



## **Pacific Halibut–Sablefish IFQ Report For Fishing Year 2003**



Sorting halibut in Juneau, Alaska

Photo courtesy of NOAA Fisheries

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



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## **IFQ LANGUAGE**

ALT	Alaska local time
Council	North Pacific Fishery Management Council
IFQ	Individual Fishing Quota
IPHC	International Pacific Halibut Commission
MSA	Magnuson-Stevens Act
NMFS	National Marine Fisheries Service
NOAA	National Oceanic and Atmospheric Administration
QS	Quota Share
QSP	Quota Share Pool
RAM	Restricted Access Management
TAC	Total Allowable Catch

The Pacific Halibut – Sablefish IFQ Report  
For Fishing Year 2003



The 9<sup>th</sup> IFQ Program Report

NOAA Fisheries, Alaska Region  
Restricted Access Management (RAM)

October 2007

The *Report to the Fleet* publications have been under new title since May 2007.

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# SECTION 1

## TACs, Caps, and Regulations

### 2003 SEASON

The 2003 Individual Fishing Quota (IFQ) season for halibut and sablefish opened at noon Alaska local time (ALT) on March 1, 2003 and closed at noon ALT on November 15, 2003. This section of the report includes information on calculations of 2003 IFQ amounts, 2003 quota share (QS) use and vessel IFQ caps, and changes to the rules that came into effect for that fishing year.

### CALCULATIONS

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

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

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

In many cases, the 2003 IFQ allocations were then adjusted slightly up or down, depending on fishing activities by the persons who fished the 2002 IFQ. The U.S. adopted annual "TACs" for halibut and sablefish based on recommendations by the International Pacific Halibut Commission (IPHC) and the North Pacific Fishery Management Council (Council), respectively, before the 2003 season started. The annual permit accounts were calculated using January 31 QSPs. Table 1.1 shows those amounts and the "ratio" between the QSP and the TAC for each area; this ratio shows how many units of QS were needed to yield one pound of IFQ.

Table 1.1 2003 Quota Share Pools (QSPs) and Total Allowable Catches (TACs)

Species and Area	2003 Quota Share Pool <sup>a</sup> (units)	2003 IFQ TAC <sup>b, c</sup> (pounds)	Ratio <sup>d</sup> (QS:IFQ)
Halibut 2C	59,635,055	8,500,000	7.0159
3A	184,930,966	22,630,000	8.1719
3B	54,203,176	17,130,000	3.1642
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
<b>All Areas</b>	<b>331,755,671</b>	<b>59,010,000</b>	
Sablefish AI	31,932,492	4,100,556	7.7874
BS	18,768,845	2,557,336	7.3392
CG	111,668,048	11,358,099	9.8316
SE	66,119,746	7,848,376	8.4246
WG	36,029,105	4,532,658	7.9488
WY	53,267,935	4,466,520	11.9260
<b>All Areas</b>	<b>317,786,171</b>	<b>34,863,545</b>	

<sup>a</sup> QS Pools include small amounts of QS in “Reserve” (QS that is yet to be issued) and QS that is “Restricted” (QS that has been issued, but which does not yield IFQ to its holder).

<sup>b</sup> IFQ TACs do not include pounds that have been set aside for the CDQ Program.

<sup>c</sup> Halibut weights are in net (headed and gutted) pounds; sablefish weights are in round pounds.

<sup>d</sup> The “ratio” displays the number of units of QS that yield one pound of 2003 IFQ.

### 2003 QS USE AND VESSEL IFQ CAPS

The IFQ rules place definite limits on the amount of QS that yields IFQ that a person may hold (QS Use Caps) and on the amount of total IFQ pounds that can be landed from one vessel during a season (Vessel IFQ Caps). Tables 1.2 and 1.3 display the caps in effect during the 2003 season. Note the QS Use Caps are constant, based on the 1996 QSPs.

Table 1.2 2003 Use Caps

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

<sup>a</sup> The “Relevant” Quota Share Pools (QSPs) for calculating the use caps for both halibut and sablefish are the 1996 QSPs.

Table 1.3 2003 Vessel IFQ Caps<sup>a</sup>

Species	Vessel Use Cap Percentage	2003 IFQ TAC <sup>b</sup>	Vessel Use Cap
Halibut <sup>b</sup>	1% of 2C IFQ TAC	8,500,000 net pounds	85,000 net pounds
	.5% of all IFQ TAC	59,010,000 net pounds	295,050 net pounds
Sablefish <sup>b</sup>	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

<sup>a</sup> Vessel IFQ caps are calculated on the IFQ TAC only; CDQ TACs are not included in the calculations.

<sup>b</sup> Halibut weights are in net (headed and gutted) pounds, and sablefish weights are in round pounds.

### **RULE CHANGES EFFECTIVE IN 2003**

Since the IFQ program regulations were first published in November 1993, numerous administrative and programmatic adjustments have been made through regulatory changes. The following significant program changes were adopted during the 2003 fishing year:

- Rules effective July 29, 2003 (68 FR 44473/Amendment 72/64) and August 28, 2003 (68 FR 51711) amended recordkeeping and reporting requirements for the groundfish program, IFQ program for halibut and sablefish, and the CDQ program for halibut. Below are effects of these amendments and IPHC regulations that changed the IFQ Program.
  - Removed the requirement for IFQ and CDQ halibut and IFQ sablefish fishing vessels leaving Alaskan waters to seek clearance at a primary port. 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 Alaska.
  - Removed the requirement to file an IFQ shipment report. Instead, IFQ (and CDQ) halibut and IFQ sablefish are to be reported on a revised Product Transfer Report. This action simplifies paperwork requirements.
  - Reduced the 6-hour prior notice of landing report to a 3-hour prior notice requirement and removed the requirement to declare intent to land at a specific Registered Buyer. Instead, fishery participants must identify a specific offload location.
- A regulation effective March 1, 2003 added an optional exemption to the IPHC vessel clearance requirements for vessels carrying VMS transmitters while fishing for halibut in the BSAI (68 FR 10989, March 7, 2003 changes 67 FR 12885, March 20, 2002).



## SECTION 2

### THE 2003 IFQ SEASON IN REVIEW

#### PERMITS AND LANDINGS

The 2003 IFQ season opened at noon (ALT) on March 1 and closed at noon on November 15. A total of 6,530 IFQ permits (as defined by unique combinations of species, areas, and vessel categories), including 4,833 halibut permits and 1,697 sablefish permits, were active as of year-end 2003.

When the season ended on November 15, those permits had been used by IFQ holders to report 6,939 vessel landings of IFQ halibut and 2,077 of sablefish, for a total harvest of approximately 97 percent of the IFQ halibut TAC and 88 percent of the IFQ sablefish TAC. Table 2.1 displays those landings by species, regulatory area, and IFQ pounds.

Table 2.1 2003 IFQ halibut and sablefish allocations and landings

Species and area	Vessel landings <sup>a</sup>	Area IFQ TAC <sup>b</sup>	Total Harvest	Percent harvested <sup>c</sup>
Halibut 2C	2,755	8,500,000	8,242,583	97
3A	2,551	22,630,000	22,281,887	98
3B	1,003	17,130,000	17,140,605	100
4A	384	4,970,000	4,895,472	99
4B	151	3,344,000	3,005,534	90
4C	58	1,015,000	424,935	42
4D	37	1,421,000	1,421,028	100
<b>Total</b>	<b>6,939</b>	<b>59,010,000</b>	<b>57,412,044</b>	<b>97</b>
Sablefish AI	153	4,100,556	1,966,385	48
BS	170	2,557,336	1,207,792	47
CG	646	11,358,099	11,251,502	99
SE	684	7,848,376	7,763,699	99
WG	208	4,532,658	4,233,462	93
WY	216	4,466,520	4,416,060	99
<b>Total</b>	<b>2,077</b>	<b>34,863,545</b>	<b>30,838,900</b>	<b>88</b>

<sup>a</sup> 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.

<sup>b</sup> Halibut weights are in net (headed and gutted) pounds, and sablefish weights are in round pounds.

<sup>c</sup> Due to over- or underharvest of TAC and rounding, percentages may not total 100 percent.

## RATE OF IFQ HARVEST

### *Halibut*

Figures 2.1 and 2.2 display the pattern and rate of IFQ halibut and sablefish harvests by month and percent of TAC for 2003 compared with monthly averages for all IFQ years. Since 1995, the monthly pattern of the IFQ halibut and sablefish harvests has been consistent, although season dates varied by as much as a few weeks among years.

