# EXECUTIVE SUMMARY

# Changes Under Alaska's Halibut IFQ Program, 1995 to 1998

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# EXECUTIVE SUMMARY

## Introduction

In 1995, the National Marine Fisheries Service-Alaska Region (NMFS-AK) implemented a new Individual Fishing Quota (IFQ) program for management of the "fixed gear" sablefish and halibut fisheries off Alaska. These programs were developed by the North Pacific Fishery Management Council (NPFMC) and approved by the U.S. Secretary of Commerce.

The purpose of this report is to document and analyze changes that have occurred during the first four years of the halibut IFQ program. The report is restricted mainly to topics that can be addressed using National Marine Fisheries Service - Restricted Access Manage-ment (NMFS-RAM) administrative and harvest data. Some ancillary data are also used.

## The Halibut IFQ Program Basics

Quota shares (QS) are the basic use-privileges under the halibut IFQ program. QS were issued to qualified applicants who owned or leased a vessel that made legal fixed gear landings of halibut at any time during 1988, 1989, and 1990. Regular QS units were equal to a person's qualifying pounds for an area. Qualifying pounds for an area were the sum of pounds landed from the person's best five years of landings over the seven-year period from 1984 to 1990.

The QS that were issued are specific to one of eight halibut management areas and one of four vessel categories. The IFQ management areas are defined by the International Pacific Halibut Commission (IPHC): 2A, 3A, 3B, 4A, 4B, 4C, 4D, and 4E. The four vessel categories include a harvester-processor vessel category (also termed "freezer" herein) and three catcher vessel categories. The three catcher vessel categories are "35 feet or less," "36 to 60 feet," and "greater than 60 feet."

A person's annual IFQ for an area is determined by multiplying their fraction of the total QS units in the area's QS pool by the total allowable catch (TAC) that was allocated to the area's IFQ fishery. Adjustments for the person's underages and/or overages from the previous year are then made to determine the person's final IFQ for the year.

In Areas 4B, 4C, 4D, and 4E portions of the total allowable catch (TACs) were allocated to Community Development Quotas (CDQs) for communities in western Alaska. In Area 4E the entire TAC was allocated to CDQs and there has been no IFQ fishery. The Council compensated QS holders in the CDQ areas for the reductions in TAC due to CDQs by issuing them "CDQ compensation QS" in non-CDQ areas 2C through 4A.

The QS that were issued are permanently transferable and leasable, albeit with many restrictions that are discussed in the report. The NPFMC wanted to achieve some of the benefits associated with IFQ management but they were concerned that the program not lead to radical changes that would hurt communities dependent upon the fishery. As a result, the NPFMC adopted several complex rules in an effort to constrain the changes that could occur under the program. Many of these rules are discussed and explored in the report.

## Topics Covered in the Report

The topics covered in the project include basic data on the extent of consolidation of QS holdings since the beginning of the program, the volume of permanent QS transfers and the price of QS units, and the volume of seasonal QS lease transfers and the price of IFQ leases. The report also includes detailed summary data on permanent transfers, including the amount of QS transferred as sales, gifts, and trades; the relationships between the transferors and transfer recipients; and the finance methods used in sales transfers.

The IFQ program contains several special features which the Council added to address specific objectives. The report provides data which highlight the effects of these features to date.

Topics examined include the amount and percentage of "blocked" QS as opposed to "unblocked" QS, the distribution of Community Development Quota (CDQ) compensation QS, the use of "swaps" of certain CDQ compensation QS across catcher vessel categories, and the use of a provision allowing for the "sweep-up" of small QS blocks to create larger QS blocks.

A concern of some persons is that the IFQ program might result in a radical change in the geographic distribution of QS holdings. The report provides an extensive examination of changes in the geographic distribution of QS holdings during the first four years of the program. Changes in the distribution of QS holdings are examined by state of residence, by Alaska census area, and by special resident-type designators that classify communities as "local" or "nonlocal" to IFQ management areas and as "rural" or "urban."

Other QS distribution questions are also examined. These include changes in the distribution of QS by person-type, changes in the distribution of QS between initial QS recipients and new entrants, and changes in halibut harvest and delivery patterns during the first four years of the IFQ program. The report also contains information on the consolidation of IFQ permit holders onto single vessel operations and the underharvest of IFQ during the 1995 to 1998 seasons.

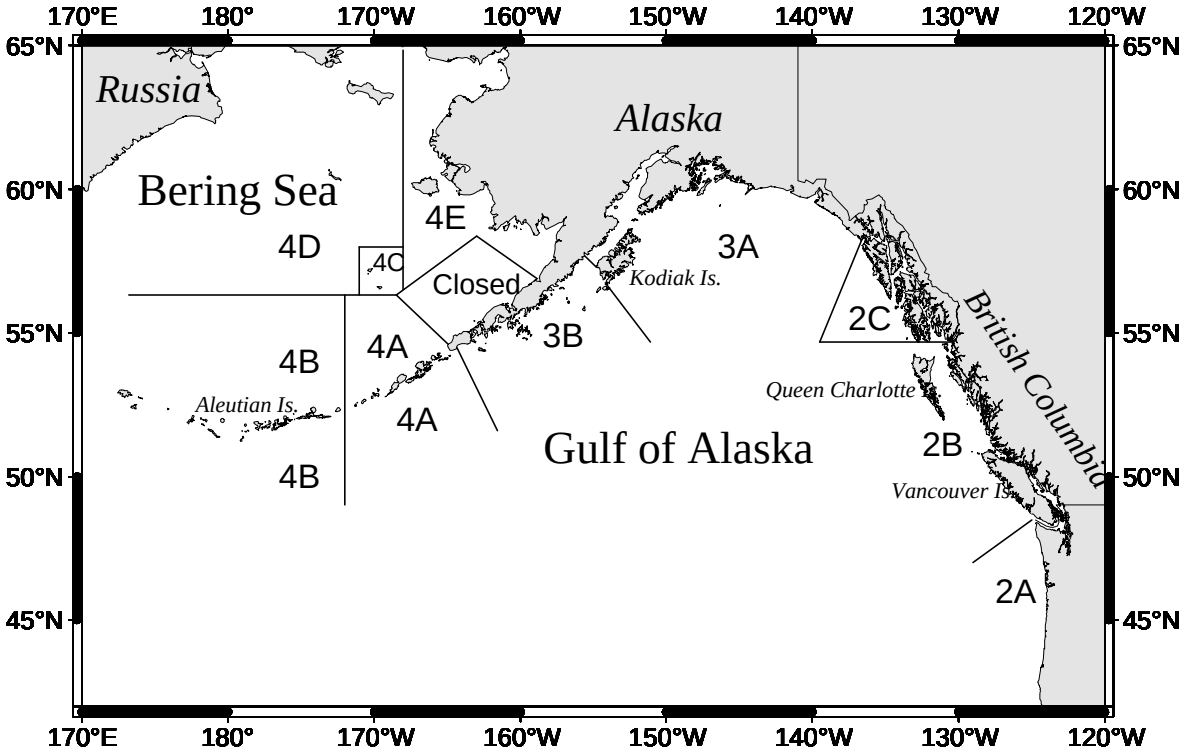



**Figure 1. IPHC Halibut Management Areas**

# Chapter 3 Consolidation of QS Holdings, 1995 - 1998

The halibut and sablefish IFQ programs allow QS to be permanently transferred. The Council intended some consolidation of QS to occur to spread out the fishing season. It was believed that a longer and slower-paced fishery would improve ex-vessel prices, provide greater safety and less waste, and enhance the profitability of individual fishing operations. However, the Council built many features into the program to constrain the extent and the nature of QS consolidation. Some of the more important features are:

QS is issued to persons and is specific to one of four vessel categories. Under most circumstances, QS from one vessel category cannot be transferred to another vessel category. Special vessel category "swaps" are an exception and are discussed in detail in Chapter 7.

Some QS is issued in non-severable "blocks." A person may hold a maximum of two blocks of QS in an area, and persons with two blocks may not hold unblocked QS for that area. These rules are also discussed in more detail in Chapter 7.

During the first two years of the IFQ program, persons could not use, individually or collectively, more than 1% of the QS in Area 2C, more than 0.5% of the QS in Areas 2C, 3A, and 3B combined, or more than 0.5% of the QS in Areas 4A, 4B, 4C, 4D, and 4E combined. The rules allowed some initial issuees to exceed some of these restrictions, but these persons were prevented from accumulating more QS.

In June, 1996 the Council approved an amendment that increased the combined total ownership caps in Areas 4A, 4B, 4C, 4D, and 4E from 0.5% to 1.5%. These percentages were then applied to the QS pool as it stood in 1996 to establish a set number of QS units that would be used as an ownership cap from year-to-year. The other percentage ownership caps for Area 2C and the combined Areas 2C, 3A, and 3B were also changed, to be expressed as fixed amounts of QS units.

Tables 1 and 2 indicate the number of QS holders has declined considerably in Areas 2C through 4A, which are non-CDQ areas. Percentage declines were lower in the CDQ areas 4B through 4D. The overall amount of QS declined slightly due to administrative revocations.

Consolidation of QS holdings has increased the average QS holdings in all areas except 4E, where no IFQ fishery has occurred.

**Tables 1 and 2.**
**Initial Issuance and Year-end 1998 QS and QS Holders by Management Area**

| Area | Initial Amount of QS Units | 1998 Year-end QS Units | Net Change in Total QS Units | Percent Change QS Units |
|---|---|---|---|---|
| 2C | 59,559,390 | 59,551,257 | -8,133 | 0.0 |
| 3A | 185,320,928 | 184,723,476 | -597,452 | -0.3 |
| 3B | 54,171,893 | 53,840,588 | -331,305 | -0.6 |
| 4A | 14,551,336 | 14,503,009 | -48,327 | -0.3 |
| 4B | 9,293,391 | 9,284,774 | -8,617 | -0.1 |
| 4C | 3,969,186 | 3,969,186 | 0 | 0.0 |
| 4D | 4,790,491 | 4,746,318 | -44,173 | -0.9 |
| 4E | 139,999 | 139,999 | 0 | 0.0 |

| Area | Initial OS Holders | 1998 Year-end OS Holders | Person Net Change | Percent Change OS Holders |
|---|---|---|---|---|
| 2C | 2,387 | 1,685 | -702 | -29.4 |
| 3A | 3,070 | 2,247 | -823 | -26.8 |
| 3B | 1,055 | 669 | -386 | -36.6 |
| 4A | 529 | 359 | -170 | -32.1 |
| 4B | 152 | 124 | -28 | -18.4 |
| 4C | 80 | 72 | -8 | -10.0 |
| 4D | 68 | 56 | -12 | -17.6 |
| 4E | 104 | 104 | 0 | 0.0 |

**Table 3. Initial Issuance and Year-end 1998 QS and QS Holders by Management Area and Vessel Category**

| Area | Vessel Category | Initial Amount of QS | 1998 Amount of QS | Initial QS Holders | 1998 QS Holders |
|---|---|---|---|---|---|
| 2C | Freezer | 1,249,141 | 1,249,141 | 31 | 29 |
| | GT 60 ft. | 2,933,494 | 2,702,528 | 138 | 83 |
| | 36-60 ft. | 45,700,604 | 46,512,181 | 1,145 | 855 |
| | LE 35 ft. | 9,676,151 | 9,087,407 | 1,096 | 758 |
| | | 59,559,390 | 59,551,257 | 2,410 | 1,725 |
| 3A | Freezer | 4,755,112 | 4,755,112 | 36 | 37 |
| | GT 60 ft. | 68,051,777 | 68,347,490 | 300 | 277 |
| | 36-60 ft. | 98,852,165 | 98,745,121 | 1,495 | 1,111 |
| | LE 35 ft. | 13,661,874 | 12,875,753 | 1,287 | 923 |
| | | 185,320,928 | 184,723,476 | 3,118 | 2,348 |
| 3B | Freezer | 1,593,155 | 1,593,155 | 19 | 18 |
| | GT 60 ft. | 29,863,254 | 29,944,248 | 214 | 175 |
| | 36-60 ft. | 20,683,904 | 20,621,534 | 559 | 374 |
| | LE 35 ft. | 2,031,580 | 1,681,651 | 284 | 139 |
| | | 54,171,893 | 53,840,588 | 1,076 | 706 |
| 4A | Freezer | 619,003 | 619,003 | 15 | 17 |
| | GT 60 ft. | 8,508,678 | 8,531,883 | 140 | 124 |
| | 36-60 ft. | 4,295,604 | 4,287,490 | 146 | 100 |
| | LE 35 ft. | 1,128,051 | 1,064,633 | 237 | 138 |
| | | 14,551,336 | 14,503,009 | 538 | 379 |
| 4B | Freezer | 553,489 | 553,489 | 8 | 7 |
| | GT 60 ft. | 7,120,537 | 7,114,526 | 82 | 70 |
| | 36-60 ft. | 1,350,369 | 1,347,763 | 36 | 28 |
| | LE 35 ft. | 268,996 | 268,996 | 27 | 25 |
| | | 9,293,391 | 9,284,774 | 153 | 130 |
| 4C | Freezer | 18,876 | 18,876 | 1 | 1 |
| | GT 60 ft. | 1,767,422 | 1,620,607 | 29 | 26 |
| | 36-60 ft. | 1,007,084 | 820,661 | 20 | 17 |
| | LE 35 ft. | 1,175,804 | 1,509,042 | 31 | 32 |
| | | 3,969,186 | 3,969,186 | 81 | 76 |
| 4D | Freezer | 413,936 | 413,936 | 5 | 5 |
| | GT 60 ft. | 4,021,310 | 4,021,310 | 50 | 43 |
| | 36-60 ft. | 355,245 | 311,072 | 14 | 11 |
| | | 4,790,491 | 4,746,318 | 69 | 59 |
| 4E | GT 60 ft. | 11,176 | 11,176 | 2 | 2 |
| | 36-60 ft. | 37,032 | 37,032 | 7 | 7 |
| | LE 35 ft. | 91,791 | 91,791 | 95 | 95 |
| | | 139,999 | 139,999 | 104 | 104 |

The halibut IFQ program created four distinct vessel categories in each of the eight halibut management areas. One vessel category consists of harvester-processor vessels (designated "freezer" herein); the other three consist of catcher vessels less than or equal to 35 feet, from 36 to 60 feet, and greater than 60 feet. Under most circumstances, QS cannot be transferred across vessel categories; however, the regulations allow catcher vessel CDQ compensation QS to be "swapped" to a different vessel category upon its first transfer.

