

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES**

Anchorage, Alaska

September 1, 2011

1:02 p.m.

MEMBERS PRESENT

Representative Steve Thompson, Chair
Representative Craig Johnson, Vice Chair
Representative Alan Austerman
Representative Scott Kawasaki (via teleconference)
Representative Bob Miller

MEMBERS ABSENT

Representative Bob Herron
Representative Lance Pruitt

OTHER LEGISLATORS PRESENT

Representative Kyle Johansen
Representative Charisse Millett (via teleconference)
Representative Curt Olson (via teleconference)
Representative Bill Stoltze
Representative Bill Thomas (via teleconference)
Representative Peggy Wilson (via teleconference)

COMMITTEE CALENDAR

OVERVIEW HEARING ON PACIFIC HALIBUT MANAGEMENT, PACIFIC HALIBUT
FISHERIES: CATCH SHARING PLAN FOR GUIDED SPORTS AND COMMERCIAL
FISHERIES IN ALASKA

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

STEFANIE MORELAND, Federal Fisheries Coordinator
Office of the Commissioner
Alaska Department of Fish & Game (ADF&G)
Juneau, Alaska

POSITION STATEMENT: Provided an overview of the state's role in halibut management.

GLENN MERRILL, Assistant Regional Administrator
for Sustainable Fisheries
National Marine Fisheries Service (NMFS)
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of the overview on the federal Halibut Catch Sharing Plan (CSP).

DAVID WITHERELL, Deputy Director
North Pacific Fishery Management Council (NPFMC)
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of the overview on the federal Halibut Catch Sharing Plan (CSP).

RICHARD YAMADA, Board Member
Alaska Charter Association (ACA)
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of the overview on the federal Halibut Catch Sharing Plan.

MR. MARK VINSEL, Executive Director
United Fishermen of Alaska
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of the Halibut Catch Sharing Plan presentation.

HEATH HILYARD, Executive Director
Southeast Alaska Guides Organization (SEAGO)
Sitka, Alaska

POSITION STATEMENT: Testified during the discussion of the overview on the federal Halibut Catch Sharing Plan (CSP).

KATHY HANSEN, Executive Director
Southeast Alaska Fishermen's Alliance;
Board Member, Halibut Coalition
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of the Halibut Catch Sharing Program (CSP).

JEFF SALZER, Project Director
Catch Accountability Through Compensated Halibut (CATCH Project)
Anchorage, Alaska

POSITION STATEMENT: Testified during the presentation on the Catch Sharing Plan (CSP).

ACTION NARRATIVE

[1:02:50 PM](#)

CHAIR STEVE THOMPSON called the House Special Committee on Fisheries meeting to order at 1:02 p.m. Representatives Austerman, Johnson, Miller, Kawasaki (via teleconference), and Thompson were present at the call to order. Also in attendance were Representatives Johansen, Millett (via teleconference), Olson (via teleconference), Stoltze, Thomas (via teleconference), and P. Wilson (via teleconference).

Pacific Halibut Fisheries: Catch Sharing Plan for Guided Sports and Commercial Fisheries in Alaska

[1:03:40 PM](#)

CHAIR THOMPSON announced that the only order of business would be an overview of the Pacific Halibut Fisheries catch sharing plan (CSP) for guided sports and commercial fisheries in Alaska. He informed the committee that the CSP is in the final comment period and public comments will close on September 6. The North Pacific Fisheries Management Council (NPFMC) has recommended CSP for the Area 2C and Area 3A and specifies how exactly the harvest will be allocated between commercial and charter user groups. He then reviewed those entities that will be testifying today as they provide a clear understanding of CSP and a brief history of the fishery, how the CSP will protect the resource, and the impact of the CSP will have on communities as well as the charter industry.

[1:05:30 PM](#)

STEFANIE MORELAND, Federal Fisheries Coordinator, Office of the Commissioner, Alaska Department of Fish & Game (ADF&G), began by informing the committee that she manages a small staff whose primary responsibility is to support saving Alaska's seat on the NPFMC. She then turned attention to the state's role in halibut management.

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MS. MORELAND informed the committee that the International Pacific Halibut Commission was established in 1923 through a bilateral agreement between the United States and Canada for the conservation, health, and management of halibut in the North Pacific and Bering Sea. The NPFMC has the authority under the

halibut act to develop additional regulations, but those regulations can't be in conflict with IPHC-approved regulations. She pointed out that the state doesn't hold management authority for halibut, although the state does have significant investments in biological sampling, licensing programs, and harvest data collection and analysis for the recreational halibut fisheries. The ADF&G's primary contributions to halibut management include data collection, analysis, harvest estimates for use by the IPHC and NPFMC. Ms. Moreland specified that ADF&G provides the subsistence harvest and recreational harvest estimates to IPHC for its stock assessment process and for use by [NPFMC] in its decision making. Additionally, the ADF&G commissioner is 1 of 11 voting seats on the NPFMC. Furthermore, ADF&G provides policy input through the record building and through making formal motions at the NPFMC. Moreover, ADF&G strives to balance the interest of various user groups dependent upon fisheries resources of Alaska. The department also provides technical review and supplemental analysis for NPFMC process and extensive input with regard to halibut due to the department's role in providing data. The department also reviews and provides comment on the proposed federal rules as is the case with CSP. For subsistence harvest estimates, ADF&G surveys the Subsistence Halibut Recreational Certification (SHRC) card holders, which are those who are eligible to participate in a subsistence fishery. When conducting that survey, ADF&G's response rates are typically higher than 60 percent. Therefore, the department has a high degree of confidence in the estimates it provides for the subsistence fishery. She noted that there is data available from the 2009 estimates, which is the latest data available. The 2009 data shows that about 45,000 halibut were harvested. "The total represents about 1.2 percent of total removal in Alaska," she stated. She then provided the committee with a few estimates generated from ADF&G programs. The department also provides unguided angler harvest estimates, which are based on the department's statewide harvest survey program. Creel survey data and sampling at the docks are used to estimate weights from which the department is to provide final unguided harvest estimates and project current year harvests for use in the IPHC process based on recent trends. The department provides guided harvest estimate based on statewide harvest survey data, but it isn't available until the fall following the year in which the data is being collected. Again, projections are used to provide the IPHC stock estimates for the current year. She noted that adjustments are made to the statewide harvest survey data based on information from the charter saltwater logbook program. Although the department's logbook program is a fundamental

source of data for the charter sector, it's used for many other purposes as well. In fact, much of the data that will be heard as part of the presentation from the National Marine Fisheries Service (NMFS) is from ADF&G's logbook program. Still, the [North Pacific Fisheries Management] Council is leaning on the statewide harvest survey estimates as its official estimate.

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MS. MORELAND directed attention a slide relating the timing of all the information ADF&G provides. In the fall ADF&G finalizes information from the statewide harvest survey and is able to provide biomass estimates for the previous year. The department also has processed current year creel data by the fall. Logbook data that represents a large portion of the fishing season is entered through July 30. The current year logbook data is used to project a full year of expected removals in order to provide information to the IPHC stock assessment.

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MS. MORELAND explained that under the proposed federal CSP in addition to providing harvest estimates ADF&G will need to provide projections of harvests under various management measures that could be adopted for Area 2C and 3A. Therefore, if the department will have to provide past and current year estimates, it will have to project total removals under various management measures. Within the CSP is a new program, the guided angler fish (GAF), that provides the opportunity for charter halibut permit holders to transfer IFQ from the commercial sector to the charter sector to use as angling opportunities for their clients. Although the fish may be harvested in the charter sector, the deduction would actually be logged in the commercial sector's allocation. She noted that the aforementioned would be tracked in the saltwater logbook. The department, she continued, would also be responsible for removing the GAF component from the estimated total charter harvest estimates. She noted that the GAF will impact the work ADF&G does in terms of the harvest estimates for the IPHC stock assessment process. Ms. Moreland informed the committee that currently the department is reviewing the proposed rule and preparing comments. Although the advertised deadline for comment on the program is September 6, she opined that the committee will hear news regarding that deadline from the NMFS.

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REPRESENTATIVE AUSTERMAN related his understanding that Ms. Moreland's job is to work on the recommendations of the ADF&G commissioner during a NPFMC meeting. During the NPFMC meetings, he inquired as to the portion of information gathering and decision making that's federal versus state.

MS. MORELAND reminded the committee that the State of Alaska holds only one of the eleven voting seats on the NPFMC. She noted that there are other Alaskans [on NPFMC] representing a variety of interests. The ADF&G commissioner participates by being able to shed light on information that's provided on analysis, draw info from testimony, and engage in discussion with other council members. The discussion is open and the process is public. Therefore, the weight of the state varies dramatically depending upon the issue.

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REPRESENTATIVE AUSTERMAN pointed out that not all of the information NPFMC members use is federal information. He reiterated his question regarding the impact the state has on this issue with regard to the final decisions that are up for review by NPFMC. More specifically, he inquired as to how much ADF&G is involved in the [CSP] in terms of the work and recommendations the department has provided to NPFMC.

MS. MORELAND suggested that it would be easier for her to provide the committee the kinds of contributions ADF&G makes after NPFMC comes forward and provides the history of the plan and its decisions.

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REPRESENTATIVE AUSTERMAN recalled his history in fisheries, particularly the halibut fishery, with a prior administration when fingers were pointed at the state in terms of any precipitating issues. Therefore, Representative Austerman said he wanted to ensure there is clarity with regard to the history of these issues.

MS. MORELAND acknowledged that the state was involved as the issue developed and NPFMC took final action on the issue in October 2008. Certainly, much has changed since 2008 and the state has provided input into the process. Moreover, much has been learned from the logbook program, which has matured. She noted that there have been improvements in the data gathering for the charter fleet through the logbook program.

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REPRESENTATIVE JOHNSON inquired as to how consistent ADF&G's projections are on the logbook program in terms of the estimates presented and upon which decisions are made.

MS. MORELAND said that it would depend upon the purpose. She informed the committee that there have been a few papers that have been provided to the NPFMC comparing statewide harvest survey estimates, which is the official estimate used by NPFMC, to logbooks. She related her understanding that the statewide harvest survey estimates and the logbook data are converging in Area 2C. Although there have been differences in Area 3A, the differences have varied from year-to-year, and therefore she would have to review the percentage difference in each to provide more specific information. Ms. Moreland said the department expects NPFMC to continue to monitor the comparison [of the statewide harvest survey estimates and the logbook data] for which the department provides information. In further response to Representative Johnson, Ms. Moreland recalled from a three-year comparison that in Area 3A the logbook data has been lower than the statewide harvest survey estimate. She offered to pull the data.

