



**ALASKA**  
**Bering Sea Crabbers**

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January 28, 2012

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

**February 2013 NPFMC Agenda Item C-4(b) "Initial Review of BSAI Crab active participation requirements" and C-4(c) "Discussion paper on BSAI Crab Cooperative Provisions for Crew"**

Dear Chairman Olson,

Alaska Bering Sea Crabbers (ABSC) is a 501c(5) non-profit, seafood industry trade association representing nearly 70% of the harvest quota shareholders ("QS holders") in the BSAI Rationalized Crab (CR) fisheries. We appreciate the opportunity to provide the Council with comments on agenda items C-4(b) and C-4(c). Please note these comments are intended to supersede those we submitted for the record prior to the October 2012 NPFMC meeting under agenda items C-6(b) and C-6(c). We would also like to note that we submitted extensive comments during the December 2011 NPFMC meeting under agenda items C-4 ("*BSAI Crab Stakeholder Reports*"). Those comments also described the efforts that ABSC and Inter-Cooperative Exchange (ICE) have taken to address the Council's concern over the issues of active participation, crew investment opportunities, and lease rates as they affect crew compensation. And finally, we would note that the Council received at least 18 letters and significant public testimony from active captains and crew in support of the efforts of ABSC and ICE during the December 2011 meeting.

At this time ABSC would request the Council take no further action on either agenda item C-4(b) or C-4(c). This recommendation is consistent with the Advisory Panel (AP) motions passed during the October 2012 NPFMC meeting. Specific to agenda item C-4(b), the AP also recommends that Bering Sea crab cooperatives should provide an annual report to the Council describing measures they are taking to promote quota acquisition by crewmembers and other active participants. We feel this is a reasonable approach and one worthy of consideration by the Council, particularly in light of the significant effort ABSC and ICE has already expended on these issues. These efforts have included both the Right of First Offer (RoFO) program and the voluntary lease rate cap that will be described in greater detail in subsequent sections of this comment letter.

Both Council staff and the Scientific & Statistical Committee (SSC) have pointed to the significant shortcomings of the current motion under C-4(b).<sup>1</sup> It is likely that it will take several meetings, if not several years, to address the related issues. This approach will only exacerbate the regulatory instability that has been emblematic of the BSAI CR program over the past 8 years.

On the other hand, we note that the 10 Year Review is scheduled to occur in a little more than 2 years. If the Council wishes to make significant changes to the program, on the magnitude of those envisioned in this action, the 10 Year Review would be the appropriate time to do so. In the interim, the Council should require all crab cooperatives to annually report on their efforts to address the aforementioned Council concerns.

### **Background**

The Council first began to consider the issues of active participation and crew compensation in December 2010 when it received the *5 Year Review of Crab Rationalization Program for BSAI Crab Fisheries*. The Council deferred taking formal action regarding these issues at that meeting. But rather, the Council strongly encouraged "crab rationalization stakeholders to work together within the industry to craft solutions to the concerns identified."<sup>2</sup> Shortly after the December 2010 meeting, industry stakeholders formed an ad hoc workgroup to follow through on the Council's recommendation. This group met 8 times between January and November 2011. These meetings were open to all stakeholders and were well attended by vessel owners, quota shareholders, and crew.

Most notable among these many meetings was a Crab Crew Workshop hosted in Seattle by the Alaska Bering Sea Crabbers on May 3, 2011. In addition to the meeting room in Seattle, remote locations were also provided in Kodiak and Anchorage in an effort to increase participation. Speakers at this event included Dr. Mark Fina (NPFMC), Ms. Clydina Bailey (NMFS-RAM), Mr. Scott Houghtailing (NMFS Financial Services), Mr. Erik Olsen (NW Farm Credit Services), Mr. Jeff Osborn (Dock Street Brokers), Mr. Tim Henkel (Deep Sea Fishermen's Union), and Mr. Edward Poulsen (Alaska Bering Sea Crabbers). The purpose of that meeting was to provide crew with information regarding opportunities to purchase QS, as well as to discuss the various financing options, both public and private that may be available. Over 100 individuals, many of them active crew, participated in this meeting.

