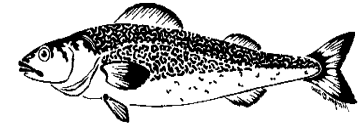
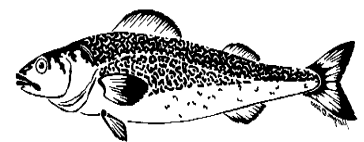
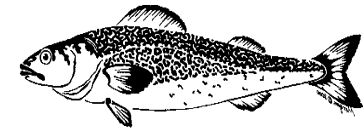
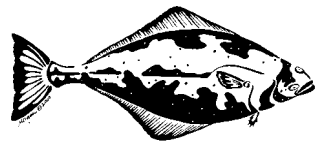
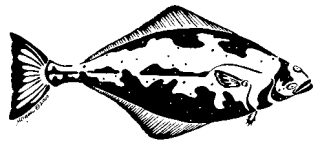


# 2002 REPORT TO THE FLEET

October 2003

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Alaska Region, National Marine Fisheries Service  
Restricted Access Management Program  
P.O. Box 21668 • Juneau, AK 99802-1668  
1-800-304-4846 • [www.fakr.noaa.gov](http://www.fakr.noaa.gov)



## 2002 REPORT TO THE FLEET OCTOBER 2003

To the IFQ Fleet:

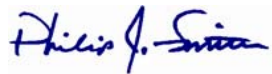
Greetings from the Alaska Region, National Marine Fisheries Service (NMFS), Restricted Access Management (RAM) Program.

As in prior years, this report contains information about the current IFQ season, reviews last year's season, provides information on IFQ program performance, discusses some developments that may affect the program, and provides a directory of agency contacts that you may find useful.

In addition to updating last year's Report, we include expanded data on the hiring of skippers to fish catcher vessel IFQ; and, as a separate Section, we include the "2003 Annual Report" for the IFQ Cost Recovery (Fee) Program.

The 2003 IFQ season has been underway since Saturday, March 1 (two weeks earlier than previous seasons) and will conclude on November 15 (a full 8-1/2 months). Our best wishes for a safe and successful season.

Sincerely,



Philip J. Smith  
Program Administrator  
Restricted Access Management



### RAM MAY BE CONTACTED AS FOLLOWS:

**Telephone (toll free):** (800) 304-4846 (#2)  
**Juneau local number:** (907) 586-7202

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# SECTION I

## THE 2003 HALIBUT AND SABLEFISH IFQ SEASON

**The 2003 Individual Fishing Quota (IFQ) season for halibut and sablefish opened noon, Alaska Local Time (A.L.T.), March 1, 2003.** Fishing is allowed for a full 260 days and will close noon A.L.T on November 15, 2003. This section of the report includes information on how your 2003 IFQ amounts were calculated, the 2003 Quota Share (QS) Use and Vessel IFQ Caps, any changes to the rules that are in effect for this fishing year, and other issues.

### *HOW YOUR ANNUAL IFQ PERMIT AMOUNTS WERE CALCULATED*

Once the fisheries managers determined what the 2003 Total Allowable Catch (TAC) limits were for each halibut and sablefish regulatory area, Restricted Access Management (RAM) applied some simple math to calculate your IFQ.

For each area in which you hold QS, the amount of QS you hold was 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 was then multiplied by the TAC for that area. The equation yielded the number of pounds of IFQ that you may harvest for the 2003 season derived from QS you held. Put simply, the above explanation can be expressed as follows:

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

In many cases, the resulting IFQ number was adjusted slightly (up or down) depending on fishing activities during 2002. If you (or whoever last year's IFQ holder may have been) recorded overages (caught more fish than the permit allowed), your 2003 permit account may reflect a debit for these pounds.

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 percent of your final 2002 permit amount was added as an adjustment to your 2003 season's IFQ account.

The adjustment "follows" the QS. This means that if the QS transferred from one person to another, the remaining balances of QS holders were adjusted by adding or subtracting pro-rata shares of remaining balances of persons who fished the IFQ. Then all 2003 adjustments were calculated. In short, your 2003 IFQ amounts were adjusted by overages and underages due to last year's under and over fishing by persons who fished the IFQ, regardless of whom that may have been.

The annual TACs for both halibut and sablefish were set by the International Pacific Halibut Commission (IPHC) and the North Pacific Fishery Management Council (Council) somewhat in advance of the 2003 season. The QSPs were calculated using January 31 figures. The following table 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.

TABLE I-A: 2003 QUOTA SHARE POOLS (QSPS) AND TOTAL ALLOWABLE CATCHES (TACs)

Species and Area	2003 Quota Share Pool (units)	2003 IFQ TAC (pounds)	Ratio (QS:IFQ)	
<b>Halibut</b>	2C	59,635,055	8,500,000	7.0159
	3A	184,930,966	22,630,000	7.1719
	3B	54,203,176	17,130,000	3.16242
	4A	14,587,099	4,970,000	2.9350
	4B	9,284,774	3,344,000	2.7765
	4C	4,016,352	1,015,000	3.9570
	4D	4,958,250	1,421,000	3.4893
	4E	139,999	0	0
	<i>All Areas</i>	<b>331,755,671</b>	<b>59,010,000</b>	
	<b>Sablefish</b>	AI	31,932,492	3,373,920
BS		18,768,845	1,701,951	7.3392
CG		111,668,048	9,576,782	9.8316
SE		66,119,746	7,076,766	8.4246
WG		36,029,105	3,950,643	7.9488
WY		53,267,935	3,708,137	11.926
<i>All Areas</i>		<b>317,786,171</b>	<b>29,388,199</b>	

**Notes to Table:**

- The "ratio" displays the number of units of QS that yield one pound of 2003 IFQ.
- QS Pools include small amounts of QS in "Reserve" (QS that is not yet issued) and QS that are "Restricted" (QS that has been issued, but which does not yield IFQ to its holder).
- TACs do not include pounds that have been set aside for the CDQ program.
- Halibut weights are displayed in net pounds; sablefish weights are displayed in round pounds.

## 2003 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 2003 season (note that the QS Use Caps are constant based on the 1996 QSPs).

TABLE I-B: 2003 QS USE CAPS

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

**Note to Table:** The “Relevant” QSPs for calculating the Use Caps for both halibut and sablefish are the 1996 QSPs.

TABLE I-C: 2003 VESSEL IFQ CAPS

	Vessel Use Cap %	2003 IFQ TAC	Vessel Use Cap
<b>Halibut</b>	1% of 2C IFQ TAC	8,500,000 net pounds	85,000 net pounds
	.5% of All IFQ TAC	59,010,000 net pound	295,050 net pounds
<b>Sablefish</b>	1% of SE IFQ TAC	7,848,376 round pounds	78,484 round pounds
	1% of All IFQ TAC	34,863,545 round pounds	348,635 round pounds

**Note to Table:** Vessel IFQ Caps are calculated based on the IFQ TACs only; CDQ TACs are not included in the calculations.

## ***IFQ RULE CHANGES***

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*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 Part 679.*

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Since the IFQ program regulations were first published in November 1993, numerous adjustments have been made. Some of these have been significant (such as the “blocking” amendment that was adopted in 1994 and the “Fish-Down” provisions that came into effect in late 1996), while many have been “technical” in nature. Below we discuss changes that have been adopted during the past year, those that are anticipated during the current year, and those that are anticipated in the future.

### **Changes Approved**

In 2002, three technical changes were made in the halibut sablefish IFQ implementing regulations. The changes accomplished the following:

- Consistent with RAM practice, they allow a quota share (QS) holder’s indirect ownership or affiliation to a vessel, through corporate or other ties, to substitute for direct vessel ownership in the QS holder’s own name for purposes of hiring a skipper to fish the QS holder’s IFQ;
- Revised the definition of “a change in the corporation or partnership” to include language that explicitly specifies the point at which estates holding initial allocations of QS must transfer the QS to a qualified individual; and,
- Revised sablefish QS use caps so that they are expressed in constant numbers of QS units based on the 1996 QS pool, rather than as percentages of the current year QS pool.

In 2003, reporting and record keeping changes are effective. The changes include the following:

- The six-hour prior notice of landing report is reduced to a three-hour prior notice requirement, and the requirement to declare an intent to land at a specific registered buyer is removed. Instead, a specific offload location must be identified;
- The requirement to file an IFQ shipment report has been removed. Instead, IFQ and CDQ halibut and IFQ sablefish are to be reported on a revised Product Transfer Report;
- The requirement for IFQ and CDQ halibut and IFQ sablefish fishing vessels leaving Alaskan waters to seek clearance at a primary port has been removed. This relieves vessel operators from the requirement to meet an enforcement officer at a primary port. Instead, a verbal departure report is required for vessels delivering IFQ fish or CDQ halibut outside of Alaska.
- Starting with the 2004 year, the Registered Buyer Permit is a three-year permit instead of a one-year permit.



## CHANGES ON THE HORIZON

The Council has taken Final Action on additional measures relating to the IFQ program, as explained below.

**Community QS Purchase:** In April 2002, the Council adopted a recommendation to allow 42 Gulf of Alaska communities to form nonprofit entities to purchase and hold commercial QS for halibut and sablefish Regulatory Areas in the Gulf of Alaska.

Current IFQ program regulations allow only persons who were initially issued QS or who qualify as IFQ crew members (with at least 150 days experience) to purchase QS. The IFQ program was designed by the Council so that, over time, all catcher vessel QS will be in the hands of individuals, not corporate entities. This proposal would provide an exception to this basic rule by allowing nonprofit community entities approved by the Council to purchase and hold QS. Criteria for community participation in this program include a rural location on the Gulf of Alaska coast with no road access with a population of no more than 1,500, and documented participation in the halibut or sablefish fisheries. Participating communities would be collectively limited to holding no more than 3% of the QS for an area for the first year of the program; thereafter, the cap would increase by 3% to a total of 21% by year seven. Other restrictions would apply to the leasing of IFQ derived from community-held QS.

Draft regulations to implement this IFQ program amendment are currently under review in NOAA Fisheries; publication of the proposed rule is expected by year end 2003, and a Final Rule could be in place in time to implement the program in 2004.

**Halibut Charter Boat Guideline Harvest Level (GHL) and Individual Fishing Quotas:** The Council has discussed the expansion of the guided sport or charter boat halibut fishery since 1993. Concerns have been raised that increasing participation in that fishery has resulted in a *de facto* reallocation of halibut harvests (from the commercial sector to the sport sector).

In 2001, the Council took action on a proposal to establish a "Guideline Harvest Level" (GHL) for the guided sport fishery in IPHC regulatory areas 2C and 3A. The GHLs for these areas were based on the guided sport sector receiving 125 percent of the average 1995 through 1999 guided sport harvest in those areas (equivalent to 1,432,000 pounds in Area 2C and 3,650,000 pounds in Area 3A). The GHL was designed to allow for some growth in the charter boat sector but to limit this growth to the initial GHLs. Moreover, exceeding the GHL in any one year is intended to produce restrictions on guided sport harvest in the following years until these annual harvests are once again below the GHL. The Council developed a regime of increasing restriction linked to the percentage by which the GHL was exceeded.

A major concern with implementing this program is the accuracy and timeliness of the harvest data needed to determine when a restriction would be put in place. Further, because such restriction could require formal Council action and rule-making procedures under the Administrative Procedures Act, it is not clear how effective the program may be. NMFS has contracted with a firm to assist in devising improved reporting procedures; work on implementing the GHL continues.