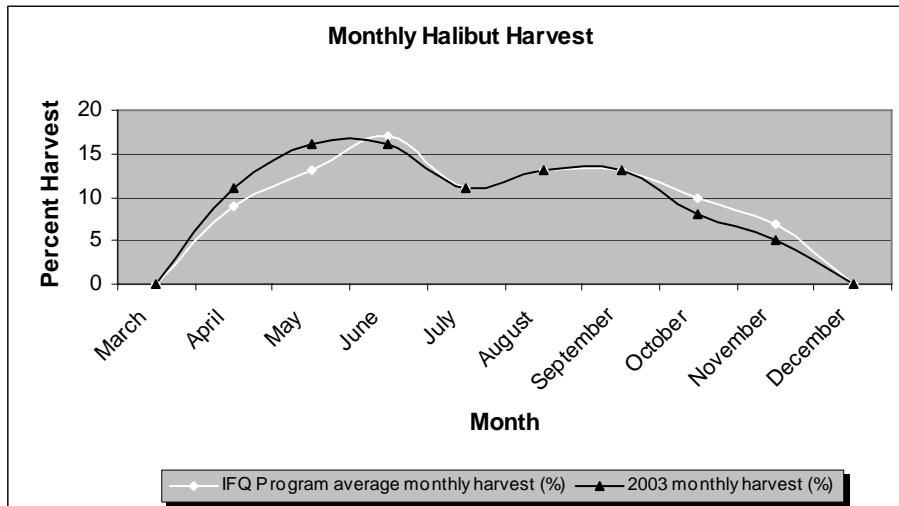


Figure 2.1 Average Monthly IFQ Halibut Harvest (1995–2003) and 2003 Monthly Halibut Harvest (percent)

### *Sablefish*

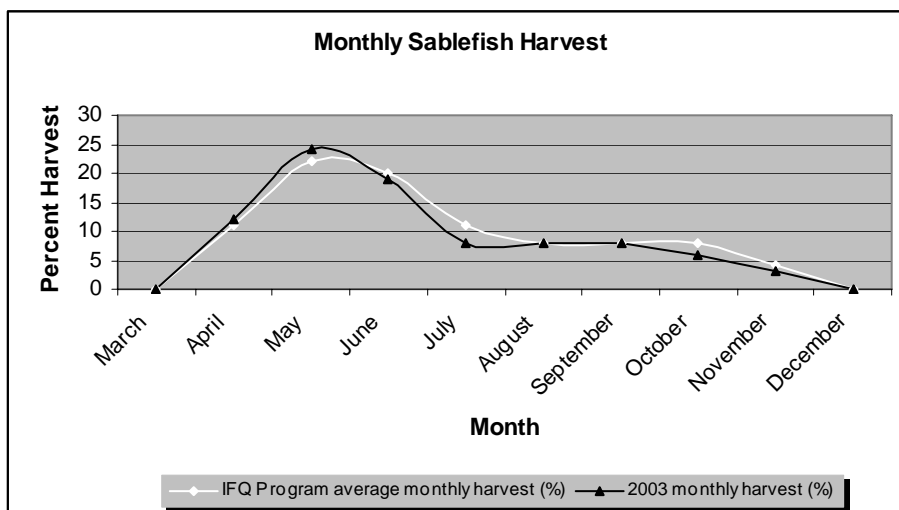


Figure 2.2 Average Monthly IFQ Sablefish Harvest (1995–2003) and 2003 Monthly Sablefish Harvest (percent)

## TOP IFQ ALASKAN PORTS

### *Halibut*

Table 2.4 shows that the “top ten” Alaska ports in which IFQ halibut were landed have remained relatively constant over the past seasons, as has the percentage of IFQ halibut landed outside Alaska. King Cove moved into the top ten Alaska ports after placing 13<sup>th</sup> in 2002. Most other Alaska ports kept their previous rank.

Table 2.4 Top ten Alaska halibut ports in 2003

Port	2003 Net lbs Landed <sup>a</sup>	2003 Percent Landed	2003 Rank	2002 Rank	2001 Rank	2000 Rank	1999 Rank	1998 Rank	1997 Rank	1996 Rank	1995 Rank
Homer	12,054,337	21.0	1	1	1	1	1	1	3	2	2
Kodiak	7,820,880	13.6	2	2	2	2	2	2	1	1	1
Seward	7,254,885	12.6	3	3	4	4	3	3	4	3	5
Dutch/Unalaska	5,615,405	9.8	4	4	3	3	4	4	2	4	4
Sand Point	3,660,703	6.4	5	5	11	10	14	13	13	15	15
Sitka	2,840,864	5.0	6	7	5	6	6	5	5	5	3
Juneau	2,611,751	4.6	7	6	6	5	5	7	8	8	13
Petersburg	1,910,690	3.3	8	8	7	7	7	6	6	6	6
King Cove	1,868,773	3.3	9	13	14	9	13	14	12	12	11
Cordova	1,512,230	2.6	10	10	10	11	8	9	9	9	8
<b><i>All Ports<sup>b</sup></i></b>	<b><i>55,739,684</i></b>	<b><i>NA</i></b>									

<sup>a</sup> Halibut weights are in net (headed and gutted) pounds.

<sup>b</sup> “All Ports” includes additional Alaska landing locations.

### *Sablefish*

As Table 2.5 displays, the “top ten” Alaska ports in which IFQ sablefish were landed have also remained relatively constant over the past nine seasons. During 2003 Hoonah regained its top ten standing, moving up from 12<sup>th</sup> Alaska port in 2002.

Table 2.5 Top ten Alaska sablefish ports in 2003

Port	2003 Round lbs Landed <sup>a</sup>	2003 Percent Landings	2003 Rank	2002 Rank	2001 Rank	2000 Rank	1999 Rank	1998 Rank	1997 Rank	1996 Rank	1995 Rank
Seward	6,319,309	20.5	1	1	1	1	1	1	1	1	1
Dutch Harbor	4,412,665	14.3	2	2	2	2	4	4	4	4	3
Sitka	4,142,615	13.4	3	3	3	3	2	2	2	2	2
Homer	2,399,950	7.8	4	4	5	6	5	6	9	8	9
Kodiak	2,247,198	7.3	5	5	4	4	3	3	3	3	4
Cordova	1,661,918	5.4	6	8	6	9	9	10	7	7	8
Sand Point	1,535,044	5.0	7	9	12	13	12	12	11	11	12
Petersburg	1,311,712	4.3	8	7	9	10	8	9	10	5	7
Juneau	1,299,154	4.2	9	6	7	5	7	7	8	13	9
Hoonah	793,315	2.6	10	12	8	8	10	8	6	9	10
<b>All Ports<sup>b</sup></b>	<b>29,001,176</b>	NA									

<sup>a</sup> Sablefish weights are in round pounds.

<sup>b</sup> “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 exercise, over time, the harvest privilege themselves. This is the so-called “owner-onboard” policy. This 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 in the program is that, during a transitional period, some persons may (and others must) actually designate a “master” (or “hire a skipper”) to do the fishing authorized by their annual IFQ permit. Under current regulations, the IFQ permitholder may not hire a skipper unless the IFQ permitholder holds an ownership interest of at least 20 percent of the vessel on which the IFQ is to be fished by that skipper (an exception to this rule results in a small number of IFQ permitholders allowed to hold less than 20 percent). One way of looking at this provision is that it is a “grandfather” provision: before the IFQ program was implemented, vessel owners were able to hire someone else to run their boats; under this provision, they may continue to hire skippers. However, as individuals leave the fishery and corporations and partnerships dissolve over time, new entrants who take their place must be onboard when fish are caught.

RAM reports Hired Skipper activities as the total number of landings by Hired Skippers, expressed in absolute numbers and as a percent of the TAC. During the 2003 IFQ season, 309 Hired Skippers participated in the IFQ halibut and sablefish fisheries. 270 harvested 23,086,034 pounds of halibut (or 39.1 percent of the IFQ TAC) and 40.2 percent of all IFQ halibut weight landed. A total of 192 Hired Skippers harvested 16,597,626 pounds of sablefish (47.6 percent of the IFQ TAC) and 53.8 percent of all IFQ sablefish weight landed.

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

- “Nonindividual QS holders” who *must* designate a master (hire a skipper) to fish their annual IFQ permit. In 2003, these entities held 21 percent of the halibut catcher vessel quota and 30 percent 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 2003 these individuals held 62 percent of the halibut catcher vessel quota (excluding Area 2C) and 49 percent of the sablefish catcher vessel quota (excluding SE).

Table 2.6 displays those numbers for individual QS holders with IFQ permit landings and with eligibility to hire skippers.

Table 2.6 Individual QS holders eligible to hire skippers<sup>a,b</sup>, with IFQ landings, and using hired skippers, and the number of skippers hired, 1998–2003

Species/Category	1998	1999	2000	2001	2002	2003	Percent Change (1998–2003)
Halibut – Individual QS holders with IFQ permit landings	1005	982	942	859	845	814	-18
Halibut – Individual QS holders with landings who hired skippers	110	116	125	137	135	165	+50
Halibut – Number of Skippers hired by individual QS holders	98	110	135	147	143	166	+69
Sablefish – Individual QS holders with IFQ permit landings	232	214	195	185	179	173	-25
Sablefish – Individual QS holders with landings who hired skippers	46	53	56	64	65	83	+80
Sablefish – Number of Skippers hired by individual QS holders	45	55	71	80	82	109	+142

<sup>a</sup> in any given year, a significant number (30 percent to 40 percent) of QS holders do not fish their IFQ permit, but the amount of quota held by these “nonfishers” is very small—generally less than 1 percent of the TAC.

