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COMMITTEE:

HOUSE SPECIAL COMMITTEE
ON FISHERIES

DATE: FEBRUARY 16, 1997

SIGN - IN

Subject of meeting:

PHIL SMITH, NMFS
HALIBUT AND SABLEFISH
IFQ IMPLEMENTATION

ADDRESS

(MAILING) & (ZIP)

PHONE

REPRESENTING

DO YOU WANT TO TESTIFY?

[illegible]



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

February 16, 1994

MEMORANDUM FOR: Hon. Carl Moses, Chairman
Members of the Committee on Fisheries
Alaska State House of Representatives

FROM: Philip J. Smith, Chief *Philip J. Smith*
Restricted Access Management Division
Alaska Region, National Marine Fisheries Service

SUBJECT: Status Report: Implementation of the IFQ
Program for Pacific halibut and sablefish

Thank you for the opportunity to provide you with this summary of the steps we are taking to implement the Individual Fishing Quota (IFQ) program for the Pacific halibut and sablefish fisheries. A lot has been happening during the past few months, and it is entirely appropriate that you should be kept apprised of the progress we are making to move this program forward.

It remains our goal to complete the implementation stage of the program by early next year, with the expectation that fishing with IFQs will commence on March 1, 1995. To reach that goal, we must implement an applications process, receive and process applications, award Quota Share to eligible applicants, provide for transfer of Quota Share, determine Individual Fishing Quota (based upon the allowable catch levels established for 1995), issue that IFQ, and provide for reporting and monitoring of the use of IFQ during the open fishing periods.

The time-frame we are following to accomplish those tasks is set out in the Attachment ("A") appended to this Memo. The functional organization of our office is likewise displayed on another Attachment ("B").

Applications Process

On December 31, we distributed over 8,000 copies of the "Request for Application" Package to every vessel owner and/or permit holder who owned or leased a vessel and/or who held a permit card and recorded legal landings during the qualifying years. Included in the package were forms for the potential applicant to complete and return to us. To date, more than 1,000 have been returned to us. At this point, we are preparing pre-printed applications that will display data (from the computerized database -- the "NMFS official IFQ record") of vessel ownership, landings by year, etc. That document will become the formal application, and will be sent to the applicant. When it is signed and sent back to us, and if no challenges to



information are lodged by either the applicant or another party, we will issue the quota.

Applicants may, of course, dispute the "NMFS official record" by submitting their own information. If their information is clear and convincing on its face, we will alter the official record and issue quota based upon the new information. If not, the applicant will be given one more opportunity to perfect his/her application prior to final administrative denial and being instructed on how to file a formal appeal (see, Attachment "C" for a display of the flow of applications through the system)

Application Assistance and Public Information

It remains our intent to hold IFQ Workshops in major longline fishing ports -- and, additionally, to provide applications assistance throughout the applications period. The workshops will commence next month (starting March 7), starting in Southeast ports (Ketchikan, Wrangell, Petersburg, Sitka, and Juneau). We will have a booth at the Kodiak Fish Expo on March 18 - 20, and will offer seminars on the program and its implementation at that time. Additional meetings are being scheduled in Seward, Homer, Kenai/Soldotna, Anchorage, and Cordova. Additionally, we will monitor the return of both pre-applications and applications from the smaller communities and offer assistance as may be needed.

Further, in a good faith attempt to "spread the word" about the program, I have accepted invitations to speak to various regional groups (for instance, I am speaking to the Southeast Alaska ANCSA President's Association later this month).

We are also taking steps to make our office very accessible to fishermen and other members of the industry. We have installed a toll-free telephone service (1-800-304-4846) in order to expedite our ability to respond to questions and to provide assistance to QS applicants.

Regulations

1. Regulations to govern the appeals process have been submitted to Washington and comment on this "Draft Proposed Rule" will be accepted through March 28. Since these regulations must be final by late spring (at which time we will begin to deny applications), we will move rapidly to get a final rule published as soon as possible following the comment period.