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REPRESENTATIVE JOHNSON related his understanding that Ms. Moreland testified that NPFMC decisions were made based on the estimates.

MS. MORELAND clarified that there are several different estimates, including the annual estimate that feeds into the stock assessment process and long-range projections dependent upon the IPHC project for available and exploitable biomass. The [NPFMC] decision was made based on both of the aforementioned information. The charter harvest estimate projections were based on observations in the fishery as well as levels of effort. Factors that impact effort are changes in demand, economy overall, and management measures. Ms. Moreland said that to better answer Representative Johnson's question she would need to know whether it's specific to the aforementioned estimates and the timeframe.

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REPRESENTATIVE JOHNSON asked if decisions are being made on estimates that are higher than the actual catch specified on the sport fishing logbooks. He opined that it doesn't matter what estimates are used. The question is whether the catch is overestimated and decisions made on that overestimation only to later discover that the actual catch listed in the logbooks reports lower catch.

MS. MORELAND answered that the department has a high degree of confidence in its estimates. However, it's very difficult to correctly provide long-range projections. She noted that the department has a high degree of confidence with actual removal estimates.

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REPRESENTATIVE JOHNSON reiterated his understanding that Ms. Moreland testified that the logbook data reports lower numbers than the department's estimates.

MS. MORELAND expressed the need to review the logbook and statewide harvest survey data and provide that information at a later time.

[1:28:15 PM](#)

REPRESENTATIVE JOHNSON stated that the [accuracy] of the data is critical to the decisions of NPFMC. He said that if the NPFMC's decisions are not based on actual numbers or it has overestimated the figures, its decisions are being based on inaccurate figures which could translate into allocations to one of the two groups. He offered his belief that being off even one to two percent likely would translates into big dollars for one of the groups. He reiterated the importance of using accurate information and added that using actual information would be even better.

MS. MORELAND agreed to provide the data to the committee.

[1:29:19 PM](#)

REPRESENTATIVE JOHANSEN said that the accuracy of information is critical. The International Pacific Halibut Commission's (IPHC) appointments are federal appointments and appointees will not "answer to us" in any way shape or form. Additionally, 7 of 11 of the NPFMC's appointments are federal. He related his understanding that most of the state's role is strictly

informational. He asked whether that is the state's role and secondly, whether the state has enough focus on providing information or if the department has strategies to address the decisions made by the two groups. He wondered whether the flow of information to the federal agencies will increase and if any additional requests have been made for research funding. He expressed interest in the department's reactions to these decisions.

MS. MORELAND deferred to Mr. Swanton to best answer questions about the program. The ADF&G does provide information and collaborate with the National Marine Fisheries Service (NMFS) on a technical level to support informed decision making. She pointed out the analysis on halibut size, provided public information on the management measure to impose a 37-inch size limit in 2C. The ADF&G was part of decision. The department offered alternative methodology it believed could be used to meet objectives defined by the council and brought the paper to the NPMFC. The NPMFC supported the approach and wrote a letter to the agency requesting it be incorporated into the catch sharing plan final rule. She acknowledged it wasn't reflected in the proposed rule but illustrates supplemental work the ADF&G performs to provide the best available information to the council process.

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REPRESENTATIVE JOHANSEN opined that this reminds him of timber situation. The state provided the most accurate science but federal government reduced allowable harvest by a tenth of what the science supported. He related his sense of frustration that information is provided but the state does not have any input in the decision.

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REPRESENTATIVE KAWASAKI, with respect to the accuracy of harvest data and projections, asked for estimates and projections based on harvest for each of the categories mentioned including subsistence, sport unguided and the sport charter. He pointed out it seems the sport charter group has specific rules to retain data but the response rate of 60 percent allows for error with subsistence harvest, and it seems difficult to determine efficacy with respect to the sport unguided harvest.

MS. MORELAND responded she didn't prepare anything on data accuracy, but offered to provide the information later. She

pointed out that the saltwater logbook program requires mandatory reporting. Thus, the retained halibut reported in logbook data provides census and is not an estimate. However, information from the subsistence survey or the statewide harvest survey only provides estimates. The department has extensive information available and on the confidence in the information.

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REPRESENTATIVE KAWASAKI referred to the new capture program slides and the new state obligation would have to be state harvest data. He related this information will be important to implementation of catch share program. He inquired as to whether any federal dollars are available to the state to administer catch share program.

MS. MORELAND answered that currently the state doesn't receive federal funding for the current biological sampling and data collection programs that will support the catch sharing plan. She acknowledged the importance of this since projections are at the center of the catch share plan. She indicated members would see more how the information is used to implement management measures. The ADF&G's analysts have been working over the past couple of years with the NPFMC's scientific and statistical committee on this issue. The analysts receive feedback on how to proceed to ensure transparency in the process and for review of methodologies. The department plans to continue to use the NPFMC's science committee for that type of input and for public review of the process.

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REPRESENTATIVE KAWASAKI recalled an earlier slide mentioned the state's primary role with respect to subsistence harvest and recreation harvest estimates. He inquired as to whether commercial data was also included and how the commercial data is integrated with the state's data on subsistence and recreational fishery estimates.

MS. MORELAND answered that the commercial fleet directed halibut fishery is managed under the IFQ program, which reports through e-landings that's an inner agency reporting system. The NMFS, The IPHC, and the ADF&G are all part of the system. She characterized it as basically fish ticket data which is tracked in real time since the commercial data is being deducted against individual quota units. The NPFMC and IPHC have management

authority over the commercial fleet. The commercial and recreational data intersect with the new "GAF" program.

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REPRESENTATIVE KAWASAKI commented that she works integrated between the state and federal NMFS, inquired as to whether the catch share program (CSP) serves a conservation need and to identify the focus and view of the program in terms of its impact on commercial, private, and public sector.

MS. MORELAND answered that the department is working on reviewing the CSP. In October 2008, the IPHC changed its methodology from closed area assessments to a coast wide assessment with an area apportionment. The ADF&G now has experience with the assessments. She related the ADF&G has seen declines in Area 2C and is beginning to see declines in Area 3A. She said she was unsure of what 2012 would look like. The current guided harvest limit is a system created as a benchmark, which is now being referred to more as an allocation for status quo the guideline harvest level for the charter sector and is what the IPHC has used to deduct charter fishery removal for purpose of their stock assessment. The guided harvest level doesn't have associated management measures to ensure the charter fleet stays within it. Since 2004, in Area 2C the charter harvest has exceed the guideline harvest levels in each year. That overage isn't accounted for in IPHC's accounting methodology because the guided harvest level is in place for status quo. The IPHC presumes the domestic agency allocations for the fleet and presumes the bodies will keep within that limit. Thus, the IPHC has only deducted the guided harvest limit amount. It could be argued a conservation issue exists in Area 2C due to the overage and due to the accounting. In 2007, a similar issue arose in Area 3A, when the charter sector was at the peak of its harvest it exceeded the guideline harvest limit as well. The rest of CSP has been focused on allocation and equity and what's equitable during times of low abundance such as now, where the exploitable biomass is fairly low. During the times of low abundance the IPHC recommends conservation measures to be split between or shared between the charter sector and the commercial sector and that has led to the CSP's rule.

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REPRESENTATIVE JOHNSON inquired as to whether the GAF program will become a mini IFQ that results in bidding wars between charter operators and if it will become more efficient than

actually commercial fishing. Additionally, he asked whether the GAF program will allow selling or trading un-fished IFQ to charters.

MS. MORELAND responded that the GAF program would work will require a willing buyer and willing seller for transfers between a commercial IFQ holder and a charter halibut permit program permit holder. In an instance in which the charter halibut permit holder doesn't use GAF he/she has acquired, the program provides for transfer of the GAF back to the commercial sector. She suggested that the NMFS could speak more to the timing and provisions. She said an opportunity exists for it to be transferred and she thought it could be transferred again until it's harvested. In terms of price, the department doesn't have much information on what might be available for transfer to GAF and whether the commercial IFQ holder would want to hold onto the fish or if it would be available to supplement for charter management at these low times and charter operators are under extreme constraints.

[1:46:20 PM](#)

REPRESENTATIVE JOHANSEN inquired as to when the British Columbia's (BC) information integrates into the information from Alaska.

MS. MORELAND answered that BC and the State of Washington fall in the Lower 48 range of pacific halibut. That information is all considered in IPHC's negotiations. She elaborated that three commissioners from BC and three commissioners from the U.S. make recommendations on catch limits. The department does not review BC's annual estimates or information in the NPFMC arena.

[1:47:44 PM](#)

REPRESENTATIVE JOHANSEN commented that theoretically Alaska could present set of facts and data and BC could provide separate information that's different and it is left to federal government to determine. He inquired as to whether the department coordinates the information for consistency purposes between BC and the U.S.

MS. MORELAND responded that the ADF&G provides information to the IPHS and attends the meetings to present harvest estimates. Thus, the department benefits from observing the presentations

by the BC so it has access to information and does interact with IPHC.

1:50:18 PM

REPRESENTATIVE JOHNSON stressed that this is a discussion of allocating money. The state has a resource that will be harvested. He inquired as to where the economics come into play and return on investment either via commercial fishermen or charter fishermen.

MS. MORELAND answered that the NPFMC and NMFS will speak to that during an overview of the decision-making process and will speak to the economic component.

1:50:24 PM

REPRESENTATIVE JOHNSON inquired as to the source of the agency's economic information. He was unaware of any mass surveys on economic impact of commercial or sport fishing. At what point does the state say a pound of halibut sports caught is worth "x" and a pound of commercial caught halibut is worth "y" and let's balance the two or not. The biomass must take priority but the discussion is about allocating the existing resource. He reiterated his interest in when the economics enter the equation.

MS. MORELAND responded the agencies will speak to this. The NPFMC has an obligation to consider the data. The discussion has largely been qualitative and the economic effects will be discussed.

1:52:31 PM

CHAIR THOMPSON introduced joint presenters from the National Marine Fisheries Service (NMFS) and the North Pacific Fishery Management Council (NPFMC) during the Overview Hearing on Pacific Halibut Management.

