

**ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672**  
**7668 SENATE RESOURCES**



# Alaska State Legislature

Please enter into the record my testimony to the

Resources (Senate)  
committee name

committee on

SJR 38

, dated

2-21-92

bill/subject

The APFMC has responded to public concern over the IFQ preferred alternative by delaying sending of the proposal to WASH. D.C. until more study & public testimony is taken. You lawmakers should be content with that and let the council do their job.

You can not leave us with the current management mess. Do not take away a promising option in fisheries management. If you don't like all of the program, address those issues directly.

The first word learned as a baby is "no". Don't be simple. Don't be ignorant. You can't take away our tools for fish management before the system is built. Scrap SJR 38.

Signed:

Steve Fish

Testifier

Steve Fish

Representing (Optional)

PO Box 6448 SITKA AK 99835

Address

747-6042

Phone No.

1-29-92

Area K Seiners Association  
 P.O. Box 2399 Kodiak, Alaska 99615  
 Phone 907/486-4686 FAX 907/486-7655



Written Testimony  
 for SJR 38  
Lacey Berns

On behalf of Alaskans for Responsible Resource Management and Area K Seiners Association, I urge the passage of SJR 38. A.R.R.M. led a successful petition and letter-writing campaign from May thru Dec. '91, resulting in <sup>well-</sup>over 700 signatures from crewmembers, families, operators of vessels, vessel owners, and businesses. The ensuing volume of letters to various officials and agencies opposing IFQ's, has been enormous. The opposition to IFQ's is in all communities -- people are tremendously concerned about their futures, if IFQ's are passed.

The IFQ concept, in its current framework and design, is unwieldy and cumbersome. A scheme which does not have the support of the fishing industry, will prove difficult to manage and enforce. Many fishermen are resentful about the way this scheme has been forced down ~~on~~ <sup>their</sup> throats, under the guise of safety, or, fresh halibut year around - it (simply) is a fallacy that IFQ's will provide fresh fish 365 days a year.

Area K Sealers Association  
P.O. Box 2399 Kodiak, Alaska 99615  
Phone 907/486-4686 FAX 907/486-7655



The halibut/blackcod stocks are currently healthy, so the conservation of the resource is not an issue.

The issue is, that managers and the "fish czar" would rather see "100 prosperous & wealthy fishermen than 1000 fishermen" competing on the grounds. IFQ's are designed to eliminate numbers of boats, which in turn eliminates crewmembers, operators, and JOBS, from our coastal communities.

We support a simplified, sensible management plan which utilizes traditional management tools -- gear & trip limits, time & area closures, etc. need to be utilized before a drastic, plan such as IFQ's, is needlessly forced onto our fisheries --

The N.P.F.M.C. needs to consider public opinion before making such a monumental decision - especially before socio-economic analyses are studied by the public.

Sincerely,  
Lacey Berno  
(interim Director, A.K.S.A.)

Senate Joint Resource Committee, Lloyd Jones,

I am against S.J.R. # 38.  
I think it is inappropriate for the legislature to get involved with the IFQ issue at this time. The North Pacific Fisheries Management Council is now looking at social and economic impacts on the IFQ issue, and also other alternatives and proposals are in the works with IFQ's and other limited access proposals. Let the work continue. Hopefully fishermen and the North Pacific Fisheries Management Council can do some more compromising, and work, and come up with a solution. Some sort of limited access needs to be implemented soon. I have been commercial halibut fishing since the mid 1970's. I've watched the season shrink from being open all summer, to now being open for two 24 hour openings in 1991 in southeast Alaska.

Sincerely

Marty Remund  
Box 8147  
Port Alexander, AK.  
99836

March 9, 1991

Mr. Richard Lauber, Chairman  
North Pacific Fishery Management Council  
P.O. Box 103136  
Anchorage, Alaska 99510

Dear Mr. Lauber,

My involvement longlining started in 1975. Fishing halibut from May 1st through September 10th. It was stable, dependable, and environmentally sound.

By 1983, ways of regulating participation in halibut was being seriously considered. By 1985 the Council implemented a cut off date for participation in sablefish. Longliners, processors, and crews began to feel stability would last in their fisheries.

Many based their loan portfolios on these movements. From upgrading their boats, homes, and processing equipment to retirements and annual budgets. As the movement began to falter in the late 1980s, many more participants joined in the game and soon chaos invaded the grounds. Now in the 1990s it is all becoming derby fisheries. Fish wastage and gear loss is considered just a variable in these derbies by most. More fish is left unharvested on lost gear and from gear conflicts than is really accounted for.

My personal observation for the 1991 season and reported to the Halibut Commission:

1st trip halibut 1991 in an area 1 mile wide by 3 miles long with 6 vessels participating. (I have fished here by myself for 5 years with a CPUE of 1500 lbs per skate, 1991 season produced the same.) Between the 6 vessels on this little area, 89 skates of gear were cut off or lost due to gear conflicts. I calculate 100,000 lbs of halibut killed and not delivered to market. The 6 vessels delivered 154,000 lbs. The loss is unacceptable, but this is what derby fishing will continue to do.

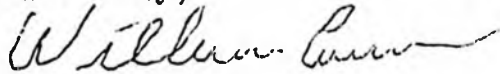
September opening 1991--weather came up to 50 mph. After the fishery, I anchored up for a day. Taking a straight course home from Montague Island to Cape Spencer, I passed 11 sets still in the water. I would estimate 10 skates to a set. This is four days after the season. Gale warnings are up for the next three days. How much of this gear will really be retrieved and how can we honestly estimate the fish wastage here?

We need IFQs now! We need it before our stocks are wiped out, or down to a bare minimum, like so many fisheries in the Kodiak area. We need it before the intelligent investments made by

the longtime longliners turns into a S & L crisis in the longline fisheries.

Limitation for participation in halibut and sablefish has been pondered as history records show from 1978 to today. It is not a new idea. It needs implementation today!

Sincerely,



William Connor  
107 Skylark  
P.O. Box 1124  
Petersburg, Alaska 99833  
(907) 772-9211

Darb Fishing, Inc.  
Bernard Bjork  
P. O. Box 153  
Seward, Alaska 99664

March 7, 92

Dear Senator Jones;

I am an Alaska Halibut Fisherman and am writing you to show my support for the Halibut I.F.Q. plan proposed by the North Pacific Fishing Management Council. I've seen the fishery degenerate into a dangerous and unmanageable one day fishery. In the long run the I.F.Q. plan would be good for both Alaska fishermen and the state of Alaska.

I urge you not to support HJR 61 and SJR 38 which is before you regarding I.F.Q. plan.

Thank You;  
Bernie Bjork

March 9, 1992  
Seward, Alaska

Dear Senator Jones,

No, No, No, to HJR 61 and SJR 38,  
and Yes to Support of the proposed,  
I.F.O. management plan.

The present high-risk-nowhere  
Halibut fishery is a disaster waiting to  
happen Both for the fishermen and his/her  
community. Please put an end to  
this / No more delays or studies.

Yours truly,

Max H. Cutshall

Donna E. Cutshall

F/V ASSIDUOUS-40'  
MAX H. CUTSHALL  
DONNA E. CUTSHALL  
P.O. Box 969  
SEWARD, ALASKA 99664  
2101 OLYMPIA RD.  
PH- 224- 3776- SEWARD, AK.

5000 Nottingham Way  
Anchorage, AK 99503  
March 3, 1992

Senator Lloyd Jones  
Chair, Senate Resources Committee  
Alaska State Legislature  
Juneau, AK 99811

Dear Senator Jones:

It would be a mistake for the House and Senate to adopt the joint resolutions opposing the individual quota program for halibut fishing, HJR 61 and SJR 38.

As a small boat commercial halibut fisherman since 1970 and an Alaskan since 1945, I know a solution to this problem is long overdue. The plan developed by the North Pacific Management Council may not satisfy everyone but that utopia will never be reached. It is a good plan and has had more than enough public review and study.

It is not a new issue and anyone involved in halibut fishing over the past five years had to know that some system similar to this would eventually be adopted. In fact it seems to me that many of the detractors are people who have primarily been part-time fishermen in the past who to a large intent have been hanging on in the hope that they would get a free slice of the pie. What they are really objecting to is the allocation being made on the basis of past fishing performance. For example, one of the organizers of one of the objection groups told me he averaged about 500 pounds per year. Hardly what you would consider a serious commercial fisherman. Thus the main objections seems to be to the allocation system by those who have a poor fishing history. Just like limited entry for salmon, some individuals will benefit from an allocation system based on fishing history (if you consider getting the right to continue doing what you have been doing a benefit), but the main benefit will be the resource and the lives of our fishermen.

You should change the resolution to support the plan and do it now. To delay further is dangerous and shamefully wasteful of the resource.

Sincerely,



Pedro Denton



# Alaska State Legislature

Please enter into the record my testimony to the \_\_\_\_\_ committee name

committee on SENATE RES 38, dated 1-27-91  
bill/subject

I support FURTHER STUDY OF SOCIO-ECONOMIC EFFECTS OF IFQs. I want to see small communities remain as designated ports in language of IFQs. I oppose IFQs as proposed by N.P.M.C. I'm in favor of the block proposal designed by Howard Kendall, SITKA. I encourage you to do away with dangerous 24hr. openings ASAP - I also want to see in this plan total banning of factory trawlers.

Signed: Clairie Cochran  
Testifier

Representing (Optional)

EV Sequoia  
Address

P.O. 6384 - Sitka, Al.  
Phone No.



# City and Borough of Sitka

304 LAKE STREET. SITKA, ALASKA. 99835

February 5, 1992

The Honorable Walter J. Hickel  
Governor of the State of Alaska  
State Capitol Building  
Juneau, AK 99811

Dear Governor Hickel:

It was brought to my attention this morning that your office has been misinformed about the stand the Assembly of the City and Borough of Sitka took on the issue of IFQ's for the fishing industry.

This office would like the record to be clear that the City and Borough of Sitka HAS NOT passed a Resolution against IFQ's. A copy of the Resolution we did pass is attached. Any information you might have received otherwise is incorrect.

The Assembly of the City and Borough of Sitka has not taken a stand on this issue.

Sincerely,

Melinda L. Jenkins  
Municipal Clerk  
FOR  
Dan Keck  
Mayor, City and Borough of Sitka

cc: John van Amerongen, Editor  
Alaska Fisherman's Journal  
Senator Stevens  
Senator Murkowski  
Representative Young  
North Pacific Fisheries Protection Association

Attachment



City

of

Pelican

BOX 737

PELICAN, ALASKA 99832

PHONE 735-2202

FAX 735-2258

January 23, 1992

The Honorable Walter Hickel  
Governor of Alaska  
State Capitol Building  
Juneau, Alaska 99811

Dear Governor Hickel:

Recently it has come to our attention that some incorrect or misinformation about the City of Pelican and IFQ'S for the fishing industry may have been stated or circulated.

We want the record to be very clear that the Pelican City Council HAS NOT passed a Resolution against IFQ'S. Anything stating or alluding otherwise is not correct.

The Pelican City Council has not taken a position on this matter.

Cordially,

Allen Stewart  
Mayor

cc: Senator Murkowski  
Senator Stevens  
Representative Young  
North Pacific Fisheries Protection Association

# CITY OF CORDOVA



December 2, 1991

Mr. Rick Lauber, Chairman  
North Pacific Fisheries Management Council  
P.O. Box 103136  
Anchorage, Alaska 99510

Dear Chairman Lauber:

I am submitting comments regarding Individual Fisherman's Quotas (IFQ's) on behalf of the Cordova City Council. The Cordova City Council remains very concerned about the impacts an IFQ management scheme would have upon local fishermen, the economy of Cordova and the lifestyle of residents of Cordova. We are aware that you have received a great deal of testimony regarding the expected impacts upon individual fishermen; especially the small boat owners and those just getting into the longline fishery. Our comments will focus on the impacts upon small coastal communities like Cordova; communities whose economy is dependent upon the fishing industry. Following is a list of specific comments:

1. Cordova's economy has historically been based upon the seafood industry. The Exxon Valdez oil spill, world market conditions, and other factors have combined to produce hard economic times for many local fishermen. Local fishermen have always depended on flexibility and the ability to participate in a number of fisheries to make ends meet. Many have gotten involved in the longline fishery over the past decade. Most of these fishermen are small boat owners, but they have made substantial investments in longline gear and equipment and have been working hard to increase their catch each year. An IFQ system would hurt these fishermen because it would "lock" them into a quota. In most cases, this quota would be so small that they couldn't afford to fish it. The only rational economic decision for people in this position is to sell their quotas. Other fishermen who planned to get into the fishery or who have only fished it the last few years could be locked out completely. This means a loss of jobs and income and reduced revenue from raw fish and sales taxes.

2. Local processors have been gearing up to handle increased deliveries of halibut and black cod. If IFQ's go into effect, the likely outcome is that it will become uneconomic for the processors to handle these fish because deliveries from local boats will decline. Again, this translates into a loss of local jobs and a loss of tax revenue for the community.


North Pacific Fisheries Management Council  
December 2, 1991  
Page 2

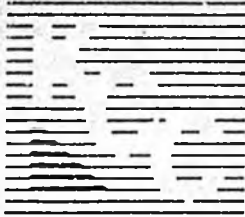
3. The Council has set aside Community Development Quota's (CDQ's) for disadvantaged communities in the Bering Sea. CDQ's are designed to prevent communities who have not yet participated in those fisheries from being locked out if an IFQ scheme limits access in 1993. Those longliners displaced by Bering Sea CDQ allocations will be given shares of the Gulf of Alaska quota. We have two comments about this. First, we believe that compensating longliners who are displaced in the Bering Sea with Gulf of Alaska shares is unfair to Prince William Sound Fishermen who are just getting into the fishery. This also has the effect of driving local fishermen out of the business because there will be less poundage available for harvest in the Gulf. Second, we would argue that Cordova should be eligible for a CDQ also since it has great potential to participate in the longline fishery but is likely to be locked out under the IFQ scheme. Cordova is just beginning to emerge as an important bottomfish port.

In summary, the Cordova City Council believes that an IFQ system will have very definite winners and losers. The losers will be small boat owners, people just getting into the fishery, and fishing communities like Cordova. We would urge the North Pacific Fisheries Management Council to look very closely at more traditional management schemes. We understand that management is necessary to protect the resource, to reduce waste, and to increase safety. However, we see no need to rush into an IFQ system; a system which has not yet proven itself in other areas of the world. For example, evidence from the east coast of Canada and New Zealand suggests increasing conservation problems, enforcement problems, and economic disaster for many inshore fishermen and the communities they live in.

Thank you for the opportunity to comment. Please contact us if you have any questions or need more information.

Sincerely,

  
Mayor Charles K. Weaverling  
City of Cordova, Alaska



KODIAK  
CHAMBER  
OF COMMERCE

RECEIVED FEB 11 1992

P.O. Box 1485, Kodiak, Alaska 99615 (907) 486-5557 FAX: (907) 486-7605

February 6, 1992

Senator Fred Zharoff  
P.O. Box V  
Juneau, AK 99811

Dear Senator Zharoff:

Enclosed please find a resolution passed and approved by the Board of Directors of the Kodiak Chamber of Commerce on February 3, 1992.

This resolution outlines our continued opposition to the present individual fisheries quota plan being promulgated by the North Pacific Fisheries Management Council.

The Board of Directors firmly believe that before a plan to change the existing system of fisheries management is implemented, an in-depth socio-economic analysis must be conducted and reviewed by the council.

We firmly believe that the proposed plan has the potential to negatively impact the economies of all coastal communities in Alaska.

Your attention and consideration of this request is sincerely appreciated.

Yours in economic prosperity,

Alan Schmitt  
Vice-President

City of Kodiak / Kodiak Chamber  
of Commerce Resolutions

CITY OF KODIAK  
RESOLUTION NUMBER 01-92

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK SUPPORTING CONTINUED OPEN ACCESS IN THE GROUND FISH FISHERIES IN THE EXCLUSIVE ECONOMIC ZONE OFF ALASKA AND URGING THE ADOPTION OF SJR 38 AND HJR 61

WHEREAS, Senator Zharoff has sponsored Senate Joint Resolution 38 and Representative Davidson has sponsored House Joint Resolution 61 opposing individual fishing quota management systems for the Alaskan halibut and sablefish fisheries and other Alaskan fisheries; and

WHEREAS, the North Pacific Fishery Management Council is developing detailed options for limited access in the sablefish longline fishery; and

WHEREAS, groundfish, including sablefish and halibut, is important to the diversified economy of the coastal communities of Alaska and the ability to participate in multiple fisheries and adapt to changing economic and resource conditions is a vital characteristic of the Alaska fishing fleet; and

WHEREAS, individual fishing quotas may deny the opportunity for residents of coastal communities to fully diversify and maximize their fisheries; and

WHEREAS, the individual fishing quota program under consideration provides for much of the resource to be allocated to nonresident users, excluding disproportionate numbers of Alaska fishermen and precluding participation by the growing Alaska longline fishing fleet; and

WHEREAS, limited access will prohibit maximum utilization of a natural resource by depriving crew members, processors, and other support groups of full participation; and

WHEREAS, the trend will be to process groundfish offshore which will minimize the raw fish tax to coastal communities and the state; and

WHEREAS, limited access programs restrict the free enterprise system by not allowing commercial fishermen to maximize their potential in the fishery; and

WHEREAS, limited access represents a quick-and-easy, but ineffective, solution to more fundamental management problems;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the Governor is respectfully requested to take whatever action is necessary to protect the rights of Alaska fishermen and to vigorously oppose any effort to implement limited entry in the groundfish fisheries in Alaska.


BE IT FURTHER RESOLVED that the North Pacific Fishery Management Council is respectfully requested to abandon all efforts to study, plan, encourage, or recommend implementation of limited access in the groundfish fisheries in Alaska.

AND, BE IT FURTHER RESOLVED BY THE Council of the City of Kodiak, Alaska, that the Alaska State Legislature complete its deliberations and adopt Senate Joint Resolution 38 and House Joint Resolution 61.

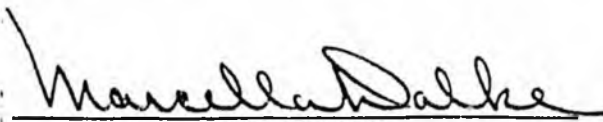
AND, BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the Honorable Barbara Franklin, Secretary of the U.S. Department of Commerce; the Honorable John A. Knauss, Administrator, National Oceanic and Atmospheric Administration; the Honorable Richard G. Darman, Director of the Office of Management and Budget; the Honorable Richard Lauber, Chair of the North Pacific Fishery Management Council; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; Governor Hickel and all members of the Alaska State Legislature.

PASSED AND APPROVED this 23rd day of January, 1992.

CITY OF KODIAK

  
MAYOR

ATTEST:

  
CITY CLERK

RESOLUTION 01-03-92

A RESOLUTION URGING THE NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL AND ALL OTHER AUTHORITIES TO RESCIND ITS VOTE TO IMPLEMENT THE IFQ PROGRAM TO APPROVE THE INDIVIDUAL TRANSFERABLE QUOTA SHARE PROGRAM FOR THE SABLEFISH AND HALIBUT FISHERIES UNTIL AN ECONOMIC IMPACT ANALYSIS OF THE PROGRAM ON THE COMMUNITIES OF ALASKA IS COMPLETED AND SHARED WITH THE AFFECTED COMMUNITIES FOR THEIR CONSIDERATION AND COMMENT.

WHEREAS, a number of traditional management proposals have been submitted to the North Pacific Management Council which would potentially eliminate the problems that an Individual Fishery Quota (IFQ) would address; and

WHEREAS, the Council's role and responsibility is to analyze all proposals on a given issue before implementing major changes to a fishery; and

WHEREAS, analysis and implementation of traditional management proposals to address the problems have not even been reviewed prior to the proposed implementation of an IFQ System; and

WHEREAS, an IFQ System is going to take years to implement while the fisheries need extensive traditional management changes, not short-term improved management; and

WHEREAS, the ability to participate in multiple fisheries and adapt to changing economic and resource conditions are vital characteristics of the Alaska fishing industry; and

WHEREAS, IFQ Systems under consideration provide much of the resource to be allocated to non-resident users, excluding disproportionate numbers of Alaska fishermen, and preclude participation by the growing Alaska longline fleet; and

WHEREAS, IFQ Systems will deny the opportunity for residents of the Alaskan communities to fully diversify and maximize their fisheries creating financial hardships and creating adverse economic impacts; and

WHEREAS, IFQ Systems could accommodate offshore processors which will minimize the raw fish tax to Alaskan communities and the State.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Kodiak Chamber of Commerce urges the Alaska State Legislature and the Governor to intercede on behalf of Alaska fishermen to prevent any negative economic impact or hardship on them and affected Alaska communities as a result of the IFQ System.

PASSED AND APPROVED ON THIS 3RD DAY OF FEBRUARY 1992.



