced with the remote Transaction Terminals; however, by the end of 1996, most of the problems had been worked out. Since that time, use of the Transaction Terminals has been the norm, rather than the exception. During the 1997 season, a total of 11,662 separate landing transactions (vessel, person, harvest area, and species) were submitted; of those, 10,139 (88%) were submitted using the Transaction Terminals. The trend toward increased use of the Transaction Terminals continues. In 1998, a total of 11,836 IFQ transactions were reported; of those, 11,181 (94%) were reported electronically.

REGISTERED BUYER INFORMATION

Landings of IFQ halibut and sablefish must be reported by Registered Buyers (RBs) (which may be, and in many instances are, the QS holder). The following table displays the number of RB Permits issued by RAM for the 1998 IFQ Season, as well as the number of RBs who reported landings.

NUMBER AND TYPE OF REGISTERED BUYER PERMITS ISSUED

Type of RB	Number of RB Permits Issued	Number Reporting Landings	Percent Reporting Landings
Buyer-Broker	57	11	19%
Catcher/Seller	578	187	32%
Retail	8	5	63%
Mothership	5	0	0%
Tender	3	0	0%
Catcher/Processor	47	13	28%
Restaurant	15	8	53%
Shoreside	128	79	62%
Other	18	6	33%
Total	859	309	36%

Note to Table:

C The "Type of Buyer" is the primary business type designed on permit applications.

The following tables display the varying amounts of IFQ landings reported by RBs during the 1998 IFQ season. The numbers show that there are significant differences in the amounts of IFQ harvests that were reported by those buyers. As the above table shows, fewer than 40% of those who held 1998 Registered Buyer Permits actually reported landings; data reported on the following table suggest that a large number of those Registered Buyers who did report landings, reported relatively small amounts. This information is consistent with earlier years.

**MEAN (AVERAGE), MEDIAN, LARGEST, AND SMALLEST REPORTED
LANDINGS OF 1998 IFQ HALIBUT AND SABLEFISH**

Species	RBs Reporting Landings	Mean Pounds Reported	Median Pounds Reported	Largest Pounds Reported	Smallest Pounds Reported
Halibut	294	175,094	20,677	4,679,573	29
Sablefish	115	242,523	30,697	2,715,256	41

1998 IFQ ENFORCEMENT ACTIVITIES

Enforcement of the regulations that govern fishing under the IFQ program is accomplished by the US Coast Guard and the NMFS Alaska Enforcement Division (AED). As a general rule, the Coast Guard is responsible for at-sea enforcement, while the AED is primarily responsible for on-shore (dock-side) monitoring, accounting for IFQ shipments, fraud investigations, and other enforcement activities. During the last two years, the Coast Guard's on-shore enforcement activities have increased significantly, as reported below.

During 1998, Coast Guard personnel conducted 276 at-sea boardings and 463 dock-side inspections of IFQ off-loads. These activities resulted in detection of 38 fishing violations. Also during 1998, the AED monitored 413 IFQ off-loads, and report that a total of 196 cases were initiated in 1998 (the number of cases initiated continues to trend downward; there were 601 cases initiated in 1995, 376 in 1996, and 60 in 1995). Detailed enforcement reports are available from the Coast Guard and AED; however, the Coast Guard has concluded that "...there is an overall high rate of compliance with the program..."

Those who violate the regulations assume considerable risk of detection and prosecution. Examples of recent penalties include forfeiture of QS, payment of fines, and other forms of criminal sentencing (i.e., jail time).

Development of an IFQ "Weighmaster" program (which would place para-professional personnel in most ports to monitor IFQ off-loads and to verify weights) continues; however, the program will not be in effect during 1999, and the Council has expressed concerns regarding its costs, suggesting that full staffing of AED may be a more effective way to achieve dock-side enforcement of the IFQ regulations.

1998 VESSEL SAFETY STATISTICS

In addition to its enforcement responsibilities, the Coast Guard also monitors safety-at-sea, and reports that, during the 1998 IFQ season, there were 11 Search and Rescue (SAR) missions undertaken (compared with fifteen in 1995, seven in 1996, and nine in 1997). There were no sinkings in 1998 (compared with four in 1997, two in 1996, and two in 1997), and two lives lost (compared with none in 1995, two in 1996, and one in 1997). In the three years prior to the IFQ fishery, there were an average of 28 SAR missions, two vessel sinkings, and two lives lost during the short "derby" seasons.