1:53:25 PM

GLENN MERRILL, Assistant Regional Administrator for Sustainable Fisheries, asked to address a question with respect to the public comment period. As many people know the agency has received extensive commentary from the public to ask for an extension. Today, U.S. Department of Commerce Secretary Locke, in conjunction with Dr. Jane Lubchenco, the new administrator,

announced that the public comment period will be extended an additional 15 days through September 21, 2011 in order for the public to comment on the catch sharing plan (CSP). He stated he would provide an overview of halibut management, an overview and development of the CSP, and outline the public comment process. The IPHC has the ultimate authority for Pacific halibut regulations. Under the convention between Canada and the U.S., the IPHC has authority to implement management measures deemed necessary for the conservation of the Pacific halibut resource throughout its range in both countries. The primary goal of IPHC is to hold annual meetings that consider stock assessment information gathered by scientists and additional information such as that provided by the ADF&G. The NPFMC also provides domestic input into NMFS and IPHC, but NPFMC doesn't have legal authority to supersede or recommend measures that are less restrictive than those adopted by the IPHC. He related that NMFS is the implementing body for regulations developed through the council and regulations recommended by IPHC, which are subsequently accepted by the Secretaries of State and Commerce as required under the convention with Canada with respect to Pacific halibut. The ADF&G's primary role as an information gathering body was previously discussed. The main focus will be to discuss management areas in Southeast Alaska, Area 2C, and Southcentral Alaska, Area 3A.

1:56:25 PM

DAVID WITHERELL, Deputy Director, North Pacific Fisheries Management Council (NPFMC), following his handout labeled "Halibut Catch Sharing Plan", explained that NPFMC is comprised of 11 voting council members, including 6 members from Alaska, of which 5 are nominated by the governor, approved by the Secretary of Commerce and the ADF&G's Commissioner [slide 5]. The NPFMC also consists of two fishing representatives from the State of Washington, the State Washington's Commissioner, the Oregon Fisheries Commissioner, and a representative of the NMFS, Alaska region. Additionally, other agencies have non-voting representatives. The NPFMC develops plans and regulations for U.S. fisheries off the coast of Alaska [slide 6]. In addition to making allocation decisions for the Pacific halibut fishery, NPFMC also makes conservation and allocation decisions for offshore federal fisheries such as ground fish. The NPFMC works in cooperation with Alaska to manage crab and scallops. The NPFMC meets five times a year, jointly with industry advisory panel and the scientific and statistical committees. The NPFMC has numerous ad hoc committees that provide advice in development of regulations and serve as a focal point for public

input in the development of elements and options. The NPFMC takes considerable oral and written public testimony at each meeting. The normal process to develop regulations, which he characterized as a bottom up process that takes ideas come from stakeholders. The council uses a committee process to flesh out elements and options that are deliberated on by the advisory panel and council and are fully evaluated in terms of environmental and economic analysis that goes through several iterations of deliberations, scientific review, and public comment. When ripe and deemed ready for action, NPFMC will make a final vote and its deliberations are made in public. He described the process as transparent. Once action has been taken it is forwarded to the NMFS and to the federal register. He addressed the CSP specifically, noting the council has addressed this at 10 council meetings, held 7 committee meetings, and has taken hundreds of comments during public testimony.

[2:00:05 PM](#)

MR. WITHERELL provided a brief history of NPFMC activities relative to the pacific halibut charter fleet [slides 7 & 8]. In 1991, the NPFMC adopted an IFQ program for the commercial Pacific halibut fishery that was implemented in 1995. During much of the 1990s the future quota share holders expressed concern about the growing guided sport fishery and requested the council consider ways to control catch by the guided angler set and a means to allocate and apportion the quota in a fair and equitable manner. In 1999 and 2001, NPFMC developed a guideline harvest level (GHL) system, which is a stair-step system that sets forward a fair and equitable apportionment of the quota to the commercial fishery and the guided sport fishery. The allocations were based on total catch allowed for the guided sport fishery in Area 3A and Area 2C. As the guideline harvest level was exceeded after 2003 in Area 2C the council needed to establish regulations to control the catch within the guideline harvest level. The NPFMC considered different catch limits, size limits, and all possible limits. In 2001, the NPFMC adopted an IFQ program to incorporate the guided fleet into the commercial IFQ program. That proposal was withdrawn in 2005 and rescinded. The NPFMC explored and reviewed other ways to more specifically control and allocate the Pacific halibut resource among the commercial and guided sport fishery sector. One committee developed elements, options, and alternatives for setting a moratorium for new entrants into the charter fleet, which is known as the charter halibut permit program. Additionally, the NPFMC specifically reviewed a direct

apportionment of the available catch through a catch sharing plan. In 2007, the council adopted the permit program, which was implemented in 2011. In October 2008, NPFMC adopted the catch sharing plan (CSP). The NPFMC hopes to implement the CSP as early as next year.

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MR. WITHERELL acknowledged a number of questions have arisen as to the reasons the CSP is necessary [slide 8]. He pointed out that the Pacific halibut is a limited and valuable resource so any allocation decisions made are very contentious. The Pacific halibut abundance fluctuates from year to year so depending upon total available quota the effects differ between users depending on the abundance of the resource. The NPFMC's GHM system was developed as a stair system based on biomass, which only provided a guideline since it did not trigger any regulatory measures pre-season for the charter fleet to limit its catch to the allocation. Thus, the NPFMC was informed when the guideline harvest level (GHL) exceeded the allocations. The council then underwent the slow federal regulatory process to develop regulations over a year or two, including a full scientific evaluation of the measures. He characterized the process as a delayed feedback process. He acknowledged that the federal system could not catch up. With respect to the question of economics, he also acknowledged that it has been difficult to address economic data of these fisheries. He related that while some information is available, it is not possible to quantitatively estimate the impact of regulations on communities and the variety of charter businesses. He agreed that a mechanism wasn't present to allow the charter fleet to obtain more halibut if needed. Substantial discussion was held during the development of the IFQ program to indicate if the system was market-based and halibut was worth more to the charter fleet, the charter fleet could simply buy or lease it. Thus, this component, the GAF component, was brought into the CSP. Lastly, he noted that the limited entry program, the moratorium for charter vessels, was never anticipated to limit the catch of Pacific halibut. The excess capacity in the fleet and NPFMC's information indicates that it will not serve to control the overall catch. This has led to the council determination that the CSP was needed and provides the rationale to understand the NPFMC's actions.

[2:08:35 PM](#)

MR. MERRILL referred to the graph that provides context of available halibut resources between commercial and sport users and shows overall decrease in biomass [slide 9]. He stated that the blue line on the bottom of the graph shows an overall decrease in the biomass available by use for charter and commercial operators. As Ms. Moreland stated earlier, a number of changes were made in the methodologies used by the IPHC to estimate stocks, migration models, stock assessment models, which has led to a more precautionary management approach. Overall halibut removals in both Areas 3A and 2C are largely commercial although over the years the removals have been substantial [slide 10]. The second graph indicates wastage, bycatch, and overall the largest amounts relate to commercial or sport harvest. As previously mentioned, two guideline harvest levels (GHLs) were set, one for Area 3A and one for Area 2C [slides 11]. In 2007, the guideline harvest levels were substantially exceeded in Area 3A. Overall the guideline harvest level (GHL) which is a limit based on abundance in the area, has not been exceeded by the charter harvest fleet. However, since 2003 the overall commercial harvests have been reduced by 37 percent. The chart indicates the charter harvests are very close with the charter halibut limit since the halibut/sablefish IFQ program is a tight constraint on the total harvest by the commercial fleet [slide 12].

MR. MERRILL discussed the charter harvest in Area 2C [slide 13]. He explained that Ms. Moreland mentioned the charter harvest has exceeded the guideline level in every year since implementation, including a reduction overall in the GHL as the biomass has also decreased as well. The GHL has been exceeded, even though during this time period a number of management decisions were implemented either by IPHC, NMFS, or ADF&G's emergency orders. The measures to try to constrain the charter harvest within the levels included attempts to limit retention by fishers or crew, imposing a one fish bag limit, or limiting catch to a two fish limit and restricting one fish to a size limit of 36 inches. At the same time, the commercial harvest in Area 2C has decreased substantially. He reported that since 2003, the commercial harvest is approximately 73 percent lower.

[2:12:40 PM](#)

MR. MERRILL turned to the catch sharing plan (CSP) overview [slide 15]. He explained that the CSP was developed by the council and recommends it establish allocations of halibut for the charter and commercial fishing sectors recognizing historical levels of participation between the two entities.

The CSP provides for specific management harvest restrictions through the annual IPHC process in order to constrain the charter fleet within the allocation limit. It includes a component for the guided angler fish (GAF) that allows for the transfer of commercial IFQ to the charter sector. The matrix walks through the decision-making process to determine which harvest measure would be applicable [slide 16]. Using the 2011 data for Area 3A the combined catch limit between the charter and commercial users totaled approximately 18 million pounds, which would place the total at Tier 2. The commercial allocation would have been set at 86 percent and the charter allocation set at 14 percent. The management efforts outline the goal to maintain a charter harvest within a range from 10.5 percent to 17.5 percent. He explained that during the development of the CSP the council recognized variability in the estimations of charter harvest. It tried to ensure a range of harvest and a corresponding management measure to address the range. If the projected harvest from ADF&G data indicated that the charter harvest fell within its allocation range it would result in a one fish bag limit. However, if the total charter harvest exceeded its guideline range a maximum limit would be imposed on the one fish bag limit. However, if the charter harvest was projected to fall below the allocation range a less restrictive management measure would be taken. He stated that the CSP creates a default estimation in terms of which management measure should be used based on projections of future harvests to tailor the recommendations for management limits and to recognize angler interest may change. He indicated a similar table was prepared for Area 2C [slide 17].

MR. MERRILL explained the guided angler fish (GAF) component [slide 18]. He characterized this as a one-way transfer from the commercial fishery to the charter fishery. Any unused GAF within the last two weeks of the commercial fishery would return automatically to the IFQ holder. An electronic and guided reporting requirement for the GAF was developed by working with ADF&G to incorporate data needs in the department's logbook program. The IFQ holder, who would release the fish to the charter fleet, would be responsible for paying any cost recovery fees, which is also a requirement under the existing commercial program. The CSP has other components including a restriction of filleting the halibut in a way that prevents identification of the fish size, prohibitions on retention of halibut by operators, guides, and crew on charter fisheries. These prohibitions currently exist in Southeast Alaska but not in Southcentral Alaska [slide 19]. Additionally, prohibitions restrict commercial and charter halibut fishing and charter and

subsistence halibut fishing from the same vessel on the same day. He pointed out these efforts are to ensure proper data accounting between the various user groups. He reiterated the public comment period will be extended through September 21, 2011. There are a number of ways in which comments can be submitted, such as electronically, via mail, fax, and hand delivery [slide 20]. He provided a timeline that describes how to track what comes next [slide 21]. The IPHC will hold an interim meeting in late November. Ideally, a publication would be prepared on the CSP final rule by mid-December. He related the goal is to have the CSP be available for consideration by the IPHC at its annual meeting in late January in Anchorage. He acknowledged this represents a tight turn around and will be challenging to meet. He said so long as the CSP is available and the IPHC makes specific recommendations on management measures that affect the charter fleet by January, the IPHC could implement the CSP by regulatory process in March 2012.

