

# F/V Arctic Hunter

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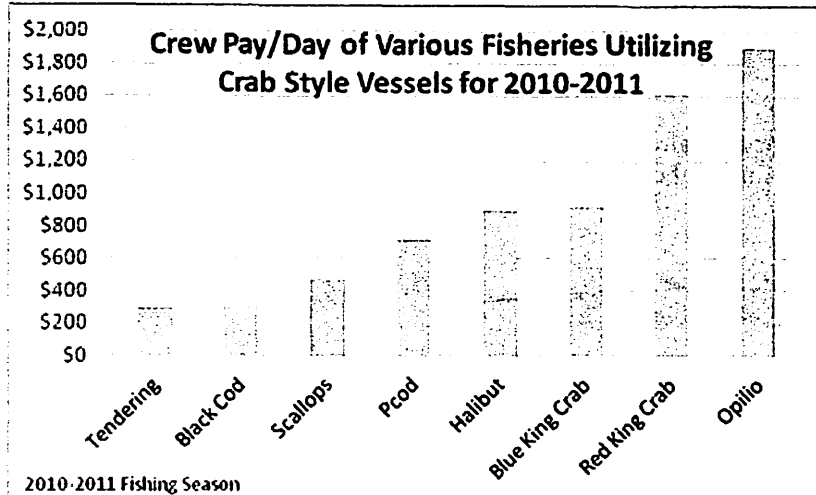
December 3, 2011

Mr. Eric Olson, Chair  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

Re: Agenda Item C-4 (a) Crew compensation/active participation/excessive lease rates

Chairman Olson,

I have fished crab since 1978, own Crab quota both CVO and C shares, I am an owner of an active crab harvesting boat. I also participate in Bering Sea Trawl Cod, Pot Cod and Weathervane Scallops.



As the above Bering Sea various crew pay graph with data from ABSC vessels illustrates, from an active crewmen's economic viewpoint the crab program is a huge success. Bering Sea Crab crews are now the highest paid crews on a per day basis in the Bering Sea and quite possibly the entire Nation.

Pre-rationalization our crab crew jobs with very little dependable income were predominately suitable for transient single men with little interest in vessel safety or maintenance. Now after catch-share implementation we have seen a sea-change in crewmen with professional attitudes, anxious to hold these high paying, long term and family supporting careers. These professional crewmen are happy to attend training classes and assist in maintenance of the boats.

Personally in my own operations we have crews that fish for us in Trawl Cod, Pot cod and Scallops, every one of them begs me for a site on the crab crew as they are all well aware of the vastly superior pay in crab over the other Alaskan fisheries. Every year our Scallops and Cod captains lobby me for a crab deck job, because they can make more on the crab deck then they do in the wheelhouse for Scallop & Cod. The obvious benefit of this to me as a crab boat owner is that we can place the best of the best on our crab crew.

As a result of ABSC leadership most QS holders have volunteered to hold lease rates at 65% for King crab and 50% for Snow Crab. This will increase these pay per day numbers for crew even further.

ABSC has also recommended ICE and other Coops institute coop bylaws giving a Right of First Offer to crew and active persons before selling their QS. This will assist greatly in keeping QS in the hands of active participants and is a goal our members see as beneficial to the health of our industry.

The forgone opportunities as a result of the never-ending threat of crab catch share dismemberment are great. We have many issues facing us, Marketing, Illegal Russian crab entering the market place, Bio mass Modeling, TAC setting processes, Crab hatchery studies, Acidification and Climate change just to name a few. These are all huge issues that can have dramatic effects on all Stakeholders. The recent example of large crab price gains as a result of Russian/US crackdowns on Illegal crab entering the market place clearly illustrates what can be gained for all Alaskan Crab stakeholders by turning our attention away from these energy consuming reallocation issues.

One of the unintended consequences of the crab program has been the unprecedented joining of crab fishermen and all stakeholders into an effective cohesive group to do the good work for the whole industry, rather than then focusing energies against each other as in pre-program days.

ABSC and others are just beginning to scratch the surface of these issues that can have such a huge benefit to us all, owners, crews, processors and communities.

The multitudes of reviews, reports and testimonies have illustrated in many different ways the giant successes of the crab rationalization program. Industry's recent voluntary solutions to the Council's *perceived* problems with Crew pay, High Lease rates and Active Participation only further strengthens these successes.

I implore the council body and others to finally recognize the tremendous successes of this program and its participants. Please end this constant threat of disruption and let us get to work and focus on projects for the benefit of us all.

Thank You, Jim Stone

A handwritten signature in black ink, appearing to read "Jim Stone", written over a horizontal line.

Zackary

October, 25, 2011

Debi Faulkner

Assignment D

In ten years I plan to be on my own, out of my parent's house and working on the boat with my Dad.

I will have no college degree, but I will have had multiple courses through the Kodiak College that would help me in the fishing industry. My job in ten years, I hope, will be working as a crab fisherman with my dad. Eventually, I would like to be able to take my dad's place and run the boat for him. But in ten years, I still think that I would be on the back deck working as one of the crew.

The boat that I would be working on is a ninety-eight foot long by thirty-four foot wide Alaskan Bering sea crabber named the *Alaska Spirit*. The color on the hull is a dark tealish green with white trim on and around the wheelhouse. That description is what the boat is now although in the next five years there are plans to remodel, lengthen, and repower the boat.

The work in the winter which is crabbing will not be the only thing that I will do; also I will work in the summer, spring and fall. In the summer, I will do tendering for Ocean Beauty Seafood's. In ten years, I hope to be able to give my Dad a break and run the boat for him and he can stay home. In the spring and fall, I will do halibut fishing; only in the winter would I be able to catch Red Crab and Opie Crab. The only reason why I could not run the boat for the whole year without him is because I still would not

have had enough back deck experience to be of any use in the wheelhouse. I would only be able to run the boat for tendering, because I have worked on that fishery since I was twelve. So by then, I would have more experience on tendering than crabbing or halibut fishing.

I would like to have a God fearing loving Wife and a child or two and I think the children should be home schooled for a little while up until junior high. We would stay here in Kodiak where I could be closest to work and closest to home.

I still want to be going to church and worshipping God. I will hopefully still be going to the same church that I have been going to since I was little; the church's name is the Kodiak Bible Chapel. I would like to in my off time, which would be rare, to go out and hunt for Deer or go four wheeling with some friends.

That is what I expect my life to be like in the next ten years.

## Albert Tyler Schmeil

Council letter

Chairman Olsen,

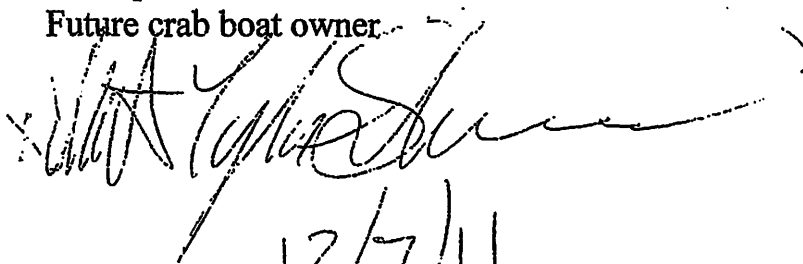
I have lived in Kodiak since 1975 and grew up in a small village outside of town. I have been around the fisheries and boats since I was a young boy... My Father owned a salmon boat. I also had two older brothers that worked in the fishing industry. In 1992, I purchased my first boat a Kodiak Salmon Seiner and permit after working many years on the back deck, and worked them until 2004. I started on a crab boat in 1993 as a crewmember, and by 1996 was starting to run the boat part time. By 1998 I was in the wheel house as a full time captain. I sold my seiner in 2004 to focus full time on the crab and pot cod fisheries, Because of my dedication to the crab vessel I was offered a 20% incentive in the BSAI IFQ's to stay and work. I married in 1994. We now have two children and have built our own home in Kodiak. My wife is president the Fisherman's Wifes Association, I am also on the board of the Kodiak Fisheries Development Association, on the board of directors for Alaska Bering Sea Crabbers and the president of Kodiak Crab Harvesters Co-Op. I am very involved in the proficiency and safety of the boat I work on. In 2003 I took the vessel to Oregon for an extensive boat yard project to widen and improve our over all fishing abilities. Also in 2008 did another extensive project on the boat to increase the hold capacity about the time that fuel was getting quite expensive. My intentions are to purchase the F/V Alaska Spirit and acquire up to 50% of the crab of which I purchased 12.5% at fair market value four years ago, at the same time I bought other CVO crab IFQ's both red crab and opielos from the open market going to a commercial lender to get the money. Two years ago I bought more shares of BBR CVO again going to a commercial lender. I now own 32.5% of the crab that was originally given to the boats' owner and am looking to possibly increase that if nothing changes, lenders don't want to hear that "The program" might change, instability is not good.

I have been involved with this program since its inception, and although I haven't always liked working with the constrains of the crab fishery, I have developed a dependable job for myself, my five crewmembers, a relief captain, a co-op manager and an accountant, because we now know how much crab is going to get harvested by the boat before the season starts. I do fish leased crab along with the boats original issued crab that is paid to the crew without a lease taken. I am proof that with some planning, a little saving, good credit and drive any one can become an owner of crab and could be involved with a great fishery.

I have come to address crew compensation/ and excessive lease rates. To start with, the crew along with myself (because I am also a working captain) personally feel that we are earning a very good living, the voluntary increase on the Bristol Bay Red Crab lease rate this year from a 30% harvester Share to 35% represents a 16.5% increase in crew pay alone. Not every lease holder is their yet but I think industry is working well to get all lease holders on board. So to say the crew is unhappy is not at all true. Also even before this I believe that the crews were doing very well in most cases. In turn investing crew earnings back into their communities by buying homes, boats and maybe crab IFQ's. Along with job stability come the returning crewmember that makes the boat a safer place to work, most of my crew have been on deck for several years or longer with no plans on leaving. I'm a second generation and my son is a 4th generation fisherman on my wifes side. I see a future for him in this fishery if nothing changes. I hope council can also see that the captains and crew are making a good living in the crab fishery, so are the vessel and quota owners. That is how it should be. Quota owners took a risk during open access by buying boats and maintaining them... purchasing all the gear not knowing whether or not the season would be a good one or bad. And Lord knows we all have seen both. But now under the rationalization I know what lbs are to be caught, and have a crew that wants to be on the boat taking care of the gear which is a real blessing. I want to urge the council not to take action at this meeting. This program, although highly complex, is a profitable and stable crab fishery, and I feel any changes would be over-regulating what are private transactions between willing participants, by that I mean crew pay and harvest lease rates. Thank you for considering my opinions.

Sincerely,

Albert Tyler Schmeil  
Crab quota owner  
Future crab boat owner.



12/7/11

November 29, 2011

Mr. Eric Olson, Chair  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

Re: Agenda Item C-4 (a) Crew compensation/active participation/excessive lease rates

Mr. Olson,

This letter is to express my opinion about the wages a deckhand in Alaska is paid.

I, Daher Jorge, am currently the Captain of the F/V Ocean Hunter. I have fished for crab, cod, and scallops. I have been a captain for the past six years, mostly for cod and scallops. All together, I have worked in one capacity or another in Alaska fisheries for over 14 years.

For the last few years' deckhands fishing for King Crab and Opilio make more than I make as captain fishing for Pacific cod. If I had an option, I would opt to be a deckhand for the crab seasons rather than a captain on a cod boat.

The crab captains and crewmembers I know are happy with their jobs. They earn a good living and want to keep making good money. Because of that I think the Council should not take action at this meeting. Thank you.

Sincerely,

  
Daher Jorge  
Captain, F/V Ocean Hunter  
206.399.7672  
daherajorge@gmail.com

December 1, 2011

Mr. Eric Olson, Chair  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

Re: Agenda Item C-4 (a) Crew compensation/active participation/excessive lease rates

Dear Chairman Olson,

My name is Brett Robinson. I am the captain of the *F/V Arctic Hunter*. I have been running the boat since 2006 and fishing crab in the Bering Sea since 1989. I worked my way up from the deck and now run the boat for its owner. In the years I have fished crab I have seen the fishery go from boom to bust and now back to boom. I have endured the bust years and am happy to see those bad years behind us. I'm looking forward to participating in the fishery well into the future and hope to take a greater ownership stake, by purchasing more quota, as the opportunity becomes available.

I currently run a vessel that leases all of its' quota. I feel crew on this boat are treated fairly and are paid well. In fact, these crewmembers are paid better than in any other fishery I know of in the Bering Sea. Without the option to lease quota, our boat would be tied to the dock or doing something other than crab fishing. Since a large portion of the industry voluntarily capped lease rates this year, more money is making its way into active captains and crew's pockets. I am able to employ a professional crew and pay them wages that reflect how good they are. With the pay our crew receives, they can afford to invest in the fishery if that's how they choose to spend their money. With the Right of First Offer proposal that ICE has developed, these crew have a better opportunity to invest in the fishery than at any time in the past. By giving crew first shot at quota sales, and making sure the terms are up front and out there for everyone to see, crew are not left out when quota comes up for sale. In addition to the money the crew makes as part of their crew shares, with the NMFS Crew Loan Program in place crewmembers are able to get pre-qualified for a government-backed loan. This way when quota comes on the market they can immediately make a decision whether to buy it rather than having to scramble to get their finances in order. If crewmembers choose not to take advantage of the Loan Program and exercise the right of First Offer that is their decision. But the opportunity to become owners in this fishery has never been better. Buying crab quota is an investment a crewmember can retire on after he's done working on deck. Up until now, there has never been a time in crab fishing where you could say that. I personally own some quota and plan to buy more in the future. While I haven't been pre-qualified for the Loan Program I intend to apply when I've got some time to fill out the paperwork.



I am also against the idea of vessel use caps. One of the benefits of the Crab Rationalization Program is that only the safest and most efficient vessels will go fishing. If the Council were to put vessel use caps in place this would guarantee more boats would be on the water, but these boats would not be the safest or the most efficient. And the crew that would be hired to work on these boats would also not be highest quality. In the days before Rationalization there were many crewmembers working on boats for a short period of time in between other jobs. These were not professional crab crewmembers and they weren't interested in crabbing as a career. With the Crab Rationalization Program in place we are able to hire and maintain professional crews who want to be full-time crabbers now and hope to remain full-time crabbers in the future. I'm not interested in going back to the pre-Rationalization labor pool.

