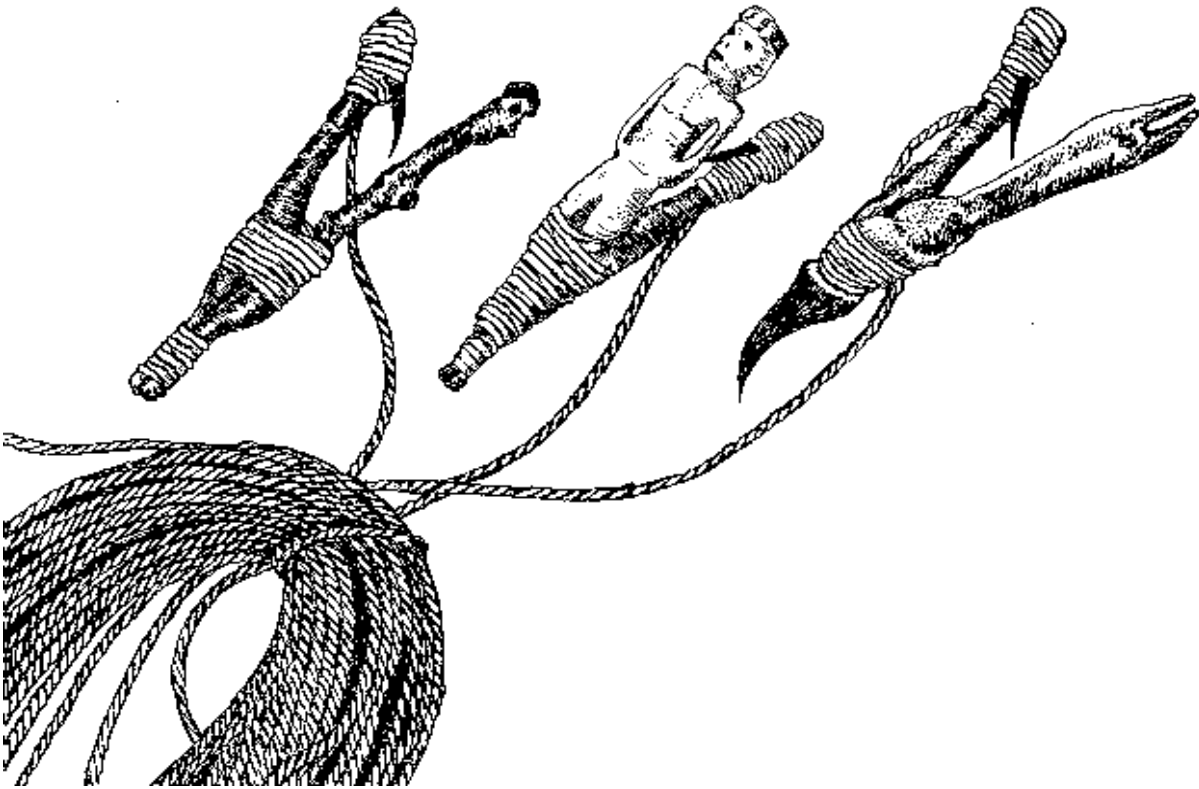


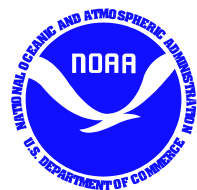


REPORT TO THE FLEET

1997 Fishing Year



Prepared February 1998





REPORT TO THE FLEET

Fishing Year 1997

To the IFQ Fleet:

Greetings from the Alaska Region, National Marine Fisheries Service (NMFS), Restricted Access Management (RAM). As this fourth year of halibut and sablefish fishing under the Individual Fishing Quota (IFQ) program gets under way, we take the opportunity to provide you with this "1998 Report to the Fleet."

This report contains important information about the 1998 season, reviews the 1997 season, provides information on IFQ program performance, discusses some events and opportunities for the program, and provides an "at-a-glance" directory of fisheries officials. We hope you find it useful; of course, we welcome any questions you may have. RAM may be contacted as follows:

Telephone (toll free)	800-304-4846
(In Juneau)	907-586-7344
Facsimile	907-586-7354
NMFS Bulletin Board	907-586-7259
Mailing Address	P.O. Box 21668 Juneau, AK 99802
Internet Home Page	< www.fakr.noaa.gov >

Thanks for your continuing interest in the IFQ program, and have a great 1998 season!

Sincerely,

Philip J. Smith
Administrator, RAM

1997 REPORT TO THE FLEET
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SECTION I

THE 1998 HALIBUT AND SABLEFISH IFQ SEASON

The 1998 Individual Fishing Quota (IFQ) season gets under way at Noon on March 15, 1998. Fishing will be allowed for the next 240 days, until November 15, 1998. To help you to prepare for the season, this section includes information on how your 1998 IFQ amounts were calculated, what to do if you disagree with RAM's calculations, the 1998 Quota Share (QS) Use and Vessel IFQ Caps, changes to the rules that are in effect for 1998, and other issues.

Calculating your 1998 IFQ Amounts

Now that the fisheries managers have determined, for each halibut and sablefish regulatory area, what the 1998 Total Allowable Catch (TAC) limits will be, it is possible to apply some simple math to calculate your IFQ. For each area in which you hold QS, the amount of QS you hold is divided by the amount of all the QS that has been issued for that area (this is the Quota Share Pool, or QSP). The resulting fraction is then multiplied by the TAC for that area. The equation yields the number of pounds of IFQ that you may harvest that year. Put simply the above explanation can be expressed as follows:

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

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

For 1998, the QSPs and TACs for each area have been calculated. The following table (overleaf) shows those amounts. It also shows the "ratio" between the QSP and the TAC for each area; this ratio shows how many units of QS are needed to yield one pound of IFQ.

1998 QUOTA SHARE POOLS (QSPs) AND TOTAL ALLOWABLE CATCHES (TACs)

Species & Area	1998 Quota Share Pool (units)	1998 IFQ TAC (pounds)	Ratio (QS:IFQ)
Halibut 2C	59,551,075	10,500,000	5.672
3A	184,924,431	26,000,000	7.112
3B	53,903,627	11,000,000	4.900
4A	14,502,965	3,500,000	4.144
4B	9,284,774	2,800,000	3.316
4C	3,969,186	795,000	4.993
4D	4,869,276	1,113,000	4.375
4E	139,999	0	0
All Areas	331,145,333	55,708,000	
Sablefish SE	65,938,762	7,687,440	8.587
WY	53,224,850	4,795,005	11.100
CG	111,020,282	11,146,458	9.960
WG	36,030,477	3,245,171	11.103
AI	31,570,557	1,825,409	17.295
BS	18,602,398	1,146,392	16.227
All Areas	316,387,326	29,845,875	

Notes to Table:

- The "ratio" displays the number of units of QS that yield one pound of 1998 IFQ.
- 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).
- TACs do not include pounds that have been set aside for the CDQ program.
- Halibut weights are displayed in net pounds, sablefish weights in round pounds.

