

To: House Fishery Committee
Re: House Joint Resolution # 21
Date: March 9, 2009

My name is Julie Bonney and I live in Kodiak. I represent fishermen that have License Limitation Permits (LLPs) that are endorsed for fixed gear in the GOA. Some of these fishermen will not receive a Pacific cod endorsement while other will if the North Pacific Fishery Management Council (Council or NPFMC) implements the recency action. Overall these fishermen realize that the Council must manage the fishery resource for sustainability, management easy and economics of the fishery. We do not support House Joint Resolution 21.

The resolution pits Alaskans against Alaskans both individually as well as individuals within communities. Those Alaskan's that are historically dependent on the Federal Pacific cod fishery against those Alaskan's that have not participated in the fishery. Basically this resolution puts the Alaska Legislators squarely in the middle of fish allocation decisions. However, you have not been involved in the lengthy Council public process over the last two years to understand the debate. The resolution is poorly written, contains many inaccuracies and totally misrepresents what the Council recency action hopes to accomplish.

The reality is that the recency amendment package tries to balance protecting historically dependent license holders yet create entry level opportunities for new participants at a modest level. Below is a set of questions and responses that will help you understand whether this action is good for Alaska and compares this action with the State of Alaska limited entry system that is in place for many state fisheries.

Who wins and loses based on the recency threshold of one landing for the time period 2000 to 2006?

- 1) The recency action will increase Alaska ownership for those licenses that receive a P cod endorsement in the overall license pool (see table 1 attached), assumes recency threshold of 2000 to 2006.

For the WGOA, there are presently 264 endorsed licenses, 58% of these licenses are held by Alaskans and 42% are held by non-Alaskans. If the recency P cod endorsement amendment package moves forward then Alaska ownership will increase by 11% to 69% and non-Alaska ownership will decrease by 11% to 31%.

For the CGOA, there are presently 883 CGOA endorsed licenses, 69% are held by Alaskans and 31% are held by non-Alaskans. If the recency P cod endorsement amendment package moves forward with one landing 2000 to 2006 then Alaska ownership will increase by 11% to 80% and non-Alaska ownership will decrease by 11% to 20%.

- 2) The recency action will not disproportionately disadvantage small boat vessels (see table 2 attached), assumes recency threshold of 2000 to 2006.

For the WGOA there are presently 154 licenses for the vessels less than 60 foot and 110 licenses for vessels 60 feet or greater, 58% versus 42% respectively. After recency the number of licenses with P cod endorsements would be approximately 76 licenses for less than 60 feet and 23 licenses for 60 feet and greater, 77% and 23% respectively. The pool of licenses will increase by 19% for the less than 60 foot vessel class.

For the CGOA there are presently 702 licenses for the vessels less than 60 foot and 181 licenses for vessels 60 feet or greater, 80% versus 20% respectively. After recency the number of licenses with P cod endorsements would be approximately 240 licenses for less than 60 feet and 59 licenses for 60 feet and

greater, 80% and 20% respectively. The pool of licenses available for the less than 60 foot vessel class will not change.

- 3) The recency action will remove a large portion of the Catcher processor licenses endorsed for the Western and Central GOA. Removing Catcher Processors will reduce competition with the Catcher Vessel sector for the available quota. Catcher Processors compete with the Catcher vessel sector if they are less than 125 ft and process less than 126 MT per week for the available Pacific cod quota. In the CGOA CP licenses that could participate in the Pacific cod fisheries would be reduced by 80% and in the WGOA by 48% if one landing from 2000 to 2006 is the recency threshold.

Why are there so many licenses available in the GOA?

The Limited License Program (LLP) limits access to the Federal groundfish in the GOA. Fishing under the program began in 2000. The LLP defined a general qualification period (GQP) and an endorsement qualification period (EQP) both of which must have been satisfied. The GQP period is from Jan 1988 – June 27, 1992 requiring one landing of any groundfish and the EQP requiring one landing for < 60 ft vessels and one landing in at least two calendar years from Jan 1, 1992 to June 17, 1995 for vessels equal to or greater than 60 feet. Vessels that landed two to three groundfish, which could be taken incidentally in other fisheries, qualified a vessel for a license. This was a minimal threshold that created a large number of licenses and gave license holders the opportunity to invest and participate in the groundfish fisheries. The action now being considered by the North Pacific Fishery Management Council examines whether LLP holders actually took advantage of the opportunity. The recency action is considering minimal thresholds for a period of up to 2000 to 2008, a nine year period.

Presently, there are more LLP licenses available than the fishery can support. National Marine Fisheries Service (NMFS) has stated that if all LLPs participated in the Pacific cod fishery that they would have no choice but to close the fishery since it would be unmanageable.

How does this action compare to the limited entry system in place for State fisheries?

The state of Alaska limited entry system that is in place for many state fisheries such as salmon and herring is no different than the license limitation system in place for federal fisheries for the Gulf of Alaska. In either case license holders' race for the available common quota; quota is not allocated to individuals.