SECTION III

THE IFQ PROGRAM - BY THE NUMBERS

One way of assessing the performance of a fisheries management program is to quantify as many elements as possible and to report on those data to the fleet, fisheries managers, the general public, and policy-makers. That is the purpose of this section of the 1999 Report to the Fleet. Below, we discuss implementation issues (initial issuance and appeals), consolidation of QS holders, consolidation of vessels, "IFQ Crewmembers" who have entered the fishery since the IFQ program began, etc.

In many ways, these data simply display the results of decisions by thousands of QS holders -- decisions to appeal determinations, to buy or sell QS, to fish, to join with other QS holders on a vessel, etc. They are reported generally without comment; the numbers speak for themselves.

INITIAL ISSUANCE OF QS, DETERMINATIONS, AND APPEALS

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, approximately 1,100 were determined not to be eligible for QS, while some 650 others challenged part or all of the Official Records that were used to determine who received QS, how much, and what type. All applicants whose claims, in whole or in part, were denied, received an Initial Administrative Determination (IAD) from RAM. Although the application period formally ended in July of 1994, a few applications were received during 1998. They were denied with IADs.

Of the approximate 1,800 IADs issued by RAM, fewer than 10% (176) were appealed to the Office of Administrative Appeals. The following table shows the issues which gave rise to the appeals:

APPEALS FROM RAM INITIAL ADMINISTRATIVE DETERMINATIONS ON IFQ PROGRAM APPLICATIONS AS OF YEAR-END 1998

Reasons for IFQ Appeals	Number
Basic Eligibility for Quota Share Issuance	47
Ownership/Lease Conflicts	42
Untimely Applications	36
Additional Qualifying Pounds	20
Successor-in-Interest Determinations	13
Vessel Category Determinations	7
Challenge to IFQ Regulations	7
Miscellaneous/Other Reasons	4

DISPOSITION OF ADMINISTRATIVE APPEALS

The Office of Administrative Appeals reports the following status of those IFQ appeals:

Status of IFQ Appeals as of 1/31/99	Number
Decisions Issued (Final Determinations Made)	120
Appeal Settled or Dismissed (Final Determinations Made)	30
Decisions Pending	26

APPEALS OF FINAL AGENCY DETERMINATIONS

As of the end of 1998, 10 of the 120 Final Agency Determinations had been appealed to the U.S. District Court. The following table identifies and shows the status of those appeals.

Case Title (Nature of Dispute)	Status of Appeal
Kristovich v. Dell (Lease/Ownership)	District Court Judgment for Defendant U.S.
Smee v. Echo Belle (Lease/Ownership)	District Court Judgment for Defendant U.S.
Weikal v. Cole (Lease/Ownership)	District Court Partial Judgment for Defendant U.S.
Gates v. B-Boats et al (Lease/Ownership)	District Court Partial Judgment for Defendant U.S.
Harper v. West (Ownership Conflict)	District Court - Pending
Foss v. (NMFS) (Untimely Application)	9 th Circuit Court Judgment for Defendant U.S.
Prowler Partnership v. (NMFS) (Ownership)	Pending on Remand to NMFS (Defendant)
Prowler Partnership v. (NMFS) (Landings)	District Court Judgment for Defendant U.S.
Ocean Prowler v. (NMFS) (Landings)	District Court Judgment for Defendant U.S.
Petticrew v. (NMFS) (Regulation Challenge)	Settled prior to Judgment

QUOTA SHARE TRANSFER ACTIVITY

QS and IFQ transfer activities declined significantly during 1998, for both halibut and sablefish. Observers have noted that there are three possible explanations for this decline, including: 1) the “repositioning” of QS holders is about complete, and fishermen are closer to their goals of holding QS/IFQ in the areas in which they wish to fish; 2) the relatively low 1998 ex-vessel halibut price and the uncertainty of the Japanese economy (which contributed to uncertainty in the sablefish market) have made both buyers and sellers more cautious; and, 3) the availability of small blocks for “sweep-up” continues to decline.

The following three tables (for halibut, sablefish, and both species combined) display a summary of QS/IFQ transfer activities (numbers of approved transfer applications) from the beginning of the program in late 1994 through year-end 1998:

**NUMBERS OF APPROVED QS/IFQ TRANSFERS (HALIBUT)
1995 - 1998**

Transfer Type	1995	1996	1997	1998
Regular QS/IFQ	1,217	1,397	1,004	539
IFQ Only ("lease")	31	61	53	43
Sweep-up of Small Blocks	31	63	441	148
Total - Halibut Transfers	1,279	1,521	1,498	730

**NUMBERS OF APPROVED QS/IFQ TRANSFERS (SABLEFISH)
1995 - 1998**

Transfer Type	1995	1996	1997	1998
Regular QS/IFQ	352	351	388	185
IFQ Only ("lease")	76	51	51	57
Sweep-up of Small Blocks	15	20	82	33
Total - Sablefish Transfers	443	422	521	275

