

Community Quota Entities (CQEs)

Technical Support Workshop
and Development Summit

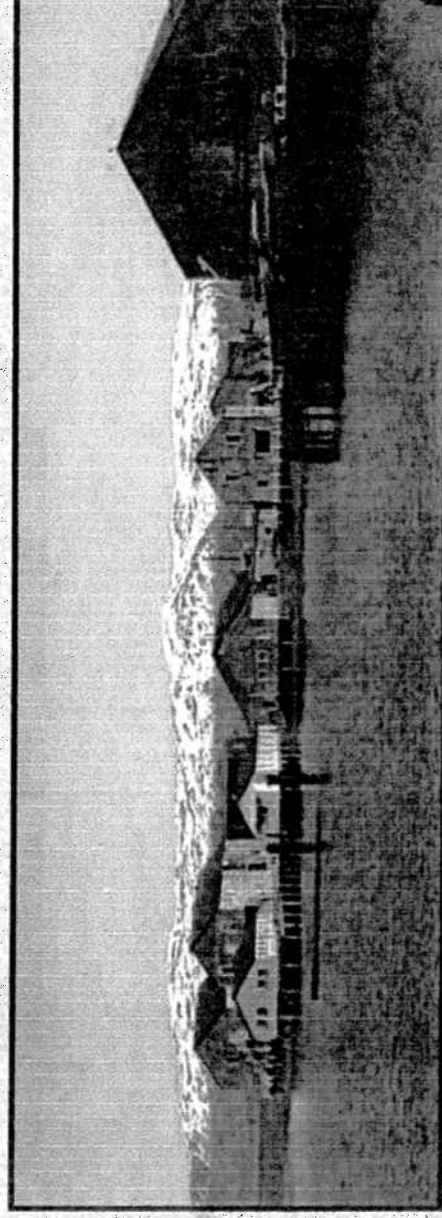
Anchorage, Alaska
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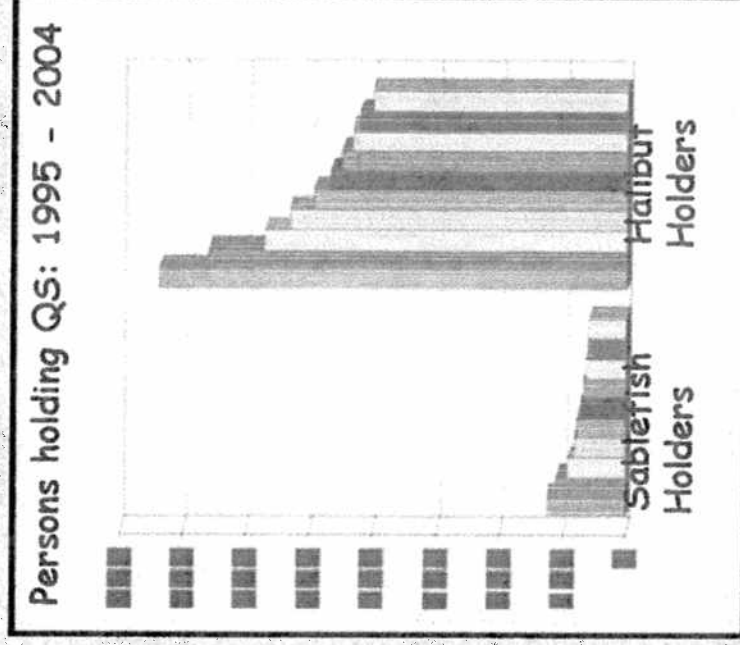
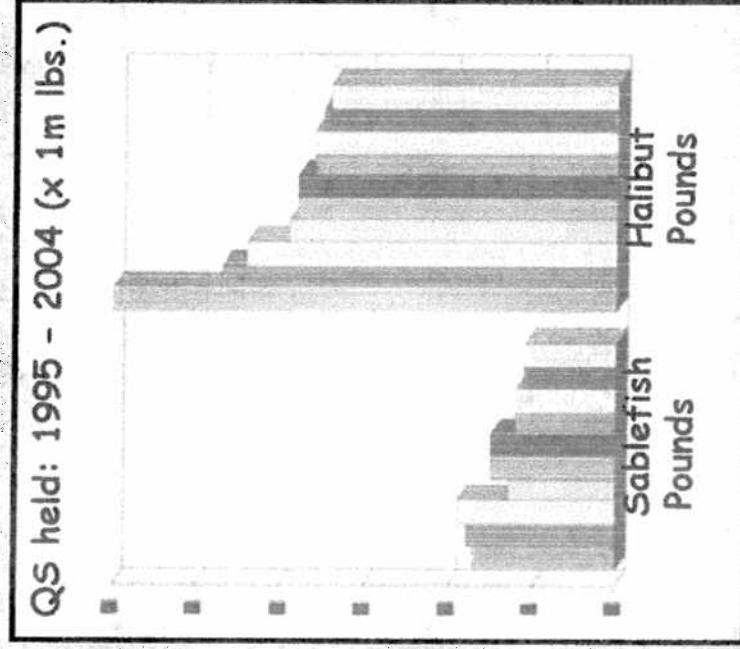
Background