In the first stage of the state limited entry system, a fishery is limited by adopting a "maximum number" of permits and issuing those permits to the highest ranking applicants under a hardship ranking ("point") system. By law and court decision, the maximum number for a fishery should be no less than the highest participation level in any one of the four years immediately prior to the qualification date.

In the second stage of limited entry, the law directs the Commercial Fisheries Entry Commission (commission or CFEC) to determine an "optimum number" for the fishery. The optimum number should represent a reasonable balance of three general standards specified in the law (see AS 16.43.290). The three standards include economic, resource conservation, and management concerns.

The federal action is much less restrictive than state limited entry system since the qualification period for the federal action at a minimum is five years (2002 – 2006) and at a maximum is nine years (2000 to 2008) compared to four years for the state system. In other words, state limited entry is more restrictive with regards to recent participation than what is being considered for the federal action.

How many licenses will remain after a recency action? (See table 4)

The number of licenses that will be endorsed for Pacific cod would be appropriately 200% of the average number of licenses that has participated in the fishery from 2000 to 2008 if the threshold time period of 2000 to 2006 was adopted.

Jig sector entry level opportunity?

The NPFMC is considering exempting jig gear from any LLP requirements or Pacific cod endorsements. In addition the Council is considering allocating this sector a non-historical share of the Pacific cod federal quota in the sector split amendment package. Typically Jig gear cannot compete with the other sectors during the winter months and typically jig gear harvests less than 1% of the available federal quota. The sector split amendment is contemplating allocating 5% of the federal TAC to these participants. Most jig gear operations do not have an LLP but instead participate inside the state parallel zone of 0 to 3 miles. With the exemption vessels would have access to fishing grounds from 0 to 200 miles and up to 5% of the federal quota.

For Alaskan's this opportunity is much more viable than leaving a bunch of licenses in the fixed gear sectors available for any US citizen to access. Jig gear is really only viable for Alaskan residents since the fishery is not efficient enough for non-residents. Weather impacts the fishery and trip ex-vessel values are usually less than \$2,500 per trip. It only makes sense for residences that live in Alaskan coastal communities. Additionally, cod jigging is a good supplemental income for many fishing operations in the winter and spring months. If the Council stops action on the recency action then the jig sector opportunities would most likely be stopped since this is part of the trade off for the overall action of recency and sector splits.

How can fishermen enter the Pacific cod fishery?

There are many methods to access the Pacific cod resource in the GOA besides receiving a Pacific cod endorsement for an LLP. These options included:

- 1) Fish in the parallel fishing zone without a cod endorsed LLP.
- 2) Participate in the State of Alaska Pacific cod fisheries which have been allocated 25% of the federal Acceptable Biological Catch limit.
- 3) Buy a LLP with an endorsement from another license holder.
- 4) Participate in the newly created Jig fishery (if both the recency and sector split actions move forward).
- 5) Participate in the WGOA B season which would allow an LLP holder to participate (no P cod endorsement required).

Why protect License holders?

According to Alaska statute "Economically healthy fishery" is defined in AS 16.43.990(2) as follows:

(2) "Economically healthy fishery" means a fishery that yields a sufficient rate of economic return to the fishermen participating in it to provide for, among other things, the following:

(A) Maintenance of vessels and gear in satisfactory and safe operating condition;

And

(B) Ability and opportunity to improve vessels, gear and fishing techniques, including, when permissible, experimentation with new vessels, new gear, and new techniques.

Allowing excessive entry will not provide for an economically healthy fishery. Data in the Council analysis for gross revenues data indicate that the majority of fixed gear catcher vessel and catcher processor licenses that did not have any qualified fixed gear landing during the proposed qualifying period elected to participate in other Alaska fisheries during this period.

Out of 264 Western GOA licenses, there are 171 licenses that did not have any qualified landings during 2000-2006. However, 144 of the 171 licenses had landings in other Alaska fisheries. Western GOA licenses that did not have directed Pacific cod landings, but were active in other fisheries, had revenues mainly from the IFQ halibut (35.4%) and sablefish (21.4%) fisheries, and the BSAI trawl fisheries (31.1%). Less than 1% of revenues were from GOA Federal (0.8%) or State waters (0.3%) fixed gear fisheries. In contrast, most Western GOA licenses that had at least one fixed gear groundfish landing during 2000-2006 also participated in the State waters Pacific cod fisheries (72 of 93 licenses), and many licenses had landings in the Central GOA fixed gear Federal fisheries (20 licenses). The majority of active Western GOA licenses also had shellfish, salmon, and IFQ halibut landings. Gross revenues for licenses with qualified Western GOA landings were from IFQ halibut landings (29.5%), shellfish (33.4%), and salmon (19.9%). Notably, GOA trawl groundfish fisheries comprised 18.8% of revenues for licenses with at least one qualified landing, and landings from the Western GOA directed Pacific cod fishery comprised only 11.0% of gross revenues.