[2:19:38 PM](#)

REPRESENTATIVE JOHNSON recalled comments that obtaining economic information is difficult. He suggested that the Institute of Social and Economic Research (ISER) could identify the economic impact. He asked whether the price of halibut has been calculated into the equation.

MR. WITHERELL answered yes, that is part of the quantitative and qualitative analysis. He related that as Ms. Moreland pointed out earlier, the council has written analysis of the expected and anticipated effects of the CSP. He offered that the council through its public record and testimony gives a clear idea of the impacts on users which provides more than economist's numbers and projected effects.

[2:21:11 PM](#)

REPRESENTATIVE JOHNSON inquired as to what has happened to price of halibut in the past five years due to overfishing.

MR. WITHERELL said generally when abundance goes down, the price increases. He offered to provide specific prices.

REPRESENTATIVE JOHNSON predicted in theory that by reducing the commercial fishing fleet's ability to catch fish the price increase could benefit the biomass and the stakeholders stay the same.

MR. WITHERELL answered that the biomass has been declining as has the catch limit in Area 2C.

REPRESENTATIVE JOHNSON related that if the biomass is reduced and the commercial catch is reduced, the price would increase and the commercial fleet would remain whole and the biomass would also benefit.

MR. WITHERELL related his understanding that the basic question is how the change in price relative to biomass is affecting the "bottom line" for the commercial fleet.

[2:22:43 PM](#)

REPRESENTATIVE JOHNSON asked what changes have happened to the price of charter tickets in the last five years.

MR. WITHERELL answered that the numbers for the estimated prices are discussed in the analysis. He suggested other testifiers would provide a more precise answer.

[2:23:16 PM](#)

CHAIR THOMPSON referred to the chart on page 7 and said that in Area 2C the commercial limit is 73 percent lower than it was in 2003 and the catch is down. He offered his belief the limit has had a substantial impact on prices.

MR. WITHERELL answered that an economist would say a reduced supply is a major factor in increased prices. He was unsure if that provides 100 percent of the explanation.

[2:23:56 PM](#)

CHAIR THOMPSON said he reviewed the harvest which is substantially lower catch than in 2003-2006. He inquired as to whether any recovery of biomass resulted from the limit reductions.

MR. MERRILL responded that a number of factors affect the halibut resource, which are better addressed by the IPHC. He offered his belief that generally speaking the overall exploitable biomass, or the larger sized fish have decreased substantially. He said anecdotally a number of charter halibut operators and commercial have reported small fish being caught. Although he acknowledged reductions have occurred in the overall catch limits, changes within the halibut biomass contribute to

biomass reduction and are not completely understood. He related that as a management agency IPHC will attempt to limit catch as much possible to take control overall harvest of the halibut resource. He reiterated changes in the biomass, better information to identify the biomass reductions, and changes in the harvest strategy have helped IPHC to try to keep the catch as low as reasonable and address concerns about the reduced biomass.

[2:26:05 PM](#)

CHAIR THOMPSON related with respect to the reduction in catch, that the commercial fishermen took out loans but now face a 73 percent reduction in their allowable catch. Similarly, halibut charter fishing operators have built lodges or purchased boats and are now decimated. He characterized the current situation as an economic disaster on both industries.

MR. MERRILL responded he would be unwise to predict what will happen to the halibut resource in the future. He agreed many changes are happening. He suggested better information would be available in November 2011 when the survey data from IPHC is available. The data may indicate whether some of the management measures are beginning to have an effect in terms of the overall biomass.

[2:27:12 PM](#)

REPRESENTATIVE JOHNSON said he finds it disturbing that decisions are being made on predictions he now learns are difficult to make. He inquired as to whether the CSP will be an in-season management tool or if it will be something that is retrospectively viewed for the next year in terms of decisions.

MR. MERRILL answered that the CSP is not an in-season management tool, but would be management tool implemented through the IPHC process in January 2012. He explained that the agency would rely on the combined catch limits determined by the IPHC based on survey data and other fishery data they collect, which will tell what the total available biomass is and which tier of management measures for charter harvest and commercial catch limit for the year. The measures that will be implemented in terms of restricting the overall harvest will be based on projections of future angler demand and angler harvest within each of the areas in Southcentral or Southeast Alaska. He stated that information will be provided and presented through

the IPHC process, and once implemented in March 2012, through the final rule will be in effect for that year.

[2:29:08 PM](#)

REPRESENTATIVE JOHNSON asked if this was not in place the agency would have to go through public hearing process to make the changes.

MR. MERRILL answered the IPHC is currently under the CSP public comment period. In further response to REPRESENTATIVE Johnson, he responded that anything adopted by council or initiated by NMFS would require notice and comment process.

REPRESENTATIVE JOHNSON asked whether the CSP streamlines or circumvents the public process, depending on one's perspective.

MR. MERRILL answered that in terms of the CSP, the IPHC provides an opportunity to comment on management measures, allocation, and how will occur under each scenario is open for public comment.

REPRESENTATIVE JOHNSON suggested that the IPHC can institute a management plan under the CSP without going through the required federal rule making process that the IPHC must currently use to make a change.

MR. MERRILL thought it may be helpful to note that the IPHC can make recommendations at its annual meeting that can be implemented with the concurrence of Secretary of State and the Secretary of Commerce. He elaborated that if the IPHC makes a recommendation it would be subject to a foreign affairs exemption so specific legal requirements for a treaty organization or convention is the instrument for implementing regulations. In that case the IPHC can make a recommendation, which could be implemented directly by a final rule.

REPRESENTATIVE JOHNSON inquired as to whether the U.S. Department of Commerce can do something without public testimony.

MR. MERRILL answered that this is a provision that comes into effect due to an international body. The tree supersedes the ability of the U.S. Department of Commerce to make recommendations. In other words, any regulation that the NMFS adopts that is based on a recommendation either from the council or developed by the Secretary of Commerce requires notes and

common rulemaking. However, the IPHC is an alternate regulatory body for halibut management and through annual management measures submit to the government of Canada and the U.S. recommendations. Those recommendations are either accepted for the U.S. by the Secretary of State with the concurrence of the Secretary of Commerce or not. If not accepted, the recommendations are not implemented and the prior year's regulations remain in effect. If the recommendations are accepted, they become effective, which is a provision that exists due to the international body status and a binding convention with Canada.

[2:33:26 PM](#)

REPRESENTATIVE JOHNSON answered that the steps up to the preferred alternatives for 3A do not have to go through the process.

MR. MERRILL answered that presuming the final rule is published that each year the IPHC would undergo a process to consider the combined catch limit and future projections of harvests and whether charter harvests would be below, within, or exceed the specific range and the specific management measures detailed here would be implemented through the recommendation that the IPHC makes to the U.S. Secretary of Commerce and Secretary of State.

REPRESENTATIVE JOHNSON asked whether the Secretary of State and Secretary of Commerce would have to approve scenario Tier 1 or Tier 2.

MR. MERRILL answered yes.

[2:34:49 PM](#)

REPRESENTATIVE AUSTERMAN asked in terms of the timeframes, noting that IPHC meets in November, whether it would be a full year before IPHC would hear concerns or suggestions.

MR. MERRILL answered that the IPHC would meet twice, first as interim meeting and then to hold the annual meeting during which time it would make recommendations. He related there is typically a two-month time period between the initial meeting and the final recommendation and the publication of rule that implements the recommendations. Thus, typically by mid-March the IPHC publishes its measures and it would receive feedback throughout the year as well as initial data in the following

November for the total harvest that had occurred for commercial and sport harvest for that year. The IPHC would then consider the comments in the following January.

[2:36:28 PM](#)

REPRESENTATIVE AUSTERMAN assumed that council staff has input in between interim and annual meeting.

MR. MERRILL answered that the NMFS and the ADF&G can communicate throughout the year with the IPHC. However, the IPHC body only acts at annual meeting unless they hold a special session, which has previously happened.

[2:37:17 PM](#)

REPRESENTATIVE AUSTERMAN observing the process for the timeframes from 1995-2011 noted that it can sometimes take a number of years to make a decision in comparison to the quick action the Alaska Board of Fisheries can take. He characterized it as inherent between federal and state government systems. He referred to slide 10 on Halibut Removals, and asked for an explanation of wastage U 32, by catch U 32, wastage 0 32, and by catch 0 32.

MR. MERRILL answered that the Halibut Removal graphs from IPHC's annual report. The Wastage U 32 refers to halibut caught that fall under 32 inches in length and wastage 0 32 refers to halibut over 32 inches in length. He explained that wastage refers to commercial halibut fishery and by catch refers to halibut caught incidentally in other ground fish fisheries.

[2:39:00 PM](#)

REPRESENTATIVE AUSTERMAN referred to the years prior to 1985, noting the biomass was smaller and peaked in 1990s and early 2000s. He asked if that is a fair assessment.

MR. MERRILL answered yes, in terms of removals.

REPRESENTATIVE AUSTERMAN indicated that the light blue sector indicates sport fisheries. He recalled in the early 1990s Washington had problems with halibut fishery that resulted in an influx of fishermen coming to Southeast Alaska as charter boat operators. He reiterated that the blue shows the increase in the charter boat sport sector and the reason for the discussion. He acknowledged that the majority of fish are taken by

commercial side but the graph indicates a definite increase in sport charter boat operators.

2:40:36 PM

REPRESENTATIVE JOHANSEN stated that the pie for allocation is getting smaller. He inquired as to whether the agency has any ideas why the reduction of halibut biomass allocation is getting smaller.

MR. MERRILL deferred to the IPHC.

REPRESENTATIVE JOHANSEN surmised then that if it difficult to assess why the biomass has reduced then it may be difficult to address the issue.

2:41:30 PM

REPRESENTATIVE JOHANSEN observed that IPHC is depicted as the tail, which he thought was apt due to the federal appointments, which causes a great deal of frustration in Alaska. He noticed between areas of 3A and 2C the guideline harvest levels (GHL) have not been exceeded in 3A. He asked why the difference in the GHL for the two areas for the charter fleet.