<sup>b</sup> Individuals “eligible to hire skippers” hold catcher vessel QS other than 2C halibut or SE sablefish.

### *Trends*

The discussion and Table 2.6 point to two clear trends:

- numbers of nonindividual and individual QS holders who may hire skippers have been declining, and
- numbers of Hired Skippers (and the amount of IFQ harvested by them) is increasing.

As noted, regulations that govern the IFQ program require that all “new” catcher-vessel QS holders must be onboard the vessel when the IFQ is being fished; they may not hire a skipper.

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

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

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

Tables 2.7 and 2.8 show net adjustments to IFQ permits computed from under- and overfished IFQ pounds by species, area, and year. “Net adjustment” is the sum of all credits and debits applied to IFQ permits. Since the beginning of the program, every year underfishing has exceeded overfishing, causing 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 pounds and percentages indicated in the following tables.

Table 2.7 Net adjustments to IFQ halibut permits with yearly averages, derived from under- and overfishing of prior year permits

Species/Category	2003	Averages (1996 <sup>a</sup> -2003)
Halibut <sup>b</sup>		
All areas net adjustment	673,916	1,011,893
All areas annual IFQ TAC	59,010,000	54,033,000
All areas percentage by which TAC could be exceeded	1%	2%

<sup>a</sup> The IFQ Program started in 1995; the first adjustments were made to 1996 annual IFQ permits.

<sup>b</sup> Halibut data are in net weight (head off, gutted) pounds.

Table 2.8 Net adjustments to IFQ sablefish permits with yearly averages, derived from under- and overfishing of prior year permits

Species/Category	2003	Averages (1996 <sup>a,b</sup> -2003)
Sablefish <sup>c</sup>		
All areas net adjustment	590,196	563,359
All areas annual IFQ TAC	34,863,545	30,731,517
All areas percentage by which TAC could be exceeded	2%	2%

<sup>a</sup> The IFQ Program started in 1995; the first adjustments were made to 1996 annual IFQ permits.

<sup>b</sup> Adjustments for "all areas net adjustment" were not available for sablefish in 1996.

<sup>c</sup> Sablefish data are in round weight pounds.

## REPORTING LANDINGS

In 2003, Registered Buyers had to report IFQ landings electronically using Automated Transaction Machines (ATMs), an Internet system introduced in 2002, or (with permission) a paper backup system. This allows for real-time accounting of individual harvests and contributes significantly to accurate management of each individual IFQ holder's IFQ account(s). During the first two IFQ seasons, fishermen experienced technical problems 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; in 2003, 99% of landing transactions were

reported electronically. A *transaction* is a report by vessel, person, harvest area, and species. Table 2.9 shows the use of electronic reporting of IFQ landings over time.

Table 2.9 Use of electronic reporting for IFQ landings, 1996–2003

Reporting Year	Total Transactions (electronic and fax)	ATM Transactions	Percent Reported by ATMs	Internet <sup>a</sup> transactions	Percent reported by the Internet
1996	11,196	5,908	53	N/A	N/A
1997	12,753	11,294	89	N/A	N/A
1998	11,801	11,062	94	N/A	N/A
1999	12,852	12,451	97	N/A	N/A
2000	11,438	10,985	96	N/A	N/A
2001	11,354	11,142	98	N/A	N/A
2002	11,527	9,701	84	1,376	12
2003	11,711	4,049	35	7,451	64

Note: N/A = not applicable.

<sup>a</sup> Internet reporting was introduced in summer 2002.

#### REGISTERED BUYERS

Landings of IFQ halibut and sablefish must be reported by an IFQ Registered Buyer (RB). Table 2.10 displays the number of RB permits issued by RAM for the 2003 IFQ season and the number and percent of RBs that reported landings (33 percent).

Table 2.10 Number and type of Registered Buyer permits issued for 2003

Type of RB <sup>a</sup>	Permits Issued	RBs Reporting Landings	Percent Reporting <sup>b</sup>
Buyer-Broker	120	48	40
Catcher/Seller	399	91	23
Retail	60	27	45
Mothership	8	2	25
Tender	23	5	22
Catcher/Processor	87	29	33
Restaurant	22	8	36
Shore plant	118	82	69
Other	23	6	26
<b>Unique total</b>	<b>622</b>	<b>203</b>	<b>33</b>

<sup>a</sup> Permit applicants select all relevant “Types of Registered Buyer” operations; as a result, numbers are not additive across types.

<sup>b</sup> Because percentages are rounded, they may differ slightly from actual data.

Table 2.11 displays the varying numbers and amounts of IFQ landings that RBs reported during the 2003 IFQ season. Data from Table 2.11 indicate that a large number of those RBs who did report landings reported relatively small amounts. This is consistent with earlier years.



However, mean pounds rose a bit this year from last year's reported amounts. Although 28 fewer RBs reported landings than in 2002, halibut and sablefish mean pounds were higher than last year's totals; in 2002, halibut mean poundage was nearly 327,000 pounds and sablefish was about 295,000.

Table 2.11 Reported landings by species, numbers of Registered Buyers, and mean pounds

Species	RBs reporting landings	Mean pounds
Halibut	161	354,393
Sablefish	81	376,084

#### **NOAA 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 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,

#### **AED Caseload and Violations**

During 2003, AED opened 320 cases that were IFQ/IPHC related, which was about 29 percent of their caseload of over a thousand cases. AED personnel reported 216 violations, including 78 overages, 64 verbal warnings, and 74 written warnings. AED reports that general compliance was good.

#### *AED and Coast Guard Monitoring and Boardings*

Of 9,237 IFQ offloads, AED monitored 82 (1 percent). AED conducted 250 dockside boardings (accounting for about 16 percent of the vessels delivering IFQ halibut or sablefish), while Coast Guard personnel conducted 106 at-sea boardings, monitored 76 IFQ offloads, and spent 1,006 hours on after-hours surveillance.

#### *Coast Guard Violations*

These Coast Guard boarding, monitoring, and surveillance activities resulted in the detection of 13 at-sea fisheries violations on 11 vessels, with violations involving permits not onboard (5), insufficient seabird avoidance measures (4), logging violations (2), undersize halibut (1), and personal use (1). Coast Guard personnel reported 8 dockside violations on 6 vessels, including permit not onboard (3), overages greater than 10 percent (3), logging (1), and failure to separate catch (1).

#### **U.S. COAST GUARD VESSEL SAFETY AND ENFORCEMENT**

#### *Vessel Safety Statistics*

In addition to its enforcement responsibilities, the Coast Guard also monitors safety at sea. At-sea safety violations totaled 48 on 29 vessels; most of these violations included expired or

insufficient gear, including faulty survival suits (3). Five IFQ vessel voyages terminated due to safety concerns, all involving life raft discrepancies. During the short “derby” openings prior to 1995, the Coast Guard responded to an average of 28 SAR missions, 2 vessels sinking, and 2 lives lost each year. Although vessel safety statistics continue to improve since the “derby” days, during 2003 the Coast Guard led 10 Search and Rescue (SAR) missions on IFQ vessels in distress in Alaska, 4 of which resulted in vessels sinking and 1 death. The following figures show large and smaller vessel effort and SAR missions during 2003.