2. We have conducted a detailed review of the regulations that govern the transfer of QS and IFQ. Since there are some areas that are unclear and/or internally inconsistent, we are developing some technical amendments that will make this section of the regulations more consistent and workable.

3. Related to "2" above, we are also moving quickly on regulations to implement the "block" restrictions as adopted by the Council in early October. These rules will directly

impact transfer decisions.

Initial Distribution of Quota Share

In response to a request from Representative Bill Hudson, I reviewed data pertaining to the initial distribution of Quota Share in the subject fisheries. Attached hereto is a copy of the letter I prepared for Rep. Hudson, together with tables prepared by the North Pacific Fisheries Management Council (the architects of the program) that display the anticipated distribution of benefits upon initial issuance of Quota Share.

Conclusion

As noted, it remains our intent to have this program fully implemented by March of 1995. Getting from here to there will present challenges, but none of them presently appear to be insurmountable. We hope to maintain good communications with the industry throughout the process, in order to put in place an efficient, responsive, and "user friendly" implementation effort.

Attachments: A - Implementation Time-Lines
 B - Division Organization
 C - Applications Flow Chart

1/27/94 Letter to Rep. Hudson,
 with attachments

IFQ Implementation Projected Time-Frames

What Happens?

- Pre-Applications Mailed
- Application Period
- Town Meetings & Assistance
- Applications Processing
- Appeals of Determinations
- Quota Share Issued
- Quota Transfers Begin
- 1995 TAC's Established
- IFQ Issued
- IFQ Fishing Begins

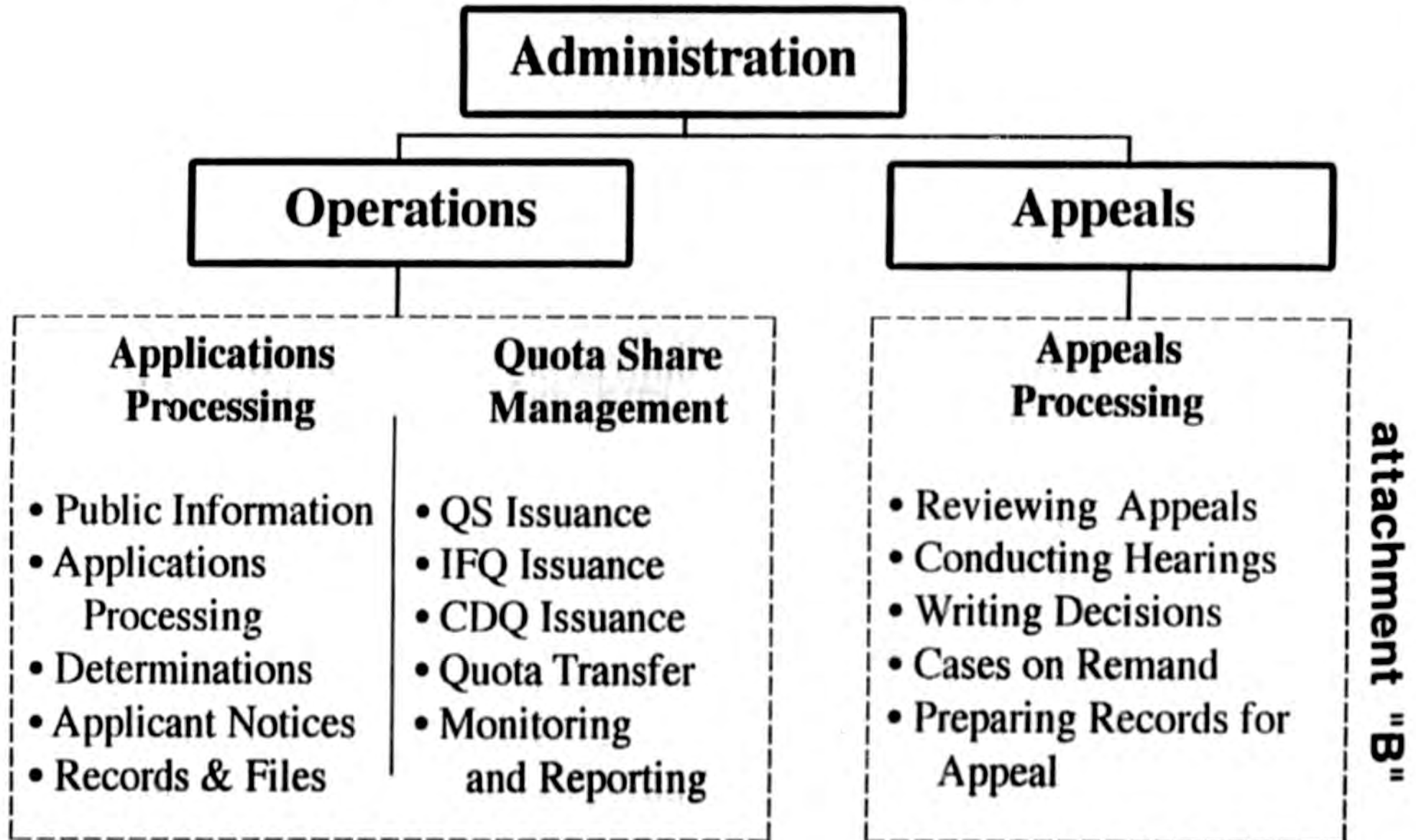
When?

