



**Pacific Halibut–Sablefish IFQ Report
For Fishing Year 2006**



Sablefish symmetry, Taku Fisheries, Juneau, Alaska/NOAA Fisheries

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

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IFQ LANGUAGE

ALT	Alaska local time
Council	North Pacific Fishery Management Council
FMP	Fishery Management Plan
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

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

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SECTION 1

TACs, Caps, and Regulations

2006 SEASON

The 2006 Individual Fishing Quota (IFQ) season for halibut and sablefish opened at noon Alaska local time (ALT) on March 5 and ended at noon ALT on November 15. This section of the report includes information on calculations of 2006 IFQ amounts, 2006 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:

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

In many cases, the 2006 IFQ allocations were then adjusted slightly up or down, depending on fishing activities by the persons who fished the 2005 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 2006 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 2006 Quota share pools (QSPs) and total allowable catches (TACs)

Species and Area	2006 Quota Share Pool ^a (units)	2006 IFQ TAC ^{b,c} (pounds)	Ratio ^d (QS:IFQ)
Halibut 2C	59,552,039	10,630,000	5.6023
3A	184,911,315	25,200,000	7.3378
3B	54,262,333	10,860,000	4.9965
4A	14,587,099	3,350,000	4.3544
4B	9,284,774	1,336,000	6.9497
4C	4,016,352	805,000	4.9893
4D	4,958,250	1,127,000	4.3995
4E	139,999	0	0
<i>All Areas</i>	<i>331,712,161</i>	<i>53,308,000</i>	
Sablefish AI	31,932,492	3,968,280	8.0469
BS	18,790,367	2,486,789	7.5561
CG	111,686,632	11,234,642	9.9413
SE	66,120,619	7,760,192	8.5205
WG	36,029,579	4,709,026	7.6512
WY	53,266,430	4,387,154	12.1415
<i>All Areas</i>	<i>317,826,119</i>	<i>34,546,083</i>	

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

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

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

^d The "ratio" displays the number of units of QS that yield one pound of 2006 IFQ.

2006 QUOTA SHARE USE AND VESSEL IFQ CAPS

The IFQ rules place limits on the amount of QS that yields IFQ that a person may hold (QS Use Caps) and on the amount of total IFQ pounds that can be landed from one vessel during a season (vessel IFQ caps). The following tables display the caps in effect during the 2006 season. Note the QS use caps are constant, based on the 1996 QSPs.

Table 1.2 2006 QS use caps

	Applicable %	Size of Relevant QSPs ^a	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 QSPs	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

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

Table 1.3 2006 vessel IFQ caps^a

	Vessel Use Cap %	2006 IFQ TAC	Vessel Use Cap
Halibut ^b	1% of 2C IFQ TAC	10,630,000 net lbs	106,300 net lbs
	.5% of All IFQ TAC	53,308,000 net lbs	266,540 net lbs
Sablefish ^b	1% of SE IFQ TAC	7,760,192 round lbs	77,602 round lbs
	1% of All IFQ TAC	34,546,083 round lbs	345,461 round lbs

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

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

RULE CHANGES EFFECTIVE IN 2006

Since the IFQ Program regulations were first published in November 1993, numerous administrative and programmatic changes have been made through regulatory changes. The following significant program changes were adopted during the 2006 fishing year:

Externally Tagged Halibut and Sablefish

- Effective July 27, 2006, a final rule (71 FR 36489, June 27, 2006) excluded certain tagged halibut and tagged sablefish catches from deduction from fishermen's Individual Fishing Quota (IFQ) (and from (CDQ). These externally tagged fish will not be calculated as part of a person's IFQ (or CDQ) harvest of halibut or sablefish and will not be debited against a person's IFQ (or CDQ) account. This action ensures that only halibut and sablefish that are tagged with an *external research tag* are excluded from IFQ deduction and extends the same exclusion to halibut and sablefish harvested under the CDQ Programs. This final rule eliminates an inconsistency between Federal and IPHC regulations.

Change to Cost Recovery Program Calculation

- Effective September 5, 2006, a final rule (71 FR 44231, August 4, 2006) amended the IFQ Cost Recovery Program by changing the calculation of Direct Program Costs (DPC) in several ways, including incorporation of a new timekeeping system as the basis for agency labor costs. This action also modifies the procedure by which NMFS provides notice of the annual IFQ fee percentage. The end of the fiscal year LASAF account balance will now be incorporated into the DPC instead of treated separately.

SECTION 2

The 2006 IFQ SEASON IN REVIEW

PERMITS AND LANDINGS

The 2006 IFQ season opened at noon (ALT) on March 5 and ended at noon ALT on November 15. A total of 7,925 IFQ permits (as defined by unique combinations of species, areas, and vessel categories), including 5,902 halibut permits and 2,023 sablefish permits, were active as of year-end 2006.

When the season ended November 15, those permits had been used by IFQ holders to report 7,123 vessel landings of IFQ halibut and 2,075 of sablefish, for a total harvest of approximately 98 percent of the IFQ halibut TAC and 89 percent of the IFQ sablefish TAC. The following tables display those landings by species, regulatory area, and IFQ pounds as reported by Registered Buyers. Area 4E is excluded because 100 percent of the TAC is allocated to the CDQ Fishery in that area.

Table 2.1 2006 IFQ halibut allocations and fixed-gear IFQ landings

Species/Area	Vessel Landings ^a	Area IFQ TAC ^b	Total Harvest	Percent Harvested ^{c,d}
Halibut 2C	3,129	10,630,000	10,339,799	97
3A	2,687	25,200,000	24,953,482	99
3B	766	10,860,000	10,796,623	99
4A	301	3,350,000	3,260,395	97
4B	78	1,336,000	1,220,833	91
4C	116	805,000	124,494	15
4D	46	1,127,000	1,530,754	136
Total	7,123	53,308,000	52,226,380	98

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

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

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

^d Permit holders may fish IFQ designated for Area 4C in either Areas 4C or 4D. In 2006, the total amount of 4C allocation harvested in 4D was 672,359 pounds. This resulted in an apparent, but allowable, “excessive harvest” in Area 4D.

Table 2.2 2006 IFQ sablefish allocations and IFQ landings

Species/Area	Vessel Landings ^a	Area IFQ TAC ^b	Total Harvest	Percent Harvested ^c
Sablefish AI	87	3,968,280	1,541,895	39
BS	139	2,486,789	1,608,913	65
CG	662	11,234,642	11,135,955	99
SE	701	7,760,192	7,711,406	99
WG	215	4,709,026	4,509,526	96
WY	271	4,387,154	4,341,742	99
Total	2,075	34,546,083	30,849,437	89

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

^b Sablefish weights are in round pounds.

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

RATE OF IFQ HARVEST

Halibut

Figure 2.1 displays the pattern and rate of IFQ halibut harvest by month, year, and percent of TAC for the IFQ fishing years. Since 1995, the monthly pattern of the IFQ halibut harvest has been consistent, although season dates varied by as much as a few weeks among years.

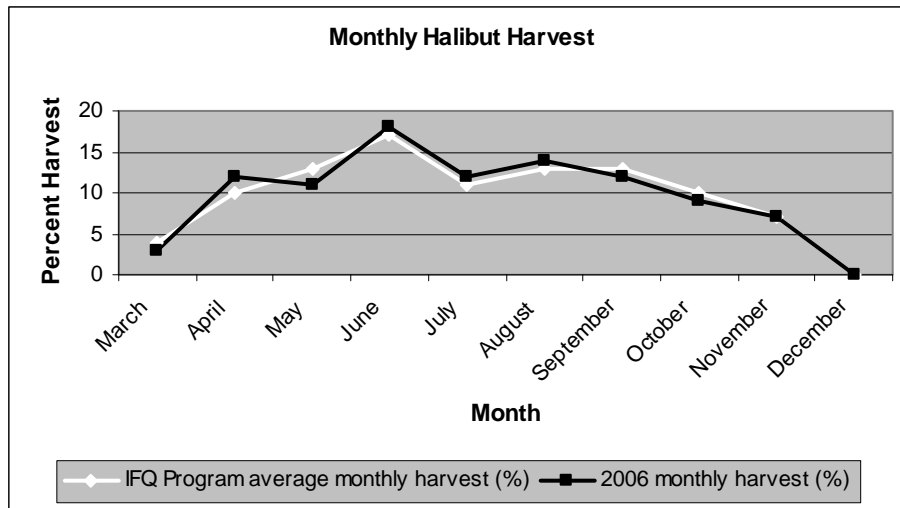


Figure 2.1 Average Monthly IFQ Halibut Harvest (1995–2006) and 2006 Monthly Halibut Harvest (%)

Sablefish

Figure 2.2 displays the pattern and rate of IFQ sablefish harvest by month, year, and percent of TAC for the IFQ fishing years. Since 1995, the monthly pattern of the IFQ sablefish harvest has been consistent, although season dates varied by as much as a few weeks among years.