In January 1996, the Council approved a "fish down" amendment that allows catcher vessel QS to be used on vessels of the same vessel size class or smaller. The Council did this to allow more flexibility for QS owners to acquire more catcher vessel QS. The amendment allows the use of larger vessel category QS on smaller vessels, except in Area 2C where "fish down" of category B (greater than 60 feet) QS is allowed only for QS blocks worth less than 5,000 pounds (based upon 1996 quotas). This amendment became effective August 16, 1996.

Table 3 shows that halibut QS was issued in 30 different area/vessel category combinations. Persons may hold QS for more than one vessel category. There were no qualifying freezer vessels in Area 4E, nor were there vessels in the "35 foot or less" category in Area 4D.

Consolidation is indicated by the decrease in the number of persons holding QS in the respective vessel categories. Substantial consolidation has occurred in many vessel categories, particularly those in Areas 2C through 4A.

As stated, the amount of QS in vessel categories has not changed much because QS transfers across vessel categories are only allowed by special rules for the "swap" of CDQ compensation QS. Administrative revocations of QS may also change the amount of QS within a vessel category.

# Chapter 4 QS Transfers and QS Prices

Consolidation of QS and changes in the distribution of QS can occur through permanent transfers of QS. The report provides a broad overview of the extent of permanent transfers of QS in the first four years of the program. Any transaction resulting in a permanent change of ownership is treated as a transfer. These include regular transfers, sweep-ups of small QS blocks, and administrative transfers due to court action or other causes.

Table 4 provides data on QS transfers, the amount of QS transferred, and the number of unique transferors summed over the first four years of the program.

QS transfer rates were relatively high in non-CDQ areas 2C through 4A. The average QS transfer rates over all years in these areas ranged from 11.6% in Area 3A to 14.2% in Area 4A. Average QS transfer rates were lower in the CDQ areas of 4B to 4E.

QS holder transfer rates were higher than QS transfer rates in all non-CDQ areas 2C through 4A.

**Table 4. Halibut QS Transfer Rates Over the 1995-1998 Period**

| Area | Sum of QS Transferred | QS Transfer Rate % | Sum of QS Transferors | QS Holder Transfer Rate % |
|---|---|---|---|---|
| 2C | 29,013,413 | 12.2 | 1,374 | 18.4 |
| 3A | 85,120,062 | 11.6 | 1,730 | 17.5 |
| 3B | 25,170,031 | 11.7 | 716 | 22.5 |
| 4A | 8,176,923 | 14.2 | 356 | 21.5 |
| 4B | 3,220,827 | 8.7 | 72 | 13.3 |
| 4C | 1,313,474 | 8.3 | 24 | 7.8 |
| 4D | 2,021,347 | 10.6 | 39 | 15.5 |
| 4E | 1,856 | 0.3 | 1 | 0.2 |

**Table 5. Annual Prices for Halibut QS With IFQ Transfer By Area and Year**

| Area | Year | Mean Price $/IFQ | Total IFQs Transferred Used for Pricing | Mean Price $/QS | Total QS Transferred Used for Pricing | Number of Sales Used for Pricing |
|---|---|---|---|---|---|---|
| 2C | 1995 | 7.58 | 996,874 | 1.14 | 6,629,554 | 315 |
| | 1996 | 9.13 | 681,056 | 1.37 | 4,539,813 | 289 |
| | 1997 | 11.37 | 517,715 | 1.92 | 3,057,477 | 211 |
| | 1998 | 10.14 | 220,894 | 1.79 | 1,253,771 | 106 |
| 3A | 1995 | 7.37 | 1,792,912 | 0.79 | 16,658,196 | 355 |
| | 1996 | 8.40 | 1,582,609 | 0.90 | 14,724,748 | 352 |
| | 1997 | 9.78 | 1,276,525 | 1.32 | 9,443,198 | 294 |
| | 1998 | 8.55 | 666,649 | 1.20 | 4,743,875 | 157 |
| 3B | 1995 | 6.53 | 225,912 | 0.44 | 3,323,670 | 88 |
| | 1996 | 7.88 | 323,160 | 0.53 | 4,760,536 | 165 |
| | 1997 | 8.58 | 605,744 | 1.43 | 3,634,335 | 157 |
| | 1998 | 7.92 | 169,833 | 1.62 | 832,225 | 49 |
| 4A | 1995 | 5.64 | 114,616 | 0.74 | 873,519 | 56 |
| | 1996 | 6.68 | 160,899 | 0.87 | 1,230,691 | 65 |
| | 1997 | 6.67 | 383,112 | 1.35 | 1,889,914 | 90 |
| | 1998 | 6.39 | 71,280 | 1.54 | 295,358 | 29 |
| 4B | 1995 | 6.14 | 34,716 | 1.23 | 173,523 | 5 |
| | 1996 | 5.03 | 51,769 | 1.00 | 260,336 | 7 |
| | 1997 | 5.15 | 294,051 | 1.54 | 980,663 | 30 |
| | 1998 | 7.24 | 94,579 | 2.18 | 313,790 | 11 |
| 4C | 1997 | 6.29 | 48,681 | 0.91 | 336,313 | 8 |
| | 1998 | 5.67 | 33,902 | 1.14 | 169,265 | 7 |
| 4D | 1996 | C | 27,358 | C | 237,858 | 3 |
| | 1997 | 5.85 | 82,294 | 0.99 | 485,517 | 11 |
| | 1998 | 6.07 | 49,986 | 1.39 | 218,677 | 11 |

Estimates of QS prices are based upon analyses of sales transactions where price information was available. Table 5 provides these estimated prices for QS sold with the associated current year IFQ. The main report document also provides the results of a statistical model used to project a more detailed breakdown of 1995 - 1998 QS prices. The model estimates prices by management area, vessel category, block size, and annual quarter for each year from 1995 through 1998.

Table 5 indicates that average halibut prices in dollars per IFQ tended to increase each year from 1995 to 1997, then drop in 1998. In some areas very few transactions occurred.

# Chapter 5 Halibut QS Leases

The Council's IFQ program provides for restricted leasing of QS on a seasonal basis. Holders of freezer vessel QS can lease all of the IFQ associated with their QS. During the first four years of the IFQ program, holders of catcher vessel QS could lease up to 10% of their QS. However, the regulations allowing for leasing of catcher vessel QS expired in 1998 and have not been renewed.

There were 187 halibut lease transactions over the first four years of the IFQ program. All but ten of the leases occurred in Areas 2C through 4A. In areas where leases occurred, lease rates were low, ranging from 0.6% in Area 2C to 3.5% in Area 4D over the 1995-1998 period. QS holder lease rates were also low.

Leasing of halibut QS was largely confined to freezer processor vessels. There were no leases of freezer vessel QS in Areas 4C or 4E; however, in other areas QS lease rates for freezer vessel QS ranged from 8.8% in Area 4B to 41.3% on Area 4D over the four years from 1995 to 1998.

There was very little catcher vessel QS leased, and catcher vessel QS lease rates were less than 1% in all areas and vessel categories over the first four years of the IFQ program.

The small number of catcher vessel QS leases may have been due partially to the interaction of the blocking rules and the 10% leasing restriction for catcher vessel QS during most of the first two years of the IFQ program. Blocked QS could not be broken up to allow some of the QS to be leased.

Regulations changed in September, 1996 allowing persons to lease up to 10% of the IFQ associated with their blocked QS. However, this change did not appear to impact catcher vessel QS lease rates during the 1997 and 1998 seasons.

The use of a hired skipper may have been a better alternative than leasing for some initial QS recipients. The NPFMC adopted regulations in 1997 that further constrain this practice.

Price information was available for some leases. Over all areas, the average lease price of freezer vessel QS was $.84 per pound of IFQ in 1995, $.99 per pound of IFQ in 1996, $.67 per pound of IFQ in 1997, and $.36 per pound of IFQ in 1998.

**Table 6. Halibut QS and QS Holder Lease Rates Over the 1995 to 1998 Period**

| Area | Year | Total Leased QS | QS Lease Rate(%) | Total Unique Lessors | Lessor Rate(%) |
|---|---|---|---|---|---|
| 2C | 1995 | 170,260 | 0.3 | 7 | 0.3 |
| | 1996 | 268,393 | 0.5 | 12 | 0.6 |
| | 1997 | 425,965 | 0.7 | 15 | 0.9 |
| | 1998 | 518,925 | 0.9 | 14 | 0.8 |
| | ALL YRS | 1,383,543 | 0.6 | 48 | 0.6 |
| 3A | 1995 | 1,401,793 | 0.8 | 12 | 0.4 |
| | 1996 | 1,892,265 | 1.0 | 25 | 1.0 |
| | 1997 | 1,365,302 | 0.7 | 19 | 0.8 |
| | 1998 | 1,513,511 | 0.8 | 14 | 0.6 |
| | ALL YRS | 6,172,871 | 0.8 | 70 | 0.7 |
| 3B | 1995 | 491,569 | 0.9 | 5 | 0.5 |
| | 1996 | 744,933 | 1.4 | 13 | 1.6 |
| | 1997 | 439,227 | 0.8 | 9 | 1.3 |
| | 1998 | 500,535 | 0.9 | 7 | 1.0 |
| | ALL YRS | 2,176,264 | 1.0 | 34 | 1.1 |
| 4A | 1995 | 228,184 | 1.6 | 3 | 0.6 |
| | 1996 | 163,133 | 1.1 | 10 | 2.3 |
| | 1997 | 144,378 | 1.0 | 4 | 1.0 |
| | 1998 | 186,537 | 1.3 | 5 | 1.4 |
| | ALL YRS | 722,232 | 1.3 | 22 | 1.3 |
| 4B | 1995 | 224,317 | 2.5 | 3 | 2.1 |
| | 1996 | 0 | 0.0 | 0 | 0.0 |
| | 1997 | 0 | 0.0 | 0 | 0.0 |
| | 1998 | 0 | 0.0 | 0 | 0.0 |
| | ALL YRS | 224,317 | 0.6 | 3 | 0.6 |
| 4C | 1995 | 0 | 0.0 | 0 | 0.0 |
| | 1996 | 0 | 0.0 | 0 | 0.0 |
| | 1997 | 0 | 0.0 | 0 | 0.0 |
| | 1998 | 0 | 0.0 | 0 | 0.0 |
| | ALL YRS | 0 | 0.0 | 0 | 0.0 |
| 4D | 1995 | 0 | 0.0 | 0 | 0.0 |
| | 1996 | 0 | 0.0 | 0 | 0.0 |
| | 1997 | 390,361 | 8.1 | 3 | 4.9 |
| | 1998 | 268,572 | 5.7 | 3 | 5.4 |
| | ALL YRS | 658,933 | 3.5 | 6 | 2.4 |
| 4E | 1995 | 0 | 0.0 | 0 | 0.0 |
| | 1996 | 0 | 0.0 | 0 | 0.0 |
| | 1997 | 0 | 0.0 | 0 | 0.0 |
| | 1998 | 0 | 0.0 | 0 | 0.0 |
| | ALL YRS | 0 | 0.0 | 0 | 0.0 |

# Chapter 6 Types of QS Transfers, Financing of Transfers, Relationships Between Transferors and Transfer Recipients, and Use of Brokers

Persons who transfer QS must complete a transfer application form. Information on the form includes the type of transfer (sale, gift, trades, or other), the relationship between the transferor and transfer recipient (family, friend, business partner, or "no relationship"), and the type of financing used. Information on the use of brokers is also collected.