In a related action, the Council approved a proposal to place the guided sport harvest sector of the halibut fishery into the commercial IFQ program. Among the numerous features (in no particular order) of this proposed program are the following:

- Initial allocations of IFQ would be based on a guided sport sector share of 125% of the 1995 through 1999 sector harvests (same as the GHL);
- Guided sport sector QS would not be transferable to the commercial sector but the commercial sector could be transferred to the guided sport sector with restrictions;

- Up to 20 percent of guided sport IFQ could be leased;
  - Up to 1% of the combined commercial and charter QS would be set aside for underdeveloped Gulf of Alaska coastal communities;
  - Initial allocations would go to the charter vessel owner or the person who leased a charter vessel and carried clients in 1998 or 1999 and 2000;
  - Fishing under the charter IFQ program would be delayed until one year after quota shares are issued; and,
  - IFQs would be issued in numbers of fish instead of pounds to allow current fishing practices to continue.
- Implementing rules have not yet been drafted pending completion of the GHM program, and completion of the charter boat data collection study.

**For up-to-date information on these topics, please visit NMFS' and the Council's web sites, accessible at:  
[www.fakr.noaa.gov](http://www.fakr.noaa.gov) and [www.fakr.noaa.gov/npfmc](http://www.fakr.noaa.gov/npfmc), respectively.**

## SECTION II

### THE 2002 IFQ SEASON IN REVIEW

The 2002 IFQ season opened on March 18. A total of 6,674 IFQ permits (as defined by unique combinations of species, areas, and vessel categories), including 4,948 halibut permits and 1,726 sablefish permits, was active as of year-end 2002.

When the season ended on November 18, those permits had been used by IFQ holders to report 6,971 vessel landings of IFQ halibut and 2,030 of sablefish, for a total harvest of 98% of the IFQ halibut TAC and 92% of the IFQ sablefish TAC. The table below displays those landings by species, regulatory area, and IFQ pounds.

TABLE II-A: 2002 IFQ HALIBUT AND SABLEFISH ALLOCATIONS AND LANDINGS

Species/Area	Vessel Landings	Area IFQ TAC	Total Harvest	Percent Harvested
<b>Halibut</b> <b>2C</b>	2,759	8,500,000	8,432,413	99%
<b>3A</b>	2,546	22,630,000	22,560,168	100%
<b>3B</b>	966	17,130,000	17,119,777	100%
<b>4A</b>	379	4,970,000	4,951,724	100%
<b>4B</b>	176	3,344,000	3,213,189	96%
<b>4C</b>	100	1,015,000	484,815	48%
<b>4D</b>	45	1,421,000	1,360,253	96%
<b>Total</b>	<b>6,971</b>	<b>59,010,000</b>	<b>58,122,339</b>	<b>98%</b>
<b>Sablefish</b> <b>AI</b>	129	3,373,920	1,710,000	51%
<b>BS</b>	138	1,701,951	1,169,896	70%
<b>CG</b>	649	9,576,782	9,571,133	100%
<b>SE</b>	701	7,076,766	7,070,879	100%
<b>WG</b>	182	3,950,643	3,867,380	98%
<b>WY</b>	231	3,708,137	3,702,653	100%
<b>Total</b>	<b>2,030</b>	<b>29,388,199</b>	<b>27,091,941</b>	<b>92%</b>

**Notes Table:**

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

## RATE OF IFQ HARVEST

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

**TABLE II-B: RELATIVE RATE OF HALIBUT IFQ HARVEST**

Month Ending	1995 (TAC = 37,422,000)	1996 (TAC = 37,422,000)	1997 (TAC = 51,116,000)	1998 (TAC = 55,708,000)	1999 (TAC = 58,390,000)	2000 (TAC = 53,074,000)	2001 (TAC = 58,534,000)	2002 (TAC = 59,010,000)
April 14	3%	11%	9%	8%	12%	10%	10%	11%
May 14	7%	14%	13%	11%	14%	14%	14%	16%
June 14	15%	15%	19%	13%	18%	19%	18%	20%
July 14	9%	10%	11%	12%	11%	10%	10%	14%
August 14	10%	12%	12%	14%	12%	14%	14%	14%
September 14	16%	15%	14%	13%	13%	12%	12%	12%
October 14	14%	11%	10%	11%	10%	10%	10%	7%
End of year	11%	6%	8%	9%	7%	8%	8%	4%
<b>Total %</b>	<b>85%</b>	<b>94%</b>	<b>96%</b>	<b>91%</b>	<b>97%</b>	<b>97%</b>	<b>96%</b>	<b>98%</b>

**TABLE II-C: RELATIVE RATE OF SABLEFISH IFQ HARVEST**

Month Ending	1995 (TAC = 45,658,049)	1996 (TAC = 35,319,897)	1997 (TAC = 30,233,885)	1998 (TAC = 29,845,875)	1999 (TAC = 27,154,059)	2000 (TAC = 29,926,122)	2001 (TAC=29,120,561)	2002 (TAC = 29,388,199)
April 14	9%	15%	11%	8%	8%	11%	10%	14%
May 14	21%	24%	24%	17%	20%	23%	23%	26%
June 14	22%	20%	20%	19%	20%	20%	20%	17%
July 14	11%	10%	10%	12%	17%	13%	10%	9%
August 14	4%	8%	11%	11%	7%	7%	7%	8%
September 14	8%	7%	7%	10%	8%	8%	7%	9%
October 14	7%	5%	8%	11%	9%	7%	9%	6%
End of year	7%	3%	4%	5%	5%	3%	4%	3%
<b>Total %</b>	<b>89%</b>	<b>92%</b>	<b>95%</b>	<b>93%</b>	<b>94%</b>	<b>92%</b>	<b>90%</b>	<b>92%</b>

**Notes to Tables:**

- Data include IFQ TACs only; CDQ allocations are not included.
- Retention of halibut after November 18, 2002, was prohibited
- Retention and reporting of sablefish after November 18, 2002, was required if the IFQ permit included a sablefish balance.
- Because of rounding, sums of monthly totals in this table may differ slightly from published annual total percents of TACs landed.

*TOP IFQ ALASKAN PORTS*

**Halibut**

As the following table displays, the “Top Ten” Alaska ports in which the IFQ halibut were landed have remained relatively constant over the past seven seasons, as has the percentage of IFQ halibut landed

outside of Alaska. (Note that in 2002, Sand Point listed in the “Top Ten” for the first time.)

TABLE II-D: TOP TEN ALASKA HALIBUT PORTS 2002

Port	2002 Rank	2002 Pounds (net wt.)	Percent of 2002 Landings	1995 Rank	1996 Rank	1997 Rank	1998 Rank	1999 Rank	2000 Rank	2001 Rank
Homer	1	13,633,196	23.5%	2	2	3	1	1	1	1
Kodiak	2	7,891,904	13.6%	1	1	1	2	2	2	2
Seward	3	7,558,291	13.0%	5	3	4	3	3	4	4
Dutch/Unalaska	4	5,713,551	9.8%	4	4	2	4	4	3	3
Sand Point	5	3,073,679	5.3%	15	15	13	13	14	10	11
Juneau	6	2,786,812	4.8%	13	8	8	7	5	5	6
Sitka	7	2,252,114	3.9%	3	5	5	5	6	6	5
Petersburg	8	2,193,484	3.8%	6	6	6	6	7	7	7
Adak	9	2,139,912	3.7%	none	none	none	none	12	8	8
Cordova	10	1,357,441	2.3%	8	9	9	9	8	11	10
All “Outside”	N/A	2,146,934	3.7%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All Ports	N/A	58,122,339	100.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note to Table: “All Ports” includes some additional Alaskan landing locations.

## Sablefish

As the following table displays, the “Top Ten” Alaska ports in which the IFQ sablefish was landed have remained relatively constant over the past seven seasons, as has the percentage of IFQ sablefish landed

outside of Alaska. (Note that in 2002, Sand Point listed in the “Top Ten” for the first time.)

TABLE II-E: TOP TEN ALASKA SABLEFISH PORTS 2002

Port	2002 Rank	2002 Pounds (round wt.)	Percent of 2002 Landings	1995 Rank	1996 Rank	1997 Rank	1998 Rank	1999 Rank	2000 Rank	2001 Rank
Seward	1	5,197,604	19.2%	1	1	1	1	1	1	1
Dutch/Unalaska	2	3,926,126	14.5%	3	4	4	4	4	2	2
Sitka	3	3,142,428	11.6%	2	2	2	2	2	3	3
Homer	4	2,606,876	9.6%	9	8	9	6	5	6	5
Kodiak	5	1,922,976	7.1%	4	3	3	3	3	4	4
Juneau	6	1,358,429	5.0%	9	13	8	7	7	5	7
Petersburg	7	1,320,573	4.9%	7	5	10	9	8	10	9
Cordova	8	1,176,862	4.3%	8	7	7	10	9	9	6
Sand Point	9	1,000,583	3.7%	12	11	11	12	12	13	12
Yakutat	10	859,319	3.1%	5	6	5	5	6	7	10
All “Outside”	N/A	1,557,782	5.7%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All Ports	N/A	27,091,941	100.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note to Table: “All Ports” includes some additional Alaskan ports.

## *HIRED SKIPPER ACTIVITY*

A central policy of the IFQ program is that those who hold catcher-vessel QS and receive annual IFQ permits should, in time, exercise the harvest privilege themselves. This is the so-called “owner-on-board” policy [the policy does not apply to “freezer vessel” (category “A”) shares; those shares 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 actually do the fishing authorized by their annual IFQ permit. Under the current regulations, the IFQ permit holder may not hire a skipper unless the IFQ permit holder holds an ownership interest of at least 20% 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 permit holders allowed to hold less than 20%). 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 on board when the fish are caught.

In prior Reports to the Fleet, the Hired Skipper activities have been reported as the total amount of landings by Hired Skippers, expressed in absolute numbers and as a percent of the TAC. Using that

approach for 2002, we see that halibut Hired Skippers harvested 21,683 (x 1000) pounds (or 36.2% of the overall TAC) and sablefish Hired Skippers harvested 9,848 (x 1000) pounds (33.5% of the overall TAC).

To give these numbers meaning, however, it is important to note that there are two types of entities that hire skippers to harvest their catcher vessel IFQ, including:

- “Non-Individual QS Holders” who must designate a master (hire a skipper) to fish their annual IFQ permit. In 2002, these entities held 25% of the halibut catcher vessel quota, and 30% of the sablefish catcher vessel quota.
- “Individual QS Holders” who may hire a skipper to fish their annual catcher vessel IFQ permit (except in halibut Area 2C and sablefish Area SE) . In 2002, these individuals held 42% of the halibut catcher vessel quota (not including Area 2C), and 33% of the sablefish catcher vessel quota (not including SE).

The following table displays the numbers of such persons, and also shows the percent of catcher vessel quota that is held by Individual QS holders who may not hire skippers (i.e., must fish the IFQ themselves as “owners-on-board”):

**TABLE II-F: TYPE OF QS HOLDER AND PERCENT OF CATCHER VESSEL QUOTA HELD - YEAR-END 2002**

Type of QS Holder	Halibut (% of Catcher-Vessel Quota)	Sablefish (% of Catcher-Vessel Quota)
Non-Individual QS Holders (who <u>must</u> hire a Skipper to fish IFQ)	25%	30%
Individual QS Holders (who <u>may</u> hire a Skipper to fish IFQ)	42%	33%
Individual QS Holders (who may <u>not</u> hire a Skipper to fish IFQ)	33%	37%

**Note to table:** Catcher vessel Quota includes category B, C, and D shares

Because all Non-Individual QS Holders whose IFQ permits were fished were required to hire skippers to do the fishing, the focus of

this report is on the Individual QS holders.

### Trends

The discussion and table below point to two clear trends: a) the numbers of both Non-Individual and Individual QS Holders who may Hire Skippers has been declining; and, b) the numbers of Hired Skippers (and the amount of IFQ harvested by them) is increasing.