- Fishermen in small coastal communities (villages) received QS in proportion to their halibut/sablefish fishing in the late 1980s; but
- By the end of 1998, almost 25% of QS that was issued to residents of small coastal communities had been transferred away



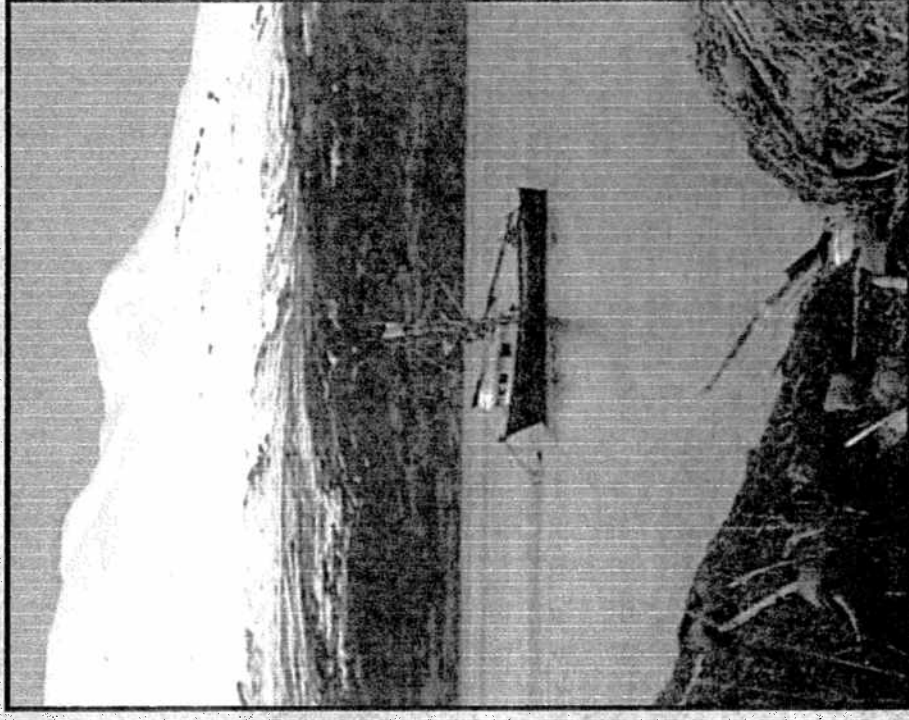
Background - (Cont'd)

QS (in pounds held), and persons in eligible GOA communities holding QS :: years ending 1995 - 2004

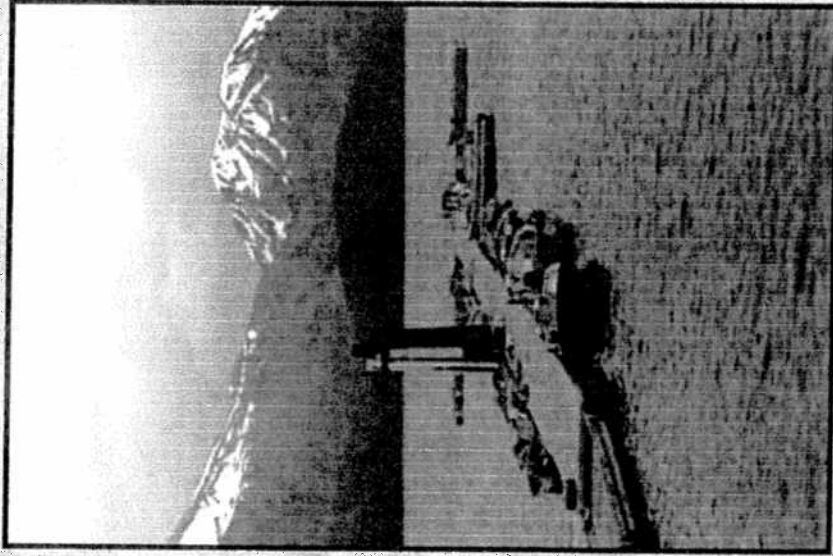


Background - (Cont'd)

