



PO Box 22073
Juneau, AK 99802-2073
(425) 949-1810msg (206) 260-9111efax

halibutcoalition@gmail.com

www.halibutcoalition.org

September 24, 2008

Mr Eric Olson Chair
North Pacific Fishery Management Council
605 West 4th Avenue, Ste. 306
Anchorage, AK 99501

Dear Chairman Olson and Members of the Council,

Agenda Item C-1: Halibut Catch Sharing Plan

We are submitting these comments on behalf of the Halibut Coalition, a broad-based Coalition of setline halibut fishermen and processors.

Members of the Halibut Coalition (Coalition) stood before you with charter representatives last winter in support of Council action on the Catch Sharing Plan (CSP) for 2C and 3A that is currently before you. Both sectors recognized that the Council's long-term options for charter management were complex and controversial; both sectors were willing to develop a more timely resolution, with the willingness on the charter side driven by the threat of an in-season closure of halibut fishing. Members of the Coalition have remained committed to development of the CSP, and believe it offers the Council the opportunity to address problems identified in your problem statement for this action and problems we have asked the Council to address since 1993: providing stability to all sectors by stopping the unchecked growth of the charter fleet.

That said, the Coalition believes the Council must learn a hard lesson from the lawsuit filed this past spring by 2C charter lodge owners and operators: first, that the charter sector will go to great length to avoid taking responsibility for the resource and the effects of their operations on other halibut fishermen; second, that attempting to implement management measures to control charter harvest after an overage has occurred is ineffective; and third, the Council's intent in establishing the CSP must be crystal clear or implementation will once again fail.

Alaska Longline Fishermen's Association • Cordova District Fishermen • Deep Sea Fishermen's Union •
Fishing Vessel Owners Association • Halibut Association of North America • Kachemak Bay Fisheries
Association • North Pacific Fisheries Association • Petersburg Vessel Owners Association • Sea Food
Producers Cooperative • Southeast Alaska Fishermen's Alliance • United Cook Inlet Driftnetters Association
• United Fishermen's Marketing Association • United Southeast Alaska Gillnetters Association

In our view, the effectiveness of the CSP depends on three critical components:

- 1. Commitment to historic sector allocations that are tied to abundance and include sector accountability**
- 2. Commitment to proactive management measures that PREVENT charter overages;**
- 3. Provisions for limited leasing of quota by the charter sector.**

If the Council fails to adopt any one of the three components the CSP will fail to address the Council's problem statement. If the Council does not clarify that the purpose of the hard allocation is to prevent annual catch limit overages, and direct the staff to revise the analysis to reflect that intent, then the CSP will not improve on GHL management. If the Council does not establish the mechanism for transfer between sectors, then the allocation battle before the Council will continue. We have done our part in helping to craft the CSP; it is time for the Council to act decisively and effectively to address long festering problems. Below are the Coalitions comments and recommendations specific to these three components.

Establish historic sector allocations that are tied to abundance with sector accountability The charter sector's hard allocation must be set no higher than the area GHLs, translated to a fixed percentage. The CSP was never intended to be a renegotiation of the GHL; it is intended to redefine the GHL as a hard allocation, clarify accountability, and "provide a mechanism for transfer between sectors." **For reasons emphasized below, the Coalition supports Element 1, option 1. a or c: GHL translated to a fixed percentage or current GHL as a percentage of 2004 harvest.**

In 1993 the setline sector first asked the Council to take action to stop the open-ended reallocation of halibut from the setline to the charter sector. In 1998 the Council set the first GHL, providing the charter fleet 125% of their largest annual catch to that date. In 2000 the Council set an even higher GHL, again providing the charter fleet with 125% of their historic highest catches. Managers indicated a more comprehensive management strategy would be implemented before the charter sector expanded to reach its GHL, thus reassuring the setline sector their investments in halibut quota share would be respected. Please remember that setline fishermen who received an initial allocation of halibut QS were granted on average 80% of the quota they had harvested in years immediately preceding implementation of the QS program. As of 2006, 67% of the 2C QS holders had purchased some or all of the quota they held and 33% were deckhands and new entrants who had purchased all their quota. The numbers are comparable in 3A, where 24% are new entrants. These QS have been purchased at great expense, often with homes, vessels or other QS provided as collateral. Many QS holders are still paying on substantial QS loans. All have operated within the system, making the investments required to fish halibut and accepting quota reductions when biomass levels demanded.