Two major themes emerged from the 8 formal stakeholder meetings:

- 1) crew were not often aware of prospective quota sales prior to their occurrence and,

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<sup>1</sup> NPFMC SSC. 2012. *Draft Report of the Scientific & Statistical Committee to the North Pacific Fishery Management Council October 1<sup>st</sup> – October 3<sup>rd</sup>, 2012*

<sup>2</sup> NPFMC. 2010. *Minutes 201th Plenary Session North Pacific Fishery Management Council December 8-14, 2012 Anchorage Hilton Hotel, Anchorage.*

- 2) the expense of purchasing large blocks of quota often exceeds what crew can afford. Many crewmembers also felt they were disadvantaged in the QS market when compared to vessel owners who may have greater access to information and capital.

With that information in hand, ABSC and ICE began to develop what has come to be known as the Right of First Offer (RoFO) program. Issues of financing were also identified during the workgroup meetings, however these issues are beyond the scope of what ICE can be reasonably expected to do under its cooperative structure.

***Right of First Offer (RoFO)***

The RoFO program was first presented to the Council during the December 2011 meeting in Anchorage. To briefly summarize, under the provisions of the program up to 10% of any QS sale by ICE members would be made available to active captains and crew (as defined by the Council C-share ownership criteria) on a right of first offer basis. Once the subscription period for this 10% expires (15 days), the remainder from the initial offer to captains and crew (if any), plus the other 90%, will be made available to active captains, crew, and vessel owners under a second right of first offer. Upon expiration of this second subscription period (5 days), any QS which has not been committed to will be made available to the broader market under terms no more favorable than those of the aforementioned offerings. It should also be noted that anyone attempting to purchase QS under this broader market offering would still need to qualify under the current criteria for QS ownership.

This RoFO provision is subject to certain exemptions. For example, if a QS owner wishes to sell the entirety of his or her holdings to active crew, he or she is welcome to negotiate terms and execute such a sale without going through the RoFO process. Additional exemptions to the RoFO process include sales of a going concern, sales among affiliates, sales involving a foreclosure or court order, and transfers involving an estate (although the inheritors would still need to meet the current criteria for QS ownership).

To recap, the ad hoc workgroup identified two major issues related to QS sales that are within the scope of what ICE may accomplish under its cooperative structure: ensuring that active captains and crew are aware when QS is offered for sale; and, ensuring that QS blocks be of such size and cost as may be affordable to captains and crew without the access to capital that many vessel owners have. The RoFO is the conceptual framework that ICE developed over the past two years to address these concerns. In the next few paragraphs I will briefly summarize the actual tools that will be used to implement and facilitate the RoFO program.

ICE formally incorporated the RoFO into the 2012/2013 Membership Agreement. This agreement was signed by all ICE members in August 2012.

According to the terms of the Agreement, the provisions implementing the RoFO would not take effect until the ICE Board of Directors takes affirmative action to that

effect, and provides the ICE members with 90 day advance notice. This provision was included to give ICE time to build the infrastructure necessary to support the RoFO; to give the ICE Board an opportunity to identify and address any implementation issues that surfaced during that process; and, to provide time to bring ICE members up to speed on the RoFO's implications.

The ICE Board took affirmative action during its November 2012 Board meeting to move forward with the RoFO, and requested that ICE staff and counsel provide options for addressing the implementation issues that had been identified as of that date. On January 18 of this year, the ICE Board resolved the outstanding implementation issues, and adopted liquidated damages for RoFO breach. This liquidated damages provision will be included in the 2013-2014 ICE Membership Agreement. ICE members will be sent formal notice of the Board's action during the last week of January. The RoFO will then be fully operational 90 days from the date that notice is sent.

ICE has already taken two significant additional actions to facilitate the RoFO. The first of these was consulting with Jeff Osborn at Dock Street Brokers to identify any problems and/or issues that could limit its operability and effectiveness. Mr. Osborn has been very forthcoming with his initial concerns and they were addressed in the ICE Board's January 18 actions. We note that in October 2012 Mr. Osborn submitted a letter to the Council detailing his understanding of the crab QS market, his involvement with the development of the RoFO program, and his opinion that the RoFO provision "*will result in improved opportunity for active participants in the various rationalized Bering Sea crab fisheries.*"<sup>3</sup> We have provided a copy of that letter as an addendum to our comment letter. ABSC and ICE intend to continue working with Mr. Osborn and other quota brokers as the RoFO is further developed and implemented.

