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Testimony of Linda Behnken before the U.S. House of Representatives Subcommittee on Fisheries and Oceans, July 6, 2005

My name is Linda Behnken. I am the director of the Alaska Longline Fishermen's Association (ALFA) and am testifying today on behalf of ALFA's membership. Let me start by thanking you for this opportunity to address the subcommittee, and for the time you have taken to travel to Alaska and listen to our comments.

## Introduction

By way of introduction: I have fished commercially since 1982, and have owned and operated a 34 foot combination troll/longline vessel since 1991. I served on the North Pacific Fishery Management Council from 1992-2001. I have been the director of the Alaska Longline Fishermen's Association (ALFA) since 1991. I hold a Master's degree in resource management from Yale University.

With my testimony, I would like to provide you with some background on ALFA's membership, the fisheries in which ALFA members participate, and the strengths and weaknesses of the IFQ management program that governs those fisheries. I will end by offering some recommendations on the establishment of Magnuson-Stevens Act standards for future dedicated access programs, and the importance of designing such programs to enhance opportunities for independent, community-based fishermen.

## ALFA's membership

ALFA's membership is comprised of deckhands and vessel owners who work and operate longline vessels in the North Pacific. Most ALFA members reside in the coastal communities of Southeast Alaska, although the membership also includes some residents of Washington and Oregon. Our membership includes owners of vessels ranging in size from open skiffs to 80 foot halibut schooners, but the majority operate vessels under 60 feet. Members primarily target sablefish and halibut, and many also troll, seine or tender salmon during the summer months.

## The halibut/sablefish IFQ program

As you are aware, the sablefish and halibut fisheries off Alaska are managed under an IFQ program. ALFA actively participated in development of the sablefish/halibut IFQ program, repeatedly reminding the Council that the program must address conservation and safety issues while maintaining the existing characteristics of the fleet, preventing excessive consolidation, providing an affordable entry level and ensuring competitive markets. ALFA joined with other Alaska-based groups to demand the fleet remain primarily owner-operated, with quota shares held by vessel operators. We made clear that our support for an IFQ program was contingent upon provisions precluding absentee-ownership and corporate control of the fisheries or the longline markets. We successfully championed an amendment called the Block Proposal that further limited consolidation and enhanced entry level opportunities. In the end, the IFQ program contained the key elements needed to earn ALFA's support and we worked hard to promote adoption and finally implementation of the program in 1995.

## Evaluating the IFQ program

Alaska's sablefish/halibut fleet has now fished under the IFQ program for 10 years. Without reservation, I will tell you the program has achieved conservation, safety and market objectives. Gear loss, bycatch, and deadloss have all been reduced, as have accidents at sea. The fleet has enjoyed excellent ex-vessel prices and sold more fish on the fresh market than anyone predicted, thanks to competition and innovation in the processing sector. Let me remind you there are no processor shares in these fisheries, which has allowed new and creative buyers to enter the business. (To diverge for just a moment: ALFA recognizes the absolute importance of competitive markets and limits on vertical integration and firmly opposes processor shares in any form.) From most perspectives, the IFQ program has been an unqualified success.

With the advantage of hindsight, I can now see how the program design could have been improved to ensure the stability of the IFQ fisheries and to better achieve socioeconomic objectives. I would like to focus on two design improvements. These are: preventing the growth in a related sector from undermining the stability of an IFQ program—in our case this translates to including the halibut charter fleet in the IFQ program; and, establishing clear program objectives against which the program will be evaluated and allocations can be adjusted on a regular basis.

**Maintaining the stability of an IFQ program-** Early in the process of designing the commercial halibut IFQ program, the North Pacific Fishery Management Council considered including the halibut charter sector in the initial IFQ allocation. The Council did not pursue this option. While initially including the charter fleet in the commercial IFQ program may not have been optimal, preventing the charter sector from eroding the stability of the commercial IFQ program has definitely proved to be essential.

Growth in the charter halibut harvest results in a direct reallocation of quota from the commercial to the charter sector; hence the unchecked halibut charter harvest is currently threatening to de-stabilize the commercial IFQ program. Commercial fishermen working to pay off loans on quota shares can not afford the deduction associated with the reallocation, especially during years of declining halibut abundance as is currently predicted for Alaska. Growth in the charter sector is also causing localized depletion near towns, which in turn disadvantages subsistence and non-guided sport fishermen. In sum, placing most, but not all halibut businesses under the market-based IFQ system has allowed one sector to grow unchecked while IFQ holders pay the cost of conservation and face an unjust reallocation of shares, and non-guided sport and subsistence harvesters face dwindling opportunities.

In response to these and other problems associated with growth in the halibut charter sector, the North Pacific Council adopted an IFQ program for the halibut charter fleet in 2001. The Proposed Rule to implement the program is scheduled for review this summer. The Council spent eight years reviewing options and 8,000 public comments before selecting the charter IFQ program as the best solution to identified problems associated with growth in the halibut charter harvest. Had the charter fleet been included in the initial allocation or included soon after implementation of the commercial IFQ program, the current crisis of uncompensated reallocation from commercial to charter fishermen and localized depletion near many coastal communities could have been avoided. Clearly allowing one sector to grow unchecked at the expense of those investing in an IFQ program creates an untenable situation and should be considered when designing future IFQ programs.

