

Proxy testimony; Groundfish Agenda Item G4.

Ecotrust – North Pacific Fisheries Trust

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Board Chair – North Pacific Fisheries Trust

Ecotrust has submitted a letter to the Council on this Agenda Item, Accumulation Limits. We strongly endorse the Proposed Framework for the Establishment of Community Fishing Associations presented to the Council February 18, 2009 by The Nature Conservancy and in your briefing book. We believe it is a well thought out document, which is a valuable contribution to the process of defining what Community Fisheries Associations are and how they could operate.

- Specifically we ask the Council to develop guidelines for CFA before the trawl IFQ program is implemented.
- We ask for the following actions by the Council,
  - Develop a framework for CFAs in the current set of trailing actions to be completed by June 2009, including specific accumulation limit rules for CFAs that meet the requirements.
  - Allow entities that qualify for quota share in excess of individual accumulation limits the opportunity to divest if the excess after initial allocation.

Why?

The North Pacific Fisheries Trust is a \$6 million revolving loan fund operating in Alaska and on the West Coast. Our goal is to support community fisheries efforts such as Community Quota Entities (CQE) in the Gulf of Alaska. We also have investments in west coast fisheries that this Council manages.

Two experiences in Alaska with CFA like entities are instructive: Community Quota Entities and Community Development Corporations (CDQ). The NPFT (Trust) works with both types.

CDQs were established 15 years ago and were allocated 10% of overall quota in many species. Today they are vibrant community based economic development engines. Our loan fund is working with one of them to repatriate salmon permits to local communities.

Community Quota Entities were formed 10 years into the Alaska IFQ program and were not allocated any QS and must buy it on the open market. They are both examples of CFAs. One system is healthy, one is not. CQEs hold and lease quota shares to community residents only. Lessees qualify as “owners on board”.

The management processes of both organizations create a sense of cohesion and cooperation at the community(ies) level.

Lesson: Establish CFA type institutions immediately when starting an IFQ program.

How can this work on the west coast?

The problems that CFAs can address (operating like community trusts):

- hold quota at the community level to help reduce debt loads of new entrants (aka intergenerational buyouts)
- users of any gear type can access the quota by leasing for 8% overhead.
- reduce quota mobility (stickiness to the community – aka stability.)
- Take some portion of overall quota off the market which reduces trading volatility.
- Reduces capital requirements for in season needs to cover overages

Having higher accumulation limits for CFAs would help with all these issues!

The Council is about to monetize catch history so it is the “Central Bank”. But it should also act as a “Federal Reserve” (aka 10% adaptive management holdback).

This “reserve” could be allocated to CFAs in each port as a hedge for all the issues mentioned.

In addition, the \$46M trawl buyout used a \$10M appropriation from the federal treasury and a \$36M guaranteed loan which remaining fleet members are paying off. That means however that 22% of the “buyout quota” is still financed/”held” by the public domain.

This could be an additional part of the “reserve” that can be held back for some prudent period while the Council observes the unfolding of the IFQ program. Then it could be allocated to CFA type organization (no gear bias implied). This allows us to continue down the program path but create options to diversify the future fisheries economy.

In conclusion:

We feel that CFA ownership options are an important tool to address various economic and geographic issues (relevant to National Standard 8) and that higher accumulation limits for these entities would amplify their positive effects.

The Council must address these issues in the Trailing Actions process as proposed by the TNC proposal.

Thank you.