The table below displays those numbers for Individuals QS Holder with IFQ permit landings, and who were eligible to Hire Skippers:

**TABLE II-G: INDIVIDUAL QS HOLDERS WHO WERE ELIGIBLE TO HIRE SKIPPERS, HAD IFQ LANDINGS, AND HIRED SKIPPERS; AND NUMBER OF SKIPPER HIRED**

Element	1998	1999	2000	2001	2002	Percent change (1998-2002)
Halibut - Individual QS Holders with IFQ Permit Landings	1005	982	942	859	845	-16%
Halibut - Individual QS Holders with Landings who Hired Skippers	110	116	125	137	135	+23%
Halibut - Number of Skippers hired by Individual QS Holders	98	110	135	147	143	+46%
Sablefish - Individuals QS Holders with IFQ Permit Landings	232	214	195	185	179	-23%
Sablefish - Individual QS Holders with Landings who Hired Skippers	46	53	56	64	65	+41%
Sablefish - Number of Skippers hired by Individual QS Holders	45	55	71	80	82	+82%

**Notes to table:**

- In any given year, a significant number (30% to 40%) of QS holders do not fish their IFQ permit (but the amount of Quota held by these “non-fishers” is very small – less than 1/2 of 1% of the TAC)
- Individuals “eligible to hire skippers” hold catcher vessel QS other than 2C halibut or SE sablefish



As noted above, regulations that govern the IFQ program require that all “new” catcher vessel QS holders must be on board the vessel when the IFQ is being fished; they may not hire a skipper. Further, individuals who purchase (or refinance) QS using the IFQ loan program administered by NMFS Financial Services lose their ability to hire skippers (to date, there have been 78 individuals who have forfeited their ability to hire skippers by becoming borrowers under

the program). These regulatory requirements make it inevitable that, over time, there will be an increasing number of individual QS holders who may not hire skippers to fish their IFQ. In the long term, all catcher vessel QS/IFQ held by individuals will be fished by those individuals.

### Hired Skipper Activity

The following tables present information about the use of hired skippers during the 2002 IFQ season; the data are also expressed as

an average for the five seasons, 1998 - 2002.

TABLE II-H: HALIBUT - HIRED SKIPPER INFORMATION

Data Element	2002	Average (1998-2002)
Total IFQ TAC	59,010	56,943
Amount and Percent of TAC Harvested by Skippers hired by Non-Individual IFQ Permit Holders with IFQ landings	13,970 (23.7%)	13,468 (23.6%)
Amount and Percent of TAC Harvested by Skippers hired by Individual IFQ Permit Holders with IFQ landings	7,713 (13.1%)	6,129 (10.8%)
Number of Non-Individual Entities with IFQ Permit Landings (by one or more Hired Skippers)	121	128
Number and Percent of Eligible Individual Catcher Vessel IFQ holders with IFQ Landings who chose to Hire Skipper(s)	135 (16.0%)	125 (13.5%)

**Notes to Table:**

- Weights are in thousands of pounds. Halibut pounds are expressed in net (headed and gutted) weight.
- Total IFQ TACs include all QS categories but do not include allocations to the Community Development Quota (CDQ) Program or pounds from adjustments from prior year fishing.
- Skipper data for 1995 through 1997 are excluded because hired skipper rules and policies in effect prior to 1998 are inconsistent with later years.
- “Eligible Individual” IFQ permit holders are persons who hold catcher vessel IFQ other than 2C halibut, which must be fished by the permit holders.

TABLE II-I: SABLEFISH - HIRED SKIPPER INFORMATION

Data Element	2002	Average (1998 - 2002)
Total IFQ TAC	29,388	29,087
Amount and Percent of TAC Harvested by Skippers hired by Non-Individual IFQ Permit Holders, with IFQ landings	6896 (23.4%)	2,580 (11.1%)
Amount and Percent of TAC Harvested by Skippers hired by Individual IFQ Permit Holders, with IFQ landings	6,575 (22.4%)	7,185 (24.7%)
Number of Non-Individual Entities with IFQ Permit Landings (by one or more Hired Skippers)	72	82
Number and Percent of Eligible Individual Catcher Vessel IFQ holders with IFQ Landings who chose to Hire Skipper(s)	65 (36.3%)	57 (28.4%)

**Notes to Table:**

- Weights are in thousands of pounds. Sablefish pounds are expressed in round weight.
- Total IFQ TACs include all QS categories but do not include allocations to the Community Development Quota (CDQ) Program or pounds from adjustments from prior year fishing.
- Skipper data for 1995 through 1997 are excluded because hired skipper rules and policies in effect prior to 1998 are inconsistent with later years.
- “Eligible Individual” IFQ permit holders are persons who hold catcher vessel IFQ other than SE sablefish, which must be fished by the permit holders.

**Nature of Hired Skippers**

As the table below demonstrates, a large number of “Non-Individual Entities” that were required to hire a skipper to fish their IFQ hired one or more individuals who were, in whole or in part, owners of the

entity. The table below displays those data.

TABLE II-J: NON-INDIVIDUAL ENTITIES WITH CATCHER VESSEL QS/IFQ WHOSE HIRED SKIPPER(S) ARE OWNER(S) OF THE HIRING ENTITY -2002

Element	2002
<b>A. Number of Non-Individual Catcher Vessel QS Holders with IFQ Halibut Permit(s)</b>	<b>167</b>
• Number of Skippers Hired by (A)	190
• Number and Percent of Skipper(s) that were also an Owner of the Entity in (A)	82 (43%)
<b>B. Number of Non-Individual Catcher Vessel QS Holders with IFQ Sablefish Permit(s)</b>	<b>112</b>
• Number of Skippers Hired by (B)	110
• Number and Percent of Skipper(s) that were also an Owner of the Entity in (B)	56 (51%)

**Notes to Table:**

- This table used “Non-Individual” ownership data as of May 2003.
- These data represent a minimum percentage of skipper “ownership” in the QS Holding entity; “ownership” was checked only to the direct, first level of shareholders, partners, etc. Additional skipper ownership interests may be “hidden” under second, third, or deeper “levels” of ownership.

One other view of the Hired Skipper data reveals the numbers of Skippers who were hired by Non-Individual QS holders who held QS/IFQ in their individual capacity. Put another way, the table below shows that a large number of the Skippers (49% of halibut

skippers and 61% of sablefish skippers) that were hired by Non-Individual QS holders during 2002 were participants in the fisheries in their own right.

TABLE II-K: SKIPPERS HIRED BY NON-INDIVIDUAL QS HOLDERS WHO, IN 2002, HOLD IFQ PERMITS IN THEIR INDIVIDUAL CAPACITY

Element	Halibut	Sablefish
<b>A. Number of Non-Individual catcher-vessel QS Holders</b>	<b>166</b>	<b>109</b>
<b>B. Number of Skippers hired by “A”</b>	<b>190</b>	<b>110</b>
<b>C. Number and percent of Skippers in “B” who held QS in their Individual Capacity</b>	<b>93 (49%)</b>	<b>67 (61%)</b>

**Note to table:** Data on Skipper QS holdings are presented as of year-end 2002.

**Conclusion**

The ability to hire a skipper to fish catcher vessel IFQ remains an important, if controversial, element of the IFQ program. Under existing regulations, the practice will eventually disappear as current QS/IFQ holders are replaced by new entrants who are required to be on board when the IFQ is harvested. Until that happens, however, it appears that an increasing percentage of the annual IFQ will be

harvested by persons other than the QS/IFQ holder (even though many such persons are either owners of the entities that “hire” them, or are IFQ holders in their Individual capacity).

***EFFECTS OF UNDER AND OVER FISHING OF ANNUAL IFQ PERMITS ON FISHABLE POUNDS***

IFQ regulations provide for administrative adjustment of IFQ permits as a result of under and over fishing 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 permit is exceeded by a small percentage, the QS holder may see an account debit; a large permit overage results in enforcement action and (since 1998) no future administrative adjustment is made in large overage cases. Hence, the debit or credit adjustment to a permit may be less than the actual number of pounds that were under or over fished the prior year. Administrative adjustments are applied 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 made 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 over fished the prior year. The following tables show the net adjustments to IFQ permits computed from under and over fished IFQ pounds, by species, year, and area. “Net adjustment” is the sum of all credits and debits applied to IFQ permits. Since the beginning of the program, under fishing has exceeded over fishing, so that starting with 1996, each year’s landings could exceed the actual annual IFQ Total Allowable Catch (TAC) allocations by a small percentage. These additional amounts represent harvests deferred from prior years, as partially offset by some over fishing activity.

**TABLE II-L: NET ADJUSTMENTS TO IFQ HALIBUT PERMITS DERIVED FROM UNDER AND OVER FISHING OF PRIOR YEAR PERMITS**

	1996	1997	1998	1999	2000	2001	2002	2003	Average (1996-2003)
All Areas net IFQ Permit adjustments	941,500	590,200	805,126	1,686,032	1,220,380	841,747	1,336,893	673,263	1,011,893
All areas annual IFQ TAC	37,422,000	51,116,000	55,708,000	58,390,000	53,074,000	58,534,000	59,010,000	59,010,000	54,033,000
All areas % by which TAC could be exceeded or limited as a result of net adjustments	2%	1%	1%	3%	2%	1%	2%	1%	2%

**Notes to Table:**

- Area 4E has no IFQ halibut fishing and is omitted
- The IFQ Program started in 1995; the first adjustments were made to 1996 annual IFQ permits.
- Regulations at 50 CFR 679.40(d) and (e) limit allowed administrative adjustments; as a result, a year’s permit adjustments may be equal to, or less than, the amount actually over or under fished the prior year.
- Table values (“net adjustments”) are the sum of all positive and negative adjustments to a year’s IFQ permits.
- Halibut data are in net weight (head off, gutted) pounds.
- TAC = Total Allowable Catch, the annual pounds of halibut allocated to the IFQ fishery.
- In every year, under fishing exceeded over fishing, resulting in net positive adjustments to IFQ permits. Had all additional adjustment pounds been harvested the following year with no underfishing, the allotted annual IFQ TAC would have been exceeded by the indicated pounds and percentages.

**TABLE II-M: NET ADJUSTMENTS TO IFQ SABLEFISH PERMITS DERIVED FROM UNDER AND OVER FISHING OF PRIOR YEAR PERMITS**

	1996	1997	1998	1999	2000	2001	2002	2003	AVERAGE (1997-2003)
All Areas net IFQ Permit adjustments	<i>NOT AVAILABLE</i>	284,507	340,388	644,097	645,345	630,395	808,591	590,165	563,355
All areas annual IFQ TAC	35,319,897	30,233,885	29,845,875	27,154,059	29,926,122	29,120,561	29,388,199	34,863,545	30,076,035
All areas % by which TAC could be exceeded or limited as a result of net adjustments	-	1%	1%	2%	2%	2%	3%	2%	2%

**Notes to Table:**

- The IFQ Program started in 1995; the first adjustments were made to 1996 annual IFQ permits.
- Sablefish adjustment data are not available for 1996
- Regulations at 50 CFR 679.40(d) and (e) limit allowed administrative adjustments; as a result, a year's permit adjustments may be equal to, or less than, the amount actually over or under fished the prior year.
- Table values ("net adjustments") are the sum of all positive and negative adjustments to a year's IFQ permits.
- Sablefish data are in round weight pounds.
- TAC = Total Allowable Catch, the annual pounds of sablefish allocated to the IFQ fishery.
- In every year, under fishing exceeded over fishing, resulting in net positive adjustments to IFQ permits. Had all additional adjustment pounds been harvested the following year with no underfishing, the allotted annual IFQ TAC would have been exceeded by the indicated pounds and percentages.

## ***ELECTRONIC LANDINGS REPORTING***

Registered Buyers must report IFQ landings electronically using either Automated Transaction Machines (ATMs) or the Internet. This allows for “real-time” accounting of individual harvests 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 ATMs. However, by the end of 1996, most of the problems had been resolved. Since that time, almost all landings have been reported electronically.

The following table shows the use of electronic reporting of IFQ landings over time. A “transaction” is a report by vessel, person, harvest area, and species.