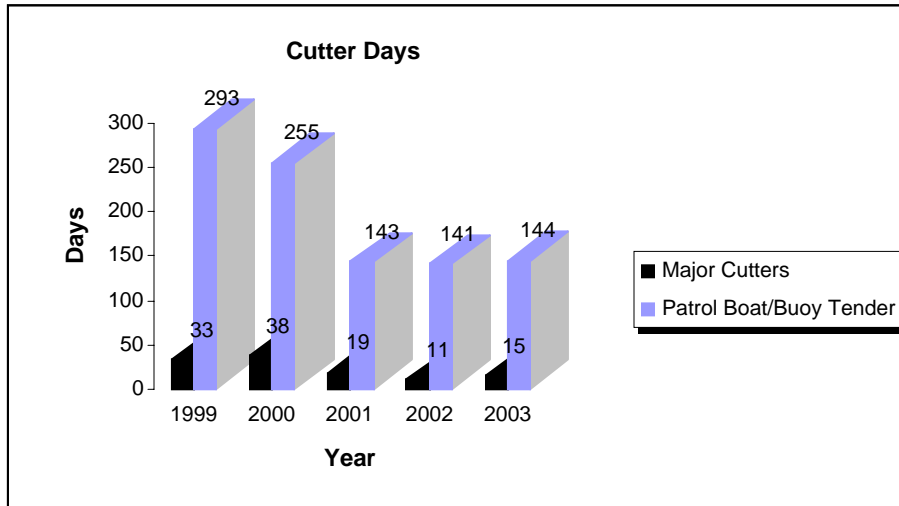


Figure 2.3 Large and Smaller Vessel Patrol Effort, 1999–2003

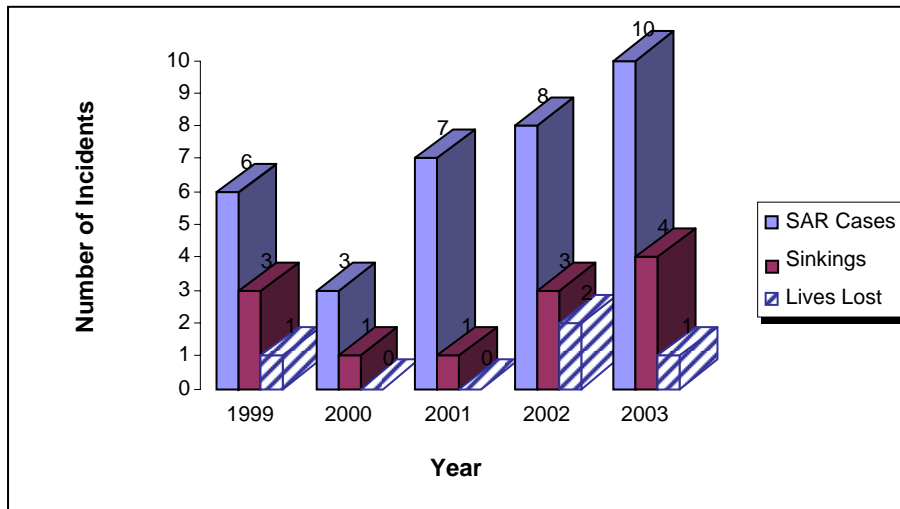


Figure 2.4 Search and Rescue Cases, 1999–2003

## SECTION 3

### THE 2003 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 public, and policymakers. 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. In this section, we discuss implementation issues (initial issuance and appeals), consolidation of QS holders and vessels, “IFQ Crewmembers” who have entered the fishery since the IFQ program began, etc. We report these data generally without comment, letting the numbers speak for themselves.

#### DETERMINATIONS AND APPEALS

The OAA adjudicated most IFQ Program appeals prior to 2003. Infrequently, RAM receives an inquiry about eligibility for initial QS or other program features. During 2003, 1 new appeal was filed and 2 were decided; at year-end 6 IFQ appeals were pending. For more information on published OAA decisions, visit the Office of Administrative Appeals (OAA) online at [www.fakr.noaa.gov/appeals](http://www.fakr.noaa.gov/appeals).

Table 3.1 Status of IFQ Appeals, 1994–2003

Cumulative status of IFQ appeals as of year-end 2003	Number
Decisions Issued (Final Determinations)	154
Appeal settled or dismissed (Final Determination)	29
Appeals Pending	6
<b>Total IFQ Appeals</b>	<b>189</b>

<sup>a</sup> Cases are counted once and for each case this table displays only the most recent OAA action.

#### APPEALS OF FINAL AGENCY ACTIONS

Normally, a decision of the Office of Administrative Appeals becomes a Final Agency Action 30 days after it is published. An appellant may appeal a Final Agency Action to the federal courts, and occasionally IFQ constituents do so. In 2003, 1 constituent filed 1 case in the US District Court for the District of Alaska. This case was affirmed for the defendant (NMFS).

As of year-end 2003, eleven of 189 Final Agency Actions on IFQ cases had been appealed to the U.S. District Court. Some had been further appealed to the Ninth Circuit Court of Appeals. Table 3.2 identifies and shows the case status of those appeals.

Table 3.2 Status of appeals to federal courts, 1994–2003

Case Title (Nature of Dispute)	Status of Appeal
Dell v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
Smee v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
Cole v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
Gates v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
West v. NMFS (Ownership Conflict)	US District Court Judgment for Appellant (West)
Foss v. NMFS (Untimely Application)	Ninth Circuit Court Judgment for Defendant (NMFS)
Pancratz v. NMFS (Transfer)	US District Court (three hearings); Judgment for Defendant NMFS. Quota share transfers affirmed.
Prowler/Ocean Prowler Partnerships v. NMFS (Ownership Conflict)	District Court Partial Summary Judgment for Defendant (NMFS); Partial Remand. On remand, agency denial affirmed.
Prowler/Ocean Prowler Partnerships v. NMFS (Landings)	Ninth Circuit Court Judgment for Defendant (NMFS)
Petticrew v. NMFS (Regulation Challenge)	Settled prior to judgment
Ward's Cove v. NMFS (Regulation Challenge)	Ninth Circuit Court Judgment for Plaintiff (Ward's Cove)

#### QUOTA SHARE TRANSFER ACTIVITY

Compared with the first three years of the program, subsequent QS and IFQ transfer activity declined significantly. Table 3.3 displays a summary of QS/IFQ transfer activities (numbers of approved transfer applications) for halibut, sablefish, and both species combined from the beginning of the program in late 1994 through year-end 2003.

Table 3.3 Numbers of approved QS/IFQ transfers 1995–2003<sup>a</sup>

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

<sup>a</sup> Transactions reflect calendar year activity.

The distributive effects of the transfers summarized in Table 3.4 have not been dramatic (at least with respect to net “gains” and “losses” of QS/IFQ by Alaskans contrasted with Non-Alaskans). Table 3.5 summarizes the transfer of QS/IFQ between Alaskans and Non-Alaskans. Additional information on changes in QS holdings and consolidation in the halibut and sablefish fisheries are on our website at [www.fakr.noaa.gov](http://www.fakr.noaa.gov).

Table 3.4 Changes in halibut QS holdings between initial issuance and year-end 2003 issuance

Area	Initially Issued <sup>a</sup>				Issued as of year-end 2003			
	Alaskan <sup>b</sup>		Non-Alaskan <sup>c</sup>		Alaskan		Non-Alaskan	
	Number of persons	QS Units <sup>d</sup>	Number of persons	QS Units	Number of persons	QS Units	Number of persons	QS Units
2C	1,971	49,265,458	417	10,293,932	1,211	50,232,647	243	9,310,698
3A	2,436	118,591,502	636	66,843,449	1,514	110,615,377	419	74,271,742
3B	780	28,061,266	277	26,159,470	394	26,697,122	176	27,501,596
4A	376	7,065,931	155	7,485,405	175	6,409,613	102	8,177,039
4B	80	3,242,733	73	6,050,658	51	3,105,792	57	6,178,982
4C	48	2,199,603	32	1,769,583	37	1,833,295	25	2,175,291
4D	22	665,856	46	4,168,808	14	1,331,788	35	3,626,462
4E	98	127,392	6	12,607	94	125,944	8	13,827
<b>Total unique persons<sup>e,f</sup></b>	<b>3,976</b>		<b>854</b>		<b>2,764</b>		<b>671</b>	

<sup>a</sup> “Initially Issued” means QS that is initially issued to its first holder. Although accomplished primarily at the beginning of the IFQ program, initial issuance continued to occur because of adjudicated appeals.

<sup>b</sup> Designation of “Alaskan” or “Non-Alaskan” is premised on holders’ self-reported business mailing address; NMFS/RAM makes no effort to verify residency.

<sup>c</sup> Changes over time between “Alaskan” and “Non-Alaskan” QS holdings are the result both of QS transfers and of QS holders’ address changes.

<sup>d</sup> Total QS units for a species/area may differ from published QS pool sizes because of QS units not assigned to a person (i.e., units in reserve or revoked midyear).

<sup>e</sup> The number of QS holders is not additive across areas or species. “Total Unique Persons” represents the unique number of QS holders for each species.

<sup>f</sup> Persons without known addresses are excluded.

Table 3.5 Changes in sablefish QS holdings between initial issuance and year-end 2003 issuance

Area	Initially Issued <sup>a</sup>				Issued as of year-end 2003			
	Alaskan <sup>b</sup>		Non-Alaskan <sup>c</sup>		Alaskan		Non-Alaskan	
	Number of persons	QS Units <sup>d</sup>	Number of persons	QS Units	Number of persons	QS Units	Number of persons	QS Units
AI	49	7,112,625	87	24,405,551	31	9,616,449	63	22,294,986
BS	62	7,090,226	82	11,514,928	50	6,675,259	62	12,062,809
CG	395	43,422,477	247	68,055,072	238	43,317,422	188	68,346,162
SE	466	42,774,622	247	23,734,199	296	43,051,338	170	23,066,202
WG	107	8,523,462	125	27,562,419	71	9,184,922	100	26,842,314
WY	250	18,494,619	205	34,938,242	144	18,510,287	141	34,756,623
<b>Total unique persons<sup>e,f</sup></b>	<b>720</b>		<b>332</b>		<b>533</b>		<b>343</b>	

<sup>a</sup> “Initially Issued” means QS that is initially issued to its first holder. Although accomplished primarily at the beginning of the IFQ program, initial issuance continued to occur because of adjudicated appeals.