Charter operators have not been asked to make any investments in access privileges; on the contrary, they have helped themselves to whatever quota they could catch, including the quota allocated to the setline sector. In 2007 charter fishermen objected to IPHC implementation of management measures to restrict their sector's harvest to its allocation, claiming management measures should be developed by the Council. When the Council recommended management

measures in June, 2007, a group of charter operators went to court. As a result, charter halibut harvest likely DOUBLED the sector's 2008 GHL, tallying a half decade of overharvest and likely exceeding the 2008 allocation by close to one million pounds.

Charter operators have demonstrated a clear disregard for the resource, both federal and international management bodies, and all who depend on the halibut resource for livelihood and sustenance. The analysis indicates the demand for charter halibut remains strong; public testimony and the high ex-vessel prices document the same strong demand for setline harvested halibut, and the analysis must be amended to reflect this demand for commercially supplied halibut. If demand drove setline harvest, catches would be far above catch limits—but setline fishermen respect conservation and management limits. There can be no justification for rewarding the behavior of the charter sector with a larger allocation. Even in the absence of a leasing provision, charter excesses should not earn those who have deliberately overharvested more quota. Such a decision would certainly send a poor message to all fishermen.

In truth, the hard allocation for the charter sector should be set below the GHL percentage, allowing charter operators to participate in the market forces they have unleashed and providing brakes on charter effort. Such an action by the Council would address local depletion issues that plague most near-town areas to the disadvantage of subsistence and local sport fishermen. The Coalition is joined in this request by a number of subsistence and resident sport fishermen, who have watched their access to the halibut resource dwindle as charter harvest has grown. Some of these fishermen have provided testimony to the Council in the past and will do so again in October. Their concerns and the impact of increased charter harvest on their access opportunities should be captured in the analysis and weighed in Council deliberations.

If the Council is concerned that a fixed percentage will lead to challenging fluctuations in the charter allocation, then stair steps, indexed to the combined charter and commercial catch limits with 2008 as the baseline, could be built in to buffer these changes. The IPHC uses a buffering policy in the setline fishery that liberalizes allocations more slowly than it reduces them (the Slow Up Fast Down policy), ensuring that over the long-term more halibut are left in the water than would be in the absence of such a policy. Any stair steps implemented by the Council for the charter fleet should reflect the same conservation-minded policy.

Finally, the Council needs to establish a policy of sector accountability by committing to managing the charter sector to remain below its allocation, taking into account CEY projections and trends in charter harvest. In no other fishery is one sector directly penalized for allocation overages caused by another sector. Sector accountability must be a cornerstone of the CSP or the charter fleet will likely continue to irresponsibly disregard the resource and resource managers.

The Coalition **OPPOSES all fixed allocations** for the charter sector. Successful conservation of a resource depends on developing a sense of stewardship and responsibility in resource harvesters. Setline fishermen have regularly demonstrated a commitment to the long-term health of the resource by supporting quota reductions necessitated by biomass declines. The charter fleet has regularly exhibited its disregard for the resource by exceeding its allocation. The

charter sector's attitude toward the resource can not be expected to change until its allocation is tied to abundance and long-term resource health.