- Leaders in the coastal communities organized and created the Gulf of Alaska Coastal Community Coalition (GOACCC)
- Their intent was to advocate for a solution to the decline of the fishery economy in small GOA communities
- With respect to IFQ halibut/sablefish, they sought either quota or access to quota



Background - (Cont'd)

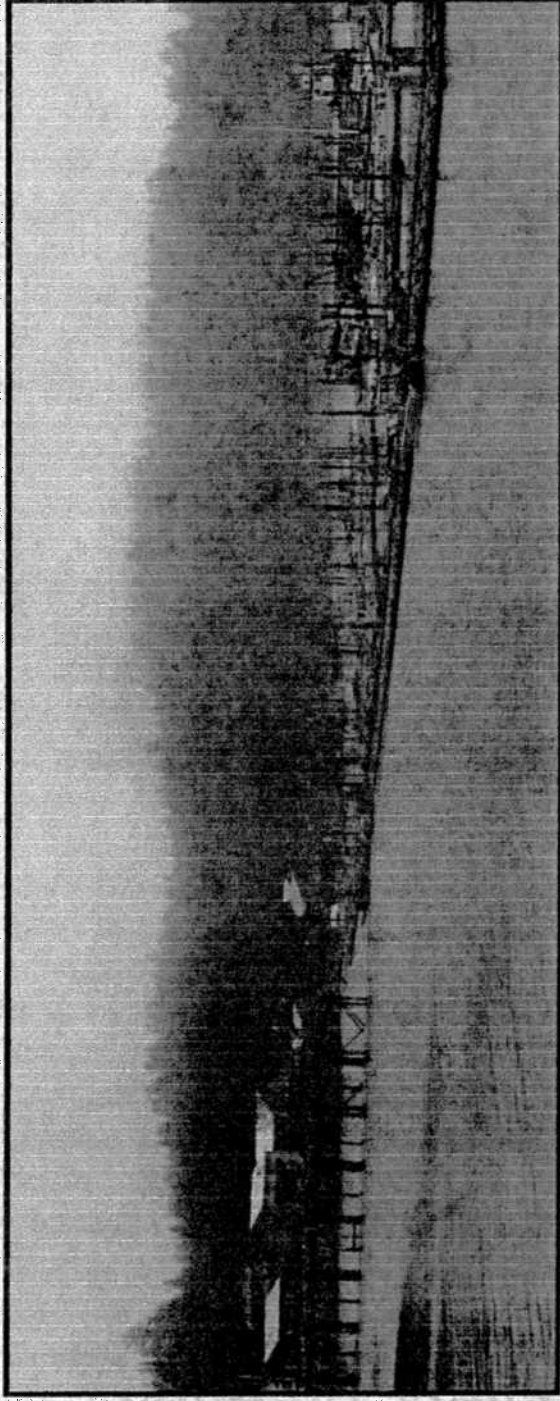


- GOACCC petitioned the North Pacific Fishery management Council for relief; the Council listened
- In April 2002, the Council took final action on an amendment to the IFQ program to allow communities to "buy in" to the program
- Purchased QS is to be used by and for the benefit of community residents

Background - (Cont'd)

- Regulations were written, public comment was received, and the Final Rule to implement the amendment was published in the Federal Register on April 30, 2004
- A brief program summary and progress report on implementation follows

(regulations take precedence over this summary)



Eligible Gulf of Alaska Communities



- Eligible communities:
 - Have < 1,500 people
 - Have no road access
 - Are located on the coast (on salt water)
 - Have a fishing history
 - Are named by the Council
- There are 21 eligible communities in Southeast Alaska (from Metlakatla to Pelican) and 21 in Southcentral Alaska (from Yakutat to King Cove)

Designated Eligible Communities

Southeastern Alaska

Angeon
Craig
Elfin Cove
Hollis
Hydaburg
Kasaan
Metlakatla
Pelican
Port Alexander
Tenakee
Whale Pass