1998 Vessel IFQ and QS Caps

The IFQ rules place definite limits on the amount of QS that yields IFQ that any one person may hold (QS Use Caps) and on the amount of total IFQ pounds that can be landed from one vessel during any season (Vessel IFQ Caps). The following table displays the caps that are in effect during 1998 (note that the halibut QS Use Caps are constant, based on the 1996 QSPs):

1998 QS USE CAPS & VESSEL IFQ CAPS

Halibut QS Use Caps		
Applicable %	Size of 1996 QSPs	QS Use Cap
1% of 2C QSP	59,979,977 QS units	599,799 QS units
.5% of 2C, 3A, 3B QSPs	300,564,647 QS units	1,502,823 QS units
1.5% of Area 4 QSPs	33,002,937 QS units	495,044 QS units
Halibut Vessel IFQ Caps		
Vessel Use Cap %	1998 IFQ TAC	Vessel Use Cap
1% of 2C IFQ TAC	10,500,000 net pounds	105,000 net pounds
.5% of All IFQ TAC	55,708,000 net pounds	278,540 net pounds
Sablefish QS Use Caps		
Applicable %	Size of 1998 QSPs	QS Use Cap
1% of SE QSP	65,938,762 QS units	659,388 QS units
1% of All QSPs	316,387,326 QS units	3,163,873 QS units
Sablefish Vessel IFQ Caps		
Vessel Use Cap %	1998 IFQ TAC	Vessel Use Cap
1% of SE IFQ TAC	7,687,440 round pounds	76,874 round pounds
1% of All IFQ TAC	29,845,875 round pounds	298,459 round pounds

Notes to Table:

- QSP = Quota Share Pool; IFQ = Individual Fishing Quota; TAC = Total Allowable Catch.
- Halibut QS Use Caps were permanently established in February 1997 using 1996 QS Pools.
- Vessel IFQ Caps are calculated on the IFQ TAC only; CDQ TACs are not included in the calculations.
- Halibut weights are expressed in net (headed and gutted) pounds, and sablefish weights are expressed in round pounds.

Protesting RAM's Calculation of Your 1998 IFQ

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

If RAM's explanation for its calculations does not satisfy you, and if you still wish to pursue the matter, you may formally request, in writing, that a change be made. To be considered, any such request for an adjustment to your IFQ amounts must be in writing, should contain relevant documentation, and should be received by RAM by no later than the 60th day from the effective date of your IFQ permit (**or, May 15, 1998**).

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

The 1998 Sablefish Survey

As noted in a Special Notice mailed to all IFQ permit holders, the 1998 sablefish survey, conducted by Alaska Fisheries Science Center (Auke Bay Laboratory) will proceed during the summer months (June, July, and August). To insure the accuracy and reliability of the survey data, **longline fishermen are strongly urged to stay at least five nautical miles away from each survey station for 7 days before, and 3 days after, the planned sampling.** The location and date of survey activities are included in the Special Notice; also, the information may be obtained from the NMFS Alaska Region internet site <www.fakr.noaa.gov/ifq/ifq.htm> or by contacting Tom Rutecki at the Auke Bay Laboratory (Tel: 907-789-6051; E-mail: <Tom.Rutecki@noaa.gov>).

New Rules for the 1998 IFQ Season

Every year since the inception of the IFQ program, there have been adjustments to the regulations that govern the program. Some of these have been major (such as the "Fish-Down" provisions that came into effect in late 1996), while many have been "technical" in nature. For 1998, a variety of new rules have been adopted. Those that most significantly effect 1998 fishing operations are discussed below:

Note that the following discussion of IFQ regulations is for informational purposes only; it should not be relied on as a statement of the legal requirements of the regulations. Current regulations that govern the IFQ program can be found at 50 CFR §679.

Increased Halibut QS Use Caps in Area 4

A final rule, published February 2, 1997, at 62 FR 7947, increases the halibut use caps in Area 4 (A - E) from one-half percent to one and one-half percent of the 1996 QS pool and expresses that limit as a set number of QS units: 495,044 halibut QS units. This rule also revises the regulations to express halibut use limits for **all** IFQ regulatory areas in fixed numbers of QS units, rather than percentages of the pool.

Modified Six-hour Prior Notice of IFQ Landing Report

A Final Rule, published May 13, 1997, at 62 FR 26246, modifies the six-hour prior notice of IFQ landing report requirements. The revised regulations require that a new six-hour prior notice of landing be submitted if the landing originally reported will take place either ***before*** or ***more than two hours after*** the date and time scheduled in the original prior notice of landing.

Ice and Slime Standard Allowance

A Final Rule, published November 12, 1997, at 62 FR 60667, establishes a standard allowance of 2 percent for ice and slime on unwashed IFQ species and establishes new product codes to accommodate the new conversion factors and product recovery rates for the ice and slime standard allowances. The new product codes are:

- Product Code 51 — Whole fish/food fish with ice and slime (sablefish only)
- Product Code 54 — Guttled only with ice and slime (halibut and sablefish)
- Product Code 55 — Headed/guttled with ice and slime (halibut only)
- Product Code 57 — Headed/guttled, Western cut, with ice and slime (sablefish only)
- Product Code 58 — Headed/guttled, Eastern cut, with ice and slime (sablefish only)

In landing reports, IFQ Program participants are to use these new product codes ***only for unwashed*** IFQ species. Registered Buyers must enter the weight of the fish as weighed; NMFS will automatically deduct the 2% ice and slime allowance if the correct codes are entered.

Leasing (transferring catcher vessel IFQ only) Prohibited

On January 2, 1998, the regulations that allowed a holder of catcher vessel (vessel category B, C, & D) QS to “lease” (transfer the IFQ only) up to 10% of his/her IFQ to another party expired. Therefore, with the exception of those who hold QS as a “surviving spouse” of a deceased QS holder, **there are no provisions that allow for the transfer of catcher vessel IFQ only in effect for the 1998 season.** As noted below, the Council will consider alternative leasing provisions during 1998; however, even if changes to the “no leasing” rule occur, they will not be in effect until 1999, at the earliest.

Avoiding Seabirds in the Halibut Fishery

As noted in a Special Notice to the halibut fleet, a proposed rule to require operators of vessels fishing for halibut to employ specified measures to reduce seabird bycatch and incidental seabird mortality was published in the Federal Register. These regulations parallel the regulations that were adopted for the groundfish (including sablefish) fishery last year. If adopted, the new rules would require that persons who operate hook and line vessels must:

- Use hooks that, when baited, sink as soon as they are put in the water;
- Discharge offal (if any) in a manner that distracts seabirds from baited hooks; and

- Make every reasonable effort to insure that seabirds that are brought aboard alive are released alive and that, when possible, hooks are removed without jeopardizing the life of the bird.