Through 1998, "priced sales" (price information reported) were the predominant transfer type. Apart from Area 4E, where there was only 1 transfer of a very small amount of QS, the percentage of QS transferred as priced sales ranged from 41.9% in Area 4C to 74.8% in Area 2C. The percentage of QS transferred as "other sales" (a sale with no price information reported), "gifts," and "trades" was relatively small in most areas.

Brokers were utilized in a high percentage of halibut QS transfers. Brokers were involved in 44.8% of the transactions in 1995, 51.4% in 1996, 50.4% in 1997, and 47.6% of the transactions in 1998.

In most areas, the majority of the QS that was transferred between parties indicated "no relationship." Apart from Area 4E, the percentage of QS transferred where there was no relationship between the transferor and transfer recipient ranged from 48.9% in Area 4C to 72.6% in Area 4D over the four period.

Apart from Area 4E, the percentage of QS that was transferred between family members ranged from 11.8% in Area 4D to 25.6% in Area 4C over the four year period.

The percentage of QS that was transferred between friends ranged from 4.9% in Area 4D to 18.2% in Area 4A over the four year period.

"Personal Resources" were the primary source of financing indicated for "priced sale" transfers. The percentage of QS transferred in "priced sales" transactions that indicated "personal resources" as a finance source ranged from 39.3% in Area 4C to 72.5% in Area 4B over the four year period.

The percentage of QS transferred in priced sale transactions that indicated "bank" as a finance source ranged from 10.8% in Area 4B to 32.4% in Area 4C over the four year period.

The percentage of QS transferred in priced sale transactions that indicated "seller" as a finance source ranged from 4.6% in Area 4C to 14.0% in Area 4B over the four year period.

Alaska's Department of Commerce and Economic Development and the Commercial Fishing and Agricultural Bank financed a small number of QS transfers in non-CDQ areas. "Processors" also provided a source of financing in a small number of transfers.

**Tables 7 and 8.**
**Nature of QS Transfers and Relationships Between Transfer Parties: Percent of QS Transferred, 1995-1998**

| Area | Priced Sales | Other Sales | Trades | Gifts | Unknow |
|---|---|---|---|---|---|
| 2C | 74.8 | 0.9 | 2.9 | 9.5 | 11.8 |
| 3A | 73.6 | 3.0 | 2.5 | 7.2 | 13.7 |
| 3B | 67.8 | 4.8 | 4.8 | 7.0 | 15.5 |
| 4A | 68.6 | 5.8 | 4.3 | 8.2 | 13.1 |
| 4B | 65.6 | 3.5 | 4.4 | 16.8 | 9.8 |
| 4C | 41.9 | 0.0 | 15.3 | 4.8 | 38.1 |
| 4D | 64.5 | 14.9 | 5.9 | 2.7 | 12.1 |
| 4E | 0.0 | 0.0 | 0.0 | 0.0 | 100.0 |

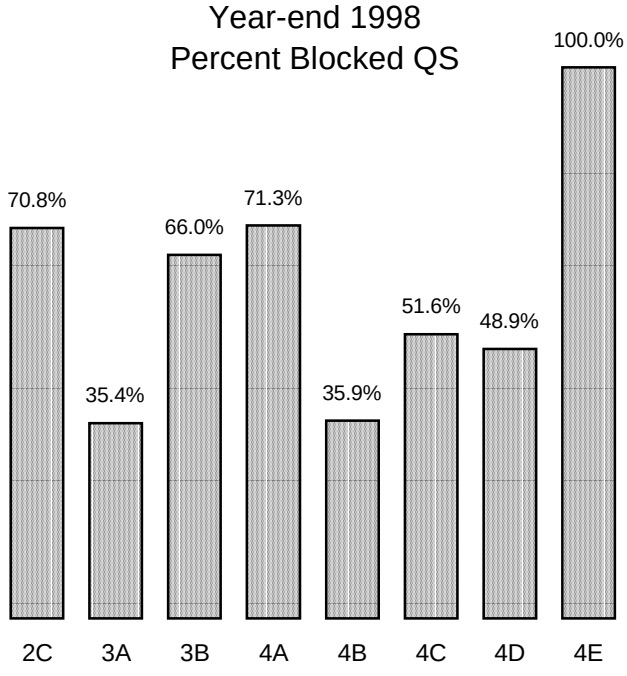
| Area | Family | Friends | Partners | No Relation | Missing |
|---|---|---|---|---|---|
| 2C | 16.7 | 13.1 | 1.2 | 63.3 | 5.7 |
| 3A | 14.6 | 8.8 | 5.0 | 64.0 | 7.6 |
| 3B | 18.4 | 8.1 | 7.5 | 58.1 | 7.8 |
| 4A | 14.7 | 18.2 | 3.5 | 57.2 | 6.4 |
| 4B | 13.8 | 11.4 | 8.8 | 62.5 | 3.6 |
| 4C | 25.6 | 11.9 | 5.5 | 48.9 | 8.1 |
| 4D | 11.8 | 4.9 | 5.8 | 72.6 | 4.9 |
| 4E | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 |

# Chapter 7 Distribution of QS by Blocking Factor, CDQ Compensation QS, and CDQ Compensation QS Swaps

Prior to implementation of the IFQ program, the Council added several special features to the IFQ plan. The Council decided that initial QS allocations that were worth less than 20,000 pounds of a hypothetical IFQ would be placed into a nonseverable "block" and thereafter could only be transferred as a single unit.

The Council also restricted the number of blocks that a person can hold in an area. Within an area, if a person holds any unblocked QS they can hold only one block of QS. If the person does not hold unblocked QS for an area then the person can hold up to two blocks for that area. The objective of these blocking rules is to preserve a portion of the QS for smaller part-time fishing operations.

Another feature of the program was the allocation of certain portions of the TAC in halibut areas 4B, 4C, 4D, and 4E to Community Development Quotas (CDQs). This had the result of reducing the available catch for QS holders in these areas. The Council decided to make QS holders in all areas share proportionally in this reduction by compensating the QS holders in the CDQ areas with an allocation of QS in the non-CDQ areas of 2C, 3A, 3B, and 4A. These compensatory shares were termed "CDQ compensation QS."




Regulations state that if a person is issued CDQ compensation QS for an area where the person already has regular QS, then their CDQ compensation QS is combined with their existing QS and is either "blocked" or "unblocked" depending on the sum total of the person's QS.

However, if a person is issued CDQ compensation QS for an area in which the person has no other QS, then their CDQ compensation QS is left unblocked. Moreover, if that CDQ compensation QS is catcher vessel QS, it can be fished on any size catcher vessel, and upon its first transfer the CDQ compensation QS can be permanently assigned to a specific catcher vessel size category designated by the transfer recipient. This ability to "swap" certain CDQ compensation QS across catcher vessel categories within an area is termed "swapability" in the report. The ability to swap such QS across catcher vessel categories expires upon the first transfer.

The report examined the distribution of QS by block status at initial issuance and at year-end 1998. The block status can be "blocked," "unblocked," "non-swappable" CDQ compensation QS, or "swappable" CDQ compensation QS.

Large percentages of the total QS were issued in blocks. In Area 4E, where all the TAC is allocated to CDQs, 100% of the QS was issued in blocks. In other areas the percentage of blocked QS at the end of 1998 varied from 35.4% in Area 3A to 71.3% in Area 4A.

CDQ compensation QS initially represented approximately 2.1% of the total QS issued in non-CDQ Areas 2C through 4A. Non-swappable CDQ compensation QS was rolled into a person's blocked or unblocked QS at initial issuance. Swappable CDQ compensation QS is classified as unblocked up to its

first transfer. At year-end 1998, the percentage of QS classified as unblocked had increased slightly in Areas 2C through 4B. The number of persons holding unblocked QS also increased in most of these areas.

As can be seen in Table 9, the amount of swappable CDQ compensation QS had declined sharply between initial issuance and year-end 1998. Transfers either with or without an accompanying swap reduce the amount of swappable QS because the privilege to swap across catcher vessel categories disappears upon the first transfer. The decline in swappable CDQ compensation QS ranged from 54.2% in Area 4A to 93.7% in Area 3A over the 1995-1998 period.

The highest number of "swaps" occurred in Area 2C where by year-end 1998 there had been 101 swaps to different vessel categories. During the same time period, there were 92 swaps to different vessel categories in Area 3B, 73 in Area 3A, and 61 in Area 4A.

Vessel category swaps tended to move QS to the "36 to 60 foot" catcher vessel category in Area 2C, and the "greater than 60 foot" catcher vessel category in Areas 3A, 3B, and 4A.

**Table 9. Net Changes in Swappable QS and Number of Persons Holding Swappable QS From Initial Issuance Through 1998, by Area**

| Area | Block Status | Initial Amount of QS | 1998 Amount of QS | Change In Total QS | Percent Change in QS | Initial Number of QS Holders | 1998 Number of QS Holders | Change in QS Holders | Percent Change in QS Holders |
|---|---|---|---|---|---|---|---|---|---|
| 2C | CDQ Swappable | 1,092,333 | 320,550 | -771,783 | -70.7 | 273 | 97 | -176 | -64.5 |
| 3A | CDQ Swappable | 805,606 | 50,941 | -754,665 | -93.7 | 146 | 50 | -96 | -65.8 |
| 3B | CDQ Swappable | 222,760 | 17,524 | -205,236 | -92.1 | 157 | 57 | -100 | -63.7 |
| 4A | CDQ Swappable | 89,061 | 40,762 | -48,299 | -54.2 | 170 | 97 | -73 | -42.9 |

# Chapter 8 "Sweep-ups" of Small QS Blocks

Prior to the IFQ program the halibut fishery was characterized by short derby-like openings with a large turnover of participants on an annual basis. The Council's initial allocation methodology included persons who owned or leased a vessel(s) that made landings in the halibut fishery at any time during the 1988, 1989, or 1990 seasons.

Because of this, large numbers of persons with only a small amount of landings received a small initial allocation of QS. The IFQ regulations put initial QS allocations into non-severable blocks if the amount of the QS was worth less than 20,000 pounds of a hypothetical IFQ. Many of the QS blocks were very small and some were too small to make a fishing trip worthwhile.

In an effort to enhance consolidation of these blocks, the Council adopted a "sweep-up" provision for small blocks of QS. Originally it allowed a QS holder to acquire a number of small blocks and combine them into a single block as long as that single block was still worth less than 1,000 pounds of a hypothetical IFQ. In December, 1996 the sweep-up block size limit was raised to 3,000 pounds of a hypothetical halibut IFQ.

The report examined the extent to which the sweep-up provisions were used during the first four years of the halibut IFQ program. The tables in the section are based on the new higher sweep-up limits.

Table 10 shows the percentage of QS in small, "sweepable" blocks ranged from 3.6% in Area 4B to 16.1% in Area 3B at year-end 1998.

Sweepable blocks were a substantial percentage of the total *blocked* QS in each area, ranging from 9.9% in Area 4B to 27.2% in Area 4C.

Substantial percentages of QS holders hold sweepable blocks. Persons holding sweepable blocks represented from 32.3% of all QS holders in Area 4B to 59.9% of all QS holders in Area 3A at year-end 1998.

In 1997, the number of sweep-up transactions increased substantially over previous years. In 1998 the number decreased to levels closer to those similar to 1995 and 1996. The increase in 1997 may have been related to the higher sweep-up limits that went into effect in late 1996.

**Table 10. Persons Holding Sweepable Halibut QS Blocks, Number of Sweepable Blocks, and Total Sweepable QS Holdings at Year-end 1998**

| Area | Total Amount of QS | Total Number of QS Holders | Total Blocked QS | Total Persons Holding Blocked QS | Total Sweepable QS | Percent of Total QS | Percent of Blocked QS | Persons Holding Sweepable QS | Percent of Total Persons | Percent of Persons Holding Blocked QS |
|---|---|---|---|---|---|---|---|---|---|---|
| 2C | 59,551,257 | 1,685 | 42,189,794 | 1,506 | 8,244,799 | 13.8 | 19.5 | 987 | 58.6 | 65.5 |
| 3A | 184,723,476 | 2,247 | 65,352,057 | 1,921 | 13,822,963 | 7.5 | 21.2 | 1,345 | 59.9 | 70.0 |
| 3B | 53,840,588 | 669 | 35,508,084 | 572 | 8,661,261 | 16.1 | 24.4 | 398 | 59.5 | 69.6 |
| 4A | 14,503,009 | 359 | 10,335,518 | 225 | 1,787,797 | 12.3 | 17.3 | 127 | 35.4 | 56.4 |
| 4B | 9,284,774 | 124 | 3,332,789 | 101 | 329,867 | 3.6 | 9.9 | 40 | 32.3 | 39.6 |
| 4C | 3,969,186 | 72 | 2,048,067 | 63 | 556,328 | 14.0 | 27.2 | 38 | 52.8 | 60.3 |
| 4D | 4,746,318 | 56 | 2,319,818 | 48 | 327,075 | 6.9 | 14.1 | 21 | 37.5 | 43.8 |
| 4E | 139,999 | 104 | 139,999 | 104 | 0 | 0 | 0 | 0 | 0 | 0 |

# Chapter 9 Changes in QS Holdings by Type of Person

Under the Council's IFQ program, QS can be owned by individuals (natural persons who were initial QS recipients), corporations, one-owner corporations, estates, partnerships, crew (natural persons who were not initial QS recipients but who met the qualifications to acquire QS), and other entities. However, the Council has included provisions which should encourage QS to move gradually to individual owner-operators.