The second major action taken to facilitate the RoFO program is establishing the Right of First Offer Website for Bering Sea Crab Crewmembers. Please see the following URL to access the site: <http://crabqs.com>. This is an online portal where eligible BSAI crab crewmembers (subject to current C share ownership criteria) may register to receive notice when opportunities to purchase crab QS arise. These notifications will include the type of QS available, the amount of QS available, and the asking price. During the October 2012 NPFMC meeting, Edward Poulsen testified to the AP that this website was under development. The website is now "live" and is currently accepting registrations. ABSC is using its weekly electronic member updates as a means to advertise this website. We are also considering other options for alerting eligible crewmembers including the ABSC Facebook page and print media such as Pacific Fishing magazine. We are hoping the Council will also assist us in publicizing the site.

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<sup>3</sup> Osborn, Jeff. 2012. *Letter submitted to the NPFMC under Agenda Item C-6(b) and C-6(c).*

In conclusion, the Right of First Offer program being implemented through the 2012/2013 ICE Membership Agreement offers great promise in terms of ensuring the transition of quota ownership to persons who are actively involved in the prosecution of the fisheries, while minimizing disruption to current participants. As with any complicated program, there are still likely issues that need to be identified, considered, and corrected if necessary. But this will take time. For the Council to take regulatory action at this time without providing ample time for full RoFO implementation would be premature at best. The RoFO program represents years of development and its effects will take a few years of full implementation to measure. If, after the effects of the RoFO have been measured, the Council still feels there is a problem, there is nothing that precludes the Council from taking action in association with the 10 Year Review. As Dr. Fina makes clear in the RIR/IRFA (p. 13) *"if cooperative members accept the right of first offer and operate in the spirit of the provision, it is likely to result in owner quota share coming available to persons active in the fishery."* Certainly the Council will be able to determine whether or not cooperatives are operating within the spirit of the provision if they are required to provide a few years of annual reports, as Dr. Fina also points out in his analysis. And finally, the analysis mentions the fact that roughly 5% of the Bristol Bay Red king crab (BBR) and 5.5% of the Bering Sea Opilio crab (BSS) owner QS was transferred in 2011. While it is not possible to determine how much of that QS transfer included ICE members, had that QS been subject to the RoFO or some similar provision, it would have represented a significant block of quota that would have been available to active captains and crew. The terms of those transfers would have been very transparent and open to public scrutiny within the context of the Council's policy objectives.

While the RoFO program may still require minor "tweaks," the Council motion to be considered under agenda item C-4(b) is in the very early stages of its development. According to the SSC, the Council motion is *"not ready for public review."*<sup>4</sup> The RIR/IRFA and the SSC minutes identify the following issues: the motion lacks a clear rationale relative to the original objectives of the CR program; it lacks clear objectives including anticipated benefits; and, it does not adequately identify and address consequences that are likely to arise if this motion is advanced. Our comments will address each of these issues in greater detail in the paragraphs to follow.

#### ***Unclear Rationale of Motion Relative to Original CR Program Objectives***

In developing the Voluntary Three-Pie Cooperative Program, the Council took a deliberative, step-wise approach over a period of many years. This process began as early as 1992 and culminated with the start of the 2005 Bristol Bay Red King crab

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<sup>4</sup> NPFMC SSC. 2012. *Draft Report of the Scientific & Statistical Committee to the North Pacific Fishery Management Council October 1<sup>st</sup> – October 3<sup>rd</sup>, 2012.*

fishery under the newly created Rationalization program. The CR program was implemented to address the following problems facing the fishery:<sup>5</sup>

- *Resource conservation, utilization and management problems;*
- *Bycatch and its associated mortalities, and potential landing deadloss;*
- *Excess harvesting and processing capacity, as well as low economic returns;*
- *Lack of economic stability for harvesters, processors and coastal communities;*  
*and*
- *High levels of occupational loss of life and injury.*