**TABLE II-N: USE OF ELECTRONIC REPORTING FOR IFQ LANDINGS**

<b>Reporting Year</b>	<b>Total Number of “Transactions” (electronic &amp; fax)</b>	<b>Number of “Transactions” Using ATMs</b>	<b>Percent Reported by ATMs</b>	<b>Number of “Transactions” Using the Internet</b>	<b>Percent Reported by the Internet</b>
<b>1996</b>	<b>11,196</b>	<b>5,908</b>	<b>53%</b>	<b>N/A</b>	<b>N/A</b>
<b>1997</b>	<b>12,753</b>	<b>11,294</b>	<b>89%</b>	<b>N/A</b>	<b>N/A</b>
<b>1998</b>	<b>11,801</b>	<b>11,062</b>	<b>94%</b>	<b>N/A</b>	<b>N/A</b>
<b>1999</b>	<b>12,852</b>	<b>12,451</b>	<b>97%</b>	<b>N/A</b>	<b>N/A</b>
<b>2000</b>	<b>11,438</b>	<b>10,985</b>	<b>96%</b>	<b>N/A</b>	<b>N/A</b>
<b>2001</b>	<b>11,354</b>	<b>11,142</b>	<b>98%</b>	<b>N/A</b>	<b>N/A</b>
<b>2002</b>	<b>11,527</b>	<b>9,701</b>	<b>84%</b>	<b>1,376</b>	<b>12%</b>

**Note to table:** Internet reporting was introduced in summer 2002.

**REGISTERED BUYER INFORMATION**

Landings of IFQ halibut and sablefish must be reported by an IFQ Registered Buyer (RB) (which may be, and in many instances is, the QS holder). The following table displays the number of RB permits

issued by RAM for the 2002 IFQ season, as well as the number of RBs who reported landings.

**TABLE II-O: NUMBER AND TYPE OF RB PERMITS ISSUED FOR 2002**

<b>Type of RB</b>	<b>Number of Permits Issued</b>	<b>Number Reporting Landings</b>	<b>Percent Reporting Landings</b>
<b>Buyer-Broker</b>	<b>133</b>	<b>51</b>	<b>38%</b>
<b>Catcher/Seller</b>	<b>424</b>	<b>104</b>	<b>25%</b>
<b>Retail</b>	<b>56</b>	<b>29</b>	<b>52%</b>
<b>Mothership</b>	<b>13</b>	<b>1</b>	<b>8%</b>
<b>Tender</b>	<b>24</b>	<b>5</b>	<b>21%</b>
<b>Catcher/Processor</b>	<b>83</b>	<b>32</b>	<b>39%</b>
<b>Restaurant</b>	<b>26</b>	<b>10</b>	<b>38%</b>
<b>Shore plant</b>	<b>129</b>	<b>85</b>	<b>66%</b>
<b>Other</b>	<b>23</b>	<b>8</b>	<b>35%</b>
<b>Unique Total</b>	<b>666</b>	<b>220</b>	<b>33%</b>

**Note to Table:** Permit applicants select all relevant “Types of Registered Buyer” operations; as a result, numbers are not additive across types.

### *IFQ ENFORCEMENT ACTIVITIES*

The U.S. Coast Guard (Coast Guard) and the NMFS Alaska Enforcement Division (AED) enforce the regulations that govern fishing under the IFQ program. As a general rule, AED focuses its enforcement effort shoreside while the Coast Guard focuses its effort at-sea. The Coast Guard also conducts shoreline enforcement consisting of monitoring offloads and providing after-hours surveillance of high threat areas. The AED is primarily responsible for offload monitoring, accounting for IFQ shipments, and investigating fraud and other illegal activities.

During 2002, AED conducted 295 dockside boardings (accounting for 18% of the vessels delivering IFQ halibut or sablefish), while Coast Guard personnel conducted 181 at-sea boardings, monitored 102 IFQ offloads, and spent more than 2,100 person-hours on after-hours surveillance. These activities resulted in the detection of 26 fisheries violations, with most violations involving log books, permits not on board, and exceeding bycatch limits greater than 10 percent.

The AED reports: "Overall, compliance was good."

### *VESSEL SAFETY STATISTICS*

In addition to its enforcement responsibilities, the Coast Guard also monitors safety-at-sea. During the 2002 IFQ season, the Coast Guard conducted eight Search and Rescue (SAR) missions on IFQ vessels in distress in Alaska (compared with seven in 2001), three of which resulted in vessels sinking (compared to one in 2001), and two

deaths. The Coast Guard responded to an average of 28 SAR missions, two vessels sinking and two lives lost each year during the short "derby" openings prior to 1995.



### **SECTION III**

#### **THE IFQ PROGRAM - BY THE NUMBERS**

One way of assessing the performance of a program that restricts access to fisheries is to quantify as many elements as possible and report on those data to the fleet, fisheries managers, the general public, and policy makers. That is the purpose of this section of the 2003 Report to the Fleet.

In many ways, these data simply display the results of decisions made by the thousands of QS holders – decisions to appeal determinations, to buy or sell QS, to fish, to join with other QS holders in a vessel, etc.

On the following pages, 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. They are reported generally without comment; the numbers speak for themselves.

## ***IFQ 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 750 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, several applications were received after that date and were denied with IAD's. No new applications were received during 2002.

Of the approximately 1,800 IADs issued by RAM, only 10% (186) were appealed to the Office of Administrative Appeals. The following table shows the issues which gave rise to the appeals:

**TABLE III-A: APPEALS FROM RAM IADs ON IFQ PROGRAM APPLICATIONS AS OF YEAR-END 2002**

<b>Reasons for IFQ Appeals</b>	<b>Number</b>
<b>Basic Eligibility for Quota Share Issuance</b>	<b>49</b>
<b>Ownership/Lease Conflicts</b>	<b>42</b>
<b>Untimely Applications</b>	<b>36</b>
<b>Additional Qualifying Pounds</b>	<b>21</b>
<b>Successor-in-Interest Determinations</b>	<b>13</b>
<b>Vessel Category Determinations</b>	<b>8</b>
<b>Challenge to IFQ Regulations</b>	<b>7</b>
<b>Miscellaneous/Other Reasons</b>	<b>10</b>

### **Disposition of Administrative Appeals**

**TABLE III-B: STATUS OF IFQ APPEALS**

<b>Status of IFQ Appeals as of Year-End 2002</b>	<b>Number</b>
<b>Decisions Issued (Final Determinations Made)</b>	<b>148</b>
<b>Appeal Settled or Dismissed (Final Determinations Made)</b>	<b>31</b>
<b>Decisions Pending</b>	<b>7</b>

## Appeals of Final Agency Actions

A Decision of the Office of Administrative Appeals becomes a Final Agency Action 30 days after it is published, unless the Regional Administrator decides otherwise. An appellant may appeal a Final Agency Action to the federal courts. As of year-end 2002, eleven of the 148 Final Agency Actions on IFQ appeals had been appealed to the

U.S. District Court as 10 separate cases. (Some were further appealed to the 9<sup>th</sup> Circuit Court of Appeals).

The following table identifies and shows the status of those appeals:

TABLE III-C: STATUS OF APPEALS TO FEDERAL COURTS

Case Title (Nature of Dispute)	Status of Appeal
<b>Dell v. NMFS (Lease/Ownership)</b>	<b>9<sup>th</sup> Circuit Court Judgment for Defendant (NMFS)</b>
<b>Smee v. NMFS (Lease/Ownership)</b>	<b>9<sup>th</sup> Circuit Court Judgment for Defendant (NMFS)</b>
<b>Cole v. NMFS (Lease/Ownership)</b>	<b>9<sup>th</sup> Circuit Court Judgment for Defendant (NMFS)</b>
<b>Gates v. NMFS (Lease/Ownership)</b>	<b>9<sup>th</sup> Circuit Court Judgment for Defendant (NMFS)</b>
<b>West v. NMFS (Ownership Conflict)</b>	<b>District Court Judgment for Appellant (West)</b>
<b>Foss v. NMFS (Untimely Application)</b>	<b>9<sup>th</sup> Circuit Court Judgment for Defendant (NMFS)</b>
<b>Prowler/Ocean Prowler Partnerships v. NMFS (Ownership Conflict)</b>	<b>District Court Partial Summary Judgement for Defendant (NMFS); Partial Remand. On remand, agency denial was affirmed; to date the decision has not been (re)appealed to the Federal Courts</b>
<b>Prowler /Ocean Prowler Partnerships v. NMFS (Landings)</b>	<b>9<sup>th</sup> Circuit Court Judgment for Defendant (NMFS)</b>
<b>Petticrew v. NMFS (Regulation Challenge)</b>	<b>Settled prior to Judgment</b>
<b>Ward's Cove v. NMFS (Regulation Challenge)</b>	<b>9<sup>th</sup> Circuit Court of Appeals Judgment for Ward's Cove</b>

### *QUOTA SHARE TRANSFER ACTIVITY*

Compared with the first three years of the program, QS and IFQ transfer activity declined significantly after 1997.

The following table (for halibut, sablefish, and both species combined) 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 2002.

TABLE III-D: NUMBERS OF APPROVED QS/IFQ TRANSFERS 1995 - 2002

Species	Transfer Type	1995	1996	1997	1998	1999	2000	2001	2002
Halibut	Regular QS/IFQ	1,218	1,397	1,002	544	631	636	553	493
	IFQ Only ("lease")	31	61	52	43	39	49	48	51
	Sweep-up of Small Blocks	31	63	441	147	154	80	89	60
	<i>Total - Halibut Transfers</i>	<i>1,279</i>	<i>1,521</i>	<i>1,498</i>	<i>730</i>	<i>800</i>	<i>729</i>	<i>690</i>	<i>604</i>
Sablefish	Regular QS/IFQ	352	351	388	184	238	245	185	171
	IFQ Only ("lease")	76	51	50	57	53	79	67	60
	Sweep-up of Small Blocks	15	20	82	33	24	31	20	16
	<i>Total - Sablefish Transfers</i>	<i>443</i>	<i>422</i>	<i>521</i>	<i>275</i>	<i>312</i>	<i>346</i>	<i>272</i>	<i>247</i>
Both Species	Regular QS/IFQ	1,570	1,748	1,390	728	869	881	738	664
	IFQ Only ("lease")	107	112	102	100	92	128	115	111
	Sweep-up	46	83	523	180	178	111	109	76
	<i>Total - All Transfers</i>	<i>1723</i>	<i>1943</i>	<i>2015</i>	<i>1008</i>	<i>1139</i>	<i>1120</i>	<i>962</i>	<i>851</i>

**Note to table:** Transactions reflect calendar year activity

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.

TABLE III-E: CHANGES IN HALIBUT QS HOLDINGS BETWEEN INITIAL ISSUANCE AND ISSUED AS OF YEAR END 2002

Area	Initially Issued				Issued as of Year End 2002			
	Alaskan		Non-Alaskan		Alaskan		Non-Alaskan	
	# of Persons	QS Units	# of Persons	QS Units	# of Persons	QS Units	# of Persons	QS Units
2C	1,971	49,265,458	417	10,293,932	1,252	50,601,315	244	9,007,025
3A	2,436	118,591,502	636	66,843,449	1,563	113,184,418	420	71,634,627
3B	780	28,061,266	277	26,159,470	394	26,281,530	176	27,621,521
4A	376	7,065,931	155	7,485,405	184	6,604,557	101	7,898,992
4B	80	3,242,733	73	6,050,658	50	2,892,809	58	6,391,965
4C	48	2,199,603	32	1,769,583	37	1,911,420	23	2,050,000
4D	22	665,856	46	4,168,808	13	1,222,138	35	3,647,138
4E	98	127,392	6	12,607	96	126,642	7	13,129
<i>Total Unique Persons</i>	<i>3,976</i>		<i>854</i>		<i>2,841</i>		<i>659</i>	

**Notes to Table:**

- “Initially Issued” means QS that is initially issued to its first holder. Initial issuance was accomplished primarily at the beginning of the IFQ program but continued to occur as a result of adjudicated appeals.
- Designation 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 are the result both of QS transfers and of QS holders’ address changes.
- Total QS units for a species/area may differ from published QS pool sizes as a result of QS units not assigned to any person (for example, units in reserve or revoked midyear)
- The number of QS holders is not additive across areas or species. “Unique Total” represents the unique number of QS holders for each species.
- Additional information on changes in QS holdings and consolidation in the halibut and sablefish fisheries can be found on our web site at <www.fakr.noaa.gov>.
- Persons without addresses are excluded.