Coffman Cove
Edna Bay
Gustavus
Hoonah
Kake
Klawock
Meyers Chuck
Point Baker
Port Protection
Thorne Bay

Southcentral Alaska

Akiok
Chignik
Chignik Lake
Ivanof Bay
King Cove
Nanwalek
Ouzinkie
Port Graham
Sand Point
Tatitlek
Yakutat

Chenega Bay
Chignik Lagoon
Halibut Cove
Karluk
Larsen Bay
Old Harbor
Perryville
Port Lions
Seldovia
Tyonek

**In the future, other communities may seek
an eligibility designation from the Council**

Program Summary - Step 1

Forming a Non-profit

- Eligible Communities may establish new non-profit corporations to act on their behalf. Non-profits are organized under the SOA Title X, and formed after 4/10/2002
- Before being designated as a CQE, the non-profit must:
 - Receive the support of one or more eligible communities
 - Successfully apply to NOAA Fisheries (RAM) for CQE status
- Community support is demonstrated by a formal resolution from the community's governing body; in order: City Council, Tribal Govt, Non-Profit Assn

Program Summary - Step 2

Certifying the CQE

- Non-profits apply to RAM for authority to receive/hold QS
- Applications include (at least):
 - Articles of incorporation
 - Organizational chart and management explanation
 - Description of procedures to distribute annual IFQ to community residents
 - Formal statements of support (resolutions) from governing bodies

Program Summary - Step 2

Certifying the CQE - cont.

- **NOAA Fisheries and the State of Alaska review applications (30 day SOA review)**
- **A NOAA-approved non-profit is called Community a Quota entity (CQE) and issued a "Transfer Eligibility Certificate (TEC)"**
- **NOAA may ask for more information; denials are appeal-able**
- **A community may be represented by only one CQE at a time. A CQE may represent many communities**

Program Summary - Step 3

Transferring QS

- CQEs purchase QS on the market
- CQEs buy/sell QS as their finances and interests allow, but
- Limits and rules apply for each community and the entire program, and
- Selling is restricted to protect community interests: to "improve, sustain, or expand" community member opportunities; or by "operation of law" or under a security agreement

Program Summary - Step 3

Transferring QS - cont.

- **CQE/Seller prepare transfer application**
- **Community representative must sign**
- **NOAA (RAM) must approve transfers**
- **CQEs purchase QS on the market**
 - **CQEs buy/sell QS as their finances and interests allow, but**
 - **Limits and rules apply for each community and the entire program, and**
 - **Selling is restricted to specific reasons to protect community interests**

Program Summary - Step 3 cont.

Transferring QS - Purchase Limitations

- **A CQE may not purchase, nor voluntarily receive by transfer, and use**
 - QS from Bering Sea administrative areas
 - QS from halibut Area 3B (for a SE community)
 - QS from halibut Area 2C (for a S. Central community)
 - QS in category "D" (yielding IFQ for vessels less than 35' LOA) in areas 2C and 3A
- **If a CQE receives QS by "operation of law" contrary to above limitations, the QS will not yield IFQ**

Program Summary - Step 3

Transferring QS - Use Caps

- **There are two types of QS "use caps"**
 - **A cap on each community's holdings, by area**
 - **1% or 2C halibut QS**
 - **0.5% of all GOA halibut QS**
 - **1% of SE sablefish QS**
 - **1% of all sablefish QS**
 - **Cumulative caps for the program that start at 3% in Year 1 and increase each year to a maximum of 21% in year 7 and later**

Program Summary - Step 3

Transferring QS - Block Rules

- For any community, a CQE cannot purchase/use in any one management area:
 - More than 10 blocks of halibut or
 - More than 5 blocks of sablefish QS
- Small QS blocks that can be "swept up" to make larger blocks (sizes vary by area)

Program Summary - Step 4

Receiving and Using Annual IFQ

- CQEs with QS receive annual IFQ permits:

$$QS/QSP * TAC = IFQ$$

- CQEs annually "lease" annual IFQ pounds to permanent residents of the community on whose behalf the QS is held

Program Summary - Step 4

Using IFQ - Leasing

- To be eligible to receive leased IFQ, a person must
 - Be a "Permanent Resident", domiciled in the community for at least 12 months prior to applying for IFQ lease, and
 - Be an individual eligible to receive IFQ by transfer; i.e.,
 - Be an "IFQ Crewmember" (demonstrate 150 days commercial harvesting experience), or
 - Be an individual who received QS by initial issuance