Table 11 shows, by person-type, the amount and percentage of QS held and the number and percentage of QS holders. Data are provided for the fishery at initial issuance and at year-end 1998.

Individuals, meaning natural persons who were initial QS recipients, held the highest percentage of any person-type in all areas except 4D and 4E, both at initial issuance and at the end of 1998. Apart from Areas 4D and 4E, individuals held between 33.6% (Area 4D) and 82.1% (Area 2C) at the end of 1998.

Crew persons, meaning individuals (natural persons) who were not initial QS recipients, acquired QS in all areas except Area 4E.

The percentage of the QS held by corporations (sum of regular corporations, one-owner, and new corp-orations) varied considerably between areas. In Areas 2C and 4E only 2.0% and 8.3% of the respective QS was held by corporations at the end of 1998. In contrast, the percentage of QS held by all corporations in other areas varied from 20.1% in Area 4C to 43.8% in Area 4B.

The percentage of QS held by partnerships was relatively small, ranging from 0.6% in Area 2C to 12.1% in Area 4D at end of 1998.

**Table 11. Halibut QS by Area and Type of QS Holder**

| Area | Person Type | Initial Total QS Holdings | 1998 Total QS Holdings | Initial Total QS Holders | 1998 Total QS Holders |
|---|---|---|---|---|---|
| 2C | corporate | 1,798,314 | 1,142,046 | 98 | 49 |
| | partnership | 620,192 | 378,977 | 30 | 13 |
| | restricted | 1,330 | 3,067 | 1 | 1 |
| | estates | 776,062 | 223,491 | 42 | 16 |
| | individual | 56,344,011 | 48,891,646 | 2,215 | 1,311 |
| | one owner corp | 19,481 | 23,207 | 1 | 1 |
| | crew | 0 | 8,888,823 | 0 | 294 |
| 3A | new corporation | 0 | 494,596 | 0 | 2 |
| | corporate | 39,088,880 | 40,808,669 | 199 | 137 |
| | partnership | 9,736,939 | 5,102,441 | 62 | 34 |
| | restricted | 32,752 | 9,467 | 2 | 1 |
| | estates | 1,755,680 | 742,875 | 29 | 19 |
| | individual | 133,768,163 | 115,838,421 | 2,776 | 1,679 |
| | one owner corp | 938,514 | 0 | 2 | 0 |
| | crew | 0 | 21,727,007 | 0 | 375 |
| 3B | new corporation | 0 | 8,498 | 0 | 1 |
| | corporate | 17,659,383 | 17,585,454 | 124 | 85 |
| | partnership | 2,753,649 | 2,067,155 | 30 | 15 |
| | restricted | 2,967 | 2,766 | 1 | 1 |
| | estates | 799,477 | 379,544 | 13 | 8 |
| | individual | 32,653,510 | 26,608,744 | 885 | 440 |
| | one owner corp | 302,907 | 111,297 | 2 | 1 |
| | crew | 0 | 7,077,130 | 0 | 118 |
| 4A | new corporation | 0 | 4,191 | 0 | 2 |
| | corporate | 5,261,927 | 4,821,770 | 82 | 61 |
| | partnership | 752,974 | 553,976 | 20 | 10 |
| | restricted | 0 | 734 | 0 | 1 |
| | estates | 215,469 | 87,522 | 7 | 2 |
| | individual | 8,191,141 | 6,622,271 | 418 | 219 |
| 4A con't | one owner corp | 129,825 | 0 | 2 | 0 |
| | crew | 0 | 2,412,545 | 0 | 64 |
| 4B | new corporation | 0 | 370,314 | 0 | 1 |
| | corporate | 4,255,511 | 3,698,296 | 43 | 30 |
| | partnership | 511,167 | 294,142 | 8 | 2 |
| | estates | 43,456 | 43,456 | 1 | 1 |
| | individual | 4,268,720 | 4,001,665 | 98 | 73 |
| | one owner corp | 208,526 | 0 | 1 | 0 |
| | crew | 6,011 | 876,901 | 1 | 17 |
| 4C | corporate | 1,090,973 | 798,337 | 18 | 14 |
| | partnership | 339,545 | 96,089 | 2 | 1 |
| | estates | 67,578 | 0 | 1 | 0 |
| | individual | 2,427,340 | 2,487,087 | 58 | 49 |
| | one owner corp | 43,750 | 0 | 1 | 0 |
| | crew | 0 | 587,673 | 0 | 8 |
| 4D | new corporation | 0 | 276,899 | 0 | 2 |
| | corporate | 2,797,965 | 1,761,341 | 31 | 20 |
| | partnership | 556,399 | 572,254 | 5 | 4 |
| | restricted | 0 | 58,618 | 0 | 1 |
| | estates | 39,715 | 0 | 1 | 0 |
| | individual | 1,323,762 | 1,592,909 | 30 | 19 |
| | one owner corp | 72,650 | 0 | 1 | 0 |
| | crew | 0 | 484,297 | 0 | 10 |
| 4E | corporate | 11,685 | 11,685 | 3 | 3 |
| | restricted | 0 | 1,856 | 0 | 1 |
| | estates | 1,882 | 1,882 | 2 | 2 |
| | individual | 126,432 | 124,576 | 99 | 98 |

# Chapter 10 Distribution of QS by State of Residence

Prior to the IFQ program, persons participating in the halibut fishery came from Alaska and from other states, particularly Washington and Oregon. A concern in Alaska is that QS holdings might move to holders outside of Alaska thereby reducing the economic impacts of the halibut fishery on Alaska.

Table 12 examines the distribution of QS and QS holders by state of residence (Alaska, Washington, Oregon, and other). The table provides a broad overview of how these distributions have changed in the first four years of the IFQ program.

In all areas, the QS holdings of persons from Oregon and other states were small relative to the holdings of persons from Alaska and Washington.

From initial issuance through 1998, persons from Alaska showed slight increases in QS holdings in Areas 2C, 3A, 4A, 4B, 4C and 4D and slight decreases in QS holdings in Areas 3B and 4E.

Persons from Washington held the majority of the QS in Areas 4B and 4D both at initial issuance and at year-end 1998. The percentage of the QS held by persons from Washington varied from 9.3% in Area 4E to 64.2% in Area 4D at year-end 1998.

The average QS holdings of persons from Washington were considerably higher than the average QS holdings of persons from Alaska in most areas.

**Table 12. 1998 Year-end Halibut QS and QS Holders, by State of Residence**

| Area | State | Initial Amount of QS | 1998 Amount of Area QS | Initial Number of QS Holders | 1998 Number of QS Holders | 1998 Average Holdings |
|---|---|---|---|---|---|---|
| 2C | Alaska | 49,265,458 | 50,143,611 | 1,971 | 1,405 | 35,689 |
| | Washington | 7,935,513 | 7,190,877 | 321 | 217 | 33,138 |
| | Oregon | 1,043,596 | 940,112 | 45 | 23 | 40,874 |
| | Other | 1,314,823 | 1,276,657 | 51 | 40 | 31,916 |
| | | 59,559,390 | 59,551,257 | 2,388 | 1,685 | |
| 3A | Alaska | 118,477,479 | 120,993,340 | 2,436 | 1,796 | 67,368 |
| | Washington | 42,609,089 | 43,245,147 | 391 | 275 | 157,255 |
| | Oregon | 15,232,359 | 13,641,526 | 121 | 94 | 145,123 |
| | Other | 9,002,001 | 6,843,463 | 124 | 82 | 83,457 |
| | | 185,320,928 | 184,723,476 | 3,072 | 2,247 | |
| 3B | Alaska | 28,012,423 | 26,461,055 | 780 | 473 | 55,943 |
| | Washington | 19,018,346 | 20,070,312 | 173 | 127 | 158,034 |
| | Oregon | 4,990,415 | 4,222,155 | 62 | 38 | 111,109 |
| | Other | 2,150,709 | 3,087,066 | 42 | 31 | 99,583 |
| | | 54,171,893 | 53,840,588 | 1,057 | 669 | |
| 4A | Alaska | 7,065,931 | 7,121,113 | 376 | 247 | 28,830 |
| | Washington | 5,426,055 | 4,869,509 | 108 | 82 | 59,384 |
| | Oregon | 1,342,610 | 1,342,815 | 31 | 18 | 74,601 |
| | Other | 716,740 | 1,169,572 | 16 | 12 | 97,464 |
| | | 14,551,336 | 14,503,009 | 531 | 359 | |
| 4B | Alaska | 3,242,733 | 3,273,680 | 80 | 68 | 48,142 |
| | Washington | 5,365,129 | 5,322,540 | 52 | 44 | 120,967 |
| | Oregon | 466,964 | 339,137 | 14 | 9 | 37,682 |
| | Other | 218,565 | 349,417 | 7 | 3 | 116,472 |
| | | 9,293,391 | 9,284,774 | 153 | 124 | |
| 4C | Alaska | 2,199,603 | 2,595,908 | 48 | 46 | 56,433 |
| | Washington | 1,180,825 | 984,070 | 24 | 20 | 49,204 |
| | Oregon | 498,399 | 367,689 | 5 | 4 | 91,922 |
| | Other | 90,359 | 21,519 | 3 | 2 | 10,760 |
| | | 3,969,186 | 3,969,186 | 80 | 72 | |
| 4D | Alaska | 621,683 | 972,713 | 22 | 18 | 54,040 |
| | Washington | 3,482,437 | 3,048,636 | 38 | 30 | 101,621 |
| | Oregon | 612,624 | 724,969 | 6 | 8 | 90,621 |
| | Other | 73,747 | 0 | 2 | 0 | 0 |
| | | 4,790,491 | 4,746,318 | 68 | 56 | |
| 4E | Alaska | 127,392 | 126,870 | 98 | 97 | 1,308 |
| | Washington | 12,507 | 13,029 | 5 | 6 | 2,172 |
| | Other | 100 | 100 | 1 | 1 | 100 |
| | | 139,999 | 139,999 | 104 | 104 | |

# Chapter 11 Changes by Management Area, Rural-Urban, Local-Nonlocal

Under Alaska's limited entry program, there has been a movement of permits away from holders who live in rural areas that are "local" to limited fisheries to holders who live in urban areas that are "nonlocal" to the limited fisheries. Some persons are concerned that similar results might occur under the halibut IFQ program.

The report analyzed changes in QS holdings within Alaska and between Alaska and other states using special resident-type classifications. All communities within Alaska are classified as "rural" or "urban" based upon 1990 census definitions, and as "local" or "nonlocal" to each halibut management area. Persons within each community can then be placed into one of five resident-types relative to the halibut management area for which a QS applies. These are as follows:

**Alaska Rural Local (ARL):** ***Alaska*** resident residing in a ***rural*** community that is ***local*** to the halibut management area.

**Alaska Urban Local (AUL):** ***Alaska*** resident residing in an ***urban*** community that is ***local*** to the halibut management area.

**Alaska Rural Nonlocal (ARN)*:*** ***Alaska*** resident residing in a ***rural*** community that is ***nonlocal*** to the halibut management area.

**Alaska Urban Nonlocal (AUN):** ***Alaska*** resident residing in an ***urban*** community that is ***nonlocal*** to the halibut management area.

**Nonresident:** ***Nonresidents*** of Alaska

The amount of QS held by each resident type may change for three reasons: QS can be transferred to other resident types; QS holders can move to a place with a different resident-type classification (migration); or QS can be administratively revoked. Both transfers and migrations were important causes of changes in the distribution of QS holdings.

Quota share transfers may occur between persons in the same resident category (intra-cohort) or between persons of different resident categories (cross-cohort).

The percentages of intra-cohort and cross-cohort transfers varied widely by resident-type and management area, although intra-cohort transfer may have been more likely for the majority of areas and resident-types. Intra-cohort transfers were especially prevalent among nonresidents.

Alaska Rural Locals received QS in all management areas except 4D. Their largest shares of initial QS allocations came in Area 4E (59.3%), 4C (34.0%), and 2C (30.1%). By the end of 1998, ARL holdings had declined in Areas 2C, 3B, and 4A and had risen in Areas 3A, 4C and 4E.

Alaska Urban Locals received an initial allocation of QS in Areas 2C (50.3%), 3A (43.1%), and 4A (2.5%) only. By year-end 1998 AULs also held a very small percentage of the QS in Area 4B. AUL holdings had increased in Area 2C and 4A and declined in Area 3A.

Alaska Rural Nonlocals received small percentages of the QS in all management areas. These percentages ranged from less than 1% in Areas 2C, 4C, and 4D up to 6.2% in Area 4A at initial issuance. By year-end 1998, ARN holdings had declined in Areas 2C, 3A, 3B, and 4A and risen in Areas 4B, and 4D.