<sup>b</sup> Designation of “Alaskan” or “Non-Alaskan” is premised on holders’ self-reported business mailing address; NMFS makes no effort to verify residency.

<sup>c</sup> Changes over time between “Alaskan” and “Non-Alaskan” QS holdings are the result both of QS transfers and of QS holders’ address changes.

<sup>d</sup> Total QS units for a species/area may differ from published QS pool sizes because of QS units not assigned to a person (i.e., units in reserve or revoked midyear).

<sup>e</sup> The number of QS holders is not additive across areas or species. “Total Unique Persons” represents the unique number of QS holders for each species.

<sup>f</sup> Persons without known 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 they have served as a member of the harvesting crew in any U.S. fishery for no fewer than 150 days. RAM designates those individuals as “IFQ Crewmembers” and issues them Transfer Eligibility Certificates (TECs).

Table 3.6 displays, by residence, the total number of TECs issued to “IFQ Crewmembers” since the inception of the program. It also shows how many of those IFQ crewmembers were holding QS at the end of 2003.

Table 3.6 Summary of TEC (“IFQ Crewmember”) issuance from 1994 through 2003 and “Crewmembers” holding QS year-end 2003

Claimed residency	“Crewmember” TECs issued 1994–2003	“Crewmembers” holding QS at year-end 2003
Alaskan <sup>b,c</sup>	1,787	798
Non-Alaskan	712	279
<b>Total</b>	<b>2,499</b>	<b>1,077</b>

<sup>a</sup> Table does not include those who received QS by initial issuance and who received TECs for “A” shares only by transfer.

<sup>b</sup> The designation of “Alaskan” and “Non-Alaskan” is premised on the most recent address the applicant provided. NMFS/RAM makes no attempt to determine or verify a person’s state of legal residence.

<sup>c</sup> Persons without known addresses are excluded.

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

Table 3.7 displays “Alaskan” and “Non-Alaskan” IFQ Crewmember holdings of QS at year-end 2003 (as expressed in 2003 IFQ pound equivalents and as a percentage of the 2003 area TACs).

Table 3.7 Quota Acquired by “IFQ Crewmembers” by species, area, and residence, year-end 2003<sup>a</sup>

Species and area	“Alaskan” IFQ pounds <sup>b,c</sup>	“Non-Alaskan” IFQ pounds <sup>b,c</sup>	Total 2003 IFQ pounds <sup>d</sup>	Percent of area TAC <sup>e</sup>
Halibut 2C	1,781,364	494,444	2,275,808	27
3A	3,178,509	1,654,852	4,833,361	21
3B	2,173,622	1,433,592	3,607,214	21
4A	692,785	524,076	1,216,861	25
4B	245,836	560,857	806,693	24
4C	123,731	148,517	272,248	27
4D	82,720	251,036	333,756	24
<b>Halibut total</b>	<b>8,278,567</b>	<b>5,067,374</b>	<b>13,345,941</b>	

Continued



Table 3.7 Continued

Species and area	“Alaskan” IFQ pounds <sup>b,c</sup>	“Non-Alaskan” IFQ pounds <sup>b,c</sup>	Total 2003 IFQ pounds <sup>d</sup>	Percent of area TAC <sup>e</sup>
Sablefish AI	4,044	900,381	904,425	22
BS	167,264	385,360	552,624	22
CG	508,875	849,137	1,358,011	12
SE	697,853	849,297	1,547,150	20
WG	209,726	331,168	540,893	12
WY	178,966	311,156	490,121	11
<b>Sablefish total</b>	<b>1,766,728</b>	<b>3,626,499</b>	<b>5,393,224</b>	

<sup>a</sup> 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.

<sup>b</sup> “Alaskan” and “Non-Alaskan” is premised on the most recent address the applicant provided. NMFS does not attempt to determine or verify a person’s state of legal residence.

<sup>c</sup> Persons without known addresses are excluded.

<sup>d</sup> Pounds are derived from QS held and are not adjusted by prior year fishing activity.

<sup>e</sup> Table 1.1 references TAC amounts.

### INTERESTS ASSERTED AGAINST QS

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

Table 3.8 shows, by species and type of interest holders, the number of reports of interest asserted that RAM recorded at year-end 2003. Note this table displays the number of interests filed against identifiable QS ranges (Blocks, ranges of unblocked, QS, etc.), and not against QS holders.

Table 3.8 Asserted interests recorded by RAM against QS ranges at year-end 2003<sup>a</sup>

Type of Interested Party	Halibut	Sablefish	Total Number of Asserted Interests <sup>b,c</sup>
Private banks (including CFAB, Credit Unions)	879	454	1,333
State of Alaska (Division of Investments)	261	69	330
State of Alaska/WA (Child Support)	5	5	10
Private lenders (other than banks)	252	133	385
CDQ groups	16	4	20
NMFS Financial Services Branch	222	98	320
Internal Revenue Service	27	3	30
<b>Total— all NMFS-recorded interests</b>	<b>1,662</b>	<b>766</b>	<b>2,428</b>

<sup>a</sup> Table displays interests voluntarily reported to RAM; interests may be recorded in other venues.

<sup>b</sup> More than one person may have reported an interest against the same range of QS units.

<sup>c</sup> An interest is counted once for each range of QS units for which it is reported.

### CONSOLIDATION OF QS

Although persons leave and enter the IFQ fisheries each year, QS has consolidated into the hands of fewer fishermen than the number that received the QS by initial issuance. Tables 3.9 and 3.10 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 2003 (because of appeal determinations and settlements) and 2) the tables display the number of QS holders using 2003 IFQ pound equivalents. In continued Tables 3.9 and 3.10, “Total All Areas” represents unique person counts.

### CONSOLIDATION OF HALIBUT QS—INITIAL ISSUANCE THROUGH DECEMBER 31, 2003

Table 3.9 Consolidation of Halibut QS—initial issuance through year-end 2003 (numbers of persons holding halibut QS by area and size of holdings, expressed in 2003 IFQ pounds).

Area <sup>a</sup>	Size of holding 2003 IFQ lbs	Initial Issues	Holders 1995	Holders 1996	Holders 1997	Holders 1998	Holders 1999	Holders 2000	Holders 2001	Holders 2002	Holders 2003
<b>2C</b>	3,000 or less	1,552	1,351	1,144	992	941	892	855	814	794	744
	3,001–10,000	619	529	501	498	501	481	475	470	451	456
	10,001–25,000	197	218	219	216	202	205	203	202	218	216
	Over 25,000	20	27	31	35	41	45	49	50	48	50
	<b>2C Total</b>	<b>2,388</b>	<b>2,125</b>	<b>1,895</b>	<b>1,741</b>	<b>1,685</b>	<b>1,623</b>	<b>1,582</b>	<b>1,536</b>	<b>1,511</b>	<b>1,466</b>
<b>3A</b>	3,000 or less	1,819	1603	1,407	1,241	1,150	1,074	1,019	970	942	894
	3,001–10,000	658	567	514	506	499	489	490	489	488	486
	10,001–25,000	342	329	337	330	332	326	326	326	324	323
	Over 25,000	252	254	257	261	261	267	263	264	263	261
	<b>3A Total</b>	<b>3,071</b>	<b>2,753</b>	<b>2,515</b>	<b>2,338</b>	<b>2,242</b>	<b>2,156</b>	<b>2,098</b>	<b>2,049</b>	<b>2,017</b>	<b>1,964</b>
<b>3B</b>	3,000 or less	435	389	307	231	198	175	165	148	139	127
	3,001–10,000	253	224	185	135	119	103	91	85	81	81
	10,001–25,000	182	152	141	147	149	136	140	139	139	153
	Over 25,000	186	190	191	196	199	216	213	214	218	216
	<b>3B Total</b>	<b>1,056</b>	<b>955</b>	<b>824</b>	<b>709</b>	<b>665</b>	<b>630</b>	<b>609</b>	<b>586</b>	<b>577</b>	<b>577</b>

