

**Mr. Dan Hull, Chairman
North Pacific Fishery Management Council
605 W. 4th Ave., Ste 306
Anchorage, AK 99501-2252**

Dear Chairman Hull:

The below listed crew and vessel owners believe the following accounting depicts the crew employment opportunities, entry opportunities, and vessel operations prior to the implementation of the Halibut/Sablefish program compared to the 2016 fishing season.

Crew Shares

- **Jobs on the halibut sablefish vessels in 1994 included a couple 1 or 2 day halibut openings and a 7 day sablefish fishery. It is very difficult to define these jobs as full-time, family wage jobs. The jobs were paying very modest wages. Today, the jobs provided on FVOA vessels, a significant number of which have Deep Sea Fishermen's Union (DSFU) affiliation, pay \$100,000 per crew even in these current low abundance levels of halibut and sablefish.**

Crew Employment – Number of Jobs

- **Jobs pre-IFQ (1995) were often working in unsafe situations due to season structure and weather. The USCG reports show that there were 32 or more search and rescue actions on each 24 hour openings before 1995.**
- **Vessel owners were capital stuffing their vessels for short 24 and 36 hour derbies with additional crew to work around the clock prior to 1995. This is not necessary with the added time to fish so there are fewer jobs but better paying jobs.**
- **Fewer jobs and fewer vessels was envisioned as a necessity by the Council members in 1990 that set up the program. It was envisioned that the program must be able to expand and contract with available harvestable resources, price structures and other unforeseen variables. This has occurred with over 95% of the halibut being harvested even with quotas declining 50% to 65%.**
- **One of the selling points of IFQs was that a recipient who received little quota could combine their quota with someone else's to make a profitable operation.**

Quality of Crew

- **Before IFQs, there is a saying that a good crew at sea is a good worker shoreside, such as, in the building trades. Quality crew were not attracted to the modest level of wages offered pre-1995 and the race for fish. Today, with increased USCG requirements, crew often have a safety certificate, drill instructor certificates, certificates in refrigeration, tonnage licenses and safety courses as references. The jobs on FVOA vessel are highly sought after and crews have upgraded their resumes`.**
- **Graying of the fleet – the IFQ format has created a situation which has extended the active fishing career of a crewman. Crew are often 10, 15, or 20 years on the same vessel in the Seattle fleet. This generation is working longer in general due to national and international economic**

uncertainties as are government and other American workers; however, this group of fishing crew is beginning to retire.

Entry Opportunities

- If we are at the beginning of rebuilding the halibut resource, this is the best time to become a crewman as halibut have demonstrated that they usually have a 10 to 15 year up cycle when they do rebuild whether you buy quota or not. Buying quota now, if the resource rebounds, as the quota goes up, the price/lb. actually decreases for today's purchaser of QS. With the aging fleet, opportunities are coming open regularly in the Seattle fleet as crew retire.
- New crewman do not see the next step in their career as necessarily being a vessel owner. This was the top of the harvesting career pre 1995. Today the crew do not need to purchase a boat and quota. They can focus on only buying quota. The legal liability issues that come with owning a vessel, maintenance, insurance and being responsible for other people is not necessarily a goal of the new crew person. Owning quota or a herring permit, salmon permit and being a walk-aboard crew or skipper is a very viable and profitable career goal. The crewman gets a share as wages, plus a skipper share, plus a use fee for the QS or State of Alaska salmon permit or herring permit they bring on to the vessel.
- Before IFQs, banks did not want to loan money to unseasoned newcomers. You needed someone who was retiring to carry the paper in order to buy a vessel. Today QS is loanable to any crew.

Vessel Operations

- Prior to 1995, a new engine cost \$35,000. Expenses of a vessel have increased disproportionately to the cost of living index. Today a new engine costs \$60,000 to \$80,000 plus \$20,000 for installation. Liability costs have skyrocketed in the last two decades due to the nature of Jones Act liability case law. Vessels, prior to IFQs, while operating in the derbies, were deferring maintenance to their vessels. The Council's SSC recognized in 1990, there was no economic surplus on the harvester side of fishing due to the open entry aspect of the fishery.
- During the first three years after IFQs, most vessels' earnings surplus went into vessel maintenance and updates as well as the purchase of QS.
- Prior to 1995, neither the crew nor the vessel owner had any marketing leverage with processors that were unloading 3500 vessels after a 24-hour opening and offloading 20 million pounds of harvest from a single 24-hour opening. Vessels now can have their fish marked down in value if it is not delivered as a #1 product. There is a higher expectation for quality. Vessel owners and crew negotiate between processors for a fair price.
- Some long-time boat owners have not sold their boat and quota when they are weary of the quota reductions and political uncertainty and instead have hired one of their longtime crew or family member as a hired skipper to run their boat.