To end this, I've heard many different ideas thrown out there by crew that feel they got short-changed over the years. But the opportunity to purchase quota under the Right of First Offer proposal is the best chance crew have of taking an ownership stake in the fishery. Professional crewmembers are earning enough money to buy in. And the NMFS Crab Crew Loan program can help them get government-backed loans if they want to go that direction. But the re-allocation of quota to crew, owner on board requirements, vessel use caps, and the other ideas I hear coming out of Kodiak aren't realistic. At this time I hope the Council would decide not to take formal action and will let the voluntary industry approach go forward. Let the industry report back to the Council on the results of the voluntary approach in a year or so. If the Council is still not satisfied they can take some kind of formal action then. Thank you for your consideration.

Sincerely,



Brett Robinson  
Captain, F/V Arctic Hunter

December 3, 2011

Mr. Eric Olson, Chair  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

Re: Agenda Item C-4 (a) Crew compensation/active participation/excessive lease rates

Chairman Olson,


I am the Deckhand on the F/V Keulken K. I have been fishing for crab in the Bering Sea since Jan. 1980. In addition to crab in the Bering Sea I also fish or have fished for Cod.

I'm writing this letter today to let you know how I feel on the subject of crew pay, lease rates, and opportunities for new entrants. Personally I feel that I earn a very good living. With lease rates for Bristol Bay Red King crab held to 65% and Opilio held to 50% this year we were able to easily pay our bills and still take home large crew shares. I understand that there are some individuals out there claiming they represent all the crew that is either unhappy with the crab program as it exists today or the crew that feels they were left out when the program started. I'm not sure who these crew are, but I can tell you they don't work on my boat. The rest of the guys on our boat understood the deal they were signing on to when they agreed to work. They appreciate the fact that we know how much crab we're going to catch before the season starts. They appreciate having at least some idea of what kind of money they can expect to earn. And more than anything else, they appreciate the fact that with the increased safety since Rationalization they're going to be around to spend that money. So I really don't understand who all these crew are that are supposedly bringing up these issues.

Right now my opportunities in the crab fisheries of the Bering Sea are better than they've ever been. With a portion of the quota being reserved for captains and crew ("C" shares) I have a class of quota that is only available to boots on deck fishermen. With the NMFS Crew Loan Program up and running I will have a way to get financing to purchase quota if I decide that's the right move for me. With the agreement that ICE members are putting forward I will have guaranteed first shot at quota ("A" shares) when it comes up for sale. When you combine all of these measures it's clear that captains and crew have a very real opportunity for ownership in this fishery. Before Rationalization the only way to get an ownership stake was to buy a boat outright or buy into a boat. The risk involved in that and the money you needed upfront made that option impossible for most people on deck. I think the increased opportunity for new entrants and people who are already in the fishery is one of the biggest benefits of the new program. I understand that if I want a stake in this fishery I have to earn it. And that means buying in. I'm not looking for any gifts, handouts, or reallocations.

I'm hoping the Council will recognize that captains and crew are making good money in the crab fishery. Vessel and quota owners are too. That is how it should be. We take the risks on deck and those guys took the risk of building boats, buying gear, and risking uncertain catch in the days before Rationalization. The guys that have bought boats since Rationalization, and are dependent on leasing quota, have also taken risks and shouldn't be punished by the Council. I urge the Council not to take any action at this meeting. We have a profitable, stable fishery. I hope the Council will not put that at risk by over-regulating what are private transactions between willing participants. By that I mean crew pay and lease rates. Thank you for considering my opinions.

Sincerely,



F/V Keuleen E

December 1, 2011

Mr. Eric Olson, Chair  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

Re: Agenda Item C-4(a) Crew compensation/active participation/excessive lease rates

Mr. Olson-

My name is Gary P. Covich and I am the captain of the *F/V Cascade Mariner*. I started crab fishing in the Bering Sea as a deckhand in 1977. I first became a skipper in 1984 and have been in the wheelhouse ever since. Besides the Bering Sea, I have also fished in New Zealand and Russia. And besides crab, I have also tendered salmon for many years in Alaska.

At this time I don't have any "C" shares. During many of the qualifying years I was fishing in Russia. And to be honest, I don't have any plans to buy any quota. I'm 57 years old and hopefully won't be in the industry long enough to pay off the loan that I would have to take out to buy quota. But I will say that since the Crab Rationalization program there are two benefits that I think are worth pointing out.

First of all, the fishery is much safer. The work is still hard and you're still on a boat in the Bering Sea, but it's much safer than it's ever been. At just barely over 100' the *Cascade Mariner* is one of the smaller boats in the fleet. When the weather comes up I'm happy that I have the option to get out of it and not risk the safety of the boat or the crew. Before Rationalization I wouldn't have had that option.

And second, captains and crew now have the opportunity to become owners in this fishery. When I was coming up the only opportunity you had was to buy a boat outright or buy into a boat. The risk was huge and there was very little security. You can see the results of that when you look around the fleet. Most of the guys you see are older and left over from the derby. But there are opportunities for younger guys to come in now. I'm hoping that with the NMFS Loan Program and the deal ICE is putting together to offer active fishermen and crew first shot at quota when it comes available, these young guys will buy into the fishery and view crab fishing as a career. Longer-term this will mean active guys are the only ones left.

Up to this point, I think the Council has done a good job setting up the crab program. Quota holders and boat owners are making money. Captains and crew are making money. The fishery is much safer. I hope the Council doesn't go back on the progress that has been made by trying to regulate the fishery too much. Free markets should determine lease rates. Captains and crew should negotiate crew shares. It has always been that way and that's how it should stay. Thank you.

Sincerely,



Gary P. Covich

December 3, 2011;

Mr. Eric Olson, Chair  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

Re: Agenda Item C-4 (a) Crew compensation/active participation/excessive lease rates

Chairman Olson,

I am the ~~Engineer~~ Deck Hand on the F/V Keuleen K.. I have been fishing for crab in the Bering Sea since 2003. In addition to crab in the Bering Sea I also fish or have fished for Black cod, Pollock, salmon

I'm writing this letter today to let you know how I feel on the subject of crew pay, lease rates, and opportunities for new entrants. Personally I feel that I earn a very good living. With lease rates for Bristol Bay Red King crab held to 65% and Opilio held to 50% this year we were able to easily pay our bills and still take home large crew shares. I understand that there are some individuals out there claiming they represent all the crew that is either unhappy with the crab program as it exists today or the crew that feels they were left out when the program started. I'm not sure who these crew are, but I can tell you they don't work on my boat. The rest of the guys on our boat understood the deal they were signing on to when they agreed to work. They appreciate the fact that we know how much crab we're going to catch before the season starts. They appreciate having at least some idea of what kind of money they can expect to earn. And more than anything else, they appreciate the fact that with the increased safety since Rationalization they're going to be around to spend that money. So I really don't understand who all these crew are that are supposedly bringing up these issues.

Right now my opportunities in the crab fisheries of the Bering Sea are better than they've ever been. With a portion of the quota being reserved for captains and crew ("C" shares) I have a class of quota that is only available to boots on deck fishermen. With the NMFS Crew Loan Program up and running I will have a way to get financing to purchase quota if I decide that's the right move for me. With the agreement that ICE members are putting forward I will have guaranteed first shot at quota ("A" shares) when it comes up for sale. When you combine all of these measures it's clear that captains and crew have a very real opportunity for ownership in this fishery. Before Rationalization the only way to get an ownership stake was to buy a boat outright or buy into a boat. The risk involved in that and the money you needed upfront made that option impossible for most people on deck. I think the increased opportunity for new entrants and people who are already in the fishery is one of the biggest benefits of the new program. I understand that if I want a stake in this fishery I have to earn it. And that means buying in. I'm not looking for any gifts, handouts, or reallocations.

I'm hoping the Council will recognize that captains and crew are making good money in the crab fishery. Vessel and quota owners are too. That is how it should be. We take the risks on deck and those guys took the risk of building boats, buying gear, and risking uncertain catch in the days before Rationalization. The guys that have bought boats since Rationalization, and are dependent on leasing quota, have also taken risks and shouldn't be punished by the Council. I urge the Council not to take any action at this meeting. We have a profitable, stable fishery. I hope the Council will not put that at risk by over-regulating what are private transactions between willing participants. By that I mean crew pay and lease rates. Thank you for considering my opinions.

Sincerely,

Raul Garcia  
F/V Keveleen K.

December 1, 2011

Mr. Eric Olson, Chair  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

Re: Agenda Item C-4 (a)

Chairman Olson,

My name is David Harris and I have been the full-time skipper of the *F/V Arctic Mariner* for the last 10 years. I started as a deckhand in 1979. Since then I have worked as a deckhand, engineer, relief skipper, full-time skipper, vessel owner, and I have also leased vessels. Overall I've worked on or owned 20+ boats in my fishing (and tug) career.

Because of the time I've spent fishing crab over the last 32 years I was issued "C" shares for both Opilio and Bairdi crab when the Crab Rationalization program was put in place. I haven't bought any additional quota since, but I plan to. I'm happy that NMFS finally has the Loan Program in place and I hope crewmembers will take advantage of it. For me personally, I'm making a very good living fishing crab right now. For that reason I will be able to invest some of my own money and will also be able to get private financing at a better rate than what the government can give me. So that's what I plan to do.

I am worried that the Council will change the crab program and upset the balance we have found over the past 5 or 6 years. Like I said, I'm making a very good living right now and plan to invest some of my earnings back into the fishery. If the Council starts getting into the quota lease markets and telling skippers how much they have to pay crewmembers, my livelihood is threatened. From what I understand the crab industry has a proposal to present to the Council that will deal with the issues raised in the 5 Year Review. I encourage the Council to listen to this proposal and give it some time to work. After you've given this plan a year or two and heard the results, you still have the option to come in and make changes to the program then. For now I urge you to hold off. Bering Sea crabbers are making good money this year. I have a good crew working for me right now and I hope to be able to recruit some new blood in the future. If you start interfering with the crab program too much I'm going to have a hard time with this. My crew knows how much crab they're going to catch each year. They have a pretty good idea how much money they're going to make. I can use this stability to keep good crew. And we all keep making money. I hope the Council will not take any action at this meeting that will threaten this. Thank you for listening to my concerns.

Sincerely,



David Harris, Captain  
*F/V Arctic Mariner*

To whom it may concern,

My name is Brian Haworth and I have been fishing for over twenty years. I am writing this letter in response to the allegations that the IFQ program is not fair to deckhands.

In 1991 I made approximately \$58,000 a year and that would be about average for the next ten years of my career; sometimes a little more, sometimes a little less. I worked on fishing boats not knowing what I would make or how long I would be gone, only that the amount of work would be tremendous.

The boats I wanted to fish on were based solely on the reputation of the captain and the hopes that he would once again find either the crab or the halibut. During the open access days, my worst King crab season netted me about \$5,700.00 and my best, I believe was about \$17,000.00... And the work lasted about 6 weeks start to finish both times. The 24 hour Halibut openers were worse than that.

After the loss of a good friend, I decided to retire and never fish again, don't we all - and after a few years with IFQ's in full effect, I came back into the industry. When I was told exactly how much I was going to make and approximately how long it would take I really couldn't believe what I was hearing. My income soared to \$120,000.00 a year, and as the prices for our product continues to increase so does my annual revenue.

To hear that the owners of the boats are sitting on beaches in tropical locations receiving checks that most of us only dream of never really fazed me. Good for them! They were the ones that took the risk of owning their boats before IFQ's. Most of them pioneered this industry.

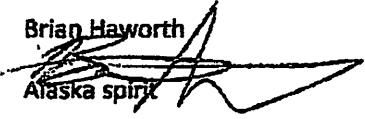
For me, to complain about a lease rate when I had every opportunity to take my money and buy halibut at \$4.00 a pound or to buy a boat (and didn't), that would be ludicrous. It would be no different than going to Bill Gates or Steve Jobs and saying, "Hey I know you did all the work, took all the risk and pioneered the industry, but now I want you to GIVE ME more because I think you make too much and work too little". Crazy!

We are seeing a generation of deckhands who have never NOT made money; they've never had a three or five day King crab opener and come in with only 17,000 pound of king crab at \$3.25 a pound. They've never had a 24-hour opener, set thousands of hooks, and missed the halibut completely. Instead, we have greenhorns making thousands of dollars in Halibut and Crab while they, because of IFQs, have the luxury of sitting out dangerous storms. They don't have to rush anymore to catch their product. IFQs have made it safer AND more lucrative for us deckhands.

I will make about \$200,000 this year and will work about 8 months out of the year due to the IFQ program. The industry of commercial fishing is paying off big...Thank god there were men brave enough to invest their time, money and in many cases their lives in an industry that was/is as unsure as fishing.

Brian Haworth

Alaska spirit





Date: December 5, 2011

To: Eric A. Olson, Chairman  
Chris Oliver, Executive Director  
North Pacific Fisheries Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

From:

Re: Agenda item C-4

Sirs: My name is Daniel Mattsen, and I am the managing partner for Scandies Rose Fishing Company (SRFC). We are considered a "new entrant" in the crab fisheries, although my partners and I have over 60 years Bering Sea Crab experience, and over 120 years total crab/ halibut/ sablefish/and salmon experience. I am writing in support of the BSAI Crab Rationalization Plan, and urge you to proceed carefully before disrupting our business plan.

My partners and I purchased the FV Scandies Rose from the seller in 2008. The seller wanted to retire, and wanted to ensure that his Quota Share (QS) would be harvested efficiently by the purchasers of his vessel. We (SRFC) secured the right to harvest the seller's QS for an extended period as a part of the vessel sale. We also have a right of first offer on any sale of QS by him. Purchasing the vessel in this manner gave us the opportunity to buy into the BSAI crab fisheries, controlling crab IFQ to harvest for a stream of revenue, and provided an avenue for the eventual purchase of a large block of QS.

After fishing the Scandies Rose for a year, I realized I needed more QS to fish, and so formed another partnership on a second vessel with a QS-owner whereby his crab is fished by Scandies Rose, and I manage both his QS and our now jointly-owned crab vessel. I also purchased a block of QS from my new partner.

My Scandies crew is very well paid, with full-share crewmen making over \$100,000 per year. Well over, in the case of my engineer and captain. An important point to remember is that our entire 2011 Oplio season was consummated in 42 days, and our Red King Crab season took only 18 days, from start-to-finish! We spent far more time tendering salmon (73 days) and on charter to ADF&G (25 days) than fishing crab. The crew who worked the entire year did extremely well, despite our having to pay lease fees for our crab. The crew who "only" worked BSS and BBR had other commitments (mainly running salmon boats in Bristol Bay and in Southeast) made 6-figure incomes in a phenomenally short time period, averaging more than \$1500 per day worked.