*Anna Berg*  
Anna Berg  
Secretary to the Board

*Alan L. Schmitt*  
Alan Schmitt  
Vice-President

COMMISSIONERS:

LINDA ALEXANDER  
PARKSVILLE, B.C.  
RICHARD J. BEAMISH  
NANAIMO, B.C.  
RICHARD ELIASON  
SIKKA, AK  
STEVEN PENNOYER  
JUNEAU, AK  
GEORGE A. WADE  
SEATTLE, WA  
GARY C. WILLIAMSON  
SURREY, B.C.

INTERNATIONAL PACIFIC HALIBUT COMMISSION

ESTABLISHED BY A CONVENTION BETWEEN CANADA  
AND THE UNITED STATES OF AMERICA

DIRECTOR  
DONALD A. MC CAUGHYAN

P.O. BOX 06000  
SEATTLE, WA 98146-2000

TELEPHONE  
(206) 634-1838

FAX  
(206) 632-2983

MEMO

February 21, 1992

TO: Dick Eliason  
FROM: Steve Hoag, IPHC Assistant Director  
RE: Stock Trends

The IPHC staff estimates that halibut biomass declined approximately 8% last year. Declines ranged from 11-12% in Areas 2B, 2C, and 4, to 6-7 % in Areas 3A and 3B.

The reason that catch limits are higher in 1992 is because biomass estimates were recalculated following improvements in stock assessment methodology. This assessment showed that past biomass was higher than previously estimated.

DEC 16 '91 02:56PM UFAWU 604 2553162

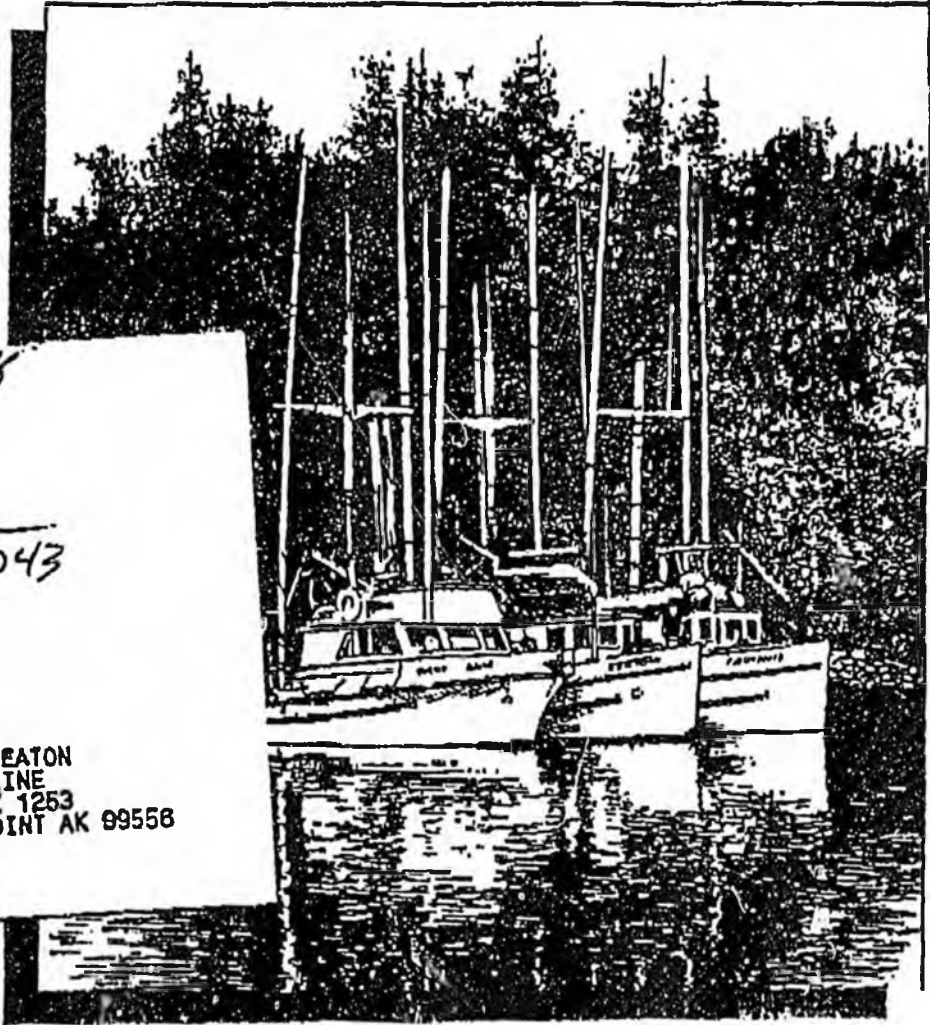
P.2

*Canada*

November 1991

# A Commission of Inquiry into Licensing and Related Policies of the Department of Fisheries and Oceans

Don Cruickshank  
Commissioner



*Senator Taroff*  
*Attn:*  
*David*  
*Fax 463 3043*

*From*

PAUL K. SEATON  
K-N-S MARINE  
HC-67 BOX 1253  
ANCHOR POINT AK 99558

*The Fisherman's Report*

*Comments on Canadian IFQ*

DEC 16 '91 02:57PM UFAWU 604 2553162

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## Chapter 3

604 - 2000 - 3753 -

## THE IQ TEST

**What Are Individual Quotas?**

Individual quotas, resource allocations, enterprise allocations or individual entitlements — all meaning the same thing — give to an individual the right to harvest a definite quantity of fish, expressed either as a fixed amount or as a percentage of the total allowable catch. Privatization of the resource in this manner removes the right of public access to a common property, converting common property to private property. Currently, individual quotas are in place for the management of six Pacific fisheries:

- spawn-on-kelp
- abalone
- herring food and bait
- geoduck
- sablefish (black cod)
- halibut

The initials "IQ" stand for individual quota; "TVQ" for individual vessel quota; and "TTQ" for individual transferable quota.

**Spawn-On-Kelp:** This has been a quota fishery since 1975. The licences are issued to a person or a Native band, are non-transferable and area specific. The vessel is designated; there is a licence holder on-site requirement; and all 38 quotas are equal.

**Abalone:** A quota fishery since 1979. The licences were personal, non-transferable, and not area specific. The vessel was designated. The absence of an owner-operator provision permitted leasing and stacking. There were 26 equal quotas. The abalone fishery is described in the past tense since it was closed indefinitely on October 30, 1990, to all user groups: commercial, Native and recreational.

**Herring Food and Bait:** A quota fishery since 1985. Licences are personal and non-transferable; the vessel is designated. Issuance is by a lottery-type arrangement.

**Geoduck:** - a quota fishery since 1989. Licences are assigned to a vessel and are transferable and area specific. There is no owner-operator provision. All 55 quotas are equal.

**Sablefish (Black Cod):** A quota fishery since 1990. The licences are assigned to a vessel, are transferable and not area specific. There is no owner-operator provision. The 48 quotas are variable or not equal.

**Halibut:** 1991 was its first year as a quota fishery. Licences are assigned to a vessel, are non-transferable and not area specific. There is no owner-operator provision, and the 435 quotas are variable or not equal.

DEC 16 '91 031008FM UFAWU 604 255316Z

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## The Issues

The issue of IQs, IVQs and ITQs is one of the hottest topics in the British Columbia fishing industry today. It evokes the question of common property ownership versus privatization of the resource, and no other debate in the industry raises as much emotional or philosophical intensity.

The proponents of quotas herald the security of tenure as an advantage. The opponents counter that the system is flawed by its exclusivity and irreversibility favouring the quota recipients. Inflaming the quota debate is the opinion expressed or implied by some DFO personnel that many industry representatives are reactionary, and that the resistance to quotas is nostalgic deference to an obsolete system. Meanwhile, DFO staff are accused of seizing on quotas as the panacea of licensing policy.

The method by which quotas were introduced is also a controversial point, since the policy is widely seen as being imposed on the industry, even though it is billed as response to the demands of the majority of fishermen.

The Commission of Inquiry's research suggests there is some justice to this concern. On March 2, 1982, on the advice of Pacific Region staff and in response to the preliminary report of the Commission on Pacific Fisheries Policy, the Honourable Romeo Leblanc established a committee of five halibut licence holders to develop a proposal for the implementation of a halibut vessel quota system. This committee, chaired by a DFO employee, was not asked to determine the advantages or disadvantages of quotas, but merely to set the terms for their implementation. The report was signed only by the Chairman and was submitted to the Minister on April 27, after eight separate meetings between April 2 and April 23, 1982.

The recommendations of this report were rejected by Mr. Leblanc, after the industry voiced considerable opposition. With the appointment of the next Minister of Fisheries and Oceans, Pierre De Bane, the proposal resurfaced and again industry opposition quashed it. Nonetheless, several years later and several ministers later, halibut quotas are in place, "at the request of halibut fishermen."

The Department's handling of licensing and fleet rationalization issues has created an element of mistrust and bitterness among fishermen. The message was clear during this Commission's hearings that they are fed up with fighting off the Department's incessant attempts to impose licensing theories that have been repeatedly rejected by the industry.

## Pros and Cons

*Vision 2000* details the benefits as follows:

Individual Quota (EA) licensing, perhaps operating in conjunction with area licensing, provides a direct means of controlling catch within the target set, and potentially frees managers from a complex regulatory regime (restricting vessels, gear and fishing time) which is the hallmark of a system where total catch is controlled simply by the number of licences issued. However, the outstanding advantage of this approach is that it eliminates the basic cause of overcapacity in the fishing industry. Rather than encouraging fishermen to competitively and defensively increase their fishing power, it encourages them to adapt their vessels and fishing practices to take their licensed catch as a quality product at the lowest cost.

DEC 16 '91 02:57PM UFAWJ 604 2553162

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There are other favourable reasons for quota licensing:

- individual quotas offer the opportunity to harvest species when market demand and prices are the highest;
- once the competitive nature of a fishery is removed, fishermen need not travel nor fish in unsuitable weather conditions;
- fishermen have a better opportunity to become involved in marketing the catch;
- the accumulation or stacking of quotas can result in a reduction in fleet size.

### **Industry Reaction**

The Commission of Inquiry found industry to be generally opposed to quotas. Where a group already held a quota, the reaction was less critical, but concerns were still voiced. These statements have been excerpted from written briefs submitted to the Commission of Inquiry:

**Fisheries Council of British Columbia:** "The IQ system that has been introduced into a number of British Columbia fisheries over the past years is roundly condemned by this organization on two major counts.

"First, the policies have been introduced without the establishment of any clear guidelines for change. In effect, the old limited licensing system has been eroded. Whether you liked the system that began in 1969 or not, at least the rules were fairly clear after two decades of use. Now, fisheries for various species are taking place with the objective of providing some catch history and, therefore, insurance in case the rules of the game change again.

"Second, the process of change has been slanted towards those who wanted to see change, whether for academic or personal business reasons. The example of the manner in which DFO conducted the advisory process for the Halibut IQ system was a fraud from start to finish . . . a pretense of democracy in the name of open consultation."

**Fishing Vessel Owners Association of British Columbia:** "The past two years have seen a dramatic change in the thrust of fishery management in British Columbia. The fundamental principle of free access to a common property resource by all licence holders is being rapidly transformed into privatization of the resource through a headlong rush by DFO for the institution of Individual Transferrable Quotas (ITQs) to existing licence holders. In 1989 geoduck licence holders voted overwhelmingly for a quota system, and in 1990 sablefish licence holders also opted for ITQs. Finally, late in 1989, DFO sponsored a series of meetings with halibut fishermen to explore the possibility of a halibut quota fishery, and a quota system is now in place in this fishery as well, in theory on a two year trial basis.

"Philosophically, most fishermen are opposed to quota fisheries. The free competition for an individual's share of the harvest is a long standing tradition of our fisheries, and one of its attractions for many. With traditional fisheries, good fishermen are rewarded with good catches while bad fishermen are forced to either accept sub par earnings or to look elsewhere for a living.

"It seems that for as long as there have been commercial fisheries there have been 'too many boats chasing too few fish,' and ITQs are a way to have a fishery rationalize itself, at no cost to the government for buy back programs. Of course, the concentration of licences doesn't reduce overcapitalization -- in fact ITQs increase overcapitalization -- since licences tend to increase in value. The key point of course is that under ITQs, the fleet tends to be reduced at no cost to government. . . .

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"The strongest and most often heard criticism of quota fisheries is the strong incentive they create for cheating, and the difficulty of enforcement of quota limits. DFO's response to this problem has been to devise complex and costly monitoring and enforcement systems for the geoduck, sablefish and halibut fisheries, with the costs to be borne by the licence holders. . . .

"There is overwhelming support for having licences revoked as a penalty for cheating. However, in the past when DFO has tried to enforce stiff penalties on fishermen, the courts have considered the loss of a licence as 'cruel and unusual punishment' that removes an individual's ability to earn a dishonest living. . . .

"With quota fisheries, there is an obvious incentive to high grade the catch in order to market only the higher valued fish. The recent (March, 1991) wholesale value of sablefish in Japan varied from about \$5.11 for over seven lb. fish to \$4.94 for four-five lb. fish. It is difficult to guess whether this price differential will encourage high grading, but one thing is certain: the proposed monitoring program contains no provision for monitoring high grading. This can only be accomplished by placing observers aboard a few vessels and comparing the size composition of the observed vessels' catches with the overall landings of the fleet.

"Without an observer program, the only evidence of high grading, a potentially serious problem, will be hearsay and dockside gossip.

"DFO sees ITQs as a costless (to DFO) way to 'rationalize' fleet size, particularly in the halibut fishery, which is faced with declining stocks. Of course, a smaller fleet means less employment, especially for crewmen, and this loss of employment is a legitimate concern of these fishermen and the organizations that represent them.

"Another often heard criticism of ITQs is the potential they create for the concentration of licences in the hands of a few individuals or companies. Licence concentration, and the high cost of ITQ licences . . . will make it extremely difficult if not impossible for young new fishermen to enter the fishery. . . .

"The issues of monitoring, enforcement and licence concentration need to be seriously addressed and reviewed at the end of the two year trial periods. We believe that conservation and the maintenance of opportunities for future generations of fishermen ought to take precedence over administrative convenience for DFO and over fuzzy economic rhetoric about the 'tragedy of the commons.'"

**Deep Seas Trawlers Association of B.C. (DSTA):** "Initial information available to DSTA suggests that this type of management approach would be adverse to our industry and to Canada's fisheries. DSTA will continue to keep an open mind on the issue, however. We will insist on two prerequisites for serious consideration of such a proposal. First, we would need to have complete access to all information being considered by DFO. In particular, this would include results and analysis from the 'test' geoduck and sablefish programs currently being conducted by DFO; and a broader DFO assessment of Individual Quota programs in Canada (and possibly abroad) which DSTA understands has been completed, but not publicly released. Second, and following release of this information, we would need at least two years to jointly dialogue with and consider such an option with DFO."

**Hellsuk Tribal Council:** "We are extremely concerned that the process may result in a privately owned fisheries resource. This would greatly increase third party interests which would then have to be dealt with on an individual basis during the settlement of the Hellsuk sea claim. The result would be an even more costly and complicated

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settlement process. It simply does not make sense to consider such a major change in fisheries resource management prior to the settlement of land claims. We maintain that Native claims must be dealt with first."

**Prince Rupert Fishing Vessel Owners' Association:** "Our organization is against some portions of *Vision 2000*, in particular ITQs, IQs and IVQs.

"Any licence changes that affect or impact on the commercial sector should have to be passed by CFIC.

"If there is need for any licensing changes, let the fishermen ask for it and let them do the implementation."

**Sunshine Coast Labour Council:** "The commercial fishing has remained viable for over one hundred years as a common property resource. The present licensing system insures that all commercial fishermen have equal access, while individual transferable quotas do not grant the same equality."

**United Fishermen and Allied Workers' Union: Halibut Fishermen's Brief:** "As of May 1, 1991, the halibut longline fishery will be regulated by a so-called experimental Individual Vessel Quota (IVQ) fishery. We as halibut fishermen remain concerned that IVQs and Individual Transferrable Quotas (ITQs) will spell disaster for most of us as fishermen and for the halibut as a commercially fishable stock. . . .

"DFO officials state that ITQs will; 'increase landed values,' 'make halibut fisheries more manageable,' 'reduce overfishing' and 'reduce costs of enforcement.' There has been no attempt by the DFO to support these contentions with research and in fact, where independent research has been conducted, DFO positions have been proved erroneous.

"Suffice it to say that authoritative sources of information about ITQs and their working history exist. They should be studied carefully by all concerned before introducing a problematic ITQ/IVQ system on west coast fisheries.

"In conclusion, as a minimum demand, we insist that nothing be done by the DFO to allow IVQs to become irreversible. The DFO has stated that the current IQ system is on a trial basis for two years and we insist that they be held to their word. The IQ system must be kept easy to change to another should the fishing industry as a whole so decide."

**United Fishermen and Allied Workers' Union: Principal Brief:** "It is difficult to assess where the initiative originates for privatizing Pacific fisheries resources. Peter Pearce touted ITQs but we suspect he was merely mirroring the policy initiatives of the DFO. The fisheries committee of the Canadian Senate, the Economic Council of Canada, the office of the Auditor-General and other authorities have advocated ITQs presumably as an economic measure but as a conservation and management system as well. . . .

"Various purposes are said to be served by ITQs, namely:

- conservation and management
- reduce management costs
- save the resource
- fleet reduction.

"The justification most commonly given for the use of ITQs is the common property resource argument. Fishermen will deplete fisheries resources in an open fishery and make increasingly burdensome investments to compete for their share of the fish. Resource rent is therefore dissipated by overcapitalization. Some suggest that a resource must be privately owned for it to be cared for properly. No one has an interest in caring for a publicly owned resource and the 'tragedy of the commons' theory is repeated over and over again.

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"As justification for ITQs, the foregoing might be believable if Pacific fisheries resources were seriously threatened by over exploitation. Such is not the case.

"In the Black Cod fishery, we see not only limited entry but ITQs as well. Holders of black cod licences and quotas will plead this is the best possible invention save and except for the wheel. Other vessel owners are critical of the programme simply because they don't own black cod quotas which are a licence to print money. There is a 5,000 ton annual quota in the black cod or sablefish fishery. There are 48 licence holders who on average would hold a quota of 200 thousand pounds. Estimations are that these quotas would sell for six-seven dollars a pound making each gift of a quota worth \$1.2 and \$1.4 million dollars.

"Like the New Zealand system, these quotas can be leased and the going rate is 50 per cent of the catch. In fact they can be and are sub-leased with the second broker taking 30 per cent of the catch leaving a mere 20 per cent for the people doing the work. We have reports that the licence/quota owner charges the fishing venture the equivalent of the lease rate which is a common practice, too, in the roe herring gillnet fishery. In other words, if the going rate to lease quotas is say \$1.50 per pound, the quota owner pockets that money as his rent before sharing the remainder with his crew. DFO planners must clearly be held in high esteem by this generation of licence quota owners who enjoy instant riches at the expense of another generation. Once again resource rent is extracted for personal gain rather than accruing to the owners of the resource, namely the people of Canada, or to the general benefit of the industry."

Pacific Black Cod Fishermen's Association (This association, understandably, is very supportive of the quota management of the black cod fishery, but it lists some weaknesses):

#### "Recommendations for Change

##### "(a) The foreign ownership question

"Our members are concerned that foreign interests will someday begin to purchase black cod licences. To prevent such a development, we wish to see the following changes in licensing requirements:

"That owners of Category K Sablefish licences be required, upon payment of their annual fee, to sign an affidavit in which they state that their licence is not owned or controlled, either wholly or in part, by foreign interests.

##### "(b) Ownership and quota concentration

"We recommend that the Department of Fisheries and Oceans develop a forum to work with this association to deal effectively with the questions of non-fisherman ownership, processor ownership, and maximum individual ownership.

##### "(c) Creating smaller quotas

"We recommend that a process be put in place to develop the concept of the permanent transfer of smaller blocks of quota."

#### **Economists' Comments**

Resource economists, even while usually supporting quotas, voice certain reservations.

Sol Sinclair, *A Licensing and Fee System for the Coastal Fisheries of British Columbia*, 1978: "The enforcement of the quota system can present problems. It will require very close supervision to ensure compliance with each individual's quota.

"A freely transferable individual quota can force quota prices to levels that may eliminate inefficient, part time, or lower income fishermen. Thus it can adversely affect small-scale operators in isolated fishing communities that are very dependent on fishing."

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**Moloney and Pearce, 1979:** "Quantitative rights would be most easily adapted to fisheries that do not call for frequent, intraseasonal management intervention in the form of changes to the allowable catch."

**Wilson, 1980:** "It is certain that such a system applied in a fishery which needs 'fine tuning' like the B.C. roe herring fishery would require a fair degree of complexity."

**Frasar, 1980:** "The more variable the resource stock, the more significant are the ensuing problems and the less practical are individual vessel quotas as a management technique."

**Clark, 1980:** "There are doubtlessly some fisheries for which allocated fisherman's or vessel quotas would be unsuitable. For example, in cases where annual recruitment is highly variable and unpredictable, there would be no basis upon which to fix annual quota levels."