Many fishermen who have chosen this option have done it out of loyalty to their crew so they can continue to be paid as they have throughout their career. Once the boat and quota are sold, the new owner must pay for the quota. Profits that could be paid as crew shares prior to a sale are now required to be used to pay principle and interest on IFQ debt. Crew shares therefore

are almost always dramatically reduced by necessity after a longtime IFQ fisherman sells out of the business.

- Crews now derive their income from a business model that includes first and second generation quota shareholders. Not all crew hold QS but many do as do most of the current skippers.

John D. Crowley
Imperial Ob
Fossil Weight
Guns & Di Circa
J. D. Crowley
John D. Crowley

Mr. Dan Hull, Chairman
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July 27, 2016

Dear Chairman Hull,

I am writing in support of the use of IFQs in the halibut and sablefish fisheries in Alaska. They have helped improve safety for fishermen, increased economic stability and opportunities and produced better quality seafood for consumers.

Prior to the initiation of the IFQ system, when halibut and sablefish were fished for intense, day(s)-long openings, boats had to go out into extreme weather which led to many search and rescue actions. Crew had to work around the clock, adding to the unsafe conditions. Quality, well-trained crew were not attracted to these "derbies", further exacerbating the danger. Under the IFQ system, fishers can wait for safer weather conditions and spread their fishing out over a longer period to get needed rest. Crew members can make a living wage over the course of the year and receive needed safety training.

The IFQ system has provided additional, attainable economic opportunities for crew. It isn't necessary for them to move from being crew to becoming fishing vessel owners, with the vessel maintenance insurance requirements, and crew-management responsibilities required for this step. Owning quota or a herring or salmon permit and being a walk-aboard crew or skipper is a viable and profitable career goal. The crew gets a share as wages, plus a skipper share, plus a use fee for the QS or Alaska herring or salmon permit. Before IFQs, banks did not want to loan money to newcomers. Today QS is loanable to any crew.

Finally, the consumers benefit from being able to buy fish that is better cared for and fresh over a much longer season, and fishers can negotiate for fair prices. Prior to 1995, during the derbies, processors were offloading 20 million pound of harvest from a single 24-hour opening and the quality and price suffered. Vessels can now have their fish marked down in value if it is not delivered as a #1 product. Additionally, vessel owners and crew can negotiate between processors for a fair price.

The IFQ system has proved to be an effective and profitable system for managing the halibut and sable fish fisheries. It benefits fishers both fishers and seafood consumers.

Sincerely,



Christopher Franklin
3401 W. Lawton St.
Seattle, WA 98199

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CREW OF FALCON

26 yrs John E Young
15 yrs Verne R Young
30 yrs AWIGHT RIEDERER
15 yrs Tom Munroe
4 yrs Markus Peterson

7104 Glenmorag Way
Flwaco WA. 98624 (360) 642-1211
P.O. Box 611
Pelican AK 99832 907-735-2215
22928 SE 406th ST Enumclaw WA
98022
3823 Cyclone Dr. Bellingham WA.
98225
6th third St chinook WA. 98614

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Crew of the Polaris

K. M. [Signature] _____

[Signature] (John Foster) _____

Brian Dafforn (BRIAN DAFFORN) _____

Wade [Signature] _____

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Hi Dan, I haven't seen you for awhile. Lately we deliver in Yakutat only & Sitta. Hope all is going well for you!
-Charlie

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Entry Opportunities

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FV Sea Angel

~~Justin Naggle~~
Justin Naggle
Charles C Naggle

Justin Naggle
Melissa Naggle
Charlie Naggle

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Norman Ness - BOAT OWNER F.V. SUNWARD

Cliff Ness - HIRED SKIPPER F.V. SUNWARD

Indy Ness - - CREW MEMBER F.V. SUNWARD

Michael Ness - CREW MEMBER F.V. SUNWARD

Gabe Gunderson - CREW MEMBER F.V. SUNWARD

BZ BRIAN MCKENNA - CREW MEMBER

[Signature]

[Signature]

[Signature]

Cherie Ness - BOAT OWNER F.V. SUNWARD

ST. PAUL ID. RESIDENTS/FISHERMEN

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- New crewman do not see the next step in their career as necessarily being a vessel owner. This was the top of the harvesting career pre 1995. Today the crew do not need to purchase a boat and quota. They can focus on only buying quota. The legal liability issues that come with owning a vessel, maintenance, insurance and being responsible for other people is not necessarily a goal of the new crew person. Owning quota or a herring permit, salmon permit and being a walk-aboard crew or skipper is a very viable and profitable career goal. The crewman gets a share as wages, plus a skipper share, plus a use fee for the QS or State of Alaska salmon permit or herring permit they bring on to the vessel.
- Before IFQs, banks did not want to loan money to unseasoned newcomers. You needed someone who was retiring to carry the paper in order to buy a vessel. Today QS is loanable to any crew.