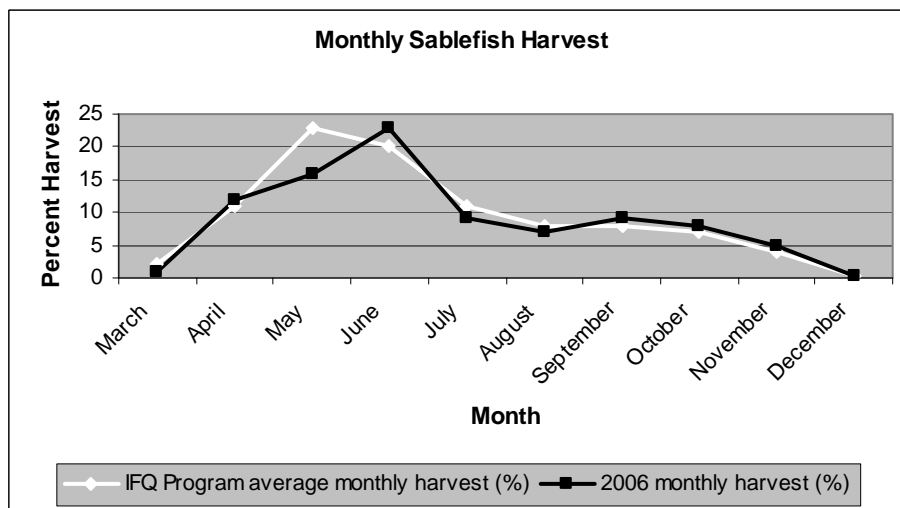


Figure 2.2 Average Monthly IFQ Sablefish Harvest (1995–2006) and 2006 Monthly Sablefish Harvest (%)

ALASKA'S TOP 10 PORTS

Halibut

This table displays the top ten Alaska ports in which IFQ halibut were landed. These top ports have remained relatively constant over the past twelve years, while the percentage of IFQ halibut landed outside Alaska has steadily decreased. Rising to the top ten ports, Yakutat took Cordova's 9th place standing and moved Cordova to 10th top port in 2006. King Cove, 10th in 2005, dropped out of the top ten group in 2006.

Table 2.3 Top ten Alaska halibut ports in rank order for 2006 performance, 1995–2006

Port	2006 Net lbs Landed ^a	2006 Percent of Total Landed	2006 Rank	2005 Rank	2004 Rank	2003 Rank	2002 Rank	2001 Rank	2000 Rank	1999 Rank	1998 Rank	1997 Rank	1996 Rank	1995 Rank
Homer	9,583,665	18.35	1	1	1	1	1	1	1	1	1	3	2	2
Kodiak	8,503,311	16.28	2	2	2	2	2	2	2	2	2	1	1	1
Seward	5,962,084	11.42	3	3	3	3	3	4	4	3	3	4	3	5
Sitka	3,857,215	7.39	4	5	6	6	7	5	6	6	5	5	5	3
Dutch/Unalaska	3,508,928	6.72	5	4	4	4	4	3	3	4	4	2	4	4
Juneau	3,062,161	5.86	6	6	7	7	6	6	5	5	7	8	8	13
Petersburg	3,013,585	5.77	7	7	8	8	8	7	7	7	6	6	6	6
Sand Point	2,576,073	4.93	8	8	5	5	5	11	10	14	13	13	15	15
Yakutat	1,604,110	3.07	9	11	19	27	14	10	13	10	10	10	13	10
Cordova	1,404,042	2.69	10	9	11	10	10	6	9	9	10	7	7	8
All Ports^b	52,226,380	NA												

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

^b "All ports" includes additional Alaska ports.

Sablefish

As the following table displays, the top ten Alaska ports in which the IFQ sablefish were landed have remained relatively constant over the past twelve seasons. During 2006 no port “fell out” of the top ten, and the top five ports each held on to their port positions. Sand Point and Petersburg rose in port rank as Juneau and Cordova slipped to ninth and tenth, respectively. Cordova was the only port to occupy the same port rank (10th) in both the IFQ halibut and sablefish fisheries in 2006.

Table 2.4 Top ten Alaska sablefish ports in rank order for 2006 performance, 1995–2006

Port	2006 Rounded lbs Landed ^a	2006 Percent of Total Landed	2006 Rank	2005 Rank	2004 Rank	2003 Rank	2002 Rank	2001 Rank	2000 Rank	1999 Rank	1998 Rank	1997 Rank	1996 Rank	1995 Rank
Seward	6,150,546	19.94	1	1	1	1	1	1	1	1	1	1	1	1
Sitka	4,613,178	14.95	2	2	2	3	3	3	3	2	2	2	2	2
Dutch/Unalaska	3,761,853	12.19	3	3	3	2	2	2	2	4	4	4	4	3
Kodiak	2,781,467	9.02	4	4	4	5	5	4	4	3	3	3	3	4
Homer	1,968,369	6.38	5	5	5	4	4	5	6	5	6	9	8	9
Sand Point	1,673,425	5.42	6	8	6	7	9	12	13	12	12	11	11	12
Yakutat	1,466,717	4.75	7	9	14	12	10	10	7	6	5	5	6	5
Petersburg	1,324,368	4.29	8	10	9	8	7	9	10	8	9	10	5	7
Juneau	1,111,068	3.60	9	7	8	9	6	7	5	7	7	8	13	9
Cordova	1,105,375	3.58	10	6	7	6	8	6	9	9	10	7	7	8
All Ports^b	30,849,437	NA												

^a Sablefish weights are in round pounds.

^b “All ports” includes additional Alaska 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, over time, exercise the harvest privilege themselves. This is the so-called “owner-onboard” policy, which does not apply to “freezer vessel” (category “A”) shares that may be leased without restriction. The IFQ Program is designed so that eventually all catcher-vessel IFQ will be fished by the QS/IFQ holders.

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

During the 2006 IFQ season, 336 distinct skippers participated in the IFQ fishery. A total of 292 Hired Skippers harvested 19,457,431 pounds of IFQ halibut (head off, gutted), which was approximately 37 percent of the halibut IFQ TAC. Also during the season, 203 Hired Skippers harvested 17,894,320 pounds of sablefish (round weight), which was almost 52 percent of IFQ sablefish landed.

EFFECTS OF UNDERAGE AND OVERAGE ADJUSTMENTS OF ANNUAL IFQ PERMITS ON FUTURE YEAR PERMITS

IFQ regulations provide for administrative adjustment of IFQ permits because of underages and overages of 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.

The following tables show the net adjustments to 2006 IFQ halibut and sablefish permits from under- and overfished IFQ pounds during 2005, including adjustment *averages* from 1996 through 2006. “Net adjustment” is the sum of all credits and debits applied to all IFQ permits.

In every year since the beginning of the program, underages (including permits entirely unfished)

have exceeded overages, resulting in net positive adjustments to IFQ permits. In 2006 this trend continued; had all additional adjustment pounds been harvested with no underfishing, the allotted annual IFQ TAC would have been exceeded by the pounds and percentages indicated in tables.

Table 2.5 Net Adjustments to IFQ halibut permits with yearly averages, derived from underages and overages of prior year permits

Species/category	2006	Averages 1996 ^a -2006
Halibut ^b		
All areas net adjustment	987,895	956,153
All areas annual IFQ TAC	53,308,000	54,680,909
All areas percentage by which TAC could be exceeded	2%	2%

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

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

Table 2.6 Net Adjustments to IFQ sablefish permits with yearly averages, derived from underages and overages of prior year permits

Species/category	2006	Averages 1996 ^a -2006
Sablefish ^b		
All areas net adjustment	789,634	667,308
All areas annual IFQ TAC	34,546,083	32,190,928
All areas percentage by which TAC could be exceeded	2%	2%

^a The IFQ Program started in 1995; the first adjustments were made to 1996 annual IFQ permits. The 1996 adjustment data for sablefish permits are not available.

^b Sablefish data are in round weight pounds.

E LANDINGS

Registered Buyers must report IFQ landings electronically using the Internet (with permission, a backup paper submission system is available). Real-time accounting of individual harvests contributes significantly to accurate management of each IFQ holder's IFQ accounts and supports inseason transfers. Of two Internet systems available, the more comprehensive one, the Interagency Electronic Reporting System (IERS) and its data-entry component, eLandings, is expected to become the standard reporting method over time. In 2006, Registered Buyers reported 9,203 vessel landings; of these, 2,141 were entered through the IERS and almost all the rest through the older Internet Reporting System.

REGISTERED BUYERS

An IFQ Registered Buyer (RB) must report landings of IFQ halibut and sablefish. Tables 2.7 and 2.8 display the number and types of Registered Buyer permits issued by RAM for 2006 and the number of Registered Buyers that reported landings this fishing season.

Table 2.7 Number and type of Registered Buyer permits, 2006

Type of RB ^a	Permits Issued	RBs Reporting Landings	Percent Reporting Landings ^b
Buyer-Broker	122	32	26
Catcher-Seller	308	57	19
Retail	53	17	32
Mothership	8	1	12
Tender	22	5	23
Catcher-Processor	114	29	25
Restaurant	20	2	10
Shoreplant	135	81	60
Other	57	9	16
Total (not additive)	638	179	28

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

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

Table 2.8 Mean pounds and landings by species, 2006

Species	Registered Buyers Reporting Landings	Mean Pounds
Halibut	145	357,709
Sablefish	86	354,591

NOAA IFQ ENFORCEMENT ACTIVITIES

Partners

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

Joint Enforcement Agreements (JEAs)

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

AED and Trooper inspection methods vary and include audits, inspections, and Community Oriented-Policing and Problem Solving (COPPS) contacts. An IFQ audit consists of a vessel boarding with a full examination of all fish, permits, logbooks, and other checks that are specific to that offload. An audit includes monitoring the offloading of fish throughout the entire offload. However, an IFQ inspection does not include monitoring the entire offloading process. An IFQ COPPS contact is a short interaction between authorities and the vessel operator, intended primarily to answer the operator's questions and to provide regulatory information. Because NMFS AED is primarily responsible for offload monitoring, accounting for IFQ shipments, and investigating fraud and other illegal activities, vessel inspections, audits, and educational outreach continue to be major components of the IFQ enforcement strategy.

During 2006, JEA boardings totaled 600 with an additional 113 audits and 8 COPPS contacts.

AED Effort

In 2006 the AED and State of Alaska personnel (through JEAs) increased the number of 2006 IFQ vessel boardings by 183 over 2005 levels. Due to budgetary reasons, NOAA was under a hiring freeze during the 2006 fishing season, and vacancies caused a decrease in effort. Fully staffed, AED operates with 17 Special Agents, 15 Enforcement Officers, 8 Supervisors, and 9 administrative staff; however, in 2006 the number of agents and enforcement officers was limited to 10 Special Agents working with 11 Enforcement Officers.