Table 3.9 Continued

Area <sup>a</sup>	Size of holding 2003 IFQ lbs	Initial Issuees	Holders 1995	Holders 1996	Holders 1997	Holders 1998	Holders 1999	Holders 2000	Holders 2001	Holders 2002	Holders 2003
<b>4A</b>	3,000 or less	267	229	201	167	144	127	115	97	95	88
	3,001–10,000	124	107	95	76	75	70	61	58	57	54
	10,001–25,000	82	79	73	69	67	71	71	74	72	68
	Over 25,000	58	62	66	67	68	69	68	66	66	72
	<b>4A Total</b>	<b>531</b>	<b>477</b>	<b>435</b>	<b>379</b>	<b>354</b>	<b>337</b>	<b>315</b>	<b>295</b>	<b>290</b>	<b>282</b>
<b>4B</b>	3,000 or less	31	31	26	23	21	16	16	13	13	13
	3,001–10,000	40	35	36	33	31	28	27	26	21	21
	10,001–25,000	47	44	43	34	33	28	26	29	29	31
	Over 25,000	34	35	36	40	39	45	44	44	45	43
	<b>4B Total</b>	<b>152</b>	<b>145</b>	<b>141</b>	<b>130</b>	<b>124</b>	<b>117</b>	<b>113</b>	<b>112</b>	<b>108</b>	<b>108</b>
<b>4C</b>	3,000 or less	20	20	19	20	17	17	16	12	12	12
	3,001–10,000	29	29	28	24	22	21	19	15	14	14
	10,001–25,000	21	20	20	20	19	19	20	21	21	23
	Over 25,000	11	11	13	13	14	14	14	14	14	14
	<b>4C Total</b>	<b>81</b>	<b>80</b>	<b>80</b>	<b>77</b>	<b>72</b>	<b>71</b>	<b>69</b>	<b>62</b>	<b>61</b>	<b>63</b>
<b>4D</b>	3,000 or less	9	9	8	7	6	5	4	4	2	2
	3,001–10,000	20	20	18	15	12	12	10	9	9	11
	10,001–25,000	23	23	27	18	18	14	17	15	15	13
	Over 25,000	17	15	15	19	20	22	21	22	22	23
	<b>4D Total</b>	<b>69</b>	<b>67</b>	<b>68</b>	<b>59</b>	<b>56</b>	<b>53</b>	<b>52</b>	<b>50</b>	<b>48</b>	<b>49</b>
<b>Total All Areas</b>	3,000 or less	2,638	2,466	2,240	1,962	1,857	1,752	1,686	1,611	1,568	1,485
	3,001–10,000	1,130	991	919	889	888	857	851	851	830	829
	10,001–25,000	578	568	575	562	539	549	548	533	533	540
	Over 25,000	483	485	493	500	511	519	523	540	558	564
	<b>Total All Areas</b>	<b>4,829</b>	<b>4,510</b>	<b>4,227</b>	<b>3,913</b>	<b>3,795</b>	<b>3,677</b>	<b>3,608</b>	<b>3,535</b>	<b>3,489</b>	<b>3,418</b>

<sup>a</sup> The area data in the table are not additive; quota shareholders may hold QS in more than one administrative area for halibut.

**CONSOLIDATION OF SABLEFISH QS—INITIAL ISSUANCE THROUGH DECEMBER 31, 2003**

Table 3.10 Consolidation of Sablefish QS—Initial issuance through year-end 2003 (Numbers of persons holding QS by area and size of holdings, expressed in 2003 IFQ pounds)

Area <sup>a</sup>	Size of Holding 2003 IFQ lbs	Initial Issuees	Holders 1995	Holders 1996	Holders 1997	Holders 1998	Holders 1999	Holders 2000	Holders 2001	Holders 2002	Holders 2003
<b>AI</b>	5,000 or less	54	49	49	44	42	40	32	30	30	28
	5,001–10,000	21	19	19	18	19	19	18	15	14	13
	10,001–25,000	20	21	23	23	19	19	20	18	18	18
	over 25,000	40	35	39	39	39	34	34	34	36	36
	<b>AI Total</b>	<b>135</b>	<b>124</b>	<b>130</b>	<b>124</b>	<b>119</b>	<b>112</b>	<b>104</b>	<b>97</b>	<b>98</b>	<b>95</b>
<b>BS</b>	5,000 or less	63	58	58	53	52	52	48	49	45	45
	5,001–10,000	31	32	26	25	24	24	21	21	21	18
	10,001–25,000	21	18	20	22	22	23	22	20	21	20
	over 25,000	30	29	31	30	30	28	28	27	27	31
	<b>BS Total</b>	<b>145</b>	<b>137</b>	<b>135</b>	<b>130</b>	<b>128</b>	<b>127</b>	<b>119</b>	<b>117</b>	<b>114</b>	<b>114</b>
<b>CG</b>	5,000 or less	354	316	291	243	233	222	213	203	193	189
	5,001–10,000	61	56	45	44	45	42	40	40	42	38
	10,001–25,000	88	86	83	77	72	66	65	73	73	79
	over 25,000	140	128	132	128	127	128	130	127	129	127
	<b>CG Total</b>	<b>643</b>	<b>586</b>	<b>551</b>	<b>492</b>	<b>477</b>	<b>458</b>	<b>448</b>	<b>443</b>	<b>437</b>	<b>433</b>

Continued

Table 3.10 Continued

Area <sup>a</sup>	Size of Holding 2003 IFQ lbs	Initial Issuees	Holders 1995	Holders 1996	Holders 1997	Holders 1998	Holders 1999	Holders 2000	Holders 2001	Holders 2002	Holders 2003
SE	5,000 or less	374	321	289	236	215	198	196	184	178	173
	5,001–10,000	111	101	84	80	78	79	77	77	74	78
	10,001–25,000	139	141	142	138	133	128	121	123	124	111
	over 25,000	91	91	94	95	98	99	102	102	105	108
	<b>SE Total</b>	<b>715</b>	<b>654</b>	<b>320</b>	<b>549</b>	<b>524</b>	<b>504</b>	<b>496</b>	<b>486</b>	<b>481</b>	<b>470</b>
WG	5,000 or less	115	109	105	88	85	84	76	80	77	75
	5,001–10,000	29	27	23	24	24	26	26	24	21	21
	10,001–25,000	47	38	39	40	36	33	32	29	29	32
	over 25,000	41	42	44	42	43	42	42	44	46	46
	<b>WG Total</b>	<b>232</b>	<b>216</b>	<b>211</b>	<b>194</b>	<b>188</b>	<b>185</b>	<b>176</b>	<b>177</b>	<b>173</b>	<b>174</b>
WY	5,000 or less	295	261	236	197	183	163	150	145	143	138
	5,001–10,000	51	45	45	43	48	46	47	46	46	45
	10,001–25,000	60	56	58	56	57	54	50	53	48	46
	over 25,000	50	54	53	54	53	55	56	56	59	58
	<b>WY Total</b>	<b>456</b>	<b>416</b>	<b>392</b>	<b>350</b>	<b>341</b>	<b>318</b>	<b>303</b>	<b>300</b>	<b>296</b>	<b>287</b>
All	5,000 or less	510	475	468	411	389	378	369	358	343	325
	5,001–10,000	119	113	103	110	115	114	114	111	109	111
	10,001–25,000	153	151	153	157	149	150	141	154	157	160
	over 25,000	272	268	270	262	266	260	266	267	278	290
	<b>Total All Areas</b>	<b>1,054</b>	<b>1,007</b>	<b>994</b>	<b>940</b>	<b>919</b>	<b>902</b>	<b>890</b>	<b>890</b>	<b>887</b>	<b>886</b>

<sup>a</sup> The area data in the table are not additive; quota shareholders may hold QS in more than one administrative area for sablefish.

## VESSEL PARTICIPATION

Tables 3.11 and 3.12 and Figures 3.1 and 3.2 display reduction in the numbers of vessels participating in fixed-gear fisheries under the IFQ Program, compared with years just prior to program implementation. The final rows of data show the total numbers of individual vessels that participated in the fisheries in any regulatory area. After an immediate decline with the start of the program, the numbers of vessels continued to decline slowly.

Table 3.11 Number of vessels with halibut harvests by area and year, 1992–2003

Species and area <sup>a</sup>	Pre-IFQ Program		IFQ Program									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Halibut												
2C	1,775	1,562	1,461	1,105	1,029	993	836	840	816	733	713	706
3A	1,924	1,529	1,712	1,145	1,104	1,076	899	892	839	802	746	712
3B	478	401	320	332	350	357	325	323	340	327	315	328
4A	190	165	176	140	147	142	120	121	125	118	119	114
4B	82	65	74	57	64	69	47	51	55	52	52	44
4C	62	58	64	35	41	46	30	36	35	28	24	24
4D	26	19	39	27	33	33	22	29	32	31	32	26
<b>Total individual vessels</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>	<b>1,338</b>

<sup>a</sup> The area data in the table are not additive; quota shareholders may hold QS in more than one administrative area for halibut.

Table 3.12 Number of vessels with sablefish harvests by area and year, 1992–2003

Species and area <sup>a</sup>	Pre-IFQ Program		IFQ Program									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Sablefish												
AI	50	65	61	67	64	56	39	42	43	39	38	44
BS	100	85	61	68	64	55	45	44	53	42	47	45
CG	613	500	602	347	312	291	260	244	228	225	208	204
SE	510	393	488	391	368	339	309	295	280	266	262	250
WG	126	47	30	101	97	91	81	77	77	74	74	75
WY	275	209	265	243	230	206	188	172	158	146	143	136
<b>Total individual vessels</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>	<b>409</b>

<sup>a</sup> The area data in the table are not additive; quota shareholders may hold QS in more than one administrative area for sablefish.