Of 883 Central GOA licenses, 614 licenses did not have at least one directed Pacific cod landing during 2000-2006; 500 of these non-qualified licenses had landings in other Alaska fisheries. Similar to nonqualified Western GOA licenses, the majority of revenues by these licenses were from IFQ halibut (35.0%) and sablefish (21.3%), and the BSAI trawl fisheries (13.6%). Only a small proportion of revenues by these licenses were from the fixed gear groundfish fisheries in the Western GOA (0.7%) or from the GOA State waters Pacific cod fisheries (1.4%). Most Central GOA licenses that made at least one directed Pacific cod landing during 2000-2006 also participated in the halibut IFQ fisheries (226 of 269 licenses). These licenses also fished for salmon (164 licenses), IFQ sablefish (141 licenses), State GOA Pacific cod (140 licenses), and shellfish (123 licenses). Revenues by active licenses were from halibut IFQ landings (45.1%), followed shellfish (10.3%). Directed Pacific cod landings from the Central GOA comprised 10.0% of gross revenues by Central GOA licenses with at least one qualified landing during 2000-2006.

When comparing annual gross revenues per license, the most apparent difference between catcher vessel licenses with directed Pacific cod landings and licenses without qualified landings is that they are participating in a different suite of fisheries. Western GOA CV licenses with at least one qualified CV landing during 2000-2006 had annual gross revenues of \$274,608 per license. In contrast, Western GOA CV licenses without qualified landings had substantially higher revenues, averaging \$622,658 per license. There was not a large difference between annual gross revenues for Central GOA CV licenses with qualified fixed gear landings (\$319,458) and without qualified landings (\$353,067). Many of the fisheries that non-qualified licenses participate in are difficult for Pacific cod dependent license holders to enter. Entry for the following fisheries -- IFQ sablefish, IFQ halibut, IFQ BSAI crab, AFA pollock and state limited entry fisheries such as salmon and herring -- all would come at a substantial cost to gain access for participation. Allowing other non-dependent LLPS to enter the GOA Pacific cod fishery seems with limited costs seems wholly unfair to these economically depend fixed gear participation.

In conclusion my member fishermen do not support HJR #21. We believe the appropriate forum to advocate for fish allocations and management of fisheries resources is at the respective fishery management bodies – the Alaska Board of Fisheries and the North Pacific Fishery Management Council. Please feel free to contact me if you have questions regarding the fixed gear recency amendment package.

Sincerely,
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The data below is extracted from the most recent fixed gear recency analysis by the North Pacific Fishery Management Council and can be found on the web at:

http://www.fakr.noaa.gov/npfmc/current_issues/pcod/fixedgearrecency309.pdf.

Table 1. Comparison of residency of Catcher Vessel LLPs – Alaskan versus Non-Alaskans – All licenses versus licenses that would receive a Pacific cod endorsement with a directed Pacific cod landing for 2000 to 2006

WGOA	Total # of Fixed gear LLPs		Fixed gear LLPs w 1 landing	
	WG endorse	Percentage	1 landing	Percentage
Alaska	153	58%	64	69%
Oregon	8	3%	1	1%
Washington	92	35%	26	28%
Other States	11	4%	2	2%
Non-Alaskan TOT	111	42%	29	31%
Grand Total	264	100%	93	100%

CGOA	Total # of Fixed gear LLPs		Fixed gear LLPs w 1 landing	
	CGOA endorse	Percentage	1 landing	Percentage
Alaska	607	69%	215	80%
Oregon	48	5%	11	4%
Washington	183	21%	21	8%
Other States	45	5%	22	8%
Non-Alaskan TOT	276	31%	54	20%
Grand Total	883	100%	269	100%

Table 2. Comparison of < 60 foot and > = 60 foot Catcher Vessel LLPs All licenses versus licenses that would receive a Pacific cod endorsement with a directed P cod landing for 2000 to 2006.

WGOA	<60 ft	>=60 ft	Total
Hook-n-line	6	1	7
Jig	9	0	9
Pot	61	22	83
Total	76	23	99
% w/ 1 landing	77%	23%	100%
All licenses	154	110	264
% all licenses	58%	42%	100%

CGOA	<60 ft	>=60 ft	Total
Hook-n-line	159	10	169
Jig	18	1	19
Pot	63	48	111
Total	240	59	299
% w/ 1 landing	80%	20%	100%
All licenses	702	181	883
% all licenses	80%	20%	100%

Note: the number of endorsements for licenses is higher when compared to table 1 since some licenses qualify for multiple gear endorsements, 6 licenses in the WGOA and 30 licenses in the CGOA.

Table 3. Catcher Processors licenses endorsed for WGOA / CGOA and status after 2000- 2006 threshold requirement.

Category	WGOA	CGOA
W/ one landing	16	10
All licenses	31	49
% licenses w/ P cod	52%	20%
% reduction	48%	80%

Table 4. Average # of LLPS participating from 2000 to 2008 compared to potential LLPs with one landing from 2000 to 2006 that would qualify for a Pacific cod endorsement.

Area	Ave # LLP (00 - 08)	LLP w/1 land	Percentage
WGOA	46	93	203%
CGOA	134	269	201%