Regardless of fewer field personnel in 2006, Alaska AED total effort included 887 IFQ Program vessel boardings. This number includes both halibut and sablefish vessel boardings because AED boardings are intended to ensure compliance with all IFQ and IPHC regulations and do not focus on collecting species-specific data. Throughout its inspections, AED documented 100 (16 percent of AED violations in 2006) IFQ halibut and sablefish violations related to compliance with NOAA regulations. These 100 violations were only part of the 197 (31 percent) IFQ or halibut-related violations this fishing season. On the next page, Table 2.9 shows the number of agency IFQ vessel boardings for each inspection method and COPPS contact during the fishing season.

Table 2.9 IFQ vessel boardings for combined halibut and sablefish, 2006

Boardings	IFQ Inspections	IFQ Audits	IFQ COPPS	Agency Total
NOAA	145	11	10	166
JEA	600	113	8	721
Total	745	124	18	887

Figure 2.3 shows the numbers and types of violations of IFQ halibut regulations in 2006. The Prior Notice of Landing (PNOL) violations were of two types—either no PNOL or inaccurate information provided on the PNOL. AED found 9 violations for each of these offenses during the IFQ fishing season. Of all landing report violations, Registered Buyers providing inaccurate information on IFQ Landing Reports composed 75 percent. Note that data in Figure 2.3 exclude IPHC halibut violations.

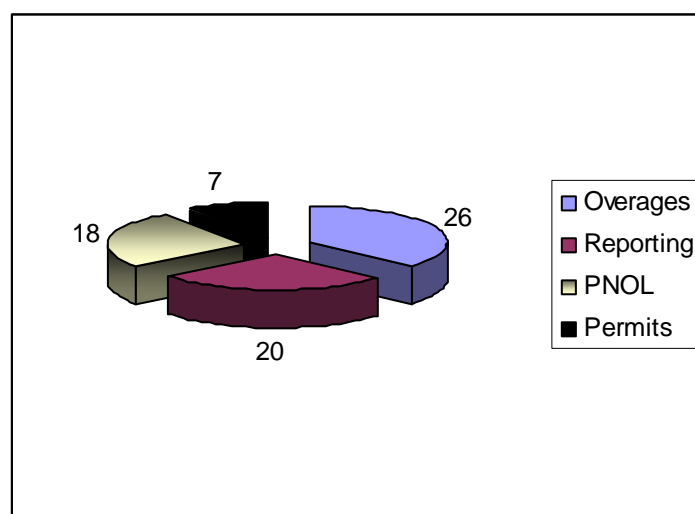


Figure 2.3 Types and numbers of IFQ Halibut Violations in 2006

U.S. COAST GUARD IFQ ENFORCEMENT

Duties

During 2006 the U.S. Coast Guard focused its efforts at sea, and AED monitored offloads and provided after-hours surveillance.

IFQ Patrol Effort

IFQ enforcement patrol effort by smaller cutters (patrol boats and buoy tenders) in Alaska remained about the same in 2006. (Figure 2.4). Although smaller cutter patrol days did not change much since last season, they accounted for 95 percent of the increase in at-sea boardings. However, participation by major cutters was double and sometimes triple that seen during 2001–2005.

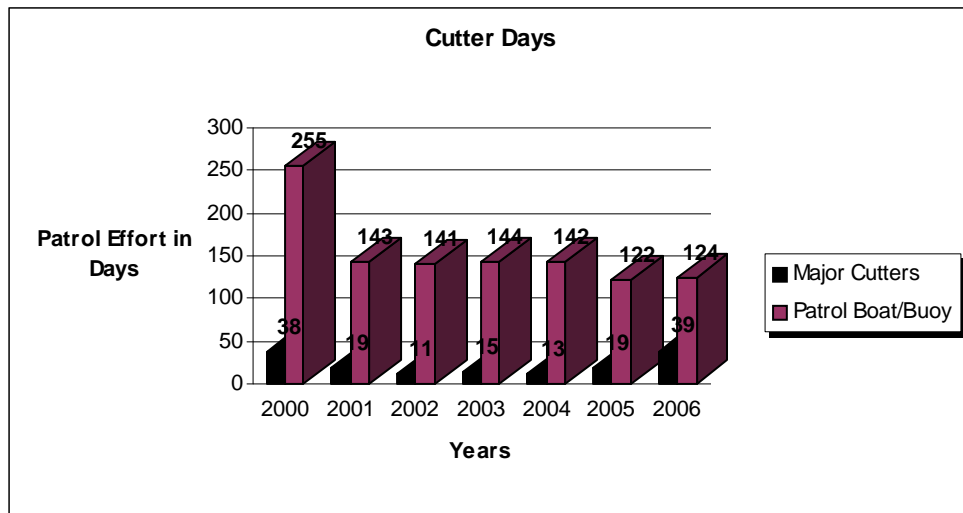


Figure 2.4 2000–2006 Cutter IFQ Patrol Effort

Aircraft IFQ Patrol Effort

In 2006 there were similar decreases in both helicopter and HC-130 aircraft IFQ patrol hours. HC-130 patrol hours (231 hours) decreased by 7 percent from the 2005 level (251 aircraft hours). During 2006, helicopter IFQ patrol hours (798) dropped about 8 percent from the 2005 level (856 aircraft hours).

IFQ At-Sea and Dockside Effort

U.S. Coast Guard (USCG) enforcement effort for 2006 was focused exclusively on at-sea boardings. While USCG eliminated shoreside enforcement in 2006, at-sea boardings were nearly double those during 2003–2005. Protecting resources through at-sea boardings was possible this year because of NOAA’s increased capacity to monitor offloads with their personnel and through JEAs with the State of Alaska. Table 2.9 includes 2005 dockside IFQ monitoring effort and a comparison of at-sea boardings and violations between 2005 and 2006.

Table 2.9 Comparison of at-sea and dockside IFQ boarding and monitoring, 2005–2006

IFQ Boardings/Violations	2005 Violations	2006 Violations
At-Sea boardings	102	198
Dockside monitors	44	0
Boardings/Monitors w/fishery violations	14	19
Violation rate (percent) ^a	10%	10%

^a Because percentages are rounded, they differ slightly from USCG data.

At-Sea Boardings

The increased quantity of violations observed in 2006 is an artifact of intensified boarding effort; the violation rate was unchanged.

Table 2.10 At-sea IFQ fisheries violations, 2006

Violation Type	2005 Violations (10 on 8 vessels)	2006 Violations (20 on 19 Vessels)
Permit/Cardholder not onboard	5	4
Insufficient seabird avoidance	3	7
Log violation	2	5

IFQ Vessel Safety

During 2006, at-sea safety violations rose 5 percent over last season's violations. Table 2.11 shows by type and number most of the 2006 safety violations, compared with those in 2005. Some violations were not included in the table due to a lack of multiyear comparisons among violation types. Excluded violations include inoperative radio/compass (2), boating while intoxicated (1), inoperative alarms (1), hull markings/documentation (8), and insufficient safety drills/instructions/plans (13).

Table 2.11 IFQ fleet at-sea safety violations by type and number, 2003–2006

Safety Violation Types	2003 Violations	2004 Violations	2005 Violations	2006 Violations
Expired/missing life raft/hydro ^a	11	6	7	10
Insufficient visual distress signals	7	6	3	9
Expired/Missing EPIRB ^b /hydro	8	4	8	9
Insufficient/expired fire extinguishers	5	3	5	4
Insufficient survival suits	3	2	7	7
Unserviceable/missing life ring	6	1	4	3
Exposed hazards	3	1	3	0
No marine sanitation device	2	1	1	0
No sound-producing device	1	1	1	2

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

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

2006 Search and Rescue (SAR)

Fishing year 2005 was the first year with no fatalities and no vessel losses since the USCG started identifying IFQ activities as a possible cause of SAR cases in 1999. In 2006 the number of IFQ SAR cases was slightly higher than in 2005. In 2006 five SAR cases resulted in three sinkings and three lives lost. The USCG terminated 4 IFQ vessel voyages during the season due to safety concerns. Figure 2.5 displays the IFQ search and rescue (SAR) safety record during the last 7 years.

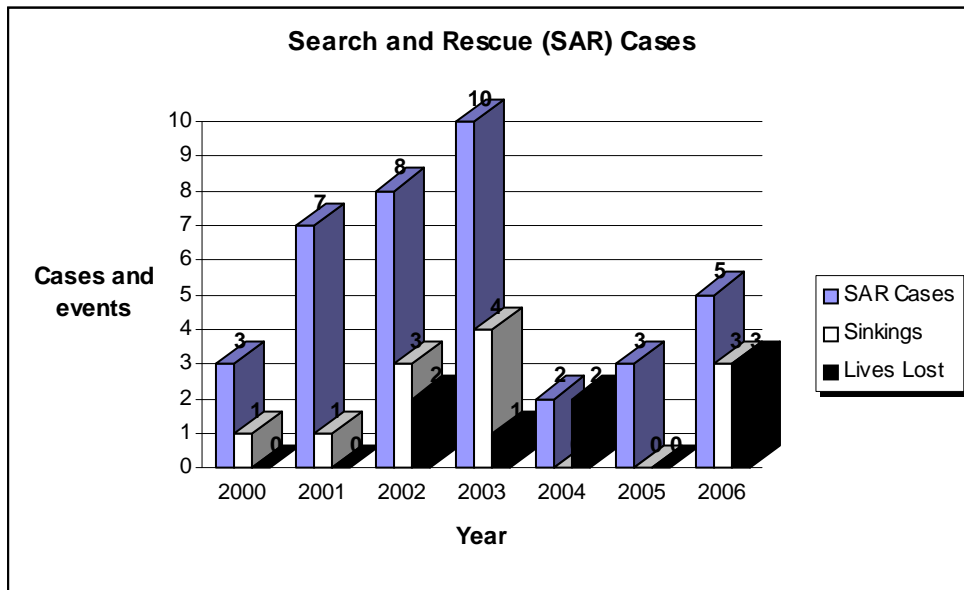


Figure 2.5 USCG IFQ Search and Rescue Cases, 2000–2006

SECTION 3

THE 2006 IFQ SEASON BY THE NUMBERS

INTRODUCTION

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

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

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

DETERMINATIONS AND APPEALS

The Office of Administrative Appeals (OAA) adjudicated most initial issuance appeals prior to 2006. Infrequently, RAM receives an inquiry about eligibility for initial QS or other program features. Table 3.1 provides the cumulative status of IFQ appeals. The three most common causes of IFQ Program appeals have been basic eligibility, vessel owner/lease conflicts, and untimely applications. For more information on published OAA decisions, visit the OAA online at alaskafisheries.noaa.gov/appeals.