**TABLE III-F: CHANGES IN SABLEFISH QS HOLDINGS BETWEEN INITIAL ISSUANCE AND ISSUED AS OF YEAR END 2002**

Area	Initially Issued				Issued as of Year End 2002			
	Alaskan		Non-Alaskan		Alaskan		Non-Alaskan	
	# of Persons	QS Units	# of Persons	QS Units	# of Persons	QS Units	# of Persons	QS Units
AI	49	7,112,625	87	24,405,551	34	9,765,698	63	22,145,737
BS	62	7,090,226	82	11,514,928	56	8,655,540	56	10,082,528
CG	395	43,422,477	247	68,055,072	252	44,793,394	179	66,821,862
SE	466	42,774,622	247	23,734,199	300	42,562,661	177	23,466,094
WG	107	8,523,462	125	27,562,419	71	8,816,105	99	27,211,131
WY	250	18,494,619	205	34,938,242	153	18,642,606	140	34,587,376
<i>Total Unique Persons</i>	720		332		549		327	

**Notes to Table:**

- “Initially Issued” means QS that is initially issued to its first holder. Initial issuance was accomplished primarily at the beginning of the IFQ program but continued occur as a result of adjudicated appeals.
- Designation 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 are the result both of QS transfers and of QS holders’ address changes.
- Total QS units for a species/area may differ from published QS pool sizes as a result of QS units not assigned to any person (for example, units in reserve or revoked midyear).
- The number of QS holders is not additive across areas or species. “Unique Total” represents the unique number of QS holders for each species.
- Additional information on changes in QS holdings and consolidation in the halibut and sablefish fisheries can be found on our web site at: <[www.fakr.noaa.gov](http://www.fakr.noaa.gov)>.
- Persons without addresses are excluded.

## 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. Eligibility to receive processor QS by transfer also requires approval of a TEC application, although both individuals and non-individuals may become eligible.

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 IFQ Crewmembers were holding QS at the end of 2002.

**TABLE III-G: SUMMARY OF TEC ("IFQ CREWMEMBER") ISSUANCE ('94 - '02) AND "CREWMEMBERS" HOLDING QS AS OF YEAR END 2002**

<b>Claimed Residency</b>	<b>"Crewmember" TECs Issued ('94 - '02)</b>	<b>"Crewmembers" Holding QS/IFQ at Year-End 2002</b>
<b>Alaskan</b>	<b>1,668</b>	<b>766</b>
<b>Non-Alaskan</b>	<b>651</b>	<b>254</b>
<b><i>Total</i></b>	<b><i>2,319</i></b>	<b><i>1,020</i></b>

**Notes to Table:**

- 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.
- Persons without addresses are excluded.

## Quota Acquired by “IFQ Crewmembers” by Species, Area, and Residence Category

The following table displays “Alaskan” and “Non-Alaskan” IFQ Crewmember holdings of QS as of the end of 2002 (as expressed in

2002 IFQ pound equivalents and as a percentage of the 2002 area TACs).

TABLE III-H: QUOTA HELD BY “IFQ CREWMEMBERS” BY SPECIES, AREA, AND RESIDENCE CATEGORY AT YEAR END 2002

Species/Area		“Alaskan” IFQ Pounds	“Non-Alaskan” IFQ Pounds	Total 2002 IFQ Pounds	Percent of Area TAC
<b>Halibut</b>	2C	1,693,049	419,987	2,113,037	25%
	3A	2,973,333	1,369,887	4,343,220	19%
	3B	2,019,096	1,271,245	3,290,341	19%
	4A	656,639	609,977	1,266,617	26%
	4B	255,690	643,096	898,786	27%
	4C	153,066	82,132	235,198	23%
	4D	55,682	245,058	300,739	21%
<b>Halibut Total</b>		<b>7,806,555</b>	<b>4,641,382</b>	<b>12,447,938</b>	<b>21%</b>
<b>Sablefish</b>	AI	38,723	498,790	537,513	16%
	BS	117,678	119,892	237,570	14%
	CG	362,804	620,606	983,410	10%
	SE	577,652	641,671	1,219,323	17%
	WG	157,540	189,226	346,766	9%
	WY	137,804	242,011	379,815	10%
	<b>Sablefish Total</b>		<b>1,392,201</b>	<b>2,312,196</b>	<b>3,704,397</b>

### Notes to Table:

- An “IFQ Crewmember” is an individual who did not receive QS/IFQ by initial issuance, but who applied for, and was issued, a TEC and subsequently received QS by transfer.
- 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.
- Pounds are derived from QS held and are not adjusted.
- TAC amounts referenced in TABLE 1-A
- Persons without addresses are excluded



## Interests Asserted Against QS

Since mid-1995, RAM has informally recorded interests against QS on behalf of creditors. Although there is no legal requirement that these interests must be filed and these filings do not legally perfect a creditor's interest in the QS, most lending institutions take advantage of the voluntary service.

The following table shows, by species and types of interest holders, the number of interests asserted that are currently recorded by RAM. Note that the table displays the number of interests that have been filed against identifiable QS ranges (blocks, ranges of unblocked, QS, etc.), and not against QS holders.

TABLE III-I: **ASSERTED INTERESTS RECORDED BY RAM AGAINST QS RANGES AS OF YEAR END 2002**

Type of Interested Party	Halibut	Sablefish	Total Reported Interests
Private Banks (including CFAB)	911	514	1,425
State of Alaska (Div. Of Investments)	241	71	312
State of Alaska/WA (Child Support)	21	9	30
Private Lenders (other than Banks)	259	141	400
CDQ Groups	48	6	54
NMFS Financial Services Branch	224	95	319
Internal Revenue Service	36	5	41
<i>Total - All Reported Interest</i>	<i>1,740</i>	<i>841</i>	<i>2,581</i>

**Notes to Table:**

- Table displays interests voluntarily reported to RAM; interests may be recorded in other venues as well.
- More than one person may have reported an interest against the same range of QS units.

## CONSOLIDATION OF QS

As 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 the number that 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 have changed from the report published in the 2002 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 through 2002 (as a result of appeal determinations and settlements); and 2) the table displays the number of QS holders using 2002 IFQ pound equivalents (the 2002 Report was based on 2001 IFQ pound equivalents).

**TABLE III-J: CONSOLIDATION OF HALIBUT QS - INITIAL ISSUANCE THROUGH YEAR END 2002 (NUMBERS OF PERSONS HOLDING HALIBUT QS BY AREA AND SIZE OF HOLDINGS, EXPRESSED IN 2002 IFQ POUNDS)**

Area	Size of Holding (*02 IFQ Pounds)	Number of Initial Issues	Holders as of End of 1995	Holders as of End of 1996	Holders as of End of 1997	Holders as of End of 1998	Holders as of End of 1999	Holders as of End of 2000	Holders as of End of 2001	Holders as of End of 2002
2C	3,000 or less	1,551	1,351	1,144	992	941	892	855	814	794
	3,001-10,000	619	529	501	498	501	481	475	470	451
	10,001-25,000	197	218	219	216	202	205	203	202	218
	over 25,000	20	27	31	35	41	45	49	50	48
	<i>2C Total:</i>	<i>2,387</i>	<i>2,125</i>	<i>1,895</i>	<i>1,741</i>	<i>1,685</i>	<i>1,623</i>	<i>1,582</i>	<i>1,536</i>	<i>1,511</i>
3A	3,000 or less	1,818	1,602	1,406	1,240	1,148	1,073	1,019	970	943
	3,001-10,000	658	568	515	507	501	490	490	489	494
	10,001-25,000	342	329	337	330	332	326	326	326	321
	over 25,000	252	254	257	261	261	267	263	264	263
	<i>3A Total:</i>	<i>3,070</i>	<i>2,753</i>	<i>2,515</i>	<i>2,338</i>	<i>2,242</i>	<i>2,156</i>	<i>2,098</i>	<i>2,049</i>	<i>2,021</i>
3B	3,000 or less	434	388	307	231	198	175	165	148	139
	3,001-10,000	254	225	185	134	118	102	90	84	80
	10,001-25,000	181	151	140	147	149	136	140	139	140
	over 25,000	186	191	192	197	200	217	214	215	219
	<i>3B Total:</i>	<i>1,055</i>	<i>955</i>	<i>824</i>	<i>709</i>	<i>665</i>	<i>630</i>	<i>609</i>	<i>586</i>	<i>578</i>

Table III-J (Continued): Consolidation of Halibut QS - Initial Issuance Through Year End 2002 (Numbers of Persons Holding Halibut QS by Area and Size of Holdings, Expressed in 2002 IFQ Pounds)

Area	Size of Holding ('02 IFQ Pounds)	Number of Initial Issues	Holders as of End of 1995	Holders as of End of 1996	Holders as of End of 1997	Holders as of End of 1998	Holders as of End of 1999	Holders as of End of 2000	Holders as of End of 2001	Holders as of End of 2002
4A	3,000 or less	266	228	201	167	144	127	115	97	95
	3,001-10,000	124	108	95	76	75	69	60	57	56
	10,001-25,000	81	78	72	68	66	71	71	74	71
	over 25,000	58	63	67	68	69	70	69	67	67
	<i>4A Total:</i>	<i>529</i>	<i>477</i>	<i>435</i>	<i>379</i>	<i>354</i>	<i>337</i>	<i>315</i>	<i>295</i>	<i>289</i>
4B	3,000 or less	25	31	26	23	21	16	16	13	14
	3,001-10,000	41	35	36	33	31	28	27	26	21
	10,001-25,000	44	44	43	34	33	28	26	29	28
	over 25,000	42	35	36	40	39	45	44	44	45
	<i>4B Total:</i>	<i>152</i>	<i>145</i>	<i>141</i>	<i>130</i>	<i>124</i>	<i>117</i>	<i>113</i>	<i>112</i>	<i>108</i>
4C	3,000 or less	20	20	19	20	17	17	16	12	12
	3,001 - 10,000	29	29	28	24	22	21	19	15	14
	10,001 - 25,000	20	20	20	20	19	19	20	21	21
	over 25,000	11	11	13	13	14	14	14	14	14
	<i>4C Total:</i>	<i>80</i>	<i>80</i>	<i>80</i>	<i>77</i>	<i>72</i>	<i>71</i>	<i>69</i>	<i>62</i>	<i>61</i>
4D	3,000 or less	9	9	8	7	6	5	4	4	2
	3,001 - 10,000	20	20	18	15	12	12	10	9	9
	10,001 - 25,000	23	23	27	18	18	13	16	13	13
	over 25,000	16	15	15	19	20	23	22	24	24
	<i>4D Total:</i>	<i>68</i>	<i>67</i>	<i>68</i>	<i>59</i>	<i>56</i>	<i>53</i>	<i>52</i>	<i>50</i>	<i>48</i>
ALL	3,000 or less	2,636	2,464	2,239	1,961	1,856	1,751	1,686	1,611	1,571
	3,001 - 10,000	1,132	992	919	888	888	856	849	849	829
	10,001 - 25,000	577	569	575	563	539	550	549	541	557
	over 25,000	483	485	494	501	512	520	524	534	532
	<i>Total All Areas</i>	<i>4,828</i>	<i>4510</i>	<i>4227</i>	<i>3913</i>	<i>3795</i>	<i>3677</i>	<i>3608</i>	<i>3,535</i>	<i>3,489</i>

Notes to Table:

- Halibut data do not include Area 4E; there is no IFQ allocation for that area.
- The area data in the table are not additive; QS holders may (and many do) hold QS in more than one administrative area for both halibut and sablefish.