Alaska Urban Nonlocals received QS in all areas and received over 20% of the QS in Areas 3B, 4A, 4B, 4C, and 4E at initial issuance. AUN holdings had increased in areas 3A, 3B, 4A, and 4D and declined in the other areas by year-end 1998.

Nonresidents received QS in every area. They received over half of the QS in Areas 4A, 4B, and 4D and over 35% in six of the areas. By year-end 1998, nonresident QS holdings had increased slightly in Areas 3B and 4E and declined in all other areas. The net result of transfer activity lowered Nonresident QS holdings in all areas except Area 4E.

## Table 13. Net Result of Halibut QS Transfers, Migrations, and Revocations From Initial Issuance Through Year-end 1998, by Management Area and Resident Type

| Area | Resident Type | Initial Amount of QS | Net Change Transfers | Pct. of Initial Issuance | Net Change Migrations | Pct. of Initial Issuance | Net Change Revoked | Pct. of Initial Issuance | Total Net Change In QS |
|---|---|---|---|---|---|---|---|---|---|
| 2C | AK Rural Local | 17,932,755 | -2,026,430 | -11.3 | -790,624 | -4.4 | 0 | 0.0 | -2,817,054 |
| | AK Rural Non-Loc | 362,838 | -301,302 | -83.0 | 21,649 | 6.0 | 0 | 0.0 | -279,653 |
| | AK Urban Local | 29,974,773 | 4,818,928 | 16.1 | -287,914 | -1.0 | -549 | 0.0 | 4,530,465 |
| | AK Urban Non-Loc | 995,092 | -518,416 | -52.1 | -35,051 | -3.5 | -2,138 | -0.2 | -555,605 |
| | Nonresident | 10,293,932 | -1,972,780 | -19.2 | 1,091,940 | 10.6 | -5,446 | -0.1 | -886,286 |
| | | 59,559,390 | | | | | | | -8,133 |
| 3A | AK Rural Local | 14,928,786 | 1,514,520 | 10.1 | 235,063 | 1.6 | 0 | 0.0 | 1,749,583 |
| | AK Rural Non-Loc | 4,206,395 | -219,105 | -5.2 | -386,820 | -9.2 | 0 | 0.0 | -605,925 |
| | AK Urban Local | 79,834,467 | -5,611,578 | -7.0 | 821,343 | 1.0 | -339,284 | -0.4 | -5,129,519 |
| | AK Urban Non-Loc | 19,507,831 | 7,104,256 | 36.4 | -591,633 | -3.0 | -10,901 | -0.1 | 6,501,722 |
| | Nonresident | 66,843,449 | -2,788,093 | -4.2 | -77,953 | -0.1 | -247,267 | -0.4 | -3,113,313 |
| | | 185,320,928 | | | | | | | -597,452 |
| 3B | AK Rural Local | 5,563,706 | -652,294 | -11.7 | -221,276 | -4.0 | 0 | 0.0 | -873,570 |
| | AK Rural Non-Loc | 2,075,980 | -554,586 | -26.7 | -79,327 | -3.8 | 0 | 0.0 | -633,913 |
| | AK Urban Non-Loc | 20,372,737 | 1,249,406 | 6.1 | -1,067,691 | -5.2 | -225,600 | -1.1 | -43,885 |
| | Nonresident | 26,159,470 | -42,526 | -0.2 | 1,368,294 | 5.2 | -105,705 | -0.4 | 1,220,063 |
| | | 54,171,893 | | | | | | | -331,305 |
| 4A | AK Rural Local | 50,264 | 13,939 | 27.7 | -64,203 | -127.7 | 0 | 0.0 | -50,264 |
| | AK Rural Non-Loc | 907,184 | -632,730 | -69.7 | 8,859 | 1.0 | 0 | 0.0 | -623,871 |
| | AK Urban Local | 364,612 | 159,083 | 43.6 | 70,872 | 19.4 | 0 | 0.0 | 229,955 |
| | AK Urban Non-Loc | 5,743,871 | 656,991 | 11.4 | -157,629 | -2.7 | 0 | 0.0 | 499,362 |
| | Nonresident | 7,485,405 | -197,283 | -2.6 | 142,101 | 1.9 | -48,327 | -0.6 | -103,509 |
| | | 14,551,336 | | | | | | | -48,327 |
| 4B | AK Rural Local | 160,045 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 |
| | AK Rural Non-Loc | 207,969 | 231,980 | 111.5 | 0 | 0.0 | 0 | 0.0 | 231,980 |
| | AK Urban Local | 0 | 0 | n.a. | 340 | n.a. | 0 | n.a. | 340 |
| | AK Urban Non-Loc | 2,874,719 | -81,878 | -2.8 | -119,495 | -4.2 | 0 | 0.0 | -201,373 |
| | Nonresident | 6,050,658 | -150,102 | -2.5 | 119,155 | 2.0 | -8,617 | -0.1 | -39,564 |
| | | 9,293,391 | | | | | | | -8,617 |
| 4C | AK Rural Local | 1,350,336 | 418,661 | 31.0 | 0 | 0.0 | 0 | 0.0 | 418,661 |
| | AK Rural Non-Loc | 23,170 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 |
| | AK Urban Non-Loc | 826,097 | -26,618 | -3.2 | 4,262 | 0.5 | 0 | 0.0 | -22,356 |
| | Nonresident | 1,769,583 | -392,043 | -22.2 | -4,262 | -0.2 | 0 | 0.0 | -396,305 |
| | | 3,969,186 | | | | | | | 0 |
| 4D | AK Rural Non-Loc | 29,451 | 179,421 | 609.2 | -15,333 | -52.1 | 0 | 0.0 | 164,088 |
| | AK Urban Non-Loc | 592,232 | 214,291 | 36.2 | 16,824 | 2.8 | -44,173 | -7.5 | 186,942 |
| | Nonresident | 4,168,808 | -393,712 | -9.4 | -1,491 | 0.0 | 0 | 0.0 | -395,203 |
| | | 4,790,491 | | | | | | | -44,173 |
| 4E | AK Rural Local | 82,993 | 0 | 0.0 | 1,760 | 2.1 | 0 | 0.0 | 1,760 |
| | AK Rural Non-Loc | 4,937 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 |
| | AK Urban Non-Loc | 39,462 | 0 | 0.0 | -2,282 | -5.8 | 0 | 0.0 | -2,282 |
| | Nonresident | 12,607 | 0 | 0.0 | 522 | 4.1 | 0 | 0.0 | 522 |
| | | 139,999 | | | | | | | 0 |

# Chapter 12 Distribution of Halibut QS by Census Area

There have been concerns that the IFQ program might result in a dramatic restructuring that could increase the role of the halibut fishery in some areas while reducing its impact in other areas. Table 14 provides another view of the changes that have occurred in the geographic distribution of QS holdings since initial issuance.

In this section, QS holders from Alaska are assigned to census areas based upon their addresses. Persons who reside outside of Alaska were put into a single "Outside Alaska" category. The distribution of QS and QS holders are then examined at initial issuance and at year-end 1998.

Census areas where Alaskans hold relatively high percentages of QS (10% or more of the area QS at year-end 1998) are: Juneau, Petersburg/Wrangell, and Sitka (Area 2C); Kodiak (Areas 3A, 3B, 4A, 4B, and 4C), Kenai Peninsula (Areas 3A, 3B, and 4A); Aleutian Islands West (Area 4C); and Bethel (Area 4E).

Persons who reside outside of Alaska held substantial portions of the QS in all areas except 4E, ranging from 15.8% in Area 2C to 79.5% in Area 4D by the end of 1998. They held more than 50% of the QS in areas 4A, 4B, and 4D at both initial issuance and year-end 1998.

The number of persons who held QS declined in most census areas. This parallels the overall decline in QS holders due to transfers and QS consolidation.

The percent decline of QS holders for non-CDQ management Areas 2C through 4A is relatively high for some census areas. This may be partially due to QS holders for CDQ areas transferring their CDQ compensation QS.

**Table 14. Initial Allocation and Year-end 1998 QS Holdings and QS Holders, By Management Area and Census Area**

| Area | Census Area | Initial Amount of QS | 1998 Amount of QS | Initial Number of QS Holders | 1998 Number of QS Holders |
|---|---|---|---|---|---|
| 2C | Aleutians East | 4,175 | 568 | 2 | 1 |
| | Aleutians West | 171,048 | 18,550 | 48 | 6 |
| | Anchorage Borough | 380,243 | 162,452 | 32 | 21 |
| | Bethel | 74,586 | 2,535 | 43 | 2 |
| | Bristol Bay | 4,589 | 2,970 | 10 | 6 |
| | Dillingham | 5,207 | 4,821 | 22 | 20 |
| | Fairbanks\N. Star | 135,026 | 56,316 | 10 | 3 |
| | Haines | 2,221,074 | 1,851,781 | 84 | 64 |
| | Juneau | 5,781,122 | 6,659,683 | 256 | 203 |
| | Kenai Peninsula | 261,476 | 177,181 | 34 | 16 |
| | Ketchikan | 3,296,194 | 3,951,101 | 147 | 113 |
| | Kodiak Borough | 146,856 | 42,641 | 32 | 14 |
| | Lake and Peninsula | 1,275 | 3,047 | 4 | 4 |
| | MatSu Borough | 56,261 | 8,683 | 8 | 3 |
| | Nome | 57 | 57 | 1 | 1 |
| | Prince of Wales | 4,551,549 | 3,234,831 | 221 | 141 |
| | Sitka | 9,936,267 | 9,992,393 | 328 | 263 |
| | Skgway\Yakt\Angoon | 4,717,537 | 3,209,713 | 223 | 141 |
| | Valdez\Cordova | 19,219 | 3,456 | 7 | 2 |
| | Pburg\Wrangell | 17,498,696 | 20,760,832 | 459 | 381 |
| | Yukon\Koyuk | 3,001 | 0 | 1 | 0 |
| | Outside Alaska | 10,293,932 | 9,407,646 | 417 | 280 |
| | | 59,559,390 | 59,551,257 | 2,389 | 1,685 |
| 3A | Aleutians East | 248,743 | 13,666 | 7 | 2 |
| | Aleutians West | 608,367 | 205,403 | 54 | 15 |
| 3A con't | Anchorage Borough | 7,414,783 | 7,448,621 | 270 | 214 |
| | Bethel | 211,899 | 191,775 | 42 | 3 |
| | Bristol Bay | 17,218 | 12,219 | 11 | 7 |
| | Dillingham | 10,292 | 461,546 | 21 | 20 |
| | Fairbanks\N. Star | 310,882 | 251,289 | 29 | 26 |
| | Haines | 484,623 | 557,890 | 18 | 17 |
| | Juneau | 3,126,721 | 5,397,818 | 82 | 74 |
| | Kenai Peninsula | 35,932,979 | 32,514,443 | 841 | 592 |
| | Ketchikan | 1,201,311 | 1,774,295 | 20 | 18 |
| | Kodiak Borough | 43,718,157 | 41,881,471 | 457 | 339 |
| | Lake and Peninsula | 55,577 | 16,899 | 10 | 7 |
| | MatSu Borough | 1,818,439 | 1,740,549 | 65 | 54 |
| | NW Arctic | 149 | 60,065 | 1 | 1 |
| | Prince of Wales | 462,841 | 71,607 | 24 | 7 |
| | Sitka | 5,930,471 | 7,093,925 | 130 | 108 |
| | Skgway\Yakt\Angoon | 3,837,390 | 3,564,848 | 108 | 82 |
| | SE Fairbanks | 1,987 | 4,983 | 2 | 3 |
| | Valdez\Cordova | 3,408,866 | 5,614,960 | 156 | 124 |
| | Wade Hampton | 0 | 9,228 | 0 | 1 |
| | Pburg\Wrangell | 9,673,870 | 12,104,424 | 86 | 79 |
| | Yukon\Koyuk | 1,914 | 1,416 | 4 | 3 |
| | Outside Alaska | 66,843,449 | 63,730,136 | 636 | 451 |
| | | 185,320,928 | 184,723,476 | 3,074 | 2,247 |
| 3B | Aleutians East | 4,474,522 | 4,010,375 | 104 | 75 |
| | Aleutians West | 251,080 | 16,201 | 50 | 7 |