Hiring a Skipper to Fish Your IFQ

In early 1998, RAM sent out a Special Notice to all QS holders who must (and may) hire skippers to fish their IFQ. The notice summarized rules that, though not now formally in the regulations, will most likely be in effect during this season. Quickly summarized, the rules provide:

- QS holders who are not individuals (such as Corporations, Partnerships, etc.) **must** designate a hired skipper (master) to fish their IFQ; further, such QS holders must demonstrate that they hold an ownership interest of at least 20% in the vessel upon which the designated skipper is going to fish;
- All QS holders who wish to designate a hired skipper (i.e., all non-individual QS holders and individuals who received QS by initial issuance) must demonstrate that they hold an ownership interest of at least 20% in the vessel upon which the designated hired skipper is going to fish;
- *Indirect* ownership of 20% of the vessel will be allowed, provided that sufficient documentation is provided to show the ownership relationship between the QS holder and the vessel owner (for instance, if a QS holder is an individual who owns 20% of a corporation that owns the vessel, s/he must present corporate documents showing that ownership interest). To formalize this practice, the Council will consider an analysis of its effects on the IFQ fishery and is expected to take action on a Fisheries Management Plan amendment during 1998.
- Evidence of vessel ownership percentage (in the form of a U.S. Coast Guard Abstract of Title) will be required; and,
- QS holders who, prior to April 17, 1997, obtained a hired skipper IFQ landing card and who owned less than 20% of the vessel **at the time the card was issued**, may continue to apply for, and have approved, IFQ landing cards for hired skippers at that same percent of ownership for that same vessel; however, once those QS holders receive additional QS by transfer, the “grandfather” rights lapse and they must demonstrate ownership of at least 20% of the vessel upon which their hired skipper is going to fish the IFQ.

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

Again, the Final Rules to implement these changes to the hired skipper rules have not yet (as of February 1998) been published in the Federal Register. However, it is anticipated that they will be published during the 1998 IFQ season, and they are currently being implemented.

Other Proposed Regulatory Changes

In 1998, the North Pacific Fishery Management Council (Council) will be reviewing analyses of the following IFQ proposals:

1. A proposed amendment to the Fishery Management Plan (FMP) for groundfish to change sablefish QS use limits from percentages of QS Pools to fixed numbers of QS units;
2. A proposed FMP amendment to add a leasing provision to allow initial recipients of QS to lease 10% of their IFQ pooled across all areas, with an option to restrict this allowance to the Bering Sea; and,
3. A proposed regulatory amendment to redefine "... a change in the corporation or partnership ..." to include dissolution of the corporation or partnership, and to require non-individual QS holders to annually report their status to RAM.

Additionally, as mentioned above, the Council will review an analysis of the "indirect ownership" issue, with an eye to amending the FMP to permit continuation of the current practice.

To keep up to date on the status of these proposed changes to the IFQ regulations, contact either the Council or the NMFS Sustainable Fisheries Division. If you have ideas for changes, contact the Council in Anchorage (see contact numbers in Appendix).

SECTION II

THE 1997 IFQ SEASON IN REVIEW

The 1997 IFQ season started, as scheduled, on March 15. A total of **7,763** permits (as defined by unique combinations of species, areas, and vessel categories), including **5,779** halibut permits, and **1,984** sablefish permits had been issued to QS holders as of the end of 1997.

When the season ended on November 15, those permits had been used by IFQ holders to report 11,662 separate landings of IFQ halibut and sablefish, for a total harvest of 96.4% of the IFQ halibut TAC, and 94.8% of the IFQ sablefish TAC. By regulatory area, the only areas in which greater than 10% of the IFQ TAC remained to be harvested were (for halibut) Area 4C, in which 13% (75,074 net pounds) remained and (for sablefish) the Aleutian Island area, in which 28% (450,030 round pounds) and the Bering Sea area, in which 41% (397,249 round pounds) remained.

Rate of 1997 IFQ Harvest

The **rate** of harvest was not significantly different from comparable periods during the 1996 season (this is true, even though the halibut TAC increased and the sablefish TAC decreased). The following tables display the relative rate of IFQ harvest (expressed in percentage of harvested IFQ TAC/Month) for each of the past three IFQ seasons:

RELATIVE RATE OF HALIBUT IFQ HARVEST
(Percentage of IFQ TAC Harvested by Month)
1995, 1996, & 1997 IFQ Seasons

Month Ending	1995 Season TAC = 37,422,000	1996 Season TAC = 37,422,000	1997 Season TAC = 51,116,000
April 14	3.6%	11.3%	9.2%
May 14	7.4%	13.7%	13.4%
June 14	15.5%	15.2%	18.9%
July 14	9.2%	10.4%	10.9%
August 14	9.7%	12.3%	11.5%
September 14	15.8%	11.3%	10.0%
October 14	14.2%	5.7%	7.8%
November 15	11.9%	6.1%	8.3%
Total % Harvested	87.3%	95.2%	96.4%

RELATIVE RATE OF SABLEFISH IFQ HARVEST
(Percentage of IFQ TAC Harvested by Month)
1995, 1996, & 1997 IFQ Seasons

Month Ending	1995 Season TAC = 45,658,049	1996 Season TAC = 35,319,897	1997 Season TAC = 30,233,885
April 14	9.9%	15.0%	11.4%
May 14	22.3%	24.3%	24.4%
June 14	21.8%	19.9%	19.7%
July 14	11.3%	10.1%	9.7%
August 14	4.4%	8.0%	10.8%
September 14	8.0%	7.5%	7.0%
October 14	7.0%	5.4%	7.8%
November 15	6.6%	3.8%	4.0%
Total % Harvested	91.3%	94.0%	94.8%

Note to Tables:

- Tables include small amounts of sablefish harvested after November 15 of each year.

Location of IFQ Landings

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

TOP TEN ALASKAN HALIBUT PORTS -- 1997

Port	1997 Rank	1997 Pounds (net wt.)	Percent of 1997 Total	1995 Rank	1996 Rank
Kodiak	1	11,039,896	22.4%	1	1
Dutch/Unalaska	2	5,449,804	11.1%	4	4
Homer	3	5,209,125	10.7%	2	2
Seward	4	4,732,861	9.6%	5	3
Sitka	5	3,513,132	7.1%	3	5
Petersburg	6	2,558,931	5.2%	6	6
Hoonah	7	1,824,642	3.7%	7	7
Juneau	8	1,593,816	3.2 %	13	8
Cordova	9	1,344,763	2.7%	8	9
Yakutat	10	1,209,752	2.5%	10	13
All "Outside"	N/A	4,053,674	8.2%	N/A	N/A
All Ports	N/A	49,294,628	100%	N/A	N/A

TOP TEN ALASKAN SABLEFISH PORTS -- 1997

Port	1997 Rank	1997 Pounds (round wt.)	Percent of 1997 Total	1995 Rank	1996 Rank
Seward	1	7,049,942	24.6%	1	1
Sitka	2	3,929,395	13.7%	2	2
Kodiak	3	3,887,590	13.6%	4	3
Dutch/Unalaska	4	3,223,409	11.2%	3	4
Yakutat	5	1,540,838	5.4%	5	6
Hoonah	6	1,321,351	4.6%	10	9
Cordova	7	1,187,187	4.2%	8	7
Juneau	8	1,043,950	3.6%	19	13
Homer	9	1,020,091	3.5%	9	8
Petersburg	10	895,196	3.1%	7	5
All "Outside"	N/A	1,671,773	5.8%	N/A	N/A
All Ports	N/A	28,625,894	100%	N/A	N/A

Note to Tables:

- Landings at some ports have been combined to the “major” port; e.g., the Port of “Juneau” includes Juneau, Douglas, and Auke Bay.