December, '93
Jan - Jun, '94
Feb - Mar, '94
Feb - Oct, '94
Apr - Nov, '94
Nov - Dec, '94
December, '94
January, '95
February, '95
March, '95

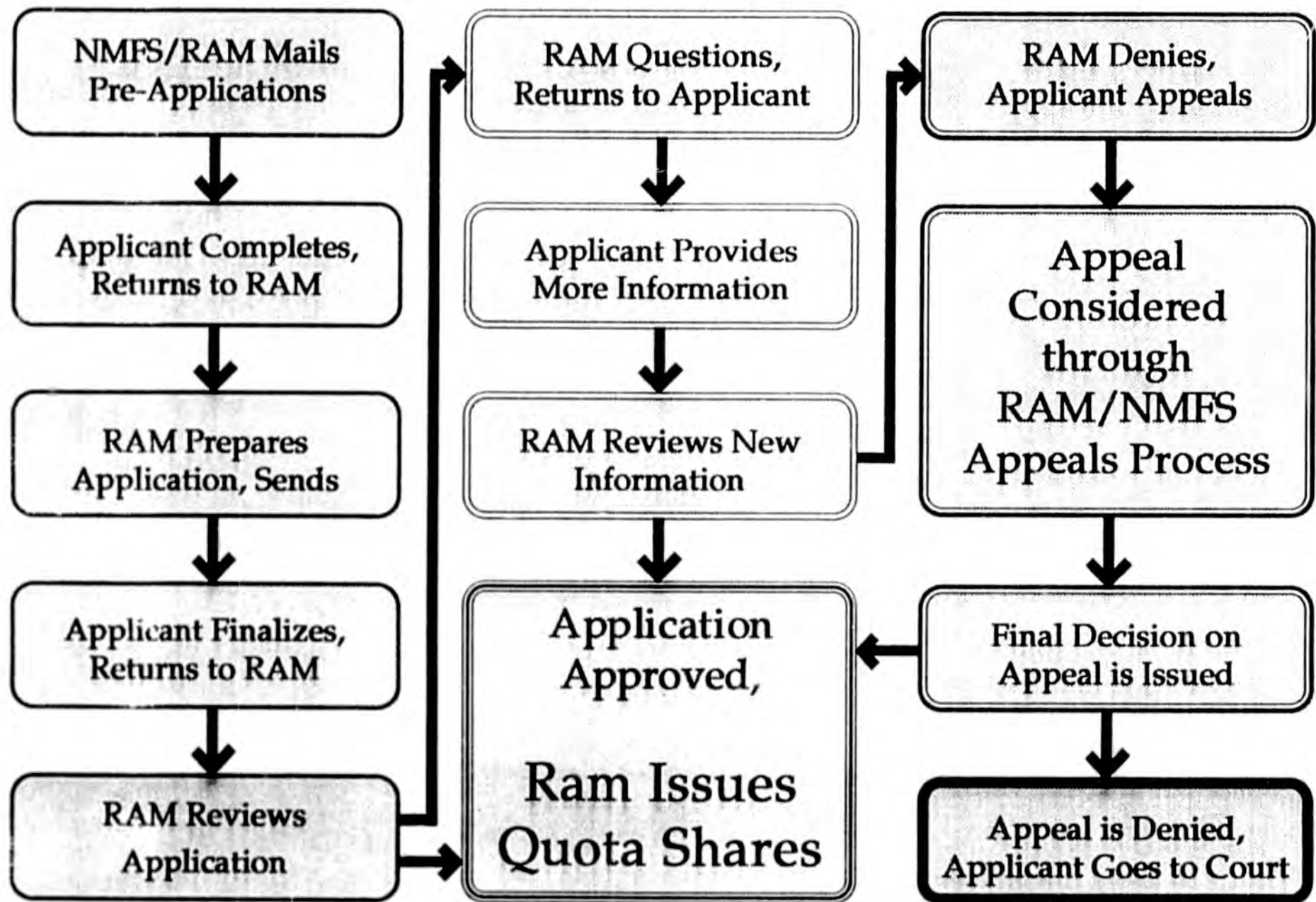
attachment "A"