| Area | Census Area | Initial Amount of QS | 1998 Amount of QS | Initial Number of QS Holders | 1998 Number of QS Holders |
|---|---|---|---|---|---|
| 3B con't | Anchorage Borough | 2,688,992 | 799,106 | 65 | 37 |
| | Bethel | 61,923 | 1,956 | 42 | 1 |
| | Bristol Bay | 7,835 | 2,680 | 11 | 6 |
| | Dillingham | 3,007 | 11,156 | 21 | 20 |
| | Fairbanks\N. Star | 23,646 | 149,287 | 2 | 2 |
| | Juneau | 247,227 | 383,261 | 11 | 6 |
| | Kenai Peninsula | 5,299,803 | 5,373,305 | 181 | 117 |
| | Ketchikan | 170,192 | 211,759 | 5 | 3 |
| | Kodiak Borough | 10,343,667 | 12,157,619 | 201 | 147 |
| | Lake and Peninsula | 1,050,965 | 682,510 | 26 | 17 |
| | MatSu Borough | 295,998 | 263,814 | 14 | 7 |
| | Prince of Wales | 39,313 | 70 | 3 | 1 |
| | Sitka | 1,523,669 | 1,123,825 | 21 | 13 |
| | Skgway\Yakt\Angoon | 232,579 | 76,835 | 8 | 4 |
| | Valdez\Cordova | 67,892 | 78,308 | 5 | 4 |
| | Pburg\Wrangell | 1,230,113 | 1,118,988 | 11 | 6 |
| | Outside Alaska | 26,159,470 | 27,379,533 | 277 | 196 |
| | | 54,171,893 | 53,840,588 | 1,058 | 669 |
| 4A | Aleutians East | 264,962 | 143,811 | 23 | 9 |
| | Aleutians West | 450,431 | 622,041 | 67 | 60 |
| | Anchorage Borough | 526,816 | 390,911 | 21 | 16 |
| | Bethel | 16,439 | 519 | 42 | 1 |
| | Bristol Bay | 14,794 | 710 | 11 | 6 |
| | Dillingham | 799 | 2,963 | 21 | 20 |
| | Fairbanks\N. Star | 0 | 44,489 | 0 | 1 |
| | Juneau | 98,817 | 139,563 | 3 | 5 |
| | Kenai Peninsula | 1,941,229 | 1,850,811 | 75 | 46 |
| | Ketchikan | 80,293 | 146,806 | 4 | 3 |
| | Kodiak Borough | 2,573,135 | 3,076,914 | 63 | 56 |
| | Lake and Peninsula | 1,037 | 730 | 5 | 4 |
| | MatSu Borough | 152,125 | 54,529 | 9 | 5 |
| | Prince of Wales | 10,093 | 18 | 2 | 1 |
| | Sitka | 509,819 | 363,063 | 16 | 7 |
| | Skgway\Yakt\Angoon | 135,616 | 48,967 | 4 | 2 |
| | Valdez\Cordova | 6,067 | 732 | 3 | 1 |
| | Pburg\Wrangell | 283,459 | 233,536 | 8 | 4 |
| | Outside Alaska | 7,485,405 | 7,381,896 | 155 | 112 |
| | | 14,551,336 | 14,503,009 | 532 | 359 |
| 4B | Aleutians West | 217,591 | 210,322 | 16 | 16 |
| | Anchorage Borough | 34,129 | 78,760 | 2 | 4 |
| | Dillingham | 0 | 370,314 | 0 | 1 |
| | Haines | 0 | 7,609 | 0 | 1 |
| | Juneau | 110,956 | 103,198 | 3 | 2 |
| | Kenai Peninsula | 569,966 | 673,891 | 16 | 13 |
| | Ketchikan | 1,686 | 0 | 1 | 0 |
| | Kodiak Borough | 1,538,104 | 1,196,739 | 27 | 22 |
| | MatSu Borough | 33,685 | 45,322 | 2 | 2 |
| | Sitka | 382,474 | 258,470 | 8 | 4 |
| | Skgway\Yakt\Angoon | 41,459 | 41,459 | 1 | 1 |
| | Valdez\Cordova | 56,991 | 0 | 1 | 0 |
| | Pburg\Wrangell | 255,692 | 287,596 | 3 | 2 |
| | Outside Alaska | 6,050,658 | 6,011,094 | 73 | 56 |
| | | 9,293,391 | 9,284,774 | 153 | 124 |
| 4C | Aleutians West | 1,478,344 | 1,897,005 | 32 | 35 |
| | Anchorage Borough | 119,592 | 0 | 2 | 0 |
| | Juneau | 8,747 | 8,747 | 1 | 1 |
| | Kenai Peninsula | 97,629 | 101,792 | 3 | 2 |
| | Kodiak Borough | 469,828 | 582,973 | 8 | 7 |
| | MatSu Borough | 0 | 5,391 | 0 | 1 |
| | Sitka | 25,463 | 0 | 2 | 0 |
| | Outside Alaska | 1,769,583 | 1,373,278 | 32 | 26 |
| | | 3,969,186 | 3,969,186 | 80 | 72 |

| Area | Census Area | Initial Amount of QS | 1998 Amount of QS | Initial Number of QS Holders | 1998 Number of QS Holders |
|---|---|---|---|---|---|
| 4D | Aleutians West | 67,584 | 67,584 | 1 | 1 |
| | Anchorage Borough | 84,640 | 0 | 1 | 0 |
| | Dillingham | 0 | 122,473 | 0 | 1 |
| | Juneau | 24,235 | 154,426 | 1 | 1 |
| | Kenai Peninsula | 76,708 | 65,254 | 2 | 1 |
| | Kodiak Borough | 207,837 | 432,355 | 10 | 10 |
| | MatSu Borough | 40,479 | 17,588 | 2 | 1 |
| | Sitka | 14,118 | 14,118 | 1 | 1 |
| | Skgway\Yakt\Angoon | 0 | 56,948 | 0 | 1 |
| | Wade Hampton | 106,082 | 41,967 | 4 | 1 |
| | Pburg\Wrangell | 4,168,808 | 3,773,605 | 46 | 38 |
| | Outside Alaska | 4,790,491 | 4,746,318 | 68 | 56 |
| 4E | Aleutians East | 3,878 | 3,878 | 1 | 1 |
| | Aleutians West | 4,184 | 4,184 | 1 | 1 |
| | Anchorage Borough | 5,090 | 10,976 | 9 | 10 |
| | Bethel | 73,808 | 73,808 | 42 | 42 |
| | Bristol Bay | 4,934 | 4,934 | 10 | 10 |
| | Dillingham | 3,585 | 3,440 | 21 | 20 |
| | Kenai Peninsula | 638 | 638 | 2 | 2 |
| | Kodiak Borough | 6,791 | 6,791 | 2 | 2 |
| | Lake and Peninsula | 1,372 | 3,277 | 4 | 4 |
| | MatSu Borough | 20,324 | 12,156 | 2 | 1 |
| | Prince of Wales | 83 | 83 | 1 | 1 |
| | Valdez\Cordova | 489 | 489 | 1 | 1 |
| | Pburg\Wrangell | 2,216 | 2,216 | 2 | 2 |
| | Outside Alaska | 12,607 | 13,129 | 6 | 7 |
| | | 139,999 | 139,999 | 104 | 104 |

# Chapter 13 New Entrants in the Fishery

New persons may enter the halibut fishery by obtaining QS through transfer. Any person from the United States can acquire harvester-processor (category A) QS; however, only persons who are initial QS recipients or IFQ crew members may receive catcher vessel QS through transfer. Under the IFQ program, an IFQ crew member is defined as any individual who has at least 150 days experience working as part of a harvesting crew in any United States commercial fishery or as any individual who receives an initial allocation of QS.

New persons may also enter the fishery by regulations which allow an individual to transfer QS to the individual's solely owned corporation (a new entity).

New persons might also enter the fishery because of transfers due to court order, operation of law, or as part of a security agreement. However, in these latter cases IFQ is not assigned unless the person receiving the QS transfer meets all of the eligibility requirements. The principal report examines the distribution of QS ownership between initial QS recipients and new entrants at year-end 1998. New entrants to the management area, new entrants to the halibut fishery, and new entrants to the IFQ program are all differentiated.

It is important to note that a new entrant to a management area may have been an initial QS recipient in some other management area(s). Correspondingly, a new entrant to the halibut IFQ program may have been an initial QS recipient in the sablefish fishery.

Table 15 indicates the amount and percentage of halibut QS which was held by new entrants *to the area* at the end of each year. It also shows the number of QS holders (persons) who were new entrants to the area, and their average QS holdings.

By the end of 1998, new entrants to management areas held significant amounts of the QS in each management area except 4E, where all of the TAC is allocated to CDQs and where very few transfers have occurred. Excluding Area 4E, the percentage of QS held by new entrants to each management area ranged from 14.0% in Area 3A to 25.0% in Area 4A

Other tables in the detailed report indicate that the percentage of QS holders represented by new entrants to either the halibut or the sablefish IFQ programs also ranged from 12.5% in Area 4C to 25.0% in Area 4D at the end of 1998.

A substantial portion of the persons who had QS leases were new entrants. This is true in all areas from Area 2C through 4A over the 1995-1998 period.

**Table 15. New Entrants to the Management Area: Amount of QS Held and Number of QS Holders**

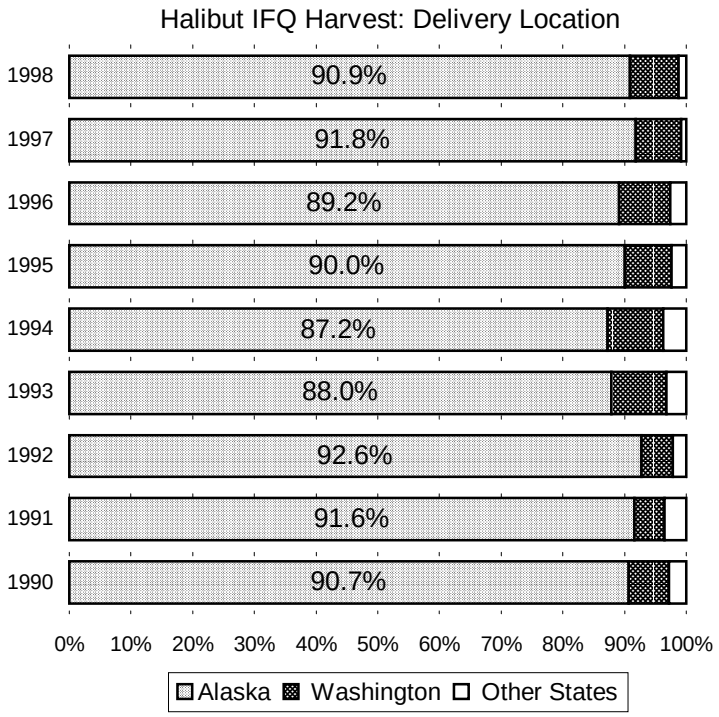
| Area | Year | Total QS Held By New Entrants | % of QS Held By New Entrants | Avg. QS Held By New Entrants | New Entrants For Area | Percent Who Are New Entrants |
|---|---|---|---|---|---|---|
| 2C | 1995 | 3,814,780 | 6.5 | 28,050 | 136 | 6.4 |
| | 1996 | 7,113,974 | 12.1 | 28,230 | 252 | 13.1 |
| | 1997 | 8,740,811 | 14.7 | 30,778 | 284 | 16.3 |
| | 1998 | 10,050,780 | 16.9 | 31,311 | 321 | 19.1 |
| 3A | 1995 | 10,359,550 | 5.7 | 61,664 | 168 | 6.1 |
| | 1996 | 19,574,594 | 10.6 | 56,249 | 348 | 13.7 |
| | 1997 | 23,306,263 | 12.6 | 57,264 | 407 | 17.4 |
| | 1998 | 25,936,743 | 14.0 | 61,172 | 424 | 18.9 |
| 3B | 1995 | 3,052,648 | 5.7 | 63,597 | 48 | 5.0 |
| | 1996 | 7,105,067 | 13.2 | 55,078 | 129 | 15.4 |
| | 1997 | 9,274,451 | 17.2 | 63,092 | 147 | 20.6 |
| | 1998 | 9,997,912 | 18.6 | 66,211 | 151 | 22.6 |
| 4A | 1995 | 1,236,540 | 8.7 | 42,639 | 29 | 6.1 |
| | 1996 | 2,606,473 | 18.1 | 42,040 | 62 | 14.3 |
| | 1997 | 3,610,691 | 24.9 | 40,570 | 89 | 23.3 |
| | 1998 | 3,625,246 | 25.0 | 40,733 | 89 | 24.8 |
| 4B | 1995 | 229,965 | 2.5 | 32,852 | 7 | 4.8 |
| | 1996 | 430,691 | 4.6 | 30,764 | 14 | 9.9 |
| | 1997 | 1,473,252 | 15.9 | 52,616 | 28 | 21.2 |
| | 1998 | 1,733,512 | 18.7 | 61,911 | 28 | 22.6 |
| 4C | 1995 | 86,454 | 2.2 | 43,227 | 2 | 2.5 |
| | 1996 | 475,032 | 12.0 | 95,006 | 5 | 6.3 |
| | 1997 | 624,289 | 15.7 | 69,365 | 9 | 11.7 |
| | 1998 | 655,251 | 16.5 | 72,806 | 9 | 12.5 |
| 4D | 1995 | 109,563 | 2.3 | 54,782 | 2 | 3.0 |
| | 1996 | 477,053 | 10.0 | 79,509 | 6 | 8.8 |
| | 1997 | 964,153 | 20.1 | 64,277 | 15 | 24.6 |
| | 1998 | 1,165,906 | 24.6 | 64,773 | 18 | 32.1 |
| 4E | 1995 | 0 | 0.0 | 0 | 0 | 0.0 |
| | 1996 | 0 | 0.0 | 0 | 0 | 0.0 |
| | 1997 | 1,856 | 1.3 | 1,856 | 1 | 1.0 |
| | 1998 | 1,856 | 1.3 | 1,856 | 1 | 1.0 |

# Chapter 14 Changes in Harvest and Delivery Patterns

Chapter 14 presents information on halibut harvests and deliveries, both before and after the IFQ program was implemented. There are time series data comparing deliveries that occurred from 1990 through 1998. There are also tables that show the number of persons who recorded landings, comparing the seasons before and after implementation of the IFQ program. Other tables show quarterly harvest data, the harvest by state of residence of the QS holder, and finally, a table comparing harvests by QS owners with harvests by hired skippers.