Since the Council took formal action in June 2004 to adopt the CR program, there have been no fewer than 29 proposed regulatory amendments<sup>6</sup>. This is not surprising given the significant complexity of the program and the suite of problems it was developed to address. And it is true that many of the regulatory “fixes” that have been enacted were done so at the request of industry. However, after 8 years under the program, most of the major “bugs” in the program have been worked out. At this stage, the possibility of significant regulatory intervention has simply become a deterrent to investment in the fishery. Many fishery participants have voiced their hesitancy to invest in new vessels out of concern that any new investment may be quickly de-valued by a major regulatory change to the program. Given the fact that most vessels in the BSAI crab fleet were built in the 1970’s (if not before), it is clear that the industry must begin to consider building the next generation of crab vessels. As the Council experienced with both the freezer longline and Amendment 80 fleets, this process will likely not begin without some measure of regulatory stability.

Returning to the question at hand, which of the five problems noted above does the current motion address? The Purpose & Need Statement underlying the current motion states clearly “*conservation, safety and efficiency goals have largely been met under the program.*” ABSC contends that rather than furthering the goals and objectives of the CR program relative to the five issues originally identified, the current motion actually exacerbates the economic instability the program was designed to remedy and threatens to reverse the significant safety improvements that have been made since Rationalization by unnecessarily prolonging the service of vessels which may be nearing the end of their service life.

#### ***Lack of Clear Objectives Including Anticipated Benefits***

As staff point out in the RIR/IRFA (p. 2), the Purpose & Need Statement lacks “*specific objectives for this action, including the benefits intended to arise from the transition of quota holdings to persons active in the fisheries.*” The SSC picked up on this theme during its October 2012 deliberations noting, “*that key policy and design*

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<sup>5</sup> NPFMC. 2010. *Five-Year Review of the Crab Rationalization Management Program for BSAI Crab Fisheries.*

<sup>6</sup> NOAA Fisheries/Sustainable Fisheries/Alaska Region. 2012. Accessed at: <http://alaskafisheries.noaa.gov/sustainablefisheries/amds/#crab>

*questions, necessary to proceed to a complete and informed analytical package, have not been adequately articulated by the Council.”<sup>7</sup>*

### ***Unintended Consequences of Current Motion***

#### ***Motion Would Create Closed Class of Vessels***

As written, this motion would create a “closed” class of vessels, similar to the AFA where qualifying vessels were named in the Act. Under the most liberal landings threshold 100 vessels would qualify. Under the most stringent landings threshold 83 vessels would qualify. By creating such a closed class of vessels, this action would create two additional unintended consequences.

First, as the motion is currently constructed, there does not appear to be any provision for bringing new vessels into the fishery or bringing vessels that have been historically active (just not during the qualification period described in the motion) back into the fishery. Considering the highly contentious and laborious process involved with vessel replacement in the freezer longline and Amendment 80 fleets, it is not clear why the Council would choose to create such a comparable situation with the crab fleet.

Second, creating a closed class of vessels may actually increase consolidation of QS holdings. As the RIR/IRFA notes (p. 18) owners of the vessels that qualify “*will be able to influence QS holdings by their choices of partners in the fisheries. With each new partnership, it is likely that a portion of the QS will be removed from broader circulation, becoming associated with the vessel (or vessels) controlled by the owner (or ownership group).*” Once again, it is not clear why the Council would choose to encourage additional consolidation given the concerns that have been raised by some stakeholders over the past 8 years.

#### ***Closed Class of Participants***

To compound the issue, not only will this motion create a closed class of vessels, but it also appears that it will likely result in a closed class of participants as new entrants and those with little access to capital will face significant barriers to entering the fishery. One of the major objectives driving the development of the RoFO program was the desire to ensure that small amounts of quota would be available to new entrants and those without access to significant capital. But the current motion would seem to reinforce the status quo. The RIR/IRFA (p. 23) points out that under this motion “*As is currently the case, the market for owner QS is likely to be dominated by larger entities with access to financial resources to support their investments.*”

#### ***Huge Burden in Terms of Administration & Enforcement***

Under the status quo management regime, administrative and enforcement costs to NMFS are relatively low. One of the reasons these administrative and enforcement