Functional Organizational Chart

Restricted Access Management Division



Quota Share Applications Process



attachment "C"



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

January 27, 1994

VIA FACSIMILE: 465-3793

Hon. Bill Hudson, Vice-Chairman
Committee on Resources
Alaska House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Hudson:

At last Friday's meeting of the Resources Committee, a number of questions regarding the distribution of benefits under the Pacific halibut and sablefish Individual Fishing Quota (IFQ) program were raised. At that time, I said that I would "revisit" the data assembled by the North Pacific Fisheries Management Council (the "Council") and provide it to you by no later than Friday, January 28.

Since that meeting, I have had an opportunity to review the data as published by the Council on March 27, 1992. The tables attached hereto are part of the Supplemental Environmental Impact Statement prepared pursuant to the requirements of the National Environmental Protection Act (NEPA).

As I understood your request, you were interested in knowing how the initial distribution of Quota Share (QS) under the program would impact various "regions" within Alaska. The attached tables, which contain estimates derived from fish ticket and vessel licensing files, may be useful for your purposes (though the data is aggregated and displayed by Census Area rather than by "region"). The tables are as follows:

<u>Table Number</u>	<u>Displaying</u>
3.14	Estimated numbers of Alaskans, disaggregated by Census Area, who will be awarded Quota Share upon initial issuance.
3.15	Estimated percent of total Alaskan Quota Share recipients, disaggregated by Census Area.
3.16	Estimated value of Quota Share that will be awarded to Alaskans, disaggregated by Census Area.
3.17	Estimated percent of total value of Quota Share that will be awarded to Alaskans, disaggregated by Census Area.



Please note that these tables include both halibut and sablefish Quota Share recipients, and that they are estimates derived from fish ticket and vessel registration files. Further, the estimated "value" of the Quota Shares that will be issued reflect estimated historic gross earnings in the fisheries -- the actual "market value" of Quota Shares is expected to be somewhat higher than the market value for the product.

From these data, we can see that approximately 5,579 Alaskans will receive Quota Share upon initial issuance. This represents 86.5% of all persons who will be initially be awarded Quota Share. The value of that Quota Share is estimated at \$144,660,000 (or, approximately 63.5% of the total).