1997 IFQ Fish-Down Activity

The 1997 season was the first season in which the “fish-down” rule was in effect throughout the entire season (the regulation to implement the policy did not become final until September 1996). This rule allows a person who holds catcher vessel IFQ generated from QS designated in vessel categories “B” and “C” to be fished from a smaller (shorter) vessel (there are minor exceptions to this policy in the Southeast Alaska Regulatory Areas. The following table displays, by species and area, the percentage of landings that were made from catcher vessels that were shorter than the vessel category assigned to the QS that generated the IFQ:

**1997 “FISH DOWN” ACTIVITY
BY SPECIES AND IFQ REGULATORY AREA**

Species & Regulatory Area	Vessel <i>Same Length as Vessel Length Category</i>	Vessel <i>Longer than Vessel Length Category</i>	Percent of Landings “Fished Down”
Halibut 2C	3,400	144	4.1%
Halibut 3A	2,941	285	8.8%
Halibut 3B	631	71	10.1%
Halibut 4A	211	57	21.3%
Halibut 4B	97	14	12.6%
Halibut 4C	144	3	2.0%
Halibut 4D	32	2	5.9%
Sablefish SE	753	21	2.7%
Sablefish WY	276	29	9.5%
Sablefish CG	595	52	8.0%
Sablefish WG	101	25	19.8%
Sablefish AI	55	7	11.3%
Sablefish BS	62	10	13.9%

Note to Table:

- As used in this table, a “landing” is defined as a landing report for a vessel, species, and management area; each such “landing” may include harvest by more than one IFQ holder. Because of this definition, the number of “landings” reported on this table may not match data reported elsewhere.

1997 Hired Skipper Activity

During the 1997 IFQ season, a total of 311 Hired Skippers participated in the fishery. Hired Skippers harvested 29.7% (15,177,014 pounds) of the halibut TAC and 37.3% of the sablefish TAC. As was discussed in Council meetings in 1997, a number of the Hired Skippers fished on vessels that were only minimally “owned” by the QS holder. Commencing this year, the Council policy of a minimum of 20% ownership will be implemented (together with the “grandfather” provision that allows a QS holder who hired a skipper prior to April, 1997, and who had less than 20% interest in the vessel, to continue that practice). Formal regulations are expected to be in place later this year.

1997 Overages and Underages

The following table summarizes the 1997 overage and underage calculations, by species and area. Under the IFQ regulations, “overages” to 1997 IFQ permits fished during 1997 are to be deducted from the 1998 IFQ permit amounts, while up to 10% of the “underages” are to be added to the 1998 IFQ permit amounts. The table also shows the summary overage/underage calculations for 1995 and 1996.

SUMMARY OF OVERAGES AND UNDERAGES
1995, 1996, & 1997 IFQ Seasons (All Areas)
(1,000's of IFQ Pounds)

Species	1995			1996			1997		
	Under	Over	NET	Under	Over	NET	Under	Over	NET
Halibut	1,300.0	[373.5]	926.8	961.7	[371.5]	590.2	1,193.4	[535.7]	657.7
Sablefish	1,019.4	[424.5]	594.9	591.2	[380.8]	284.5	641.5	[405.2]	236.3

Notes to Table:

- Halibut pounds are reported in net weight; sablefish pounds are reported in round weight.
- Negative numbers are reported in brackets [].

Use of Transaction Terminals

Registered Buyers must report IFQ landings by using electronic Transaction Terminals. This allows for “real-time” accounting of individual harvest, and contributes significantly to management of each individual IFQ holder’s IFQ account. Throughout both 1995 and 1996, serious technical problems were experienced with the Transaction Terminals; however, by the end of the 1996 season, most of the problems had been worked out and, throughout 1997 use of the Transaction Terminals was the norm, rather than the exception. As of the end of the 1997 season, a total of 11,662 separate landing reports were submitted to NMFS Enforcement; of those, 10,139 (or 88%) were made using the Transaction Terminals.

Registered Buyer Information

IFQ halibut and sablefish must be reported by Registered Buyers (which may be, and in many instances are, the QS holder). The following table displays the number of Registered Buyer (RB) Permits issued by RAM for the 1997 IFQ Season, as well as the numbers of Registered Buyers who reported landings.

NUMBER AND TYPE OF RBS ISSUED AND USING 1997 RB PERMITS

Type of Buyer	Number of RB Permits Issued	Number Reporting Landings	Percent Reporting Landings
Buyer-Broker	74	19	26%
Catcher/Seller	505	154	30%
Retail	14	5	36%
Mothership	4	0	0%
Tender	7	1	14%
Catcher/Processor	41	13	32%
Restaurant	17	6	35%
Shoreside	123	86	70%
Other	27	7	26%
Total	812	291	36%

Note to Table:

- In this table, the “Type of Buyer” is the primary business type as reported on permit applications.

The following tables display the varying amounts of IFQ landings reported by Registered Buyers during the 1997 IFQ season. The numbers show that there are significant differences in the amounts of IFQ harvests that were reported by RBs during 1997. As the above table shows, fewer than 40% of those who held 1997 Registered Buyer Permits actually reported landings; data reported on the following table suggest that a large number of those Registered Buyers who did report landings, reported relatively small amounts.

**MEAN (AVERAGE), MEDIAN, LARGEST, AND SMALLEST REPORTED
LANDINGS OF 1997 IFQ HALIBUT AND SABLEFISH**

Species	RBs Reporting Landings	Mean Pounds Reported	Median Pounds Reported	Largest Pounds Reported	Smallest Pounds Reported
Halibut	275	179,253	23,037	3,695,680	73
Sablefish	128	223,838	32,980	3,228,493	10

The table below demonstrates that a relatively small number of Registered Buyers reported the vast majority of the total pounds landed. Note, for instance, that only 29 RBs (slightly more than 10% of the total RBs reporting halibut landings) reported landing 75% of the halibut TAC; likewise, only 23 RBs (approximately 18% of the total RBs reporting sablefish landings) reported landing 75% of the sablefish TAC.