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<sup>7</sup> NPFMC SSC. 2012. *Draft Report of the Scientific & Statistical Committee to the North Pacific Fishery Management Council October 1<sup>st</sup> – October 3<sup>rd</sup>, 2012.*

costs remain low is that the agency is not required to monitor, on an ongoing basis, sea time requirements nor is the agency required to fully track QS holders ownership interests in active vessels. However, administrative and enforcement costs can be expected to skyrocket if the current motion were to be adopted. As the RIR/IRFA (p. 25) points out *“rules establishing active participation requirements for acquisition and retention of owner QS will require NOAA Fisheries to monitor vessel and crew participation and integrate those participation records with vessel ownership and QS holdings information and corporate and partnership ownership information. The burden associated with this monitoring will vary with each case, but could be very high.”*

The RIR/IRFA also speaks to the issues of monitoring compliance with active participation requirements on an ongoing basis; annually applying for IFQ, processing of applications, and appealing any denied applications; and, the possibility of IFQ being “stranded” in the event that claims are not settled prior to the start of a season. So it would appear that not only are the potential costs to the agency significant, but the industry may also be forced to bear significant costs in terms of lost fishing opportunity and the public may be faced with diminished supply of crab on the market. To be clear, both the taxpayers and those dependent on the crab resource will incur significant costs relative to this action. However, the benefits that can be expected in association with these increased costs have not been well articulated nor, in the opinion of ABSC, thoroughly considered.

#### *It Will Take Many Years of “Phase In” to Determine Effectiveness of Action*

Regardless of the specific option the Council chooses, it will take years for the changes envisioned by this action to become apparent and then measured for effectiveness. Dr. Fina makes this point numerous times in the RIR/IRFA. If the Council would be willing to wait years for its approach to be measured for effectiveness, it is certainly not out of the question for the industry-driven approach (i.e. the RoFO) to be given ample time to be fully implemented and measured for its effectiveness. And please keep in mind that the industry’s programs can be initiated much more quickly than Council actions, and if it is determined that “course corrections” need to be made, this can usually be accomplished, at least in the case of ICE, on an annual basis rather than through a multi-meeting, multi-year process.

#### ***Voluntary Lease Rate Cap***

During the 5 Year Review, the Council also raised the issue of leasing practices as one of concern. Despite the lack of an actual definition of a “lease” for the purpose of Council analysis, the concern is that *“exorbitant lease rates contribute to a substantial share of the fisheries value being distributed to persons who are not active in the fisheries either as vessel owners or crewmembers.”*<sup>8</sup> The assertion is made that with high lease rates, less money is available to vessel owners for maintenance and

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<sup>8</sup> NPFMC 2013. *Discussion Paper on Cooperative Measures to Address Active Participant and Crew Issues.*



improvements; and that less money is available for crew compensation (when measured as a percentage of gross).<sup>9</sup>

In recognition of the Council's concern over the issue, ICE asked its members to consider voluntarily capping lease rates shortly after the December 2010 NPFMC meeting. Based on Council discussions, ICE suggested members consider not asking or offering lease higher than 65% for BBR and 50% for BSS. By the time of the December 2010 meeting, harvest agreements for the winter 2011 BSS fishery had already been agreed upon. Therefore, the voluntary cap could not be fully implemented in time for that fishery. However, by the fall of 2011 the lease rate cap was in place for BBR and by winter 2012 the cap was in place for BSS. Anecdotal evidence pointed to high rates of compliance, although it was impossible to determine an exact compliance rate.

In an effort to measure compliance with the voluntary lease rate cap, ABSC commissioned a survey by the University of Washington Office of Educational Assessment (OEA) during the summer of 2012. The purpose of this survey was to assess market lease rates among ICE members for BBR and BSS.<sup>10</sup> A letter from the University of Washington OEA describing the survey methodology is provided as an addendum to this comment letter. As the letter describes, 62 vessel owners were surveyed. These vessels were chosen from the Hired Master List submitted to NMFS RAM for fishing year 2011-2012, as well as 3 additional vessels that were thought to have fished QS held by ICE in previous seasons. The survey asked for information from the fall 2010 BBR fishery (for the purpose of developing baseline data prior to the implementation of the voluntary lease rate cap); the winter 2011 BSS fishery (once again in an attempt to develop baseline data); and, the fall 2011 BBR fishery (to provide first year results). On the advice of legal counsel, the survey did not query vessel owners regarding the winter 2012 BSS fishery, as the data was not sufficiently "stale" to be collected under antitrust guidelines concerning surveys of this type. ABSC plans to conduct the survey again during the summer of 2013. Information from the winter 2012 BSS fishery will be captured in that survey.