Program Summary - Step 4

Using IFQ - Leasing Limitations

- **A lessee may not exceed 50,000 lbs of halibut or sablefish, derived from any source**
- **A vessel may not exceed 50,000 lbs of halibut or sablefish in a season, regardless of source, if CQE IFQ is used**
- **The IFQ lessee must be on board while fishing and delivering**

Program Summary - Step 5

CQE Annual Reports

- **Vessels fished**
- **Names, addresses of crew members**
- **Criteria used to select lessees from residents**
- **Measures to employ residents as crew**
- **Process used to solicit lease applications, including applicant names**
- **CQE management changes (to key personnel, board membership, corporate bylaws)**
- **Copies of decision documents, CQE board minutes**

Program Summary - Step 5

CQE Reporting Requirements

- **CQEs must file Annual Reports for each represented community by Jan 31 of the year following a fishing year**
- **Copies of a report must be submitted**
 - **To the represented community, and**
 - **To NOAA Fisheries (RAM)**
- **Information will be summarized and made public (SOA and Council)**

Program Summary - Step 4

Using IFQ - Lessee Responsibilities

- **Conduct fishing operations**
- **Follow IFQ program rules**
 - Share liability jointly with CQE for violations
- **Pay Cost Recovery fees for landings**
 - Annual fees are mandated by the MSA to recover costs of managing, enforcing IFQ program
 - Fees are billed by NOAA Fisheries at end of year, not to exceed 3 of ex-vessel value of halibut and sablefish landed
- **The IFQ lessee must be on board while fishing and delivering**

Program Summary - Step 5

CQE Annual Reports - cont.

- **NMFS can provide some information**
 - **ID of eligible community(ies)**
 - **Amounts of QS held at start, end of year**
 - **Amounts of IFQ leased by the CQE**
 - **Name, Addresses of lessee(s)**
 - **Number of vessels used by each community's lessees**

Program Summary - Step 5

CQE Annual Reports - cont.

- **Failure to file timely annual report possibilities**
 - **Withholding annual IFQ permits from CQE and community(ies) represented**
 - **Suspending authority of CQE/community(ies) to transfer QS in or out**
 - **Additional action as indicated**
- **Administrative sanctions will not be imposed until full "due process" (the opportunity to be heard) has been provided**

Program Summary - Step 6

Selling Community QS

- CQEs may sell only for limited reasons
 - To generate revenues to meet administrative costs for managing the community QS holdings
 - To generate revenue to improve the ability of residents within the community to participate in the halibut and sablefish IFQ fisheries
 - To generate revenue to purchase QS to yield IFQ for use by community residents
 - To dissolve the CQE; or
 - As a result of a court order, operation of law, or as part of a security agreement