The crewman's association talk about "% of gross revenues" declining is silly- you cannot spend a "%": you spend dollars. My crew is very well paid, work aboard a large, stable platform, and get their crabbing done in a very timely, efficient, and safe manner.

If the Council's goal is to broaden participation in the BSAI Crab fisheries, you must realize that any actions to require a set minimum % of gross revenues to crew will only drive crab from "new entrants" towards those harvesters who were granted large initial allocations of QS. They alone will be able to absorb the reallocation towards crew, by averaging the increased cost over their entire initial allocation. Those of us with inadequate initial allocations will not be able to compete for crab IFQ.

Does the Council want to drive new entrants out of the Bristol Bay Red King Crab fishery? To what end? Do you want there to be FEWER and less well-paid jobs for crew in the Bering Sea? Do you want there to be no way for a new entrant to invest in the BSAI crab fisheries? I think that any Council action to that end would establish a very poor policy.

Our business plan depends upon leasing crab IFQ, and harvesting the crab in an efficient and timely manner for the benefit of the QS-owners, our crew, my partners on the FV Scandies Rose, and our markets. After years of mediocre financial performance by crab vessels, we finally have a vibrant industry working for all of us. Please don't screw up the crab industry.

Daniel R. Mattsen



Managing Partner  
FV Scandies Rose

December 6, 2011

To whom it may concern:

My name is WE Engstrom. I am a deckhand on the F/V Scandies Rose, and I have been a commercial fisherman for over 30 years. I have gillnetted, seined, longlined and trawled, but most of all I have been a crabber.

When Crab Rationalization (CR) was first being discussed I was very apprehensive about it. Many of the changes that would come with it sounded detrimental to the fishery; how wrong I was!

The Opilio/snow crab fishery went from a 320 day season in 1984 to a 45 day season in 1994, then to a 9 day season in 2004: clearly, changes needed to be made. In 2001 when I had the opportunity to fish on a trawler I did so because at the time I believed the Opilio/Snow crab season was going to go the way of the Kodiak king crab and be shut down for decades in order for it to recover.

Did the creation of Crab Rationalization prevent the death of the Opilio fishery? In my opinion, yes! One of the major changes, Crab rationalization made happen more efficient harvesting of the crab. Many of the companies that had several of the boats consolidated the issued crab shares and put them on a single vessel. That vessel was then able to catch more crab with the same gear, for the benefit of the crew and the resource. Just the sheer number of pots left on the beach had to have had a positive impact on the Opilio population. CR also gave the remaining fleet time to spread out during the season so that less of an impact was put on a single area.

My income has definitely increased because of CR for the fact that it gives us time to find the biggest and the best crab available for the market. The product quality has increased which in turn has helped drive the price up. The Scandies Rose fishes only leased crab, but my gross wages for 2011 were \$107K for less than 5 months of work. My average day wage was \$1400, which includes a month on an ADF&G research charter!

I am such a believer in the current system that I recently purchased my first 5000 pounds of Opilio, after my employer offered the crew an opportunity to buy his CVC shares. Two of my crewmates are considering buying crewshares, also.

There are reputable and less reputable companies in the industry. I have worked for some of the latter over the years, and I know that no matter how much government intervention, these less reputable companies will find a way of putting the extra income in their pockets and not their deck hands'. Scandies Rose Fishing Company is one of the "good" companies. I am happy to have my job.

I am here because I believe that my job, as well as the jobs of 10 other people associated with my boat is at risk. Many of the proposals set forth by the crewman's association, if adopted, would make it unprofitable for my boat to continue crabbing. It is time for them to move on, and either adapt to CR, or to leave the fishery.

Thank you for your time and consideration.

We Engstrom

Date: November 30, 2011

To: Eric A. Olson, Chairman  
Chris Oliver, Executive Director  
North Pacific Fisheries Management Council  
6L Nest 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

From: Peter Wilson, Jr.

Re: Agenda item C-4

Dear Sirs: My name is Peter Wilson Jr. , and I have worked in the Bering Sea crab industry for over 30 years. I began working for Dan Mattsen on The FV Scandies Rose in 2008, and it has been the best job I have ever had in the industry.

I have seen a lot of things in my fishing career, some good, and some bad. Being with the same group of guys aboard the Scandies Rose has been awesome. We all work together well, as a team, striving to catch our leased crab as quickly and efficiently as possible. We strive toward excellence each and every day, and pride ourselves on being the top crew in the Bering Sea. Bar none. This profession is very dangerous, and we need to have a great team on deck to get our jobs done safely, in the worst possible conditions, on the Bering Sea in winter.

Quota Share Program is what makes our work possible. We know how many pounds we are going to catch before we leave the dock, and can plan exactly what strategy we will use to make our season go well. Reducing our pay by restricting leasing makes no sense at all to me. The reason I fish on the Scandies is that I am paid well, and get to work on a safe boat with great crewmates. The fact that we lease our crab has no bearing on my choice of where I fish. My crewshares have been awesome, and I am really excited for the next season.

People put their quota on the Scandies Rose because we catch their crab very quickly, and bring in a high-quality product. We do a great job for our quota owners, and the Scandies Rose partners are doing a great job for us.

I've put my heart and my time into my fishing career, and to try and ruin the best job that those of us on the Scandies Rose have ever had is just not fair. If you were in my place you would understand how I feel about this. I'm sure that a lot of other fishermen feel the same way.

I appreciate your time and consideration to read my letter.

Thank you,

A handwritten signature in black ink that reads "Peter Wilson Jr." with a stylized flourish at the end.

Peter Wilson Jr

Date: December 4, 2011

To: Eric A. Olson, Chairman  
Chris Oliver, Executive Director  
North Pacific Fisheries Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

From:

Re: Agenda item C-4

To whom this may concern:

My name is Shawn Tipton, I started crab fishing in 1998 right out of High school and I have worked my way up through the ranks to Full share Deckhand/ Engineer's Helper on the Scandies Rose, I have fished for the Scandies Rose for the past 2 years for Red King Crab and Opilio Crab all with Leased Quota, it has been very nice knowing about how much money I am going to make before we ever leave the dock, it make being able to budget money for bills much easier for me and my wife, unlike the derby days when it was all a crapshoot, you never had any idea what you would make.

I have been treated very well by the owners and skipper of the Scandies Rose and they have been more than fair with me and all my crewmates that I work with, and we have a very good crew onboard, I have worked with several different crew's in my time fishing and this crew is the best one I have spent time with, and we all put out that extra effort to catch our LEASED CRAB QUOTA very quickly and efficiently so we can keep getting our leased crab for the next year.

Sincerely

SHAWN TIPTON

Date: December 2, 2011

To: Eric A. Olson, Chairman  
Chris Oliver, Executive Director  
North Pacific Fisheries Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

From:

Re: Agenda item C-4

Dear Sir:

My name is George Kezic and I am the cook/ deckhand aboard the FV Scandies Rose. I am a recent employee and was hired this past summer. I am writing this letter to inform someone how lucky and happy I am to be a part of this operation and of this crew.

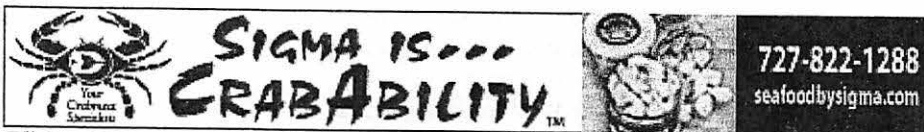
They are awesome people; great leadership, very professional, from management right through the captain, chief engineer, and the other crewmen. This combination of people aboard and at the office makes us very effective, productive and safe.

I have been fishing in Alaska since 1989 and worked for many companies; none have treated me better or more fairly. I love my job and am looking forward to my next season and many more to come.

Thank you, and sincerely yours,

A handwritten signature in cursive script, appearing to read "George Kezic".

George Kezic



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## Dow Jones Factiva

Posted: Monday, November 14, 2011

### 'Deadliest Catch' captain says catch-shares save lives

SEAFOOD.COM NEWS [The Wall Street Journal] Opinion by Scott Campbell Jr. - November 14, 2011

*Campbell is captain of the Seabrooke and catches king crab and snow crab. He can be seen on the 'Deadliest Catch' television show.*

Many people think I'm crazy for making a living by catching crabs in Alaska. Battling 20-foot waves in icy conditions and hauling heavy equipment is part of the job description. My dad, a lifelong fisherman, tried to get me to pick a safer career. A fireman once came up to me and told me he wouldn't want my job, which was hard for me to believe.

But I can understand where my dad and that fireman were coming from. In 2010, commercial fishing once again topped the list of deadliest jobs in the U.S. According to the Bureau of Labor Statistics, fishermen faced a fatality rate 33 times the average U.S. worker.

Catching crab in the Bering Sea can be treacherous. But most people don't realize that it's become a lot less deadly since 2005, when fishing regulations for Bering Sea crab changed dramatically. The old regulations forced fishermen to race against the clock. To control overfishing, the government set a cap on how much crab fishermen could collectively catch, and we all had to stop when that limit was reached. Some years that meant we had seasons as short as three days. As in a car race, boats used to line up for the minute the season began.

This intense competition was thrilling but it was also incredibly dangerous. Crabbers worked around the clock, sometimes in terrible weather. There was no time to go back and forth to the docks, so some boats would be overloaded with too many crab pots, making them unstable. The result was that from 1990 to 2005 an average of five crabbers died a year.

Part of my finger was cut off during a violent storm when I got knocked off of my feet and landed on an air compressor. I decided against going to the hospital to have it stitched back on because I knew the fishing season could end any day and my crew had mortgages to pay. I nearly lost my hand after developing a nasty infection.

If that accident happened today, there wouldn't be nearly as much pressure to keep fishing. Since August 2005, we fish under a much better system called "catch shares," which are also in place in some other fisheries. Now regulators divide up how much crab the fleet can catch among individual fishermen, as opposed to collectively, so we can fish at our own pace during significantly longer seasons. Tighter Coast Guard requirements have also improved safety.

I believe catch shares have saved lives in Alaska because crabbing deaths are much less common now.

Since we switched to catch shares, one commercial crabber has died in the



fisheries in the Bering Sea and Aleutian Islands. He was a good friend of mine who worked on my boat. His tragic death happened on a very calm day at sea, which is a reminder that fishing is still a very risky job even with longer seasons. But fishing shouldn't be made any more dangerous than it has to be.

Alaska crab isn't the only seafood that is safer to fish under catch shares. I've heard halibut fishermen say their jobs aren't nearly as dangerous compared to when the halibut season was limited to a couple of 24-hour windows in a year.

Catch shares have brought other benefits. Now we have a stake in protecting crab populations for the future. Because we aren't in such a race against the clock, we're able to get more young and female crabs we don't keep back into the ocean unharmed. When we find an area has too many juvenile crabs, there's time to go somewhere else instead.

Fishermen are earning more and the jobs now are more stable because we have much more time to catch crab. We can plan better because we know in advance how much crab we're allowed to catch.

Crabbing before and after catch shares is like night and day. There's no way I'd choose to go back to the old derby days.

---

Michael Ramsingh  
Seafood.com News 1-732-240-5330  
Email comments to michaelramsingh@seafood.com

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Comments on this story | [Comment Policy](#)  
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11/15/2011 9:24:27 AM      BRIAN ADAMS WROTE:

As a fisherman from Nova Scotia Canada who also fishes Snow Crab and Lobster during the fishing season. I fully understand and congratulate you Mr. Campbell for giving your view of a much safer way to conduct such a dangerous fishery. Any move towards saving lives and using common sense has to be a positive for both the harvester and the resource to say the least. I watch the Deadliest Catch Show with amazement as often as I can and can't understand how more lives are not lost. Good Luck fellow fisherman!!! Brian A.

---

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by Brad Warren

# Bering crab quotas prove their worth



Safer, fairer, and saner than expected, 'crab rationalization' rewards value creators, aiding one crabber's fuel-efficiency venture.

This is a story I never expected to write. It's about a Bering Sea crab fisherman whose ingenious startup venture got an unlooked-for boost from the quota system he and I (like many others) once viewed with deep suspicion.

It's also about the fishermen and processors who transformed their industry from a wasteful scramble for crab into a highly functional business that aligns their interests in efficient production. The result is not flawless, but it is a far, far better fishery than it could be otherwise.

After a rainy summer packing salmon around Petersburg, the crew of Erling Skaar's Marco-built crabber *North American* delivered their final load and gratefully turned the bow southeast. Cruising home to Seattle, Erling and his crew proudly showed several visitors that the 110-foot vessel, driven by a muscular 1,100-horsepower Caterpillar main, was making 10 to 13 knots while burning well under 20 gallons per hour for nearly the entire 75- to 80-hour trip.

Less fuel: Throughout the summer, the *North American* burned about 20-25 percent less diesel than similar-sized vessels hauling salmon nearby. Seine skippers who climbed aboard got a glimpse of technology that can make even a Bering Sea crabber work something like a Prius. That fuel efficiency helps Erling compete for charters when the boat isn't crabbing. It may soon do much more.

For seven years, Erling has poured his retirement savings and much of the boat's annual earnings into engineering and assembling the fuel-efficiency improvements that his new venture, Gentech Global, is now bringing to market. The *North American* has become a floating showcase for the technology. The main elements add up to a patiently honed form of common sense: a super-efficient, computer-controlled shaft-generator, plus a FloScan fuel meter that allows the crew to track fuel use. Together, these tools permit optimal engine loading and exploitation of the "sweet spot" in RPM that squeeze maximum value from each gallon of diesel.

The *North American* save thousands of dollars in fuel on each trip between Alaska and Seattle. Now distributors around the world are lining up to represent Gentech in major marine markets, and some commercial vessel owners and fleet managers are eager to try it themselves. Characteristically, Erling had humbler aspirations when he hatched the technical concept that grew into this enterprise: He just wanted to pull stable 60-cycle power from a shaft drive despite varying engine speeds.