These numbers may provide some comfort to those who are concerned that the IFQ program will provide disproportionate benefits to fishermen who reside outside of Alaska. Although the Federal government must implement this program with strict neutrality (with respect to the distributional benefits), it would seem to me that the challenge to those who wish to retain (or increase) those benefits on behalf of Alaska residents is to devise a system of information, capital, and cooperation that will insure that Alaskans do not involuntarily lose their Quota Share, and that will assist Alaskans to acquire additional Quota Share.

Now that the implementation of the program is under way and people are beginning to realize that it is "really going to happen," there are a number of suggestions being advanced to improve upon it (that is, to redistribute its benefits to one constituent group or another). What is not generally understood is that any programmatic amendments must be initiated through the North Pacific Fisheries Management Council.

Since the Council (which next meets during the week of April 18 in Anchorage) worked on the IFQ program for several years prior to final approval, there may be some resistance to attempts to redesign its major elements at this late date. Additionally, of course, any significant alteration in the "rules of the game" will result in a "time out" and could well derail the efforts that are currently being made to implement the program by next spring.

I hope this information has been helpful. Please don't hesitate to contact me (586-7344) should you have any additional questions.

Sincerely,


Philip J. Smith
Chief, Restricted Access
Management Division

Slack
restrictions
2000
transfer as
made

Table 3.14 Number of halibut and sablefish vessel owners (1985-1990) and number of quota share (QS) recipients by year and census area of owner residence.

Number of halibut and sablefish vessel owners and QS recipients by year and census area of residence.

Census area	YEAR						
	85	86	87	88	89	90	QS
Anchorage	195	194	222	231	170	211	356
MatSu Borough	24	25	31	42	37	43	74
Kenai Peninsula Borough	384	503	620	715	604	728	1,051
Kodiak Island Borough	301	353	414	390	353	456	587
Valdez-Cordova	67	112	147	116	55	149	208
Fairbanks-North Star Bor.	9	14	15	19	19	21	36
SE Fairbanks	0	0	1	0	0	0	0
Yukon-Koyukuk	3	2	2	3	1	3	6
Nome	1	1	0	1	0	1	2
North Slope Borough	0	1	1	1	0	1	1
NW Arctic Borough	0	0	0	0	0	1	1
Haines Borough	43	60	71	77	79	73	95
Juneau Borough	154	195	184	222	232	221	315
Ketchikan-Gateway Borough	104	107	133	148	137	134	194
P.of Wales-Outer Ketchikan	80	103	125	154	161	166	236
Sitka Borough	201	233	268	292	296	286	406
Skagway-Yakutat-Angoon	178	198	205	243	237	225	320
Wrangell-Petersburg	324	373	393	448	415	397	575
Aleutians E. Borough	59	88	102	96	87	103	136
Aleutians W. Borough	37	29	37	45	47	50	72
Bethel	55	59	94	21	17	28	50
Bristol Bay Borough	0	1	1	1	0	16	16
Dillingham	1	1	5	3	4	45	50
Wade Hampton	0	0	6	2	2	3	4
Lake & Peninsula Borough	8	10	18	20	9	27	33
All Alaska Areas	2,507	3,028	3,531	3,704	3,406	3,916	5,579

Table 3.15 Percent of halibut and sablefish vessel owners and QS recipients by year and census area of residence.