### **Enforcement**

With a quota system, the potential for high grading (the practice of keeping only the higher-valued fish and dumping all low-valued fish at sea) and "quota busting" (exceeding quotas) is certainly felt to be high, but there is no mechanism available to gauge its extent and impact on the resource accurately. It is also too early to judge the effectiveness of the complex procedure now in place, at shore locations, to monitor individual quotas.

But there is evidence that a fundamental enforcement problem faces DFO.

Enforcement of quota fisheries is based on the right of DFO to monitor and enforce these fisheries by conditions attached to the licences. But it is a right subject to legal challenge. Recently, the British Columbia Court of Appeal upheld a decision of the County Court of Prince Rupert contesting DFO's enforcement right in two cases. Challenged was the Department's right to regulate fisheries and impose restrictions as a condition of licence.

Even without court challenges, the DFO takes 16 months, on average, to develop and promulgate a regulation. It has taken as long as five years. If our present fisheries regulations cannot provide the necessary controls to monitor and enforce quota fisheries, and this situation prevails for even 16 months, the effect on the industry and on the resource will be disastrous.

Critics cite the abalone fishery as an example of failure to enforce quotas, and suggest that the Department may not have felt it had the legal grounding to do so.

### **Impact on Employment**

The issue in this area is that quota systems may put crew and vessel owners out of work, reduce wage levels and deny opportunity to entry-level fishermen. The halibut fishery is cited as an example. Speaker after speaker at the public hearings echoed the words of this fisherman: "I have fished halibut for years, and I don't have a job this spring because of the halibut quota. To fish halibut now you either have to own a quota, or work for nothing."

The Commission of Inquiry's research found that the people on board halibut boats shared in 75 to 80 per cent of the value of the catch. It was a labour-intensive fishery, and the crew shares reflected that reality. These crew members, many of them professional halibut fishermen, had "busted their butts" to catch the fish that counted as the historic portion of the vessel quota, but they received no recompense for their pre-quota efforts under the advisory process conducted by DFO. As quoted above, the Fisheries Council of British Columbia described the manner in which DFO conducted this advisory process for the halibut IQ system as fraudulent.

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After the introduction of quotas and the elimination of the need for a fast, high-volume catch, vessel owners (also the quota holders) found it more profitable if crew members were also eliminated. Vessel owners now take turns fishing their quotas, one boat after the other, with their fellow quota holders taking the places of men who had served them well for years. Some quota holders do still take crews, but the share of the halibut catch accruing to the boat now runs at 40 to 50 per cent — reducing the crew's historic share to 50 to 60 per cent of a catch whose size they can no longer increase by skill and effort. The halibut quota system has effectively destroyed the livelihood of all these fishermen and made their professional skills instantly redundant.

As for entry-level fishermen, if almost all halibut fishermen are vessel owners and quota holders, there is no training ground for the next generation. Entry-level fishermen cannot afford to purchase quotas and, without crew positions, they have no means of acquiring either the necessary money or the experience.

The sablefish or black cod fishery is also cited. Two crew members of a black cod boat offered the following experience of quotas in practice.

While preparing for the start of the 1990 season, the vessel owner announced that there would be a change in the crew share arrangement. Instead of sharing in the value of the catch, the crew would be paid by the pound, which made them feel they had been reduced to employees instead of co-entrepreneurs sharing the risk of the venture. They were offered five cents per pound of black cod sold and had no choice but to accept. On returning to the vessel in 1991, they found the pay offered was now three cents per pound — on fish that had been selling for up to \$5.65 per pound. In spite of many years' work in the black cod fishery, they chose to attempt to find on-shore jobs instead.

### Quotas Abroad

*Vision 2000* states that quota licensing is now "state of the art" in Iceland, Australia and New Zealand. The Commission of Inquiry's research found that New Zealand participants in the system gave mixed opinions.

Robin Hapi, General Manager and Chief Executive Officer of the Maori Fisheries Commission, in Wellington, was generally pleased with the quota regime in the inshore fishery. The quota process is being used to transfer fishing rights to the Maori people, although only 15 per cent of the fisheries have been addressed so far. Initially, these rights are being transferred to the control of the Commission; the allocation to individuals will proceed at some later date.

Mr. Ray Dobson, General Manager of the New Zealand Fishing Industry Board, an organization representing the interests of the New Zealand fishing industry, is a self-proclaimed advocate of ITQs, believing that quotas are the solution for New Zealand fisheries. He cites increased efficiency, increased flexibility and the advantages of market forces dictating fishing times.

His major concern was the high cost of the initial installation of ITQs and suggested that, to be successful, quotas must be preceded by increased research in order to develop a high level of input for the establishment of the total allowable catches. He pointed out that, particularly for inshore fisheries, owner-operator provisions were vital. He said the enforcement of quota objectives was a problem — it appears high grading in the rock lobster fishery is rampant — but he claimed New Zealand fishermen are adjusting, recognizing that it is in their own best interest to fish legally.

Mr. Brian Piner, with 30 years experience as a fisherman, 15 of them as a vessel owner/skipper, is a resident in Greymouth on the west coast of the South Island. Strongly opposed to quotas, he warns that British Columbia fishermen should resist any system

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similar to that imposed on the New Zealand industry. He said that British Columbia industry fears of corporate control were realized in New Zealand: four major companies control the majority of quotas for both the inshore and deep water resources. These companies allocate a quota to a fisherman for a lease fee. Real prices New Zealand fishermen receive for their catch are lower than pre-quota ones, as companies attempt to service debts incurred in the purchase of quotas. In Greymouth, a small coastal community, he said there are about 50 fishing boats, but only four or five of these now have their own fishing quotas. The rest lease the right to fish from company-held quota licences, and they must accept the prices offered or forgo the quota.

Ken Shirley, former Minister of Fisheries for New Zealand, was quoted in the newspaper *Grey Star* as saying, "with hindsight the government should never have introduced permanent fishing quotas." It proved impossible to get official confirmation of this statement from the Ministry of Agriculture and Fisheries for New Zealand.

### Legality

Quotas raise a jurisdictional question that may cripple the entire proposal: Is it constitutionally legal for the Government of Canada to regulate any fishery, once access has been transferred from common property access to individual entitlement? Such privatized rights as individual quotas could be beyond the necessary legislative competence of the federal government since, as private property in the legal sense, IQs would be subject to the authority of provincial law relating to property and civil rights.

In 1985, the Faculty of Law at Dalhousie University analyzed this issue. Its report, *Individual Entitlements in The Tidal Fisheries: Some Legal Problems* by Bruce H. Wildsmith, Professor of Law, K.J. Spears, LL.B, and W.G. Wharton, LL.B, was prepared under contract for DFO.

The report defines the historic role of the federal government: under the power of the Constitution Act, 1867, Section 91 (12), the fisheries in Canada are an area of jurisdiction allotted to the federal government. It also confirms the fisheries as common property, offering the *Canadian Law Dictionary* definition: "that which belongs to the citizenry as a whole."

The report finds that individual entitlements, resource allocations, or individual quotas — all meaning the same thing — give to an individual a right to harvest a definite quantity of fish, expressed either as a fixed amount or as a percentage of the total allowable catch. Privatization of the resource in this manner removes the right of public access to a common property, and converts this to private property.

Calling on constitutional considerations, administrative law, and the *Canadian Charter of Rights and Freedoms*, the report acknowledges that legal interpretations recognize a provincial proprietary right and provincial legislative jurisdiction over property and civil rights. However, it considers that the federal government has the necessary legislative competence for control over the total harvest of fish in all waters recognized by international law as being within Canada's jurisdiction; further, the Department of Fisheries and Oceans can legislate to create exclusive transferable rights, ITQs, to fish in waters beyond provincial jurisdiction.

But the report points out that the Supreme Court of Canada has held the seabeds under the waters in the straits and gulfs between Vancouver Island and the Queen Charlotte Islands and mainland to be property of the Province of British Columbia. The first three miles of territorial sea could be similarly included as provincial property. Within this area, in the report's opinion, the actions of DFO in attempting to regulate IQs could be found to be *ultra vires*, that is, beyond their authority or legal power.

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The report recommends that, if individual entitlements are to be granted by DFO, they should only be for fisheries in areas that are offshore, beyond provincial boundaries, unless fisheries are to be used as the vehicle for determining provincial boundaries. Alternatively, DFO should seek co-operation from the province to alleviate the necessity of drawing firm boundaries.

The Department has pursued neither of these options with British Columbia, consequently the six individual quota systems that have been implemented in Pacific fisheries may be subject to legal challenge on these jurisdictional grounds.

From the Commission of Inquiry's public hearings and written briefs, and from casual conversations with fishermen and industry workers, the points against quotas can be summarized as follows:

- they convert a common property resource to private property;
- difficulty of enforcement of high grading and the exceeding of quota limits;
- threat of foreign control;
- concentration of licences in the hands of too few individuals or corporations;
- reduces the opportunity for entry-level fishermen;
- creates unemployment through quota stacking;
- permits unfair labour practices; and
- may be constitutionally unsound and subject to legal challenge.

## RECOMMENDATIONS FOR INDIVIDUAL QUOTAS

### The Problem:

Are IQs, IVQs or ITQs a method that should be continued or expanded as a management system for Pacific fisheries?

### Recommendations

Fishermen and resource managers should be aware individual quotas are not simply an alternative licensing system. The transition to IQs is a fundamental change that converts to private property that which has been a public or common property resource.

The fishing industry is prepared to accept changes, but these changes must be the result of evolution, not revolution. Fishermen will not accept changes that have been manipulated into place. They will not accept changes that are the result of balloting where licence holders are asked to vote for or against personal gain.

There are some significant disadvantages to quota fisheries, but the three personal licensed quota fisheries present no current problems: Spawn-on-kelp and herring food and bait are each unique fisheries and the present management system is adequate; the abalone fishery is closed.

**Recommendation 1:** that the spawn-on-kelp and herring food and bait fisheries continue as at present.

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**Recommendation 2:** that, of the three vessel-assigned quota fisheries, geoduck, sablefish and halibut, introduced as two-year pilot projects, none be instituted as longer term quotas until the consultative process has had the opportunity to provide recommendations for change. Pending this input, the existing quota system should be extended on a year-to-year basis.

**Recommendation 3:** that, where as specified in this report individual quotas are working or can be satisfactorily amended, industry leave the question of constitutional authority to be resolved by the Government of Canada and the Province of British Columbia.

**Recommendation 4:** that, if more quota fisheries are announced for implementation, legal challenge on a constitutional basis should be considered to halt implementation, pending a Supreme Court decision.

**Recommendation 5:** that no quota, under any circumstances, should be issued for a term exceeding 10 years, an adequate time for the amortization of investments specific to each fishery.

**Recommendation 6:** that all vessel quotas, following the initial allocation, be reallocated by tender or auction with all successful tenders normalized; that is to say, with the lowest acceptable tender then being the unit price applicable to all successful tenders. A fall-safe option, or stop-loss option, should be employed, for initiation by either the fishermen or the government, to protect against abnormal market changes.

**Recommendation 7:** that the proceeds derived from the tender process be to the benefit of the government department or agency regulating quota licensing, thus recovering part of the cost of management, protection and enhancement of the fisheries. Further, the quota fee tendered should be payable at the time of landing the catch, in order to give equal opportunity to new applicants who have not had the benefit of past allocations. Further, the unit size of reallocated quotas should be governed to accommodate new entrants.

The aim of this system is to reduce overcapitalization and to encourage entry-level fishermen by reducing fishermen's investment in licences or quotas. The market price of quotas should decrease under the influence of two factors: first, prices will be lower simply because the quotas are not awarded in perpetuity; second, as each term reaches maturity, quotas transferred between fishermen can be expected to drop in price to reflect the reduced, remaining potential earnings of the quota allocation.

**Recommendation 8:** that crew shares in the black cod, halibut and geoduck fisheries be encompassed as an integral part of the quota process. During the trial period there should be consultation with all parties, including crew members, to arrive at a fair allocation of quotas. In the interim, the following conditions should be put into operation to resolve the problem of unfair crew shares:

- 1) As a condition of the issuance of the annual quota license, the Minister must have proof, by statutory declaration, that an equitable share agreement is in place for each vessel participating in these fisheries. The responsibility for proof should be on the quota holder.
- 2) For each of these fisheries, a single industry-wide agreement should be negotiated between representatives of the quota holders and representatives of the crew members.

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- 3) Part of this negotiation process should be the determination of acceptable expenses that might affect crew shares. Items to be considered would include: fuel, groceries, lost gear, UIC premiums, licence fees, registration fees, amortization of licence purchases, royalties, resource rents or sectoral contributions towards enhancement, biological assessment and enforcement.
- 4) The negotiation process should include determination of the areas from which expenses may be deducted (i.e., from the gross landed value, from the gross crew share, or from individual crew shares).
- 5) Following the determination of deductions, the agreement must specify the percentage of the value to be divided among crew members, and how this sum is to be divided.
- 6) Provision should be made in this agreement for the issuance to each crew member, by the quota holder, of a detailed statement showing all data relevant to the crew shares.
- 7) Every reasonable effort should be made by both sides to arrive at this agreement by a process of negotiations. Failing a negotiated settlement, binding arbitration should prevail, but only after all other factors besides crew percentage have been determined. The arbitration method should then be by "final offer selection," or "fixed choice arbitration." These terms refer to an arbitration system whereby the representatives of the two parties submit their final offers and the arbitrator selects one or other of the two offers, whichever he deems to be the closest to being fair.
- 8) Participation in the negotiation or arbitration process should be restricted to current quota holders for each of these fisheries, and those crew members who can show proof of active participation in each fishery during the period used to determine the historic landing requirements for the quota, or participation during an actual quota fishery.
- 9) The arbitration process should be facilitated by the Province of British Columbia, Ministry of Labour and Consumer Services. The provisions of Section 93 of the Industrial Labour Act authorize the Minister of Labour to appoint an arbitrator if settlement is not reached by negotiation, and if the two sides cannot agree on an arbitrator.

**Recommendation 9:** that the Minister of Fisheries and Oceans state clearly that the annual issuance of an individual vessel quota is at his sole discretion, and that this privilege grants privately guaranteed access to a common property resource. Further, it should be understood that the Minister's responsibility to fishermen is no less than his responsibility to the quota holders. Quotas should not be construed as a licence to cheat the labour component of any fishery.

**Recommendation 10:** that the Licensing Unit of Fisheries and Oceans disclose all data pertinent to the issuance of individual quotas. Citing the Privacy Act, the DFO is unwilling to provide any information of individual quotas that might make it possible to estimate personal income, but the public and fishermen have a right to know to whom the resource is being allocated. In any case, Section 3 of the Privacy Act states that "personal information" does not include "information relating to any discretionary benefit of a financial nature, including the granting of a licence or permit, conferred

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on an individual, including the name of the individual and the exact nature of the benefit." As a condition of quota licence renewal, each licensee should be required to sign a waiver absolving DFO of any culpability or liability from disclosure of information regarding quotas. Section 27 of the Access to Information Act provides for such waivers.

Recommendation 11: that, since the threat of foreign control of privatized individual quota fisheries is too great and the leasing of quotas too repugnant to permit the operation of these licences by other than the owner, all individual quota fisheries be managed with owner-operator licences.



March 6, 1992

The Honorable Lloyd Jones  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Jones:

Sealaska Corporation is the Alaska Native Claims Settlement Act regional corporation for Southeast Alaska. The majority of Sealaska's 16,000 shareholders make their homes in the region. A large percentage participate in the region's important fishery industry as fishermen, crew members, processing employees, and in related businesses in the many communities heavily dependent upon the fishing economy.

Sealaska Corporation's Board of Directors has opposed the North Pacific Fishery Management Council's (NPFMC) decision recommending to the Secretary of Commerce an individual fishery quota (IFQ) system for halibut. Sealaska's opposition is based on two important considerations. First, the opportunity to review, comment and suggest changes to the proposed IFQ system was unconscionably short for such an important action and precluded knowledgeable communication among interested parties and those directly affected. Second, it is clear that the Council did not perform the necessary analysis of the economic impacts of the proposed IFQ system. We believe that such an analysis would have revealed that the IFQ system carries far-reaching negative economic effects for all fishing communities, including those in Southeast Alaska.

While Sealaska Corporation welcomes the NPFMC's recent decision to postpone final action on the IFQ recommendation pending a further hearing and additional economic analysis, we believe that the decision to recommend the IFQ system for halibut should be rescinded totally should the full range of needed analyses not be provided or should the analysis show the effected negative economic consequences for, among others, the small boat fishery of the many smaller coastal communities.

Sealaska has commissioned McDowell & Associates of Juneau to conduct an economic impact analysis of the proposed halibut

Sealaska has commissioned McDowell & Associates of Juneau to conduct an economic impact analysis of the proposed halibut IFQ system on the communities of Southeast Alaska and their small boat fisheries that are heavily dependent on halibut. Attached hereto are the preliminary findings of the McDowell Group. The final analysis and report will be completed in time for presentation to the NPFMC during its April meeting and will be shared widely with those concerned and affected.

The concern that prompts this action can be summarized as follows. Smaller coastal communities, many in Southeast Alaska, are heavily dependent on the fishing industry, with local fleets, buying and/or processing facilities, and fishery-related businesses of various kinds. In many instances these communities would be economically and socially devastated by any significant reduction in the opportunity to participate in any given fishery. These communities are already threatened because of statutory, regulatory and industry changes over the years that have limited the numbers of participants, restricted the availability of the fishery resources, and reduced the economic opportunity to participate. The sustaining viability of local fisheries for many communities comes from the ability to diversify and participate in a number of fisheries, each alone unable to sustain a local fleet and associated activity. Also, because in many communities these fisheries are critical to the local economy but make up only a small part of any particular fishery, it is often too easy to ignore the consequences of management actions on them in the pressures and demands to deal with the "big picture." Sealaska believes the proposed IFQ system is an example of this problem; and may devastate many, many fishing communities. Without question, halibut is a key fishery for a very large number of smaller communities; any decision that would reduce further the opportunity to harvest and process in those communities must be very carefully assessed.

Sealaska Corporation believes that there are very compelling public policy issues raised by the proposed IFQ system proposed that have not yet been addressed, and respectfully requests that both the time and the resources necessary to resolve these issues be made available before a final decision is made.

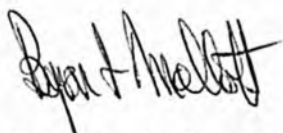
Sealaska Corporation is fully aware of the resource management concerns that have prompted the NPFMC's action. We believe, however, that remedial, interim solutions, although not perfect, are much preferable to a wholesale solution that unintentionally, but irrevocably, would further damage communities and people whose whole existence is tied up in the struggle to maintain a viable fishing industry of which halibut is a vital component.

We will be in further communication with you on this vital issue.

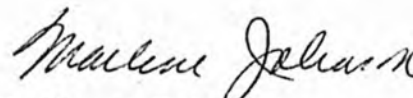
Thank you for considering our views.

Sincerely,

SEALASKA CORPORATION



Byron I. Mallott  
Chief Executive Officer



Marlene Johnson  
Chairman of the Board

BIM/RWL:mlh

cc: Southeast Presidents Association  
Albert Kookesh-ANB Grand Camp  
Selina Everson-ANS Grand Camp  
Ed Thomas-Tlingit & Haida Central Council  
Julie Kitka, President-Alaska Federation of Natives  
International Halibut Commission  
Carl Rosier, Commissioner, Department of Fish & Game  
Alaska State Legislators  
Alaska Congressional Delegation  
Alaska Municipal League  
Southeast Alaska Mayors  
Members of the Board of Fisheries  
Sealaska Corporation Board of Directors  
Southeast Conference  
Barbara Franklin, U.S. Secretary of Commerce

Prepared by: MCDOWELL GROUP

**Preliminary Findings from the Study of the**  
*Socioeconomic Impacts of the Proposed IFQ system on Southeast  
Alaska Coastal Communities*

**Processing Impacts**

- Overall, our preliminary analysis indicates a significant loss may occur in on-shore processing, purchases by Alaska-based processors, and in the accompanying resident processing employment and other processing economic impacts.

Depending on the monitoring and enforcement system, it is likely that buying and processing in all but a few Southeast locations will be eliminated. This will have significant economic impacts on the region, especially in rural locations that already experience low average income.

The apparent net effect of the proposed system on processing is to export a significant portion of the processing activity and its important impacts outside the state. Clearly, the system will decrease the economic contribution of these fisheries to Alaska, and especially the Southeast region, which is the closest to Seattle, a major alternative out of state port

- Processing activity and related employment in Alaska is likely to decrease under the proposed system. More vessels are likely to run to Seattle since they can schedule their harvest activity, ice or freeze the fish without the time crunch of the current openings, and use vessels equipped to carry fish out of state.
- Buying and processing in small communities is likely to be limited, and in many cases eliminated, because any monitoring and enforcement system will limit the number of locations where halibut and black cod can be landed. In Canada, processors and small ports have suffered under the IFQ system.
- The lack of buying stations in small communities will discourage harvesting by those fishermen with vessels that do not have the capability to run long distances with fish on board. This, in turn, will make them more likely to sell IFQs, permanently depriving small communities of future longline income.