MR. WITHERELL responded that the line is drawn by the IPHC as its regulatory line. He speculated that the charter businesses in Southeast Alaska to some extent differ from those in Southcentral. He anticipated that based on testifiers at council meetings some business plans in Southeast Alaska include a number of large lodges that may have a fleet of vessels and vessels that utilize various fishery types, such as halibut and salmon charters. The charter businesses out of Homer may focus entirely on halibut. He offered his belief that the two areas serve different clientele and needs plus the operators have a wide variety of operations.

2:44:09 PM

CHAIR THOMPSON reviewed allocations. He pointed out that it looks like the Southcentral Alaska charter fleet has lived within their allocation for approximately the past ten years, that commercial fishermen have high prices and IFQ prices. He inquired as to any issues with keeping allocation at current levels.

MR. WITHERELL responded he is correct, that in Southcentral Area 3A, the guideline harvest level (GHL) has remained pretty close. If the biomass continues to decline in Southcentral, under the GHL system, it will take several years through the federal National Marine Fisheries Service (NMFS) process to make changes to the two fish bag limit. He predicted that the system could result in exceeding the GHL, which would also be reduced since it is a stair step program and the actual catch would not so the GHL could potentially be exceeded for several years.

[2:46:20 PM](#)

REPRESENTATIVE JOHNSON said it almost seems to appear that the agency is trying to protect itself since the agency doesn't know what will happen. He pointed out that the federal actions will impact Alaskans. People plan tourism trips one or two years in advance so their trip decisions are based on today's information, which may change. He questioned how the NPFMC and IPHC can make decisions and recommendations without economic data. He said if the decisions are made without the data it would be a disservice to Alaskans and the resource. He characterized the federal actions without economic data as making decisions in a vacuum. He said the agency is allocating money without knowing the impact of the decisions. He further questioned as to the rush.

MR. MERRILL said the points just made were made by many of people who testified during the council process in terms of the effect of this on their businesses. He said the IPHC heard from charter operators, associated businesses, commercial operators and associated businesses. In terms of the analysis, the agency uses the best available information. He acknowledged that the council doesn't have a good "apples to apples" comparison with regard to harvesting one pound of halibut in commercial fisheries versus charter fisheries. Unfortunately, the council lacks those complicated, expensive, and difficult data to obtain. He reiterated that the council has used available data and will continue to do so. In the event the IPHC receives additional information on value of the commercial and charter fisheries, then it could reconsider or reevaluate the fisheries in future. He acknowledged that the council has limited information, but in terms of total information the IPHC uses the best available information.

[2:49:55 PM](#)

REPRESENTATIVE JOHNSON understood. He said, "We're talking huge dollars here, to our economy. It's worth the investment to get the information." He pointed out it takes five years to change the policies and most of the small charter businesses and small businesses along the highways don't have five years. He reiterated his belief that this could potentially decimate industries - tourism, fishing, and food in freezers of his constituents. He predicted the industries would be gone. He asked, "How can you in good conscience implement this plan without the information?" He said he couldn't predict what the economic information would show but it is important information for the council to have prior to making any decisions on the CSP.

[2:51:19 PM](#)

REPRESENTATIVE THOMAS commented that he has been fishing since 1973. He reported that the halibut industry is 100 years old. He started fishing in the open access fishery, putting in 50,000 pounds per year. He referred to the changes as corrections, and during the derby days he bought additional poundage to make it viable. He related that his peak harvest of 28,000 pounds yielded approximately \$84,000 earnings per year. He stated due to the loss of halibut biomass and subsequent quota loss that in recent years his harvest is down to 6,000 pounds at \$7.10 per pound \$43,000 earnings. The economics don't work out. He offered high fuel costs of \$1,500 to make one trip. He compared displacement issues with the timber to displacement issues in the commercial industry. He related he has fished for 42 years and is willing to sit out fisheries for the resource. He pointed out his losses of \$50,000 per year. He said some of his constituents cannot afford to fish any longer due to the 70 percent reductions in their quotas. He has not heard similar comments from charter guides in Area 2C. He offered his belief that the charter industry should share the pain equally with the commercial fishery. He recommended that if anyone exceeds GHL deduct the fisheries management should deduct it from next year's catch in order to drive home that it's about the resource. He has enjoyed the fisheries but has been hearing that the resource cannot handle the overharvesting, regardless of who is earning the money. He has observed the devastation in Southeast Alaska halibut fisheries. He hoped the fishery would come back.

[2:56:49 PM](#)

REPRESENTATIVE JOHANSEN commented he understands the economics that Representatives Johnson and Thomas highlighted. However, it will be a moot point if the state loses the resource. He asked what tools the legislature can provide to help solve this riddle.

MR. WITHERELL responded that maintaining funding for ADF&G data on guided angler and unguided angler is critical to decisions.

[2:58:44 PM](#)

The committee took an at-ease from 2:58 p.m. to 3:07 p.m.

CHAIR THOMPSON called the meeting back to order at 3:07 p.m.

[3:07:11 PM](#)

RICHARD YAMADA, Board Member, Alaska Charter Association (ACA), Juneau, Alaska, explained that the Alaska Charter Association (ACA) is a statewide organization representing 150 lodges and charter operators. He related that he is a 30 year lodge owner in Southeast Alaska. He asked to present generally and not focus on the technical and legal issues. He stated that the sport fishing charter industry is a \$1.4 billion industry as indicated by an ADF&G 2007 Southwick study [slide 1]. He reported that Southcentral Alaska supports about 11,535 area jobs, \$91 million in state and local taxes. Southeast Alaska has supported 1,897 area jobs and \$14 million in state and local taxes. The sport charter management has been based on unnecessary fears that no longer exist. Some feared that overfishing by the charter fleet could threaten the sustainability of the resource and [slide 2]. He pointed to the development of the guideline harvest level (GHL) and charter halibut limited entry program. Some feared that an exponential growth in the charter fisheries adversely affect the commercial fishing fleet [slide 3].

[3:09:18 PM](#)

MR. YAMADA related additional fears would adversely affect the resource [slide 3]. These recent statistics are ADF&G statistics of active vessels in Southeast Alaska, and his focus will be on Area 2C since it has exceeded its GHL. The Sitka fleet peaked in 2007 but since then has decreased in numbers. He reported that this data was provided by log books. He pointed out that the numbers have declined and the rapid growth charter fleet vessel industry has stopped, prior to the

implementation of the limited entry program for charter boats. He referred to the data in terms of the concern that overfishing by the charter fleet threatens the sustainability of the resource [slide 4]. He explained that the FCEY represents a formula to determine the biological catch figures. The council can apply policy and other methods to vary the catch. He explained that since 2006 the total commercial catch limit overages exceeded 10 million pounds of halibut. The Southeast Alaska Sport Charter harvest since 2006 resulted in overages fell under 3 million pounds. He characterized the math as complicated. The Area 2C limit is set at one fish with a maximum size of 37 inches [slide 5]. He predicted that based on the 2011 mid-season ADF&G reports that Area 2C will be under its GHL by as much as 40 percent at the end of the season. He concluded that the charter fleet does not threaten the sustainability of the halibut resource. He highlighted points on the Catch Sharing Plan (CSP) [slide 6]. He stated that the charter fleet provided this information in 2009. However, since then, nothing has changed in terms of the issues. He asserted that the ACA has frequently testified but has not been heard. He listed the five points, which he said will be discussed on further slides, as follows: This will be the first "hard cap" allocation to the charter sector. The GHL represented a guideline but the CSP will definitely give the charter sector a hard cap. Allocation would be up to 30 percent lower than under the current management regime, which is the GHL. Allocation will be based on the fishery model that no longer exists. Allocation decisions will bypass federal APA rule making process and U.S. allocations will be made at the IPHC level. Compensated transfer mechanism proposed would essentially make charter fleet commercial fishermen.

[3:13:45 PM](#)

MR. YAMADA highlighted the first point, that this will be the first "hard cap" allocation to the charter fishery sector [slide 7]. He explained that the current management of the charter fishing sector is conducted under a GHL established in 2003. He stated that basically the initial level was set too low for the charter fishing sector in Southeast Alaska and harvest by guided anglers was exceeded since the first year of implementation. He offered his belief that for Area 2C, the mere fact that the guidelines were exceeded meant something was wrong with the cap. The charter fishing sector overages were dwarfed by the amount of fish the commercial fishing sector was allowed to overharvest.

[3:14:29 PM](#)

MR. YAMADA illustrated the CSP allocation to the charter fishing sector will be up to 30 percent less than the current management system allows [slide 8]. He pointed out the GLH stair steps with the CSP allocation. He indicated that the chart shows the CSP will fall well below the current allocation. This chart shows the effects if the CSP were implemented this year which would be approximately 31 percent less than the GLH method [slide 9]. He stated this allocation is based on a fishery model that no longer exists [slide 10]. Prior to 2008, the IPHC used a "Closed Area Assessment Model" to determine exploitable biomass. Since 2008 a "Coastwide Assessment Model" has been used that significantly reduced exploitable biomass. He offered his belief this is the main reason that Southeast Alaska has seen the charter and commercial fishing allocations have been so low. He explained that the change was to a geographic percentage based on the IPHC's analysis. Thus, Southeast receives only a small percentage of the allocation. He said that the CSP analysis and allocations are based on outdated models and data. He reiterated that the change to the coastwide assessment model so the IPHC's projections were flawed. He predicted that until the reason for the slowdown of the juvenile and adult biomass over 32, the projections will be flawed. He stated that this reduction in allocation and erroneous projects will result in increased charter harvest restrictions, which translate in Southcentral Alaska to a reduction from two halibut per day to one halibut per day, and for Southeast Alaska, a reduction in size from 37 inches to as low as 32 inches.

[3:17:41 PM](#)

MR. YAMADA predicted that the allocation decisions will bypass the federal Administrative Procedures Act (APA) rule making process and U.S. allocations will be made at the IPHC [slide 12]. He explained that the APA requires federal rule making to follow strict scientific analysis and provides the opportunity for public comment. The CSP will direct decisions on allocation to the IPHC which is not bound by the APA. He further predicted that this probably will be challenged in court. He related that domestic allocations will be done by sovereign nations and not the IPHC [slide 13]. He expressed interest in comments Mr. Merrill made on the IPHC's authority. He offered that it is possible that the charter sector would be arguing issues in an international court without having any representation on IPHC. He pointed out that the charter fishing operators have 1 of 11 representatives at the domestic level, but it does not have any

IPHC representation. The compensated transfer mechanism proposed will make charter fleet commercial fishermen [slide 14]. The CSP provides for a temporary compensated transfer mechanism called the guided angler fish (GAF). Charter operators would sell the opportunity to catch fish. Under the GAF program charter fishing operators would sell the GAF fish to willing buyers after the fish is caught. He characterized the GAF provisions as very loose in terms of mechanics. He offered his belief this would require an operator to need a GAF account, and if a guest on board catches a fish beyond his/her bag limit that the operator would need to account for the extra fish. He anticipated that most operators would have GAF capability, would hook the halibut and prior to landing would determine if the client wanted to pay \$150 for the second halibut. He anticipated decisions would be made based on the size of the fish. He asked whether this would violate the concept of sale of sport caught fish [slide 15].