**NUMBER OF REGISTERED BUYERS REPORTING
LANDINGS OF IFQ HALIBUT AND SABLEFISH
(by Percentage of the 1997 TACs)**

Species (@ Percent of 1997 TAC Reported)	Pounds Equaling Percent of TAC	RBs Reporting Percent of TAC
Halibut @ 25% of TAC	12,779,000	5
Halibut @ 50% of TAC	25,558,000	12
Halibut @ 75% of TAC	38,337,000	29
Halibut @ 80% of TAC	40,892,800	36
Halibut @ 90% of TAC	46,004,400	78
Halibut @ 96% (actual total)	49,294,628	275
Sablefish @ 25% of TAC	7,558,471	3
Sablefish @ 50% of TAC	15,116,943	9
Sablefish @ 75% of TAC	22,675,414	23
Sablefish @ 80% of TAC	24,187,108	28
Sablefish @ 90% of TAC	27,210,497	47
Sablefish @ 95% (actual total)	28,651,250	128

1997 IFQ Enforcement Activities

The NMFS Alaska Enforcement Division (AED) and the United States Coast Guard (USCG) reported on 1997 IFQ enforcement activities during the February 1998 meeting of the Council. Generally, the USCG is responsible for at-sea enforcement, while the AED is primarily responsible for on-shore (dockside) enforcement.

Both the AED and the USCG report that compliance with the IFQ program regulations is generally good. After the understandable confusion during 1995 (the first year of the program) the numbers of violations and enforcement cases initiated has declined.

The AED reported that, of the almost 11,000 “offloads” of IFQ halibut and sablefish during 1997, more than 1,500 (14%) were inspected by AED personnel. These inspections yielded 179 confiscations of IFQ halibut or sablefish (fish are confiscated if the IFQ holder exceeds the IFQ balance by an amount greater than 10% of the remaining balance as of the time of the final landing), for a confiscation rate of 1.6%. This rate is down considerably from the 1995 and 1996 seasons, when 7% and 5% (respectively) of the offloads resulted in confiscations. Overall, some 294 Enforcement cases were initiated during the 1997 season.

The Coast Guard reported that, during 1997, USCG personnel conducted 153 at-sea boardings, and 127 dockside inspections. These activities resulted in 11 fishing violations being recorded.

The NMFS/AED is preparing a proposal that would place “weighmasters” or observers in at least some of the major IFQ ports in the years to come.

1997 Vessel Safety Statistics

The Coast Guard also reported Safety Statistics. During the 1997 IFQ season, there were 9 Search and Rescue (SAR) missions undertaken (compared with 15 in 1995 and 7 in 1996), 2 vessel sinkings (compared with 4 in 1995 and 2 in 1996), and 1 life lost (compared with none in either 1995 and 2 in 1996). Because the Coast Guard’s pre-IFQ data on safety at sea were not specifically tracked by fishery, it is difficult to provide direct comparisons. However, in the three years prior to the IFQ fishery, there were an average of 28 SAR missions each year during the short halibut and sablefish openings (compared with 15 in 1995, 7 in 1996, and 9 in 1997).

SECTION III

THE IFQ PROGRAM -- BY THE NUMBERS

One way of assessing the performance of a fisheries management program is to quantify as many elements as possible, and to report on those data to fisheries managers, the general public, and policy-makers. That is the purpose of this section of this 1998 Report to the Fleet. Below, we discuss implementation issues (initial issuance and appeals), consolidation of QS holders, consolidation of vessels, "IFQ Crewmembers" who have entered the fishery since the IFQ program began, etc.

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

Initial Issuance of QS, Determinations, and Appeals

During the initial application period, more than 6,000 persons applied for more than 9,000 QS Certificates (by area, species, and vessel category). From that pool of applications, approximately 1,100 were determined not to be eligible for QS, while some 650 others challenged part or all of the Official Records that were used to determine who received QS, and how much. All applicants whose claims, in whole or in part, were denied, received an Initial Administrative Determination (IAD) from RAM.

Of the approximately 1,750 IADs issued by RAM, fewer than 10% (173) were appealed to the Office of Administrative Appeals. The following table shows the issues which gave rise to the appeals:

APPEALS FROM RAM INITIAL ADMINISTRATIVE DETERMINATIONS ON IFQ PROGRAM APPLICATIONS AS OF YEAR-END 1997

Reasons for IFQ Appeals	Number
Basic Eligibility for Quota Share Issuance	47
Ownership/Lease Conflicts	38
Untimely Applications	34
Additional Qualifying Pounds	20
Successor-in-Interest Determinations	13
Vessel Category Determinations	7
Challenge to IFQ Regulations	6
Miscellaneous/Other Reasons	8

Disposition of Administrative Appeals

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

Status of IFQ Appeals	Number
Appeal Settled or Dismissed (Final Determinations Made)	29
Decisions Issued (Final Determinations Made)	86
Decisions Drafted	48
Appeals Pending	10

Appeals of Final Agency Determinations

As of the end of 1997, 10 of the 83 Final Agency Determinations had been appealed to the U.S. District Court. The following table identifies those appeals and shows their status (as of year-end, 1997):

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

Quota Share Transfer Activity

The following tables summarize QS/IFQ transfer activities from the beginning of the program in late 1994 through year-end 1997:

**SUMMARY OF ALL QS/IFQ TRANSFER ACTIVITIES BY YEAR
1994 through 12/31/97**

Transfer Activity	Halibut	Sablefish	Total
'95 Permanent QS/IFQ Transfers	1,217	352	1,569
'96 Permanent QS/IFQ Transfers	1,397	351	1,748
'97 Permanent QS/IFQ Transfers	1,004	388	1,392
'95 IFQ-Only Transfers (leases)	31	76	107
'96 IFQ-Only Transfers (leases)	61	51	112
'97 IFQ-Only Transfers (leases)	53	51	104
'95 Transfers by Sweep-up	31	15	46
'96 Transfers by Sweep-up	63	20	83
'97 Transfers by Sweep-up	441	82	523
Totals	4,298	1,386	5,684

Notwithstanding the large number of transfers during the program's first three years, the overall distributional effects of those transfers has not been dramatic (at least with respect to net "gains" and "losses" of QS/IFQ by Alaskans v. Non-Alaskans). The following table summarizes the transfer of QS/IFQ between Alaskans and non-Alaskans. As in the past, the total amount of QS held by Alaskans continues to increase as a result of transfer activity (with the exception of sablefish sweep-ups).

**HALIBUT QS/IFQ TRANSFER ACTIVITIES
(Permanent Transfers; IFQ-Only Transfers Not Included)
1994 through 12/31/97**

Transfer Activity	Transfer Numbers	QS Units	1997 IFQ Pounds
Transfer of QS to Alaskans from non-Alaskans	587	21,225,229	3,216,204
Transfer of QS from Alaskans to non-Alaskans	489	16,437,557	2,514,782
Net gain (loss) of QS to Alaska Resulting From Transfers		4,787,672	701,422
Sweep-ups to Alaskans from non-Alaskans	77	459,238	72,630
Sweep-ups from Alaskans to non-Alaskans	52	323,205	52,905
Net gain (loss) of QS to Alaska Resulting From Sweep-ups		136,330	19,725

SABLEFISH QS/IFQ TRANSFER ACTIVITIES
(Permanent Transfers; IFQ-Only Transfers Not Included)
1994 through 12/31/97

Transfer Activity	Transfer Numbers	QS Units	1997 IFQ Pounds
Transfer to Alaskans from non-Alaskans	180	17,473,839	1,630,837
Transfer from Alaskans to non-Alaskans	152	8,512,582	856,136
Net gain [loss] of QS to Alaska Resulting From Transfers		8,961,257	774,701
Sweep-ups to Alaskans from non-Alaskans	10	81,548	8,333
Sweep-ups from Alaskans to non-Alaskans	23	128,840	13,225
Net gain [loss] of QS to Alaska Resulting From Sweep-ups		[47,292]	[4,892]

Note to Tables:

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

Transfer Eligibility Certificates

Eligibility to receive Catcher Vessel QS by transfer is restricted to those persons who received QS by initial issuance and those individuals who can demonstrate that they have served as a member of the harvesting crew in any U.S. fishery for no fewer than 150 days. Those individuals are designated as "IFQ Crewmembers" and receive Transfer Eligibility Certificates (TECs) from RAM. The following table displays the total number of TECs issued to IFQ Crewmembers, by residence category, since the inception of the program. It also shows how many of those Crewmembers have actually received QS/IFQ by transfer after receiving their TECs.