Booth  
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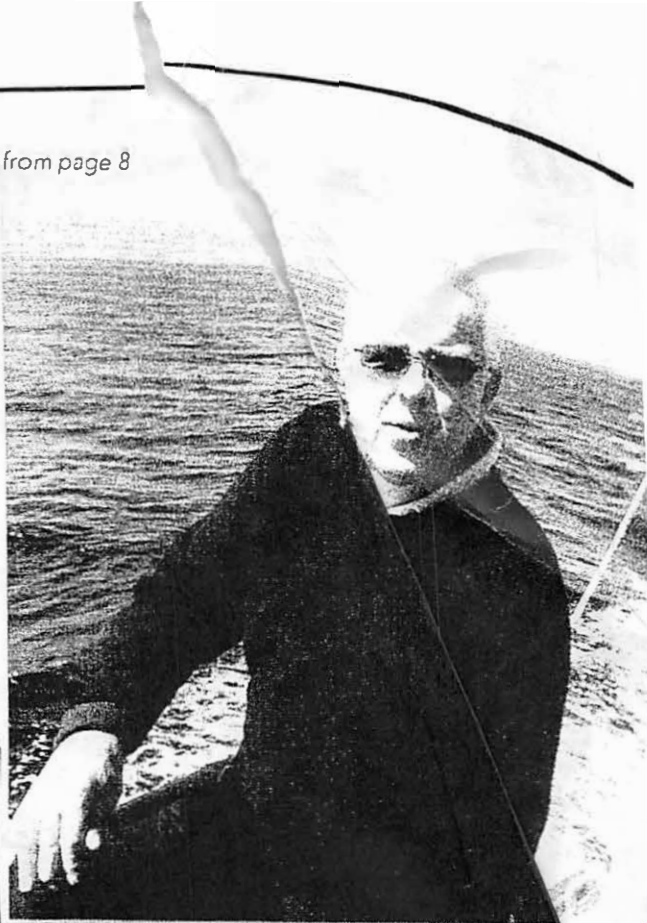
**Evolving culture:** Erling's venture reflects not only a personal mission, but an evolving culture of efficiency that is gaining traction worldwide in fishing and commercial marine operations. High fuel prices are an obvious spur. But the trend also gathers force as fishing fleets embrace individual quota management systems. Those schemes generally enable vessel owners and processors to make their operations more cost-effective, safer, and better tuned to markets than they could be under old-style "race-for-fish" regimes.

Erling has funded his ambitious startup — at a cost exceeding \$1 million for engineering, testing, and business development so far — mainly through stubborn thrift. But to his surprise, the complex system of individual fishing and processing quotas hatched by the Bering Sea crab industry in 2005 has eased the burden of that outlay.

Erling's chief engineer, Henry Pagh, who has helped run numerous sea trials to test and refine the Gentech system, described this advantage during the run back to Seattle:

**Easier to plan:** "Once we got quotas, it became much easier to plan and invest, because we knew what the boat could earn. For the first time, we knew what we could catch, and we pretty much knew the price because it's based on a formula for dividing the wholesale value. So Erling could plan how much of the boat's income to put into maintenance and how much he could put into Gentech."

Initially, Erling was no fan of the new quota regime. "You could say we were pretty skeptical when it started," he recalls now. After the North Pacific Fishery Management Council



Erling Skaar

approved the quota plan. Erling explored legal options the new scheme. He worried would erode fishermen's bargaining power because it assigned a handful of processing companies the right to 90 percent of the catch from most boats. I volunteered to help him write up his arguments for a lawyer to evaluate the case. The lawyer's advice: Drop it.

**Against quota plan:** During the early 2000s, while the Bering Sea crab industry wrangled over how to restructure itself to survive on smaller harvests, I wrote a string of editorials for this magazine arguing against the creation of processor quotas. I respected the processors' right to press for inclusion in the benefits of any new quota system, but I figured that handing them a lock on most of the catch would tilt the bargaining table against fishermen. I also reckoned that the new system's elaborate "checks and balances" — designed to protect not just fishermen but processors, crew, and communities — might inadvertently become shackles. I doubted whether crabbers could expect the big gains in price, market access, and safety that fishermen reaped from quota systems in fisheries like halibut and blackcod.

Sometimes it's good to be wrong. A detailed report on the "crab rationalization" program's first five years went to the North Pacific Fishery Management

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Council this fall, together with a review of the crab fleet's safety performance prepared by the Coast Guard and the National Institute of Occupational Safety and Health (NIOSH). Together, these documents provide an independent assessment of how crab fishermen, processors, and fishing communities have fared under the new system. The reports lay a lot of worries to rest.

Are fishermen getting shafted on prices? No. Crabbers now receive a slightly larger slice of the wholesale pie than they did before rationalization. True, crews are getting thinner slices of vessel revenues, but thanks to consolidation, their paychecks have increased.

**Inevitable losses:** The fleet has downsized sharply, shrinking to about a third its former number, and some communities have seen their role in the crab industry dwindle. But these losses probably were inevitable in a time of reduced catches. Rationalization didn't cause them. When the resource declined, no management plan on earth could keep every deckhand working and every port awash with crab money.

Did the new arbitration and management system burden fishermen with heavy costs? No. For arbitration, crabbers have paid no more than a penny a pound since the program began, and nothing at all in some years because the fee generated a surplus in earlier years. Cost recovery fees for fishery management and enforcement, capped at 3 percent, also run a surplus, so they were dropped to just over 1 percent two years ago and waived completely last year.

The industry's safety record has improved dramatically. Most of the credit goes to mandatory Coast Guard vessel safety checks. But ditching the derby-style "race for fish" has certainly helped. In

the fishery that inspired the *Deadliest Catch* television series, no one has died due to a vessel catastrophe since the quota system took effect. Fishermen are no longer charging out into lethal storms just to avoid losing catch to their rivals.

Instead of rewarding the most reckless competitors, the new system of fishing cooperatives binds fishermen together with each other and with processors in a mutual quest to maximize earnings from a limited resource. They schedule deliveries and seasons to contain operating costs and to reach markets ahead of competing fisheries — not to cork each other. Through the cooperatives and the price formula established under the new regime, participating fishermen and processors share in the upside from these efforts. They manage crab production like colleagues working together in a business, not like gladiators in a coliseum.

**Not perfect:** The system isn't perfect. Processors grumble that the price formula saddles them with an unfair share of price risk, while the rewards go to fishermen. Crew complain they are getting squeezed by some quota owners.

Both groups have a point. But now that the incentives in the fishery mostly reward the creation of value, there is a better chance of reaching a fair deal for all. Meanwhile, the same incentives will help innovators like Erling Skaar provide vessel operators with tools to keep more of their money instead of burning it up in diesel fuel. ↓

*Brad Warren is former editor and publisher of Pacific Fishing. He currently runs a program on ocean health at the Sustainable Fisheries Partnership ([www.sustainablefish.org/global-programs/global-ocean-health](http://www.sustainablefish.org/global-programs/global-ocean-health)) and consults on fishery management issues for industry, government, and nonprofit groups.*

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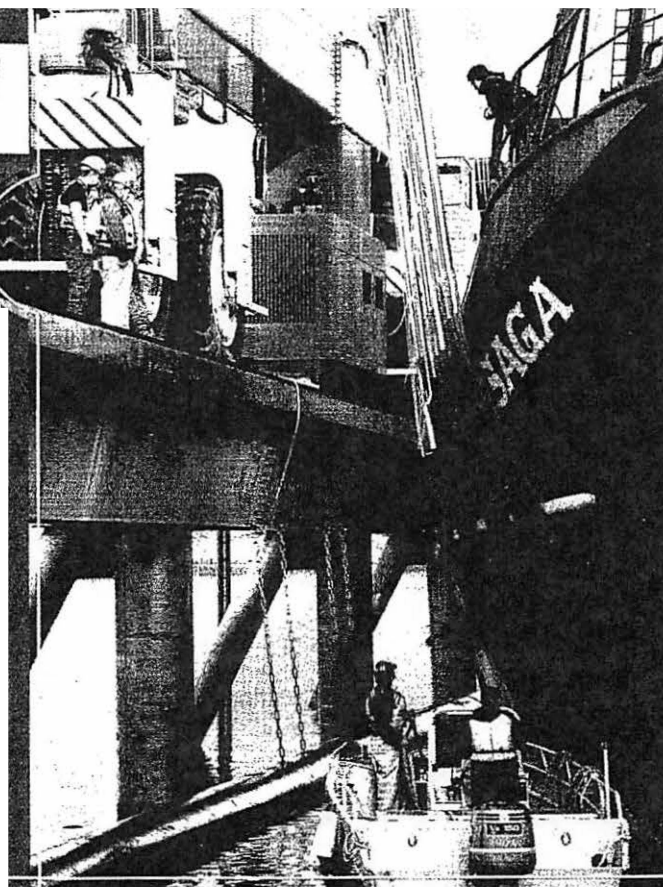
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Anchorage Daily News

## Kodiak resident fishermen lead income stats

FOR YOUR INFORMATION  
From: Arni Thomson

By JAY BARRETT

(11/22/11 10:55:41)

Kodiak-based commercial fishermen by far brought home the largest amount of money among fishing community in the state - more even than the whole of the Kenai Peninsula Borough. That's just one of the results from the 2011 edition of the Community Commercial Fishing and Seafood Processing fact sheet produced by the United Fishermen of Alaska.

The survey lists the number of permit-holders, crewmen and homeported boats in Alaska's major fishing areas and quantifies the financial impact those, as well as processing jobs, have on their communities. The figures are for calendar year 2010.

The fact sheet reinforces the importance of commercial fishing to Kodiak, which is the number four fishing port in the nation by volume delivered and number three by value. Though Dutch Harbor-Unalaska lands more pounds of seafood with a greater value, the amount of money earned by resident fishermen pales compared to Kodiak.

The estimated ex-vessel income by resident fishermen in Dutch was \$3.3 million. The resident fisherman population, including permit holders and crewmen, was just 92, with only 30 vessels home ported there.

By comparison, 622 vessels claim Kodiak as their homeport, with over 1,400 permit holders and crewmen calling Kodiak home as well. The estimated ex-vessel income by Kodiak residents was \$127 million.

Since Unalaska is number two in the nation by volume of seafood crossing the docks, it makes sense that it has the most processing jobs in the state at 3,313. That's 254 more than the Aleutians East Borough and 337 more than Kodiak. Unalaska processing wages in 2010 amounted to over \$55 million. It was just under \$50 million in the Aleutians East, and it was \$41 million in Kodiak.

The UFA report profiles 18 different Alaska fishing communities.

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[www.pacificfishermen.com](http://www.pacificfishermen.com)

Date: November 30th, 2010

To: Eric A. Olson, Chairman  
Chris Oliver, Executive Director  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

From: Pacific Fishermen Shipyard

Re: Agenda item, C-2(c), Receive report on BSAI Crab Rationalization 5-year review

Pacific Fishermen, Inc. has been involved with the North Pacific and Bering Sea fisheries since 1946 and can offer insight into the effect of the Rationalization Program.

Although there are fewer active crabbers, they are spending more on their boats than before and keeping them up in a better condition. Rationalization gave owners the security of knowing which vessels would remain and green lighted deferred maintenance and upgrades. On top of this, the strong pollock stocks have added to our workload with vessels that were crabbers in the past.

If you have further questions or want our testimony in person, we stand ready to assist you and offer direct testimony at your next meeting, if requested.

Sincerely,  
Pacific Fishermen, Inc.

Doug Dixon  
General Manager  
206-718-0253

December 3, 2011

Mr. Eric Olson, Chair  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

Re: Agenda Item C-4 (a) Crew compensation/active participation/excessive lease rates

Chairman Olson,

I am the relief Captain on the F/V Kevleen K. I have been fishing for crab in the Bering Sea since 2003. In addition to crab in the Bering Sea I also fish or have fished for Albacore tuna, Dungeness crab, And Pacific cod.

I'm writing this letter today to let you know how I feel on the subject of crew pay, lease rates, and opportunities for new entrants. Personally I feel that I earn a very good living. With lease rates for Bristol Bay Red King crab held to 65% and Opilio held to 50% this year we were able to easily pay our bills and still take home large crew shares. I understand that there are some individuals out there claiming they represent all the crew that is either unhappy with the crab program as it exists today or the crew that feels they were left out when the program started. I'm not sure who these crew are, but I can tell you they don't work on my boat. The rest of the guys on our boat understood the deal they were signing on to when they agreed to work. They appreciate the fact that we know how much crab we're going to catch before the season starts. They appreciate having at least some idea of what kind of money they can expect to earn. And more than anything else, they appreciate the fact that with the increased safety since Rationalization they're going to be around to spend that money. So I really don't understand who all these crew are that are supposedly bringing up these issues.

Right now my opportunities in the crab fisheries of the Bering Sea are better than they've ever been. With a portion of the quota being reserved for captains and crew ("C" shares) I have a class of quota that is only available to boots on deck fishermen. With the NMFS Crew Loan Program up and running I will have a way to get financing to purchase quota if I decide that's the right move for me. With the agreement that ICE members are putting forward I will have guaranteed first shot at quota ("A" shares) when it comes up for sale. When you combine all of these measures it's clear that captains and crew have a very real opportunity for ownership in this fishery. Before Rationalization the only way to get an ownership stake was to buy a boat outright or buy into a boat. The risk involved in that and the money you needed upfront made that option impossible for most people on deck. I think the increased opportunity for new entrants and people who are already in the fishery is one of the biggest benefits of the new program. I understand that if I want a stake in this fishery I have to earn it. And that means buying in. I'm not looking for any gifts, handouts, or reallocations.

I'm hoping the Council will recognize that captains and crew are making good money in the crab fishery. Vessel and quota owners are too. That is how it should be. We take the risks on deck and those guys took the risk of building boats, buying gear, and risking uncertain catch in the days before Rationalization. The guys that have bought boats since Rationalization, and are dependent on leasing quota, have also taken risks and shouldn't be punished by the Council. I urge the Council not to take any action at this meeting. We have a profitable, stable fishery. I hope the Council will not put that at risk by over-regulating what are private transactions between willing participants. By that I mean crew pay and lease rates. Thank you for considering my opinions.

Sincerely,

Chris Studeman



---

F/V Kevleen k

Date: December 7, 2011

To: Eric A. Olson, Chairman  
Chris Oliver, Executive Director  
North Pacific Fisheries Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

From:

Re: Agenda item C-4

Dear Sirs:

My name is Gary Cobban Jr. I was born in Seldovia, Alaska in 1958 and I am a life-long resident of Alaska. My great grandparents, grandparents, mother, father, uncles, aunts, nephew, niece and sisters are all fisher people or have fishery-related occupations in Alaska.