[3:21:17 PM](#)

MR. YAMADA stated that the compensated transfer mechanism proposed under the CSP would essentially makes charter fleet operators commercial fishermen. He turned to what this would mean to Alaska and speculated that the implementation of the CSP will lead to reduced fishery opportunities for guided recreational anglers, of which 60 percent in Southcentral Alaska are residents [slide 16]. He predicted that less angling opportunity will lead to less demand and charter and local operators will suffer. He reported that revenue from sport fishing licenses will decline, noting that 60 percent of the Dingell-Johnson funds are based on fishing license sales. The Criddle study on pacific halibut found that benefit maximization occurs when the commercial sector has 71 percent and the recreational sector has 29 percent of the harvest pounds as compared to 2007, in which the harvest was 87 percent for commercial fishing and 12 percent for charter operators [slide 17]. He emphasized the need to consider the optimal benefit to local communities when allocation decisions are made. He characterized this as one study that considered allocation. He suggested the importance of consider the optimal economic studies. Alaska doesn't have socio-economic models in place to determine angler demand. He said he is careful not to overfish the resource as a charter operator in Southeast Alaska. He said the regulations created overharvest of the GHL and unless regulators can control the amount of the harvest and understand on angler demand. He pointed out that it is not a dynamic built into the commercial fisheries model. He pointed out that the

recreational fishery is a "different animal" and needs to use a different model. He outlined action needed, including writing a letter to the Alaska Delegation requesting a 60-day extension of the comment period to allow charter operators an opportunity to comment [slide 18]. He remarked that this CSP rule change is happening at the worst time for the charter and lodge industries. The proposed rule came out in July at the peak of the season. He commented that this will be "written in stone for a long time" and operators need more time to get information out to charter operators. He also suggested that the governor also needs to weigh in on the proposed rule change. He offered his belief that the CSP is an unfair and inequitable regulation.

[3:24:31 PM](#)

REPRESENTATIVE AUSTERMAN asked to preface his remarks that he is perceived as a commercial fisherman and is not here to chastise charter operators. He heard some discussion by Representative Thomas that he lost 70 percent of his IFQ due to the declining biomass. Mr. Yamada mentioned the IPHC's different methodologies. He said he was unsure of whether the biomass is increasing or decreasing. He referred to the 2007 ADF&G report that predicted Area 2C would be under the GHJ by 40 percent. He thought that seemed to correlate to the IFQ total poundage loss so the 70 percent loss versus the 40 loss seemed like a fair allocation issue. He asked whether it is a fair assessment since if the biomass is down it seems the recreational fisheries would be down as well.

MR. YAMADA answered that the biomass is healthy and is pretty much at an historic high. He said the question surrounds the harvestable or exploitable biomass and whether the halibut is over 32 inches. He offered that the projections are forecasted as exploitable biomass. He offered his theory that the major reduction in the exploitable biomass is due to some biological reason. The fish are taking a long time to get up to size. He pointed out that the reproductive adult female halibut are not as large and frequently fall under 32 inches. The IPHC has been considering reducing the size from 32 to 30 inches to compensate for that. Thus, the recruitment or size of fish is down, plus the management changes to allocation reduced the Southeast Alaska charter operator's allocation. He said the net benefit to a community during low levels of abundance and someone must make a political decision.

[3:28:52 PM](#)

MR. YAMADA recalled that the IFQ holders have been reduced so from 2,400 to 1,200 in Southeast and from 3,000 to 1,500 in Southcentral Alaska, so the very nature of IFQ has reduced the number of participants. In the charter industry, lots of people want to fish in Alaska, but through the limited entry, the charter operators are capped. He offered his belief any decisions that need to be made now should be to decide what brings the best economic benefit to the state.

3:30:03 PM

REPRESENTATIVE AUSTERMAN agreed that probably a biological reason exists and fishery biomasses ebb and flow. As Representative Johnson indicated the charter industry has planning constraints due to customers. However, the sustainability of the resources is the primary reason that the legislature is interested in the issue. He agreed it is difficult to figure out how to address the issues given the length of time it takes for the NPFMC to act. He stressed the importance of erring on the side of sustainability. He pointed out that the charter industry has been capped and the commercial fishing has constraints since it employs an IFQ system. He was curious about the comments on GAF fish. He recalled that since he has served in the legislature since 1995, some have viewed the charter industry as a form of commercial fishing. He said he doesn't understand totally the GAF system yet, but the GHF has been capped. He noted that during the past 10 to 15 years the biomass has seen growth, but at the same time commercial fishermen increased while the charter industry stayed the same. He expressed concern over the length of the federal process, since the changes should have taken place long ago so the GHF flowed with the biomass, which could have alleviated some of the issues.

3:33:08 PM

REPRESENTATIVE THOMAS remarked that the whole world isn't going to come to Alaska and sport charter fish.

[Due to technical difficulties, the audio between 3:33:30 PM to 3:44:04 PM was lost. The following testimony was constructed from Mr. Vinsel's written statement.]

MARK VINSEL, Executive Director, United Fishermen of Alaska, stated that the United Fishermen of Alaska is a statewide trade association representing 37 commercial fishing organizations from fisheries throughout Alaska and federal waters offshore.

He welcomed the opportunity to provide the UFA's perspective on the Alaska Pacific halibut fisher and Catch Sharing Plan (CSP). He related that the committee plans to address abundance, allocation, and stakeholder groups of Pacific halibut in Alaska, and take public testimony concerning the proposed CSP proposed by the NMFS. He stated that the abundance of halibut has long been understood to be cyclical, so management needs to be able to accommodate fluctuations in allowable harvest. Allocation is always hard fought, contentions, and controversial, with the largest stakeholder being the public who will consume halibut, whether they catch it themselves on a private or charter boat or purchase it in markets or restaurants from commercial fishermen's harvests.

MR. VINSEL asked to address the general considerations of sustainable fisheries management as it pertains to the halibut fisheries. He welcomed additional testimony from the Halibut Coalition as it would be better able to address the specific details and provide the historical background of the CSP. He reported that Alaska is held up as a model of sustainable commercial fisheries. In addition to being a federally managed fishery, the Pacific halibut fishery has since 1923 been subject to an international convention between the governments of Canada and the U.S., with the mandate of research on and management of the stocks of the Pacific halibut within the convention waters of both nations. The NMFS and the NPFMC each have a direct role in halibut fisheries management, but management measures are constrained by the International Convention. Historical background is available at the IPHC website at <http://www.iphc.int>. Mr. Vinsel indicated that the track record of the IPHC fishery during the last 88 years shows a remarkable record of sustainability and the ability to assess and react to cyclical variations in halibut abundance in the North Pacific waters. In relatively recent times, a "derby" style management evolved into an often dangerous commercial fishery of just a few days or less duration, regardless of the weather, to harvest the allowable sustainable catch. In 1995, after more than 10 years of deliberations the NPFMC implemented the Individual Fishing Quota (IFQ) system in the commercial fishery. The long gestation clearly attests to the program's gravity and controversy, which is not unlike the current controversy surrounding the charter fishery.

MR. VINSEL related the benefits to commercial fishery participants result in a far safer and predictable fishery that can be integrated into a diversified business operation combining differences fisheries. The benefit to the public

consumers of halibut is access to fresh halibut for up to nine months of the year, rather than the very short duration that was provided during the short "derby" season, after which halibut was necessarily sold frozen. Overall, the economic value of the fishery to Alaska communities and the public's access to the fishery has increased tremendously under the IFQ based management.

MR. VINSEL related as an umbrella organization, the UFA is familiar with the high level of complication and controversy in fishery management and allocation matters. The UFA's strength is its ability to set aside the differences and focus in on what the member organizations have in common. He pointed out that all participants, including charter, subsistence, and public halibut consumers should all agree that the sustainability of the resource is the first priority. He also related the second priority is to sustain the delicate balance of fishing businesses and communities. He acknowledged this is where it gets complicated. He quoted Dr. James Balsiger, a former administrator for the NMFS, during his speech at Comfish in Kodiak in 2009, "Fisheries management isn't rocket science - as a matter of fact it is a whole lot more complicated." He emphasized that if it were able to be modeled mathematically, the management of sustainable fisheries would be a very complicated equation. Many variables can be predicted and adjusted for and the 88-year track record of the pacific halibut management shows that the scientific and regulatory processes have been working very well. However, he cautioned that in this complex and delicately balanced equation, when one variable changes dramatically, the whole equation can be thrown out of balance. He related this is the situation that Alaska finds itself in now, with the rapid expansion of tourism and the charter fleets, in roughly the same timeframe as the current halibut IFQ management system has held all commercial participants to strictly enforcement quotas.

[The audio recording begins.]

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MR. VINSEL explained that overages from the charter sector were deducted from the following year's commercial harvest and new scientific research made changes to the apportionment/allocation among the different regulatory regions, with the greatest impact being the reduction in the commercial share harvested in Southeast Alaska where most of the charter growth has also occurred. He offered his belief that if the current levels of

charter fishing had been anticipated at the time the IFQ program was implemented, it would have made the most sense to include charter participants in some form in the development of the program. Hindsight is 20-20, but the issue at hand is to integrate the charter fisheries into the overall sustainable management regime. He emphasized that a CSP is long overdue and the current plan is the result of six years of focused attention at the NPFMC in a working group that included stakeholders from the charter sector. The Council Halibut Stakeholder committee was a 13 member committee chaired by a NPFMC staff who did not vote, 2 commercial fishermen representatives, 1 processor, the ADF&G Sportfish Director, and 8 charter/recreational representatives of whom many had over 15 years or more of charter business experience.

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MR. VINSEL noted that in October 2007, the commercial and charter sectors stood up together in support at the council by a joint commercial and charter presentation. This compromise took off the table in-season management with closures when the charter allocation was reached. This contrasts with the British Columbia's actions when recently it abruptly closed charter halibut fishery in its waters as its allowable charter catch was reached. In return the charter industry agreed that the council would err on the side of conservation in the selection of management tools and/or season length with the result that in some years the charter sector may not harvest its entire allocation.