**NUMBERS OF APPROVED QS/IFQ TRANSFERS (BOTH SPECIES)
1995 - 1998**

Transfer Type	1995	1996	1997	1998
Regular QS/IFQ	1,569	1,748	1,392	724
IFQ Only ("lease")	107	112	104	100
Sweep-up	46	83	523	181
Total - All Transfers	1,722	1,943	2,019	1,005

The overall distributive effects of the transfers summarized above have not been dramatic (at least with respect to net "gains" and "losses" of QS/IFQ by Alaskans v. Non-Alaskans). The following table summarizes the transfer of QS/IFQ between Alaskans and non-Alaskans. As in the past, the total amount of QS held by Alaskans continues to increase as a result of transfer activity (with the exception of sablefish sweep-ups).

**HALIBUT QS/IFQ TRANSFER ACTIVITIES
(PERMANENT TRANSFERS; IFQ-ONLY TRANSFERS NOT INCLUDED)
1994 - 1998**

Transfer Activity	Transfer Numbers	QS Units	1998 IFQ Pounds
Transfer of QS to Alaskans from non-Alaskans	719	25,659,125	4,276,012
Transfer of QS from Alaskans to non-Alaskans	566	17,941,581	2,981,572
Net gain (loss) of QS to Alaska Resulting From Transfers		7,717,544	1,294,440
Sweep-ups to Alaskans from non-Alaskans	80	473,735	85,240
Sweep-ups from Alaskans to non-Alaskans	70	369,197	69,132
Net gain (loss) of QS to Alaska Resulting From Sweep-ups		104,538	16,108

**SABLEFISH QS/IFQ TRANSFER ACTIVITIES
(PERMANENT TRANSFERS; IFQ-ONLY TRANSFERS NOT INCLUDED)
1994 - 1998**

TRANSFER ACTIVITY	TRANSFER NUMBERS	QS UNITS	1998 IFQ POUNDS
Transfer to Alaskans from non-Alaskans	210	20,066,760	1,839,759
Transfer from Alaskans to non-Alaskans	200	11,599,741	1,147,730
Net gain (loss) of QS to Alaska Resulting From Transfers		8,467,019	692,029
Sweep-ups to Alaskans from non-Alaskans	9	64,649	5,305
Sweep-ups from Alaskans to non-Alaskans	31	174,966	17,483
Net gain (loss) of QS to Alaska Resulting From Sweep-ups		[110,317]	[12,178]

Note to Tables:

- The designation of "Alaskan" and "non-Alaskan" is premised upon the address provided by the most recent parties to transfers. RAM makes no attempt to determine, or to verify, a person's state of legal residence.

TRANSFER ELIGIBILITY CERTIFICATES

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 that 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. The following table displays the total number of TECs issued to IFQ Crewmembers, by residence category, since the inception of the program. It also shows how many of those Crewmembers were holding QS at the end of 1998.

**SUMMARY OF TRANSFER ELIGIBILITY CERTIFICATE
 (“IFQ CREWMEMBER”) ISSUANCE (‘94 - ‘98)
 AND “CREWMEMBERS “HOLDING QS AS OF YEAR-END 1998**

Claimed Residency	“Crewmember” TECs Issued (‘94 - ‘98)	“Crewmembers” Holding QS/IFQ at year-end 1998
Alaskan	1,272 (72.0%)	599 (76.3%)
Non-Alaskan	497 (28.0%)	186 (23.7%)
Total	1,769	785

Note to Table:

- The designation of "Alaskan" versus "non-Alaskan" is premised upon the most recent address provided by the applicants. RAM makes no attempt to determine, or to verify, a person's state of legal residence.

QUOTA ACQUIRED BY “IFQ CREWMEMBERS” BY SPECIES, AREA, AND RESIDENCE CATEGORY

The following table displays “Alaskan” and “Non-Alaskan” IFQ Crewmembers holdings of QS as of the end of 1998 (as expressed in 1998 IFQ pound equivalents and as a percentage of the 1998 TAC).