SUMMARY OF TRANSFER ELIGIBILITY CERTIFICATE
("IFQ CREWMEMBER") ISSUANCE ACTIVITIES THROUGH 1997

Claimed Residency	"Crewmember" TECs issued	"Crewmembers" Receiving QS/IFQ
Alaskan	1,183 (74.3%)	505 (68.7%)
Non-Alaskan	410 (25.7%)	230 (31.3%)
Total	1,593	735

Note to Table:

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

Approximately 380 (24%) of all TECs have been issued to qualifying IFQ Crewmembers who provided the same mailing address as one or more Initial Issues of QS; the inference is that those persons are living with, or related in some manner to, persons who received QS by initial issuance.

Additionally, RAM has recorded liens against QS held by 169 IFQ Crewmembers (23% of those who received QS by transfer). Here, the inference is that the QS held by those new entrants was used as collateral to finance its purchase.

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

The following table displays the extent to which “Alaskan” and “Non-Alaskan” IFQ Crewmembers have acquired QS since the program began (as expressed in 1997 IFQ pound equivalents and as a percentage of the 1997 TAC).

**QUOTA ACQUIRED BY “IFQ CREWMEMBERS”
BY SPECIES, AREA, & RESIDENCE CATEGORY**
Expressed in 1997 IFQ Pounds, and as a Percentage of 1997 IFQ TAC
Inception of Program through 12/31/97

Species/ Area	“Alaskan” IFQ Pounds	“Non-Alaskan” IFQ Pounds	Total 1997 IFQ Pounds	Percent of TAC
Halibut/2C	895,972	296,276	1,192,248	11.9%
Halibut/3A	1,909,197	627,326	2,536,523	10.1%
Halibut/3B	800,607	348,138	1,148,745	12.8%
Halibut/4A	340,294	137,458	477,752	16.3%
Halibut/4B	48,813	177,037	225,890	8.1%
Halibut/4C	67,921	6,393	74,314	12.8%
Halibut/4D	27,346	54,750	82,096	10.1%
Halibut Total	4,090,190	1,647,378	5,737,568	11.2%
Sablefish/SE	251,328	311,950	563,278	7.0%
Sablefish/WY	72,957	120,960	193,917	3.8%
Sablefish/CG	172,818	301,062	473,880	4.2%
Sablefish/WG	37,862	51,221	89,083	2.7%
Sablefish/AI	7,247	38,493	45,740	2.9%
Sablefish/BS	0	15,915	15,916	1.6%
Sablefish Total	544,909	828,696	1,381,813	4.6%

Notes:

- An “IFQ Crewmember” is an individual who did not receive QS/IFQ by initial issuance, but who qualified for a Transfer Eligibility Certificate and subsequently received QS by transfer.
- The designation of “Alaskan” and “Non-Alaskan” is premised upon the address provided by the applicants for Transfer Eligibility Certificates. RAM makes no attempt to determine, or to verify, a person’s state of legal residence.

Liens Against QS

Since mid-1995, RAM has informally recorded liens against QS on behalf of creditors. Although there is no legal requirement that liens must be so filed and these filings do not legally perfect the creditors' interests in the QS, most lending institutions take advantage of the service. The following table shows, by type of lienholder, and species, the number of liens that are currently recorded by RAM.

LIENS AGAINST QS RECORDED BY RAM As of Year-End, 1997

Type of Lienholder	Halibut	Sablefish	Total Liens
Private Banks (including CFAB)	278	151	429
State of Alaska (Div. Of Investments)	68	19	87
State of Alaska (Child Support)	20	3	23
Private Lenders (other than Banks)	89	35	124
CDQ Groups	2	1	3
Multiple Sources of Liens	8	3	11
Internal Revenue Service	57	11	68
Total - All Recorded Liens	522	223	745

Note to Table:

- Table displays **only** those liens recorded by RAM; liens may be recorded in other venues, as well.

Consolidation of QS

As was anticipated, as a result of transfer choices made by QS holders, there has been a consolidation of QS into the hands of fewer persons than received the QS by initial issuance. The following tables show, by area and size of holding, how transfer activities have resulted in the consolidation of QS.

CONSOLIDATION OF HALIBUT QS - INITIAL ISSUANCE THROUGH 12/31/97
 (Numbers of persons holding halibut QS by Area and Size of Holdings, expressed in 1997 IFQ Pounds)

Area	Size of Holding (*97 IFQ Pounds)	Number of Initial Issuees	Holders as of End of 1996	Current Holders
2C	<3,001	1463	1106	955
	3,001-10,000	627	495	482
	10,001-25,000	252	266	262
	>25,000	40	53	60
	2C Total:	2382	1920	1758
3A	<3,001	1753	1390	1254
	3,001-10,000	652	502	488
	10,001-25,000	368	362	357
	>25,000	288	287	290
	3A Total:	3061	2541	2389
3B	<3,001	558	412	311
	3,001-10,000	259	187	167
	10,001-25,000	133	125	131
	>25,000	101	114	113
	3B Total:	1051	838	722
4A	<3,001	315	236	205
	3,001-10,000	127	104	90
	10,001-25,000	56	64	61
	>25,000	29	29	32
	4A Total:	527	433	388
4B	<3,001	35	30	29
	3,001-10,000	45	42	39
	10,001-25,000	40	37	34
	>25,000	31	32	33
	4B Total:	151	141	135
4C	<3,001	31	30	29
	3,001-10,000	35	32	30
	10,001-25,000	8	14	14
	>25,000	6	4	4
	4C Total:	80	80	77
4D	<3,001	18	16	15
	3,001-10,000	26	28	25
	10,001-25,000	14	15	14
	>25,000	10	9	10
	4D Total:	68	69	64

CONSOLIDATION OF SABLEFISH QS -- INITIAL ISSUANCE THROUGH 12/31/97
 (Numbers of persons holding QS by Area and Size of Holdings, expressed in 1997 IFQ pounds)