MR. VINSEL said that the current action on the CSP meets the objection of the problem statement and meets three but essential goals: It establishes a clear allocation between the charter and long line sectors sharing the burden of conservation. It establishes a responsive management system with proactive accountability measures to prevent annual catch limit overages. It also provides a mechanism for limited transfer of quota share from the commercial to the charter sector. However, he acknowledged that implementing these kinds of measures is always controversial.

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MR. VINSEL related the results are never set in stone, but are subject to the fine tuning through amendments in the council process. The essential need at this time is to stop further delay and bring charter halibut fisheries into a framework where

the growth in that sector can be accommodated without exceed the overall sustainable catch limits, or further risking the sustainability of the halibut resource as a delicately balanced livelihood of commercial fishing participants and their communities.

MR. VINSEL concluded with the UFA's recommendations, which included support for the NPFMC process and the stakeholder driven process encompassing ten meetings that produced this CSP. The UFA also supports the IPHC process to set the allowable harvest based on the best available science. Additionally, the UFA embraced the spirit of the International Convention for sustainability of the halibut resource. He pointed out that Alaska has to hold its share of the responsibility to manage within IPHC's allowable catch. He said that based on the UFA's experience, he asked members to encourage charter operators and public to engage constructively in the process to ensure collective voice and historical knowledge of the complicated issues that face all fishery businesses.

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HEATH HILYARD, Executive Director, Southeast Alaska Guides Organization (SEAGO), on behalf of the SEAGO, he offered comments. He said after listening to the presentations by the agencies it is clear the issue of Pacific halibut management is complicated. The SEAGO's goal has been to help craft a fair and equitable plan for all users groups while balancing sound management and maximizing economic benefit. He asked to focus the majority of comments to Southeast Alaska. He offered his belief that all users are concerned about the sustainability of the halibut resource. He related that scientific management is critical to protect it for future generations and numerous examples of how not to manage fishery resources exist. He offered his belief that industry and management are working to understand changes to the Pacific halibut fisheries. The slowing maturation rate has contributed to the problems and numerous potential causes contribute to the Pacific halibut dynamic. He pointed out that according to the 2011 IPHC's meeting materials, the exploitable biomass and spawning biomass have started to recover and are on an upward trend, although it does not differentiate between Areas 2C and 3A. He highlighted the greatest concern the charter fishing sector is the CSP does not seem to serve the conservation aspects, but broadly reallocates fish from one sector to the other. He referred to a chart in members' packets titled, "Comparison of current Guideline Harvest Level (GHL) with proposed Catch Sharing Plan

(CS)) - Area 2C." The 31 percent removed from the charter sector reverts to the commercial fishing sector, which could be leased back under the guided angler fish provision. He turned to the Charter Halibut Permit, which is a limited entry system which has only been in effect in 2011 season. He offered his belief that a large number of temporary permits are being fished under while operators are having their applications reviewed to determine eligibility and given the appeal process, the true effect will not be known until 2012. He emphasized the importance prior to implementing other measures, which may be draconian in nature. Currently, Southeast Alaska's bag limit is one fish under a 37-inch maximum size. In 2011, the IPHC recommended Area 2C catch limit at 2.33 million pounds reduction of 47 percent from the 2010 allocation. He predicted that if the management measures continue the charter fishing sector anticipates 1.279 million pounds or about .049 million pounds over the GHF of .788. He projected, using ADF&G's mid-season figures that under the 37 inch rule, using the average weights for the Area 2C, the charter fishing sector would be 430,000 pounds or a reduction of 359,000 pounds or 45 percent from the current GHF or a total of 820,000 from 2010. He also projected the figures assuming a 20 percent increase in the average size of a fish would result in the charter fishing sector total of 527,000 pounds or a reduction of 268,000 pounds or 34 percent from the current GHF, or a reduction of 705,000 pounds from 2010. He concluded that the midseason numbers in terms of the average fish size indicate about a 27 inch fish or for a 12 pound fish would equal 28.5 to 30 inch fish. He offered his belief that the regulations are having the desired effect. He emphasized that the management measures should have time to demonstrate the true impact of the existing changes.

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MR. HILYARD recalled the Southwick study mentioned. He agreed that study likely provides the best economic analysis of sport fishing in Alaska but it does not distinguish between charter and unguided sport fishing. He pointed out the report indicated about a \$137.5 million spent on sport fishing packages by nonresidents. He surmised many of them refer to charter fishing. He said the limited and outdated analysis cannot accurately effect the CSP will have on communities with commercial fishermen or charter fishing sector. He expressed concern about protecting jobs. He referred to several articles that highlighted Gustavus and Glacier Bay National Park and Preserve. The first one illustrated the charter fishing customer satisfaction and the other a charter fishing operator

who had a mental breakdown. He surmised it was the same person and operator. He referred to earlier comments by Mr. Vinsel that identified the largest stakeholder as the public. He agreed that the public is the largest stakeholder, but it does not hold an IFQ. Additionally, the charter fishing sector sells opportunity. When the consumer purchases \$30 for a halibut entrée they receive it. However, when a charter fishing client has paid several thousand dollars for a three to five day all inclusive charter package, the client has no guarantee. Most charter clients want the opportunity to catch a trophy fish but are satisfied with something smaller. However, telling a client the fish size is limited to 37 inches reduces and diminishes the demand for recreational guided angler fishing.

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MR. HILYARD identified angler demand and angler effort as central to the charter fishing sector model. He reiterated the demand for the opportunity to catch a trophy class fish. He pointed out that the greater the perceived value the greater the effort. Thus, this translates to the amount of effort an angler is willing to put in to obtain a larger fish. He related that the maximum size limit and likely effects of the one fish rule. He offered his belief that the hostage clients, who are those clients who had already booked before the maximum size rule when into effect. He said the total fish caught in 2011 was similar to 2010, but the substantially reduced fish size shows a significantly decreased angler effort. He said that many people are catching one halibut and then turning their attention to salmon or other fish, but in some areas, such as Gustavus it is not possible to do so. He mentioned one Petersburg operator had a two week period in July without any clients booked for the first time in 20 years. He emphasized the importance of predictability to the extent that many operators would prefer to forego high abundance for stability each year and gain allocation in low years. He predicted it is not likely the charter fishing sector would ever return to a two fish of any size limit. He pointed out that the table indicates a gain in poundage in one of five years, but a loss of fish allocations in the remaining five years. He also predicted the effects of CSP would not be known until the plan has been in effect for one to two years.

CHAIR THOMPSON asked him to submit written comments for the record.

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REPRESENTATIVE AUSTERMAN asked for clarification on what the guides are seeking in terms of limits and size of the fish.

MR. HILYARD said did not want to speak for SEAGO but passed on his sense of the operator comments based on his conversations with specific operators. He said that Ketchikan or Juneau charter fishing sector operators do not currently advertise for clients to come and catch a world class "barn door" since it is not consistent with the size of fish actually caught, but Gustavus and Elfin Cove charter operators rely on large halibut as the anchor for their businesses. He related that the conversations several years ago would not have led to any agreement on a bag limit or size limit. However, given the current issues with halibut biomass, the charter operators he spoke to tend to favor an annual bag limit of two fish per day of any size, with one per day under 32 inches. He reiterated that isn't a formal SEAGO position, but generally reflect the nature of the conversations among charter operators. He estimated that a 37 inch fish results in about 12 pounds of recoverable meat.

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REPRESENTATIVE AUSTERMAN referred to his comments about Gustavus and asked if he was suggesting allowing larger fish by regulation for some areas.

MR. HILYARD answered that generally the charter fleet has held the view of "what's good for one is good for all." He was sure some people in Gustavus would like the option to catch larger fish.

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REPRESENTATIVE JOHNSON inquired as to the mortality rate on released fish.

MR. HILYARD recalled a white paper ADF&G prepared that showed with the proper equipment that the average mortality rate on catch and release is estimated at five percent. In further response to Representative Johnson, he answered he was not familiar with the fishing practices of the commercial fishermen.

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REPRESENTATIVE JOHANSEN commented that clients want the opportunity to catch something big - which is what is missing with the current Pacific halibut limit.

REPRESENTATIVE JOHNSON remarked that he has not seen any 37-inch fish on brochures [just large fish depicted].

[4:11:14 PM](#)

REPRESENTATIVE THOMAS pointed out commercial fishermen use the same gear so the mortality rate is the same, which is circle "C" hooks and it is simple to release. Also, commercial fishermen sell fish cheaper than charter fish operators, but not everyone can afford to pay for charters. He shared that he has fished at lodge and has never been offered a charter fish, but has caught fish about 28 to 30-inch halibut. He agreed the average fish caught were small fish.

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KATHY HANSEN, Executive Director, Southeast Alaska Fishermen's Alliance;, Board Member, Halibut Coalition, stated that she has fished commercially and holds state limited entry permits for Southeast Gillnet and Power Troll, along with 52 pounds of halibut allocation for Area 2C. She and her husband have participated in numerous fisheries and at one point had a permit for an allocation of 33,000 pounds of halibut. She said she appointed to the NPFMC's Halibut Charter Stakeholder Committee in 2006. She characterized the CSP as an evolution based on participation by charter operators in the committee process and in ad hoc working groups. Additionally, the council process included a ton of testimony. She related that the amount of testimony from communities, subsistence, and unguided recreational sectors, which assisted the council as the CSP evolved through the process. The Stakeholder Committee was charged with reviewing short term, interim, and long-term management for the fishery. The committee was dominated by charter sector representatives who had been long-term charter operators. These charter fishing sector members asked for spend time on developing a limited entry program since they had worked through the IFQ program and spent a lot of time in the process. The charter fishing sector members found that about the time of the final action of any IPHC proposed rule a new influx of operators existed who wanted to start over again. The ADF&G representative made a statement. He said that a third of the charter businesses overturn every three years. She has observed that to be true and suggested it led to the IFQ program being

rescinded. And nearly a third of the new and longtime operators did not qualify for either IFQ or limited entry. Another thing to keep in mind in terms of the limited entry program known as the CSP is that it wasn't meant to address allocation but to identify participants to move forward in hopes that a group would stay long enough into the process and understand the due diligence of the CSP. She said that moratorium limited entry process was fast tracked and a priority of the council. In 2007, final action was taken which is just now being implemented.

