

**Alternative Cooperative Exchange  
Report to NPFMC  
April 2017  
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?* For the 2016 year we had CVC sales from one ACE member for a total of 4,052 lbs in a combination of BBR, WBT, EBT, and BSS and like all CVC sales it was exempt from ROFO.

We also had 216,103 lbs. of all variations of QS sold by five ACE members with 100% compliance with ROFO. The breakdown of the buyer is as follows.

<u>Type</u>	<u>Lbs. Purchased</u>
Active Participant	94,174 (44%)
Crab Crewmember	6,500 (3%)
Vessel Owner	182,396 (84%)
Direct vessel Owner	116,089 (54%)
Indirect Vessel Owner	66,297 (31%)
FCMA Vessel Owner	182,396 (84%)
Common Owner	216,616 (100%)

Obviously whatever combination of categories the buyer fell in they all qualified under the common ownership category.

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