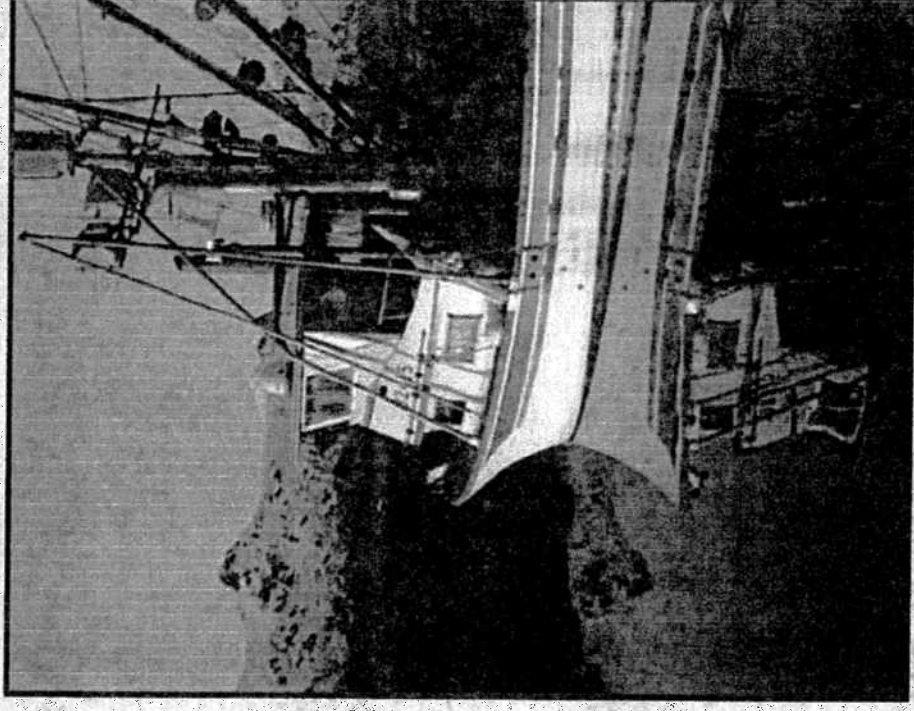
Program Summary - Step 6

Selling Community QS - cont.

- For protection of communities, representatives must sign transfer applications
- If sale rules are violated NOAA Fisheries will
 - Withhold issuance of community IFQ to the CQE, and
 - Suspend the community's ability to use QS for up to three calendar years
- These administrative penalties imposed after "due process" (notice and opportunity to be heard)

Status of Implementation

- Currently, 20 CQEs have been approved, to represent 21 communities
- To date, only one CQE has received any QS by transfer



Concluding Remarks

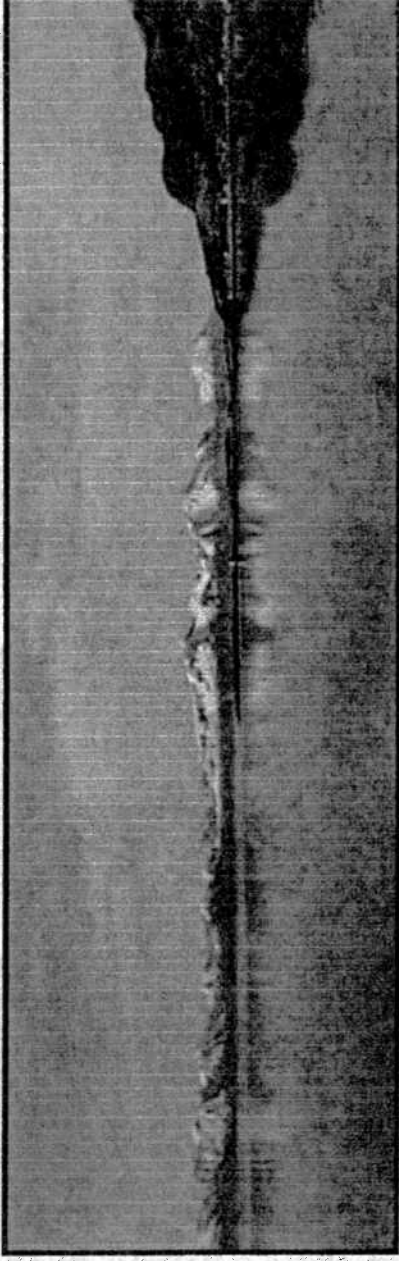
- The Council and NMFS view this amendment as a way to help small GOA communities to enhance their economies
 - But it provides no allocation of fish nor money
 - Instead, it provides an opportunity
- The success of program will depend on the imagination and hard work of the communities and the organizations they form to represent them



CQE Regulatory Citations

- **Proposed Rule:**
 - 68 FR 59564 (October 16, 2003)
- **Final Rule:**
 - 69 FR 23681 (April 30, 2004)
- **Regulations:** www.alaskafisheries.noaa.gov
 - 50 CFR § 679
 - 679.2; 679.5; 679.7; 679.41; 679.42 and
 - Table 21

For More Information...



- ✓ Questions and comments on *policy issues* should be addressed to the Council, in Anchorage
- ✓ Questions and comments on *implementation*, including CQE certification and transfers should be directed to NMFS, Restricted Access Management (RAM), in Juneau
- ✓ Questions and comments on *assistance from the State* should be directed to the Department of Commerce, Community and Economic Development, in Juneau

Contacts

North Pacific Fishery Management Council

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Alaska Region, NOAA Fisheries Service

Restricted Access Management (RAM)

Toll free: 1-800-304-4846 (press "2"), or

Juneau number: 907-586-7202 (press "2"),
(FAX) 907-586-7354

E-mail: **Ram.Alaska@noaa.gov**

Website: **www.alaskafisheries.noaa.gov**

State of Alaska

Dep't of Commerce, Community and Economic Development

(Juneau - Main Number) 907-465-2500