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MS. HANSEN pointed out the charter sector pushed for it, but now doesn't like it. She returned to the Stakeholder Committee's work and provided details on the process, including limited entry actions and the development of a long-term program. She related that in December 2005, the state asked to rescind IFQ and identified several things for the committee to consider. One item was to change the GHL to a system tied to abundance and floated with the biomass so everyone shared equally during times of abundance and decline. The allocation options put on table during the second or third meeting were limited to discussions on different methods but the range was never discussed once the council adopted the range allocation motion. Throughout the process during 2005-2008, considerable testimony was given to support an allocation system tied to abundance. In 2007, during the fall meeting the IPHC identified that stocks were declining and the commercial fishing sector. Subsequently, the charter fishing sector asked for guaranteed poundage. In 2008, charter members vied for a two-fish bag limit of historic length. The IPHC members recognized that a two fish bag limit of historic length would not support the sustainability of the fish resource and allow for subsistence and community use. The Stakeholder Committee worked on long-term compensated reallocation plans, which were never finished. In the process of considering four plans the charter fishing sector asked to set the allocation in order to consider which type of long-term plan to support. One issue was the long-term plans required federal and/or state actions to implement.

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MS. HANSEN turned to the GAF plan. The charter fishing sector did not want to purchase IFQs nor predispose what the long-term plan might look like. Some people favored a pool program and others an IFQ program. The result was the charter fishing

sector thought if it could purchase quota plan it would amount to nothing but an IFQ for the long-term evolution of the charter fishing sector. She said that brings us to the CSP in front of us. In October 2007, due to basis of stakeholder committee on an allocation plan, a group of commercial fishermen and charter sector worked to highlight consensus and disagreements. She related that three people presented the "straw man proposal" as a means to move forward with full support of the charter fishing sector and the commercial fishermen fleet. This proposal became the basis for the CSP. She related the proposal voted on in October 2008 contained some elements, including a way to reduce time lag between when an overage occurred and when management measure in place for times of abundance or decline. It set a clear allocation between two sectors. It acknowledged projecting preseason to provide the stability the charter fishing sector desired and a variance for management and precision. She agreed no one was happy with the program, which she thought may represent the best compromise.

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MS. HANSEN concluded that the allocation is fair and equitable. The percentages the charter fishing sector was given are equal to or higher than under the GHL except for times of abundance. She offered her belief that was a deliberative council process and one in which everyone shared the burden. She said that the CSP contains the combined commercial and charter sector catch limit, reflects the abundance of the stocks, requires both sectors to share in the burden of conservation, and it provides a limited market-based allocation transfer in the form of GAF fish. She acknowledged some people misunderstand the GAF. She defined a GAF fish as a market based decision between the charter operator and commercial sector. The commercial IFQ program has very little, tight constraints against leasing. She related the GAF was discussed for many hours and predicted it will be workable in the long run. She said considerations of bait and fuel costs, and crewmember boat share costs help make it viable. She acknowledged some will lease and some will choose not to do so. She explained one reason for selecting 1,500 pounds or 10 percent is since the commercial IFQ has a rollover position that allows a fisherman to carry over up to 10 percent of any un-fished IFQs. The rationale used was that people could lease out 10 percent of their quota, and the used amount is apportioned, with the remainder is available as rollover or can be fished. The charter operator has several means to make determinations on how to value fish, which were discussed during the committee process. She heard criticisms from the charter

sector but she did not agree with the argument that the CSP as the ICHP as setting the allocation. She offered her belief that ADF&G will make projects and essentially set the allocation, with the IPHC implementing the bag limit through a strict, somewhat formulaic plan. She did not view it as discretionary, but acknowledged that the IPHC can set bag limits.

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MS. HANSEN identified that the CSP allows for higher bag limit management measures if the projection shows the catch will be under allocation. She characterized it as one means of fairness built into the program. She offered that ADF&G will get better at projections and management measures will help provide tools to assist in better precision. She heard the GHM mentioned as a benchmark, but the GHM represents the upper bound of the allocation estimated pre-season. In the event that amount was exceeded the council would adjust the management measures, which the court upheld in 2009. Thus, it is misleading to say the CSP represents the first hard allocation. The difference between this allocation and the GHM is the CSP uses proactive management measures preseason as opposed to reactive management that lagged behind by several years.

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MS. HANSEN related a scenario in which a commercial fisherman was not able to meet her loan after expenses. She said that if the commercial fisherman sells the quota shares she will not make enough to pay off the loan payment. She offered her belief that many quota share holders face the same outcome.

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MS. HANSEN recalled Representative Thompson's comments that Southeast Alaska may face an economic disaster. She agreed and said it is the very reasons to support the CSP to take care of the Pacific halibut resource in the long term. She said that having management measures that lag three and four years does not provide a system that errs on the side conservation and does not meet any type of sustainability requirements.

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CHAIR THOMPSON disclosed that he serves as a board member for the CATCH Project.

JEFF SALZER, Project Director, on behalf of the CATCH Project, said the goal of the CATCH Project is to develop a long-term solution and not to advocate for or against the CSP. He provided a brief history of project and potential solutions for the charter fishing sector and commercial fishing sector issues. He related that the industry needs stability and predictability and some nuances and views found within the industry are important. He reviewed to a PowerPoint overview provided to the committee. He explained that the CATCH Project is a nonprofit organization funded by a National Fish and Wildlife Foundation Innovation Fund Grant. The grant was written to research the feasibility of and develop a pool-catch share plan with broad based charter fishing sector support.

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MR. SALZER related that the Alaska Charter Association (ACA) and Southeast Alaska Guides Organization (SEAGO) applied for fisheries innovation grants for a similar purpose. The National Fish and Wildlife Foundation organization suggested the two groups collectively work on the issues so the ACA and SEAGO formed a nonprofit and were awarded a \$205,000 grant and an additional \$70,000 in in-kind industry contributions. The CATCH project seeks to provide potential solutions to three problems. The current management of charter fishing sector allocations, especially in Area 2C does not necessarily translate into fish. Anglers purchase an opportunity to fish and experience all that Alaska has to offer and some of that has been lost with the 37-inch size limit. He highlighted that the dream is to catch the big fish. He acknowledged arguments that demand will always exceed allocation but he indicated that the traditional limits helped to generate repeat clientele in communities that offered opportunities for recreational halibut fishing. Secondly, the regime has not been able to keep industry harvests within allocations, which various graphs depicting Area 2C harvests have shown. Finally, he concluded what works for one does not work for all. Current commercial fisheries management does not meet the needs of the guided recreational fleet. He said that while a particular regime may effectively manage the commercial fishery the same regime may not only be ineffective but may be detrimental when implemented in the guided recreational sector. He related a scenario in which an IFQ holder reaches its quota the commercial fisherman quits fishing. When a charter fishing operator's client has booked a year in advance the operator must refund client's money once they reach their quota. He offered the CATCH Project's view that applying catch shares to a common

class of users rather than an individual has never been done before.

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MR. SALZER summarized shareholders comments that the charter fishing sector sells an experience and opportunity to catch fish but it does not sell fish. He suggested that may be the reason the charter IFQ did not go through. The pooled approach not only addresses supply but catch accountability in management regimes within the recreational business model. He said the CATCH Project hopes to accomplish this by creating nonprofit entities that would purchase IFQ from the commercial sector and hold in trust for the benefit of all charter fishing sector operators. He acknowledged that the IFQ exchange must happen between a willing buyer and seller so this would compensate the commercial IFQ holder and would allow the charter sector to create a buffer to stay within its allocation. The pooled approach could provide stability in lieu of more restrictive management measures and is a long-term solution. He predicted that even if it were implemented today the willing buyer and seller provisions would require patience on the part of the guided recreational fleet. The traditional number of IFQ pounds that would be needed would not meet the immediate needs of the industry but is something that would build up over time. He indicated that while it would not likely solve the charter fishing sector's immediate problems but the long-term advantages would provide significant benefits to the guided recreational fleet.

MR. SALZER provided the concept as three phases. The first phase would be outreach and the CATCH Project plans a grassroots approach by going to individual communities to gain knowledge of preferred alternatives and to hold frank discussions on the issues. He related he already spent 21 days in Southeast and Southcentral Alaska last month to solicit input. Some ideas have been previously discussed, but not under current regulations. The pooled approach as would not require the charter halibut permit holder to become an IFQ owner. He reported that about 90 percent of phase one and 15 percent of phase two of the CATCH Project is completed. The CATCH Project will researching alternatives provided by industry and will hold a stakeholder meeting when the research is concluded to examine options and choose preferred alternatives.

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MR. SALZER related the organization will present its findings and preferred alternatives to the CATCH Project's board and the board will subsequently make decisions on how to proceed. The pooled plan would integrate the recreational guiding sector and commercial sector without requiring ownership by the charter fishing permit holder. The end user is the person gaining the benefit of the fish. The preferred alternatives would give charter fishing sector stakeholders and regulators options that could meet the requirements of the commercial industry and any reallocation would be voluntary and compensated. He emphasized that the charter fishing sector would benefit from increased stability and predictability by being able to purchase a long term buffer which does not require a charter operator to become an IFQ holder. He predicted that the pooled plan would also benefit regulators by providing additional ways to effectively manage the charter fishing sector harvest that does not need to be revisited every year. He also predicted that the pooled plan would benefit the fishery stock, the commercial fishing sector, and the guided recreational anglers.

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REPRESENTATIVE AUSTERMAN asked when the CATCH Project would present its findings to the council.

MR. SALZER answered that the grant spans 14 months. He anticipated that the CATCH Project would hold its stakeholder meeting in October 2011 and should have preliminary results published shortly thereafter.

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REPRESENTATIVE AUSTERMAN asked whether the CATCH Project intended to make this a trailing amendment before the council on the current CSP.

MR. SALZER answered no. He explained his role as project director is to research alternatives and to provide the results. He said it would be up to individual organizations to determine how to use the information. He explained that the scope of the grant is solely research. He suggested that if the research results in feasible alternatives that some user groups may want to discuss the possibility of presenting alternatives to the council.

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CHAIR THOMPSON reminded everyone that public comment period has been extended until September 21, 2011 and comments should be sent to Glenn Merrill, Assistant Regional Administrator, Sustainable Fisheries Division, Alaska Region, National Marine Fisheries Service, PO Box 21668, Juneau, Alaska, 99802, attention Ellen Sebastian, submit electronically www.regulations.gov, fax to (907) 586-7557, or hand deliver to 709 W. 9th Street, Room 420A, Juneau, Alaska.

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ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 4:51 p.m.