

December 2013
Agenda Item C-9

December 9, 2013

Mr. Eric Olson, Chairman
North Pacific Management Council
605 W. 4th Avenue
Anchorage AK 99501-2252

By email to npfmc.comments@noaa.gov

Dear Chairman Olson:

The following report is being submitted under Council agenda item C-9 by the Alaska King Crab Harvesters Cooperative ("AKHC"), a crab harvesting cooperative that participates in the crab program administered by the Council. AKHC is a cooperative corporation organized under Alaska law.

AKHC currently has 16 members that hold catcher vessel owner quotas ("CVO"), catcher vessel crew quotas ("CVC"), catcher processor owner quotas ("CPO") and catcher processor crew quotas (CPC) issued under the BSAI crab rationalization program. This year 2013-2014 AKHC members are holding approximately 4.5% of the major Bristol Bay Red King Crab ("BBR") and Bering Sea Opilio ("BSS") fishery Quota Share. In 2012 AKHC had six members representing about 3.5% of the BBR and BSS quota.

AKHC is currently being reorganized and expects that in 2014-2015 its membership will be similar to 2012-2013 when it had six members. Coop management is currently being transferred to an individual representing one of those six entities.

The following report is intended to answer questions from the Council's February 2013 motion involving crab cooperative measures taken to facilitate the transfer of QS to active participants, including crew members and vessel owners, and available measures taken to address crew compensation including lease rates.

1) What measures is the cooperative taking to facilitate the transfer of QS to active participants including crew members and vessel owners, and vessel owners.

AKHC is following the lead of the Inter Cooperative Exchange by asking that its members voluntarily participate in the "right of first refusal" ("ROFO") in favor of captains, crew and active participants. Please see detailed description provided by ICE in their report. At present, all AKHC coop members are supporting the ROFO program and in 2013 sales were placed through the ROFO.

In addition AKHC is recommending to its members that they aid skippers and crewman who are working on vessels harvesting member crab with down payments and or interim financing for NOAA loans. Such assistance was provided to a vessel skipper.

AKHC believes that these measures will help achieve some of the goals the Council is seeking to achieve and will continue similar work in the future.

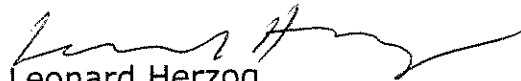
2. What measures are being taken to address the issue of crew compensation and the possible effect of higher lease rates on crew compensation?

AKHC is sharing the concerns of the Council on this issue with its members, especially as to the issue of crew compensation on catcher vessels. AKHC is asking that its members voluntarily follow the ICE lead and try to get their quota harvested on vessels that are not deducting more than 65% of adjusted gross revenues for BBR and 50% of adjusted gross revenues for BSS.

AKHC is aware that several of its members have frozen and or reduced the deductions taken for lease payments on harvest vessels utilizing member quota. AKHC believes that these actions will help stabilize and increase crew compensation on COOP vessels and looks forward to reviewing the EDR data, and as with ICE especially the daily rates of pay being received by crew members to help evaluate this issue.

In the future AKHC will continue to keep its members informed about the Council's concerns in this area and will continue recommending to its members that they have their crab harvested on vessels that are not deducting more than the described lease rates form crew compensation.

Respectfully submitted by Alaska King Harvesters Coop by

A handwritten signature in black ink, appearing to read 'Leonard Herzog', with a long, sweeping horizontal stroke extending to the right.

Leonard Herzog
Interim Manager