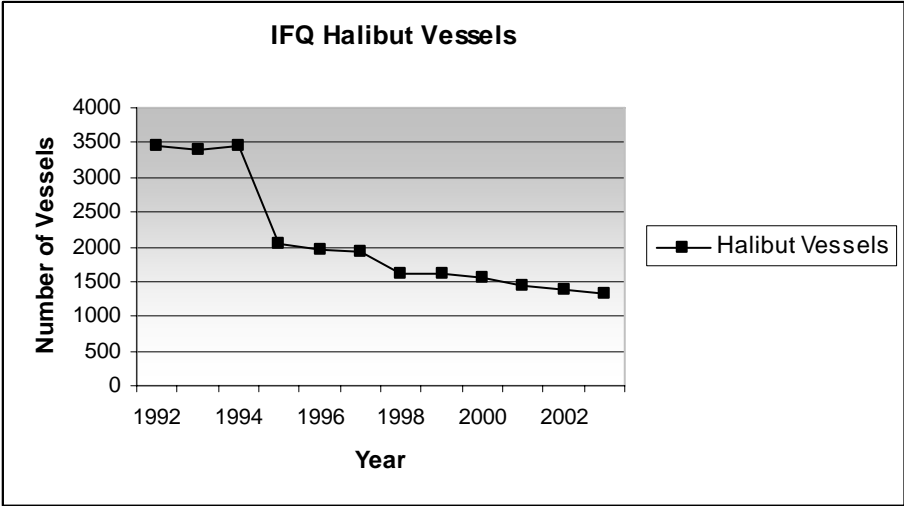


Figure 3.1 Vessel Participation in the IFQ Halibut Fisheries, 1992–2003

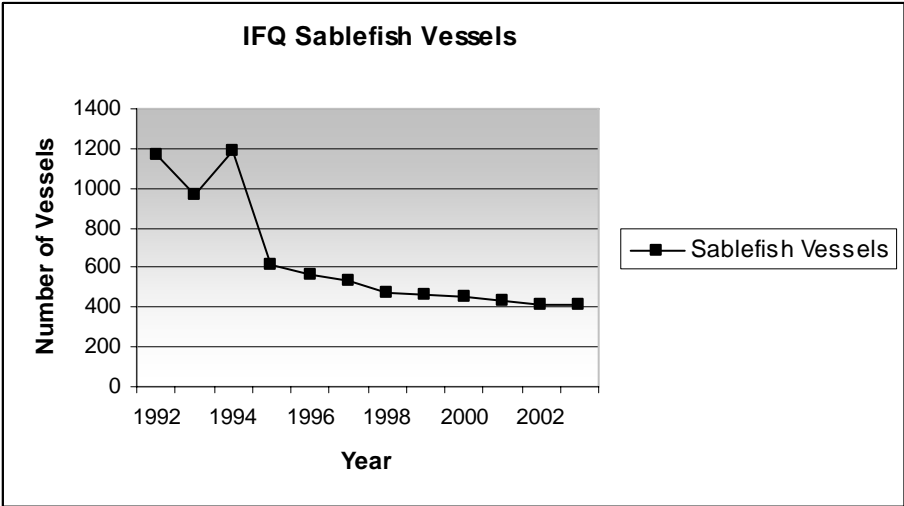


Figure 3.2 Vessel Participation in the IFQ Sablefish Fisheries, 1992–2003

**IFQ LOANS***The North Pacific Loan Program*

Under the authority of the Magnuson–Stevens Act, the NMFS Financial Services Branch in Seattle issues loans to purchase or refinance Quota Share to entry-level fishermen and those fishing from small vessels. Since fiscal year 1998, NMFS has annually budgeted appropriations to support the loan program. Appropriations have established a loan fund of \$5,000,000 for each fiscal year. Table 3.13 displays the number of loans and amounts approved each fiscal year by borrowers' state of residence. Additional information on the loan program is available from the Financial Service Branch, NW Region, by phone at (206) 526-6122 and by fax at (206) 526-6306.

Table 3.13 NMFS loans for purchase of QS/IFQ by residence, fiscal year, amount, and number of loans, 1998–2003

Borrower's residence	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Number of loans	Average loan amount	Total loan amount
Alaska	2,704,749	2,942,881	2,852,759	2,506,978	2,898,348	3,886,000	157	113,323	17,791,715
Arizona				185,000	170,187		2	177,594	355,187
California			260,000				1	260,000	260,000
Colorado			60,000				1	60,000	60,000
Florida		360,019					1	360,019	360,019
Georgia	250,000		92,871				2	271,436	542,871
Idaho			80,000	99,564			2	89,782	179,564
Michigan		61,500					1	61,500	61,500
Minnesota					100,000		1	100,000	100,000
Nebraska				200,000			1	200,000	200,000
Nevada					100,000		1	100,000	100,000
Oregon	169,336	205,800	393,000	354,955	100,000	300,000	12	126,924	1,523,091
Utah	114,808						1	114,808	114,808
Washington	1,761,107	1,429,800	1,261,370	1,570,914	1,631,465	734,000	58	141,184	8,388,656
Wisconsin				65,089		80,000	2	72,545	145,089
<b><i>Fiscal year totals</i></b>	<b><i>5,000,000</i></b>	<b><i>5,000,000</i></b>	<b><i>5,000,000</i></b>	<b><i>4,982,500</i></b>	<b><i>5,000,000</i></b>	<b><i>5,000,000</i></b>	<b><i>243</i></b>	<b><i>123,879</i></b>	<b><i>30,102,500</i></b>



## SECTION 4

### IFQ FEE (COST RECOVERY) PROGRAM ANNUAL REPORT

#### **COST RECOVERY**

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

#### **REQUIREMENTS AND RESPONSIBILITIES**

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

##### *For IFQ Registered Buyers*

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

##### *For 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 from their own QS or leased from another quota shareholder and regardless of whether landings were by the permit holder or hired skippers.

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

- OPTION 1: Permit holders may pay the amount billed (RAM’s calculation of the annual fee owed, based on standard prices and values) or
- OPTION 2: Permit holders 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 this option, they must be prepared to demonstrate, with those receipts, how much they were paid for those IFQ landings.

##### *RAM Responsibilities*

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

- ✓ compiles a list of all IFQ landings by species, month, and port or port group;
- ✓ uses shoreside Registered Buyer data to calculate a set of standard ex-vessel prices for IFQ fish landed;
- ✓ applies the appropriate standard ex-vessel price to each landing, creating a standard ex-

vessel *value* for each landing;

- ✓ sums the total standard ex-vessel values of all landings to derive the total ex-value of the year's IFQ fishery;
- ✓ compiles all costs directly attributable to the IFQ fishery;
- ✓ uses direct program costs and total ex-vessel value to calculate the annual fee percentage; and
- ✓ applies the percentage to the standard ex-vessel values to determine the fee owed for each landing;
- ✓ sums the fees owed for all landings on all IFQ permits held by each person. This final figure is the *annual fee* owed by each permit holder, based on standard prices and values.
  
- ✓ 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.

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

If the account is not paid within the 30 days provided by the IAD, in addition to penalties, interest, and fees, the 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.

Below, we recap the 2002 payment performance (monies collected during 2003), discuss the basis for the 2003 fee, and summarize payment options for IFQ fishermen.

## **2002 PAYMENT PERFORMANCE**

At the end of last season, the fee was established at 2.0 percent of the ex-vessel value of IFQ halibut and sablefish, the same fee percentage as for 2001. The fee percentage was premised on a total ex-vessel value calculated at \$180,276,723 and total program expenditures of \$3,513,827. In December 2002 RAM billed 2,451 permit holders who had recorded landings. Of these permittees, 1,654 recorded only halibut landings, 65 recorded only sablefish landings, and 732 had both halibut and sablefish landings. By September 30, 2003, 99.8 percent of all permit holders had paid their fees, leaving accounts of only 6 persons (.2 percent) referred to the U.S. Treasury for collection.

## **CALCULATING THE 2003 FEE**

The fee of 1.4 percent for 2003 derives from at least four sources:

- the total ex-vessel value of the halibut and sablefish fisheries
- the total costs of managing and enforcing the IFQ program (by actual expenditures during

FY 2003)

- the balance in the Limited Access System Administrative Fund (last year’s overpayment, if any)
- the anticipated nonpayment rate. These are discussed below.

**THE 2003 IFQ COST RECOVERY FEE PERCENTAGE**

NMFS announced that the 2003 IFQ fee percentage was set at 1.4 percent, lower than every previous year. Under cost recovery regulations, IFQ permit holders who used their permits to record landings of halibut or sablefish during the 2003 IFQ fishery were obligated to pay 1.4 percent of their total ex-vessel receipts from the sale of their halibut or sablefish. The fee percentage was premised on a total ex-vessel value calculated at \$236,536,464 and total program expenditures of \$3,407,118.

The fleet continues good compliance with NMFS fee collection. Only 8 (0.3 percent) of all billed permit holder accounts (2,472) were passed on to the U.S. Department of the Treasury for collection. One reason for such good compliance is that over the years, RAM has improved payment options, which include credit card, online payment, and direct mail by check, money order, or credit card.