Despite the voluntary nature of the survey, response rate was 58%. The results of the survey were very encouraging. For BSS, even before the voluntary lease rate cap went into place, the survey indicated that average lease rates were slightly below the 50% threshold. For BBR, average lease rates for both the fall 2010 and fall 2011 fishery were below the 65% threshold. But more importantly, when crew pay was measured as a percentage of the gross, the UW OEA survey showed an increase of 1.3% between 2010 and 2011. This statistic would seem to indicate that the voluntary lease rate cap initiated by ICE was effective in addressing the concerns

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<sup>9</sup> NPFMC 2013. *Discussion Paper on Cooperative Measures to Address Active Participant and Crew Issues*.

<sup>10</sup> University of Washington Office of Educational Assessment. 2012. *Letter from Debbie McGhee describing ABSC lease rate survey*.

voiced by the Council during the December 2010 meeting, relative to the decline of crew pay measured as a percentage of gross.

EDR data provided in Dr. Fina's discussion paper appears to confirm this result. According to that data, between 2010 and 2011 the percentage of gross paid to crew increased by 1.4% for BBR. For BSS the increase was slightly less (around 0.3%) according to the EDR data, but that is not surprising considering the voluntary lease rate cap had not even been implemented in time for that fishery. For vessels fishing both BBR and BSS the increase was on the order of 1.7%. And also please keep in mind that regardless of the metric chosen, whether crew pay per day, percentage of the gross paid to crew, or annual "take home pay," captains and crew participating in the BBR and BSS fisheries are earning a significant income. Table 3 of Dr. Fina's Discussion Paper shows clearly that for vessels fishing both BBR and BSS, on an annual basis captains and crew are earning significantly more than in any year since Rationalization and at least twice as much as in their best year prior to Rationalization. On a pay per day basis, Table 5 shows 2011 to be far and away the best year for both BBR and BSS. So clearly there is not a crew pay emergency here, as some would lead the Council to believe. And finally, it is also noteworthy that these significant incomes are being earned in a timespan of roughly 3-4 months per year. This leaves ample time for participation in other fisheries such as halibut IFQ, Bristol Bay salmon, and salmon tendering. As many captains and crew supplement their crab income in these other fisheries, there can be no question that captains and crew are making a good living.

In summary, the voluntary lease rate cap implemented by ICE was effective in arresting the gradual decline in the percentage of gross being paid to crew in both BBR and BSS. ICE has continued with this voluntary lease rate cap in both the fall 2012 BBR fishery and the winter 2013 BSS fishery. We would refer the Council to the comments submitted by ABSC at the December 2011 meeting for a thorough discussion as to why the voluntary approach offers the highest probability of success with respect to the Council's policy objectives when compared to mandated approaches. As previously indicated, ABSC plans to retain the University of Washington OEA to update its survey during the summer of 2013. And of course, the Council will continue to receive annual EDR data that can be used to definitively measure the effectiveness of the voluntary measures.

Concerning the amount of revenue that is available for vessel maintenance and repair as a function of lease rates it is much more difficult to measure that variable. But I would refer the Council to a letter submitted in November 2010 by Doug Dixon (Pacific Fishermen Shipyard in Seattle). In that letter Mr. Dixon states that *"although there are fewer crabbers, they are spending more on their boats than before and keeping them in better condition. Rationalization gave owners the security of knowing which vessels would remain and green lighted deferred maintenance and upgrades."*<sup>11</sup>

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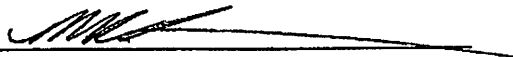
<sup>11</sup> Doug Dixon. 2010. *Letter submitted to the NPFMC November 30, 2010.*