Vessel Operations

- Prior to 1995, a new engine cost \$35,000. Expenses of a vessel have increased disproportionately to the cost of living index. Today a new engine costs \$60,000 to \$80,000 plus \$20,000 for installation. Liability costs have skyrocketed in the last two decades due to the nature of Jones Act liability case law. Vessels, prior to IFQs, while operating in the derbies, were deferring maintenance to their vessels. The Council's SSC recognized in 1990, there was no economic surplus on the harvester side of fishing due to the open entry aspect of the fishery.
- During the first three years after IFQs, most vessels' earnings surplus went into vessel maintenance and updates as well as the purchase of QS.
- Prior to 1995, neither the crew nor the vessel owner had any marketing leverage with processors that were unloading 3500 vessels after a 24-hour opening and offloading 20 million pounds of harvest from a single 24-hour opening. Vessels now can have their fish marked down in value if it is not delivered as a #1 product. There is a higher expectation for quality. Vessel owners and crew negotiate between processors for a fair price.
- Some long-time boat owners have not sold their boat and quota when they are weary of the quota reductions and political uncertainty and instead have hired one of their longtime crew or family member as a hired skipper to run their boat.

Many fishermen who have chosen this option have done it out of loyalty to their crew so they can continue to be paid as they have throughout their career. Once the boat and quota are sold, the new owner must pay for the quota. Profits that could be paid as crew shares prior to a sale are now required to be used to pay principle and interest on IFQ debt. Crew shares therefore

**Mr. Dan Hull, Chairman
North Pacific Fishery Management Council
605 W. 4th Ave., Ste 306
Anchorage, AK 99501-2252**

Dear Chairman Hull:

The below listed crew and vessel owners believe the following accounting depicts the crew employment opportunities, entry opportunities, and vessel operations prior to the implementation of the Halibut/Sablefish program compared to the 2016 fishing season.

Crew Shares

- **Jobs on the halibut sablefish vessels in 1994 included a couple 1 or 2 day halibut openings and a 7 day sablefish fishery. It is very difficult to define these jobs as full-time, family wage jobs. The jobs were paying very modest wages. Today, the jobs provided on FVOA vessels, a significant number of which have Deep Sea Fishermen's Union (DSFU) affiliation, pay \$100,000 per crew even in these current low abundance levels of halibut and sablefish.**

Crew Employment – Number of Jobs

- **Jobs pre-IFQ (1995) were often working in unsafe situations due to season structure and weather. The USCG reports show that there were 32 or more search and rescue actions on each 24 hour openings before 1995.**
- **Vessel owners were capital stuffing their vessels for short 24 and 36 hour derbies with additional crew to work around the clock prior to 1995. This is not necessary with the added time to fish so there are fewer jobs but better paying jobs.**
- **Fewer jobs and fewer vessels was envisioned as a necessity by the Council members in 1990 that set up the program. It was envisioned that the program must be able to expand and contract with available harvestable resources, price structures and other unforeseen variables. This has occurred with over 95% of the halibut being harvested even with quotas declining 50% to 65%.**
- **One of the selling points of IFQs was that a recipient who received little quota could combine their quota with someone else's to make a profitable operation.**

Quality of Crew

- **Before IFQs, there is a saying that a good crew at sea is a good worker shoreside, such as, in the building trades. Quality crew were not attracted to the modest level of wages offered pre-1995 and the race for fish. Today, with increased USCG requirements, crew often have a safety certificate, drill instructor certificates, certificates in refrigeration, tonnage licenses and safety courses as references. The jobs on FVOA vessel are highly sought after and crews have upgraded their resumes`.**
- **Graying of the fleet – the IFQ format has created a situation which has extended the active fishing career of a crewman. Crew are often 10, 15, or 20 years on the same vessel in the Seattle fleet. This generation is working longer in general due to national and international economic**

uncertainties as are government and other American workers; however, this group of fishing crew is beginning to retire.

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