The percentages of the Alaska halibut harvest delivered to Alaska, Washington, and other states have not changed substantially in the first four years of the IFQ program, as Figure 3 illustrates.

The Kodiak Island Borough census area and the Kenai Peninsula/Anchorage aggregated area received the highest percentages of the halibut pounds delivered in Alaska, respectively averaging 22.7% and 26.7% of the statewide halibut deliveries over the 1995-1998 period.




Some areas have shown changes in the percentage of Alaska deliveries since inception of the IFQ program in 1995. For example, the percentage of halibut pounds delivered to the Sitka Borough, the Juneau Borough, and the Wrangell/Petersburg census area have increased slightly during the first four years of the program over 1990 to 1994 levels, whereas the percentage of halibut pounds delivered to the Valdez-Cordova census area and the Ketchikan/Prince of Wales aggregated area has decreased from 1990 to 1994 levels. Other census areas show 1995-1998 percentages that fluctuate within the ranges of 1990 to 1994 levels.

In many areas, the number of persons who recorded landings from 1995 through 1998 was roughly equivalent to the average number of persons who recorded landings over the 1990 to 1994 period; however, there were fairly large percentage decreases in persons with landings in Areas 2C, 3A, and 4C.

The vast majority of the halibut harvest in the first four years of the IFQ program occurred in the second and third quarters of each year in all management areas.

From 1995 to 1998 in Areas 2C, 3A, 3B, 4A, and 4C, the majority of IFQ permit holders with landings used QS owned by Alaska residents. QS owners from Alaska were also credited with the majority of pounds harvested in Areas 2C, 3A, and 4C in these years.

In Areas 4B and 4D, the highest percentage of IFQ permit holders with landings in the 1995-1998 seasons used QS owned by Washington residents. Washington QS owners were also credited with the majority of the halibut harvest in these areas and years.

Hired skippers were widely used in all areas except Area 2C during the first four years of the program. The use of hired skippers increased in all areas over the 1995-1998 time period. In 1998, the percentage of the harvest attributed to hired skippers was only 2.5% in Area 2C, but in other areas it ranged from 35.0% in Area 3A to 66.8% in Area 4D.

Use of hired skippers was more common in the harvester-processor vessel category and the “greater than 60 feet” catcher vessel category.

Note that more restrictive rules in Area 2C likely kept the number of operations with hired skippers much lower than other areas.

In all management areas except Area 2C, an individual who received an initial QS allocation in the catcher vessel categories B, C, or D does not have to be on board the vessel and sign IFQ landing reports if that individual owns at least a 20% interest in the vessel on which the IFQ are harvested, and the individual is represented on the vessel by a hired skipper. Because this exemption is confined to initial QS recipients only, the number of fishing operations where hired skippers are allowed should decrease over time as initial QS recipients transfer their QS holdings.

Note that persons who hold freezer vessel QS may use hired skippers to operate the vessels and sign IFQ landing reports in any management area, and they do not have to own the vessel that is used in the fishing operation. Corporations or partnerships may also use hired skippers, but they are also restricted to owning at least a 20% interest in the vessel on which the QS is fished. In Area 2C corporations or partnerships are restricted to using hired skippers only for the QS they were initially issued.

Some "hired skippers," as identified herein, may have actually been *de facto* QS lease arrangements. Ostensibly using a hired skipper was one way QS holders could circumvent IFQ program regulations that limited catcher vessel QS leases to 10% of a person's QS holding. The NPFMC addressed this by passing the 20% minimum vessel ownership percentages that were implemented in 1998.

**Table 16. Alaska Halibut Harvests by QS Owners and Hired Skippers, 1995-1998**

| Area | Year | QS Owners With Landings | Harvest by QS Owners | Owner Harvest % of Total | Hired Skippers With Landings | Harvest by Hired Skipper | Skipper Harvest % of Total | Total Harvest |
|---|---|---|---|---|---|---|---|---|
| 2C | 1995 | 1,307 | 7,646,188 | 99.2 | 19 | 62,226 | 0.8 | 7,708,414 |
| | 1996 | 1,301 | 8,323,774 | 98.8 | 28 | 100,644 | 1.2 | 8,424,418 |
| | 1997 | 1,253 | 9,384,833 | 98.2 | 32 | 172,432 | 1.8 | 9,557,265 |
| | 1998 | 1,091 | 9,288,212 | 97.5 | 38 | 240,666 | 2.5 | 9,528,878 |
| 3A | 1995 | 1,457 | 15,214,222 | 85.7 | 115 | 2,532,904 | 14.3 | 17,747,126 |
| | 1996 | 1,456 | 15,462,551 | 80.1 | 151 | 3,842,811 | 19.9 | 19,305,362 |
| | 1997 | 1,356 | 16,671,796 | 68.9 | 202 | 7,513,367 | 31.1 | 24,185,163 |
| | 1998 | 1,163 | 15,943,600 | 65.0 | 213 | 8,575,452 | 35.0 | 24,519,052 |
| 3B | 1995 | 379 | 2,462,537 | 78.2 | 67 | 684,763 | 21.8 | 3,147,300 |
| | 1996 | 404 | 2,395,549 | 68.6 | 87 | 1,097,674 | 31.4 | 3,493,223 |
| | 1997 | 383 | 4,864,069 | 55.6 | 126 | 3,890,024 | 44.4 | 8,754,093 |
| | 1998 | 336 | 5,150,471 | 48.7 | 132 | 5,417,610 | 51.3 | 10,568,081 |
| 4A | 1995 | 146 | 1,062,404 | 67.6 | 38 | 508,494 | 32.4 | 1,570,898 |
| | 1996 | 145 | 1,035,775 | 59.7 | 58 | 698,426 | 40.3 | 1,734,201 |
| | 1997 | 139 | 1,366,130 | 49.4 | 60 | 1,396,598 | 50.6 | 2,762,728 |
| | 1998 | 121 | 1,519,992 | 47.5 | 62 | 1,680,618 | 52.5 | 3,200,610 |
| 4B | 1995 | 44 | 1,021,688 | 81.9 | 17 | 225,635 | 18.1 | 1,247,323 |
| | 1996 | 40 | 890,954 | 54.1 | 36 | 754,978 | 45.9 | 1,645,932 |
| | 1997 | 47 | 994,477 | 38.6 | 41 | 1,580,511 | 61.4 | 2,574,988 |
| | 1998 | 32 | 801,741 | 38.7 | 33 | 1,270,138 | 61.3 | 2,071,879 |
| 4C | 1995 | 32 | 212,589 | 70.9 | 5 | 87,053 | 29.1 | 299,642 |
| | 1996 | 33 | 208,371 | 70.3 | 11 | 88,068 | 29.7 | 296,439 |
| | 1997 | 38 | 356,128 | 70.6 | 14 | 148,440 | 29.4 | 504,568 |
| | 1998 | 22 | 199,052 | 42.1 | 14 | 274,068 | 57.9 | 473,120 |
| 4D | 1995 | 20 | 288,224 | 66.9 | 10 | 142,591 | 33.1 | 430,815 |
| | 1996 | 18 | 213,344 | 43.8 | 23 | 273,796 | 56.2 | 487,140 |
| | 1997 | 13 | 230,420 | 30.4 | 27 | 526,560 | 69.6 | 756,980 |
| | 1998 | 10 | 280,109 | 33.2 | 17 | 562,703 | 66.8 | 842,812 |

# Chapter 15 Overharvest and Underharvest of IFQs and TACS

The principal report compares actual harvests with the TAC for each management area and year from 1990 through 1998. The report also examines the amount of totally unfished IFQ held by initial QS recipients who have not altered their QS holdings.

Over the 1990 to 1994 time period, harvests that exceeded the TAC were common. In each of the first four years of the IFQ program, the TAC was underharvested in all areas. From 1995 through 1997, the amount of unharvested TAC decreased in each year in six of the seven areas where an IFQ fishery occurred. However, in 1998 the amount of unharvested TAC increased over 1997 levels in all areas.

In 1998, the percentage of the TAC that was harvested ranged from 59.5% in Area 4C to 96.1% in Area 3B.

By 1998, the percentage of initial QS recipients who had not transferred, leased, or otherwise altered their QS holdings ranged from 36.4% of the initial QS holders in Area 3B to 56.3% of the initial QS holders in Area 4C.

Of the persons who had not yet altered their QS holdings, some also did not fish their IFQ. In 1998 this percentage ranged from 17.3% of the initial QS holders in Area 3B to 33.8% in Area 4C. On average, these persons held relatively small amounts of QS.

**Table 17. Comparison of Halibut TACs and Harvests, by Management Area, 1990 to 1998**

| Area | Year | Total Allowable Catch (TAC) | Total Area Harvest | Difference TAC (-) Harvest | Percent of TAC Harvested |
|---|---|---|---|---|---|
| 2C | 1990 | 9,500,000 | 9,705,514 | -205,514 | 102.2 |
| | 1991 | 7,400,000 | 8,686,934 | -1,286,934 | 117.4 |
| | 1992 | 10,000,000 | 9,816,892 | 183,108 | 98.2 |
| | 1993 | 10,000,000 | 11,289,516 | -1,289,516 | 112.9 |
| | 1994 | 11,000,000 | 10,378,542 | 621,458 | 94.4 |
| | 1995 | 9,000,000 | 7,708,414 | 1,291,586 | 85.6 |
| | 1996 | 9,000,000 | 8,424,418 | 575,582 | 93.6 |
| | 1997 | 10,000,000 | 9,557,265 | 442,735 | 95.6 |
| | 1998 | 10,500,000 | 9,528,878 | 971,122 | 90.8 |
| 3A | 1990 | 31,000,000 | 28,844,296 | 2,155,704 | 93.0 |
| | 1991 | 26,600,000 | 22,926,430 | 3,673,570 | 86.2 |
| | 1992 | 26,600,000 | 26,781,876 | -181,876 | 100.7 |
| | 1993 | 20,700,000 | 22,737,512 | -2,037,512 | 109.8 |
| | 1994 | 26,000,000 | 24,843,824 | 1,156,176 | 95.6 |
| | 1995 | 20,000,000 | 17,747,126 | 2,252,874 | 88.7 |
| | 1996 | 20,000,000 | 19,305,362 | 694,638 | 96.5 |
| | 1997 | 25,000,000 | 24,185,163 | 814,837 | 96.7 |
| | 1998 | 26,000,000 | 24,519,052 | 1,480,948 | 94.3 |
| 3B | 1990 | 8,500,000 | 8,694,295 | -194,295 | 102.3 |
| | 1991 | 8,800,000 | 11,934,312 | -3,134,312 | 135.6 |
| | 1992 | 8,800,000 | 8,622,283 | 177,717 | 98.0 |
| | 1993 | 6,500,000 | 7,855,357 | -1,355,357 | 120.9 |
| | 1994 | 4,000,000 | 3,860,240 | 139,760 | 96.5 |
| | 1995 | 3,700,000 | 3,147,300 | 552,700 | 85.1 |
| | 1996 | 3,700,000 | 3,493,223 | 206,777 | 94.4 |
| | 1997 | 9,000,000 | 8,754,093 | 245,907 | 97.3 |
| | 1998 | 11,000,000 | 10,568,081 | 431,919 | 96.1 |
| 4A | 1990 | 1,800,000 | 2,503,281 | -703,281 | 139.1 |
| | 1991 | 1,700,000 | 2,254,990 | -554,990 | 132.6 |
| | 1992 | 2,300,000 | 2,699,027 | -399,027 | 117.3 |
| | 1993 | 2,020,000 | 2,560,741 | -540,741 | 126.8 |
| | 1994 | 1,800,000 | 1,803,462 | -3,462 | 100.2 |
| | 1995 | 1,950,000 | 1,570,898 | 379,102 | 80.6 |
| | 1996 | 1,950,000 | 1,734,201 | 215,799 | 88.9 |
| | 1997 | 2,940,000 | 2,762,728 | 177,272 | 94.0 |
| | 1998 | 3,500,000 | 3,200,610 | 299,390 | 91.4 |
| 4B | 1990 | 1,900,000 | 1,332,988 | 567,012 | 70.2 |
| | 1991 | 1,700,000 | 1,513,422 | 186,578 | 89.0 |
| | 1992 | 2,300,000 | 2,317,361 | -17,361 | 100.8 |
| | 1993 | 2,300,000 | 1,962,364 | 337,636 | 85.3 |
| | 1994 | 2,100,000 | 2,017,108 | 82,892 | 96.1 |
| | 1995 | 1,848,000 | 1,247,323 | 600,677 | 67.5 |
| | 1996 | 1,848,000 | 1,645,932 | 202,068 | 89.1 |
| | 1997 | 2,784,000 | 2,574,988 | 209,012 | 92.5 |
| | 1998 | 2,800,000 | 2,071,879 | 728,121 | 74.0 |
| 4C | 1990 | 600,000 | 529,481 | 70,519 | 88.2 |
| | 1991 | 600,000 | 678,093 | -78,093 | 113.0 |
| | 1992 | 800,000 | 792,925 | 7,075 | 99.1 |
| | 1993 | 800,000 | 831,018 | -31,018 | 103.9 |
| | 1994 | 700,000 | 714,882 | -14,882 | 102.1 |
| | 1995 | 385,000 | 299,642 | 85,358 | 77.8 |
| | 1996 | 385,000 | 296,439 | 88,561 | 77.0 |
| | 1997 | 580,000 | 504,568 | 75,432 | 87.0 |
| | 1998 | 795,000 | 473,120 | 321,880 | 59.5 |
| 4D | 1990 | 600,000 | 1,005,291 | -405,291 | 167.5 |
| | 1991 | 600,000 | 1,436,533 | -836,533 | 239.4 |
| | 1992 | 800,000 | 727,423 | 72,577 | 90.9 |
| | 1993 | 800,000 | 836,160 | -36,160 | 104.5 |
| | 1994 | 700,000 | 710,901 | -10,901 | 101.6 |
| | 1995 | 539,000 | 430,815 | 108,185 | 79.9 |
| | 1996 | 539,000 | 487,140 | 51,860 | 90.4 |
| | 1997 | 812,000 | 756,980 | 55,020 | 93.2 |
| | 1998 | 1,113,000 | 842,812 | 270,188 | 75.7 |
| 4E | 1990 | 100,000 | 60,355 | 39,645 | 60.4 |
| | 1991 | 100,000 | 104,297 | -4,297 | 104.3 |
| | 1992 | 130,000 | 66,818 | 63,182 | 51.4 |
| | 1993 | 120,000 | 64,235 | 55,765 | 53.5 |
| | 1994 | 100,000 | 120,226 | -20,226 | 120.2 |