I was a victim of the Federal Buyback program, with the FV Rebel's permits being sold back: My 20-year job was over and I was left with very little compensation. As a direct result of the Crab Rationalization (CR) program, I was able to re-enter the fisheries by buying into two fishing boats and purchasing crab Quota Shares (QS). I am now the primary captain of the FV Scandies Rose, as well as being a partner in both Scandies Rose Fishing Company and New Venture Fisheries.

In our company, we voluntarily comply with ICE recommendations for lease fees and crew compensation. We lease almost all of the quota that we fish and our income is determined by our product price and the expenses we incur to catch the quota.

Our goal is to accomplish this in the most efficient and timely way possible. We pay our crew very well at a rate that is equal to 40% of the adjusted gross. We are all making more money now than we EVER did before.

With a program such as ours fishing mostly leased quota we would not be able to pay our crews the 20% that I'm hearing people tell you. The market-rate lease fees are too high for us to do that and survive as a business. We pay our crews 40% of our adjusted gross just like we always have. At current lease rates that works out to 13% for king crab and 20% for opilio. My crew members are making over \$100,000.00 per year, every year, and are very happy to work hard for their crewshares. The important figure is TOTAL PAY, or pay-per-day, NOT "% of total revenues."

In order to qualify and receive original captains quota I had to provide documentation that was heavily scrutinized before being granted, I only had a small window of qualifying time that was counted and only a short time to submit that documentation. Will these crew people have to go through the same process as the rest of us? Where is this quota supposed to come from? What will this do to the value of the quota shares that I already own? Since I have PURCHASED QS, any re-allocation would directly harm me by reducing the value of my investments.

I thank you for listening to what I have to say. I sincerely hope that you take my testimony into consideration while you make your decision.

Gary Cobban Jr.  
Captain, F/V Scandies Rose  
Partner, Scandies Rose Fishing Company

# PUBLIC TESTIMONY SIGN-UP SHEET

Agenda Item: C-4(a) BSAI CRAB CREW ISSUES

	NAME (PLEASE PRINT)	TESTIFYING ON BEHALF OF:
X1	Edward Paulsen	Alaska Bery Sea Crabbers
X2	Joe Sullivan	Intercooperative Exchange
X3	Kale Garcia & Morris Gleason	The Crab Group
X4	Jim Stone	F/V Arctic Hunter
X5	Gary Cobban Jr	FV Scandies Inc
X6	WE Engstrom	FV Scandies Inc
X7	Dan Mattler	Scandies Inc
X8	Tyler Schmeil	Alaska Spirit
X9	Brian Haworth	Alaska Spirit
10	Arni Thomson	Alaska Crab Coalition
X11	Shawn Pochtermann	CREWMAN'S ASSOCIATION
12	Larry Gatter / Everett Anderson	APICDA
X13	Ian Pitzman	Kona Kai
X14	Norm Lenon	F/V Nuku Island
X15	Tom Suryan	SEA/Bristol Marine
X16	Stephen Taufen	Groundswell Fisheries Movement
X17	Mike Shand	SELF
X18	Mike Wilson	SELF
X19	Mike WAH	F/V Vixen
X20	Oystein Love	SELF / FV PACIFIC SOUNDOR
X21	Siri Dammarell	Silver Dolphin
X22	Mike Shelford	Alaska Fisherman's Crab Coop
X23	KEMM COLBURN	FV WIZARD
(24)	Fern Haines	Fish Heads
X25	Lance Farr	F/V Kevkenik

NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.



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# PUBLIC TESTIMONY SIGN-UP SHEET

BSAI  
Crab  
Crew Issues

Agenda Item: \_\_\_\_\_

C-4(a) (Continued)

	NAME (PLEASE PRINT)	TESTIFYING ON BEHALF OF:
1	Dick Tremaine	EV Aleutian No 1
2	Paul Rytton	BBBC
3	Rhonda Hubbard	Self
4	Neil Rodriguez	CURF Arctic Sea FLBering Sea FLBering Sea
5	Jeff Stephon	UFMA
6	Heather McCarty	CBSTFA pass
7	Lenny Hertzig	
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# **RATIONALIZATION MANAGEMENT PROGRAM FIVE YEAR REVIEW**

## **Industry Response**

### **ALASKA BERING SEA CRABBERS PROPOSALS Investigation and Economic Analysis**

**December 2011**

# AUTHORS

## The Research Group, Corvallis, Oregon

- Gil Sylvia is Superintendent of the Coastal Oregon Marine Experiment Station (COMES) and professor at the Oregon State University Agricultural and Resources Economics Department.
- Shannon Davis is owner of The Research Group (TRG), Corvallis, Oregon. TRG is a consulting firm providing economic analysis professional services.
- Chris Cusack is a Ph.D. student at Oregon State University, Department of Agricultural and Resource Economics.

# INVESTIGATION PURPOSE

## ABSC Proposals

Changes to internal cooperative procedures:

1. Use a right-of-first-offer (ROFO) to sell QS to newly defined active participants with minimum set aside for crew purchasers; and
2. Use price controls for acquiring IFQ leases and adjusting the gross revenue base for calculating crew compensation shares.

Participation statistics and compliance levels would be annually reported by the cooperative.

The investigation's purpose is to provide discussions supplemented with an economic analysis for the two proposals. A literature search was undertaken to find documentation about other worldwide ITQ program labor effects. An accounting model was developed for the second of the two proposals. The model results are impacts to direct financial value measures for harvesters, crew, and QS holders.

# SITUATION

- 1) The NPFMC designed the Program with the understanding that market principles and asset prices would drive investment and business decisions.
- 2) Since the inception of the Program, industry has made major investment decisions worth hundreds of millions of dollars.
- 3) Asset and lease prices for quota share reflect expectations for profit based on Program elements. Changes in the Program will increase policy risk and reduce the value of the harvest rights and quota assets.
- 4) The fishery remains in an adjustment phase while transitioning toward a longer-run "equilibrium." In this adjustment period there will be periods of "excess" supply or demand for quota, capital, and labor that results in short run higher or lower prices.
- 5) Changes in labor contracts and crew compensation are a normal part of the adjustment from open access to rights-based fishing management systems.

# Individual Transferable Quota Program Labor Effects Review

Fishery	Program Impact		Comments
	Crew Employment	Average Crew Remuneration Per Year	
Alaska Halibut IFQ	70% decrease (1994-1999)	Mean remuneration per crewmember per year almost doubled.	Seasons extended
BC Halibut IFQ	32% decrease	Increase in mean crew remuneration per vessel per year	Seasons extended
Iceland ITQ Fisheries	Slight increase in ITQ and non-ITQ fisheries	Undetermined	Increase in total employment may have been due to an increase in non-ITQ fisheries
Norway ITQ Fisheries	No change	Undetermined	Strong focus of fisheries management is preserving employment opportunities and maintaining income equality between different sectors of the economy.
Nova Scotia ITQ	Decrease	Increase in mean crew remuneration per year	Seasons extended
New Zealand Quota System	9% increase (1990-1995)	Undetermined	Focus of fisheries management is the contribution of the fisheries sector to the country's Gross Domestic Product. Employment increase may have been due to the fact that New Zealand's fisheries were still expanding at the time of ITQ implementation.
Netherlands ITQ	30% decrease	Undetermined	
South-East Australia Trawl ITQ	No change	No data	Limited fleet consolidation may have been due to high unemployment in the local economy at the time of ITQ implementation
United States Surf Clam ITQ	78% decrease (1990-1999)	Increase in mean total crew remuneration per vessel per year from \$77,319 in 1990 to \$115,755 in 1995	Estimated remuneration amounts standardized to 1999 dollars
BSAI King and Opilio Crab ITQ program	Reduction of 68% in Red King Crab fishery, reduction of 61% in opilio fishery	Increase in mean remuneration per crewmember per year, no change in remuneration per day when non-fishing days are taken into account	Reference: NPFMC (2010)

# Crew Compensation (Proposal 2)

## Model Assumptions

		Initial Conditions	
		Scenario A	Scenario B
1)	Lease price		
	King	70%	75%
	Opilio	55%	55%
2)	Ex-vessel price		
	King	\$4.40	\$10.00
	Opilio	\$1.40	\$2.25
3)	Compliance levels	50%, 75%, 90%	50%, 75%, 90%
4)	Alternative 1 – Vessels pay leases at market price, but only some of them comply with lease price caps (i.e. 65% king and 50% opilio) for a crew share accounting basis.		
5)	Alternative 2 – The compliance share applies both to the vessel number who pay at the lease price caps <u>and</u> the vessel number using it for a crew share accounting basis.		

# Crew Compensation (Proposal 2)

## Modeling Results

### Change Among Alternatives' Direct Financial Value Indicators

#### Scenario A: Initial Conditions

##### Alt.2: Capped Lease Prices, Capped Accounting

Indicator	Compliance		
	50%	75%	90%
Crew remuneration	1.4%	2.1%	2.6%
Net income	2.9%	4.4%	5.3%
Lease payments	-3.9%	-5.8%	-7.0%

#### Scenario B: Future Conditions

##### Alt.2: Capped Lease Prices, Capped Accounting

Indicator	Compliance		
	50%	75%	90%
Crew remuneration	2.7%	4.1%	4.9%
Net income	2.8%	4.1%	4.9%
Lease payments	0.0%	0.0%	0.0%



# Crew Compensation (Proposal 2)

Crew Compensation and Unadjusted Fishery Gross Revenue Ratios for Alternative 2 Scenarios

	Compliance	
	0%	90%
Scenario A: Initial Conditions		
<u>Labor Share of Gross</u>		
Fishery		
King	19.3%	20.1%
Opilio	24.1%	24.6%
Other fisheries and revenue	21.6%	21.6%
Total	21.7%	22.2%

Scenario B: Future Conditions

<u>Labor Share of Gross</u>		
Fishery		
King	18.5%	20.0%
Opilio	24.1%	24.6%
Other fisheries and revenue	22.3%	22.3%
Total	20.9%	21.9%

# ECONOMIC IMPLICATION

- 1) Worldwide, ITQ fisheries generally demonstrate significant consolidation and reduction in capital and crew.
- 2) Crew remuneration formulas adjust in response to the transition from a compressed and unprofitable open access or overcapitalized limited entry fishery to a profitable, slower paced, and less risky fishery.
- 3) Review of alternatives considered by the NPFMC during the Program design demonstrates that the implications of the rationalization program with respect to the expected reduction in capital and labor as well as adjustments in remuneration formulas were expected.
- 4) The addition of IFQ leasing costs has decreased crew shares as a percentage of gross revenues. However, increased revenues and lower costs per vessel have offset this reduction resulting in:
  - a) Higher total remuneration per crew member, and
  - b) Comparable rates of daily pay in the fishery.
- 5) Results of the economic analysis for voluntary compliance in IFQ lease price caps (Proposal 2) demonstrates:
  - a) Only a slight increase in crew remuneration compared to existing compensation given that existing average market lease rates are very close to the voluntary proposed rates.
  - b) A successful voluntary compliance program would have the effect of capping any future reductions in crew lay formulas. However, the economic analysis was based on an "average" vessel and in the actual fishery there may be non-compliant vessels offering lower than average percentages due to a high proportion of leased quota or other higher than average costs. It is assumed that vessels offering compensation to crew below market-clearing levels would eventually lose quality crew to vessels offering higher compensation.

# FINDINGS

- A. Poorly designed efforts to micromanage the Program or address such issues as crew remuneration without understanding the possible long term implications, may not only induce unintended consequences, but increase policy and regulatory uncertainty and undermine the:
  - 1) Value of the ITQ asset,
  - 2) The annual profitability of the fishery, and,
  - 3) Ultimately crew compensation.
- B. Industry and the Council should continue to explore tools in-line with the long term asset-based structure of the fishery -- where financial instruments are designed to reflect long term investments, planning horizons, and risk management strategies.



# UNITED FISHERMEN OF ALASKA

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(907) 463-2545 Fax  
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[www.ufa-fish.org](http://www.ufa-fish.org)

## Resolution 2010-4

### A RESOLUTION OF THE UNITED FISHERMEN OF ALASKA SUPPORTING STABILITY FOR THE COASTAL COMMUNITIES, HARVESTERS, AND PROFESSIONAL CREW DEPENDENT UPON THE BSAI CRAB CATCH SHARE PROGRAM DURING THE NPFMC FIVE YEAR REVIEW

WHEREAS, the BSAI Crab Catch Share Program (Program) was implemented five years ago with the primary goals of improving safety, conservation, and financial stability; and

WHEREAS, the Program has been working successfully to achieve the goals originally set out; and

WHEREAS, the Program has benefited the State of Alaska by providing protection for crab dependent communities; and

WHEREAS, the Program has benefited the State of Alaska through quota shares transferring to residents of Alaska from residents of Washington primarily due to purchases from the Community Development Quota Group and eligible crab community organizations; and

WHEREAS, the Program was the first catch share program to allocate IFQ to skippers; and

WHEREAS, entry opportunities for crew are now improved and less risky than before the Program; and

WHEREAS, the harvesters, through the arbitration system, have maintained their historic average percentage of the wholesale price; and


WHEREAS, the North Pacific Fishery Management Council has continued to improve and adapt the program to make it work more smoothly; and

WHEREAS, the major crab harvesting associations including the Alaska Crab Coalition, Crab Group of Independent Harvesters, and Alaska Bering Sea Crabbers all believe the program has been largely successful;

THEREFORE BE IT RESOLVED, that the United Fishermen of Alaska supports maintaining the status quo to provide stability for the coastal communities, harvesters, processors, and professional crew dependent upon the BSAI Crab Catch Share Program during the NPFMC five year review.

By UFA Board of Directors, September 30, 2010:

  
Arni Thomson, UFA President

  
Attest: Mark D. Vinsel, UFA Executive Director

December 8, 2011

**Testimony of Arni Thomson, Executive Director of the Alaska Crab Coalition (ACC)  
To the North Pacific Fishery Management Council on Agenda Item C-4(a), Crew  
Compensation/Active Participation and Excessive Lease Rates**

- Bering Sea crabbers' have a proven track record of voluntary compliance initiatives that spans twenty years in the North Pacific Fishery Management Council (NPFMC) process and the Alaska Board of Fisheries (ABOF). The ACC supports the Alaska Bering Sea Crabbers, crab cooperative-based agreements and voluntary compliance initiatives to resolve the NPFMC concerns in regards to crew compensation, active participation and excessive lease rates.
- Crabbers as represented in the Pacific Northwest Crab Industry Advisory Committee (PNCIAC), established in 1989 as part of the restructured Fishery Management Plan for the Bering Sea/Aleutian Islands King and Tanner Crabs, have a record of consistently working with the AK BOF, ADFG and the NPFMC on fisheries management, conservation and rationalization issues. This new initiative is a continuation of those efforts.
- Since 2000, crabbers have worked collaboratively with all sectors to develop the crab program and they have demonstrated they are in it for the long term with Alaska, Washington and Oregon crab fishery stakeholders and the NPFMC.