TABLE III-K: CONSOLIDATION OF SABLEFISH QS -- INITIAL ISSUANCE THROUGH YEAR END 2002 (NUMBERS OF PERSONS HOLDING QS BY AREA AND SIZE OF HOLDINGS, EXPRESSED IN 2002 IFQ POUNDS)

Area	Size of Holding ('02 IFQ Pounds)	Number of Initial Issuees	Holders as of End of 1995	Holders as of End of 1996	Holders as of End of 1997	Holders as of End of 1998	Holders as of End of 1999	Holders as of End of 2000	Holders as of End of 2001	Holders as of End of 2002
AI	5,000 or less	59	55	54	48	46	44	36	34	34
	5,001-10,000	20	18	20	19	20	20	19	16	15
	10,001-25,000	21	19	22	23	19	19	20	18	18
	over 25,000	35	32	34	34	34	29	29	29	30
	<i>AI Total:</i>	<i>135</i>	<i>124</i>	<i>130</i>	<i>124</i>	<i>119</i>	<i>112</i>	<i>104</i>	<i>97</i>	<i>97</i>
BS	5,000 or less	82	78	74	67	66	67	60	61	58
	5,001-10,000	21	21	19	22	21	20	19	18	17
	10,001-25,000	23	21	23	20	19	18	18	17	19
	over 25,000	18	17	19	21	22	22	22	21	20
	<i>BS Total:</i>	<i>144</i>	<i>137</i>	<i>135</i>	<i>130</i>	<i>128</i>	<i>127</i>	<i>119</i>	<i>117</i>	<i>114</i>
CG	5,000 or less	362	325	301	252	244	233	224	213	204
	5,001-10,000	69	62	53	56	54	48	43	44	46
	10,001-25,000	85	83	76	63	58	55	56	63	63
	over 25,000	125	116	121	121	121	122	125	123	124
	<i>CG Total:</i>	<i>641</i>	<i>586</i>	<i>551</i>	<i>492</i>	<i>477</i>	<i>458</i>	<i>448</i>	<i>443</i>	<i>437</i>
SE	5,000 or less	395	342	307	251	227	209	208	197	190
	5,001-10,000	107	97	81	80	81	82	77	76	71
	10,001-25,000	126	130	134	129	125	119	116	117	124
	over 25,000	84	85	87	89	91	94	95	96	96
	<i>SE Total:</i>	<i>712</i>	<i>654</i>	<i>609</i>	<i>549</i>	<i>524</i>	<i>504</i>	<i>496</i>	<i>486</i>	<i>481</i>

TABLE III-K (CONTINUED): CONSOLIDATION OF SABLEFISH QS -- INITIAL ISSUANCE THROUGH YEAR END 2002 (NUMBERS OF PERSONS HOLDING QS BY AREA AND SIZE OF HOLDINGS, EXPRESSED IN 2002 IFQ POUNDS)

Area	Size of Holding ('02 IFQ Pounds)	Number of Initial Issuees	Holders as of End of 1995	Holders as of End of 1996	Holders as of End of 1997	Holders as of End of 1998	Holders as of End of 1999	Holders as of End of 2000	Holders as of End of 2001	Holders as of End of 2002
WG	5,000 or less	122	117	111	93	90	90	80	84	80
	5,001-10,000	30	28	25	27	26	27	27	25	24
	10,001-25,000	41	31	34	34	30	27	28	27	26
	over 25,000	38	40	41	40	42	41	41	41	43
	<i>WG Total:</i>	<i>231</i>	<i>216</i>	<i>211</i>	<i>194</i>	<i>188</i>	<i>185</i>	<i>176</i>	<i>177</i>	<i>173</i>
WY	5,000 or less	301	269	241	204	193	173	163	157	156
	5,001-10,000	50	44	46	42	44	41	39	39	39
	10,001-25,000	61	57	60	57	57	56	50	54	49
	over 25,000	42	46	45	47	47	48	51	50	53
	<i>WY Total:</i>	<i>454</i>	<i>416</i>	<i>392</i>	<i>350</i>	<i>341</i>	<i>318</i>	<i>303</i>	<i>300</i>	<i>297</i>
ALL	5,000 or less	544	502	494	436	413	402	394	381	366
	5,001 - 10,000	104	109	99	109	116	113	108	108	108
	10,001 - 25,000	146	145	147	147	135	137	137	152	159
	over 25,000	257	251	254	248	255	250	251	249	255
	<i>Total All Areas</i>	<i>1051</i>	<i>1007</i>	<i>994</i>	<i>940</i>	<i>919</i>	<i>902</i>	<i>890</i>	<i>890</i>	<i>888</i>

**Note to Table:** The area 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.

***NON-PARTICIPATING QUOTA SHARE HOLDERS***

There has never been a requirement that those who hold QS must fish the resulting IFQ. When the IFQ program was implemented QS was issued to every eligible person who timely applied. As the table below demonstrates, a significant number of those eligible applicants have never fished and have never transferred (either as transferor or transferee) any QS or IFQ. Even though a significant

number of QS holders have not actively participated in the program, the amount of QS held by those “non-fishers” is trivial (excluding area 4E for which no IFQ is allocated, only in halibut Areas 2C and 3A does the amount exceed 0.1%, and in those two areas the amount is less than 0.5%).

**TABLE III-L: NUMBER OF PERSONS TO WHOM QS WAS INITIALLY ISSUED, BUT WHO HAVE NOT FISHED ANY IFQ AND HAVE NOT TRANSFERRED QS/IFQ**

	<b>Halibut</b>	<b>Sablefish</b>
<b>Number of persons to whom QS was Initially Issued (“all Initial Issuees”)</b>	<b>4,828</b>	<b>1,051</b>
<b>Number of Initial Issuees who still held QS at year-end 2002 (“2002 Initial Issuees”)</b>	<b>2,581</b>	<b>656</b>
<b>Number of 2002 Initial Issuees who have never fished nor transferred their QS/IFQ</b>	<b>631</b>	<b>106</b>
<b>Percent of all Initial Issuees who have never fished nor transferred their QS/IFQ</b>	<b>13.1%</b>	<b>10.1%</b>
<b>Percent of 2002 Initial Issuees who have never fished nor transferred their QS/IFQ</b>	<b>24.4%</b>	<b>16.2%</b>

**Note to table:** Number of persons is not additive across species

## 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 the “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.

TABLE III-M: NUMBER OF VESSELS WITH HALIBUT HARVESTS, BY AREA 1992 - 2002 SEASONS

Species/Area	Before IFQ Program			During IFQ Program							
	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02
<b>Halibut</b>											
2C	1,775	1,562	1,461	1,105	1,029	993	836	840	816	733	713
3A	1,924	1,529	1,712	1,145	1,104	1,076	899	892	839	802	746
3B	478	401	320	332	350	357	325	323	340	327	315
4A	190	165	176	140	147	142	120	121	125	118	119
4B	82	65	74	57	64	69	47	51	55	52	52
4C	62	58	64	35	41	46	30	36	35	28	24
4D	26	19	39	27	33	33	22	29	32	31	32
<b>All Unique</b>	<b>3,452</b>	<b>3,393</b>	<b>3,450</b>	<b>2,057</b>	<b>1,962</b>	<b>1,925</b>	<b>1,601</b>	<b>1,613</b>	<b>1,568</b>	<b>1,451</b>	<b>1,385</b>

TABLE III-N: NUMBER OF VESSELS WITH SABLEFISH HARVESTS, BY AREA 1992 - 2002 SEASONS

Species/Area	Before IFQ Program			During IFQ Program							
	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02
<b>Sablefish</b>											
AI	50	65	61	67	64	56	39	42	43	39	38
BS	100	85	61	68	64	55	45	44	53	42	47
CG	613	500	602	347	312	291	260	244	228	225	208
SE	510	393	488	391	368	339	309	295	280	266	262
WG	126	47	30	101	97	91	81	77	77	74	74
WY	275	209	265	243	230	206	188	172	158	146	143
<b>All Unique</b>	<b>1,166</b>	<b>969</b>	<b>1,191</b>	<b>616</b>	<b>565</b>	<b>530</b>	<b>477</b>	<b>463</b>	<b>450</b>	<b>433</b>	<b>415</b>

***IFQ LOANS***  
***THE NORTH PACIFIC LOAN PROGRAM***

Under the authority of the Magnuson-Stevens Act, the NMFS Financial Services Branch in Seattle makes loans to "Entry-Level Fishermen" and "Fishermen Who Fish From Small Vessels." The purpose of the loans is to purchase (or refinance) Quota Share.

resulted in the loan fund of \$5,000,000 for each fiscal year.

The following table displays, by borrower's state of residence, the number of loans, and amounts approved, during the program's duration.

Appropriations to support the program have been included in every annual budget since Fiscal Year 1998. The appropriations have

**TABLE III-O: STATUS OF NMFS LOANS FOR PURCHASE OF QS/IFQ**

Borrower's Residence	FY 1998		FY 1999		FY 2000		FY 2001		FY 2002		TOTALS	
	Loans	Amount	Loans	Amount	Loans	Amount	Loans	Amount	Loans	Amount	Loans	Amount
Alaska	31	\$2,704,749	30	\$2,942,881	23	\$2,852,759	18	\$2,506,978	25	\$2,898,348	127	\$13,905,715
Washington	14		13		9		8	\$1,570,914	10	\$1,631,465	54	\$7,454,656
Oregon	1	\$169,336	3	\$205,800	3	\$393,000	3	\$354,955	1	\$100,000	11	\$1,223,091
Florida			1	\$360,019							1	\$360,019
Georgia	1	\$250,000			1	\$292,871					2	\$542,871
Idaho					1	\$80,000	1	\$99,564			2	\$179,564
Michigan			1	\$61,500							1	\$61,500
Utah	1	\$114,808									1	\$114,808
Colorado					1	\$60,000					1	\$60,000
California					1	\$260,000					1	\$260,000
Minnesota									1	\$100,000	1	\$100,000
Nebraska							1	\$200,000			1	\$200,000
Nevada									1	\$100,000	1	\$100,000
Wisconsin							1	\$65,089			1	\$65,089
Arizona							1	\$185,000	1	\$170,187	2	\$355,187
<b>Total</b>	<b>48</b>	<b>\$5,000,000</b>	<b>48</b>	<b>\$5,000,000</b>	<b>39</b>	<b>\$5,000,000</b>	<b>33</b>	<b>\$4,982,500</b>	<b>39</b>	<b>\$5,000,000</b>	<b>207</b>	<b>\$24,982,500</b>

Additional information on the loan program may be obtained at:

Financial Service Branch, NW Region  
7600 Sand Point Way NE  
BIN C15700, Building 1  
Seattle, WA 98115

Phone: (206) 526-6122  
Fax: (206) 526-6306



## SECTION IV

### Annual Report: IFQ Fee (Cost Recovery) Program

#### Introduction

Section 304(d)(2)(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 is to be paid by IFQ fishermen and is to be premised on the ex-vessel value of fish harvested under the program. The fee is not allowed to exceed 3% of the annual ex-vessel value.

Receipts from the collection effort are to be deposited in two separate accounts. Twenty-five percent (25%) of the collections are deposited in the U.S. Treasury. They are then available to the Congress for annual appropriations to support the North Pacific (IFQ) Loan Program. The other 75% is deposited in the “Limited Access System Administrative Fund” (LASAF). Funds in that account are available only to the Secretary and must be expended on management and enforcement costs associated with the IFQ program.