## Harvesting Impacts

- Once IFQ's become marketable, those held in small communities are likely to decline in number. Many of Alaska's small communities have poor economic bases and incomes are significantly below average. This lack of adequate household income in many communities makes it economically attractive to consider selling IFQs to meet basic short term economic needs.

This low household income in small communities also prevents resident IFQ holders from generating income to purchase additional shares. Therefore, few residents of small communities do have, and fewer will have, the economic ability to upgrade their longline income.

Conversely, IFQ holders in larger communities and from urban areas outside Alaska have access to other forms of income, giving them the means to purchase IFQs from rural Alaska holders. They also generate additional income from other fisheries because it is the urban fleets which are economically driven rather than lifestyle oriented. This imbalance in economic ability will likely contribute to the drain of IFQs from small communities.

- The fleets in small communities tend to be lifestyle fleets rather than highliner fleets. This means the vessels are limited in their range and their ability to participate in other fisheries. Most other fisheries require an investment in adequate vessels and permits and most small community fishermen simply do not have the economic ability to diversify.

Being limited by IFQs, small community fishermen have no chance of improving their economic situation, except through sale of their own IFQs. As a result, the IFQ system seriously limits any future growth in longline income and ensures a drain of IFQs from rural areas.

## Harvesting Employment Impacts

- Significant harvesting employment losses are assured in rural areas by the proposed IFQ system. There are two major reasons for this:

1. As IFQ permits are drained from rural areas for the reasons stated above, crew members will lose their source of income from longlining. For many rural families, crew income from halibut and black cod is a significant part of household income., allowing them to live in their community of choice.

2. Fewer crew will be required under the proposed system because IFQ holders will no longer need to harvest the most possible fish in the least possible time. IFQ holders will be economically driven to keep as much of their limited income as possible. Instead of maximizing crew to increase catch, IFQ holders will minimize crew to increase their own income.

- Crew member will also be driven from these fisheries because the prospect of a good payday in a short period of time is eliminated. It is likely that some rural families will leave their communities to seek income in larger, more prosperous communities. The result would be population loss and accompanying economic loss in many small communities which are already having economic difficulties from other fisheries problems such as the shortening troll season. In short, one more means of earning income in rural Alaska will be eliminated.

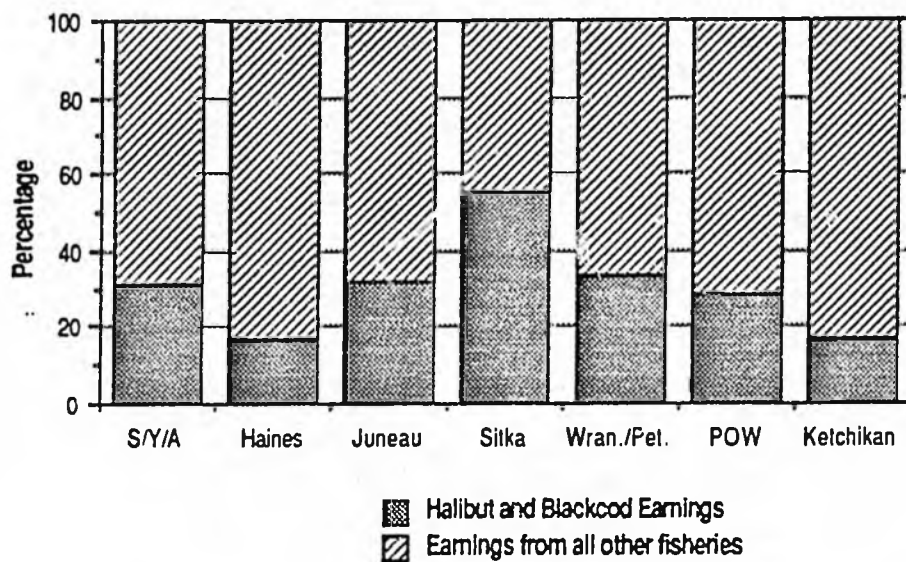
### Summary

Our preliminary analysis points to likely significant economic loss in total processing, the possible elimination of processing in small communities, less total Alaska resident income from the IFQ fisheries, especially in the smaller lifestyle communities, some rural population loss and potentially severe losses in resident crew employment. Southeast Alaska is especially vulnerable because of its nearness to out of state ports, primarily Seattle. It is also vulnerable because of the large number of communities currently benefitting economically from both harvesting and buying/processing. Their roles will likely be reduced by the proposed system.

It is our preliminary opinion that the likely negative economic consequences of the IFQ proposal are very significant and could be particularly harmful to smaller rural communities and to the lower income households which predominate in these communities.

From an Alaska standpoint, and particularly a rural one, there are no apparent economic reasons to support the proposal as it stands. Instead, there appear to be compelling economic reasons to oppose it.

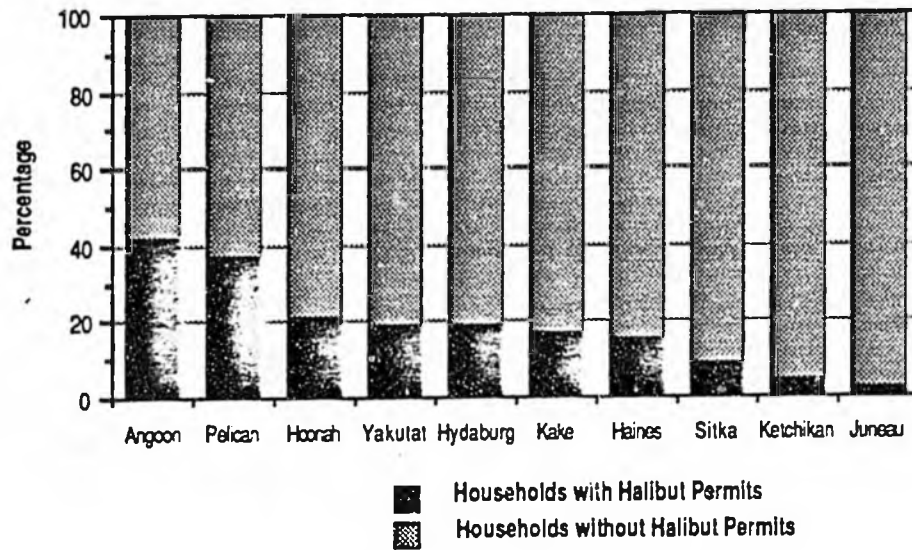
### Composition of Commercial Fishing Earnings among Southeast Alaska Residents (based 1990 Earnings data)



\*S/Y/A is the Skagway/Yakutat/Angoon Census Area. POW is the Prince of Wales/Outer Ketchikan Census Area.

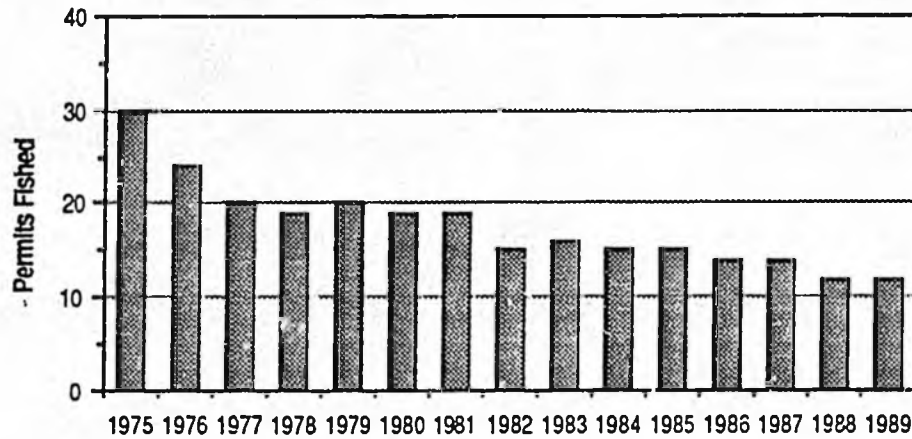
Note: This graph demonstrates the importance of the halibut and blackcod fisheries in Southeast Alaska's commercial fishing industry. These longline fisheries are particularly important to Sitka based fishermen. These fisheries are also very important to Southeast's rural fishermen (accounting for over 30% of their total gross earnings).

### Percentage of Households with Halibut Fishery Permits in Southeast Communities



Note: This table demonstrates the importance of the halibut fishery in the economies of Southeast Alaska communities. Clearly, the halibut fishery is much more important to rural households than urban households. For example, over 40% of Angoon households have a halibut longline permit compared to only 2% of Juneau households.

**Southeast Salmon Seine Permits Fished by Rural Southeast Residents  
(Skagway/Yakutat/Angoon Census Area)  
1975 to 1989**



Source: Commercial Fisheries Entry Commission.

Note: This graph demonstrates the "permit leakage" than can occur with limited entry to a commercial fishery. This example shows a steady decline in the number of salmon seine permits held by residents of rural northern Southeast Alaska. Rural communities which once benefited from these permits are now permanently deprived of that benefit. This flow of permits from rural to urban owners is fairly typical of Alaska's limited commercial fisheries.

Southeast Alaska Resident Participation and Earnings in the Halibut Fishery

1989	B06A			B61B		
	Permits Fished	Pounds	Earnings	Permits Fished	Pounds	Earnings
Angoon	59	81783	114823	10	45727	64844
Hoonah	31	64265	91385	25	573098	809549
Pelican	7	9669	13991	29	563794	778567
Yakutat	23	68512	98520	13	102632	147585
Haines	15	44632	64474	66	298901	434314
Juneau	86	247805	364030	137	1785210	2538657
Sitka	116	227760	310940	173	3397568	4743942
Kake	30	72377	101630	15	191629	269075
Petersburg	72	189114	265821	162	3882129	5491408
Port Alexander	9	59057	81459	19	348774	495590
Wrangell	38	75846	106488	83	567699	799936
Craig	23	50645	73924	37	446119	574719
Hydaburg	13	23814	33721	12	65824	93844
Klawock	7	7838	11099	8	45116	64016
Metlakatla	10	17403	24643	18	98067	138629
Ketchikan	32	34108	48212	100	1000643	1324685
	571	1274628	1805160	907	13412930	18769360

Note: B06A is for longline vessels under five net tons. B61B is for vessels over five net tons.

SJR

38

(File 2)



## SENATOR FRED F. ZHAROFF

### ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

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DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

## SJR 38 SPONSOR STATEMENT

January 21, 1992

The Alaska commercial fishing industry is a vital component of Alaska's social and economic structure, the product of a dynamic matrix of elusive and abundant fishery resources, fluctuating markets, and a wide variety of diverse regional interests and needs.

The North Pacific Fishery Management Council (NPFMC) has focused a great deal of its attention on addressing certain problems in the Alaska halibut and sablefish fisheries for many years. These considerations have primarily concentrated on the development of a share-quota, or Individual Fishery Quota (IFQ) management plan for these fisheries.

IFQ management has been a highly controversial question since it was initially discussed for the Alaska halibut fishery in the early 1980s. While IFQ management had some support at that time, strong opposition to this type of management was expressed by many individual fishermen, fishermen's organizations, processors, municipalities, and other organizations. In 1983, the Alaska Legislature expressed its opposition in Legislative Resolve Number 7, "Relating to the imposition of a halibut moratorium and the establishment of a shares system for halibut in Alaska".

Since that time, the NPFMC has continued to pursue the development of IFQ management plans for the halibut and sablefish fisheries regardless of the continued opposition. At their December, 1991 meeting the Council passed an IFQ management plan for the halibut and sablefish fisheries in spite of overwhelming testimony against such action. Again, concerns were strongly expressed by a large and diverse group of individuals, organizations, and industry and municipal representatives, to no avail.

The NPFMC has essentially decided to address the problems they have identified in the halibut and sablefish fisheries by artificially inducing a dramatic reduction in the number of participants through economic attrition. Any IFQ plan will exclude participants who fail to meet the criteria to qualify for initial share allocations. "Marginal" operators will find it necessary to either buy more shares to allow them continued viability in the fishery, or sell out completely---an increased burden on the conduct of their business either way. Eventually those with the greatest wealth and financial stability will survive this attrition process, and those fisheries will be owned by fewer and fewer people.

Referring to a study of the socio-economic impacts of the IFQ plan passed by the NPFMC now being conducted by the National Marine Fisheries Service (NMFS), council member Clem Tillion recently was recently quoted: "The state supports the program and is convinced the study will show it is beneficial for Alaska to do this", and regarding Governor

Hickel's request that the Council delay proceeding with the implementation process of the plan until the NMFS study is completed, that the governor was "reacting to a lot of community councils who don't know anything about fishing" (Anchorage Daily News, January 14, 1992).

The implementation of an IFQ system in the halibut and sablefish fisheries will have serious impacts on the Alaska commercial fishing industry and Alaskan coastal communities. This action will be precedential and virtually irreversible. Concerns that have been repeatedly expressed regarding the socio-economic impacts and the administrative and enforcement costs of IFQ management have not been adequately recognized or addressed by the NPFMC. Alternate, more flexible management measures have not been attempted.

I urge the Legislature to once again add its voice to those who wish to maintain the commercial fishing industry as one of the most important elements of our state's economy. I urge your support and the expeditious approval of SJR 38.

SJR 38

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# North Pacific Fishery Management Council

Richard B. Lauber, Chairman  
Clarence G. Pautzke, Executive Director

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Anchorage, Alaska 99501



Mailing Address: P.O. Box 103136  
Anchorage, Alaska 99510

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July 19, 1991

Dear Reviewer:

Enclosed is a draft Environmental Impact Statement/Regulatory Impact Review/Initial Regulatory Flexibility Analysis (EIS/RIR/IRFA) of proposed individual fishing quota management alternatives for the halibut fisheries in the Gulf of Alaska and Bering Sea/Aleutian Islands. This document was reviewed by the Council at their June 24-29, 1991 meeting and approved for public distribution.

The Council requests that anyone having additional information pertaining to the amendment, its alternatives, or the draft EIS/RIR/IRFA, submit it to the Council during the 45-day public comment period which commences August 2, 1991. All new information will be summarized and included when possible in the final documents. Written comments should be received in the Council office no later than 5:00 p.m. (ADT) on September 16, 1991.

The Council is also asking for the opinions of the fishing community and other affected individuals regarding which alternatives the Council should approve. It is hoped that the draft analysis will help the public provide meaningful and constructive feedback to aid the Council in their deliberations.

At their September 23-27, 1991 meeting in Anchorage, the Council will make their final decision on whether to submit the amendment and supporting documentation to the Secretary of Commerce for implementation. The Council will accept oral testimony at the September meeting; however, such testimony should be limited to clarification of earlier written comments and recommendations about the Council's choices rather than submission of new information.

## 1.0 INTRODUCTION

### 1.1 Management Background

The commercial harvest of halibut began off Alaska in the 1890s. The size of the fleet increased with the advent of power driven schooners and cold storage plants. (Thompson, 1975). The steamer fleet with sail-powered dorys peaked in 1914 and declined thereafter. Next came a schooner fleet in the 1920s. These vessels were designed solely for longlining and many are still fishing. Most of the vessels currently operating in the halibut fleet were constructed in the 1970s and are capable of using more than one gear type (IPHC, 1989). Halibut harvests coastwide have ranged from 56.9 million lbs in 1929 to a low of 21.3 million lbs in 1974 and a peak of 74.3 million lbs in 1988.

The management of halibut was originally controlled by both Canada and the U.S., each off their respective coasts. In 1923 the International Pacific Halibut Commission (IPHC) was established by a convention between the two nations. An additional treaty was signed in 1953 and amended by protocol in 1979. The IPHC has the authority to:

1. Establish regulatory areas;
2. Limit catch by area;
3. License vessels;
4. Regulate gear types;
5. Protect nursery areas;
6. Collect statistics; and
7. Conduct scientific research.

The IPHC has exercised its authority in all of these manners and currently uses regulations of all seven types off the coast of Alaska.

In 1982, the U.S. government added to the management of halibut by delegating additional, but not conflicting, regulatory authority with the geographically responsible Fishery Management Councils (Northern Pacific Halibut Act of 1982, P.L. 97-176). Among other authorities, this act allows the Councils to develop limited entry criteria as set forth in Section 303(b)(6) of the Magnuson Fishery Conservation and Management Act (MFCMA) for approval by the Secretary of Commerce. This limited entry authority is provided "That the Regional Council may provide for the rural coastal villages of Alaska the opportunity to establish a commercial halibut fishery in areas in the Bering Sea to the north of 56 degrees north latitude during a 3 year development period." (16 U.S.C. 773-773k). The Act also prohibited foreign fishing for halibut in the 200-mile Exclusive Economic Zone (EEZ). The North Pacific Fishery Management Council (Council), by virtue of its geographical authority under the MFCMA and the Halibut Act, regulates halibut off the coast of Alaska.

In 1978 the Council became concerned about a rapidly expanding halibut fleet. Total allowable catches (TACs) of halibut were increasing each year but the seasons were shortening. Concerns centered on resource management and the availability of a quality product to the consumer throughout the year. In November 1978, the Council set December 31, 1978 as a cut-off date for eligibility in the eventuality that some form of limited access was developed in the succeeding two or three years.

Beginning in 1979, workgroups began to assess methods of limiting access to the halibut fishery. A moratorium was proposed by the IPHC at their February, 1982 meeting, requested by various industry segments, and approved by the Council at its March, 1982 meeting. Regulations to implement the

moratorium were published in the Federal Register on February 3, 1983 (48 FR 4861-4863). The moratorium was disapproved by the Administrator of NOAA on June 15, 1983 following a recommendation from the Office of Management and Budget (OMB). The reason given for disapproval was that "(a) moratorium on entry into this [halibut] fishery would not contribute to a resolution of the problems of excess participation and overcapitalization, and could even introduce further inefficiencies and inequities to the fishery." (NMFS, 1983). The refusal referenced an OMB suggestion that any further consideration of limited access include an alternative "with free marketing of fishery permits by individuals" (OMB, 1983).

During this same time period, consideration was already being given to an IFQ form of management. The Council contracted with Northwest Resources Analysis of Seattle, Washington to prepare a study of limited access options in the halibut fishery (Northwest Resource Analysis 1983). Because there was substantial information already available about other forms of limited entry, the Council directed that the study should determine whether an IFQ system would be feasible under the current conditions of the fishery. The report concluded that an IFQ system of management held the greatest potential for resolution of problems in the fishery. The report estimated that potential net benefits from such a system, including costs of unreported catch, would be at least \$5.373 million.

Following disapproval of the moratorium, the Council continued with some studies of halibut limited access. However, the Council's halibut workgroup soon dissolved and Council energies were redirected to other issues. Limited access energies switched to sablefish in 1985 and to all groundfish, crab, and halibut in 1987. In 1986, concurrent with limited access discussion for the sablefish fishery, the Council awarded a contract to Dittman/Graystar to survey the groundfish industry concerning future problems and management strategies.

Dittman/Graystar completed surveys of 82 processors and 408 harvesters (Dittman/Graystar, 1987). Seventy-four percent of the harvesters and 76% of the processors thought that current management was a problem in the groundfish fishery. Of these, 30% of the harvesters thought the main problem was too much effort and 29% of the processors thought the problem was too short an opening. Forty-five percent of harvesters targeting primarily on sablefish thought the problem was too much effort as did 32% of those having sablefish as the secondary species. When asked if there would be a need to limit the number of fishermen in the future, 60% of the harvesters and 58% of the processors said "yes". Of those harvesters targeting primarily on sablefish 65% said "yes", and 71% of those taking sablefish as a secondary species said "yes".

At its September 1987 meeting the Council adopted a Statement of Commitment for groundfish management (NPFMC, 1987a) which read, in part:

"Expansion of the domestic fleet harvesting fish within the EEZ off Alaska has made compliance with the MFCMA's National Standards and achievement of the Council's comprehensive goals more difficult under current management regimes. The North Pacific Fishery Management Council therefore is committed to pursue alternative management methods that will support the Comprehensive Goals adopted by the Council and achieve more productive and rational effort and harvest levels in the groundfish fishery."

The statement went on to say that, in order to fulfill this commitment, the Council will:

3. Consider effort management in the halibut and crab fisheries."

The Council began development of sablefish limited access alternatives following the September meeting. The Council stated that any such limited access system developed for sablefish should be flexible enough to incorporate halibut in the future.

The Council directed its staff in April 1988 to develop five management options for the sablefish fixed gear fishery: (1) open access with no action taken; (2) open access modified to include sablefish and halibut as bycatch in other hook and line fisheries; (3) individual fishing quotas; (4) license limitation; and, (5) a system which combined permits, IFQs, and open access fisheries. A draft sablefish management document including these alternatives was released for public review on August 10, 1988.