APPEALS OF FINAL AGENCY ACTIONS

A Decision of the OAA typically becomes a Final Agency Action 30 days after it is published. An appellant may appeal a Final Agency Action to the federal courts, and a small percentage has done so in IFQ cases. During 2006, constituents filed 1 new appeal; at year-end, 190 IFQ appeals had been filed with the OAA, and of those 2 cases were pending.

Table 3.1 Status of IFQ Appeals 1994–2006

Cumulative Status of IFQ Appeals at year-end 2006	Number
Decisions Issued (Final Determination)	159
Appeal Settled or Dismissed (Final Determination)	29
Appeals Pending	2
Total IFQ Appeals^{a,b,c}	190

^a Cases are counted once and include only the most recent OAA action.

^b The number of cases is approximate because some appeals were split into multiple cases.

^c Data exclude filings withdrawn by appellants.

Table 3.2 Status of appeals to federal courts, year-end 2006

Case Title (Nature of Dispute)	Status of Appeal
Dell v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
Smee v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
Cole v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
Gates v. NMFS (Lease/Ownership)	Ninth Circuit Court Judgment for Defendant (NMFS)
West v. NMFS (Ownership Conflict)	District Court Judgment for Appellant (West)
Foss v. NMFS (Untimely Application)	Ninth Circuit Court Judgment for Defendant (NMFS)
Pancratz v. NMFS (Transfer)	Ninth Circuit Court affirmed District Court Order granting NMFS Partial Summary Judgment and denying appellant's motion for Summary Judgment; appellant's motions for reconsideration and for altering amended decision were denied. Appellant filed motion for rehearing; this motion was denied.
Prowler/Ocean Prowler Partnerships v. NMFS (Ownership Conflict)	District Court Partial Summary Judgment for Defendant (NMFS); Partial Remand. On remand, agency denial was affirmed; to date, the decision has not been reheard or appealed to the federal courts.
Prowler/Ocean Prowler Partnerships v. NMFS (Landings)	Ninth Circuit Court Judgment for Defendant (NMFS)
Petticrew v. NMFS (Regulation Challenge)	Settled prior to Judgment
Ward's Cove Packing v. NMFS (Regulation Challenge)	Ninth Circuit Court Judgment for Appellant (Ward's Cove Packing)

QUOTA SHARE TRANSFER ACTIVITY

Table 3.3 displays a summary of QS/IFQ transfer activities (numbers of approved transfer applications) from the beginning of the program in late 1994 through year-end 2006. The table displays transfers for halibut and sablefish, and both species combined.

Table 3.3 Numbers of approved QS/IFQ transfers 1995–2006^a

Species	Transfer Type	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Halibut	Regular QS/IFQ	1,218	1,397	1,002	544	631	556	588	509	560	494	485	457
	IFQ Only (lease)	31	61	52	43	39	49	48	51	39	33	42	42
	Sweep-up of Small Blocks	31	63	441	147	154	71	92	62	73	104	52	53
	Total Halibut Transfers	1,279	1,521	1,498	730	800	676	728	622	672	631	579	552
Sablefish	Regular QS/IFQ	352	351	388	184	238	220	200	174	264	149	197	155
	IFQ Only (lease)	76	51	50	57	53	79	67	60	56	47	35	35
	Sweep-up of Small Blocks	15	20	82	33	24	29	19	18	25	10	21	13
	Total Sablefish Transfers	443	422	521	275	312	328	286	252	345	206	253	203
Both Species	Regular QS/IFQ	1,570	1,748	1,390	728	869	776	788	683	824	643	682	612
	IFQ Only (lease)	107	112	102	100	92	128	115	111	95	80	77	77
	Sweep-up of Small Blocks	46	83	523	180	178	100	111	80	98	114	73	66
	Total-All Transfers	1,723	1,943	2,015	1,008	1,139	1,004	1,014	874	1,017	837	832	755

^aTransactions reflect calendar year activity.

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

Additional information on changes in QS holdings and consolidation in the halibut and sablefish fisheries is on our website at alaskafisheries.noaa.gov/ram

Table 3.4 Changes in halibut QS holdings between initial issuance and year-end 2006^a

Area	Initially Issued ^a				Held at Year-end 2006			
	Alaskan ^b		Non-Alaskan ^b		Alaskan		Non-Alaskan	
	Number of Persons	QS Units	Number of Persons	QS Units	Number of Persons	QS Units	Number of Persons	QS Units
2C	1,971	49,265,458	418	10,303,434	1,119	49,158,937	234	10,387,800
3A	2,436	118,598,696	637	66,893,737	1,374	111,736,693	400	73,152,282
3B	780	28,061,266	278	26,455,137	360	27,947,556	161	26,254,799
4A	377	7,069,344	156	7,565,095	173	7,521,935	86	7,064,717
4B	80	3,242,733	73	6,050,658	55	3,638,966	52	5,645,808
4C	48	2,199,603	33	1,816,749	40	1,885,402	21	2,123,184
4D	22	665,856	47	4,257,782	16	1,579,957	31	3,378,293
4E	98	127,392	6	12,607	93	125,798	9	13,973
Total Unique Persons^c	3,976		855		2,565		645	

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

^b 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 result from QS transfers and QS holders' address changes. Persons with unknown addresses are excluded from this table.

^c 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.

Table 3.5 Changes in sablefish QS holdings between initial issuance and year-end 2006^a

Area	Initially Issued ^a				Held at Year-end 2006			
	Alaskan ^b		Non-Alaskan ^b		Alaskan		Non-Alaskan	
	Number of Persons	QS Units	Number of Persons	QS Units	Number of Persons	QS Units	Number of Persons	QS Units
AI	49	7,112,625	87	24,405,551	37	8,703,314	61	23,208,121
BS	63	7,111,748	82	11,514,928	54	7,108,280	59	11,651,310
CG	396	43,441,061	248	68,103,400	226	41,710,250	174	69,971,918
SE	467	42,775,495	249	23,822,984	284	43,083,774	153	23,034,639
WG	108	8,523,936	125	27,562,419	68	7,930,283	100	28,097,427
WY	251	18,495,325	206	34,975,111	126	16,934,953	137	36,330,452
Total Unique Persons^c	721		334		516		343	

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

^b 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 result from QS transfers and QS holders’ address changes. Persons with unknown addresses are excluded from this table.

^c 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.

TRANSFER ELIGIBILITY CERTIFICATE (TEC)

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

Table 3.6 displays the number of TECs issued by state of residence to IFQ crewmembers since the program began in 1994. It also shows how many of those IFQ crewmembers were holding QS at year-end 2006.

Table 3.6 Summary of Transfer Eligibility Certificate (TEC) issuance 1994–2006 and crewmembers holding QS at year-end 2006

Residency	Crewmember TECs Issued 1994–2006	Crewmembers Holding QS/IFQ Year-end 2006
Alaskan ^a	2,028	855
Non-Alaskan ^a	849	298
Total^b	2,877	1,153

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

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

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 2006 (as expressed in 2006 IFQ pound equivalents and as a percentage of the 2006 area TACs).

Table 3.7 Quota acquired by “IFQ Crewmembers” by species, area, and residence, year-end 2006^a

Species/Area	Alaskan IFQ Pounds ^{b,c}	Non-Alaskan IFQ Pounds ^{b,c}	Total 2006 IFQ Pounds ^d	Percent Area TAC ^e
Halibut 2C	2,696,982	793,300	3,490,282	33
3A	3,990,021	2,006,859	5,996,880	24
3B	1,585,885	1,121,302	2,707,187	25
4A	622,510	502,821	1,125,330	34
4B	184,345	207,688	392,034	29
4C	112,202	90,892	203,094	25
4D	72,284	148,151	220,435	20
Halibut total	9,264,229	4,871,013	14,135,242	

Continued

Table 3.7 Continued

Species/Area	Alaskan IFQ Pounds ^{b,c}	Non-Alaskan IFQ Pounds ^{b,c}	Total 2006 IFQ Pounds ^d	Percent Area TAC ^e
Sablefish AI	100,082	982,284	1,082,367	27
BS	329,955	447,121	777,076	31
CG	608,627	723,498	1,332,125	12
SE	1,179,075	825,303	2,004,378	26
WG	190,720	349,756	540,476	12
WY	210,200	282,713	492,912	11
Sablefish total	2,618,659	3,610,675	6,229,334	

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

^b “Alaskan” and Non-Alaskan” are premised on the holders’ self-reported business mailing address; NMFS/RAM makes no effort to verify a person’s state of legal residence.

^c Persons without known addresses are excluded.

^d Pounds are derived from QS held and are not adjusted by prior year fishing activity.

^e Table 1.1 references TAC amounts.