**QUOTA HELD BY “IFQ CREWMEMBERS”
 BY SPECIES, AREA, AND RESIDENCE CATEGORY
 AT YEAR-END 1998, EXPRESSED IN 1998 IFQ POUNDS**

Species/ Area	“Alaskan” IFQ Pounds	“Non-Alaskan” IFQ Pounds	Total 1998 IFQ Pounds	Percent of TAC
Halibut 2C	1,169,717	349,544	1,519,261	14.5%
3A	2,178,704	831,380	3,010,084	11.6%
3B	981,601	450,934	1,432,535	13.1%
4A	418,488	163,689	582,177	16.6%
4B	90,194	174,251	264,445	9.4%
4C	99,289	18,411	117,700	14.8%
4D	40,480	70,212	110,692	9.9%
Halibut Total	4,978,473	2,058,421	7,036,894	12.6%
Sablefish SE	302,209	377,854	680,063	8.8%
WY	78,720	160,845	239,565	5.0%
CG	162,726	359,382	522,108	4.7%
WG	44,568	46,215	90,783	2.8%
AI	12,520	59,842	72,362	4.0%
BS	0	37,531	37,531	3.3%
Sablefish Total	600,743	1,041,669	1,642,412	4.7%

Notes to Table:

- C An "IFQ Crewmember" is an individual who did not receive QS/IFQ by initial issuance, but who qualified for a Transfer Eligibility Certificate and subsequently received QS by transfer.
- C The designation of "Alaskan" and "Non-Alaskan" is premised upon the address provided by the most recent address provided by the applicants. RAM makes no attempt to determine, or to verify, a person's state of legal residence.
- C Pounds are based on QS held and excluding adjustments.

LIENS AGAINST QS

Since mid-1995, RAM has informally recorded liens against QS on behalf of creditors. Although there is no legal requirement that liens must be so filed and these filings do not legally perfect the creditors' interests in the QS, most lending institutions take advantage of the service. The following table shows, by species and types of lienholders, the number of liens that are currently recorded by RAM. Note that the table displays the number of liens that have been filed against identifiable QS segments (blocks, segments of unblocked, etc.), and not against QS holders.

**LIENS AGAINST QS SEGMENTS RECORDED BY RAM
AS OF YEAR-END, 1998**

Type of Lienholder	Halibut	Sablefish	Total Liens
Private Banks (including CFAB)	754	480	1,234
State of Alaska (Div. Of Investments)	162	37	199
State of Alaska (Child Support)	17	5	22
Private Lenders (other than Banks)	145	66	211
CDQ Groups	33	1	34
Multiple Sources of Liens	13	19	32
NMFS Financial Services Branch	12	2	14
Internal Revenue Service	78	10	88
Total - All Recorded Liens	1,214	620	1,834

Notes To Table:

- C Table displays liens recorded by RAM; liens may be recorded in other venues, as well.
- C Table for 1998 is different from prior years in that it displays all liens against "segments" of QS, not the persons who hold the QS; therefore, the numbers for 1998 are much higher.

CONSOLIDATION OF QS

As was anticipated, as a result of transfer choices made by QS holders, there has been a consolidation of QS into the hands of fewer persons than who received the QS by initial issuance. The following tables show, by area and size of holding, how transfer activities have resulted in the consolidation of QS. Note that the reported numbers of persons holding QS that yields IFQ of differing amounts has changed from the report published in the 1998 Report to the Fleet. These minor changes result from two causes: 1) the table is updated to include those who received their QS for the first time during 1998 (as a result of appeal determinations and settlements); and, 2) the table displays the amounts in 1998 IFQ pound equivalents (1998's report used 1997 IFQ pound equivalents).

CONSOLIDATION OF HALIBUT QS - INITIAL ISSUANCE THROUGH 12/31/98
(NUMBERS OF PERSONS HOLDING HALIBUT QS
BY AREA AND SIZE OF HOLDINGS, EXPRESSED IN 1998 IFQ POUNDS)

Area	Size of Holding	Number of Initial Issues	Holders as of End of 1996	Holders as of End of 1997	Holders as of End of 1998
2C	<3.001	1,443	1,088	926	908
	3,001-10,000	632	492	473	492
	10,001-25,000	268	281	274	264
	>25,000	43	59	69	70
	2C Total:	2,386	1,920	1,742	1,734
3A	<3.001	1,738	1,375	1,195	1,155
	3,001-10,000	655	503	479	513
	10,001-25,000	368	364	364	374
	>25,000	303	299	305	306
	3A Total:	3,068	2,541	2,343	2,348
3B	<3.001	522	384	273	252
	3,001-10,000	255	182	165	169
	10,001-25,000	154	135	138	145
	>25,000	124	137	139	140
	3B Total:	1,055	838	715	706
4A	<3.001	299	224	189	175
	3,001-10,000	130	98	82	92
	10,001-25,000	60	64	63	63
	>25,000	40	47	48	48
	4A Total:	529	433	382	378
4B	<3.001	35	30	27	25
	3,001-10,000	46	42	38	40
	10,001-25,000	40	37	34	34
	>25,000	31	32	33	31
	4B Total:	152	141	132	130
4C	<3.001	25	24	24	22
	3,001-10,000	34	33	30	30
	10,001-25,000	12	14	13	15
	>25,000	9	9	10	9
	4C Total:	80	80	77	76
4D	<3.001	11	10	9	9
	3,001-10,000	22	21	18	16
	10,001-25,000	23	25	18	18
	>25,000	12	12	16	16
	4D Total:	68	68	61	59
All Areas (Unique Number of People)		4,827	4,321	3,964	3,795

