

CITY OF UNALASKA  
P.O. BOX 610  
UNALASKA, AK. 99685  
(907) 581-1251 FAX (907) 581-3664



Testimony of Frank Kelty, July 8, 2005, given before the United States House Subcommittee on Fisheries and Oceans concerning the Fishery Management Successes in Alaska and the Reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act

Mr. Chairman and Members of the Committee:

For the record, my name is Frank Kelty, and I am the Resource Analyst for the City of Unalaska, Alaska. Before becoming a Resource Analyst, I worked in the Alaska seafood industry for 30 years in Unalaska as a manager for two seafood processing companies. I also served the community as an elected City Council member for 19 years, the last ten years of which I served as Mayor of the City of Unalaska. In December of 2000, I resigned my position as mayor and council member to become the City Resource Analyst.

The City Of Unalaska with its Port of Dutch Harbor is located in the Aleutian Islands, approximately 800 miles southwest of Anchorage, and 1,700 miles northwest of Seattle, Washington. The community enjoys a strategic location at the center of the rich fishing grounds of the Bering Sea and Aleutian Islands. Over the last 25 years, this community has seen tremendous growth and diversification which can be directly attributed to the commercial fishing and processing industry of the Bering Sea and Aleutian Islands. Unalaska, like other communities in the Bering Sea / Aleutian Islands, is located in one of the most remote areas in Alaska. We are not on the road system with the rest of Alaska, and we don't have a booming tourism industry. What we do have are the marine resources of the Bering Sea, upon which the harvesters, processors and communities depend to survive and thrive economically.

Unalaska's seafood plants process more Bering Sea / Aleutian Island groundfish and crab than those of any other community in Alaska. Since 1988, Unalaska has been the nation's leading commercial fishing port in the number of pounds landed, and in 2003, the community set a national record for volume landed with 908.7 million pounds, the value of which was \$157 million. From 1992 through 1999, Unalaska was ranked number one in the nation in the value of the fish landed, and since 1999, Unalaska has been ranked number two, behind New Bedford, Massachusetts, in value of fish landed.

However, Unalaska continues to hold the national record in dollar value of seafood processed in a year; that record was set in 1994, with the value of the catch in Unalaska at \$224 million.

The Pollock fishery of the Eastern Bering Sea makes up approximately 85% of the fishery landings for Unalaska. This fishery is the nation's largest and most valuable with annual quotas in the 1.4 million metric ton range, or three-billion pounds, which clearly shows the importance of that fishery to Unalaska and other fishery-dependant communities in the Bering Sea.

The Alaska seafood industry is the State's largest private sector employer, providing over 35,000 jobs, and it is second only to the oil and gas industry in providing revenues to Alaska's general fund, contributing more than \$90 million in taxes and fees. National Marine Fisheries Service figures show that in 2003, Alaska state fishery resources accounted for 55% of this nation's seafood landings for a total of 5.3 billion pounds valued at \$1 billion.

The City Of Unalaska has been a long-time proponent of conservation. The well being of our community depends on the sustainable use of the resources of the Bering Sea. Virtually the entire local economic base of Unalaska is fishery-related, from fishing and seafood processing, to fishery support functions, such as fuel sales, vessel repair, trans-shipping of seafood products, longshoring, marine equipment sales, groceries sales, vehicle rentals, fishing gear replacement and repair. The seafood industry and support sector businesses provide \$20 million in annual general fund revenues for the City of Unalaska, which is approximately 65% of the \$30 to \$32 million total annual operating budget for the City. I have provided some graphs with my written testimony that give a breakdown of City of Unalaska revenue streams from the early 1990s to the present. For your convenience, I have also included National Marine Fisheries Service reports on the current Bering Sea / Aleutian Island fishery quotas, and landing and value reports that focus on Unalaska and the State of Alaska.