As the tables on pages 79 and 80 in the CSP analysis indicate, the reallocation of halibut quota in area 2C under any fixed option, including the 50/50 pound/percent options, are substantial (from the current 13% to 20%) and fall well outside the range defined in Element 1. In every one of the years projected in the analysis the setline sector bears the cost of conservation while the charter sector continues to overharvest. The reallocation will continue in 2C far beyond the years included in the analysis due to the impacts of the new coastwide assessment model (see comments submitted by Alaska Longline Fishermen's Association for more detail). 2C setline fishermen have taken a 43% quota reduction in the past two years. The fishing families in Southeast can not withstand more cuts to satisfy the recreational pleasures of the non resident charter clients. The charter fleet and its clients have already been granted a measure of stability not afforded the setline sector in that no amount of harvest will drive an in-season closure—at least not as this CSP is currently configured. Businesses that depend on natural resources simply can not ignore the fact that fish stocks fluctuate. Stability and success depend on marketing a harvesting experience that respects resource limits. Although the impacts are more balanced in 3A, the principle remains the same: all commercial sectors, both setline and charter, need to share in conserving the resource.

The Council must also bear in mind that allowing charter harvest to remain fixed and disproportionately high during times of low abundance will grossly disadvantage resident sport and subsistence fishermen since charter effort is concentrated in local use areas near towns. Given that the Council's problem statement includes "all who depend on the resource for food, sport or livelihood," all fixed allocations, including the 50/50 allocations, exacerbate rather than solve identified problems and should be dismissed.

Commit to proactive management that PREVENTS allocation overages

When the CSP was first released to the Council and public for review, "hard allocation" in the charter sector translated to in-season closure if harvest exceeded allocation. In negotiating a CSP that did not include an in-season closure, charter operators agreed to being managed to remain BELOW their allocation, not waiting for an overage to trigger management changes three to four years later. **The analysis must be amended to reflect this intent.** The lawsuit filed by charter operators this summer clearly established that the charter fleet will not live by that promise; at least some operators can be expected to pursue any loop hole that allows them to delay or overturn management measures tied to overage triggers and proscriptive timelines. The Coalition urges the Council to clarify that its intent is to implement a charter management regime that prevents allocation overages, to do so by considering CEY and charter harvest projections, and to commit to a timely and responsive monitoring program that allows effective management. Once the intent is clarified, the Council should direct staff to revise the analysis to reflect this intent and to delete the timelines that tie the Council to ineffective management.

Clearly a system that provides real time accounting for charter harvest is long overdue. Timely management could be accomplished through frameworking, as it is in other regions, through development of a verified logbook program, or through delegation of management authority to

the State. The Council needs to commit to the development of real time catch accounting for charter harvest with this action, not tie itself to ineffective timelines. The charter lawsuit identified that the current system is untenable and places both the resource and other users at risk. Such a failed system must not be perpetuated under the CSP. Again, the Coalition urges the Council to clarify its intent and direct the staff to revise the analysis to reflect that intent.

Such a clarification would be consistent with the Council problem statement for this action. It would also be consistent with the Council's long-term and unquestioned commitment to resource conservation and effective management. Clearly the current system, which has allowed the 2C charter sector to exceed its GHL for five straight years, is not working. The "neat lawyerly argument," as Judge Collyer called it, that required in-season accounting of charter harvest and a three year lag between charter overages and a management response, should make crystal clear that effective management depends on one of two choices: in-season accounting with the charter halibut season closed once the allocation is reached or real-time accounting and a management system that prevents overages. The Coalition would support either approach, but urges the Council to be clear in its statement of intent and its direction to staff to revise the analysis accordingly.

Provisions for limited leasing of halibut QS

The Council's CSP problem statement correctly identifies that "unless a mechanism for transfer between sectors is established, the existing environment of instability and conflict will continue." Since the Council adopted that problem statement, the "instability and conflict" has increased by orders of magnitude. Setline fishermen are losing faith in the management process, the quota program recently hailed as a conservation success (*Science*, Sept 19, 2008) is being undermined, the harvesting success of subsistence and local sport fishermen has suffered, and the charter fleet believes they can take, rather than lease quota. The Coalition believes the leasing provision must be part of the CSP or the Council's action will do nothing to address the 15 year conflict caused by the open ended reallocation. The Council **must** take decisive action to end the reallocation by attaching costs to further growth in charter harvest.