CONSOLIDATION OF SABLEFISH QS -- INITIAL ISSUANCE THROUGH 12/31/97
(NUMBERS OF PERSONS HOLDING QS BY
AREA AND SIZE OF HOLDINGS, EXPRESSED IN 1997 IFQ POUNDS)

Area	Size of Holding ('97 IFQ Pounds)	Number of Initial Issuees	Holders as of End of 1996	Holders as of End of 1997	Holders as of End of 1998
SE	<5,001	374	289	242	238
	5,001-10,000	109	86	78	79
	10,001-25,000	137	140	138	136
	>25,000	90	93	795	95
	SE Total:	710	608	553	548
WY	<5,001	285	229	188	238
	5,001-10,000	50	46	49	53
	10,001-25,000	62	58	55	58
	>25,000	55	59	58	57
	WY Total:	452	392	350	406
CG	<5,001	353	292	248	251
	5,001-10,000	58	46	42	51
	10,001-25,000	89	83	80	74
	>25,000	139	132	126	131
	CG Total:	639	553	496	507
WG	<5,001	125	112	97	97
	5,001-10,000	45	38	39	41
	10,001-25,000	33	31	31	30
	>25,000	28	30	30	30
	WG Total:	231	211	197	198
AI	<5,001	77	70	64	68
	5,001-10,000	17	19	20	18
	10,001-25,000	23	22	21	19
	>25,000	18	19	19	20
	AI Total:	135	130	124	125
BS	<5,001	97	87	83	81
	5,001-10,000	16	17	17	19
	10,001-25,000	20	18	18	19
	>25,000	11	13	13	12
	BS Total:	144	135	131	131
All Areas (Unique Number of People)		1,048	996	947	919

Note to Tables:

- C The data in the tables are not additive; QS holders may (and many do) hold QS in more than one administrative area for both halibut and sablefish.

VESSEL PARTICIPATION

Another view of consolidation that could occur under IFQ management is provided by examining the number of vessels participating and to compare those numbers with earlier seasons. The table below displays the degree of "consolidation" of vessels that has occurred under the IFQ program. Note that in the columns that display the number of vessels participating by area, the same vessels may have participated in the fishery in different areas. The final row of data shows the total number of unique vessels that participated in the fisheries in any regulatory area.

VESSELS PARTICIPATING IN HALIBUT FISHERY ALL VESSELS LANDING HALIBUT, BY AREA 1992 - 1998 SEASONS

Species/Area	Before IFQ Program			Last Four IFQ Seasons			
	'92	'93	'94	'95	'96	'97	'98
Halibut 2C	1,775	1,562	1,461	1,105	1,029	993	836
3A	1,924	1,529	1,712	1,145	1,104	1,076	899
3B	478	401	320	332	350	357	325
4A	190	165	176	140	147	142	120
4B	82	65	74	57	64	69	47
4C	62	58	64	35	41	46	30
4D	26	19	39	27	33	33	22
All Unique Vessels	3,452	3,393	3,450	2,057	1,962	1,925	1,601

VESSELS PARTICIPATING IN SABLEFISH FISHERY CATCHER VESSELS LANDING SABLEFISH, BY AREA 1992 - 1998 SEASONS

Species/Area	Before IFQ Program			Last Four IFQ Seasons			
	'92	'93	'94	'95	'96	'97	'98
Sablefish SE	507	391	488	378	378	326	296
WY	266	196	249	228	218	218	176
CG	588	462	562	326	294	273	241
WG	103	29	19	86	81	79	66
AI	27	33	33	53	50	47	26
BS	72	40	31	55	49	41	28
All Catcher Vessels	1,123	915	1,139	517	503	504	449

SECTION IV

IFQ PROGRAM NEWS AND NOTES

This section discusses items of general interest to the IFQ fleet, including information from the Internal Revenue Service and information on the status of amendments to the Magnuson-Stevens Fishery Conservation and Management Act (MSA) that will affect the IFQ program.

IFQ RESEARCH

RESEARCH MANDATED BY THE MSA

Under the 1996 amendments to the MSA, a moratorium was placed on the development and implementation of any new IFQ program until at least October 1, 2000. To help instruct Congress on whether to lift the moratorium at that time, the National Academy of Sciences (NAS) was directed to conduct a study of existing IFQ programs and to make its recommendations known to Congress. During the last part of 1997 and most of 1998, the National Research Council (NRC) developed an extensive record and prepared its report.