The revenues that come from the seafood industry have allowed the City to embark on a number of major quality-of-life improvements that have changed the face of Unalaska over the past 18 years. Newly built facilities include an elementary school, an award-winning medical health facility, a community center, a new city hall facility, new public works facility, a new library, a state-of-the-art museum, park developments, road paving, utility upgrades, improvements in the high school and the aquatics center, and improvements to City-owned docks. The City has also made hundreds of thousands of dollars in funding available annually to local non-profits that provide such services as mental health care, alcohol and drug abuse programs, daycare programs, nutrition programs for senior citizens, and shelter and support for victims of domestic violence. Upcoming projects include a new power house, new boat harbor, improvements to the landfill and wastewater treatment plant, remodeling the airport, and additional road paving. None of these improvements and programs would have been possible without the investment of well over \$400 million by the seafood industry and support sector business in the community of Unalaska who made these investment decisions knowing that their own future and that of the community is sustained by the well managed, healthy, and strong fishery resource in the Bering Sea and Aleutian Islands.

In Unalaska, we realize that the health and sustainability of the fisheries resource of the Bering Sea / Aleutian Islands is critical to our community's survival. Fishing and seafood processing are all we have; they are our only industry. I have seen first hand what can happen to a community and the industry that supports that community when a fishery resource collapses. I lived and worked in Unalaska when the Bering Sea Red King Crab fishery failed. It wasn't pretty; we went from harvest of 150 million pounds annually down to a closed fishery in three years time in the early 1980s.

The community faced seafood plant closures; support sector businesses failed or left the community; 50% of the City's general fund revenues were gone overnight. This led to massive layoffs and cut-backs in projects. It took years for the City to get back on its feet. (This happen before the Americanization of the groundfish resource in the Bering Sea) Because of what we have seen happen with resource failures in the past, we support the North Pacific Fishery Management Council and the National Marine Fisheries Service in their efforts to set conservative catch limits for each species. For over 28 years, annual fishery quotas have been set at conservative, sustainable levels based on the best science, thorough scientific review, and current research. As an added precautionary measure, the Bering Sea / Aleutian Island quotas for all groundfish combined has been capped at two million metric tons annually, no matter what the recommended Allowable Biological Catch (ABC) levels. In the past 28 years, there has not been one groundfish stock considered as over-fished in the North Pacific. We do have two crab stocks in the Bering Sea listed as over-fished, but the stocks are currently in aggressive rebuilding plans. It should be noted that these two crab stocks, most likely, were impacted by climatic factors, rather than fishing activity.

The review process in the North Pacific is substantial for the setting of annual fishing quotas. After annual stock surveys are completed, stock assessment scientists recommend ABC levels for each species. These recommendations are reviewed by the Council's groundfish plan team (the Council also has a plan team for crab stocks). The data is further reviewed by the Council's Scientific and Statistical Committee (SSC) prior to the Council setting of the Total Allowable Catch (TAC); the TAC is always set below the ABC level recommended by the SSC, and far below the over-fishing level. Science and research programs in the North Pacific are a priority for the North Pacific Council. The Council incorporates the science and research with reporting requirements, in-season management, industry-paid observer programs, conservative catch limits, limits on bycatch and discards, and habitat protection measures, all of which is done in an open and transparent process that involves stakeholders at all levels.

The Council system was designed to work at a regional level that allows maximum participation by the stakeholders, which is critical for fishery-dependant communities such as Unalaska whose livelihood may depend on the decisions made at the Council level. The North Pacific Council meetings allow many opportunities for public testimony, both written and oral, before the SSC, the Advisory Panel, and the Council. The Council also appoints many working committees that include stakeholders from all industry sectors and the environmental community, with assistance from agency members who work on specific issues. Considering the record of the North Pacific Council in the management of the federal water fisheries in Alaska over the past 29 years, it is hard to challenge a system that has worked so well in the long-term sustainability of the marine resources of Alaska. The North Pacific Council is now viewed as a model by many other fishery councils across the country. And has even been praised, by some environmental groups.

