

MEMORANDUM

TO: Council, SSC and AP Members
FROM: Chris Oliver *Chris*
Executive Director
DATE: January 30, 2013
SUBJECT: Active participation and crew issues

ESTIMATED TIME 8 HOURS (All C-4 items)
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ACTION REQUIRED

- (b) Initial Review of active participation analysis
- (c) Discussion paper of cooperative measures to address crew issues

BACKGROUND

When adopting the crab rationalization program, the Council recognized the novelty of that program and the need to evaluate its performance periodically. As a part of its response to that need, the Council scheduled a comprehensive review to be complete after the fifth year of fishing under the program. In conducting the review, the Council identified issues related to active participation of quota share holders and the effects of leasing of quota on fishery participants for further consideration. These two agenda items address those issues.

- (b) Initial Review of active participation analysis

Under the crab rationalization program, owner quota shares (QS), which makes up approximately 97 percent of the QS pool, may be acquired and held by an individual (or an entity owned in part by an individual) who has demonstrated 150 days of sea time in U.S. commercial fisheries. On receiving staff's review of the first five years of the crab program, the Council elected to consider an action that would require ongoing crab fishery participation on the part of persons wishing to acquire and hold owner QS. At that time, the Council identified alternatives for analysis and directed staff to prepare an analysis of those alternatives for initial review. A copy of the executive summary of that analysis is attached (Item C-4(b)(1)).

- (c) Discussion paper on cooperative measures to address crew issues

Shortly after the implementation of the crab program, the Council expressed a concern that the leasing of quota under the program may have detrimental effects on crab fishery participants. Specifically, the Council is concerned that a segment of the quota holders in the fishery have little or no involvement in crab fishery operations leading to the development of an environment in which a substantial portion of the interests in the fisheries are held as passive investments. As a result, a share of the quota interests in the fisheries may be unavailable for persons who active fish (either through vessel ownership or as crew). The Council is also concerned that high lease rates of quota may harm participants in the fisheries by

diminishing returns on investments in vessels and pay to crew. To consider the development of a response to these concerns, the Council requested staff to prepare a discussion paper examining requirements for cooperative agreements to address problems arising from the leasing environment in the fisheries. The Council specifically requested that the paper examine the use of cooperative agreements to implement measures to 1) create share acquisition opportunities for crew and other active participants, 2) establish a limit on lease rates, 3) establish a limit on the amount of leases payments that may be charged to crew, and 4) establish crew compensation standards. The discussion paper prepared by staff in response to this request is attached (Item C-4(c)(1)).