- Recent examples of pro-active voluntary compliance initiatives:

Compliance and adherence to an industry standard of using no more than 400 pots in exchange for ADFG/DPS to remove the pot limits in the Bristol Bay king crab, and Bering Sea bairdi and opilio crab fisheries, coincident with the implementation of the rationalization program.

Strict adherence to ADFG/industry standard of no hygrading in the Bristol Bay king crab fishery, following the first year of the rationalization program in the fall of 2006.

Cooperative research through the Bering Sea Fisheries Research Foundation, ADFG and NMFS to improve Bering Sea crab survey methodology, crab on deck handling mortality studies and most recently reduction of the minimum size limit in the BS Western Subdistrict bairdi fishery, to enable reduction of discards and wasted bycatch mortality of mature marketable crabs.

Cooperative research with the University of Alaska-based crab enhancement consortium, the Alaska King Crab, Research, Rehabilitation and Biology program (AKCRRAB).

Proactively worked through the PNCIAC with ADFG on development of Annual Catch Limits (ACLs) and supported ADFG having maximum flexibility in OFL and TAC setting process.

Worked pro actively with all sectors on development of more than 15 technical amendments since the inception of the crab program, including the industry-wide agreement to resolve the contentious and complex issue of Emergency Relief from Regionalization landing requirements.

Pursuit of the development of new international treaty provisions to eliminate IUU fishing practices that will benefit not only Alaska Bering Sea crab markets, but markets for Pollock and salmon species.

Development of markets for Alaskan crab and shellfish in China, and working cooperatively with the Aleutians East Borough to support improvements to the port and airport facilities at Cold Bay, to encourage Cold Bay to become a major embarkation port for air freight shipment of live crab and fresh fish to markets in China. The Mayor of AEB, Stanley Mack, recently sent a letter about the importance of development of Cold Bay to the ASMI Board of Directors, and the Shellfish Committee as recent as last week.

ABSC and ACC have also started discussions with the Norton Sound Economic Development Corporation and Nome fishermen to collaborate on king crab stock assessment and exploitation rate issues with the Crab Plan Team, ADFG, the BOF and the NPFMC.

If ABSC and ACC efforts do not prove up within the next eighteen months, the NPFMC has the authority to reinstate analysis of other alternatives to address the issues of crew compensation, active participation and excessive lease rates.

**North Pacific Fishery Management Council**  
604 West 4<sup>th</sup> Avenue Suite #306  
Anchorage, Alaska 99501

**206<sup>th</sup> Plenary Session – December 5-13, 2011**

Hilton Hotel Anchorage, Alaska

**Re: C-4 (a) BSAI CR reports (5-year review)**

**Crew compensation/active participation/excessive lease rates.**

**Public Comment By:**

**Shawn Dochtermann for the Crewman's Association**

Kodiak, Alaska — Tel: (425)-367-8777

Mr. Secretary, Chairman Olson, and NPFMC members,

My name is Shawn Dochtermann a 32-year commercial fisherman, with 25 years crab fishing experience in the Bering Sea. I am here representing the Crewman's Association as well as hundreds of Bering Sea crab fisherman, of which many are disenfranchised and some still have the opportunity to be active participants. We'd like to introduce a problem statement as well as proposal for the historical relief of crew compensation, addition of owner on board/active participation, and a solution to excessive quota leases being collected from the BSAI CR program.

**Brief Statement of Proposal:**

BSAI crab crew and vessels to be compensated as historically recorded for the past 40 years previous to privatization. The addition of owner on board provisions to gain more active participation by harvest quota shareholders so future entrants might have a partial ownership in the NP crab industry. The reduction of exorbitant lease rates by redistributing harvest quota share to a

crew pool as a tool to gain a fair and equitable compensation contract for all crewmen in the CR.

## **Problem Statement**

Due process was circumvented when the NPFMC did not recognize vessel operator (crewmen) [captains were issued substandard allocations] as stakeholders in the initial allocation process of the BSAI CR program. Due to excessive harvest quota share (HQS) being allocated to LLP holders, exorbitant lease fees have been extracted off the top of gross revenues and have deprived the vessel operators (crewmen) from receiving fair and equitable compensation from the HQS holders.

The crewmen's historical share of compensation as an aggregate was 35-40% previous to privatization. Then on the basis of a \$1.2 billion initial market value, there was a taking from the vessel operators (35% less 3%, times \$1.2B) of approximately \$384 million. Another \$180 million in vessel operators/crewmen's compensation has been removed from our historical compensation as an aggregate since the inception of the CR program in October of 2005. A total of over \$560 million in rights/privileges (harvest quota share) and compensation has been stolen due to the NPFMC not following 600.325 National Standard #4 with regards to allocations distribution at the June 2002 meeting in Dutch Harbor.

## **Objective of the Proposal**

To gain fair and equitable compensation for crewmen and vessel owners and add active participation requirements/owner on board to 50% of the HQS. Reduction of excessive quota lease rates to better achieve balance between the compensation to the labor portion and the investor portion of the crab industry.



## **Need and Justification for Council Action (Why can't the problem be resolved through other channel?)**

The Crewman's Association has spent the last 7 years at the Council pointing out the inequalities of the CR program. We've made it clear that the crew should have received HQS in the initial allocation as recommended by the Sustainable Fisheries Act (SFA) National Academy of Science (NAS) study on IFQ's. The Council failed to recognize there were huge problems with the reduced crew compensation until December of 2010 even though we have put proposals forward since April 2, 2007 (D-6 Staff Tasking 181<sup>st</sup> Plenary Session) trying to address solutions to the problems.

We have put proposals forward requesting corrections to the CR, but all of them have fallen on deaf ears and never a question holding merit has been asked about one of our proposals. In June of 2008 in Kodiak (188<sup>th</sup> Plenary Session) we submitted to the Council a proposal with a full suite of alternatives and options, but once again our proposal was depth charged with no recognition.

The BSAI crab crewmen needed to be established as the stranded labor portion (stakeholders that were not included in the initial allocation of harvest quota share) of the CR program, just as is required by 600.325 National Standard 4:

NS #4 paragraph (c) (3) (i) *Definition. An "allocation" or assignment" of fishing privileges is a direct and deliberate distribution of the opportunity to participate in a fishery among identifiable, discrete user groups, or individuals. Any management measure (or lack of measurement) has incidental allocative effects, but only those measures that result in direct*

**distributions of fishing privileges will be judged against the allocation requirements of Standard 4.**

Excessive HQS was distributed to LLP holders in the initial allocation of the CR program, depriving the BSAI crab crewmen of their rights to HQS and to fair negotiation for layshare contracts. Review:

NS#4 (c ) (3) (iii) avoidance of excessive shares. **An allocation scheme must be designed to deter any person or other entity from acquiring an excessive share of fishing privileges, and to avoid creating conditions fostering inordinate control, by buyers or sellers, that would not otherwise exist.**

**So we propose the following:**

1. Pay crew and vessel on Lay Share compliant Trip Settlement basis: after the gross stock revenues of crab delivered, minus the landing tax and normal expenses (bait, fuel, pot loss, and provisions). **Pay the crew and vessel first before leases are subtracted.** Then you may negotiate — ‘in private contractual agreements’ – to take your leases off for the crab quota after the buyback and IFQ taxes have been subtracted.
2. **Redistribution of 35% of the BS/AI crab quotas** to a crew pool that is held by the State of Alaska and released to the industry after a fair and equitable compensation contract for all crewmen that fish the

BS/AI is agreed upon. The crab skippers quota (3%) would be subtracted so that it is 32% to allow the skippers access to fair contracting for their labors.

- 3. Owner on board provision:** To achieve 50% owner on board after a redistribution of 35% it would be possible to reclassify for the next 3 years [at 5% a year (or over a longer period of time)] 15% of the remaining crab harvest quota shares that could be modified to owner on board quota shares . Use it, sell it, or lose it. Thus the (15%) remainder, after the crew pool's (35%), will be held by only crews and skippers on board the vessel. Only certified crew and skippers would be eligible to buy the 15% that is to be modified to owner on board.

It will take 3 years (or less) to change to 50% owner on board, allowing those that do not fish to make their profits and leave the quotas for those that actually fish. Otherwise the owner of the quota can go on board and catch their own quota every season and work like the rest of the active fishermen in the industry.

There is no reason for a person that does not actually go on a vessel and prosecute a fishery to have control of quotas. Alaska's Limited Entry program was the cornerstone for owner on board, as one must be on the vessel and hold the permit to fish, with only short-term health related exemptions.

The Halibut and Sablefish IFQ program only proves that if all quotas are not held by an owner on board a vessel, that investors who do not prosecute a fishery can control the majority of the industry.

\*\*\* Option: the 15% quota to be modified could be taken only from a pool of HQS that have no affiliation with a vessel and are mailbox fisherman/investor class.

4. All initial CDQ quotas would remain at the present time at 10.7% of the TAC for the BS/AI crab fisheries. Any quota that was purchased by the CDQ groups other than the initial allocation of 10.7% would be subject to owner-on-board provisions (and transfer to crew) as stated above.

Note: All quotas of owners on board must be held by a person, not by a non-profit corporation or its for-profit subsidiary, or by an actively participating partnership with a partner (e.g., a spouse) owner on board.

### For the record:

Clarifications on IFQs - The SFA clarified that IFQs (1) shall be considered permits, (2) may be revoked or limited at any time in accordance with procedures under the MSA 3) shall not confer the right of compensation to the holder if revoked or limited, and (4) shall not create a private property right to the fish before the fish are harvested.

NAS Study on IFQ Programs - The study on IFQs is intended to provide Congress with guidance needed to assess IFQs as a fishery management tool

and, if necessary, allow Congress to develop a broadly supported national policy on IFQs. The SFA directed the NAS to consider many of the unresolved issues regarding IFQs, including transferability, duration, processor quotas, conservation impacts, fishery characteristics, and potential social and economic costs and benefits to the Nation and to participants in the fishery. The SFA also directed NAS to study mechanisms to prevent foreign control of U.S. fishery resources and mechanisms to ensure that vessel owners, vessel operators, crew members, and U.S. fish processors are treated fairly and equitably in initial allocations.

Requirements for New IFQ Programs - The SFA requires, after the moratorium on new IFQ programs expires, that Councils and the SOC consider the NAS report on IFQs and the report's recommendations for any new IFQ programs. The SFA also requires the Councils and SOC to ensure that any new IFQ program:

**(A) establishes procedures and requirements for the review and revision of the terms of any such program (including any revisions that may be necessary once a national policy with respect to individual fishing quota programs is implemented), and, if appropriate, for the renewal, reallocation, or re-issuance of individual fishing quotas;**

**(B) provides for the effective enforcement and management of any such program, including adequate observer coverage, and for fees under section 304(d)(2) to recover actual costs directly related to such enforcement and management; and**

**(C) provides for a fair and equitable initial allocation of individual fishing quotas, prevents any person from acquiring an excessive share of the individual fishing quotas issued, and considers the allocation of a portion of the annual harvest in the fishery for entry-level fishermen, small vessel owners, and crew members who do not hold or qualify for individual fishing quotas.**

#### **Forseeable Impacts of Proposal (Who wins, and who losses?):**

The CR program stole the HQS privileges from the crab crewmen that they were entitled to per 600.325 NS #4. The crewmen and some vessel owners would gain fair and equitable compensation as well as privileges to help negotiate fair contracts. No one losses, the crew has lost approximately

\$180 million in crew compensation since October of 2005 and need the DOJ to investigate illegal contracts that were a part of the scheme to remove compensation through exorbitant leasing of HQS. The program would promote the labor portion of the industry gaining privileges to be invested in the BSAI crab fisheries with partial ownership.

**Are there Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?:**

The only alternative solutions is to revoke all of the HQS and the processor quota share and start the process over to create a new FMP for the BSAI crab fisheries.

**Supportive Data and Other Information (What data are available and where can they be found?):**

We've spoken to the fact that the EDR has not complied with National Standard #2 with collecting the best data for the CR. We've asked for the Council to require vessel owners to provide Layshare contracts as well as reconcilable settlement sheets as EDR data so that we can better understand crew compensation, vessel compensation, the lease rates and revenues, as well as all expenses and taxes of the CR. We appreciate that Duncan Fields made a motion to add the contracts and settlement sheets to the EDR collection at the October 2010 meeting in Dutch Harbor. We recommend that the Council collect all of the contracts and settlement sheets from October 2005 (the inception of the CR) to date and into the future to best comply with NS #2.

Our goal is to provide the benefits of the CR program to all participants in the industry as historically compensated, because as implemented and managed to date, it has proven to be the most cumbersome program that did not fulfill it's assurance that:

**“Rationalization will improve economic conditions substantially, for all sectors of the industry. Community concerns and the need to provide for economic protections for hired crew will be addressed”**

-NPFMC former Chairman Dave Benton's letter to Congress on May 6, 2003-



**Shawn C. Dochtermann**

**Executive Director - Crewman's Association**



December 8, 2011

To: Eric Olson, Chairman  
Chris Oliver, Executive Director  
North Pacific Fisheries Management Council

From: Oystein Lone

Re: Agenda item C-4

Dear Sir:

My name is Oystein Lone and I am a Captain/ Owner of the F/V Pacific Sounder I have been a fishermen since 1984, I started with initial issuance of C shares when the program was implemented. I have purchased both A and B shares since the beginning of the crab program and I have also purchased more C shares. This year I Purchased a crab boat and I am employing 6 men and we are fishing not only BS crab, but also halibut, black cod, turbot and Pacific cod. We are working the boat eight months out of the year. I am writing this in support of the BSAI Crab Program.

I urge the council to leave the program as it is, I see no need for changes to protect crew shares. Most of the boats and crews I am aware of are making better gross revenues that they were prior to the implementation of the crab program. Without the crab program, I would not have been able to risk the investment in QS and to become a vessel owner now employing 6 men.

As a new owner and buying quota i think it is important to hold the lease rates at a fair rate for Crew and Boat owners. At the 65% and 50% BSS this is fair rate for both ends. I think that ICE and ABSC have done a good job starting the voluntary compliance program and I am confident that the fleet will continue to expand the program over the next year.