In December 1988, the report (*Sharing the Fish: Toward a National Policy on Individual Fishing Quotas*) was completed and released to the public. The report is long (over 400 pages) and detailed. An Executive Summary contains a series of recommendations, of which excerpts are set out below:

- C *Lift the Moratorium ... Congress should lift the moratorium on the development and implementation of IFQ programs ...*
- *Encourage Cost Recovery and Some Extraction of Profits ... Congress should permit (1) assessment of fees on initial allocations of quota and first sale and leasing of it; (2) imposition of an annual tax on quota shares ...*
- C *Support the Council Process ... Congress should recognize that the design of an IFQ ... system ... will depend on the objectives of a specific plan, requiring flexibility for regional councils in designing IFQ programs ...*
- C *Require Accumulation Limits ... Congress should require any council considering an IFQ program to define "excessive share" for the program and use limits on accumulation of quota share ...*
- *Support Additional Study and Routine Data Collection ...*
- C *Define the Nature of the Privilege ... Be clear that the IFQ privilege does not authorize actions by quota holders against government agencies for decisions designed to protect*

marine resources and the environment through TAC reductions, area closures, or other restrictions ...

- C *Inclusion of Fishing Communities in Initial Allocations ... Councils should consider including fishing quotas in the initial allocation of IFQs (as community fishing quotas) where appropriate ...*

The report contains a variety of other recommendations, as well, but space does not permit a complete listing. Copies of the report can be obtained by contacting the National Academy Press at 800 624-3313 or on the Internet at <<http://www.nap.edu/bookstore/>>.

IFQs AND COASTAL COMMUNITIES

In response to concerns expressed by the Gulf of Alaska Coastal Community Coalition, a group that represents smaller Gulf of Alaska (GOA) communities, NMFS/RAM and the State of Alaska's Commercial Fisheries Entry Commission (CFEC) collaborated on a detailed study of "fishing power" and gross (ex-vessel) earnings in every GOA community from Atka to Saxman. The results of the study detail (for both State limited entry permits and IFQs, and by community), how many permits and IFQs had been initially issued to residents of GOA, beginning in 1975 with the inception of the State's salmon limited entry program and how many remained at five-year intervals. For IFQs, the data are complete from initial issuance in 1995 through year-end 1997.

The reports show that, even though there has been a general decline in the "fishing power" (as measured in the number of permits and amounts of IFQ) of smaller GOA communities, resulting from residents' decisions to transfer their permit/IFQs or to move elsewhere, the average gross earnings for those who continue to hold and fish their IFQs has increased considerably.

Copies of the reports can be obtained by contacting CFEC at (907) 789-6160 or from the Internet at <<http://www.cfec.state.ak.us/research/>>.

OTHER RESEARCH

Research on the distributive effects of the IFQ Program has been completed through year-end 1997. These reports are produced annually by the CFEC under an arrangement with NMFS/RAM. The reports can be obtained from CFEC (contact number above), or the Council at (907) 271-2809. Finally, because 1999 marks the fifth full season of fishing under the IFQ program, consideration is being given to a comprehensive review of the wide variety of program impacts; however, final plans have not yet been developed.

IFQ LOANS
THE NORTH PACIFIC LOAN PROGRAM

Beginning in 1998, the NMFS Financial Services Branch began making loans to purchase or refinance QS for “Entry-Level Fishermen” and “Fishermen Who Fish From Small Vessels” under the authority of the MSA’s provisions for IFQ loans. Funding for a loan guarantee fund (which will eventually be drawn from receipts from IFQ fee collection) was provided in the federal Fiscal Year 1998 budget, which made up to \$5,000,000 available for the loans.

Following an outreach effort to inform all potential borrowers, the Financial Services Branch was overwhelmed with applications and inquiries about the program. After a brief “open window” period, during which loan applications were received, a lottery was conducted. By the end of the Fiscal Year (September 30, 1998), the following loans had been approved:

Borrower’s State of Residence	Number of Approved Loans	Amount Approved
Alaska	30	\$2,504,747
Washington	14	1,761,108
Georgia	1	250,000
Idaho	1	200,000
Oregon	1	169,336
Utah	1	114,808
Total	48	\$4,999,999

The Loan Program is authorized for the current Fiscal Year. Persons who are interested in the requirements for obtaining a loan should contact the NMFS Financial Services Branch in Seattle at (206) 526-6122.