At its December, 1988 meeting, the Council refined the options to be considered for sablefish limited access. They indicated their preference to expand and analyze two options: IFQs and licenses. A Sablefish Management Committee composed of Council members was formed to review these alternatives and make recommendations as necessary.

At its January 1989 meeting, the Council began consideration of limited access for all fisheries under its jurisdiction. The Sablefish Management Committee was then renamed the Fishery Planning Committee and given the task of structuring management approaches for all fisheries. The Committee met several times during the spring of 1989 to develop recommendations to the Council concerning problems and concerns facing the fisheries. A series of public scoping meetings focused on limited access for all species, including halibut, were held in Seattle, Kodiak, Dillingham, Sitka, and Anchorage (NPFMC, 1989a).

A major task of the Fishery Planning Committee was to make specific recommendations on the structure of IFQ and license systems for sablefish and halibut. At its April, 1989 meeting the Council received additional testimony, mostly against limited access. The Council modified several of the Committee's recommendations and, at its June meeting, directed the staff to fully analyze two alternatives for sablefish management: license limitation based on vessel size class and individual transferable quotas (ITQs) based on historical landings. At its September 5 meeting, the Committee directed staff to analyze a third alternative, annual fishing allotments (AFAs). This open access alternative was incorporated into the analysis by the Council at its September meeting, and the draft SEIS/RIR/IRFA was released for public review in November, 1989.

At its January, 1990 meeting, the Council determined that the license limitation option and the annual fishing allotment option were unacceptable in terms of adequately addressing the ten problems identified in the sablefish fisheries. Therefore, they directed staff to prepare additional analyses of only two options: continued open access and Individual Fishing Quotas (IFQs). A Supplement to the SEIS/RIR/IRFA was presented to the Council at the April, 1990 meeting and released for public review in May, 1990. A final decision for sablefish limited access was scheduled for June, 1990 with a target implementation date of 1992. With the Council unable to form a consensus on the specifics of an IFQ system at the June meeting (or at the subsequent August, 1990 meeting), the issue was tabled until the following meeting. At the September, 1990 meeting the tabled motion was revived and then immediately tabled again until the December meeting. At the December, 1990 meeting the motion was removed from the table and remanded to the Fishery Planning Committee for further development. This further development was to include additional options for an IFQ system which were introduced at the December meeting. The Council also went on record at that time expressing the intent that the same alternatives for an IFQ system would be considered for the halibut fisheries as well, and that, ultimately, some type of combined IFQ system would be considered for both sablefish and halibut.

Note that, while the alternative IFQ systems shown in Table 1.1 constitute individual packages, it is the Council's intent to be able to choose from among the components of each system when designing the final IFQ alternative.

#### 1.4.3 Alternatives considered and rejected

When the Council began consideration of limited access alternatives for sablefish in 1987, there were three basic alternatives to open access which were considered: license limitation, individual fishing quotas, and annual fishing allotments. These three systems have been discussed and analyzed in detail since that time (NPFMC 1988, NPFMC 1989). Based on these discussions and analyses, the Council has gone on record as stating that "neither license limitation nor annual fishing allotments were acceptable alternatives for solving the problems in the sablefish fisheries".

The Council discussed annual fishing allotments but determined that because this alternative combined open access and a form of individual fishing quotas, it would result in a more complicated management program than either program alone and would not eliminate the problems associated with open access management.

The Council discussion on license limitation concluded that a reduction in fleet size would be necessary to temporarily alleviate the problems in the sablefish fishery. It was apparent that such a reduction might not be possible in an equitable manner. It was also apparent that a reduction in the number of vessels could soon be offset by an increase in fishing power per vessel and that this alternative would only change the rules of the race for fish but would not replace it as the mechanism for allocating fixed gear sablefish TACs among competing fishermen.

In short, neither license limitation nor annual fishing allotments held the potential for alleviating the basic problem in the fishery which is the race for fish. It is this race for fish which gives rise to a myriad of other problems in the fishery as identified in the preceding chapter. Therefore, the Council proceeded to undertake a more extensive analysis of the IFQ alternative to open access. Discussions and analyses of limited entry since then have centered on the specific components of a possible IFQ alternative management program. As the Council discussions for sablefish management proceeded through 1989, 1990, and 1991 the halibut fisheries were brought into the picture for IFQ consideration as well. The Council and its Fishery Planning Committee have worked towards refining the IFQ alternatives for sablefish with the intent that such a system would eventually incorporate halibut. Therefore, the only viable option to open access in the halibut fisheries was deemed to be an IFQ system which would work in conjunction with a sablefish program, and possibly with other longline fisheries. The specific options for an IFQ system for halibut have closely mirrored those set down for sablefish. The structure of this EIS, as well, closely mirrors the analyses performed to date for sablefish limited entry alternatives.

#### 1.5 Arrangement of this Document

This document contains ten additional chapters. Chapter 2 describes the biology of halibut and their physical environment. Chapter 3 contains a description of the social and economic environment surrounding the halibut fishery, including descriptions of the harvesting, processing, and marketing sectors of the industry and a description of recreational and subsistence fisheries. Chapter 4 contains the detailed analysis of the effects of the different options within the IFQ alternatives and a comparison of these effects to the status quo. Chapter 5 of this document is devoted to the social aspects of the fishery. This chapter contains detailed information on the rural/coastal communities which may be impacted by an alternate management system. This includes current information on

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CHRISTOPHER S. BOND, MISSOURI  
BLAKE GORTON, WASHINGTON

## United States Senate

COMMITTEE ON APPROPRIATIONS  
WASHINGTON, DC 20510-6025

JAMES H. ENGLISH, STAFF DIRECTOR  
J. KEITH KENNEDY, MAJORITY STAFF DIRECTOR

December 4, 1991

Richard B. Lauber  
Chairman  
North Pacific Fishery Management Council  
P.O. Box 103136  
Anchorage, AK 99510

Dear Rick:

RECEIVED JAN 13 1992

I'm informed that the Council plans to take final action at its current meeting on a proposal to implement Individual Fishing Quotas (IFQs) for sablefish and halibut. I continue to hear from Alaska fishermen who are concerned about the impact of the proposal on them and the communities who depend on income from these fisheries. Some have gone so far as to ask me to oppose IFQs altogether. I understand that Congressman Young has also written you regarding the IFQ proposal.

Last June I wrote to you to express a number of concerns about the IFQ concept. It is still not clear from the Council's November 22 decision document what this proposal will cost and how it will be funded. It appears that the proposal could cost at least \$4 million annually. If those funds are to come from the already tight National Marine Fisheries Service budget, other important fishery programs, such as stock assessment and high seas fishery enforcement, may suffer.

The Council's decision document has only been available to the public for 12 days, so many fishermen have not yet had time to assess the impact the IFQ proposal will have on them or their communities. Given the time and effort that the Council has spent developing the IFQ concept and the importance of this decision, I urge you and other members of the Council to allow more time for public comment on, and further review of, the IFQ proposal's impact before taking final action. Thanks for your consideration of my views.

With best wishes,

Cordially,

  
TED STEVENS

11-26-91 03:00PM

FROM SENATOR MURKOWSKI

TO 313074662470

F002/003

FRANK H. MURKOWSKI  
ALASKA

COMMITTEES:

SELECT COMMITTEE ON INTELLIGENCE (VICE CHAIRMAN)  
ENERGY AND NATURAL RESOURCES  
FOREIGN RELATIONS  
VETERANS' AFFAIRS  
SELECT COMMITTEE ON INDIAN AFFAIRS

# United States Senate

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November 25, 1991

Rick Lauber  
Chairman  
North Pacific Fishery Management Council  
411 Fourth St., Suite 20  
P.O. Box 103136  
Anchorage, AK 99510

Dear Rick:

The North Pacific Fishery Management Council is one of the success stories in the business of fisheries management. Its decisions have, almost without exception, been equitable, well-planned and significantly beneficial to the industry as a whole. The broad expertise in the industry represented on the Council is one of the most valuable of all our fishery resources.

I have always felt that it is best for those on the political side of fisheries issues to leave decisions in the Council's hands, and have strongly defended the Council's actions in many past cases.

I have no intention of altering that course now. At the same time, I feel that it is important to bring a recent phenomenon to your attention.

I have for some time been receiving an extraordinary volume of correspondence from Alaskans and others concerned about the Council's plans to impose an Individual Fishery Quota plan. Many of these writers have indicated they do not believe their views have been given adequate consideration.

The letters I've received express a wide variety of concerns. I have been particularly struck by three that seem to be shared by most writers:

First, that the Council's current implementation plan would cause significant social and economic disruption in coastal communities through the loss of perhaps thousands of crew berths, with the possibility that there would be subsequent disruptions including a loss of tax revenues, increased unemployment, etc., perhaps culminating in a significant population loss.

Rick Lauber  
November 25, 1991

Page 2

Second, that there is a distinct possibility that it will lead many participants to land fish in fresh markets outside Alaska, rather than to land their catches in Alaska ports. This, too, would create a disruption of the economic fabric, if it proved true.

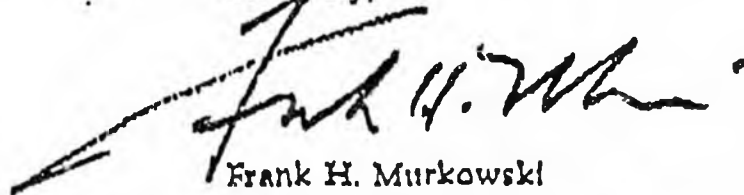
Third, that the costs of implementing the IFQ program would prove prohibitively high, and that it will be very difficult to ensure comprehensive enforcement.

A variety of other issues have also been raised, ranging from concern that it will be very difficult for any non-shareholder to move into shareholder status, to worry about the economic impact on service businesses. I'm sure you have heard all these expressed many times before.

I cannot evaluate all these charges; that is the Council's job alone. I can speak with some knowledge only on the issue of funding. Candidly, this issue concerns me, because the budgetary environment would be extremely difficult if a significant increase were needed to cover implementation, administration and enforcement. Unless a system which could pay for itself were devised -- and that might require legislative changes -- the additional cost would in all likelihood have to be taken from existing programs.

Again, I want to emphasize that the purpose of this letter is solely to apprise you of some of the correspondence I have recently been receiving on this subject, and not in any way to urge the Council toward a specific action. Indeed, I trust that the Council -- in its normal exemplary fashion -- already will have examined all these factors in great detail, and is completely confident that its record will provide all the support necessary for whatever action the Council chooses to take.

Sincerely,



Frank H. Murkowski  
United States Senator

DON YOUNG

CONGRESSMAN FOR ALL ALASKA

WASHINGTON OFFICE  
2331 RAYBURN BUILDING  
TELEPHONE 202/225-5765

COMMITTEES:

INTERIOR AND INSULAR  
AFFAIRS

MERCHANT MARINE AND  
FISHERIES

POST OFFICE AND  
CIVIL SERVICE



# Congress of the United States

## House of Representatives

Washington, D.C. 20515

April 1, 1991

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Box 177  
KODIAK, ALASKA 99515  
P.O. Box 1860  
NOME, ALASKA 99762

The Honorable Fred Zharoff  
Alaska State Senate  
P.O. Box V  
Juneau, AK 99811

Dear Fred:

Thank you for the copy of your letter to the North Pacific  
Fishery Management Council regarding individual fishery quotas.  
I appreciated hearing from you.

As you are aware, I personally do not believe in supporting  
fishery management schemes that do nothing to conserve fish but  
instead help line the pockets of attorneys. At the same time, I  
believe that those affected by fisheries management should have a  
voice in how management is to be carried out. If the Council  
decides on the basis of support from affected fishermen that a  
quota system is necessary, I will abide by the Council's deci-  
sion. However, like you, I believe that the Council has to look  
at a lot more information before making a decision.

Please continue to keep me informed of your views on this and  
other matters.

Sincerely,

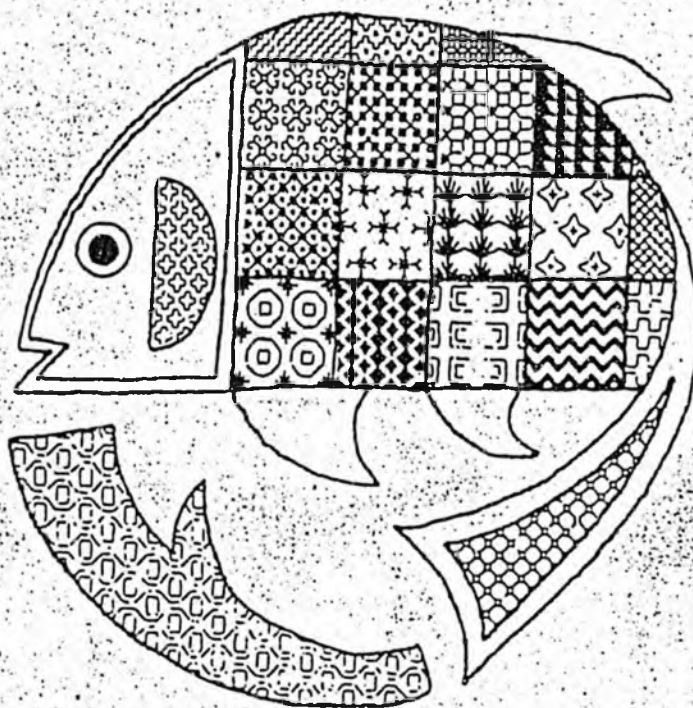
DON YOUNG  
Congressman for All Alaska

DY:rmm



# Magnuson Fishery Conservation and Management Act

As Amended Through November 28, 1990



U.S. DEPARTMENT OF COMMERCE  
National Oceanic and Atmospheric Administration  
National Marine Fisheries Service

16 U.S.C. 1802

(12) The term "foreign fishing" means fishing by a vessel other than a vessel of the United States.

(13) The term "high seas" means all waters beyond the territorial sea of the United States and beyond any foreign nation's territorial sea, to the extent that such sea is recognized by the United States.

101-627

(14) The term "highly migratory species" means [species of tuna which, in the course of their life cycle, spawn and migrate over great distances in waters of the ocean.] tuna species, marlin (*Tetrapturus* spp. and *Makaira* spp.), oceanic sharks, sailfishes (*Istiophorus* spp.), and swordfish (*Xiphias gladius*).\*

\* The bracketed definition is in effect for section 102 until 1/1/92, and is then deleted; the underlined definition is in effect for other sections.

(15) The term "international fishery agreement" means any bilateral or multilateral treaty, convention, or agreement which relates to fishing and to which the United States is a party.

101-627

(16) The term "large-scale driftnet fishing" means a method of fishing in which a gillnet composed of a panel or panels of webbing, or a series of such gillnets, with a total length of one and one-half miles or more is placed in the water and allowed to drift with the currents and winds for the purpose of entangling fish in the webbing.

(17) The term "Marine Fisheries Commission" means the Atlantic States Marine Fisheries Commission, the Gulf States Marine Fisheries Commission, or the Pacific Marine Fisheries Commission.

101-627

(18) The term "migratory range" means the maximum area at a given time of the year within which fish of an anadromous species or stock thereof can be expected to be found, as determined on the basis of scale pattern analysis, tagging studies, or other reliable scientific information, except that the term does not include any part of such area which is in the waters of a foreign nation.

(19) The term "national standards" means the national standards for fishery conservation and management set forth in section 301.

101-627

(20) The term "observer" means any person required or authorized to be carried on a vessel for conservation and management purposes by regulations or permits under this Act.

(21) The term "optimum", with respect to the yield from a fishery, means the amount of fish--

(A) which will provide the greatest overall benefit to the Nation, with particular reference to food production and recreational opportunities; and

(B) which is prescribed as such on the basis of the maximum sustainable yield from such fishery, as modified by any relevant economic, social, or ecological factor.

TITLE III -- NATIONAL FISHERY MANAGEMENT PROGRAM

SEC. 301. NATIONAL STANDARDS FOR FISHERY CONSERVATION AND MANAGEMENT

(a) IN GENERAL.--Any fishery management plan prepared, and any regulation promulgated to implement any such plan, pursuant to this title shall be consistent with the following national standards for fishery conservation and management:

98-623

(1) Conservation and management measures shall prevent overfishing while achieving, on a continuing basis, the optimum yield from each fishery for the United States fishing industry.

(2) Conservation and management measures shall be based upon the best scientific information available.

(3) To the extent practicable, an individual stock of fish shall be managed as a unit throughout its range, and interrelated stocks of fish shall be managed as a unit or in close coordination.

(4) Conservation and management measures shall not discriminate between residents of different States. If it becomes necessary to allocate or assign fishing privileges among various United States fishermen, such allocation shall be (A) fair and equitable to all such fishermen; (B) reasonably calculated to promote conservation; and (C) carried out in such manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges.

(5) Conservation and management measures shall, where practicable, promote efficiency in the utilization of fishery resources; except that no such measure shall have economic allocation as its sole purpose.

(6) Conservation and management measures shall take into account and allow for variations among, and contingencies in, fisheries, fishery resources, and catches.

(7) Conservation and management measures shall, where practicable, minimize costs and avoid unnecessary duplication.

97-453

(b) GUIDELINES.-- The Secretary shall establish advisory guidelines (which shall not have the force and effect of law), based on the national standards, to assist in the development of fishery management plans.

97-453, 99-659, 101-627

(b) DISCRETIONARY PROVISIONS.--Any fishery management plan which is prepared by any Council, or by the Secretary, with respect to any fishery, may--

(1) require a permit to be obtained from, and fees to be paid to, the Secretary, with respect to--

(A) any fishing vessel of the United States fishing, or wishing to fish, in the exclusive economic zone or for anadromous species or Continental Shelf fishery resources beyond such zone;

(B) the operator of any such vessel; or

(C) any United States fish processor who first receives fish that are subject to the plan;

(2) designate zones where, and periods when, fishing shall be limited, or shall not be permitted, or shall be permitted only by specified types of fishing vessels or with specified types and quantities of fishing gear;

(3) establish specified limitations on the catch of fish (based on area, species, size, number, weight, sex, incidental catch, total biomass, or other factors), which are necessary and appropriate for the conservation and management of the fishery;

(4) prohibit, limit, condition, or require the use of specified types and quantities of fishing gear, fishing vessels, or equipment for such vessels, including devices which may be required to facilitate enforcement of the provisions of this Act;

(5) incorporate (consistent with the national standards, the other provisions of this Act, and any other applicable law) the relevant fishery conservation and management measures of the coastal States nearest to the fishery;

(6) establish a system for limiting access to the fishery in order to achieve optimum yield if, in developing such system, the Council and the Secretary take into account--

(A) present participation in the fishery,

(B) historical fishing practices in, and dependence on, the fishery,

(C) the economics of the fishery,

(D) the capability of fishing vessels used in the fishery to engage in other fisheries,

(E) the cultural and social framework relevant to the fishery, and

(F) any other relevant considerations;

(7) require fish processors who first receive fish that are subject to the plan to submit data (other than economic data) which are necessary for the conservation and management of the fishery;

(8) require that observers be carried on board a vessel of the United States engaged in fishing for species that are subject to the plan, for the purpose of collecting data necessary for the conservation and management of the fishery; except that such a vessel shall not be required to carry an observer on board if the facilities of the vessel for the quartering of an observer, or for carrying out observer functions, are so inadequate or unsafe that the health or safety of the observer or the safe operation of the vessel would be jeopardized;

# North Pacific Fishery Management Council

Richard B. Lauber, Chairman  
Clarence G. Pautzke, Executive Director

605 West 4th Avenue  
Anchorage, Alaska 99501



Mailing Address: P.O. Box 103136  
Anchorage, Alaska 99510

Telephone: (907) 271-2809  
FAX: (907) 271-2817

July 19, 1991

Dear Reviewer:

Enclosed is a draft Environmental Impact Statement/Regulatory Impact Review/Initial Regulatory Flexibility Analysis (EIS/RIR/IRFA) of proposed individual fishing quota management alternatives for the halibut fisheries in the Gulf of Alaska and Bering Sea/Aleutian Islands. This document was reviewed by the Council at their June 24-29, 1991 meeting and approved for public distribution.

The Council requests that anyone having additional information pertaining to the amendment, its alternatives, or the draft EIS/RIR/IRFA, submit it to the Council during the 45-day public comment period which commences August 2, 1991. All new information will be summarized and included when possible in the final documents. Written comments should be received in the Council office no later than 5:00 p.m. (ADT) on September 16, 1991.

The Council is also asking for the opinions of the fishing community and other affected individuals regarding which alternatives the Council should approve. It is hoped that the draft analysis will help the public provide meaningful and constructive feedback to aid the Council in their deliberations.

At their September 23-27, 1991 meeting in Anchorage, the Council will make their final decision on whether to submit the amendment and supporting documentation to the Secretary of Commerce for implementation. The Council will accept oral testimony at the September meeting; however, such testimony should be limited to clarification of earlier written comments and recommendations about the Council's choices rather than submission of new information.