I am working with the system that was set up here and any big changes could be devastating to my business plan. At this time with quotas purchased I am living on my Captains share and most of the lease rates purchased are paying off loans. We only have leased quota at this time.

Rationalization has done a lot of good, stopped the race for fish reduced bycatch, and and produced efficiency and safety in the harvesting sector.

Another positive thing here is that the Loan program is just getting online which is going to help crew to acquire quota. I hear that 5 deckhands are in the loan process now.

Again I hope that no major changes are done and this system is given a chance to thrive as it was meant to do.



Thank you for your time and consideration.

A handwritten signature in black ink, appearing to read "Oystein Lone". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Oystein Lone  
FV Pacific Sounder  
3315 150th Place SE  
Mill Creek, WA 98102

**C-4 (a) BSAI Crab – crew issues/active participation**  
**December 10, 2011**

The Council adopts the following problem statement and alternatives for analysis.

**Problem statement:**

*The Bering Sea/Aleutian Islands (BSAI) Crab Rationalization Program is a comprehensive approach to rationalize an overcapitalized fishery. Conservation, safety, and efficiency goals have largely been met under the program. Provisions that allow for absentee ownership of crab harvest shares support long-term investment by persons or corporations with little or no involvement in the prosecution of the fisheries and limits the amount of quota available for active participants. This action is intended to ensure that ownership of quota transitions to persons who are actively involved in the prosecution of the fisheries.*

**Alternative 1: No action**

No action, status quo.

**Alternative 2: Active Participation - Eligibility criteria for purchase of owner shares**

To be eligible to purchase CVO or CPO QS, the QS holder or an individual that is at least a 10, 20, or 33% (options) share holder when the QS is held by a partnership or corporation must meet one of the following requirements:

- a. hold 5, 10, or 20% (options) ownership of a vessel with participation in a rationalized Bering Sea/Aleutian Islands crab fishery in any of the previous 4 seasons or
- b. provide documentation of participation as a captain or crew in a rationalized crab fishery (verified by a signature on a fish ticket or crew members' affidavit) for at least 1, 2, or 4 (options) fishing trips in a rationalized Bering Sea/Aleutian Islands crab fishery in any of the 3 or 4 (options) previous seasons.

In addition, the Council requests a discussion paper that examines options for requiring all cooperatives to adopt 'best practices' in their cooperative agreements. Best practices could include:

- Minimum crew pay standards such as a minimum threshold of gross vessel revenue for crew compensation.
- Maximum lease rate caps.
- Maximum amount of lease rates that may be charged against crew compensation.
- Provisions to promote quota share ownership among crew and active participants.

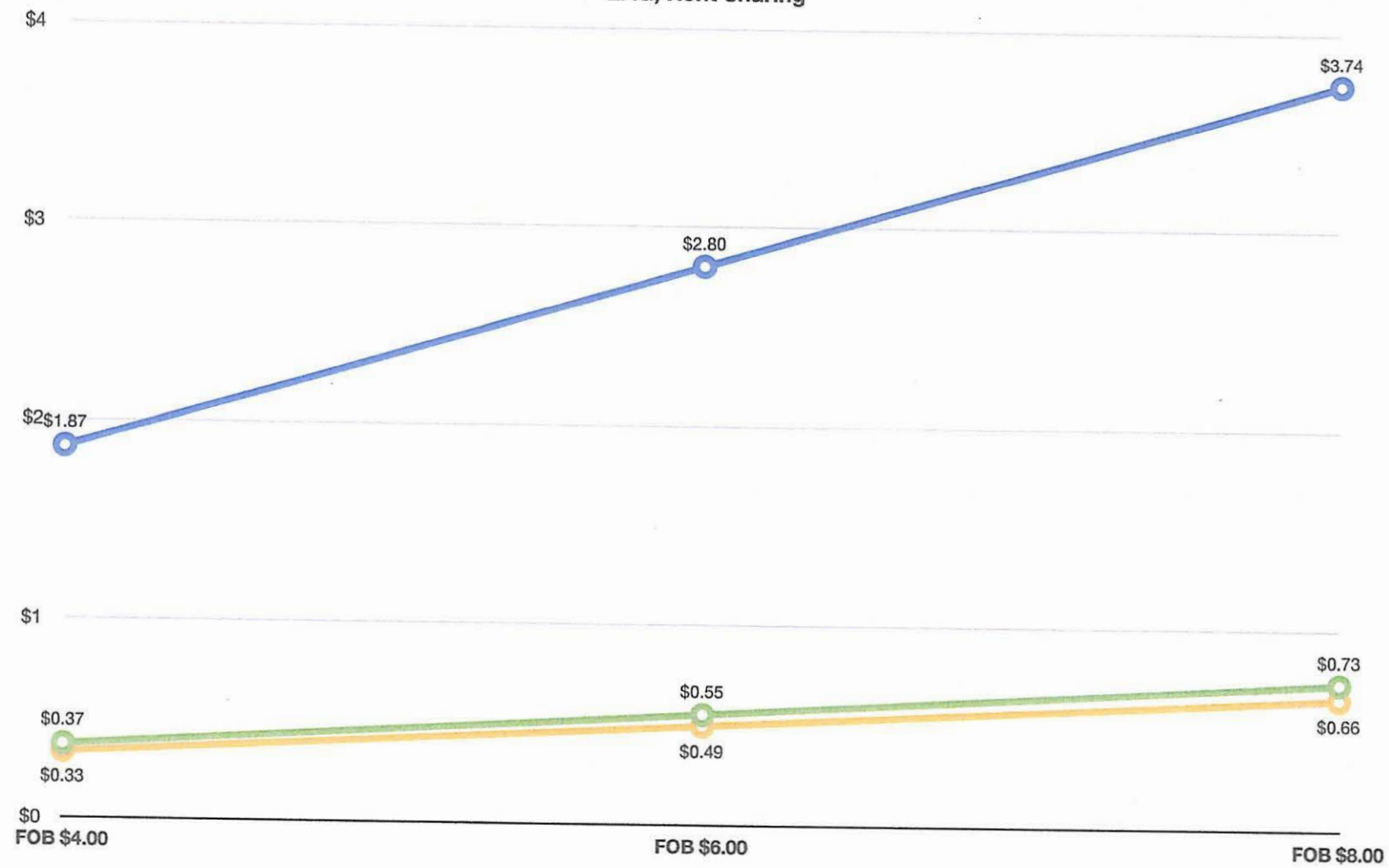
# PUBLIC TESTIMONY SIGN-UP SHEET

Agenda Item: C-4(5) BSAI CRAB Binding Arbitration

NAME (PLEASE PRINT)	TESTIFYING ON BEHALF OF:
1 Louie Lowenberg & Joe Sullivan	Inter-Cooperative Exchange
2 John Sackton	Inter-Cooperative Exchange
3 Jake Jacobson	Bering Sea Arbitration Organization
4 EUGENIA WILEY	WESTWARD SEAFOODS
5 Gary Johnson	Peter Pan Seafoods
6 Brett Reasor	UNISEA, INC
7 Larry Cotter state	APICDA
8 Pat Hardina	Fidel Seafoods
9 John Jani	AK Crab Processor Arb. Organization
10 Steve Minor	NPCIT
11 MIKE STAWLEY passed	GOLDEN KING CRAB HARVESTERS ASSN
12 Linda Kozak	Kozak + Assoc.
13 Dick Tremaine	SiUG-Alaska
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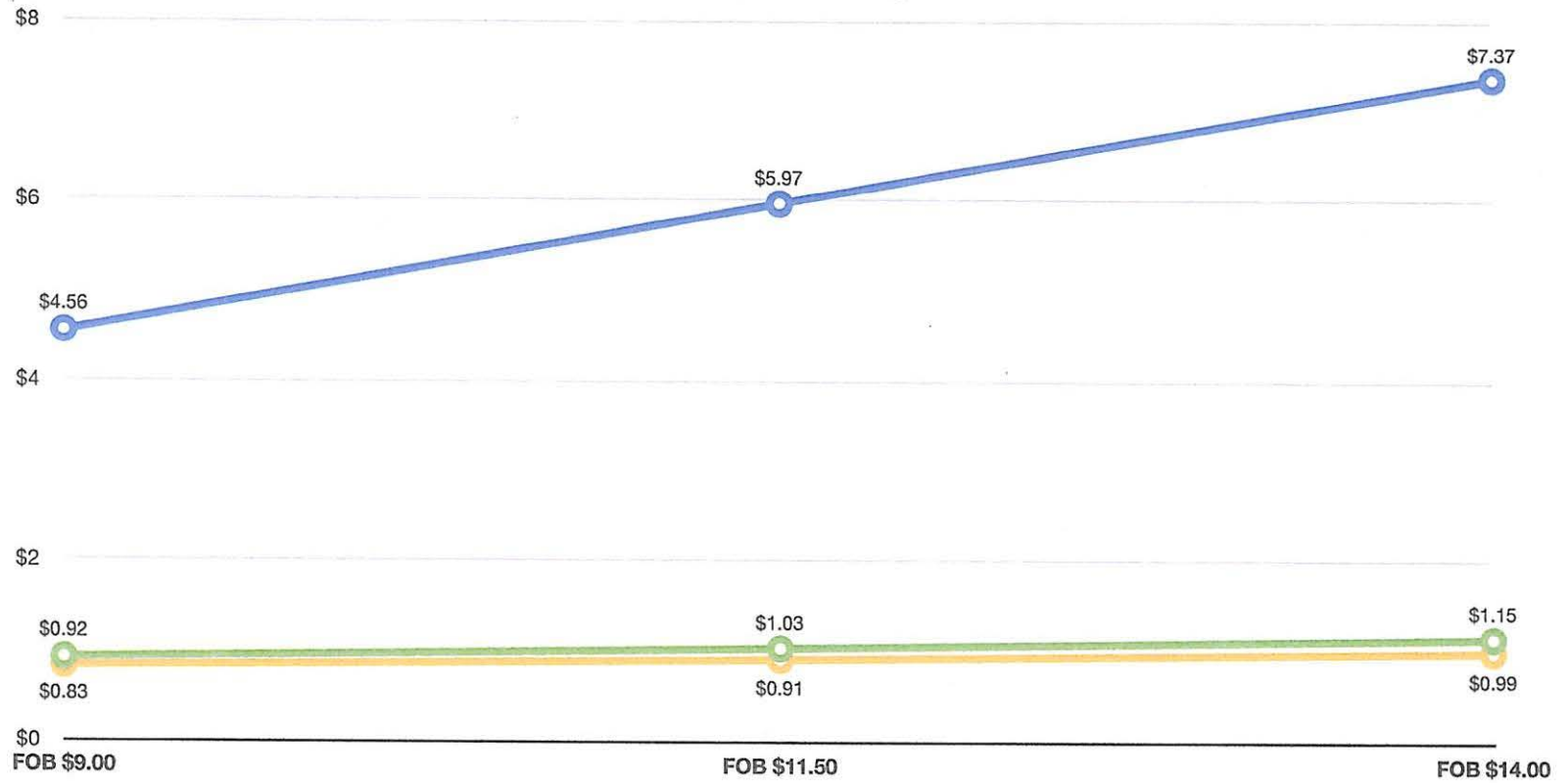
NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.

### EAG, Rent Sharing



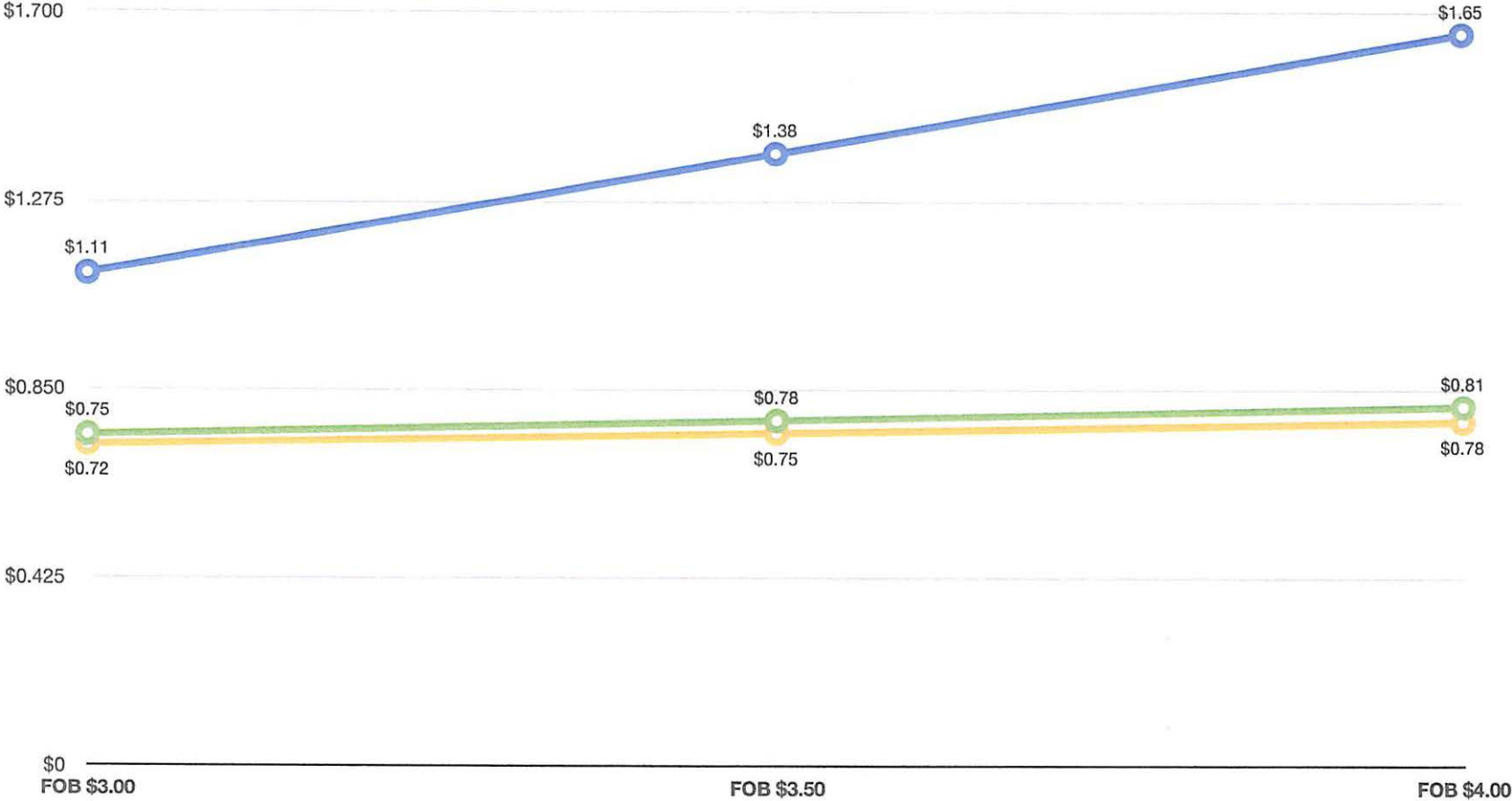
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- Gross to Processor, Round
- Gross to Floating Processor, Round

