

**Alternative Cooperative Exchange  
Report to NPFMC  
April 2016  
Gretar Gudmundsson, President**

- 1) *What measures is the cooperative taking to facilitate the transfer of quota share to active participants, including crewmembers and vessel owners?* The ACE cooperative participates in the Right of First Offer (RoFO) program. Participation in the RoFO program was initially incorporated into the ACE Membership Agreement in 2012 and has remained a Membership requirement since.
  
- 2) *What is the level of participation from cooperative members regarding these measures?* As we reported during the April 2015 NPFMC meeting, between November 13, 2013 and January 31, 2015 there have been 66 unique QS transactions where ACE members were the selling party. Of those sixty-six transactions, five (5/66) were internal reorganizations of ongoing concerns and thus exempt from the RoFO requirement. Of the remaining sixty-one (61/66) transactions, they were all offered for sale through the RoFO program. Of those sixty-one, sixteen sales (16/61) went through the traditional RoFO process. Forty-three (43/61) of the transactions that were offered through the RoFO resulted in “no takers.” However, of the forty-three transactions that were offered through the RoFO, all of the ultimate purchasers are defined as active fishermen for the purposes of RoFO (43/43). Of the two remaining transactions that were offered through the RoFO (2/61) we don’t know if the sale was a result of the QS being offered through the RoFO, but we do know the ultimate purchaser in both instances was an active fisherman. To provide some additional detail, of the sixty-one transactions that were offered through the RoFO, all sixty-one purchasers are active fishermen. Of those, six (6/61) are “boots on deck” crewmembers.

Since the last report to the Council, there have been an additional 11 unique QS transfers involving ACE members as the selling party. Each of these transactions (11/11) was compliant with the RoFO process. Three (3/11) of the transactions involved the transfer of QS to an active crewmember. Eight (8/11) of these transactions involved the transfer of QS to a currently active QS holder. In at least two (2/11) of those transactions the purchaser is an owner/operator.

- 3) *How effective have these measures been?* We feel the RoFO program has been very effective in terms of facilitating QS

acquisition by active participants, including crewmembers and vessel owners. The statistics we provide in the previous section are evidence in support of that assertion.

- 4) *What measures is the cooperative utilizing to address the issue of high lease rates, as they affect crew compensation?* ACE encourages its members to comply with the voluntary lease rate cap of 65% for BBR and 50% for BSS.
- 5) *What is the level of participation from cooperative members regarding these measures?* Several ACE members have their QS fished on ICE vessels. Lease rate information for that QS will be reflected in the calculations included in the ICE cooperative report. Several other ACE members have their QS fished on a vessel owned by ACE members. However, given that only one vessel within ACE is fishing ACE quota, ACE has some concerns over confidentiality and has elected not to request lease rate information.
- 6) *How effective have these measures been?* While we may not have lease rate information specific to ACE, we believe the EDR data clearly shows the voluntary lease rate cap to be effective at keeping lease rates within a range deemed acceptable by the Council. We have included a table 3 from the 2015 Crab Economic SAFE document. The figures related to lease rates for BBR and BSS show that voluntary industry efforts have clearly kept lease rates within the range deemed as acceptable by the Council.
- 7) *What future measures does the cooperative plan to take to address the Council concerns over active participation and lease rates as they affect crew compensation?* ACE intends to continue participating in both the Right of First Offer (RoFO) program as well as the voluntary lease rate cap.

Table 3: Crab Harvest Quota Leasing - Volume, Cost, and Lease Prices and Rates, 2012-2014 Calendar Year BBR and BSS Fisheries

Fishery	Year	Quota type <sup>a</sup>	Vessels <sup>b</sup>		Pounds Leased (1000 pounds)		Total (\$1000)		Cost (\$1000)		Average Lease Price (\$/pound)		Average Lease Rate (% of ex-vessel value) <sup>c</sup>	
			Total	Median	Total	Median	Total	Median	Total	Median	Total	Median	Total	Median
BBR	2012	CVO A	50	65	3,619	\$19,971	\$342	\$5.79	64%					
		CVO B +CPO	42	8	539	\$3,266	\$47	\$5.98	65%					
		CVC + CPC	36	4	172	\$1,006	\$24	\$5.84	63%					
		CDQ	5	71	369	\$2,445	\$485	\$6.05	64%					
	2013	CVO A	51	79	4,425	\$21,974	\$372	\$4.87	64%					
		CVO B +CPO	45	10	778	\$4,013	\$51	\$5.14	65%					
2014	CVC + CPC	37	5	199	\$1,056	\$23	\$5.17	66%						
	CDQ	8	77	713	\$3,753	\$406	\$5.27	66%						
	CVO A	49	89	4,988	\$21,273	\$373	\$4.23	63%						
	CVO B +CPO	40	12	803	\$3,505	\$55	\$4.37	64%						
BSS	2012	CVC + CPC	33	7	215	\$942	\$26	\$4.34	65%					
		CDQ	7	118	826	\$3,700	\$503	\$4.47	63%					
		CVO A	55	640	42,796	\$47,706	\$736	\$1.12	46%					
		CVO B +CPO	47	84	6,990	\$8,752	\$112	\$1.22	46%					
	2013	CVC + CPC	39	48	1,880	\$2,248	\$56	\$1.22	46%					
		CDQ	11	563	6,464	\$8,171	\$742	\$1.26	49%					
2014	CVO A	56	487	34,353	\$40,003	\$558	\$1.15	46%						
	CVO B +CPO	50	78	7,741	\$10,342	\$103	\$1.25	47%						
	CVC + CPC	41	35	1,767	\$2,256	\$43	\$1.23	46%						
	CDQ	11	564	6,409	\$8,660	\$811	\$1.35	54%						
2014	CVO A	55	442	28,465	\$31,021	\$489	\$1.12	46%						
	CVO B +CPO	45	76	5,737	\$6,821	\$98	\$1.21	47%						
	CVC + CPC	35	29	1,111	\$1,376	\$36	\$1.21	46%						
		CDQ	10	423	5,367	\$6,338	\$510	\$1.23	48%					

Source: NMFS AFSC BSAI Crab Economic Data (preliminary findings subject to revision following completion of data validation).

<sup>a</sup>Harvest quota types are categorized in this report as the following: CVO A – catcher vessel owner Class A IFQ; CVO B + CPO – catcher vessel owner Class B IFQ and catcher/processor owner IFQ; CVC + CPC – catcher vessel crew IFQ and catcher/processor crew IFQ. Statistics reported represent results pooled over all quota types and/or regional designations within each category.

<sup>b</sup>Vessels column shows total count of vessel-level observations for fishery-year where both pounds and cost of quota leased were reported as non-zero values; in a small number of observations where leased pounds was reported for a given fishery/quota type but lease cost was missing, the mean price over all complete observations was used to impute the missing data in computing the total aggregate lease cost over all vessels.

<sup>c</sup>Average lease rate statistics by fishery and quota type are calculated as the median of the ratio of lease price to ex-vessel price, over all EDR observations where both ex-vessel and lease pounds, and ex-vessel revenue and lease cost, were reported as non-zero values; both ex-vessel and quota-lease price estimates used in calculations are stratified by fishery and quota type, such that lease rate is calculated relative to ex-vessel value of catch landed on the respective quota type, not the average price by fishery over all landings as reported in Table 1.