#### Summary of Program Requirements

The program places responsibilities on two categories of participants in the IFQ halibut and sablefish program, which are: a) IFQ Registered Buyers who are acting as shoreside processors; and, b) IFQ permit holders who have landings of halibut or sablefish authorized by their permit. Their respective responsibilities are:

**For IFQ Registered Buyers:** Registered Buyers acting as shoreside processors must report how many pounds, by species, month, and port, of IFQ halibut and/or sablefish they purchased and how much they paid for the product. Reports are due at RAM by October 15th of each year. The necessary forms and instructions for Registered Buyers are available well in advance by contacting RAM, or can be

submitted electronically by using the Internet. Registered Buyer reports are essential for calculating the annual “standard ex-vessel prices” of IFQ fish.

**For IFQ permit holders:** IFQ permit holders are responsible for fees owed for all landings on their permit(s), regardless of whether their IFQ pounds were derived from their own QS or was “leased” from another QS holder (and regardless of whether the permit holder or hired skippers made the landings).

At the end of each IFQ season, RAM:

1. uses shoreside Registered Buyer data to calculate a set of “standard ex-vessel prices” for IFQ fish landed by species, month, and port or port group;
2. compiles a list of all IFQ landings by species, month, and port or port group;
3. applies the appropriate “standard ex-vessel price” to each landing, resulting in a “standard ex-vessel value” for each landing;
4. sums the total standard ex-vessel values of all landings to derive the “total ex-value” of the IFQ fishery for that year;
5. compiles all costs directly attributable to the IFQ fishery;
6. uses direct program costs and “total ex-vessel value” to calculate the annual fee percentage; and,

7. applies the percentage to the “standard ex-vessel values” to determine the fee owed for each landing; and, sums the fees owed for all landings on all IFQ permits held by each person. The final result is the annual fee owed by each permit holder, based on standard prices and values.

RAM then mails IFQ permit holders a summary that itemizes their landings and shows their calculated fee liability. The fee liability is based on the sum of all payments of monetary worth to fishermen for landings of IFQ fish.

Permit holders must pay their fee liability by no later than January 31 of the year following the calendar year in which landings were made. There are two payment options:

Option One: They may pay the amount billed (i.e., the amount from RAM’s calculation of the annual fee owed, based on “standard prices and values”); or,

Option Two: They may pay an amount based in whole or in part on “actual” ex-vessel receipts from the sale of their IFQ halibut or sablefish. If they choose to pay any portion of their fee on the basis of actual receipts, they must be prepared to demonstrate (with those receipts) how much they were paid for those IFQ landings.

Failure to pay on time will result in action by NMFS against the permit holder’s Quota Share (QS) holdings, and in additional monetary charges, fines, and/or permit sanctions.

If a permit holder fails to pay by the January 31 payment due date, his/her QS/IFQ will become non-transferable until the fee liability is satisfied. Also, RAM will issue an Initial Administrative Determination (IAD), to which there will be 30 days to respond. If an account is unpaid for 30 days following the due date, administrative fees, interest, and penalties will 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 permit holder’s IFQ permit account will be sanctioned and the permit holder will be unable to fish until the fee liability is satisfied. Additional fines may also apply.

After 180 days, if the formal determination is not appealed and the account remains unpaid or underpaid, the matter will be referred for collection.

### **The 2002 IFQ Cost Recovery Fee Percentage**

In a Notice published in the Federal Register (67 FR 76998, December 16, 2002), NMFS announced that the 2002 IFQ fee percentage was set at 2.0%. This is the same percentage that was set for the 2001 IFQ season. Under the IFQ Cost Recovery regulations summarized above, IFQ permit holders who used their permits to record landings of halibut or sablefish during the 2002 IFQ fishery were obligated to pay that percentage of their total ex-vessel receipts from the sale of their halibut or sablefish.

Below, we recap the 2001 payment performance (monies collected during 2002), discuss the basis for the 2002 fee, and summarize payment options for IFQ fishermen.

### **2001 Payment Performance**

At the end of the 2001 season, the fee was established at 2.0% of the ex-vessel value of IFQ halibut and sablefish (this was up 0.2% from the 2000 fee of 1.8%). The fee percentage was premised on a total ex-vessel value calculated at \$167,368,175 and total program expenditures of \$3,430,357.

In December 2001, bills were sent to 2,430 IFQ permit holders who had recorded landings. Of those, 1,797 had recorded only halibut landings, 101 had recorded only sablefish landings, and 532 had recorded both halibut and sablefish landings.

By the end of Fiscal Year 2002 (September 30, 2002), 2,427 permit holders had paid the fee; only three were referred to the U.S. Treasury Department for collection.

Total fee receipts fell \$124,000 below identified expenditures. There were three reasons for this, including:

- the 2001 fee percentage rate was rounded, so total billings were slightly less than total costs;
- some IFQ permit holders paid less than they were billed, choosing to pay based on their “actual” ex-vessel receipts instead of the “standard” ex-vessel values computed by RAM; and,
- post-season administrative adjustments to landings records resulted in minor changes to amounts due.

This was the second year in which the payment rate exceeded 99.9%. The IFQ fleet seems to have accepted the requirement and has been very cooperative.

### Calculation of the 2002 Fee

As noted above, the fee for 2002 remained the same as that for 2001: 2.0%. This figure was derived from: 1) the total “ex-vessel” value of the halibut and sablefish fisheries; 2) the total costs of managing and enforcing the IFQ program (as measured by actual expenditures during FY 2001); 3) the balance in the Limited Access System Administrative Fund (last year’s overpayment, if any); and, 4) the anticipated nonpayment rate. These are discussed below.

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. We are aware that ex-vessel prices vary from port to port, and with the time of year.

Accordingly, during October, IFQ Registered Buyers that received IFQ halibut or sablefish as shore-side processors submitted information on how much IFQ halibut and sablefish they received and how much they paid to IFQ holders; the information was reported by species, by port, and by month. Once collected, the data were used to derive the mean (average) ex-vessel value for both species, each port, and each month. Following this calculation, the amount of IFQ products delivered to each port, by month, was multiplied by the value. Overall, the calculations show that the total “standard” ex-vessel value of the two fisheries was as follows:

Halibut	\$124,381,225
<u>Sablefish</u>	<u>55,895,498</u>
Total	\$180,276,723

Management and Enforcement Costs: The other part of the process of determining the fee is calculation of the costs associated with managing and enforcing the IFQ program. Note that these costs are the incremental costs (i.e., those costs that would not have been incurred but for the IFQ program). To ascertain those costs, in early September, RAM calculated its own IFQ-associated costs and solicited like information from the following non-RAM entities:

- NMFS/AKR Sustainable Fisheries Division
- NMFS/AKR Office of Law Enforcement
- North Pacific Fishery Management Council
- International Pacific Halibut Commission

The table below sets out the responses that we received and which were included in the 2002 cost recovery fee calculation.

TABLE IV-A COSTS ASSOCIATED WITH MANAGEMENT AND ENFORCEMENT OF THE IFQ PROGRAM

Cost Category	RAM	Enforcement	Sustainable Fisheries	Halibut Commission	Total
Personnel Costs	869,127	1,193,200	56,022	112,263	2,230,612
Travel	28,464	81,300	0	10,331	120,095
Transportation	982	7,900	0	0	8,882
Printing	30,062	0	0	0	30,062
Contracts/Training	58,785	267,000	0	10,563	336,348
Supplies	10,503	44,700	2,760	2,925	60,888
Equipment	5,560	75,600	0	0	81,160
Rent/Utilities/Overhead	439,242	209,700	6,210	8,886	664,038
Other	0	-21,100	0	2,843	-18,257
<b>TOTAL</b>	<b>1,442,724</b>	<b>1,858,300</b>	<b>64,992</b>	<b>147,811</b>	<b>3,513,827</b>

Notes to table:

- “Personnel Costs” include COLA and all benefits
- “Travel” includes per diem payments
- “Transportation” includes shipment of items (i.e., ATMs)
- “Rent/Utils/O’head” includes actual cost of space and utilities and an appropriate share of common space and services

Calculating the fee percentage is accomplished using the following formula:

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

This is not as formidable as it may seem. It simply means that the Direct Program Costs (DPC) of management and enforcement, less

the amount that was over collected 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 %) is the fee percentage. Here are the numbers:

TABLE IV-B DETAIL OF FORMULA USED FOR CALCULATING THE 2002 FEE PERCENTAGE

Factor	Value	Activity
Cost (DPC):	3,513,827	minus
Overpayment (AB):	0	times 100, and divided by
Fisheries Value (V):	180,276,723	divided by
Payment Rate (1- NPR):	0.9995	equals
	1.950104673	rounded to nearest 0.1% yields
<b>Rate for 2002 IFQ Season: 2.0%</b>		

### Paying the Fees

As noted above, RAM prepared statements (bills) for every IFQ permit holder whose permit was used to record IFQ landings during 2002. The statements display the species, date, and IFQ pounds landed and the standard ex-vessel price that applies to each landing. These were then summed and the resulting total was the permit holder's fee liability (i.e., the amount of the "bill" that should be paid). Payments were due by no later than January 31, 2003.

### Permit Holder's Options

An IFQ permit holder may simply pay the amount that is billed. Alternatively, if she or he believes that the "standard" ex-vessel value does not accurately reflect her/his actual receipts, she or he may opt to apply the 2.0 % to those actual receipts; if she or he opts to do so, however, she or he must be prepared to show the actual receipts from sales of fish.

### Payment Options

Over the last two years, we have enhanced the system to accept payment by a variety of means. These now include:

- Payment on-line with Credit Card
- Payment by telephone with Credit Card
- Payment on-line with Check
- Payment by mail with Check, Money Order, or Credit Card

### Use of Funds

Of all the fee payments collected, 25% of the funds are deposited in the U.S. Treasury and are available for Congress to appropriate in support of the North Pacific (IFQ) Loan Program. The other 75% is deposited in the "Limited Access System Administrative Fund" (LASAF) and is available to the Secretary to offset the costs of managing and enforcing the program.

It is instructive to note that the fee is not expected to result in any real increase in budgets or expenditures; it will simply offset funds that would otherwise have been appropriated (with the exception of IPHC expenditures, for which there is no direct appropriation). Therefore, there is no particular budgetary “advantage” to be gained by inflating the management and enforcement costs.

## **Conclusion**

We have been pleased with the level of cooperation we have received from the IFQ fleet and from Registered Buyers. As last year’s participation rate indicates, the vast majority of IFQ fishermen have accepted the program requirements and have paid their fee. We have no reason to expect a lesser level of cooperation for 2003 and future years.

## APPENDIX

### SEABIRD/LONGLINE FISHERY INTERACTIONS - UPDATES (INFORMATION PROVIDED BY NMFS PROTECTED RESOURCES DIVISION)

CHANGES ARE COMING TO REQUIRED SEABIRD AVOIDANCE MEASURES! NMFS is in the process of revising the requirements for seabird avoidance measures used on vessels deploying hook-and-line gear in the groundfish fisheries of the BSAI and GOA and in the Pacific halibut IFQ/CDQ fisheries. Changes are based on a scientific research program that was conducted by the Washington Sea Grant Program in a unique cooperative research effort that included longline fishers, NMFS, U.S Fish and Wildlife Service (USFWS), and the North Pacific Fishery Management Council. A proposed rule (68 FR 6386, February 7, 2003) called for the use of paired streamer lines, with specified performance and material standards, for larger vessels. NMFS will publicize the new requirements.

In the meantime, existing seabird avoidance regulations at 50 CFR 679.24 and 679.42 are in effect. Seabird avoidance updates can be viewed at <http://fakr.noaa.gov/protectedresources/seabirds/newsitems.htm>.

In an effort to promote the conservation of seabirds, the USFWS and NMFS, in cooperation with other partners, are providing paired streamer lines free of charge to fishing vessel owners and operators. For a list of streamer line distribution centers, go to <http://www.fakr.noaa.gov/protectedresources/seabirds.htm>.