Area	Size of Holding (*97 IFQ Pounds)	Number of Initial Issuees	Holders as of End of 1996	Current Holders
SE	<5,001	366	285	246
	5,001-10,000	111	84	81
	10,001-25,000	137	141	137
	>25,000	94	98	100
	SE Total:	708	608	564
WY	<5,001	280	224	194
	5,001-10,000	47	47	49
	10,001-25,000	63	59	57
	>25,000	59	62	61
	WY Total:	449	392	362
CG	<5,001	349	291	249
	5,001-10,000	60	46	42
	10,001-25,000	87	81	80
	>25,000	141	135	129
	CG Total:	637	553	500
WG	<5,001	124	112	98
	5,001-10,000	43	37	39
	10,001-25,000	33	31	32
	>25,000	29	31	30
	WG Total:	229	211	199
AI	<5,001	82	76	69
	5,001-10,000	14	15	17
	10,001-25,000	22	23	21
	>25,000	16	16	17
	AI Total:	134	130	124
BS	<5,001	101	92	88
	5,001-10,000	13	13	14
	10,001-25,000	20	20	19
	>25,000	9	10	10
	BS Total:	143	135	131

Notes to Tables:

- The data in the tables are **not additive**; QS holders may (and many do) hold QS in more than one administrative area, and for both halibut and sablefish.
- For all halibut areas combined, the number of QS holders has declined from 4,815 persons who received QS by initial issuance to 4,118 persons who held QS at the end of 1997.
- For all sablefish areas combined, the total number of QS holders has declined from 1,045 persons who received sablefish QS by initial issuance to 1,029 persons who held QS at the end of 1997.

Vessel Participation

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

VESSELS PARTICIPATING IN HALIBUT FISHERY
All Vessels Landing Halibut, by Area; 1992 - 1997 Seasons

Area	Before IFQ Program			After IFQ Program		
	1992	1993	1994	1995	1996	1997
Halibut 2C	1,775	1,562	1,461	1,105	1,029	993
Halibut 3A	1,924	1,529	1,712	1,145	1,104	1,076
Halibut 3B	478	401	320	332	350	357
Halibut 4A	190	165	176	140	147	142
Halibut 4B	82	65	74	57	64	69
Halibut 4C	62	58	64	35	41	46
Halibut 4D	26	19	39	27	33	33
Total Unique Vessels --All Areas	3,452	3,393	3,450	2,057	1,962	1,925

VESSELS PARTICIPATING IN SABLEFISH FISHERY
Catcher Vessels Landing Sablefish, by Area; 1992 - 1997 Seasons

Area	Before IFQ Program			After IFQ Program		
	1992	1993	1994	1995	1996	1997
Sablefish SE	507	391	488	378	349	326
Sablefish WY	266	196	249	228	218	196
Sablefish CG	588	462	562	326	294	273
Sablefish WG	103	29	19	86	81	79
Sablefish AI	27	33	33	53	50	47
Sablefish BS	72	40	31	55	49	41
Total Unique Catcher Vessels - All Areas	1,123	915	1,139	517	503	504

SECTION IV

IFQ PROGRAM NEWS AND NOTES

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

Magnuson-Stevens Act Amendments — IFQ Program Research

When it was amended by the Sustainable Fisheries Act in late 1996, one of the requirements included in the amended Act was that the National Academy of Science (NAS), through the Ocean Studies Board of the National Research Council, conduct a nation-wide study of Individual Transferable (Fishing) Quota programs and report its findings and recommendations to the Congress in October 1998.

To address this requirement, the NAS has assembled a “Committee to Review IFQs” and has engaged in a series of hearings around the country. The first hearing was held in Anchorage last September. Subsequent hearings were held in Seattle and New Orleans, and additional hearings are scheduled for Washington, D.C., in mid-March and in Boston, MA, in early May.

To assist the Committee to identify issues and approaches, the Act also called for the creation of two Advisory Panels (one for East Coast fisheries and one for West Coast fisheries). Those panels have met together (in New Orleans) and will meet again in Boston. If you are interested in the study process, contact with the NAS can be made on the Internet by accessing their site at <www2.nas.edu/osb>. E-mail contact with the Study Director can be made by sending a message to: <ifqs@nas.edu>. The telephone number for the Study is: 202-334-2714.

Magnuson-Stevens Act Amendments — IFQ/CDQ Fee Collection

One of the provisions in the Act is a requirement that NMFS collect fees from IFQ holders, amounting to up to 3% of the ex-vessel value of all IFQ halibut and sablefish (and CDQ) harvests. The purpose of the fees is to offset the costs of managing and enforcing those fisheries.

To implement the fee collection process, the Alaska Region of NMFS has begun the regulatory development process. Although it is not possible to predict how the collection process will actually work, it is anticipated that fees for IFQ fishing will be assessed beginning in 1999.

Magnuson-Stevens Act Amendments — Title and Lien Registry

Since mid-1995, RAM has informally recorded liens against QS on behalf of creditors. Although there is no legal requirement that liens must be so filed in order to legally perfect the creditors' interests in the QS, most lending institutions take advantage of the service. The 1996 amendments to the Act require NMFS to establish a “Central Title and Lien Registry” which is intended to be the exclusive legal means whereby an interest in a Limited Access Permit issued by NMFS will be perfected. Although supportive of the need for such a Registry, and the legal

certainty that it will provide, Alaska lenders have indicated that some changes to the statute should be enacted before it is implemented.

A summary of the changes sought by the lenders follows:

Existing Statute	Lenders' Proposal
<ul style="list-style-type: none">• National Registry• Fees based on value of Permit• Unclear whether Permit transfers independent of NMFS approval• Exempts IRS from Registry	<ul style="list-style-type: none">• Alaska-only Registry• Fees based on cost of Service• Clarifies that permits only transfer on approval of application to transfer• Requires IRS to use Registry

Because of uncertainty over the ultimate outcome of this issue, no formal Registry has yet been established. Meanwhile, RAM continues to informally record liens against QS when we are requested to do so.

Internal Revenue Service "Tax Tips"

The IRS may (and has) seized QS from fishermen who, according to the IRS, are delinquent in paying their Federal taxes. When seized, the QS may be sold at a public auction. Money derived from the sale is first applied to the delinquent tax bill, and any remainder is returned to the QS holder. To avoid this from happening to QS holders in the future, the IRS has prepared the following "Tax Tips" and has asked that we include them in this year's ***Report to the Fleet***. According to the IRS:

1. You can get help and forms in several different ways. If you need a form, call **1-800-TAX-FORM** between 6:30 am and 4:30 pm during the week. Or if you have a fax machine, IRS can fax you over 100 of the most requested forms and instructions. Just call **703-368-0694** from the telephone connected to the fax machine. If you need a question answered, call **1-800-829-1040** between 6:00 am and 10:00 pm (Alaska Time), Monday through Saturday. If you have access to the Internet, look up the IRS at <www.irs.ustreas.gov>. You can get forms and instructions, publications, fact sheets, and answers to frequently asked questions.
2. File your tax returns on time, even if you can't pay all that you owe. For advice on how to get current and keep current on filing and paying your taxes, just call **1-800-829-1040**. IRS will help you work out appropriate payment options based upon your ability to pay. Ignoring your taxes may be tempting in the short run, but filing your tax returns timely and working out payment arrangements will be the least expensive to you over the long run.
3. Don't ignore correspondence from the IRS. If you disagree with the billing or have any questions, help is a phone call away (**1-800-829-1040**). If you've tried to resolve the problem with the IRS and it just won't go away, IRS has a special advocate who can help cut through the red tape. To reach the Taxpayer Advocate's office in your area, call **1-800-829-1040**, and ask for your local advocate.