COMMUNITY PURCHASE PROGRAM

First authorized in June 2004, the IFQ Community Purchase Program allows 42 GOA communities to participate in IFQ fisheries for benefit of their own economic welfare and that of individual community residents. Eligible communities may form nonprofit organizations that acquire QS on the commercial market for lease to community residents. Caps on QS holdings in this program and for each community limit the program. As of the end of 2006, 18 communities were represented by 17 nonprofits, and only one nonprofit had acquired QS of an amount equivalent to or less than 0.3 percent of the halibut QS pool in Area 3B.

INTERESTS AGAINST QS

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

Table 3.8 shows, by species and type of creditor, the number of reports of interest that RAM recorded as of year-end 2006. Note this table displays the number of interests filed against identifiable QS ranges (blocks, ranges of unblocked QS) and not against quota shareholders.

Table 3.8 Asserted interests recorded by RAM against QS ranges at year-end 2006^a

Type of Person Asserting Interest	Halibut	Sablefish	Total Number of Interests Asserted ^{b,c}
Private Banks (and CFAB/credit unions)	947	473	1,420
State of Alaska (Division of Investments)	317	84	401
States of Alaska/WA (Child Support)	33	14	47
Private Lenders (other than banks)	239	132	371
CDQ Groups	19	4	23
NMFS Financial Services Branch	237	88	325
Internal Revenue Service	27	3	30
<i>Total—All NMFS recorded interests</i>	<i>1,819</i>	<i>798</i>	<i>2,617</i>

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

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

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

CONSOLIDATION OF QS

Over time in the IFQ Program, QS has consolidated into the hands of fewer persons than the number that received QS by initial issuance. The following tables show, by area and size of holding, how transfer activities have led to consolidation of QS. In these tables, the area data are not additive; quota shareholders may (and many do) hold QS in more than one management area for both halibut and sablefish. In addition, the number of persons holding QS that yields IFQ of differing amounts has changed from the report published in 2005. These minor changes result from two causes:

- tables are updated to count persons who received QS through settlements and appeal determinations, and
- to make data comparable over time, tables display the number of quota shareholders using pound equivalents; this report uses 2006 IFQ pound equivalents for all years.

CONSOLIDATION OF HALIBUT QS—INITIAL ISSUANCE THROUGH DECEMBER 31, 2006

Table 3.9 Consolidation of halibut QS, initial issuance through year-end 2006; numbers of persons holding halibut QS by area and size of holdings, expressed in 2006 IFQ pounds

Area ^{a,b}	Size of IFQ Holdings (*06 IFQ Pounds)	Number Initial Issuees	Holders End of 1995 ^c	Holders End of 1996	Holders End of 1997	Holders End of 1998	Holders End of 1999	Holders End of 2000	Holders End of 2001	Holders End of 2002	Holders End of 2003	Holders End of 2004	Holders End of 2005	Holders End of 2006
2C	3,000 or less	1,437	1,255	1,063	918	869	814	782	746	722	678	622	593	565
	3,001-10,000	636	527	484	478	468	460	447	438	428	431	432	428	432
	10,001-25,000	271	290	285	273	270	267	271	266	277	273	275	281	280
	over 25,000	44	53	63	72	78	82	82	86	84	84	84	82	85
	2C Total	2,388	2,125	1,895	1,741	1,685	1,623	1,582	1,536	1,511	1,466	1,413	1,384	1,362
3A	3,000 or less	1,755	1,551	1,362	1,200	1,107	1,032	982	935	904	855	797	745	702
	3,001-10,000	655	558	504	484	488	476	470	467	472	471	473	462	463
	10,001-25,000	371	357	361	358	352	348	348	348	341	341	331	342	339
	over 25,000	290	287	288	296	295	300	298	299	300	297	296	293	291
	3A Total	3,071	2,753	2,515	2,338	2,242	2,156	2,098	2,049	2,017	1,964	1,897	1,842	1,795
3B	3,000 or less	527	474	375	273	238	207	191	171	161	151	135	130	114
	3,001-10,000	254	211	179	161	147	136	133	131	128	137	132	125	124
	10,001-25,000	153	142	135	140	143	146	142	141	143	141	144	143	138
	over 25,000	122	128	135	135	137	141	143	143	145	148	146	148	150
	3B Total	1,056	955	824	709	665	630	609	586	577	577	557	546	526

Continued

Table 3.9 Continued

Area ^{a,b}	Size of IFQ Holdings ^b (*06 IFQ Pounds)	Number Initial Issuees	Holders End of 1995 ^c	Holders End of 1996	Holders End of 1997	Holders End of 1998	Holders End of 1999	Holders End of 2000	Holders End of 2001	Holders End of 2002	Holders End of 2003	Holders End of 2004	Holders End of 2005	Holders End of 2006
4A	3,000 or less	303	261	228	186	162	143	129	110	104	98	99	96	90
	3,001-10,000	133	117	101	86	84	83	74	67	69	65	65	59	54
	10,001-25,000	60	63	67	67	67	70	69	75	76	75	71	70	72
	over 25,000	35	36	39	40	41	41	43	43	41	44	45	46	48
	4A Total	531	477	435	379	354	337	315	295	290	282	280	271	264
4B	3,000 or less	63	58	54	48	44	36	36	30	28	27	28	29	30
	3,001-10,000	55	52	51	42	41	36	33	38	35	38	35	32	32
	10,001-25,000	17	19	18	23	22	29	27	27	28	26	28	29	29
	over 25,000	17	16	18	17	17	16	17	17	17	17	16	16	16
	4B Total	152	145	141	130	124	117	113	112	108	108	107	106	107
4C	3,000 or less	25	25	24	25	21	21	19	15	15	15	15	16	16
	3,001 - 10,000	35	34	33	28	27	26	24	21	20	21	21	21	20
	10,001 - 25,000	12	12	14	14	14	14	16	16	16	17	17	17	17
	over 25,000	9	9	9	10	10	10	10	10	10	10	10	9	9
	4C Total	81	80	80	77	72	71	69	62	61	63	63	63	62
4D	3,000 or less	11	11	10	9	8	7	5	5	3	3	3	3	3
	3,001 - 10,000	22	22	21	18	15	13	13	10	10	11	11	10	10
	10,001 - 25,000	24	22	25	16	17	16	18	19	19	16	16	15	15
	over 25,000	12	12	12	16	16	17	16	16	16	19	19	19	19
	4D Total	69	67	68	59	56	53	52	50	48	49	49	47	47
All	3,000 or less	2,635	2,395	2,177	1,896	1,793	1,673	1,614	1,541	1,489	1,417	1,314	1,246	1,187
	3,001 - 10,000	1,140	994	919	880	878	872	861	851	849	837	822	802	822
	10,001 - 25,000	607	629	629	617	603	601	599	598	599	603	606	604	600
	over 25,000	447	492	502	520	521	531	534	545	552	561	560	566	565
	Total All Areas	4,829	4,510	4,227	3,913	3,795	3,677	3,608	3,535	3,489	3,418	3,302	3,218	3,174

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

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

^c Person counts for each year reflect holders of QS regardless of whether or not they were initial issuees.

^d "Total All Areas" shows unique persons.

Table 3.10 Consolidation of sablefish QS, initial issuance through year-end 2006; numbers of persons holding QS by area and size of holdings, expressed in 2006 IFQ pounds

Area ^a	Size of IFQ Holdings ('06 IFQ Pounds)	Number Initial Issuees	Holders End of 1995 ^b	Holders End of 1996	Holders End of 1997	Holders End of 1998	Holders End of 1999	Holders End of 2000	Holders End of 2001	Holders End of 2002	Holders End of 2003	Holders End of 2004	Holders End of 2005	Holders End of 2006
AI	5,000 or less	54	49	49	44	42	40	32	30	30	28	28	28	29
	5,001-10,000	21	19	19	18	19	19	18	15	14	13	13	15	15
	10,001-25,000	22	22	25	25	21	20	21	19	19	19	23	25	24
	over 25,000	38	34	37	37	37	33	33	33	35	35	34	32	31
	AI Total	135	124	130	124	119	112	104	97	98	95	98	100	99
BS	5,000 or less	63	58	58	53	52	52	48	49	45	45	45	46	45
	5,001-10,000	32	32	26	26	25	25	22	21	21	18	18	19	20
	10,001-25,000	20	18	20	21	21	22	21	20	21	20	20	23	21
	over 25,000	30	29	31	30	30	28	28	27	27	31	31	29	29
	BS Total	145	137	135	130	128	127	119	117	114	114	114	117	115
CG	5,000 or less	356	318	292	244	234	223	214	204	194	190	186	177	175
	5,001-10,000	59	54	44	43	44	41	39	39	41	37	40	41	38
	10,001-25,000	89	87	84	78	72	66	66	74	73	79	77	65	62
	over 25,000	139	127	131	127	127	128	129	126	129	127	126	130	131
	CG Total	643	586	551	492	477	458	448	443	437	433	429	413	406
SE	5,000 or less	377	324	290	238	217	200	198	186	180	174	167	158	153
	5,001-10,000	110	100	85	79	77	78	76	76	72	77	81	76	77
	10,001-25,000	138	140	141	137	133	128	121	123	125	112	106	105	96
	over 25,000	90	90	93	95	97	98	101	101	104	107	110	113	115
	SE Total	715	654	609	549	524	504	496	486	481	470	464	452	441

Continued

Table 3.10 Continued

Area ^a	Size of IFQ Holdings ('06 IFQ Pounds)	Number Initial Issuees	Holders End of 1995 ^b	Holders End of 1996	Holders End of 1997	Holders End of 1998	Holders End of 1999	Holders End of 2000	Holders End of 2001	Holders End of 2002	Holders End of 2003	Holders End of 2004	Holders End of 2005	Holders End of 2006
WG	5,000 or less	112	107	102	87	84	83	74	77	74	72	71	69	68
	5,001-10,000	29	26	24	23	21	22	23	22	19	19	19	18	17
	10,001-25,000	49	39	39	40	38	36	34	32	32	35	37	40	39
	over 25,000	42	44	46	44	45	44	45	46	48	48	46	47	47
	WG Total	232	216	211	194	188	185	176	177	173	174	173	174	171
WY	5,000 or less	296	263	236	197	183	163	150	145	143	138	131	134	120
	5,001-10,000	50	43	45	43	48	46	48	46	46	45	42	39	43
	10,001-25,000	61	57	59	57	58	55	50	54	49	47	49	43	42
	over 25,000	49	53	52	53	52	54	55	55	58	57	58	60	60
	WY Total	456	416	392	350	341	318	303	300	296	287	280	276	265
All	5,000 or less	523	477	468	412	390	380	370	359	344	326	323	315	309
	5,001 - 10,000	111	112	104	110	113	111	111	109	107	110	109	103	109
	10,001 - 25,000	156	152	153	156	150	151	144	156	160	160	162	158	150
	over 25,000	264	266	269	262	266	260	265	266	276	290	291	299	301
	Total All Areas^c	1,054	1,007	994	940	919	902	890	890	887	886	885	875	869

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

^b Person counts for each year reflect holders of QS regardless of whether or not they were initial issuees.