Census area	YEAR						
	85	86	87	88	89	90	QS
Anchorage	7.8%	6.4%	6.3%	6.2%	5.0%	5.4%	6.4%
MatSu Borough	1.0%	0.8%	0.9%	1.1%	1.1%	1.1%	1.3%
Kenai Peninsula Borough	15.3%	16.6%	17.6%	19.3%	17.7%	18.6%	18.8%
Kodiak Island Borough	12.0%	11.7%	11.7%	10.5%	10.4%	11.6%	10.5%
Valdez-Cordova	2.7%	3.7%	4.2%	3.1%	1.6%	3.8%	3.7%
Fairbanks-North Star Bor.	0.4%	0.5%	0.4%	0.5%	0.6%	0.5%	0.6%
SE Fairbanks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Yukon-Koyukuk	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%
Nome	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
North Slope Borough	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NW Arctic Borough	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Haines Borough	1.7%	2.0%	2.0%	2.1%	2.3%	1.9%	1.7%
Juneau Borough	6.1%	6.4%	5.2%	6.0%	6.8%	5.6%	5.6%
Ketchikan-Gateway Borough	4.1%	3.5%	3.8%	4.0%	4.0%	3.4%	3.5%
P.of Wales-Outer Ketchikan	3.2%	3.4%	3.5%	4.2%	4.7%	4.2%	4.2%
Sitka Borough	8.0%	7.7%	7.6%	7.9%	8.7%	7.3%	7.3%
Skagway-Yakutat-Angoon	7.1%	6.5%	5.8%	6.6%	7.0%	5.7%	5.7%
Wrangell-Petersburg	12.9%	12.3%	11.1%	12.1%	12.2%	10.1%	10.3%
Aleutians E. Borough	2.4%	2.9%	2.9%	2.6%	2.6%	2.6%	2.4%
Aleutians W. Borough	1.5%	1.0%	1.0%	1.2%	1.4%	1.3%	1.3%
Bethel	2.2%	1.9%	2.7%	0.6%	0.5%	0.7%	0.9%
Bristol Bay Borough	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.3%
Dillingham	0.0%	0.0%	0.1%	0.1%	0.1%	1.1%	0.9%
Wade Hampton	0.0%	0.0%	0.2%	0.1%	0.1%	0.1%	0.1%
Lake & Peninsula Borough	0.3%	0.3%	0.5%	0.5%	0.3%	0.7%	0.6%
All Alaska Areas	88.9%	87.9%	87.7%	88.8%	87.0%	86.5%	86.5%

Note: Total percent of owners may be less than 100% due to presence of non-Alaskan owners not shown.

Table 3.16 Estimated value of catch of Pacific halibut and sablefish, in thousands of dollars, (1985-1990), and calculated value of IFQs¹, by year and census area of owner residence.

Halibut and sablefish value and IFQ value by year and census area of residence.

Census area	YEAR						
	85	86	87	88	89	90	IFQ
Anchorage	967	1,733	4,945	3,647	2,180	3,126	3,063
MatSu Borough	128	167	232	326	461	545	410
Kenai Peninsula Borough	6,078	12,820	17,109	22,281	21,184	20,896	19,446
Kodiak Island Borough	13,812	25,684	25,115	23,621	21,837	18,569	24,111
Valdez-Cordova	720	3,067	2,824	2,569	2,930	3,461	2,142
Fairbanks-North Star Bor.	7	39	34	40	48	56	40
SE Fairbanks	0	0	*	0	0	0	0
Yukon-Koyukuk	*	*	*	*	*	*	2
Nome	*	*	0	*	0	*	*
North Slope Borough	0	*	*	*	0	*	*
NW Arctic Borough	0	0	0	0	0	*	*
Haines Borough	354	671	1,181	1,136	906	951	920
Juneau Borough	1,548	3,703	4,499	5,444	7,317	7,024	4,763
Ketchikan-Gateway Borough	1,670	3,157	3,317	3,168	4,438	4,063	2,543
P.of Wales-Outer Ketchikan	257	913	1,463	1,387	2,064	2,816	1,470
Sitka Borough	5,178	8,092	11,532	17,695	15,394	14,907	12,012
Skagway-Yakutat-Angoon	1,854	3,790	4,930	6,710	6,062	4,838	4,015
Wrangell-Petersburg	5,869	13,746	14,808	16,490	17,471	18,765	14,193
Aleutians E. Borough	1,167	2,730	3,014	1,372	1,251	3,197	2,450
Aleutians W. Borough	412	314	1,051	1,328	630	552	849
Bethel	22	63	106	12	24	38	98
Bristol Bay Borough	0	*	*	*	0	11	7
Dillingham	*	*	51	*	306	47	31
Wade Hampton	0	0	4	*	*	*	4
Lake & Peninsula Borough	122	211	607	442	80	544	374
All Alaska Areas	66,046	123,853	149,210	173,052	174,555	168,457	144,660