### 2.1.5 Stock Assessment and Status of Stocks

IPHC uses four principle sources of information for annually computing stock biomass: (1) landings tickets, obtained from fish processors, which provide information on the commercial catch by area; (2) logbook data, supplied by commercial fishermen, which provide information on the fishing effort associated with a given catch by area; (3) otoliths, obtained by sampling the commercial catch, which provide information on the average weight at age of individuals in the catch as well as providing the age composition of the catch; and (4) tag recoveries by fishermen and fish processors, which provide information on fish migration.

Estimates of the exploitable biomass are computed using the four sources of information indicated above. At present, estimating stock biomass is a complicated process involving three estimation procedures that reflect different levels of statistical sophistication and a variety of biological and statistical assumptions. However, the basic principles underlying the three estimation procedures are quite similar and are expressed in two ways: how the catch is related to population abundance within a given year, and how population abundances are related between years. The age composition of the catch reflects the age composition of the stock after adjusting for gear selectivity, differences in catchability among areas, seasonal and regional changes in fishing effort, and fish migration.

The total exploitable biomass of Pacific halibut in 1990 was estimated to be 235 million pounds coast-wide. This is a decrease of about 8 percent from the 1989 estimate of 256 million pounds, continuing the decline in biomass which began in 1987. Although the biomass remains close to historically high levels, the downward trend observed in abundance is consistent with long term cycles that has been observed in abundance for this population. Table 2.1 summarizes coast-wide estimates of exploitable biomass, removals, and exploitation rates for 1977 to 1990.

The annual assessment includes all removals from the stock. In addition to the commercial fishery, significant removals occur due to bycatch mortality, the recreational fishery, and waste in the commercial fishery of halibut caught and killed on abandoned or lost setline gear. Since 1984, halibut fishermen have attempted to maximize their fishing opportunities by setting more gear during a fishing period than they can retrieve before the period closes. Other fishermen inadvertently lose gear during fishing, either from gear conflicts with other fishermen or due to chafing and snagging with the bottom. The fish which remain on the lost or abandoned gear die, so this wastage must be included in the accounting of total removals from the population. Estimates of these other sources of removals are shown in Table 2.1.

### 2.1.6 Bycatch

Pacific halibut are caught inadvertently in fisheries targeting on various finfish and shellfish species and estimates of this incidental catch indicate that the removals are substantial. IPHC is supplied with estimates of bycatch in the groundfish fisheries off Alaska and the Pacific coast by the U.S. National Marine Fisheries Service (NMFS) through the Observer Program. Bycatch estimates for the Canadian trawl fishery for groundfish are supplied by Canada's Department of Fisheries and Oceans (DFO). Estimates of bycatch in other fisheries are generated by IPHC staff from information collected on research surveys or through predictive models.

Table 2.1 Summary of Pacific halibut exploitation data, 1977-1990. Biomass and removals are shown in millions of pounds (*net weight*).

Year	Exploit. Biomass	Removals				Total	Seline Expl. Rate	Total Expl. Rate
		Comm. Catch	Bycatch Mort. <sup>1</sup>	Sport Catch	Waste			
1977	132.8	21.9	18.1	0.3	0.0	40.3	0.16	0.30
1978	141.2	22.0	18.9	0.4	0.0	41.3	0.16	0.29
1979	150.1	22.5	23.7	0.6	0.0	46.8	0.15	0.31
1980	159.7	21.9	29.1	0.8	0.0	51.8	0.14	0.32
1981	174.9	25.7	22.9	1.1	0.0	49.7	0.15	0.28
1982	194.7	29.0	19.0	1.3	0.0	49.3	0.15	0.25
1983	219.8	38.4	16.6	1.7	0.0	56.7	0.17	0.26
1984	240.8	45.0	15.5	1.9	0.8	63.2	0.19	0.26
1985	263.0	56.1	11.5	2.7	1.6	71.9	0.21	0.27
1986	273.3	69.6	13.3	3.4	3.2	89.5	0.25	0.33
1987	274.6	69.4	17.3	3.6	4.2	94.5	0.25	0.34
1988	271.0	74.6	22.7	5.2	3.5	106.0	0.28	0.39
1989	256.0	66.9	21.1	5.8	3.4	97.2	0.26	0.38
1990	234.7	61.2	27.8	6.0	3.3	98.3	0.26	0.42

<sup>1</sup>Long term yield loss.

Historically, halibut bycatch mortality was relatively small until the 1960s, when it increased rapidly due to the sudden influx of foreign fishing vessels off the North American coast. The total bycatch mortality peaked in 1962 at about 25 million pounds. Bycatch mortality declined during the 1960s, but increased to about 20 million pounds in the early 1970s. Bycatch mortality dropped to a 13 million pound level during the late 1970s and early 1980s. By 1986, the bycatch mortality declined to 7 million pounds, the lowest level in recent history. However, bycatch mortality has increased since 1986, reaching 17.4 million pounds in 1990. The increase has occurred despite the termination of foreign fishing off Alaska and is attributed to increased mortality in the fully domestic groundfish fisheries, particularly in IPHC Area 4 (the Bering Sea/Aleutian Islands region). Estimates of the bycatch mortality for 1977-1990 are shown in Table 2.2 by IPHC regulatory area.

Most halibut that are incidentally caught are injured to some degree during the capture process. However, not all fish which are returned to the sea die, so the bycatch mortality is less than the actual catch. The likelihood of a halibut being killed during incidental capture depends upon the fishing operation. Mortality in trawls with long tows (> 1 hr), large catches (> 5 mt) and slow sorting (> 30 minutes on deck) is very high, approaching 100 percent. Trawling operations that transfer the trawl codends to a mothership for processing also exhibit mortality rates close to 100 percent, as the sorting process is very slow and the catches are usually large (> 5 mt). Mortality in short trawl tows (< 1 hr) with small catches (< 5 mt) and quick sorting (< 30 minutes on deck) has been estimated at 50 percent. Bycatch mortality associated with setline gear is believed to be about 16 percent, as the fish are usually released with minimal damage to the jaw. However, the use of hook strippers in the setline fisheries for sablefish and Pacific cod may result in a higher mortality rate. Mortality in crab pots is high, approaching 100 percent, according to research cruise data. Groundfish pot fisheries have been assumed by the Gulf of Alaska Plan Team to possess a 12 percent mortality rate, based on limited data from 1987-1989 ADF&G observers.

It is very difficult to make precise estimates of the effects of bycatch on the commercial-sized component of the halibut stocks because bycatch is largely made up of younger migrating halibut. Growth, mortality, and migration greatly complicate the estimation procedures. If the same age composition occurred in both fisheries one could consider the bycatch removals as merely increasing the directed removals. Migration rates of juvenile halibut are not well known, so the impact of bycatch of juvenile halibut from specific areas on adult populations in those or other areas must be made estimated indirectly.

Bycaught halibut are generally smaller than those harvested by the directed fishery. Consequently, factors such as maturity, reproductive capacity, survivorship, and growth substantially affect stock productivity. By allowing small halibut to remain at large for a longer period of time, a net gain in stock biomass occurs due to the greater cumulative gain in individual weight relative to losses incurred due to mortality. Smaller fish are less likely to be reproductively mature, and have less reproductive capacity. Those harvested earlier in their life history not only contribute less in terms of short term yield, but they also contribute less to the maintenance of future stock biomass or to future yields. Bycatch losses affect recruitment, future catch, and future reproductive potential of the stock.

IPHC's approach for compensating the stock for bycatch losses is to reduce the harvest in the commercial fishery such that the reproductive potential of the exploitable component of the stock would be the same after bycatch as it would have been if bycatch had not occurred. The compensation factor was determined to be one mt of catch limit reduction for each mt of bycatch mortality.

STOCK ASSESSMENT AND FISHERY EVALUATION REPORT  
FOR THE  
1991  
GULF OF ALASKA GROUND FISH FISHERY

Prepared by  
Gulf of Alaska Groundfish Plan Team  
North Pacific Fishery Management Council  
P.O. Box 103136  
Anchorage, Alaska 99510

November 1990

463-3043

## Section 4

## SABLEFISH

by

Jeffrey T. Fujioka

## 4.1 INTRODUCTION

The sablefish (*Anoplopoma fimbria*) resource in the northeastern Pacific Ocean extends from northern Mexico to the Gulf of Alaska, westward to the Aleutian Islands, and into the Bering Sea. This resource has been harvested by U.S. and Canadian fishermen since the early 1900's, but catches were relatively small and generally limited to areas near fishing ports from California to southeastern Alaska until expansion of foreign fleets began in the late 1950's.

## 4.2 CATCH HISTORY

Annual catches in the Gulf of Alaska averaged about 1,500 metric tons(mt) in 1930-50, and exploitation rates remained low until the Japanese longline fleet expanded into the Gulf of Alaska. Catches rapidly escalated during the mid 1960's until the record all-nation catch from the Gulf of Alaska reached 37,500 mt in 1972 and averaged about 28,000 mt in 1973-76.

Evidence of declining stock abundance led to significant fishery restrictions from 1977 to 1985, and total catches were reduced substantially. Catches in 1978-83 averaged 9,206 mt in the Gulf of Alaska and have increased steadily since then to 29,903 mt in 1988. In 1989, the reported domestic landings totaled 27,699 mt.

Table 4-1. Annual catch (mt) of sablefish in the Gulf of Alaska from 1977-1990.

year	Foreign	Domestic		Total
		JVP	DAP	
1977	15,961	0	1,179	17,140
1978	7,128	0	1,738	8,886
1979	6,885	18	3,447	10,350
1980	6,138	20	2,384	8,542
1981	7,976	0	1,941	9,917
1982	5,645	1	2,910	8,556
1983	4,966	27	3,761	9,002
1984	1,108	528	8,594	10,230
1985	38	226	12,215	12,479
1986	1	45	21,568	21,614
1987	0	180	26,145	26,325
1988	0	36	29,867	29,903
1989	0	0	29,842	29,842
1990	0	0	25,701	25,701

#### 4.3 CONDITION OF STOCKS

##### 4.3.1 Relative Abundance

Since 1978 Japan and the United States have cooperated to survey sablefish in the Gulf of Alaska with longlines. The survey area is stratified by depth and two indices of population abundance are computed: catch per effort in numbers weighted by respective strata areas to produce a relative population number (RPN) and catch per effort measured in weight multiplied by strata areas, to produce a relative population weight (RPW) (Sasaki, 1986). Strata areas used by Sasaki (1986) include areas away from the continental slope, such as gullies, not actually sampled by the survey. RPW's computed by Clausen and Sigler (1989) using only strata areas along the continental slope, while more conservative, are better substantiated.

Since 1987 the Alaska Fisheries Science Center has conducted an annual longline survey (referred to as the domestic longline survey) designed to continue the time series of the Gulf of Alaska portion of the Japan-U.S. cooperative survey. In addition to sampling the continental slope habitat, the domestic survey also conducts sampling in the major gully areas of the Gulf. RPW's obtained by the two surveys are shown in table 4-2 for depths 201-1000m.

Table 4-2. Sablefish abundance index values (1,000's) for the Gulf of Alaska from the Japan-U.S. Cooperative Longline Survey as computed by Clausen and Sigler (1989) and the domestic survey (Zenger and Sigler, 1990).

Year	<u>Cooperative</u>		<u>Domestic</u>			
	<u>Slope</u> RPN	RPW	<u>Slope</u> RPN	RPW	<u>Gullies</u> RPN	RPW
1979	223	651				
1980	203	537				
1981	255	671				
1982	365	987				
1983	347	953				
1984	369	1,011				
1985	467	1,456				
1986	471	1,437				
1987	428	1,370				
1988	483	1,503	420	1,409	248	750
1989	398	1,356	346	1,247	353	1,106
1990	302	1,035	416	1,448	297	918

The population has increased significantly since 1979, with major increases occurring in 1982 and 1985. These increases have been attributed to recruitment and growth of the 1977 and 1980 year classes. The indices decreased slightly after 1985, and indicated an increase again in 1988. Both surveys indicated a decrease on the slope from 1988 to 1989 to pre-1985 levels, but the two surveys differ considerably from 1989 to 1990. The cooperative survey indicated a significant decrease continued in 1990, while the domestic survey indicates a significant increase in 1990.

Table 1.--Catch (t) of sablefish (Anoplopoma fimbria) in the Gulf of Alaska by nation, 1958-87.

Year	United States		Canada	Japan	Other*	Total
	Domestic	Joint venture				
1958	698	0	98	0	0	796
1959	1,048	0	52	0	0	1,100
1960	1,925	0	217	0	0	2,142
1961	866	0	31	0	0	897
1962	684	0	47	0	0	731
1963	881	0	109	1,819	0	2,809
1964	1,172	0	238	1,047	0	2,457
1965	1,047	0	194	2,217	0	3,458
1966	1,067	0	335	3,777	0	5,179
1967	946	0	199	4,998	0	6,143
1968	161	0	128	14,759	0	15,048
1969	301	0	72	19,003	0	19,376
1970	578	0	68	24,497	0	25,143
1971	367	0	15	25,228	0	25,630
1972	1,086	0	16	35,558	843	37,503
1973	1,245	0	10	27,264	167	28,686
1974	1,111	0	10	24,176	3,038	28,335
1975	1,557	0	16	22,072	2,450	26,095
1976	1,151	0	23	21,924	4,640	27,738
1977	1,179	0	3	14,350	1,608	17,140
1978	1,738	0	1	6,458	669	8,866
1979	3,447	18	0	5,919	966	10,350
1980	2,384	20	0	4,831	1,307	8,542
1981	1,941	0	0	6,910	1,066	9,917
1982	2,910	1	0	4,921	724	8,556
1983	3,761	275	0	4,334	632	9,002
1984	8,594	528	0	844	264	10,230
1985	12,215	226	0	30	8	12,479
1986	21,568	45	0	1	0	21,614
1987	26,145	180	0	0	0	26,325

\*The U.S.S.R., Republic of Korea, Poland, Mexico, and Taiwan.

Sources: 1958-85--Fujioka (1987); 1986-87--Pacific Fishery Information Network (PacFIN), Pacific Marine Fisheries Commission, Metro Center, Suite 170, 200 SW. First Avenue, Portland, OR 97201.

December 2, 1991

**Public Hearing on Sablefish and Halibut IFQs**

9:07am

**Council Members present:** Hegge, Judith Freeman for Blum, Dyson, Alverson, Lauber, Mitchell, Tillion, Cotter, Kyle

9:09am           **Michael G. Wiley, Seward.**

Been involved in fishery (halibut) since 1970 as a small boat fisherman. Would like to see an end to the 24-hour halibut fishery. Congratulates Council on action, but identifies shortcomings. Nothing to address sport fishing. In Seward and Homer guiding and fishing for halibut very important. Designated ports another problem. It is not reasonable for small boats to travel too far to deliver. Can't get rid of those delivering 1,000 pounds or less but plan structured that way now. Designed plan basically for sablefish and now imposing that on halibut fishermen. Big boats will be more efficient but this will harm small boats and take free enterprise out of the system. Make plan flexible.

9:16am           **(Dave Flannagan responding to questions about primary port delivery)**

If you want to land outside state, have to clear through primary ports; tranship, will also have to do so; if want to ship in foreign commerce, through primary port; all other landings can be done through out state at any port; advance notice requirements will all be the same.

9:20am           **Geo Plagenz Homer.**

Sect. 3.5, initial allocation and quota share; has submitted written testimony; presented for Council members' notebooks; (Great Expectations) Does support IFQs to safeguard biomass, reduce danger in fisheries, better product for consumer and better price for fisherman: problem -- all quota goes to owner; halibut fishery conducted now on a share basis; not fair or legal to give all fish to vessel owners just because it's easier to figure out. In order for vessel owners to own fish they would have to have paid tax, workers' compensation, etc. They have benefitted by not paying these. Doesn't believe they can have their cake and eat it too. Wants Council to amend the language of initial allocation to allow for the legal rights of crew and skippers.

9:26am           **Warren Brown, City of Seldovia.**

17 years as a fisherman and a City Councillor. City Council passed a resolution stating please do not approve IFQs until economic analysis completed on coastal communities affected. Implementation of plan as stated would have a devastating effect. Inconveniences of selling in a non-primary port will make it difficult to sell the two canneries for sale now in Seldovia. Seldovia depends solely on fishing and processing. If any of that is taken, devastating to its economy. Fish & Game Advisory also voted in favor of the City Council's resolution. The IFQ program as stated is unacceptable. There are too many flaws in the proposal and it's not the answer yet. Bona fide crew member a joke. An alternative would be to keep qualifying years for vessels 89-90, with the same for a crew member and then maybe 6 months commercial fishing time. Don't keep deck hand completely out of it. Throw the bona fide crew-member provision completely out and let shares be sold on the open market. Estimates the small boat fleet in Seldovia could be cut by about 60%.

9:35am Commander Larry Hardwig Adak Naval Station

Two types of people on Adak, military and civilian. Period on island only two years. A lot of people stationed on island do fish commercially. Hope Council will change plan to accommodate Adak. Atka would receive a CDQ in area 4B, but Adak would not. Proposed that shares be allocated for two year periods. Not fair that those stationed on Adak in past, but no longer there would receive QS, while those there now would get none. 5th or 6th largest town in Alaska but they've never had a Council hearing there. The whole IFQ question is a surprise to them. They are not suffering from too many fishermen and congested grounds like other communities, they don't have too many boats.

9:42am David Wittmire, Homer

Long lining for 12 years for salmon and herring. Has questions on plan

1. p. 9, Section 2 discards. Don't understand why freezer long-liners are exempt.
2. p. 8, c(ii) leasing. Freezer/long-liners may sell shares for use in that category, but catcher boats may lease up to 10 percent. It appears there are two standards for the two categories. Curious why the different rules for the two vessel categories.

Jay Ginter noted that the implementation team noted the same discrepancy as far as discards were concerned. Mr Hegge stated that the matter was addressed at the last Council meeting and was left to the implementation team. Assumed that freezer long-liners would remain under a PSC cap. Mr Cotter stated that it was the Council's intention that freezer long-liners not be allowed to own QS or IFQs, and that they would have to discard. They can own sablefish QS and IFQs. Mr Hegge stated that leasing was prohibited by freezer long-liners because they were not owner operated, and it was the Council's intention to maintain the fleet as it has been operating.

9:50am John Woodruff Icicle Seafoods.

Council must consider downstream effects of its actions. He had four concerns as follows:

1. implementation plan not available long enough for adequate airing; more time needed to review plan and its impacts carefully;
2. enforcement and costs. Primary ports have increased coverage and some others may have none. Enforcement from fishing grounds will be virtually impossible, leaving potential for under-logging.
3. the percentage of fish caught and processed in Alaska by Alaskans will drop;
4. unclear whether IFQs and QS would stay with the long-line fleet or be available to other gear groups. Council should give more time and seek as much public input as possible before adopting a final version of the plan.

9:54am Stan Weikal, Mount Vernon, Washington

Individual vessel owner for 13 years. Opposed to privatization of the resource even though he would come out OK. Concerned about the short time available to review and comment. The two committees established by the Council did not have representatives of individuals, they were composed of "lobbying"

groups. Differentiation between those who own and lease boats. There is nothing to verify that waivers come from filers of fish tickets. This could be open to forgery, unless some definite means of determining who signed documents. Concerned that allocating by-catch to people in other fisheries and not passing on to those in directed fishery an amount of fish because they won't be discarding. Concerned about the leasing aspect as presently drafted. Cannot lease more than 10%. Many will receive small quotas that will not be feasible to use in some areas. Concerned about transfer of shares--i.e., his wife has been business partner but never worked on boat. Upon his death, the Quota Shares will not be able to be transferred to his wife. She will be precluded from running the business the way they would like.

10:00am Kevin Hogan

Own and operate own boat, since 1974. Small operation. Received plan 19 hours prior. Thinks implementation plan will create a large bureaucracy. Has four years College and he can't understand it. Believes fishermen will have trouble understanding the system. The use of past catch histories to determine quota will reward those who cheated. Concerned that halibut just added in to implementation plan, it should be addressed separately. Sablefish and halibut are two separate and different fisheries. Crew classification is objectionable should have opportunity to participate in the fishery. Traditional management such as gear limitations, area management, could be used instead.

10:20am Sylvia Ettefagh

Small boat fisherman out of Wrangell. totally opposed to allocating the resource, but something has to be done. Agree with the Seldovia testimony regarding small communities. Have been working in fisheries for 10 years to accrue enough to get a permit, mostly in salmon. Not in fisheries long enough to accrue quotas. If hadn't been for the halibut opening, they couldn't have made it this year. Need to provide for crewmen, too. Consider downstream effects. Those who have been trying to get into a fishery over the years are being left out.

10:25am C.K. Weaverling, Mayor, City of Cordova

Submitted written testimony. In case of Cordova fishermen, quota would be too small to be economically feasible. Others would be locked out completely; will affect employment, with downstream effects on community. Urge Council to consider more traditional management schemes. Cordova should get a CDQ. IFQs will create winners and losers. The losers will be small boat owners and those wanting to get into the fishery.