^c "Total All Areas" shows unique persons.

CHANGES IN QS HOLDINGS, INITIAL ISSUANCE TO YEAR-END 2006

Over time, fewer persons (overall and initial issuees) hold QS in the fishery. As expected, the rate at which persons have left the IFQ fisheries has decreased. Figure 3.1 shows the percent and number of persons initially issued any type of QS who were holding QS at the end of each year of the IFQ Program. Figures 3.2a and b illustrate the decrease in numbers of persons holding QS of halibut and sablefish over time.

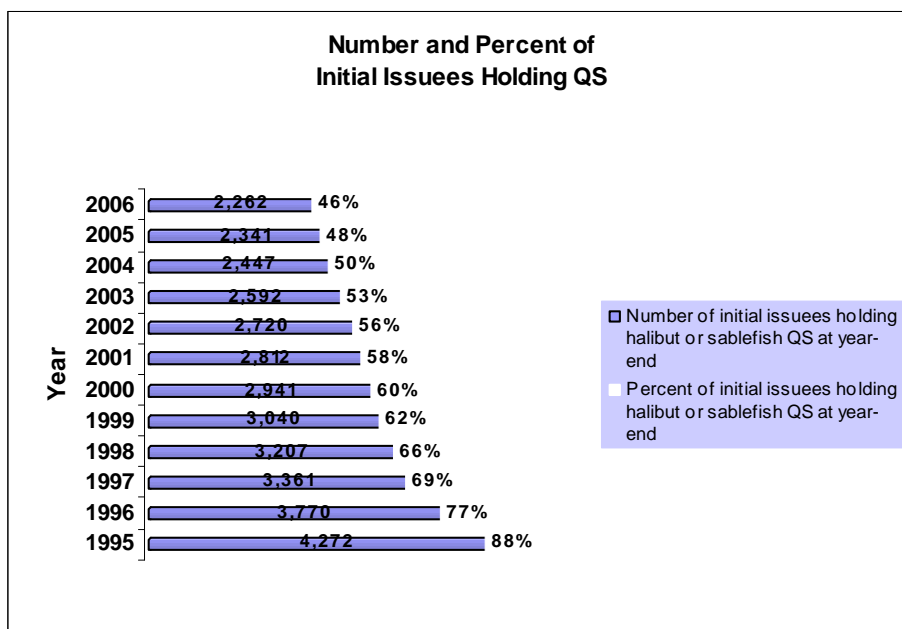


Figure 3.1 IFQ Halibut and Sablefish Initial Issuees, 1995–2006

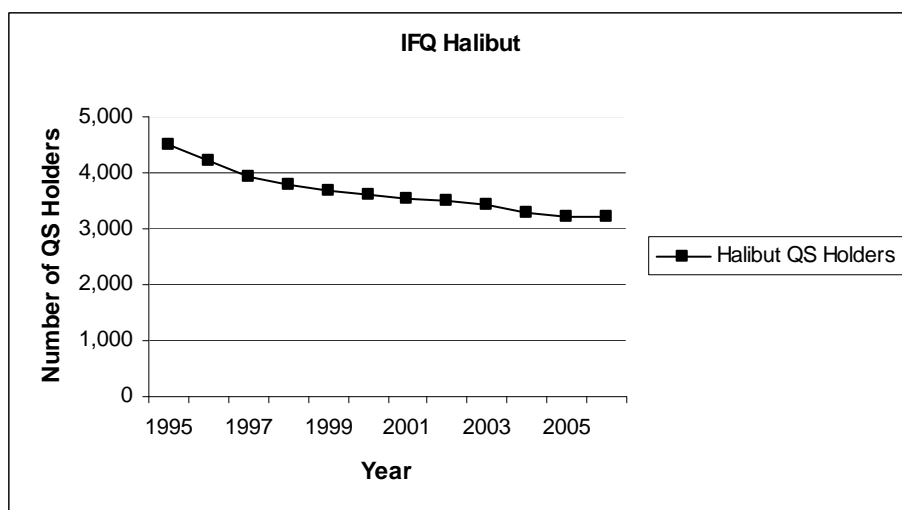


Figure 3.2a Halibut QS Holders, 1995–2006

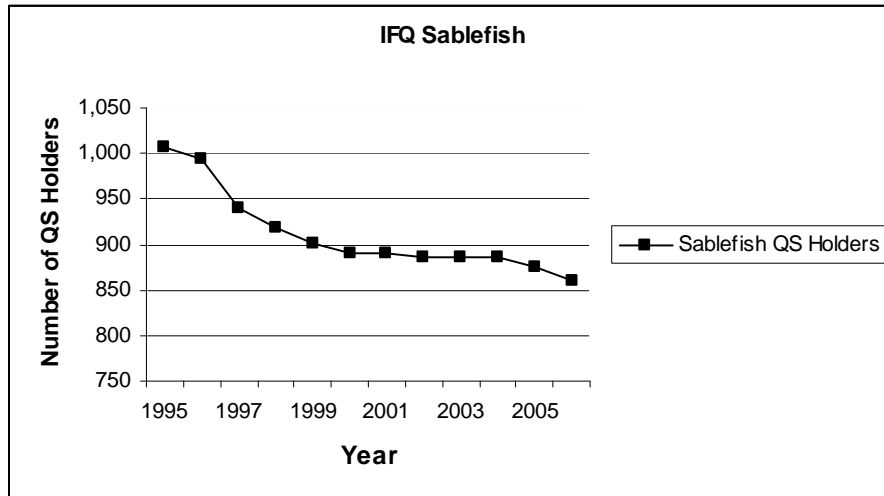


Figure 3.2b Sablefish QS Holders, 1995–2006

VESSEL PARTICIPATION

Tables 3.11 and 3.12 and Figures 3.3a and 3.3b display reductions in the numbers of vessels participating in fixed-gear fisheries under the IFQ Program, compared with years just prior to program implementation. Note that vessel counts are not additive across areas because the same vessels may have participated in the fishery in different areas. After an immediate steep decrease at the start of the IFQ Program, the numbers of vessels continue to decline slowly.

Table 3.11 Number of vessels with halibut harvests by area and year, 1992–2006

Species/ Area	Pre-IFQ Program			IFQ Program											
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Halibut															
2C	1,775	1,562	1,461	1,105	1,029	993	836	840	816	733	713	706	678	672	682
3A	1,924	1,529	1,712	1,145	1,104	1,076	899	892	839	802	746	712	696	670	644
3B	478	401	320	332	350	357	325	323	340	327	315	328	303	302	287
4A	190	165	176	140	147	142	120	121	125	118	119	114	112	104	93
4B	82	65	74	57	64	69	47	51	55	52	52	44	42	38	36
4C	62	58	64	35	41	46	30	36	35	28	24	24	24	9	8
4D	26	19	39	27	33	33	22	29	32	31	32	26	27	29	30
Total Vessels^a	3,452	3,393	3,450	2,057	1,962	1,925	1,601	1,613	1,568	1,451	1,385	1,338	1,304	1,276	1,255

^a“Total Vessels” shows the total number of individual vessels that participated in the fisheries in any regulatory area.

Table 3.12 Number of vessels with sablefish harvests by area and year, 1992–2006

Species/ Area	Pre-IFQ Program			IFQ Program											
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Sablefish	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
AI	50	65	61	67	64	56	39	42	43	39	38	44	36	34	30
BS	100	85	61	68	64	55	45	44	53	42	47	45	38	45	40
CG	613	500	602	347	312	291	260	244	228	225	208	204	192	192	189
SE	510	393	488	391	368	339	309	295	280	266	262	250	252	234	227
WG	126	47	30	101	97	91	81	77	77	74	74	75	73	76	75
WY	275	209	265	243	230	206	188	172	158	146	143	136	136	131	128
Total Vessels^a	1,166	969	1,191	616	565	530	477	463	450	433	415	409	396	378	372

^a “Total Vessels” shows the total number of *individual* vessels that participated in the fisheries in any regulatory area.