*Note: TACs and harvests are for commercial harvests only. In years of IFQ fisheries, they exclude CDQ allocations and harvests.*

# Chapter 16 Consolidation of IFQ Permit Holders on Vessels

One way the IFQ program can reduce the number of fishing operations is the consolidation of QS holdings. Another way is when QS holders combine to fish their IFQ holdings from a single vessel.

Chapter 16 provides time series data on harvests and participation in the halibut fishery from 1990 through 1998. These data suggest the extent to which vessels have been used by more than one person, both before and after the IFQ program was implemented.

Table 18 provides time series data on harvests and participation in the halibut fishery from 1990 through 1998. In Areas 2C, 3A, and 4C, the number of persons and vessels with landings has fallen substantially under the IFQ program. In Areas 3B, 4A, 4B, and 4D there has not been a pronounced change.

Before the IFQ program in 1995, it was not uncommon for more than one CFEC permit holder to make landings off one vessel in the halibut fishery. After the IFQ fisheries were implemented, two or more IFQ permit holders might join together to fish their IFQ off one vessel. Table 18 indicates that in most areas the ratio of the number of unique persons with landings to the number of unique vessels has risen over the 1990-1994 average, which provides some evidence that the practice of multiple persons recording landings off a single vessel has increased under the IFQ program.

**Table 18. Summary of 1990-1998 Halibut Harvest and Participation**

| Area | Year | Total Harvest (pounds) | Persons With Landings | Vessels With Landings | Person Landing Days | Vessel Landing Days | Pounds per Person | Pounds per Vessel | Persons per Vessel |
|---|---|---|---|---|---|---|---|---|---|
| 2C | 1990 | 9,705,514 | 1,525 | 1,489 | 2,638 | 2,605 | 6,364 | 6,518 | 1.02 |
| | 1991 | 8,686,934 | 1,831 | 1,805 | 2,967 | 2,927 | 4,744 | 4,813 | 1.01 |
| | 1992 | 9,816,892 | 1,786 | 1,775 | 3,273 | 3,255 | 5,497 | 5,531 | 1.01 |
| | 1993 | 11,289,516 | 1,563 | 1,562 | 2,586 | 2,575 | 7,223 | 7,228 | 1.00 |
| | 1994 | 10,378,542 | 1,468 | 1,461 | 2,386 | 2,373 | 7,070 | 7,104 | 1.00 |
| | 1995 | 7,708,414 | 1,319 | 1,105 | 3,210 | 2,922 | 5,844 | 6,976 | 1.19 |
| | 1996 | 8,424,418 | 1,321 | 1,024 | 3,602 | 3,248 | 6,377 | 8,227 | 1.29 |
| | 1997 | 9,557,265 | 1,275 | 989 | 3,956 | 3,557 | 7,496 | 9,664 | 1.29 |
| | 1998 | 9,528,878 | 1,116 | 826 | 3,398 | 3,039 | 8,538 | 11,536 | 1.35 |
| 3A | 1990 | 28,844,296 | 2,457 | 2,348 | 4,415 | 4,349 | 11,740 | 12,285 | 1.05 |
| | 1991 | 22,926,430 | 2,306 | 2,231 | 3,443 | 3,393 | 9,942 | 10,276 | 1.03 |
| | 1992 | 26,781,876 | 1,985 | 1,924 | 3,291 | 3,263 | 13,492 | 13,920 | 1.03 |
| | 1993 | 22,737,512 | 1,554 | 1,529 | 2,308 | 2,292 | 14,632 | 14,871 | 1.02 |
| | 1994 | 24,843,824 | 1,735 | 1,712 | 2,699 | 2,693 | 14,319 | 14,512 | 1.01 |
| | 1995 | 17,747,126 | 1,537 | 1,145 | 3,122 | 2,730 | 11,547 | 15,500 | 1.34 |
| | 1996 | 19,305,362 | 1,553 | 1,101 | 3,322 | 2,882 | 12,431 | 17,534 | 1.41 |
| | 1997 | 24,185,163 | 1,501 | 1,072 | 3,666 | 3,215 | 16,113 | 22,561 | 1.40 |
| | 1998 | 24,519,052 | 1,314 | 891 | 3,275 | 2,838 | 18,660 | 27,519 | 1.47 |
| 3B | 1990 | 8,694,295 | 406 | 383 | 546 | 537 | 21,415 | 22,701 | 1.06 |
| | 1991 | 11,934,312 | 624 | 602 | 882 | 874 | 19,126 | 19,824 | 1.04 |
| | 1992 | 8,622,283 | 485 | 478 | 642 | 642 | 17,778 | 18,038 | 1.01 |
| | 1993 | 7,855,357 | 406 | 401 | 537 | 535 | 19,348 | 19,589 | 1.01 |
| | 1994 | 3,860,240 | 328 | 320 | 499 | 499 | 11,769 | 12,063 | 1.03 |
| | 1995 | 3,147,300 | 436 | 332 | 553 | 464 | 7,219 | 9,480 | 1.31 |
| | 1996 | 3,493,223 | 467 | 349 | 599 | 490 | 7,480 | 10,009 | 1.34 |
| | 1997 | 8,754,093 | 479 | 355 | 839 | 711 | 18,276 | 24,659 | 1.35 |
| | 1998 | 10,568,081 | 438 | 325 | 814 | 700 | 24,128 | 32,517 | 1.35 |
| 4A | 1990 | 2,503,281 | 155 | 153 | 189 | 188 | 16,150 | 16,361 | 1.01 |
| | 1991 | 2,254,990 | 237 | 237 | 257 | 257 | 9,515 | 9,515 | 1.00 |

| Area | Year | Total Harvest (pounds) | Persons With Landings | Vessels With Landings | Person Landing Days | Vessel Landing Days | Pounds per Person | Pounds per Vessel | Persons per Vessel |
|---|---|---|---|---|---|---|---|---|---|
| 4A | 1992 | 2,699,027 | 197 | 190 | 326 | 326 | 13,701 | 14,205 | 1.04 |
| con't | 1993 | 2,560,741 | 166 | 165 | 196 | 196 | 15,426 | 15,520 | 1.01 |
| | 1994 | 1,803,462 | 178 | 176 | 230 | 229 | 10,132 | 10,247 | 1.01 |
| | 1995 | 1,570,898 | 180 | 140 | 246 | 210 | 8,727 | 11,221 | 1.29 |
| | 1996 | 1,734,201 | 192 | 147 | 280 | 239 | 9,032 | 11,797 | 1.31 |
| | 1997 | 2,762,728 | 185 | 141 | 318 | 277 | 14,934 | 19,594 | 1.31 |
| | 1998 | 3,200,610 | 166 | 120 | 255 | 217 | 19,281 | 26,672 | 1.38 |
| 4B | 1990 | 1,332,988 | 65 | 61 | 136 | 133 | 20,508 | 21,852 | 1.07 |
| | 1991 | 1,513,422 | 84 | 81 | 182 | 182 | 18,017 | 18,684 | 1.04 |
| | 1992 | 2,317,361 | 85 | 82 | 261 | 261 | 27,263 | 28,261 | 1.04 |
| | 1993 | 1,962,364 | 67 | 65 | 132 | 132 | 29,289 | 30,190 | 1.03 |
| | 1994 | 2,017,108 | 75 | 74 | 229 | 229 | 26,895 | 27,258 | 1.01 |
| | 1995 | 1,247,323 | 60 | 57 | 79 | 77 | 20,789 | 21,883 | 1.05 |
| | 1996 | 1,645,932 | 73 | 64 | 85 | 81 | 22,547 | 25,718 | 1.14 |
| | 1997 | 2,574,988 | 82 | 69 | 129 | 120 | 31,402 | 37,319 | 1.19 |
| | 1998 | 2,071,879 | 61 | 47 | 85 | 71 | 33,965 | 44,083 | 1.30 |
| 4C | 1990 | 529,481 | 54 | 51 | 160 | 158 | 9,805 | 10,382 | 1.06 |
| | 1991 | 678,093 | 53 | 51 | 165 | 165 | 12,794 | 13,296 | 1.04 |
| | 1992 | 792,925 | 68 | 62 | 329 | 315 | 11,661 | 12,789 | 1.10 |
| | 1993 | 831,018 | 63 | 58 | 368 | 344 | 13,191 | 14,328 | 1.09 |
| | 1994 | 714,882 | 66 | 64 | 329 | 320 | 10,832 | 11,170 | 1.03 |
| | 1995 | 299,642 | 37 | 35 | 130 | 127 | 8,098 | 8,561 | 1.06 |
| | 1996 | 296,439 | 43 | 41 | 137 | 136 | 6,894 | 7,230 | 1.05 |
| | 1997 | 504,568 | 48 | 46 | 152 | 151 | 10,512 | 10,969 | 1.04 |
| | 1998 | 473,120 | 33 | 30 | 94 | 89 | 14,337 | 15,771 | 1.10 |
| 4D | 1990 | 1,005,291 | 24 | 24 | 25 | 25 | 41,887 | 41,887 | 1.00 |
| | 1991 | 1,436,533 | 48 | 48 | 49 | 49 | 29,928 | 29,928 | 1.00 |
| | 1992 | 727,423 | 26 | 26 | 27 | 27 | 27,978 | 27,978 | 1.00 |
| | 1993 | 836,160 | 19 | 19 | 22 | 22 | 44,008 | 44,008 | 1.00 |
| | 1994 | 710,901 | 40 | 39 | 118 | 117 | 17,773 | 18,228 | 1.03 |
| | 1995 | 430,815 | 30 | 27 | 30 | 28 | 14,361 | 15,956 | 1.11 |
| | 1996 | 487,140 | 38 | 33 | 40 | 36 | 12,819 | 14,762 | 1.15 |
| | 1997 | 756,980 | 38 | 33 | 40 | 36 | 19,921 | 22,939 | 1.15 |
| | 1998 | 842,812 | 24 | 22 | 26 | 24 | 35,117 | 38,310 | 1.09 |
| 4E | 1990 | 60,355 | 133 | 129 | 276 | 273 | 454 | 468 | 1.03 |
| | 1991 | 104,297 | 64 | 64 | 156 | 156 | 1,630 | 1,630 | 1.00 |
| | 1992 | 66,818 | 41 | 41 | 146 | 146 | 1,630 | 1,630 | 1.00 |
| | 1993 | 64,235 | 47 | 47 | 223 | 223 | 1,367 | 1,367 | 1.00 |
| | 1994 | 120,226 | 75 | 74 | 453 | 451 | 1,603 | 1,625 | 1.01 |