MAGNUSON-STEVENSON ACT AMENDMENTS
CENTRAL TITLE AND LIEN REGISTRY

The 1996 amendments to the MSA require NMFS to establish a “Central Title and Lien Registry” which is intended to be the exclusive means whereby the holder of any limited access permit issued by NMFS (including QS/IFQ, moratorium, etc.) can formally register “title” to the permit. Further, it is intended to be the legal exclusive means by which a person holding a security interest in such a permit can register a legally-binding lien. Finally, to offset the costs of operating the Registry, the legislation calls for payment of a 0.5% fee (based on the “value” of the permit) upon registration of title to a permit and upon transfer of a permit.

Although many lenders who use QS/IFQ as collateral have expressed their conceptual support of the Registry, and would benefit from the legal certainty it should provide, they have suggested that changes should be made to the statute before it is implemented.

A summary of the changes sought by those lenders follows:

Existing Statute	Proposed Changes
<ul style="list-style-type: none"> Establishes a “Centralized” (National) Registry. 	<ul style="list-style-type: none"> T A Registry in each NMFS Region would be mandated.
<ul style="list-style-type: none"> Treats Limited Access Permits as private property (contrary to other sections of the Act). 	<ul style="list-style-type: none"> T Legislation would recognize that permits are privileges, and would only transfer with NMFS approval.
<ul style="list-style-type: none"> Fees assessed are premised on the value of the permit. 	<ul style="list-style-type: none"> T Fees would be assessed based on the cost of providing Registry services.
<ul style="list-style-type: none"> Exempts Internal Revenue Service from Registry requirements. 	<ul style="list-style-type: none"> T The IRS would be required to use the Registry to perfect its liens against permits.

Legal and policy issues have contributed to the delay in establishing the Registry within NMFS. Although these are being addressed, it is not expected that the Registry will be functioning during 1999.

INTERNAL REVENUE SERVICE “TAX TIPS”

Although the authority was not exercised during 1998, it is generally conceded that the IRS may seize (and, in fact, has seized) QS from fishermen who, according to the IRS, are delinquent in paying their Federal taxes. Money derived from the sale (at auction) of the QS is first applied to the alleged tax debt; any balance is then returned to the erstwhile QS holder. To avoid this from happening to QS holders in the future, the IRS has provided the following “Tax Tips” and has asked that they be shared with the IFQ fleet. According to the IRS:

1. You can get help and forms in several different ways. If you need a form, call **1-800-TAX-FORM** between 6:30 am and 4:30 pm during the week. Or if you have a fax machine, IRS can fax you over 100 of the most requested forms and instructions. Just call **703-368-0694** from the telephone connected to the fax machine. If you need a question answered, call **1-800-829-1040** between 6:00 am and 10:00 pm (Alaska Time), Monday through Saturday. If you have access to the Internet, look up the IRS at www.irs.ustreas.gov. You can get forms and instructions, publications, fact sheets, and answers to frequently asked questions;

2. File your tax returns on time, even if you can't pay all that you owe. For advice on how to get current and keep current on filing and paying your taxes, just call **1-800-829-1040**. IRS will help you work out appropriate payment options based upon your ability to pay. Ignoring your taxes may be tempting in the short run, but filing your tax returns timely and working out payment arrangements will be the least expensive to you over the long run; and
3. Don't ignore correspondence from the IRS. If you disagree with the billing or have any questions, help is a phone call away (**1-800-829-1040**). If you've tried to resolve the problem with the IRS and it just won't go away, IRS has a special advocate who can help cut through the red tape. To reach the Taxpayer Advocate's office in your area, call **1-800-829-1040**, and ask for your local advocate.

THE IFQ PROGRAM ON THE INTERNET

One service that has expanded significantly since the IFQ program began is the use of the Internet to provide program information. The Alaska Region of NMFS maintains an Internet site at www.fakr.noaa.gov. The site contains a wealth of information on Fisheries Management and Marine Mammals in the North Pacific, including information from all Alaska Region Divisions. Additionally, "links" to other fishery agencies (the Council, the Alaska Department of Fish and Game, the State Commercial Fisheries Entry Commission, the International Pacific Halibut Commission, etc.) are included.

IFQ program information can be found in the RAM section of the regional Home Page, and includes:

- Historic and Current-Year IFQ and CDQ TACs and landings information;
- Information on IFQ transfer activities;
- Current "Special Notices" that provide information on the IFQ program and its implementation;
- Latest RAM Report to the Fleet;
- Application Forms and Instructions for IFQ transactions (transfers, hired skipper, etc.);
- Links to IFQ research undertaken by the State of Alaska (Commercial Fisheries Entry Commission);
- C Lists of QS holders and the size of QS holdings (including a subset of QS that can be "swept up" under the IFQ Block Program);
- Tables of Quota Share Pools and Use and Vessel Caps; and,
- A variety of other information.