The USFWS recently issued two biological opinions on the effects of the groundfish fisheries off Alaska on certain seabird species listed under the Endangered Species Act, including incidental take limits for the endangered short-tailed albatross (*Phoebastria albatrus*). Both opinions conclude that the GOA and BSAI fishery actions are not likely to jeopardize the continued existence of the short-tailed albatross or Steller's eider (*Polysticta stelleri*), or result in adverse modification of Steller's eider critical habitat. The biological opinions can be found on the NMFS Alaska Region website at <http://www.fakr.noaa.gov/protectedresources/seabirds/section7/biop.htm>.

The USFWS anticipates that up to four short-tailed albatross could be taken every two years in the hook-and-line groundfish fishery off Alaska and that up to two short-tailed albatross could be taken in the groundfish trawl fishery off Alaska over the time period in which the biological opinion remains in effect (approximately 5 years). These incidental take limits are in addition to the take limit established in 1998 for the Pacific halibut hook-and-line fishery off Alaska, two short-tailed albatrosses in a two year period. If the level of anticipated take is exceeded in any of these fisheries, NMFS must immediately reinstate a consultation with the USFWS to review the need for possible modification to the fishery. Modifications could range from changes to requirements for seabird avoidance measures to fishery closures. The exact modification cannot be predicted at this time. When a short-tailed albatross is observed following a fishing vessel, every effort should be

made to minimize the possibility of the bird becoming entangled with the gear. NMFS requests that you do the following:

- a) Change the vessel's heading or speed to discourage the bird from following.
- b) If no sets are in progress: (1) avoid initiating a set while the bird is in sight and (2) avoid offal discharge in the presence of short-tailed albatross to discourage their association with the fishing vessel.
- c) If a short-tailed albatross appears to be attacking baited hooks despite the use of required bird avoidance mechanisms, gear should be deployed without bait, or gear deployment should be suspended, until the albatross discontinues attacks on the gear.

Short-tailed Albatross Sightings: All observations and takes of short-tailed albatross are to be reported to the USFWS via their reporting forms found at <http://www.fakr.noaa.gov/protectedresources/seabirds/repform.pdf>. Any short-tailed albatross brought aboard dead must be retained, frozen, and shipped immediately to: Field Supervisor, U.S. Fish & Wildlife Service, Ecological Services, 605 W. 4<sup>th</sup> Ave., Rm. G62, Anchorage, AK 99501. They can be contacted by phone (800) 272-4174 or fax (907) 271-2786.

Information about this rare and endangered species is important and you can help! The USFWS has received reports of these rare albatross since the mid-1940s. But thanks to your help and keen eye (and an increasing population!) the number of sightings has increased dramatically in the last several years. Fishermen, observers, and scientists have submitted 1,129 sightings, sometimes of multiple birds; many small flocks, and one flock of 40 short-tailed albatrosses have been reported. There is a grand total of 1,896 shorties in the USFWS database. This information helps to determine which areas are important to the birds, what times of year they most heavily use waters off Alaska, and whether Alaska waters are more important to specific age classes. Though this species nests far south in Japan, all indications are that the waters off Alaska are one of their favorite areas. It's great that we have so many eyes at sea watching out for them.

Logbooks in 2003: Please continue to record in your logbooks (catcher vessel groundfish/IFQ daily fishing or catcher/processor groundfish/IFQ daily cumulative production) what type of seabird avoidance gear you use for each set. These codes have been updated as follows:

Please use the following codes in your logbooks:

- 1 = Paired Streamer Lines.
- 2 = Single Streamer Line.
- 3 = Single Streamer Line, used with Snap Gear.
- 4 = Buoy Bag Line.
- 5= Add weights to groundline.
- 6= Additional Buoy Bag Line or Single Streamer Line.
- 7= Strategic Offal Discharge.
- 8= Additional Device Used (see Table 19).
- 9 = No Deterrent Used Due to Weather.
- 0 = No Deterrent Used.

Please see Table 19 the Recordkeeping and Reporting Tables for specific descriptions of these codes. The table can be found within the Federal Regulations at <http://www.fakr.noaa.gov/regs/default.htm>.

For additional information, visit the NMFS Alaska Region web site at: <http://www.fakr.noaa.gov/protectedresources/seabirds.html> or contact Kim Rivera, Alaska Region Seabird Coordinator, at (907) 586-7424.



**PROPOSED SEABIRD AVOIDANCE GEAR REQUIREMENTS FOR VESSELS, BASED ON AREA, GEAR, AND VESSEL TYPE.  
SEE PROPOSED RULE AT FEDERAL REGISTER VOL 68, PAGES 6386-6399, FEBRUARY 7, 2003  
([HTTP://WWW.FAKR.NOAA.GOV/PRULES/FR6386.PDF](http://www.fakr.noaa.gov/prules/fr6386.pdf))**

**Table 20 to Part 679. Seabird Avoidance Gear Requirements for Vessels, based on Area, Gear, and Vessel Type.**

IF YOU OPERATE A VESSEL DEPLOYING HOOK-AND-LINE GEAR, OTHER THAN SNAP GEAR, IN NMFS REPORTING AREA 649 (PRINCE WILLIAM SOUND), 659 (EASTERN GOA REGULATORY AREA, SOUTHEAST INSIDE DISTRICT) OR STATE WATERS OF COOK INLET, AND YOUR VESSEL IS...	THEN YOU MUST USE THIS SEABIRD AVOIDANCE GEAR IN CONJUNCTION WITH REQUIREMENTS AT § 679.24(e)...
>26 FT TO 32 FT LOA	MINIMUM OF ONE BUOY BAG LINE
>32 FT TO 55 FT LOA AND DOES NOT HAVE MASTS, POLES, OR RIGGING	MINIMUM OF ONE BUOY BAG LINE
>32 FT TO 55 FT LOA AND HAS MASTS, POLES, OR RIGGING	MINIMUM OF A SINGLE STREAMER LINE
>55 FT LOA	MINIMUM OF A SINGLE STREAMER LINE OF A STANDARD SPECIFIED AT § 679.24(e)(5)(II)
IF YOU OPERATE A VESSEL DEPLOYING HOOK-AND-LINE GEAR, OTHER THAN SNAP GEAR, IN THE EEZ (NOT INCLUDING AREA 659), AND YOUR VESSEL IS...	THEN YOU MUST USE THIS SEABIRD AVOIDANCE GEAR IN CONJUNCTION WITH REQUIREMENTS AT § 679.24(e)...
>26 FT TO 55 FT LOA AND DOES NOT HAVE MASTS, POLES, OR RIGGING	MINIMUM OF ONE BUOY BAG LINE AND ONE OTHER DEVICE <sup>1</sup>
>26 FT TO 55 FT LOA AND HAS MASTS, POLES, OR RIGGING	MINIMUM OF A SINGLE STREAMER LINE AND ONE OTHER DEVICE <sup>1</sup>
>55 FT LOA	MINIMUM OF PAIRED STREAMER LINES OF A STANDARD SPECIFIED AT § 679.24(e)(5)(III)
EXCEPT FOR VESSELS OPERATING IN STATE WATERS OF IPHC AREA 4E, IF YOU OPERATE A VESSEL DEPLOYING HOOK-AND-LINE GEAR, AND IT IS SNAP GEAR, AND YOUR VESSEL IS...	THEN YOU MUST USE THIS SEABIRD AVOIDANCE GEAR IN CONJUNCTION WITH REQUIREMENTS AT § 679.24(e)...
>26 FT TO 55 FT LOA AND DOES NOT HAVE MASTS, POLES, OR RIGGING	MINIMUM OF ONE BUOY BAG LINE AND ONE OTHER DEVICE <sup>1</sup>
>26 FT TO 55 FT LOA AND HAS MASTS, POLES, OR RIGGING	MINIMUM OF A SINGLE STREAMER LINE AND ONE OTHER DEVICE <sup>1</sup>
>55 FT LOA	MINIMUM OF A SINGLE STREAMER LINE OF A STANDARD SPECIFIED AT § 679.24(e)(5)(IV) AND ONE OTHER DEVICE <sup>1</sup>
IF YOU OPERATE A VESSEL DEPLOYING HOOK-AND-LINE GEAR, OTHER THAN SNAP GEAR, IN IPHC AREA 4E (NOT INCLUDING STATE WATERS), AND YOUR VESSEL IS...	THEN YOU MUST USE THIS SEABIRD AVOIDANCE GEAR IN CONJUNCTION WITH REQUIREMENTS AT § 679.24(e)...
>26 FT TO 55 FT LOA AND DOES NOT HAVE MASTS, POLES, OR RIGGING	MINIMUM OF ONE BUOY BAG LINE AND ONE OTHER DEVICE <sup>1</sup>
>32 FT TO 55 FT LOA AND HAS MASTS, POLES, OR RIGGING	MINIMUM OF A SINGLE STREAMER LINE AND ONE OTHER DEVICE <sup>1</sup>
>55 FT LOA	MINIMUM OF PAIRED STREAMER LINES OF A STANDARD SPECIFIED AT § 679.24(e)(5)(III)

<sup>1</sup>**other device = weights added to groundline, another buoy bag line or single streamer line, or strategic offal discharge [see § 679.24(e)(6) for more details]**

## ***U.S. COAST GUARD SAFETY INSTRUCTIONS***

The Coast Guard offers a free, voluntary dockside examination program. A Commercial Fishing Vessel Safety Examiner will come to your vessel at *your* convenience. The examiner will examine your safety gear, look over the general condition of your vessel, and discuss emergency procedures with you and your crew.

If your vessel meets all Coast Guard requirements, a year-dated decal (valid for two years) will be issued. However, if it does not meet the requirements, the examiner will issue a work list so that you will know

exactly what you need to do and can correct the discrepancies.

That's all! No penalties, no enforcement action. Once the discrepancies are corrected, the examiner will come back to check the vessel over and issue the decal.

For more information, contact your local Marine Safety Office or Marine Safety Detachment.

## ***COAST GUARD MARINE SAFETY CONTACTS***

Location	Phone Number	Location	Phone Number
Anchorage	(907) 271-6725	Kodiak	(907) 486-5918
Juneau	(907) 463-2448	Sitka	(907) 966-5454
Kenai	(907) 283-3292	Valdez	(907) 835-7224
Ketchikan	(907) 225-4496	Unalaska\ Dutch Harbor	(907) 581-3466

## ***AGENCY CONTACT NUMBERS***

If you have any questions of program and resource management, the list of contacts below can point you in the right direction.

### ***Alaska Region, National Marine Fisheries Service***

<b>Division/Agency</b>	<b>Telephone</b>	<b>Facsimile</b>
Regional Administrator	907-586-7221	907-586-7249
Restricted Access Management	800-304-4846	907-586-7354
Sustainable Fisheries Division	800-304-4846	907-586-7465
Kodiak	907-481-1780	907-481-1781
Dutch Harbor	807-581-2062	907-581-3356
Protected Resources Division	907-586-7235	907-586-7012
Office of Administrative Appeals	800-304-4846	907-586-9361
NOAA Enforcement		
Enforcement Data Clerks	800-304-4846	907-586-7313
Anchorage Enforcement	907-271-1823	907-271-4915
Bellingham Enforcement	360-676-9268	360-733-4250
Dutch Harbor Enforcement	907-581-2061	907-581-2064
Homer Enforcement	907-235-2337	907-235-2209
Juneau Enforcement	907-586-7225	907-586-7200
Ketchikan Enforcement	907-247-5804	907-247-5810
Kodiak Enforcement	907-486-3298	907-486-6868
Petersburg Enforcement	907-772-2285	907-772-2287
Seward Enforcement	907-224-5348	907-224-5349
Sitka Enforcement	907-747-6940	907-747-6541

### ***Other Important Agencies & Telephone Numbers***

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*

## 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 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 eight 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) Program.

## GENERAL 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 1980's 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 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 or about 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 permits 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 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 demonstrate that s/he holds at least a 20 percent

ownership interest in the vessel upon which the IFQ is to be fished.

Quota share and the annual IFQ it yields are classified by species, vessel category, 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.