10:30am Donald C. Nesbitt

Small boat fisherman. Glad Council making decision, doesn't agree with it. Halibut and sablefish fisheries should be separated, not considered together. Basing qualifications on poundage is a problem for those like him who just started last year. He didn't get any fish, therefore not eligible. He does not believe that is right;

10:33am Laura Cooper, North Pacific Fisheries Protection Association

Submitted synopsis of testimony. Thinks it's impossible to implement and enforce this program. It cannot be fixed by fine tuning, it should be thrown out. Does not believe it can be implemented and enforced for \$4 million per year. Commander Kyle has stated that some parts of the system are unenforceable. Excludes large number of fishermen--crewmen, they could be included and required to prove their participation, same as owners. Thinks the proposed system violates the Magnuson Act. Wants to see everyone treated fairly and equitably. System is likely to annihilate the small boat fleet. It is structured so that bigger boats with financial backing will be able to buy shares and small boats forced out. Believes 75 percent of quotas will change hands in a short period. This is economic engineering to protect those who have. Also financial backing will come from foreign investors. Putting quotas into foreign control defeats

purpose of Act. The plan will devastate local Alaska communities; and related business and services. Need social impact assessment. The last SEIS was 2-3 years ago, with an update earlier this year. Major response to IFQs is negative and the Council needs to address this. Need to rationalize fisheries, but this particular program has too many flaws. Throw it out and immediately impose a moratorium and stringent management techniques to buy time, then review quotas with use it or lose it provision, auction, etc. A full SEIS should be prepared for each management proposal and then put out for public review. There are less radical and more equitable programs available. It has been rumored that those Council members voting for IFQs are doing so because of a link with the inshore/offshore issue. It is believed that members have to vote for this proposal in return for an inshore allocation. Believes if vote for this, will confirm that Council system is not working.

[Applause]

10:44 am Jim Eastwood

Petersburg vessels and crew member for 12 years. In favor of the IFQ plan. Only plan to solve wastage of the resource. He does have some concerns. These include:

1. in the case of crewmen who have been on board vessels, poundage should be taken from fish ticket landings.
2. the cost of the plan is going to be expensive. He believes the estimates contained in the plan are naive. Residents of Petersburg willing to pay a fish tax to cover administrative costs. He sees difficulties with the next two years. He believes a moratorium should be instituted immediately.

10:48am Stanley H. Mack, Mayor of Sand Point.

Submitted a resolution with regard to the IFQ program. Sand Point in similar situation to Cordova, Seldovia, and other small communities. Appreciates Council's efforts. Sand Point is a fishing community; there are not other resources there to depend upon. Fishing supports their economy, through taxes on fish. This is also relied upon for capital improvements. Pride at being able to keep up their education system. Only boat owners who have participated personally should get Quota Shares. Fishermen need to seek a year round operation. This will deny them that flexibility. Also, one of the benefits of the system has been seen as the provision of fresh fish all year round. He is not sure that canneries will want to remain open to process this fish all year.

10:57am Anna Borland, Homer

Fished 10 years, long lining halibut 8 years. When started in halibut fishery, thought she would be able to work her way up in fishery. Will be precluded from doing this under plan because of crew-member definition. She has risked her life on deck, but will get nothing out of it. All she has ever done is fish, and this plan will prevent her from continuing. Believes in preserving the industry, but not this way. Thinks there are other ways to preserve fish, such as trip limits, big and little boat quotas, spread season over summer when weather is good and gear restrictions. Urges Council to change definition of bona fide crew member and allow someone who has been in the industry to buy into system. Also make quotas non-transferable, with unused shares going into a pool for re-allocation to new people. A quota share a right to fish, not a right to sell the right to fish to somebody else.

11:02am Steve Hoag, representing the IPHC

Supports IFQ program. Thinks it will solve many problems in the fishery. Has technical comments regarding implementation. Largest concern is that of monitoring and funding for monitoring. Accurate catch statistics are critical to their work, and monitoring may be difficult. IFQ program means longer seasons and burden on data collection programs. Supports exemption of halibut long-line fleet from PSC. Think there will be lower by-catch rates with this program. If not, return to PSC limits. Re, exemption of freezer long-liners - don't see it as a serious problem. Supports having some sort of PSC limit for freezer long-liners as well as an incentive program to eliminate the perception that they're being allowed privileges.

11:10am Mako Haggerty, Homer

Fished halibut for last seven years. Doesn't like IFQ program. Doesn't think it's an equitable program or addresses the issues that should be addressed. Bona fide crewmen definition will eliminate a lot of people who have participated in the fishery. Believe the costs will be prohibitive especially for those who have to buy into the program, or those who receive very small quota shares. If conservation is the aim of the system, it has been negated by the freezer long-liner category. p. 9 C(iii) of the plan, concerning hired skippers should be deleted. Does not believe there should be two classes of people created in the halibut fishery. High-grading is a problem. Need an economic impact analysis for communities. He thinks the Council could have gotten away with implementing black cod IFQs, but since they added halibut they are experiencing widespread opposition.

11:17am Bill Kaltenecker, Cordova

Fished for eight years. Worked every year to increase the quantity and quality of fish they delivered. If allocate IFQs based on what he did three years ago, will not be able to meet present day costs. Cordova will not survive if this plan is introduced. Most people are against the system because it does not allocate quotas fairly. Resources should be allocated fairly to those who are in the industry.

11:21am Brad A. Kimberlin Fairbanks

Few fishermen in Fairbanks. Started in skiffs in 1984, building up their participation. Now have three boats. Under plan, may as well sell up. By putting halibut in with sablefish will force all small boats out of industry. Suggestions:- anyone with fish ticket landings should get a minimum quota with an additional amount for each year fished; crew classification is unacceptable. Current program favors out-of-state owners. Don't want the whole fishing industry ending up in Washington. Small coastal communities will suffer if this plan goes ahead. Vessel classification is a problem. A 54 foot boat is under 60 feet, but this is very different from a very small boat.

11:27am Paul Lints, Kasilof

Represent small boat fleet. Been halibut fishing for 13 years. Small boat fleets and small communities will be adversely affected if this plan is implemented. System isn't geared for small boats. Something has to be done; but this program is not for small boat fleet. Thinks projected costs of implementation and enforcement are projected too low; the cost will be passed onto the fisherman. There is no "small boat" category; they can't go out to fish during inclement weather like the 60 foot boats in the same category. Economic impact analyses of affected communities should be done.

11:32am Paul K. Seaton, K. N. S Marine, Anchor Point

Has two boats over 60 feet. Wants sablefish and halibut to be allowed to be harvested by pots in the Gulf of Alaska. Submitted comparison of fisheries by pot and long-line. IFQ plan does not solve the problems it

purports to solve. There are other ways, such as the use of alternative gear.

11:37am John Rate, Homer

Fished salmon for 20 years, with 14 in halibut. Wishes to re-iterate comments of previous speaker. There are alternatives to IFQs, need compelling reasons to do this. Submitted August issue of National Fisherman with photo on cover. Shows what has happened under salmon limited entry. More than 40 percent of salmon fishermen having trouble meeting loans. Same will happen in halibut fishery. Learn from history, no such thing as a stable fishery. People crash as stocks fluctuate. This is the nature of the beast.

11:42am Shari Gross, HANA

35 companies represented in the group, both big and small, up and down the coast. HANA is an integral part of the industry. Troubled with proposal. Major concern is for the resource and the impact on health of stocks. IFQs pose a serious threat to the resource unless monitoring and enforcement is tight, which is costly. Plan will cause transportation delays resulting in even lower quality fish. Remote places like Hoonah will have to pile fish up until there is enough to justify transportation. The regulations are unworkable for processors. Can't imagine how data will flow from remote locations. Not in favor of IFQs, but if it must be, at least it should be a well thought out and designed system with 100 percent enforcement. The program should protect small coastal communities, and not discriminate between Alaska, Washington and Oregon.

11:49am Bill Dignon, Hoonah Cold Storage

Hoonah is 50 miles west of Juneau. It is 100 percent U.S. owned, and processes 2.5 million pounds of sablefish and halibut. Submitted letter objecting to IFQs on the basis that there was not enough time to review plan. Believes monitoring and enforcement will be inefficient and expensive. Hoonah is a small boat community which will lose out under this plan. It would be handicapped by not being a primary port. They are seeking the designation of Hoonah as a primary port.

11:53am Terry Barry, Manager, Hoonah Cold Storage

Same comments as previous testimony. Plan leaves a lot of questions unanswered and unclear, don't think it's the time to implement, more study is required. The plan will not only affect Hoonah Cold Storage, it would affect the whole town. Believes quotas will migrate out of the hands of small fishermen. Hate to see fishermen lose their livelihood.

11:56am Questions to Dave Flannagan from Mr Cotter.

Is it true that fish cannot be unloaded at a primary port?

Mr Flannagan replied: There is no difference between a primary port and a non-primary port. Both need six hours advance notice. Fish received in Hoonah would only have to go through a primary port if it were involved in foreign commerce.

11:59am lunch

1:16pm reconvene

1:18pm Larry Powers, Kenai

Would lose about \$350,000 investment in last 3 yrs under this program. Has fished halibut since 1978 until 1984. Because of the safety factor, need larger boat. Feel larger boats have had an advantage for quite some time. After brother drowned, began investing in a larger boat. 1989 buying halibut license year after year, but between 1984 until the present trying to get bigger boat. Still in process. Has not bought any gear yet. Concerned about his children, how will they get into fishery? Fish belong to everyone who wants to fish for them. Quota program good one, but everyone should have same amount. Should file for quota by certain day every year and fish for them during a certain time every year.

1:23 Matt Donohoe, Sitka

Fished for six years. Representing people who feel they have not had their point of view represented before the Council. Submitted petitions with over 200 signatures from people involved in the fishing industry. Also submitted Sitka resolution (No. 9147) requesting the Council not to approve IFQs. Have not had a public hearing in Sitka or the South east for years. Public process has not been adequately followed because there has not been adequate information available. The plan was only available in the last week, and people have not had time to digest it and comment. Council doesn't realize that plan has potential to destroy the economic base in the coastal communities. A social and economic study needs to be done on what this plan will do to their economic base specifically, not in general.

1:30pm Buck Laukitis, False Pass Fish and Game Advisory, City of False Pass

Read letter from Mayor of False Pass. They would likely be eligible for CDQ. They have been expanding the dock to assist in getting into groundfish, and development of current fisheries. IFQ plan not acceptable unless acceptable CDQ plan is incorporated. Current CDQ provisions in plan not acceptable because IPHC area 4A is not included at this time. All waters in BS/AI should be included. Still too many questions to be answered and inappropriate to vote on it at this time.

1:34pm Howard Pendell, Sitka

Some current concerns center around migration of IFQs into a few hands and larger boats. His suggestion to allay this concern is to tie initial QS allocation to a permit. A person would be allowed to buy and fish one more permit. This would allow for upgrading through the sale of a lower value permit, and the purchase of a higher value one. This would be like a multi-tiered limited entry system. Guarantees the diversity of the fleet and addresses the concerns of small communities. Guarantees are also there for larger vessels.

1:40pm Linda Behnken, ALFA

Thinks the implementation plan goes a long way in working out questions and concerns of various groups. One reservation they have, section 2F(2) allowing trawlers to purchase IFQs for halibut; they want it removed. This is a fixed gear fishery, and trawlers shouldn't be included in the plan. Unless fleet can be assured they can harvest their IFQs without the PSC cap there will still be a race for fish. Mortality will be reduced without race for fish. It is essential that the Council make that commitment to the fleet. Discards for which IFQ not held should be allowed. Generally speak in favor of plan. Like to see work groups continue their work.

1:46pm Charlie Spud, Nunivak Island Fishermen's Association.

Representing over 1,000 fishermen in their villages. Main concern has to do with the proposed CDQ program. Prefer a strong CDQ program, as described in Council preferred alternative. For halibut management, continue to receive 50% of catch limit for Area 4B as CDQ. Current poundage is not enough

for development in their area. CDQs were seen as a way of helping the communities get into fishing.

1:54pm Steve Tvenstrup, Kenai

Been in fishing since 1978. In 1986 purchased a Cook Inlet permit. He estimates he would get 10,000 pounds, but most of the money from this would go to enforcement. Does not want to get paid and watch the grass grow, like from Exxon. Just started black cod last year.

1:59pm Ed Fuglvog

Support IFQs and urge Council to move ahead with implementation of plan.

2:00pm Brian L. King, Cordova

Salmon and herring fisherman. Has problems with limitation on transferability. IFQ holders can buy salmon or herring permit, but salmon or herring permit holders cannot buy QS. IFQs can work as a management tool without restricting their sale. Only restriction on transferability should be that buyer be a U.S. citizen.

2:03pm James Swift, Sitka

Congratulate Council on work so far. Original idea was to reduce fleet in an overcapitalized fishery. Need an IFQ program. Needs to be done as soon as possible. There are more salmon boats coming into sablefish and halibut fishery this year. One concern is Section 2F(2) regarding by-catch for dragners and pot fisherman under a by-catch program. Doesn't think that is needed.

2:05pm David O. Osterback, Sand Point

Third-generation fisherman in long-line and other fisheries. With Peninsula Marketing Association. Current system involves death and damage to people and vessels. Management system needs to be changed but do not agree with current plan. A lot of unknowns. No opportunity to review the implementation document thoroughly. Concerns are:

1. small boat fleet would just about be eliminated from Halibut fishing - quotas will be too small to warrant participation. (boats up to 50 ft);
2. QS will be too expensive for Alaska residents to buy.

Believe small communities should get preferential treatment in all fisheries. Not allowed fish shrimp, tanner crab or king crab in our own area. IFQs as presented here is not a solution. Council should establish a committee of halibut fishermen from all areas to develop a plan.

2:10pm Alvin D. Osterback, Aleutians East Borough. Peninsula Marketing Association

Reiterate comments above. Set aside a portion of fishery to area where residents of area will fish. If continue with plan as is, will create a class of large-boat fishermen.

2:35pm Will Tillion

Submitted a card only, "please vote yes on IFQs."

2:36pm Drew Sparlin Southcentral Longliners Association

Fished from age of ten. Current problems formed by greed. Fishermen able to overcome problems, but not possible to have a viable business under IFQs. Fishermen able to solve problems without bureaucratic involvement. Small guy without financial backing cannot survive. Plan needs to be reassessed in the context of the resource not how fishermen will benefit or how to cut them out. Pot fishery good idea. Tier method is great. Don't remove opportunity. Please continue efforts, but more in resource conservation mode.

2:46pm Jeff Stephan, United Fishermen's Marketing Association

Like to have public hearings immediately adjacent to Council deliberation. Draw attention to need for a Social Impact Analysis on this issue. Council needs to be fully aware of the social impacts before taking action. Draft implementation plan does include most of the issues needing clarification, but many matters are policy issues the Council needs to address. Continue to be opposed, but social impact assessment necessary if Council plans to go ahead.

2:52pm Charlie Johnson, boat owner

Sablefish, Crab, Pacific Cod fisherman from Kodiak. If this plan goes through, he might receive a good windfall, but not in favor of IFQs. Need impact studies regarding the impact on coastal communities. Believes coastal communities will shrivel up and die. There are a lot of other options which could be considered prior to this type of plan.

2:54pm James E. Phillips

A lot of things in implementation plan he doesn't like but a lot of things he does like. Doesn't satisfy everyone's needs, but neither did the Magnuson Act. Invited the Council to go ahead and implement the plan, please.

2:55pm Jerome Selby, Mayor of Kodiak Borough

Kodiak Borough stands opposed to concept of IFQs. Sees no conservation advantage from the plan, and the economic devastation of Alaskan coastal towns. System not in accord with Magnuson Act. Will cost a lot to implement. Create privileged class of fishermen and deny access to others. Quotas end up in overseas control through financial control. 72 percent of salmon permits are not owned by Kodiak Island residents. Thinks IFQs would be even worse than this. Should be no vested interest on Council -- suggest none of them or families should be eligible for quota shares. Table issue until April, publish changes, hold public hearings in April before going any further with policy.

3:03pm Drew Scalzi, North Pacific Fisheries Association, Homer.

Although their association endorsed plan, they still have concerns. The vote was 58 percent in favor. This reflects the level of concern. Participated in implementation team and feel the group put aside personal thoughts and worked on the issues at hand. Concerns:

1. Bona fide crewman, intent is great, but in halibut fishery it will penalize those who work toward eligibility and reward those who

- falsify records;
2. also section 2F(2), door could conceivably be opened for trawl to buy long-line IFQs. If this is possible, take it out.
  3. Still endorse 32 foot boat class to keep small boat fleet intact.

Believe work groups should continue.

3:07pm Steve Fish

Has been fishing halibut since 1975 and black cod since 1979. A vote not for IFQs is a vote for the status quo which stinks. Happy to pay implementation costs, and happy to buy Quota Shares. Plan is not perfect, but nothing is. Council has been working on this program for a long time, those who come up at the last minute have not followed the process and don't understand all the ramifications. Critical to maintain the combined implementation team/group to continue working into implementation. The other concern - by-catch provision for trawlers, take it out.

3:10pm Kris Norosz, Petersburg Vessel Owners Association

Association been in existence since 1930s. Witnessed all year fishery reduced to 24 hours. This is economically and ecologically disastrous. Industry participation is crucial in developing management regime. The implementation plan has helped to clarify many of the questions and problems. Still believe IFQ best solution to problems facing industry. Imperative that adequate enforcement, violators vigorously prosecuted and stiff penalties. There is no difference between primary ports and secondary ports, and the difficulty in selling salmon canneries in Seldovia is a result of the salmon market and poor performance. The transition into IFQs must be thorough, and should be done for 1994. Bareboat charter agreements section needs to be expanded. Agree that with IFQ system in place there will be no need for PSC limits, Council needs to clarify whether all permit holders have bona fide crew member status, and halibut fishermen in over 10 years but not qualified. Feel the trawl by-catch provision is inappropriate and suggest it be removed. Hope Council passes IFQs at this meeting.

3:17pm Ron J. Kuczek, Anchorage

This is first appearance before Council. Amazed at decisions Council has made in name of conservation. IFQs is worst yet. Sablefish and halibut plan before council blatantly against conservation. Develop a program which does not discriminate. Addressed a number of comments to the Secretary of Commerce. Cited conflicts of interest. An in-depth analysis is required to determine impacts.

3:24pm Rick Weber, False Pass commercial fisherman

Fished since 1977. Three aspects of concern: Social and economic, implementation costs, and qualification determination. Social/economic impacts of the plan will devastate many coastal communities in this state. Many rural coastal communities have developed through open access fishery. Oppose this plan, not specifically IFQs. Need social impact analysis. Vessel ownership is an irrelevant criteria for initial allocation.

3:29pm Jere Murray, Seldovia.

Seldovia Native Association is opposed to halibut and sablefish plan as presented. Eliminate many of those in Seldovia and limit upgrading. Seldovia Village Tribe, opposed as presented. Need to participate in CDQ program. Personal comments: concept of bona fide crew member be removed from plan completely; remove the 1988-90 participation -- go back to 84. To ensure that fishing power not be concentrated, lower

QS cap especially in 3A/3B to 1/10 of 1%. After initial allocation, let free enterprise system work. Immediately implement an alternative plan to eliminate derby and spread fishing throughout year.

3:38pm Nancy Lande, South/Central Alaska Long-line Enterprise

Represents a small boat organization of vessels 38 feet and under. Majority are in halibut fishery. Haven't had enough time or opportunity to comment on the plan. A plan of this magnitude deserves a one-on-one meeting in their own community. Need clarification of the freezer long-line exemption on by-catch, and where they fit in under definitions. Do halibut fishermen need sablefish IFQs for by-catch? Stressed halibut fishery is different from sablefish, they want the opportunity to work with the Council on specifics of halibut management, not have it lumped in with sablefish.

4:07pm Jack Hill

26 years in fishing. Statement that halibut will be available year round is incorrect. IPHC has asked for four or five month closure of the fishery. Costs of implementation too high. Plan flawed in who will qualify for shares, e.g. can crew of halibut boat for three years and not qualify, but fish for shark in Florida for four months and qualify? Should fix the flaws now before going any further. Sablefish and halibut are two different fisheries. Should be addressed separately. Teams should have more time to address the issues.

4:11pm David T. Wenzlau, Juneau

Been a crewman for 12 years on black cod and halibut vessels. Crew are back bone of industry, and should be included. Oppose transferable permits. Boat owners should not get all quota. If the present plan is implemented, there will be a loss of crewman. The Council's actions do not serve the public interest, they serve narrow sectional interests.

4:14pm Chris Moss, Homer

Although in favor of IFQs, current plan needs some changes. Crewmen should be included in the system. IFQs for by-catch in trawl fisheries should be removed. Quota in 3A and 3B should be valid for either area. When the TAC in one area is reached it should be closed, with the balance available in the other area.

4:17pm Neil Huff

Fishing sablefish for 15 years. In favor of IFQ plan. High time something was done. Not looking forward to having to participate in present saturated fisheries.