Establishing specific measurable program objectives and scheduling regular evaluation to ensure program objectives are achieved: In establishing the sablefish/halibut IFQ program, the North Pacific Council stated their intent to maintain the existing characteristics of the fleet, including fleet diversity, primarily owner-operated community-based vessels, and an affordable entry level accessible to coastal community residents. Although fleet diversity has been largely maintained through vessel size classes and the fleet is still primarily owner-operated, concessions made to first generation quota holders have provided a loop-hole for *de facto* leasing, and issuance of QS in perpetuity has had unforeseen effects on 2<sup>nd</sup> generation access. The price of quota has risen above what is currently considered a reasonable investment or an affordable entry level for those needing financing to purchase shares. (By way of example: halibut shares currently sell for \$18-22 per pound, yet the ex-vessel price for halibut averages \$3 per pound). As a result, coastal community residents that did not receive an initial allocation or buy shares soon after implementation of the IFQ program can not currently afford access to the fisheries. Over time, program changes may further raise the cost of entry by allowing additional consolidation and absentee-ownership. In sum, the objectives defined for the program prior to implementation are eroding, a process that is jeopardizing second generation participation in the IFQ fisheries by coastal community-based independent fishermen.

These effects clearly underline the importance of initially establishing clear and measurable management objectives and scheduling periodic reviews that allow program modifications or allocation adjustments to ensure that program objectives are being achieved. All future dedicated access programs should include these three elements. Had the North Pacific Council taken these steps, the Council would have a clear blue-print for the program and would have the opportunity to provide disincentives to trends inconsistent with program goals. Modification to the program could now be made to lower the cost of entry to the halibut/sablefish program, actively discourage absentee ownership, and safeguard fleet diversity. For example, the Council could limit the duration of shares or establish partial auctions to lower the entry-level, or provide allocation-based disincentives to absentee ownership of shares to hasten the transition to the owner-operated fleet initially envisioned by the Council. Without these clear objectives and the opportunity for modifications, pressure from well-vested IFQ holders will likely shift programs over time toward absentee ownership, fleet consolidation and high capital costs that may preclude the involvement of coastal community-based fishermen, deepening the gap between the “have” and the “have nots.” With few alternative employment opportunities, coastal communities simply can not afford to lose access to local marine resources.

Magnuson-Stevens standards for future dedicated access programs

Across the Nation, and indeed around the world, coastal communities are in trouble, largely due to the loss of access to

local marine resources. While the halibut/sablefish program is rightly identified as the program designed with the most careful eye toward safeguarding community involvement, some critical components are missing—namely, including all related sectors under an effective management program and the establishment of specific management objectives against which the program can be regularly evaluated and allocations modified to ensure objectives are being met. The absence of these components could jeopardize the stability of the program and the access of future coastal community-based residents to the halibut/sablefish resource off Alaska. Given the limited employment options in coastal communities, access to coastal resources is of paramount importance to coastal residents. Immediate action is needed to maintain an affordable entry level and halt the trend toward absentee ownership that reduces fishermen to the status of share-croppers. Standards for future dedicated access programs must be added to the Magnuson Stevens Act to maintain access opportunities for independent, community-based fishermen. These should include:

- Specific and measurable objectives defining the biological, social and economic goals of the program;
- Scheduled periodic review to ensure consistency with biological, social, and economic goals of the program with the opportunity to modify programs and allocations in order to achieve objectives;
- Maintain active participation in harvesting operations by those holding dedicated access privileges (i.e., prevent absentee ownership)
- Provide entry level opportunities affordable to independent, coastal community-based fishermen;
- Maintain competitive markets that encourage innovation in the processing sector;
- Establish effective limits on consolidation.

## Conclusion

In designing the halibut/sablefish IFQ program, the North Pacific Fishery Management Council articulated a vision for the fisheries that included biological and socioeconomic objectives. However, the Council did not establish measurable objectives against which the program would be periodically evaluated and modified to ensure those objectives were being met. The Council also failed to recognize the threat to the stability of the IFQ program posed by the halibut charter sector. While the sablefish/halibut IFQ program has been an unqualified success from a biological and economic perspective, growth in the halibut charter sector threatens to undermine program stability and the combination of unforeseen effects and program amendments threatens to erode socioeconomic objectives. The halibut charter IFQ program currently under legal review will re-establish program stability, preventing the current reallocation of shares from commercial to charter fishermen. In the absence of Magnuson-Stevens Act standards for dedicated access programs, the socioeconomic effects will be difficult to address.

The North Pacific Council, as well as Councils from other parts of the Nation, paid far less attention to second generation access and socioeconomic effects with other dedicated access programs than were considered in crafting the sablefish/halibut program. As more and more fisheries move toward dedicated access programs, access opportunities for coastal communities must be safeguarded or many coastal communities will disappear. Experience indicates that national guidelines are needed to guide regional councils in the development of future dedicated access programs. ALFA recommends the establishment of Magnuson-Stevens Act standards for future dedicated access programs that include the items outlined above. Only then will the vitality of the Nation's coastal fishing communities be restored.

Thank you for the opportunity to comment.

Linda Behnken

(Executive Director, ALFA)

Attachments: Need for halibut charter IFQ in Alaska  
A call to action for sustainable and diverse coastal fishing communities