SECTION V

APPENDIX TO REPORT TO THE FLEET

“We’re from the Government, and we’re here to help!” If you have questions of program and resource managers, the list of contacts below can point you in the right direction.

Alaska Region, National Marine Fisheries Service Internet Address:

www.fakr.noaa.gov

Division/Agency	Telephone	Facsimile
NMFS/Regional Administrator	907-586-7221	907-586-7249
NMFS/Restricted Access Management	800-304-4846 (#2)	907-586-7354
NMFS/Sustainable Fisheries Division	800-304-4846 (#3)	907-586-7131
Sustainable Fisheries - Kodiak	907-486-6919	907-586-6868
Sustainable Fisheries - Dutch Harbor	907-581-2062	907-581-2066
NMFS/Protected Resources Division	907-586-7235	907-586-7012
NMFS/Office of Administrative Appeals	800-304-4846 (#4)	907-586-9361
NMFS/Alaska Enforcement Division	800-304-4846 (#1)	907-586-7313
Alaska Enforcement - Anchorage	907-271-5745	
Alaska Enforcement - Kodiak	907-486-3298	
Alaska Enforcement - Dutch Harbor	907-581-2062	
Alaska Enforcement - Ketchikan	907-247-5804	
Alaska Enforcement - Sitka	907-747-6940	
Alaska Enforcement - Petersburg	907-772-2285	
Alaska Enforcement - Homer	907-235-2337	
<i>Other Important Agencies & Telephone Numbers:</i>		
North Pacific Fishery Management Council		907-271-2809
International Pacific Halibut Commission		206-634-1838
State of Alaska, ADF&G (Commercial Fisheries)		907-465-4210
State of Alaska, Commercial Fisheries Entry Commission		907-789-6160
United States Coast Guard - Emergency Number		800-478-5555
United States Coast Guard - Enforcement		907-463-2289
United States Coast Guard - Vessel Documentation Center		800-799-8362
United States Coast Guard - Vessel Safety		800-478-7369

***DESCRIPTION OF THE HALIBUT AND SABLEFISH IFQ PROGRAM
(FROM THE 1997 REPORT TO THE FLEET)***

The 1998 Report to the Fleet contained a summary of the history and various elements of the halibut and sablefish IFQ program. Many who read it said that they found it to be a useful reference. Accordingly, it is reprinted here (with minor editing). Although the report provides a general overview of the elements of the program, we caution that the rules that govern the program are complex and sometimes confusing. Therefore, we urge those who have questions about the program to contact RAM.

A BRIEF HISTORY OF THE IFQ PROGRAM

In December of 1991, the North Pacific Fisheries Management Council (Council) proposed an IFQ program as the best alternative to address problems with the 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 areas, 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 how much and what 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. But 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).

GENERAL PROGRAM DESCRIPTION

Under the IFQ program, eligible persons are issued QS based on halibut and sablefish landings made aboard vessels that they owned or leased during the late 1980's and in 1990. Applications for initial issuance of QS are 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 Quota Share 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. The QSP is calculated annually (on January 31) and 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 as follows:

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

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 on an annual basis, 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 have been issued may then harvest their share at any time during the eight-month IFQ halibut and sablefish seasons. Those who do not hold QS are generally excluded from the fisheries, although some very limited provisions for "leasing" freezer vessel IFQ exist.

OTHER PROGRAM ELEMENTS

As noted above, the Council took steps to insure that QS ownership 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 one 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 I for a break down of current 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 obtaining 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 own all or part of the vessel on which their hired skipper will fish (beginning with the 1998 season, a QS holder must demonstrate the s/he holds at least a 20% ownership interest in the vessel).

QS and the annual IFQ it yields are classified by species, vessel, and regulatory area. A variety of restrictions regarding harvesting and landing IFQ fish also exist. Although there is no space here to discuss these in detail, more information about program restrictions can be found in the IFQ regulations or by contacting RAM.

As previously noted, QS are transferable between eligible persons. QS may be transferred (with approval from RAM) between original QS recipients and to those who meet eligibility requirements to receive QS ("IFQ crewmembers"). This process is actively utilized: see Section III of this report for more information on transfer activities.

A FINAL WORD

Although the "We're here to help you!" line is somewhat overworked, it is nevertheless true. RAM staff are available to assist you each business day by telephone, facsimile transmission, e-mail, or in person at our office in Juneau. We expect to continue our high level of public contact throughout 1999, and always welcome the opportunity to work with members of the fleet and the general public, to provide information, answer questions, clarify the rules, and solve problems.

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