*Calculating the fee percentage*

The fee percentage is calculated using the following formula:

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

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

Table 4.1 Detail of formula for calculating the 2003 fee percentage

Factor	Value	Activity
Cost (DPC)	3,407,118	minus
Overpayment (AB)	85,379	times 100 and divided by
Fisheries Value (V)	236,536,464	divided by
Payment Rate (1-NPR)	0.9999	equals
	1.404183805	rounded to nearest 0.1 percent yields
Rate for 2003 IFQ Season = 1.4 percent		

### **COST COMPONENTS OF THE IFQ FEE PROGRAM**

The two highest cost components are NMFS Enforcement and RAM, respectively. Between years, costs fluctuate due to changes within the programs, such as new purchases of patrol equipment and personnel changes. Over the past few years, total costs are most changed in year 2000, with reduced costs for NMFS Enforcement that year. In 2003, NMFS Enforcement and RAM expenditures were lower than in 2002, and Sustainable Fisheries and Halibut Commission (IPHC) costs were higher.

#### *Ex-vessel Value of the IFQ Fisheries*

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

Once collected, RAM used the data to calculate the mean, or average, ex-vessel value for each species, port, and each month. Then the amount of IFQ products delivered to each port, by month, was multiplied by the value. Generally, the calculations show that the total standard **ex-vessel value** of the two fisheries in 2003 is \$236,536,464.20. The calculation for the ex-vessel value is listed.

Halibut	\$165,048,886.18
<u>Sablefish</u>	<u>\$71,487,578.02</u>
Total	\$236,536,464.20

### **COSTS OF MANAGEMENT AND ENFORCEMENT**

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

Table 4.2 Costs associated with management and enforcement of the IFQ program, year-end 2003

Cost Category	NMFS RAM	NMFS Enforcement	NMFS Sustainable Fisheries	IPHC	Total
Personnel Costs <sup>a</sup>	1,090,991	1,109,979	62,066	294,348	2,557,384
Travel <sup>b</sup>	31,081	110,760	0	33,632	175,473
Transportation <sup>c</sup>	589	8,600	0	0	9,189
Printing	2,217	4,400	0	0	6,617
Contracts/Training	27,481	142,243	0	28,204	197,928
Supplies	7,395	37,872	2,760	5,376	53,403
Equipment	31,146	33,786	0	0	64,932
Rent/Util/Overhd <sup>d</sup>	117,182	217,901	6,210	0	341,293
Other	0	200	0	700	900
<b>Total</b>	<b>1,308,081</b>	<b>1,665,741</b>	<b>71,036</b>	<b>362,260</b>	<b>3,407,118</b>

<sup>a</sup> Personnel Costs include COLA and all benefits.

<sup>b</sup> Travel includes per diem payments.

<sup>c</sup> Transportation includes shipment of items (for example, ATMs).

<sup>d</sup> Rent/Utilities/Overhead includes costs of space and utilities and shared common space and services.

#### USE OF FUNDS

Of all the fee payments collected, 25 percent 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 percent is deposited in the “Limited Access System Administrative Fund” (LASAF) and is available to the Secretary of Commerce to offset the costs of managing and enforcing the IFQ program.

It is important to note again that the fee is not expected to increase budgets or expenditures. It simply *offsets* funds that would otherwise have been *appropriated*, except the IPHC expenditures, for which there is no direct appropriation. No budgetary advantage is ever gained by inflating IFQ management and enforcement costs.

#### FEE COMPLIANCE

RAM is pleased with the continued cooperation from the IFQ fleet and from Registered Buyers. Participation in 2003 remained strong, with less than 1 percent (0.3 percent) of fees going to the U.S. Department of the Treasury for collection. Clearly, most IFQ fishermen continue to meet program requirements and pay their fee. RAM expects extensive cooperation in fishing year 2004 and in future years.

# **APPENDIX**

## **DESCRIPTION OF THE HALIBUT AND SABLEFISH IFQ PROGRAM**

### **A BRIEF HISTORY OF THE IFQ PROGRAM**

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

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

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

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

During the initial application period, more than 6,000 persons applied for more than 9,000 QS certificates (by area, species, and vessel category). From that pool of applications, RAM determined approximately 1,100 not to be eligible for QS, while some 750 others challenged part or all of the official records used to determine who received QS, what amount, and which type. RAM issued an Initial Administrative Determination (IAD) to all applicants whose claims were denied in whole or in part. An appeal process within the Office of Administrative Appeals (OAA) allowed an appellant to appeal a Final Agency Action (a decision of the OAA that had been published for 30 days) to the federal courts.

## **GENERAL IFQ PROGRAM DESCRIPTION**

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

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

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

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

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

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

## **OTHER PROGRAM ELEMENTS**

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

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

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

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

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# HALIBUT AND SABLEFISH IFQ REGULATORY AREAS

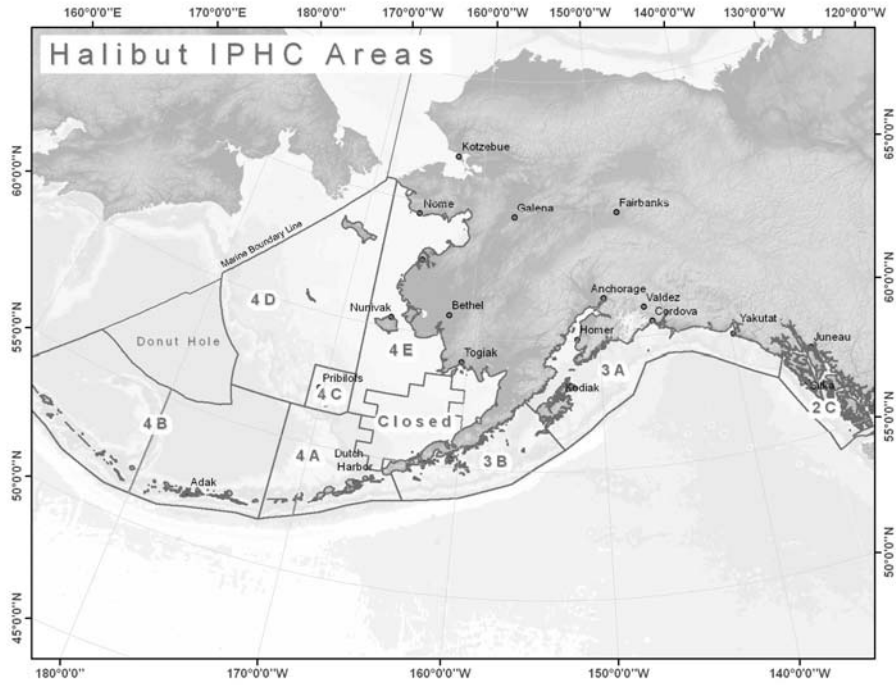


Figure A.1 Halibut IFQ Regulatory Areas.

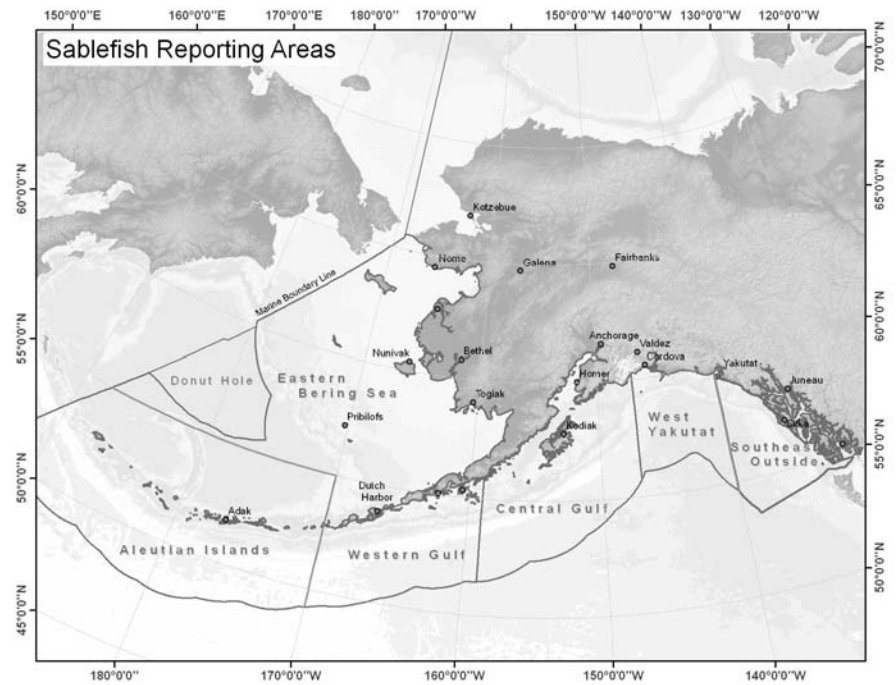


Figure A.2 Sablefish IFQ Regulatory Areas