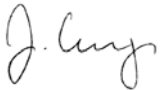
Charter operators are now expressing concern that quota will not be available to lease. Likely the concern reflects an unwillingness to make the necessary investments rather than an assessment of actual availability. Element 5 of the analysis outlines a leasing provision that would authorize setline fishermen to lease up to 1500 pounds or 10% of their annual IFQ, whichever is greater. A recent review of the QS data base indicates that 452 of the 1803 QS blocks in 2C translated to 1500 pounds or less in 2008 and 551 of the 2326 QS blocks in 3A translated to 1500 pounds or less in 3A. Many quota share holders have relatively small QS holdings, particularly in 2C due to recent quota reductions, and could choose to lease all their IFQs to a charter operator rather than take the risks and pay the overhead costs of running setline gear. While the market will determine the price, as it should, current industry practices indicate leasing rates to be approximately half ex-vessel price per pound (\$2.50 per pound). Given that the average charter caught halibut weighs 16-18 pounds, lease rates of \$42 per fish can be expected. If charter clients are not willing to pay \$42 to catch a second halibut when bag limits restrict most anglers to one halibut, then client demand for halibut has been over-stated.

The Coalition would again remind the Council that most charter operators supported the limited leasing provision when the CSP was proposed, recognizing that the leasing provision would allow individuals to make investment decisions that best suited their individual businesses. The opportunity to lease has not diminished since the CSP was crafted; all that has changed is the charter sector's willingness to pay rather than take. Again, setline fishermen have made substantial investments in access privileges; there is no reason why charter operators should not be expected to do the same.

In summary, members of the Halibut Coalition support the CSP provided the three critical components described above are adopted as outlined. As discussed, the Coalition maintains that the Council must clarify that its intent in establishing a hard allocation is to PREVENT catch limit overages by the charter fleet through effective accountability measures and real-time accounting; the charter allocation must be defined as a fixed percentage that is no higher than the existing GHLS; and a mechanism for limited leasing of QS must be established to end the reallocation battles. The CSP is intended to stop the open-ended reallocation and reduce conflict; it is not a GHLS renegotiation. For over a decade the Coalition has been united and unanimous in its straightforward request: please stop the open ended reallocation of quota and protect the health of the resource and historic harvesters.

Thank you for the opportunity to comment. Coalition members will be available at the meeting to provide additional detail or clarifications.

Sincerely,



Julianne Curry, Petersburg Vessel Owners Association



Rochelle van den Broek, Cordova District Fishermen United



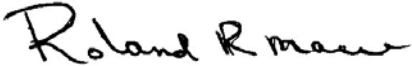
Jeff Stephan, United Fishermen's Marketing Association



Robert Alverson, General Manager, Fishing Vessel Owners Association



Linda Behnken, Alaska Longline Fishermen's Association



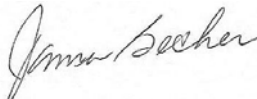
Roland Maw, Upper Cook Inlet Driftnetters Association



Tim Henkel, President, Deep Sea Fishermen's Union



Rhonda Hubbard, Kruzof Fisheries, LLC



James Becker, United Southeast Alaska Gillnetters



Peggy Parker, Executive Director, Halibut Association of North America



Chairman, Seafood Producers Coop

Charles Wilber, Chairman Seafood Producers Cooperative



Kathy Hansen, Executive Director, Southeast Alaska Fishermen's Association



Joe Childers, President, United Fishermen of Alaska



Buck Laukitis, North Pacific Fisheries Association

Copy: Mrs. Sarah Palin, Governor, State of Alaska
Senator Ted Stevens, U.S. Senate
Senator Lisa Murkowski, U.S. Senate
Congressman Don Young, U.S. House of Representatives