The IFQ Program on the Internet

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

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

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

SECTION V

APPENDIX TO REPORT TO THE FLEET

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

Alaska Region, NMFS: Internet Address: <www.fakr.noaa.gov>

Division/Agency	Telephone	Facsimile
NMFS/Regional Administrator	907-586-7221	907-586-7249
NMFS/Restricted Access Management	800-304-4846 (#2)	907-586-7354
NMFS/Sustainable Fisheries Division	800-304-4846 (#3)	907-586-7131
Sustainable Fisheries - Kodiak	907-486-6919	907-586-6868
Sustainable Fisheries - Dutch Harbor	907-581-2062	907-581-2066
NMFS/Protected Resources Division	907-586-7235	907-586-7012
NMFS/Administrative Appeals Division	800-304-4846 (#4)	907-586-9361
NMFS/Alaska Enforcement Division	800-304-4846 (#1)	907-586-7313
Alaska Enforcement - Anchorage	907-271-5745	
Alaska Enforcement - Kodiak	907-486-3298	
Alaska Enforcement - Dutch Harbor	907-581-2062	
Alaska Enforcement - Ketchikan	907-247-5804	
Alaska Enforcement - Sitka	907-747-6940	
Alaska Enforcement - Petersburg	907-772-2285	
Alaska Enforcement - Homer	907-235-2337	

Other Important Agencies & Telephone Numbers:

North Pacific Fishery Management Council	907-271-2809
International Pacific Halibut Commission	206-634-1838
State of Alaska, ADF&G (Commercial Fisheries)	907-465-4210
State of Alaska, Commercial Fisheries Entry Commission	907-789-6160
United States Coast Guard - Emergency Number	800-478-5555
United States Coast Guard - Enforcement	907-463-2289
United States Coast Guard - Vessel Documentation Center	800-799-8362
United States Coast Guard - Vessel Safety	800-478-7369

Description of the halibut and sablefish IFQ Program (from the 1997 Report to the Fleet)

The 1997 Report to the Fleet contained a summary of the history and various elements of the halibut and sablefish IFQ program. Many who read it said that they found it to be a useful reference. Accordingly, it is reprinted here (with minor editing). Although this provides a general overview of the elements of the program, we caution that the rules that govern the program are complex and sometimes confusing. Therefore, we urge those who have questions about the program to contact RAM.

A Brief History of the IFQ Program

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

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

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

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

General Program Description

Under the IFQ program, eligible persons are issued Quota Shares based on halibut and sablefish landings made aboard vessels that they owned or leased during the late 1980's and in 1990. Applications for initial issuance of Quota Shares (QS) are received and processed by RAM. Most applications were received in 1994, and issuance of QS to eligible applicants began in November of 1994.

To determine how many pounds of fish a QS holder may harvest during each year's fishing season (i.e., the person's annual IFQ), RAM first establishes the Quota Share Pool (QSP) for both species and each regulatory area. There are 8 halibut regulatory areas and 6 sablefish regulatory areas. The QSP is the sum of all the QS units that have been issued in a given area. The QSP is calculated annually (on January 31) and varies slightly from year to year due to administrative adjustments.

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

QS ÷ QSP x TAC = IFQ

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

In this manner, the total annual TAC is divided up; those to whom IFQ have been issued may then harvest their share at any time during the 8-month IFQ halibut and sablefish seasons. Those who do not hold QS are generally excluded from the fisheries, although some very limited provisions for "leasing" IFQ exist.

Other Program Elements

As noted above, the Council took steps to insure that QS ownership would not eventually be consolidated into a very few hands. To accomplish this goal, strict limits on how much QS can be held by any one person are imposed on QS holders (persons who received more than the "cap" by initial issuance were "grandfathered" in; however, they may not receive more QS by transfer). Refer to **Section I** for a break-down of current QS Use and Vessel IFQ caps.

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

To meet the goal of an owner-operated fleet, catcher vessel QS may only be transferred to individuals, and those individuals must be aboard the vessel when the fish are harvested and landed. In recognition of historical fishing practices, initial issueses may (with some exceptions) hire skippers to fish their annual IFQ. Currently, the QS holder must own all or part of the vessel on which their hired skipper will fish (beginning with the 1998 season, a QS holder must demonstrate the s/he holds at least a 20% ownership interest in the vessel).

Quota share, and the annual IFQ it yields, is classified in a variety of ways: by species, vessel, and regulatory area. A variety of restrictions regarding harvesting and landing IFQ fish also exist. Although there isn't space here to discuss these in detail, more information about program restrictions can be found in the IFQ regulations or by contacting RAM.

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

IFQ Research

The IFQ program has been, and remains, controversial. Some citizens have expressed dismay about various elements of the program, including transferability and what are perceived to be "unfair" allocations.

To insure that such discussions and debates are based on facts, and not hearsay or rumor, a variety of research projects have been undertaken to quantify the performance of the IFQ program. At the September, 1996 Council meeting, research authors presented the results of their analysis of the first year of the program's implementation. Research topics included:

- Distributional Analyses to address the question of who got how much QS and whether that distribution changed as a result of transfers (conducted by the State of Alaska, Commercial Fisheries Entry Commission);
- Impacts of the program on the operations of QS holders and processors (survey work undertaken by the University of Alaska-Anchorage, Institute of Social and Economic Research);

- Conservation Issues (a report jointly prepared by the International Pacific Halibut Commission and the NMFS Fisheries Science Center);
- Safety concerns (a report by the US Coast Guard);
- A report on enforcement activities and their costs (prepared by the NMFS Alaska Enforcement Division; and,
- A report on implementing the IFQ program and the cost of doing so (prepared by RAM).

Copies of these reports are available from the agency that prepared them or by contacting RAM or the Council.

In addition to the 1996 research efforts, RAM remains committed to continuing research on the distributional effects of the program. To that end, the State of Alaska, Commercial Fisheries Entry Commission has been retained to produce additional reports. Also (and as mentioned earlier in this report) under amendments to the Magnuson-Stevens Act, the National Academy of Sciences is conducting a comprehensive study of IFQ programs (and of the Alaska CDQ program) and will report its findings and recommendations to Congress in 1998.

A Final Word

Although the “We’re here to help you!” line is somewhat overworked, it is nevertheless true. In 1997, RAM staff answered more than 2,000 telephone calls every month, and responded to over 250 requests for written information on the IFQ program and its performance. We expect to continue that high level of public contact throughout 1998, and always welcome the opportunity to work with members of the fleet, and the general public, to provide information, answer questions, clarify the rules, and solve problems.