One of the major points in the successful management system in the North Pacific is that it is based on the use of the advice provided by the 15-member Scientific and Statistical Committee panel. Following their recommendations has led to science-based management decisions that have, in turn, led to sustainable fishing quotas. The North Pacific Council has successfully used the rationalization programs in their reduction efforts in specific fisheries. The nation's largest fishery, the Bering Sea Pollock fishery, operates entirely as a cooperative management regime. The Halibut/Sablefish fishery operates as an Individual Fishing Quota (IFQ) fishery. The Bering Sea/Aleutian Island Crab rationalization program, which is a rights-based program, goes on line this year, and the North Pacific Council is considering a Gulf of Alaska Groundfish rationalization program.

In addition, the Council uses license limitation programs in other fisheries in the North Pacific to mitigate over-capitalization. We believe it is very important that the authority for these types of decisions remain at the regional council level.

Habitat protection is another key element in the future of the fisheries; the North Pacific Council takes habitat impacts into consideration in all of their management decisions. The North Pacific Council receives an annual assessment from the groundfish plan teams as a supplement to their annual stock assessment report. Included in their annual report are updates on the status of on-going ecosystem research, local observations from fishermen and coastal people, and new information on the status of sea birds and marine mammals. In an effort to reduce potential impacts on coral, sponges and Rockfish habitats, over 380,000 square miles have been permanently closed to bottom trawling in the North Pacific. Included in those closures are also protected areas for crab, salmon, herring; and other habitat conservation areas, in addition areas for the protection of Steller Sea Lions have been in place for many years.

Coastal communities depend on the ocean resources, and the MSA-managed North Pacific Fisheries have met the subsistence and commercial needs of rural Alaskans. The Community Development Quota (CDQ) program is very successful for the Bering Sea communities, and non-CDQ communities are built upon the sustainability of the marine resources. The North Pacific Council works hard to create management measures that meet conservation needs while, at the same time, supporting a healthy coastal economy. For example, coastal communities in the Gulf of Alaska are allowed to purchase and hold halibut quota shares for community harvesters to use, and the halibut subsistence program has been revamped to allow subsistence fishing activities by certain rural residents and native tribes that hold on to their customary and traditional practices of using halibut to feed their families.

At this time, there are many issues that are of concern to Unalaska and other fishery-dependant communities in Southwest Alaska. The issue of the Steller Sea Lion is far from over. We have seen some recovery of Stellers in some areas of the North Pacific, but the recovery has been slow. Because of the significance of this issue, we support increased research on the possible reasons for the decline, and we are working to support the recovery of this important marine mammal. The emerging possibility of designating segments of the Bering Sea and Aleutian Islands (BSAI) as critical habitat areas for the Pacific Right Whale could have major economic impacts on the seafood industry of BSAI, which, in turn, will impact communities that depend on the fishing industry for their economic livelihood. The possible listing of the Aleutian Sea Otters as endangered is of concern throughout the Gulf of Alaska and the Aleutian Islands. The continued decline Northern Fur Seal and sea birds in the Bering Sea is also a major concern in the region. The decline of many of the crab stocks in Bering Sea is a very important issue that is not well understood and that, therefore, requires increased research efforts. The formation of Marine Protection Areas (MPA) is an issue that could have major impacts in the BSAI and Gulf of Alaska, and it is an issue we will continue to monitor. We believe that the MPA should be formed at the regional council level and should be based on the best science available.

The challenges in the North Pacific for the future are many. They include the ways in which the movement toward an ecosystem-based management plan will allow for the extraction of fishery resources at sustainable levels for both the fish stock and the ecosystem. The North Pacific Council should continue to accommodate fishery-dependant communities in all of its management actions. Work needs to continue on streamlining the regulatory process, including the improvement in the quality of the analyses of all proposed fishery management actions. Although the North Pacific

Council and the industry have done an outstanding job in by-catch reductions and in protection of habitat, we should continue to work on by-catch reduction and habitat protection. Increased research funding is critical to the management process; we need to have the best science available to the fishery managers when they make their decisions.

Thank You,

A handwritten signature in black ink, appearing to read 'FK' followed by a stylized 'Kelty' with a long horizontal flourish extending to the right.

Frank Kelty