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

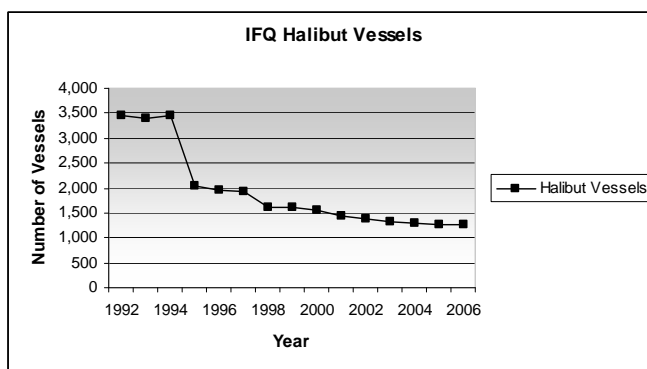


Figure 3.3a Vessel Participation in the IFQ Halibut Fisheries, 1992–2006

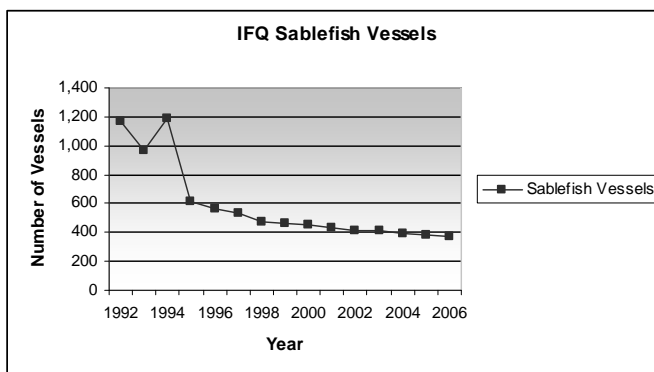


Figure 3.3b Vessel Participation in the IFQ Sablefish Fisheries, 1992–2006

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 primarily to entry-level fishermen and those fishing from small vessels. Since fiscal year 1998, congressional appropriations have established a loan fund of \$5,000,000 for each fiscal year. The next table displays the number of loans and amounts approved each fiscal year (FY) by borrowers’ state of residence.

Table 3.13 Status of NMFS loans for purchase of QS/IFQ by residence, fiscal year, amount, and number of loans, 1998–2006

Borrower’s State of Residence	1998	1999	2000	2001	2002	2003	2004	2005	2006	Cumulative Number of loans	Average loan amount	Cumulative Total loan amount
Alaska	2,704,749	2,942,881	2,852,759	2,506,978	2,898,348	3,886,000	2,412,042	1,921,075	2,623,980	196	126,269	24,748,812
Arizona				185,000	170,187					2	177,594	355,187
California			260,000				272,178		201,912	4	183,523	734,090
Colorado			60,000				150,000	288,000	256,000	4	188,500	754,000
Florida		360,019						360,240		2	360,130	720,259
Georgia	250,000		92,871							2	171,436	342,871
Idaho			80,000	99,564						2	89,782	179,564
Michigan		61,500								1	61,500	61,500
Minnesota					100,000					1	100,000	100,000
Nebraska				200,000						1	200,000	200,000
Nevada					100,000					1	100,000	100,000
Oregon	169,336	205,800	393,000	354,955	100,000	300,000	342,000		368,108	15	148,880	2,233,199
S. Dakota							100,000	200,000		2	150,000	300,000
Texas							68,780			1	68,780	68,780
Utah	114,808							240,000		2	177,404	354,808
Washington	1,761,107	1,429,800	1,261,370	1,570,914	1,631,465	814,000	1,655,000	1,990,685	1,550,000	87	157,061	13,664,341
Wisconsin				65,089						1	65,089	65,089
FY Totals	5,000,000	5,000,000	5,000,000	4,982,500	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	324	\$148,585	\$44,982,500

SECTION 4

ANNUAL REPORT IFQ FEE (COST RECOVERY) PROGRAM

COST RECOVERY

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

USE OF FUNDS

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

REQUIREMENTS AND RESPONSIBILITIES

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

For IFQ Registered Buyers

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

For IFQ Permitholders

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

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

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

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

NMFS Responsibilities

At the end of each IFQ season, NMFS 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 permitholder, based on standard prices and values.
- ✓ mails IFQ permitholders a summary that itemizes their landings and shows their calculated fee liability. RAM bases the fee liability on the sum of all payments of monetary (in dollars, goods, and services) worth to fishermen for landings of IFQ fish.

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

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

2005 PAYMENT PERFORMANCE

At the end of the 2005 IFQ season, the fee was computed to be 1.6 percent of the ex-vessel value. This is lower than every year except 2003, when the percentage was also 1.6 percent. Excellent compliance was evident with 99.6 percent of those with fee obligations paying by September 30, 2006. Of the 2,382 permitholders billed, only 10 bills (.4 percent) were sent to collections.

CALCULATING THE 2006 FEE

The fee for 2006 dropped to 1.0 percent. This figure derives from at least three sources:

- the total ex-vessel value of the halibut and sablefish fisheries
- the total costs of managing and enforcing the IFQ Program (by actual expenditures during FY 2005)
- the balance in the Limited Access System Administrative Fund (last year's overpayment, if any)

These are discussed below.

THE 2006 IFQ COST RECOVERY FEE PERCENTAGE

NMFS announced that the 2006 IFQ fee percentage was set at 1.0. Under cost recovery regulations, IFQ permit holders who used their permits to record landings of halibut or sablefish during the 2006 IFQ fishery were obligated to pay 1.0 percent of the total ex-vessel value from the sale of their halibut or sablefish.

The fee percentage was premised on a total standard ex-vessel value calculated at \$268,403,751 and total program expenditures of \$2,789,047.

Calculating the fee percentage

Effective September 5, 2006, NMFS published a Final Rule (71 FR 44231, August 4, 2006) that changed the manner in which the annual fee percentage is calculated (*See* Page 5 in the Rule Changes for 2006 section). Specifically, the formula was simplified by eliminating or consolidating some variables:

- The nonpayment rate (NPR) was eliminated because of its negligible effect on the calculation of the fee percentage since the beginning of the program; and
- The LASAF Account Balance (AB) is now automatically incorporated into the DPC rather than treated separately. The fee percentage is calculated using the following formula:

$$[100 \times (\text{DPC})/\text{V}]$$

This is not as complicated as it may seem. It simply means that the Direct Program Costs of management and enforcement (DPC), which now incorporates the LASAF Account Balance, multiplied times 100, is then divided by the fisheries Value (V). The result, rounded to the nearest 0.1 percent, is the *fee percentage*.

Table 4.1 shows the 2006 fee percentage computation.

Table 4.1 Detail of formula for calculating the 2006 fee percentage

Factor	Value	Activity
Cost (DPC)	2,789,047	times 100
Fisheries Value (V)	268,403,751	divided by
=	1.039	rounded to nearest 0.1 percent yields

Rate for 2006 IFQ Season = 1.0 percent

COST COMPONENTS OF THE IFQ FEE PROGRAM

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

Ex-vessel Value of the IFQ Fisheries

Because the fee obligation is premised on 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.

RAM used the data to calculate the average ex-vessel value for each species, port, and each month. Then the amount of IFQ products delivered to each port, by month, was multiplied by this “standard value.” Generally, the calculations show the total standard ex-vessel value of the two fisheries in 2006 was \$268,403,751.

Halibut	\$193,063,804.00
<u>Sablefish</u>	<u>\$ 75,339,947.00</u>
Total	\$268,403,751.00

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 NMFS agency units and the IPHC each calculated their own IFQ-associated costs. Agency units included NMFS/RAM, NMFS Sustainable Fisheries, NMFS OAA, NMFS OMI, 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 2006

Cost Category	NMFS RAM	NMFS Enforcement	NMFS Sustainable Fisheries	NMFS OMI	NMFS OAA	IPHC	Total
Personnel Costs ^a	370,416	1,230,000	52,630	61,807	676	234,275	1,949,804
Travel ^b	15,946	156,800	0	0	0	23,010	195,756
Transportation ^c	0	42,000	0	0	0	0	42,000
Printing	0	1,400	0	0	0	0	1,400
Contracts/Training	0	353,400	0	0	0	28,644	382,044
Supplies	2,339	218,000	0	105	0	11,407	231,850
Equipment	0	57,900	0	0	0	0	57,900
Rent/Util/Overhd ^d	41,689	156,200	4,494	5,797	10	0	208,190
Other ^e	0	-281,790	-2,079	0	0	3,971	-279,898
Total	430,390	1,933,910	55,045	67,709	686	301,307	2,789,047

^a Personnel Costs include COLA and all benefits.

^b Travel includes per diem payments.

^c Transportation includes shipment of items.

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

^e Negative amounts in "Other" are due to accounting adjustments from first-year Program costs.

CONCLUSION

This year Registered Buyers and members of the IFQ fleet have continued to comply and cooperate well with fee program requirements. Each year RAM calculates the annual fee using these annual calculations, relying directly on excellent reporting by Registered Buyers. The IFQ fleet participation in 2006 remained strong, further strengthening the IFQ fee program. We expect this reciprocal relationship to continue to sustain the fee program well into the future.

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

SECTION 5

NMFS PROTECTED RESOURCES SEABIRD REPORT

SEABIRD COOPERATIVE RESEARCH WITH THE LONGLINE INDUSTRY

Collaborative research continues to be the focus of biologists and the Washington Sea Grant Program (WSGP) to address seabird bycatch in the Alaskan longline and trawl fisheries. During 2006 two projects addressed the needs of small longline vessels encountering seabirds in Alaskan waters, building on Ed Melvin's work in 2004. Rice and others tested a variety of gear and techniques for deterring seabird attacks on baited longline hooks. A second project (by Rice and Cullenberg) created streamer lines better suited to the many types of small vessels fishing in Alaska waters.