**Conclusion**

In conclusion, ABSC would request the Council take no action on agenda items C-4(b) and C-4(c) at this time. As one Council member pointed out during the December 2011 deliberations *"rationalization currently gives industry a lot of tools to use to address ownership, and NMFS could better address issues collaboratively with the industry rather than through regulations."*<sup>12</sup> This quote is applicable to not only QS ownership issues, but also to lease rates as they affect crew compensation. The majority of the industry, namely the nearly 70% represented by ABSC and ICE, has been very responsive to Council concerns on both of these issues since the 5 Year Review. Allow the proactive measures we have developed sufficient time to be fully implemented and their effects measured. For the non-ICE portion of the industry that has not participated in the development of these measures, it would be appropriate for the Council to have them report on the measures they are taking with respect to Council concerns. In the interim, we would remind the Council there is no emergency here. Captains and crew are earning tens of thousands if not hundreds of thousands of dollars per year from their participation in this fishery. The QS market is active and captains and crew are being provided ample opportunity to buy in through the RoFO program. If the Council is still not satisfied with the industry approach(s) over the course of the next two years, it is free to take further corrective action in association with the impending 10 Year Review.

We appreciate the opportunity to comment on agenda items C-4(b) and C-4(c) and will make every endeavor to answer any questions the Council and/or staff may have.

Sincerely,



Mark H. Gleason, Executive Director  
Alaska Bering Sea Crabbers

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<sup>12</sup> NPFMC. 2012. *Minutes from 206<sup>th</sup> Plenary Session North Pacific Fishery Management Council December 7-13, 2011, Anchorage Hilton Hotel, Anchorage.*



Eric Olson, Chair  
Chris Oliver, Executive Director  
North Pacific Fishery Management Council  
605 W Fourth Ave., Suite 306  
Anchorage, AK 99501-2252

25 September 2012

Dear Sirs:

This spring, the Alaska Bering Sea Crabbers contracted with the University of Washington Office of Educational Assessment to conduct a survey of crab vessel owners. The purpose of the survey was to assess market lease rates for king and opilio crab. The paragraphs below describe the survey administration methods.

### METHOD

#### *Questionnaire*

The questionnaire asked for information from each of three fishing periods: Fall 2010 (at Bristol Bay Red King Crab Fishery), Winter 2011 (Bering Sea Opilio Fishery), and Fall 2011 (Bristol Bay Red King Crab Fishery). Items were arranged into three sections covering: 1) revenues and expenses (10 line items), 2) deductions (nine line items), and 3) crew shares (three line items). Respondents were instructed to report values as whole numbers.

#### *Mailings*

The population consisted of 62 vessels. In early July 2012, a copy of the questionnaire with attached cover letter and a business reply envelope were sent to the business address of each vessel. The cover letter described the purpose of the survey, stressed that an external contractor would be handling data collection, and that the contractor would send ABSC anonymous data. The cover letter included contact information for the external contractor and was signed by the executive director of ABSC.

A follow-up mailing was sent to non-respondents approximately two weeks after the initial mailing. Due to a low response rate (37%) after the first two mailings, the cover letter was revised, and a third mailing was sent approximately six weeks after the first mailing. The revised cover letter emphasized the importance of the survey for assessing rate of compliance with the voluntary lease rate cap. In addition, vessel owners were instructed to respond even if they had not fished during the target periods, either by indicating that on the questionnaire itself or by contacting the survey administrator directly.

The final response rate was 58%. A total of 36 questionnaires were returned; however, this included one refusal. Of the 35 vessels that provided usable data, 24 had fished during all three target periods, another six had fished during one or two of the target periods, and five had not fished at all.

Please feel free to contact me if you have further questions about the survey procedures.

Sincerely,

Debbie McGhee  
Research Scientist

cc: Mark Gleason  
Edward Poulsen

# PUBLIC TESTIMONY SIGN-UP SHEET

Agenda Item: c-4(b) & (c) Active Participation / Coop Provisions for crew

NAME (PLEASE PRINT)		TESTIFYING ON BEHALF OF:
1	MARK GLEASON	ALASKA BERING SEA CRABBERS
2	Jake Jacobsen, Joe Sullivan	Int'l. Cooperative Exchg.
3	TERRY HAINES	CREWMENS ASSOCIATION
4	Edward Poulsen	CrabQs.com Implementation Committee
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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.