¹Price/pound figures came from the Commercial Fisheries Entry Commissions' Condensed Gross Earnings data for halibut and sablefish for 1984 through 1990, from Pacfin data for 1991 sablefish, and from a conversation with the IPHC for halibut 1991.

*Due to confidentiality restrictions, this information could not be released.

Table 3.17 Percent of halibut and sablefish catch value and IFQ value by year and census area of residence.

Census area	YEAR						
	85	86	87	88	89	90	IFQ
Anchorage	1.5%	1.4%	3.3%	2.1%	1.2%	1.9%	2.1%
MatSu Borough	0.2%	0.1%	0.2%	0.2%	0.3%	0.3%	0.3%
Kenai Peninsula Borough	9.2%	10.4%	11.5%	12.9%	12.1%	12.4%	13.4%
Kodiak Island Borough	20.9%	20.7%	16.8%	13.6%	12.5%	11.0%	16.7%
Valdez-Cordova	1.1%	2.5%	1.9%	1.5%	1.7%	2.1%	1.5%
Fairbanks-North Star Bor.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SE Fairbanks	0.0%	0.0%	*	0.0%	0.0%	0.0%	0.0%
Yukon-Koyukuk	*	*	*	*	*	*	0.0%
Nome	*	*	0.0%	*	0.0%	*	*
North Slope Borough	0.0%	*	*	*	0.0%	*	*
NW Arctic Borough	0.0%	0.0%	0.0%	0.0%	0.0%	*	*
Haines Borough	0.5%	0.5%	0.8%	0.7%	0.5%	0.6%	0.6%
Juneau Borough	2.3%	3.0%	3.0%	3.1%	4.2%	4.2%	3.3%
Ketchikan-Gateway Borough	2.5%	2.5%	2.2%	1.8%	2.5%	2.4%	1.8%
P. of Wales-Outer Ketchikan	0.4%	0.7%	1.0%	0.8%	1.2%	1.7%	1.0%
Sitka Borough	7.8%	6.5%	7.7%	10.2%	8.8%	8.8%	8.3%
Skagway-Yakutat-Angoon	2.8%	3.1%	3.3%	3.9%	3.5%	2.9%	2.8%
Wrangell-Petersburg	8.9%	11.1%	9.9%	9.5%	10.0%	11.1%	9.8%
Aleutians E. Borough	1.8%	2.2%	2.0%	0.8%	0.7%	1.9%	1.7%
Aleutians W. Borough	0.6%	0.3%	0.7%	0.8%	0.4%	0.3%	0.6%
Bethel	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
Bristol Bay Borough	0.0%	*	*	*	0.0%	0.0%	0.0%
Billingham	*	*	0.0%	*	0.2%	0.0%	0.0%
Wade Hampton	0.0%	0.0%	0.0%	*	*	*	0.0%
Lake & Peninsula Borough	0.2%	0.2%	0.4%	0.3%	0.0%	0.3%	0.3%
All Alaska Areas	60.8%	65.3%	64.9%	62.3%	59.9%	62.0%	64.3%

Note: Total percent of value may be less than 100% due to presence of catch to non-Alaskan owners not shown.

*Due to confidentiality restrictions, this information could not be released.

Rep Phillips

effect of lawsuit?

Smith

not affecting our offices work at all

Two suits

Alliance against IFQ's

taken on program in total

Secretary

Hawaii -

DNA Corporation

taken on eligibility requirements

(Smith within Barry Sec)

Rep Phillips

involvement -

Smith

market itself would drive these back