4:18pm Beth Stewart, Peninsula Marketing Association, Aleutian East Borough.

Representing fishermen on Aleutian Islands. While opposed to the scheme have tried to be constructive. Still cannot support. Program will result in lost revenues to communities because more fish will be landed outside their communities which rely on fish taxes. Enforcement is a problem. The system invites abuse. Vessel owners will be rewarded, not those who actually fished. The program removes the ability for communities to rely on the sea for livelihood and survival.

4:21pm Leroy Cabana

Owner/operator of a 45 foot vessel. System far too complicated. Council has tried to please everybody, but plan works to advantage of large processors and large companies. No-one will get a large allocation, and will have to buy quotas. Not fair in market because having to compete with large companies with money.

4:26pm Tim Cabana

Operates, 54 foot vessel. Too many questions about current plan. Too complicated. Something needs to be done, but this isn't it.

4:29pm Bill Sullivan, Homer

Limited time to review plan and to discuss with other fishermen. Plan says it aims to create minimum disruption, but it could destroy the industry. Fished halibut since 1981 but won't qualify as a bona fide crewman, yet salmon fishermen can qualify. Allowance should be made for small boats in the system. Strongly opposed to this system of IFQs.

4:36pm Margaret Salmon

Speaking on behalf of crew members who have worked their way through to owning their own vessel. They will not qualify as bona fide crew members. Women and natives will not be able to purchase quota unless they can borrow money. IFQs will not protect most small boat owners. Socio/economic impact has not been studied. This needs to be done prior to implementing the plan. All agree something must be done, but the up and coming young have no say in how this thing is being developed.

4:41pm Paul Clampitt

In favor of the plan. Been working on the program now for ten years. Current plan not perfect, nothing will be, but nothing insurmountable that could not be corrected. Tired of fishing in any weather that comes up during an opening. Cannot enforce what is happening now. Crew will lose jobs with trip limits. Can allow crew to buy into system, so they can have ownership.

4:46pm Thorn Smith North Pacific Long Line Association

Unable to obtain copy of plan to read thoroughly. Attended meetings of implementation groups in Seattle and got impression that enforcement and monitoring would be complicated. Don't know what it will cost, and where the money will come from. Freezer long-liners will be out of the system because of limits on transferability. Sablefish and halibut are two distinct fisheries and should be treated as such. Opposed to this particular system. Should design a system which is simple with free transferability. Would recommend a moratorium in the meantime. These comments related more to Pacific cod than the halibut or sablefish.

4:54pm Per Odegaard

2nd generation halibut fisherman. Safety is a major factor. Time to do something. The proposed system is not perfect, but there are still good reasons for it. The number of injuries per year has risen dramatically. This is clearly the result of the derby style of fishing. It is time to get on with it.

4:56pm Mark Lundsten, F/V Masonic

Think the document is good, despite typing and spelling errors. Covers questions well. Proofreading needed. Continuing the two committees and the holding of public meetings are good ideas. Question of the lifting of PSC is a tricky one. Overage and underage needs to be looked at. Overage could be deducted from next years catch. IPHC is a conservative organization, if it says it can make the system work, then that is a vote of confidence. The CDQ program is good. Should be flexibility in bare boat charter provisions. The idea from Sitka has some merit and is worthy of consideration.

5:02pm Eric Olson, Jack Knudsen Fishing Vessel Owners Association

[Eric Olson] Owner/operator for 8 years, fishing for 23 years. Easy to tear the system apart. Haven't heard anything new today. Have heard that conservation not taken care of. Without plan - no conservation. At least with plan there is a chance. The plan is designed to preserve the structure of the fleet, the status quo won't do that. Vessels will have to diversify into other fisheries. It is time to get on with it.

[Jack Knudsen] Can support 1 year moratorium on PSC, but still thinks will need to do something like quarterly by-catch limits in the future to avoid a race for fish. Favors an even more restrictive bona fide crew member definition. Like to see crucifiers legalized for halibut again. Better trained observers would be able to tell if crucifiers being used too harshly.

5:12pm Jack Crowley, Fishing Vessel Owners Association

Long line fishermen are operating 2 - 3 days without sleep. This is no way to run a rail road. If the Council has any feeling for its fellow man, put the system in place. Currently getting fresh Canadian fish all year round, but it is not as good as Alaskan fish. All the fresh fish is a result of the Canadian ITQ program. Alaskan fish is available for a few days.

5:16pm John Crowley, Fishing Vessel Owners Association

Everyone opposing system today had little participation. If these people get in, those with a long history of participation will lose out. In favor of ITQ system. Hope the fishery can be preserved.

5:18pm Bruce Forde, Deep Sea Fishermens Union

Fishing since 1965. Have been writing to Council to preserve open access so I could buy boat. But have now changed my mind. Too many boats. IFQs along with a provision that you have to be on board the vessel should keep quotas in the hands of the industry.

5:20pm Bruce Jackson, Deep Sea Fishermens Union

Union established in 1912, with 304 members. Most frightening concern is status quo. Urge Council to put system to Secretary of Commerce.

5:21pm James Herman

Agrees with quota on halibut. Bad weather prevented his fishing full day from 1987 - 1990. 1991 good weather, but no halibut in Cook Inlet. A quota based on a three year catch would not be good. On the whole the scheme is good, may get cheaper insurance rates because of improved safety. Hope to be able to pick a day of good weather when can make money.

5:24pm Brian Harber, Deep Sea Fishermens Union

Eight years since the halibut moratorium crashed in Washington DC. The issue of the cost of implementation is not an issue. Fishermen will pay the cost. Believes a bureaucratically managed fishery is better than no fishery at all. Members won't get anything out of this other than the right to fish the species from which they make the majority of their income. Support bona fide crew member provision, freezer long-line split, and ownership cap.

5:31pm Jerald D. Eidem

Attended last meeting and presented comments, will continue at this meeting. Support IFQs, but need an additional allocation to Cook Inlet fishermen to take account of bad weather and the Exxon oil spill. Have three daughters who have fished with him, but who do not qualify under the definition of bona fide crew members. May need a CDQ for Cook Inlet. May need 50 percent CDQ for women. Hopes it is not true that people with under 1,000 pounds will not be able to participate.

5:36pm Chris Chavasse

Resource is a common stock. There is no data west of the international date line The subsistence issue is not addressed. In the estimates of funding, nothing is included for educating fisheries managers and those in the industry.

5:39pm Pete Farris:

Against IFQs at this stage. Plan seems far from perfect. Plan needs to be re-worked a lot. Against plan the way it is, but not against IFQs per se.

5:42pm Robert Newman, King Cove

Had 30 years fishing in King Cove. Also King Cove Council Member. Oppose IFQs. Concerned younger generation will not be able to participate. The system will create bankruptcies. Heard the decision on IFQs had already been made. Concerned about this given expense of travelling from King Cove.

5:45pm Don Bridges, Kenai

Against present plan. Too complicated. Sablefish and halibut are two separate and distinct fisheries.

5:46pm Vic Horgan, Ocean Beauty Seafoods

IFQs are a catch-22 between resource protection and something that can be afforded. Any system must be able to be monitored and enforced adequately. This program will result in losses to the State of Alaska. It favors other States over Alaska. The Canadian system requires more money, and Alaska has more boats and more fishermen. Advocates licence limitation with use it or lose it trip limits. Urges Council to reject program now and move on.

5:50pm Paul Grønholdt, Sand Point

Everyone he talked to in Sand Point is opposed to IFQs. It is poor policy. There is no money for monitoring

and enforcement. It is unAmerican, it is management from Hell.

5:51pm Linda Kozak, Kodiak Long-line Vessel Owners Association

Provided written comments. The Magnuson Act places conservation first. Believes high-grading will occur. The IPHC recommends 5 percent for overages, but what about sablefish? Sees difficulties in allocating ABC under an IFQ system. Fish stocks may shift. Under an IFQ system there is pressure to hold TACs at higher levels. The restrictions imposed in the plan could lead to inflexibility. The provision for an owner to be on board is OK, but could run into difficulties with corporations or partnerships. Feels Council needs legal opinions on this. Restrictions on transferability should be dropped. Any-one who wants to buy quota should be able to do so. Implementation cost of \$4 million is too conservative. IPHC has said that it is not happy with the monitoring and enforcement proposal. Based on Canadian and New Zealand experience, believe \$10 million more realistic. Concerned at concerted push for IFQs. Need to step back and examine program before moving forward. Wants to know why social impact analysis not completed.

6:00pm Marty Phelps

Opposed to IFQs. Further work needs to be done.

6:01pm Lloyd Cannon, All Alaska Seafoods

46 years fishing. Against IFQs. Been involved in 5 or 6 fisheries which have cycled down and up. Would have been bankrupt if couldn't have switched sideways. Under IFQs, in a few years everyone will be broke. Under IFQs people cannot switch sideways. IFQs would disenfranchise a lot of young people in Alaska. If there are too many people let some of them go broke. Let the capitalist system work.

6:06pm Linda Behnken, personal behalf

Wish to lend strong support to the Sitka proposal of allocations of blocks of quota, and having them tied to permits. Have seen the IFQ issue polarize the industry in Sitka. Believes this measure will ensure added support. Not new, raised three years ago, and again nine months ago. System would prevent quota accumulation as some fear. Fleet will remain diverse. Will ensure entry level will be able to be maintained. Will simplify the system. Vessel classes will become less relevant. Would like the Council to discuss this idea seriously.

6:09pm Adjournment

**KODIAK LONGLINE  
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HALIBUT • SABLEFISH • PACIFIC COD • CRAB

November 29, 1991

Mr. Rick Lauber, Chairman  
North Pacific Fishery Management Council  
Anchorage, Alaska

SENT BY FAX: 271-2817

RE: SABLEFISH AND HALIBUT IFQ IMPLEMENTATION

Dear Chairman Lauber,

The KLVOA has participated in the IFQ discussions for several years. We have been very involved and interested in this issue. It is of great concern to the members that they have had almost no time to review the draft implementation plan. It was received in our office on Tuesday, November 26, 1991 and the deadline for comments is November 29, 1991. As you know, this week was the Thanksgiving holiday. It seems that the rush to have something approved is not allowing industry the time to review plans for implementation of this very complex and controversial program.

We have some initial comments and concerns that I will attempt to summarize and briefly address. These are listed below.

**CONSERVATION**

In order to achieve the goals of the Magnusen Act, it is important to consider conservation of the resource first and foremost. While we believe that initially some conservation concerns were addressed in developing the concept of an IFQ plan, it has long been forgotten.

It is a known fact that highgrading and underreporting will occur. It is unclear as to what extent this will be. There is a halibut size limit, but the industry work group has recommended that no size limit for sablefish be established. What amount of discards will result from this?

The IPHC is recommending that overages be handled in such a manner that each vessel would receive 5% less on his halibut quota initially and that the overages would be deducted from his "bank". Why is a sablefish "bank" not being considered? In fact, this whole idea of "banks" is something that industry has not had an opportunity to review and comment on. Many fishermen are concerned that every time they turn around, another "little percentage" of quota is being deducted from their quota.

We have commented previously that the political pressure on the Council could make it difficult for any quota reductions to be implemented, should the stocks decrease. One issue that has not been addressed adequately is the anticipated shift in stocks from one management area to another. In the Gulf of Alaska 1992 Stock Assessment Summary (sablefish portion) it states that there could be a problem in apportioning ABC's under an ITQ program. The reason is that ITQ's will be area specific and stocks will shift and change from time to time. This could result in a shift of stocks from one management area to another and if the scientists wish to adjust quotas to compensate for the shift, there may be tremendous political pressure from the quota share holders in the area which will receive a reduction. This could be a serious problem. In fact, it appears that such a shift may be happening in sablefish from the Southeast areas to the Central Gulf. This could become extremely contentious and political.

In the 1992 SAFE document it states for sablefish that "under a pessimistic recruitment level and constant catch at the recommended ABC's, the population as projected by the SRA model, would fall below the 1980 biomass level in 1994". In looking at what the 1980 quota was, it is very concerning that this number (8,542 mt) is significantly lower than the projected quota for 1992 of 20,800 mt. It is important to note that under an IFQ plan, there may be tremendous pressure to keep the stocks at an artificial level, thus causing conservation problems.

#### PLAN RESTRICTIONS

OWNER REQUIRED TO BE ON BOARD - In requiring the owner to be on board the vessel, the Council is attempting to resolve the concern of large scale corporate investment and a "sharecropper fleet". The current corporate and partnership vessels are grandfathered in to allow them to operate with a hired skipper. Any change in corporate or partnership structure requires the owner to be on board the vessel. What constitutes a change? Could it be a simple additional investment by one or more partners, changing the % of ownership? How can you force a partner not to get out of the corporation, if he wants to? Are these restrictions even legal? We think that the Council needs to have some sound legal guidelines when dealing with corporate law.

CAPS APPLY TO VESSEL - This restriction will provide a disincentive for crew members to purchase quota and try to fish on a high producing vessel. If the owner already has his cap and that entire quota will be fished on the vessel, then no one else can fish their quota on that boat. What if an owner's vessel sinks or burns? He will not be free to lease or try to fish his quota on the vessel of his choice. He will be limited to those vessels which don't have their cap. What if he has to fish on a vessel which is not seaworthy because of this restriction and what if he dies? This is an unfair and irresponsible restriction.

CAPS APPLY INDIVIDUALLY AND COLLECTIVELY - This restriction again, may have been well intended, but it falls short of being realistic in the "real world". If an individual owns interest in multiple vessels which are of themselves,

corporations, and his interest in these vessels exceeds the cap, then none of the corporations in which he has any level of ownership will be allowed to purchase quota. If he is forced to sell out of a corporation in order to allow the other owners more flexibility, then the grandfather clause doesn't apply anymore. The tax consequences could be devastating as well. This restriction must be eliminated.

CAP SUMMARY - The caps are not appropriate and will cause severe hardship to the participants. If caps are implemented, they should be less restrictive and allow more flexibility by the quota share holders.

PERMIT HOLDERS - The permit holders may not be considered bona fide crew members in order to purchase quota. This is not appropriate. Permit holders who have been running vessels for the halibut fishery should be able to purchase quota.

FIXED GEAR CREW MEMBER - Again, this definition is designed to restrict those individuals who can purchase quota. The Council has two definitions of what fixed gear is, and it is unclear as to whether the pot fisheries would qualify as fixed gear. It is very important that fishermen be able to purchase quota. Anyone who wishes should be able to purchase quota.

MANAGEMENT AREAS - There are approximately 60 management cells under the proposed sablefish and halibut IFQ plans. These include management areas, sub-areas, and vessel classes within each area. The ability for fishermen to exist within these cells will be very difficult, if not impossible. It would be more appropriate to reduce these cells by eliminating some management areas and vessel classes.

FREEZER/LOGLINER DEFINITION - There are a few vessels which have participated in the Pacific cod fishery with plate freezers on board, but have fished for halibut and sablefish as a catcher vessel. These vessels will be classed in the freezer/longliner category automatically, unless the Council allows some flexibility. These vessels must be allowed a one time choice to be in either the catcher boat or freezer/longliner category.

#### ANTICIPATED COSTS

Current estimates are approximately four million dollars. This is far too conservative. There is insufficient money allocated for the monitoring and transferring of quota shares. The IPHC has indicated that they are not comfortable with the level of enforcement. They feel it won't be enough to monitor the many small halibut deliveries. We agree.

In reviewing the Canadian and New Zealand programs, it is more realistic to project a cost of over ten million dollars annually. Where will this money come from? It is suggested that the industry will pay for this. Will the implementation wait for a change in the Magnusen Act to allow for this tax or user fee? How much of a fee will the industry support? If we don't wait for this change, then where will the money come from? Will existing programs be

cut, and if so, which ones? According to NMFS enforcement personnel, they need a substantial increase in personnel even without IFQ's. Will they get it? If not, how will IFQ's be affected? These "minor" details are extremely important and need to be answered before a decision is made by the Council.

#### INCONSISTENCIES

DISCARDS - The Council has in one place prohibited discards, yet does not require that vessels purchase IFQ's for incidentally caught fish. Having freezer/longliners removed from this restriction doesn't make sense. This doesn't seem to fit within the "keep what you catch" idea.

FIXED GEAR - The fixed gear definition seems to have two meanings. In one place it means hook and line. In another, it includes crab fishermen in order to qualify to purchase quota.

GRANDFATHER CLAUSE - There is some discrepancy in when the grandfather provision ceases for a corporation or a partnership. For a corporation, a death of a member does not constitute a change, but this statement doesn't appear to apply to partnerships.

#### SUMMARY

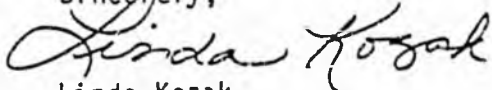
We are very concerned that the "push" for IFQs has superseded any common sense approach to the problems in the fishery. We need to step back and take a look at this program from all angles before a decision is made.

The idea of an IFQ program is to allow the most flexibility among those quota share holders, not to socially engineer the program in such a way that "nothing changes". In order to achieve what an IFQ program is designed to do, some changes need to be implemented. If not, then the exercise will surely fail. The analysis states over and over again that the benefits of the program will be reduced with each restriction imposed. It is believed by some that we have reached the point where the costs far outweigh any potential benefits.

The technical team and industry work group have not completed their work. There are many questions which remain unanswered, as well as Council clarifications on inconsistencies. Costs remain uncertain, as well as funding sources. The conservation aspects of this plan have not been adequately addressed. Again, we ask, why has a social impact analysis not been completed? The ramifications of this program will be far-reaching. It is imperative that an appropriate social impact analysis be completed.

We are asking that the North Pacific Council consider delaying final action on this plan until the concerns have been addressed. We feel that the Council has not completed the job on this issue

Sincerely,



Linda Kozak  
Executive Director

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December 2, 1991

Mr. Richard B. Lauber, Chairman  
North Pacific Fishery Management Council  
P.O. Box 103136  
Anchorage, AK 99501

RE: Sablefish/Halibut ITQ Proposal

Dear Mr. Lauber:

Our association submitted comments on the above subject in September. Our views have not changed, and we would like to incorporate those comments by reference. Please consider the following summary:

I. The Purpose of ITQ Systems

Dr. William Fox, Assistant Administrator for Fisheries, NOAA, recently stated the purpose of ITQ systems: "We need to extricate the government as much as possible from the allocation process, moving...to programs that allow market forces to work effectively at the harvesting level."

II. This Proposal Defeats the Purpose of an ITQ System

The preferred alternative for the sablefish/halibut ITQ proposal contains so many restrictions and constraints that the market is severely inhibited. Chief among these is the prohibition against exchange of shares between vessel classes. At the recent Ninth Annual Fishery Law Symposium in Seattle, Dr. Lee Anderson, father of the surf clam/ocean quahog ITQ program, stressed the need for free transferability of shares. He stated that because of the numerous constraints on transferability, "The sablefish/halibut proposal is almost not an ITQ system."

III. Industry Does Not Support the Proposal

If an ITQ system is to work, it must enjoy the support of industry. Oral and written testimony on this proposal has been overwhelmingly negative. Fishermen and fishermen's associations, processors and their associations, catcher-processors and their associations, the IPHC, Alaska State Legislators, Congressman Don Young and Senator Stevens have all announced outright opposition to the proposal or have registered serious concerns about its feasibility. The

Advisory Panel split evenly on a vote to drop the subject permanently (i.e., "kill the rat"). Industry support for the proposal seems to come mainly from those who would enjoy a windfall profit through the allocation of shares.

#### IV. Precedent - Offshore Processors

Under the proposal the catcher-processor fleet is awarded very little quota in the fisheries, and is permanently prevented from acquiring more through the market - efficiency, product quality, and possible willingness to pay more for quota share notwithstanding. This scheme would set a frightening precedent for other fisheries.

#### V. Limitations on Ownership of Shares

Provisions limiting individual, collective and corporate ownership of shares are also troubling. Efficiency may require some consolidation. Further, the 1% and 1/2% limitations would set an impossible precedent for other fisheries, where single vessels often exceed such proportions of the catch (vessel catch limits raise the same concern). Some limits may be desirable, but the levels proposed are far too restrictive.

#### VI. Foreign Control

Concern has been expressed that despite limitations on ownership and other protective measures, foreign interests will find ways to control ITQ's.

#### VII. Implementation, Administration, Monitoring and Enforcement

Despite diligent work by the implementation teams it is apparent that implementation, administration, monitoring and enforcement will be extremely complicated. It is fair to ask whether NMFS has or can acquire the capacity to administer such a program.

#### VIII. Funding

It is also apparent that implementation, administration, monitoring and enforcement will be very expensive. The source of funding remains a mystery. There is no legal authority under the Magnuson Act to extract fees from industry. Who will pay, and how much?

#### IX. Future Extraction of Economic Rents

Establishment of an ITQ system will be an open invitation for the extraction of economic rents from the fisheries (one way to offset a windfall). Congressional attitudes and intentions in this regard should be considered