### BBRKC, Rent Sharing



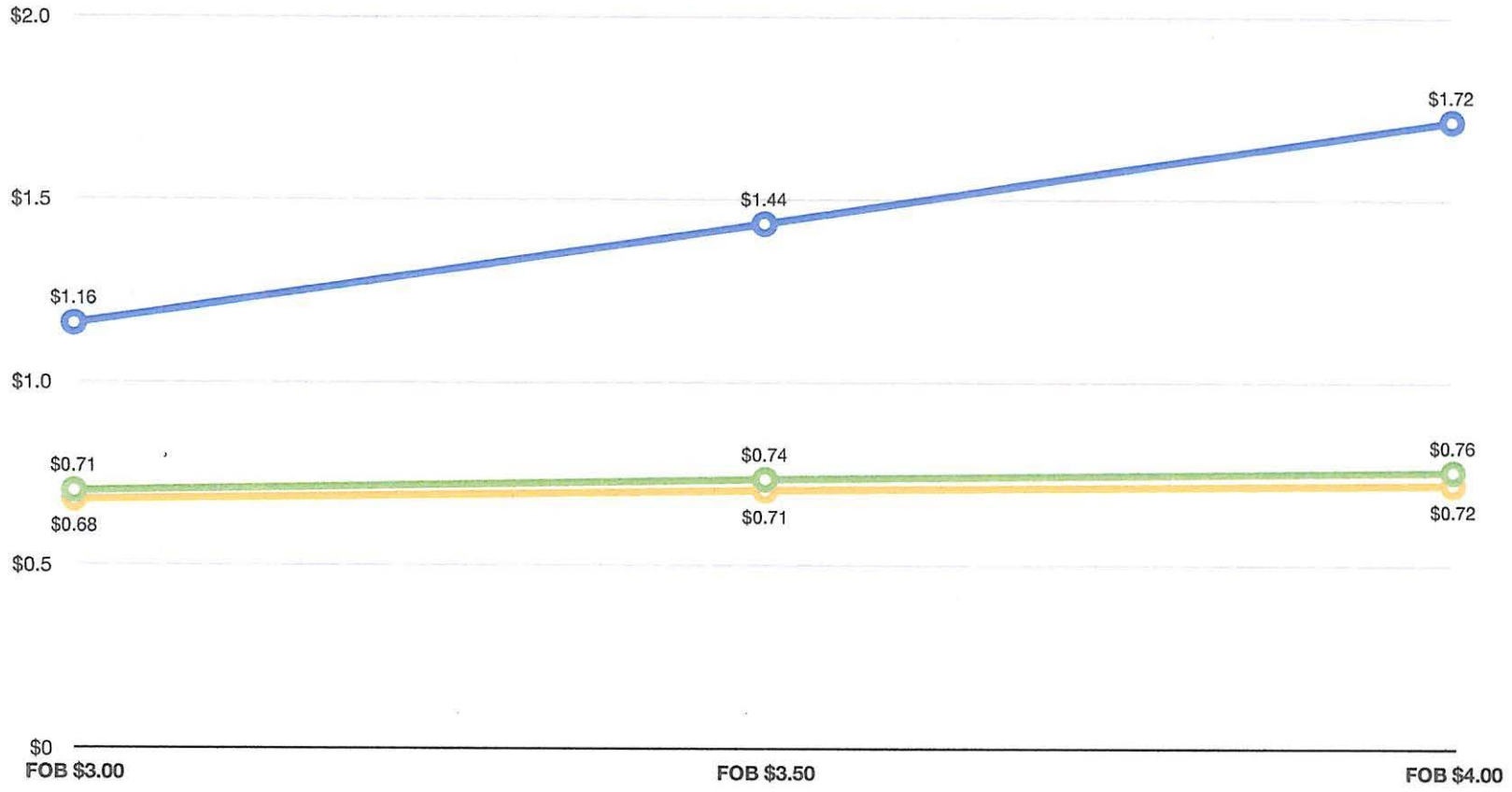
- ◆ Gross to Harvester, Round Pounds
- ◆ Gross to Shorebased Processor, Round
- ◆ Gross to Floating Processor, Round

North Opilio, Rent Sharing



- Gross to Harvester, Round Pounds
- Gross to Shorebased Processor, Round
- Gross to Floating Processor, Round

### South Opilio, Rent Sharing



- Gross to Harvester, Round Pounds
- Gross to Processor, Round
- Gross to Floating Processor, Round

# PUBLIC TESTIMONY SIGN-UP SHEET

Agenda Item: C-4(c) BSAT CRAB Community ISSUES

	NAME (PLEASE PRINT)	TESTIFYING ON BEHALF OF:
1	PAT Pletnikoff	St. George
2	Karan Mantou & Paul Gronkardt	Alutian AEB
3	Heather McLarty	CBSEA
4	Ernie Weiss, <del>XXXXXXXXXX</del>	AEB <del>XXXXXXXXXX</del>
5	Larry Cotter	ADICDA
6	<del>XXXXXXXXXX</del>	<del>XXXXXXXXXX</del>
7	Mateo Paz-Soldan	City of St Paul
8	Frank Kelly	City of Unalaska
9	Steve Minor	NPCA
10	Stephen Taufen	Groundswell Fisheries Movement
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**Testimony of Aleutia  
December 10, 2012  
North Pacific Fisheries Management Council**

My name is Karen Montoya.

I am here today representing Aleutia a modest, grassroots, non-profit organization created in 2001 by fishing families living along Alaska's Eastern Aleutian Islands and Western Peninsula. Aleutia is truly family- and community-based. It represents the entire region within the Aleutians East Borough.

I'm testifying today because community protections in crab rationalization are failing the people they seek to protect.

In 2005 the Aleutians East Borough assembly, in support of the people of the region unanimously voted to name Aleutia the Eligible Crab Community Organization for the Eligible Crab Communities of King Cove and Port Moller. The assembly made this decision very thoughtfully.

As you know, the crab rationalization program recognizes the unique relationship between crab-dependent communities and processors. It addressed that codependence by establishing community Right of First Refusal agreements. These ROFR agreements apply to the Processor Quota Shares initially issued within each community. They are held by the ECCO on behalf of each community. Put simply, the ROFR Agreements are intended to protect community interests. This is the cornerstone of community protections and one that is extremely important to local families and their well-being in the Aleutians East Borough.

Aleutia was entrusted with this right when it was selected as the ECCO on behalf of local residents.

It is not my intent today to blame any single entity. But, unfortunately, due to the lack of transparency and secrecy the ECCO is not always aware of where quota shares are being processed or when they are purchased and sold. For example, we were shocked to recently learn that quota shares held by SnoPac and earned in the ECC of Port Moller had been purchased by APICDA without Aleutia's knowledge. APICDA apparently purchased the Port Moller crab, at a Council meeting in the fall of 2008, as part of the highly public and very contentious sale and purchase of Snopac's St. George crab. Aleutia has also recently learned that SnoPac processed the Port Moller quota share in Unalaska during that 2008 season.

Under the rules, Aleutia should have been notified of both transactions at the time they occurred. In the first instance, when SnoPac processed its quota shares in Unalaska, outside the community boundaries, a transaction occurred which triggered ROFR. The Rules provide that a "Transfer" means any transaction where quota shares are passed either permanently or for a fixed period. Sec. 680.41. Aleutia was never notified and therefore never had an opportunity to exercise its option of right of first refusal.

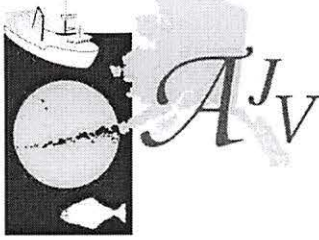
Secondly, when SnoPac sold its Port Moller quota shares to APICDA in 2008, Aleutia as the ECCO should have been notified and allowed to negotiate as a party of interest. Again, Aleutia was never notified and therefore prohibited from exercising its option of right of first refusal.

According to the Rules, if an application for transfer of quota shares for use outside an ECC is made then the ROFR is triggered. Yet, Aleutia was never notified of the sale or given an opportunity to exercise a right it was entitled to.

Further, if an application for transfer of quota shares within an ECC is made then the Regional Administrator "will not approve the application" unless (1) the ECC waives ROFR through an affidavit or "the proposed recipient" provides an affidavit "affirming the completion of a contract for ROFR that includes the terms of the agreement. This is under section 313(j) of the Magnuson-Stevens Act and Sec. 680.40(f) (3)." Neither affidavit was obtained or submitted during the SnoPac purchase and sale. Which begs the question, how could the transfer application have been approved?

Where does this leave the people of the region who chose Aleutia as their representative to have first opportunity to purchase that Port Moller quota on their behalf if it became available? Aleutia has been denied the rights it was granted under federal law. In this case, the spirit of community protections and the community's interests were ignored.

APICDA has said several times that if ROFR was triggered it would offer to sell the Port Moller quota shares to Aleutia, as should have been done in the first place. Pursuant to the Rules. It is clear. ROFR triggered.



## *APICDA Joint Ventures, Inc.*

*234 Gold Street • Juneau, Alaska 99801 • (907) 586-0161 • Fax (907) 586-0165*

*509 West 3<sup>rd</sup> Avenue, Suite 101 • Anchorage, AK. 99501 • (907) 929-5273 • Fax (907) 929-5275*

APICDA Acquires Crab Processor Quota Shares  
Tuesday - October 7, 2008

The Aleutian Pribilof Island Community Development Association (APICDA) announced today that its' wholly owned for-profit subsidiary, APICDA Joint Ventures, Inc., (AJV), has reached agreement with Snopac Products., Inc. to purchase all of Snopac's crab processor quota shares (PQS) and their crab processing line and equipment.

AJV will acquire from Snopac approximately 5.7% of the Bering Sea opilio PQS, 1.6% of Bristol Bay red king crab PQS, 3.6% of Bering Sea bairdi PQS, 2.5% of the Pribilof Islands red and blue king crab PQS, and 4.3% of the St. Matthew's king crab PQS. At today's crab quotas, the PQS represents approximately 3 million pounds of opilio, 290,000 pounds of Bristol Bay red king crab, and 141,000 pounds of bairdi.

The PQS held by Snopac was earned during their many years of processing crab in St. George. "All of this crab should be viewed as a St. George community asset," said APICDA CEO Larry Cotter. "This acquisition serves as a foundation upon which the City of St. George and its residents can begin to develop a stable and reliable economy based upon resources located adjacent to the island."

Max Malavansky, St. George City Administrator, said, "We have prayed for this day for many years. St. George has suffered through a severe economic slump since crab processing ended on the island in the year 2000. Now we have the chance to bring it home and rebuild our economy. This is truly a great day for our community."

For more information contact Larry Cotter at 907-586-0161 or [lcotter@apicda.com](mailto:lcotter@apicda.com)

The North Pacific Fisheries Management Council (NPFMC) February 2011 motion on Crab Management, Community Provisions encouraged Crab Rationalization stakeholders to work together to find solutions to community concerns about potential loss of crab processing to a community. By February 15, 2011 representatives of stakeholder groups were in communication with each other, working to schedule a stakeholder meeting in Anchorage around the time of the Board of Fish meetings in March. Scheduling a face to face meeting proved difficult, but finally on April 11<sup>th</sup> stakeholders and others met via teleconference. A second teleconference meeting was held on May 23<sup>rd</sup>.

Representatives from the following organizations were present at one or both meetings: Aleutians East Borough , Peter Pan Seafoods Inc , Aleutia, City of King Cove, City of St. Paul, North Pacific Crab Association, Alaska Crab Coalition, Alaska Bering Sea Crabbers, and the NPFMC. Aleutia is the designated Eligible Crab Community Organization for Port Moller and King Cove for crab community protection issues. Aleutia is also a processor and Peter Pan Seafoods currently custom processes the Aleutia owned crab PQS at the King Cove plant for Aleutia. Peter Pan Seafoods has several fish processing plants in Alaska, including in King Cove. The parent company of Peter Pan Seafoods is Maruha Nichiro Holdings Inc. Maruha Nichiro holds other seafood processors in Alaska including Westward Seafoods Inc in Dutch Harbor. King Cove is a community within the Aleutians East Borough boundaries.

During the first stakeholder meeting, it was apparent that not all the participants would agree on every issue, but we realized that there are some issues we can agree on. It was made clear at the first meeting that Aleutia and Peter Pan Seafoods have been working closely together, coming to agreement on small 'cleanup' amounts of crab to be processed at plants outside of the community. Also, all parties agreed that presently it is in the best interest of all concerned that the Bering Sea/Aleutian Island Red King crab continue to be delivered to and processed at the King Cove plant. The King Cove port is fairly convenient for harvesters and the community relies on tax revenues generated by the crab processing, and support businesses.

One analysis paper before the NPFMC at the February 2011 meeting explores the ramifications of several actions regarding Community Right of First Refusal Modifications. Action 4, requiring community consent before IPQ could be moved, seemed an attractive possibility to the community, however, processors claim that PQS could lose value if additional restrictions are attached to the PQS. The community of King Cove believes that because the parent company of Peter Pan Seafoods, Nichiro, has merged with Maruha, an intra-company transfer of PQS to another facility owned by Maruha is possible, and is not prohibited by Federal Fisheries Regulations 50 CFR part 680.41.

It was eventually agreed by the stakeholders that a small change in the ROFR agreement could partially satisfy both sides. The language that read "It is agreed by the Parties that Processor shall not transfer any Shares through intra-company transfers to another Community unless said transfer of Shares is to an existing plant currently owned and operated by Processor" was changed to read " It is agreed by the parties that the Processor shall not transfer any Shares through intra-company transfers to another Community outside the municipal boundaries of the Aleutians East Borough." Since this is an annual agreement, the arrangement is not permanent, and any change in the next annual agreement may signal to the other party that some change in practice may be forthcoming.