Find additional details at wsg.washington.edu/pubs/seabirds/seabirdsolvinghr.pdf and other reports at alaskafisheries.noaa.gov/protectedresources/seabirds/newsitems.htm

Regulatory requirements for paired streamer lines and standards for the Alaska demersal longline fishery are based on Washington Sea Grant Program (WSGP) research on "large" vessels (over 55 ft LOA). It was recognized that these standards might not be suitable for smaller vessels (26 to 55 ft LOA) that fish in inside waters. WSGP undertook testing to evaluate the effectiveness of seabird avoidance measures on smaller vessels (Melvin and Wainstein 2006). Data collected from the surveys and other sources suggest that longline fishing poses little to no risk to albatrosses and other seabird species of concern in Alaskan inside waters. Recommendations based on these two reports were presented to the North Pacific Fishery Management Council at its June 2006 meeting. Later, the Council recommended revisions to the seabird avoidance regulations, which are summarized below.

SEABIRD AVOIDANCE REGULATIONS

Fishermen using hook-and-line gear while fishing for IFQ halibut, CDQ halibut, or IFQ sablefish, or groundfish off Alaska are required to use seabird avoidance measures. For specific requirements see the regulations at § 679.24(e) and §679.42(b)(2). Regulations and a guide to assist you in understanding these regulations are on our website at alaskafisheries.noaa.gov/protectedresources/seabirds/guide.htm.

At its February 2007 meeting to revise these seabird avoidance requirements, and based on the research noted above, the Council received reports and presentations on both the distribution of seabirds in the Alaska longline fishing grounds and seabird avoidance measures for small longline vessels. The Council recommended that NMFS revise the regulations. With specified area exceptions (see below), vessels fishing in Prince William Sound (NMFS Area 649), the state waters of Cook Inlet, and Southeast Alaska (NMFS Area 659) would no longer be required to use seabird avoidance measures. Hook-and-line vessels 26 to 55 ft LOA fishing in the EEZ would be required to adhere to specified standards for seabird avoidance measures. A weather safety standard would be established for hook-and-line vessels 26 to 55 ft LOA so that in wind speeds greater than 30 knots, the use of seabird avoidance measures is discretionary. The Seabird Avoidance Plan reporting requirement would no longer be required of hook-and-line vessels, and the seabird avoidance requirement for "use of one other device" would be eliminated for all hook-

and-line vessels.

The specified exceptions for “inside waters” are designated areas in lower Chatham Strait, Dixon Entrance, and the western area of Cross Sound. Hook-and-line vessels fishing in these areas will be required to use the same seabird avoidance measures as those required in the EEZ. These requirements are necessary due to the documented occurrence of an endangered species (short-tailed albatross) and a USFWS “bird of conservation concern” (black-footed albatross).

The Council also recommended that NMFS undertake a spatial analysis of short-tailed albatross satellite tagging data (e.g., kreiging type analysis) and any other pertinent data to potentially identify subareas of IPHC Area 4E that would allow for elimination of seabird avoidance requirements in subareas where the albatross do not occur, yet maintain avoidance requirements in areas where the endangered species does or may occur. The Council requested that pending the results of this analysis, potential changes to seabird avoidance regulations could be included in a trailing amendment.

Although NMFS will begin the rulemaking process, regulatory changes may not be effective until 2008. In the meantime, current requirements are in place. Please use the above NMFS website to see the proposed rule when it is available and to provide comments to NMFS during the public comment period.

FREE STREAMER LINES

Limited supplies of free streamer lines, including the lighter-weight line expressly designed for smaller vessels, are still available. See our website at alaskafisheries.noaa.gov/protectedresources/seabirds/streamers.htm

for information on how to receive these streamer lines.

REPORT SHORT-TAILED ALBATROSS SIGHTINGS

In the event of a sighting from your vessel of a short-tailed albatross, we request your cooperation in completing the enclosed U.S. Fish & Wildlife Service (USFWS) form /Endangered Species Encounter Reporting Form. We are coordinating efforts with the USFWS, and they have asked us to seek your assistance with this important sighting information. Completed forms can be mailed to USFWS at the address provided on the form. The form is also available on the Internet at alaskafisheries.noaa.gov/protectedresources/seabirds/repform.pdf

“ALASKA SEABIRDS” LAMINATED IDENTIFICATION GUIDES

In addition, the USFWS and NOAA have teamed up with the Marine Conservation Alliance, Washington Sea Grant, Birdsmith Ecological Research, and Fraser Research and Development to produce a laminated three-page guide to common seabirds of Alaska, species that commercial fishermen in Alaskan waters are likely to see. The guide is designed to be helpful in identifying common seabirds on the water and in the air. If you did not receive the laminated guide "Alaska Seabirds" with a NMFS mailing to Federal Fisheries Permitholders, and you would like the guide, please contact Kim Rivera, NMFS's Seabird Coordinator at 907-586-7424. Email Kim at Kim.Rivera@noaa.gov.

For additional information about the reduction of seabird incidental catch in fisheries, please see our website at alaskafisheries.noaa.gov/protectedresources/seabirds/guide.htm.

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 or more 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. Administrative actions provide for some limited adjustments to annual IFQ permit amounts resulting from underages or overages of IFQ the prior year; however, significant fishing in excess of an IFQ permit is a violation.

OTHER SIGNIFICANT 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). Caps on vessel use ensure continued participation by at least a minimum number of vessels. Catcher vessel QS categories help maintain the size stratification of the fleet. Refer to Section 1, page 3, for a breakdown of the annual 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.

Leasing of catcher vessel IFQ is extremely limited. A Community Purchase Program allows authorized GOA communities to form nonprofit organizations that acquire and hold QS for use by community residents. A special “surviving heir” provision allows an immediate family member to receive QS on the death of the holder and to lease out the IFQ for three years.

Quota share and the annual IFQ that it yields are classified by species, regulatory area, and vessel category. A variety of restrictions regarding harvesting, landing, and reporting 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 alaskafisheries.noaa.gov or by contacting RAM.

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HALIBUT AND SABLEFISH IFQ REGULATORY AREAS

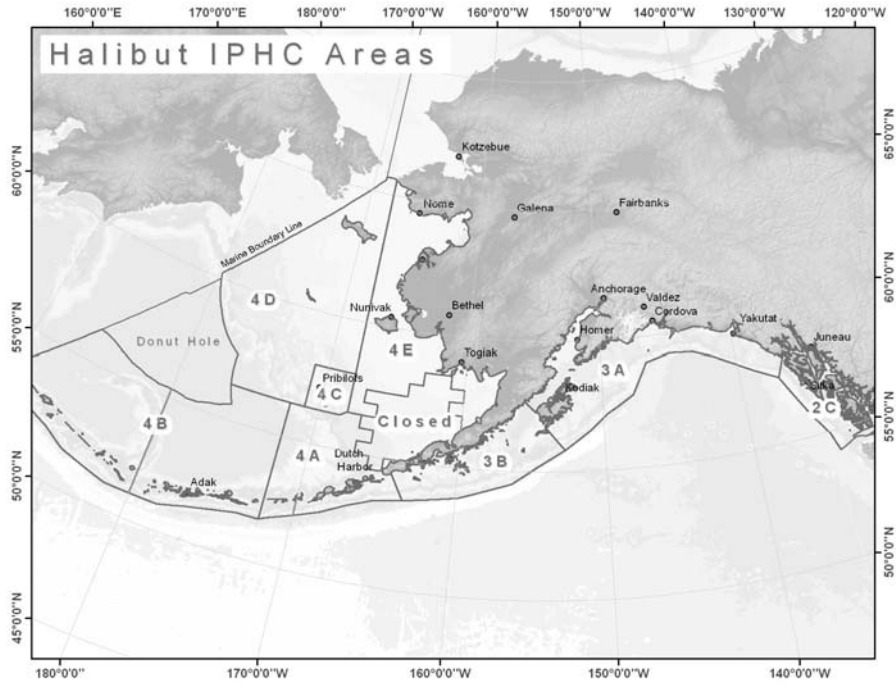


Figure A.1 Halibut IFQ Regulatory Areas

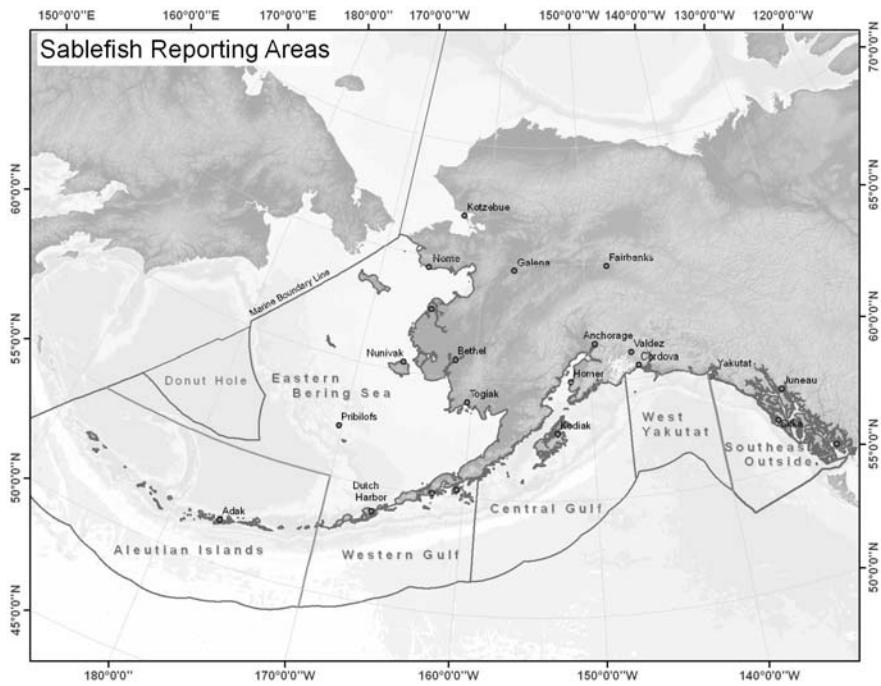


Figure A.2 Sablefish IFQ Regulatory Areas