

**HOUSE COMMITTEE ON FINANCE
BUDGET REQUEST FOR SUPPLEMENTAL BUDGET 2008-2009**

January 2008

Program Structure: 01 04 02

Program ID and Title: LNR 153 - Commercial Fisheries and Resource Enhancement

I. Introduction

A. Summary of Program Objectives

The program strives to 1) Support and assist in the wise use of and the long-term sustainability of Hawaii's commercial fishery resources through research, monitoring, outreach, collaboration, and management; 2) Coordinate effectively with other resource management agencies, particularly the federal government, in the management of commercial fishery resources for the people of Hawaii; and 3) enhance or improve existing resources through research and development related to stock enhancement and culture, thereby providing increased opportunities for fishing and seafood markets.

B. Description of Program Objectives

To manage marine fish stocks for long-term yields through research, development, and sound fisheries management practices; to ensure the continuation of Hawaii's seafood supply; to monitor resource abundance and availability, thereby ensuring the economic viability of the commercial fishing industry and associated markets; to monitor the activities and catches of commercial fishers so as to determine resource use trends and their impacts on long-term yields; to coordinate management efforts with other resource management agencies so as to ensure long term sustainability of stocks for the benefit of the commercial fishing industry; to supplement existing marine resource stocks through fish culture research and development that has the potential to enhance stocks and provide increased opportunities for the fishing industry, seafood markets, and the people of Hawaii.

C. Explain how the Program intends to meet its objectives in the upcoming supplemental year

The Department manages the State's aquatic resources through a variety of projects that include fishing regulations, fisher licensing, catch reporting, field monitoring, public education, and fisheries research. This enables the Department to effectively manage the State's aquatic resources to ensure their wise, long-term, sustainable use by the people of Hawaii and its visitors.

The Department is currently working to improve the licensing of commercial fishers and seafood markets to monitor their activity and impacts on resource populations. Creating and implementing an on-line licensing website will enable the fishing public and seafood industry to be in greater compliance with licensing requirements. This should reduce the number of unlicensed businesses and better able to monitor the State's seafood industry to evaluate its contribution to the State's economy.

Coupled with the licensing requirement for commercial fishers is a reporting requirement. This report provides timely fishery information to assess the status of the resources. The Department is working to improve reporting requirements so as to collect more complete fisheries information in a shorter time frame. Beginning in FY 2006, procedures to ensure commercial fisher reporting compliance have shown improvements in producing timely landing and sales information to better manage the resources. The Department is planning to add other features to the on-line licensing website to eventually enable fishers to submit catch reports on-line. This will help us to more precisely monitor fishing activity and its impacts on the State's aquatic resource populations.

Bottomfish are deep-sea fish that are an important source of seafood to many fishers and businesses. The Department established a revised statewide system of bottomfish restricted fishing areas in 2006 based on detailed analysis of essential fish habitat as determined by multi-beam sonar studies, coupled with research fishing. A monitoring program is now underway using robotic cameras deployed at depth to determine the effectiveness of these new restricted fishing areas. Such research and monitoring of bottomfish habitats and catches, coupled with revised rules for this fishery, will allow us to recover this stock, which is currently in a federally declared state of overfishing, thereby improving fish populations and providing better fishing opportunities in the future.

The Department works with several federal resource agencies, and non-governmental agencies to develop partnerships and management measures that are mutually beneficial, while sharing manpower and information to maximize limited personnel and budgets. This enables us to ensure the resource's wise, long-term, use by the people of Hawaii and its visitors.

1. The U. S. Fish and Wildlife Service, US Department of Interior which administers the Federal Aid in Sport Fish Restoration program and
2. The National Marine Fisheries Service, US Department of Commerce, which administers the Endangered Species Act, the Marine Mammal Protection Act, the National Marine Sanctuaries Act, the Magnuson-Stevens Fishery Management Act, and other programs.

The Department is taking steps towards applying for an Incidental Take Permit issued by the National Marine Fisheries Service to address negative interactions

between federally protected species and various fishing gears used in State waters, a problem that requires formal solution under the Endangered Species Act.

The program is also implementing the Fishery Disaster Relief Program that provides \$5 million to Hawaii fishers who participated in federally managed fisheries but suffered economic losses due to changing federal regulations. Much of this funding was used to enlist fishers in research projects that provided direct benefits to long term commercial fisheries management.

II. Program Performance Results

A. Discuss the performance results achieved by the Program in FY '07 and '08

A program consolidation was proposed, as a result of an administrative directive to consolidate programs where appropriate, to simplify budgetary program reviews. Subsequent effort involved document preparation to reflect the consolidation of two fisheries programs (recreational and commercial). This consolidation was submitted as part of the administration's budget during the 2007 Legislature. However the Legislature disagreed with the consolidation and granted an additional management position to assist in managing the program as a stand-alone program.

Changes have been made to improve the commercial fishing reporting rate compliance through refusing to renew licenses where fishermen are delinquent in their reporting. This has served to place a greater emphasis on the value of report data as it relates to managing commercially valuable fishes. More recently, efforts are being made to monitor compliance reporting and delinquencies are being followed up on through enforcement investigations. Progress continues on a \$5 million federal appropriation administered by this program to assist fishermen affected by federal regulations and awards have been completed to fishermen who were eligible for this one-time disaster relief assistance. Further, a secondary component of this appropriation was to solicit and fund fisheries research and cooperative industry projects

The Department continued the FAD program by replacing and maintaining the buoys at the 56 FAD sites statewide. The program continues to be funded by 75% federal funds.

Improvements continued to be made in revising the commercial catch report forms initiated in 2002 to collect more fishing effort information to better assess impacts on fish stocks. Prior to 2002, the catch report forms did not completely collect fishing effort information. This information is important to determine the impacts fishing is having on a fish population. This new effort information played a significant role in determining that a state of over-fishing was occurring in the bottom fish fishery. It will also play an important role in providing a basis for future management measures for this fishery. The Department also created a

registry of participants in the bottom fish fishery and is in the process of updating this registry with the help of the federal Western Pacific Fishery Management Council (WESPAC). WESPAC is responsible for managing the fisheries that occur in the federal waters in the Western Pacific region. These efforts are intended to address the over-fishing status of the bottom fish fishery and bring the fishery back to sustainable levels.

- B. Explain how these results relate to the Program's Objectives and Department's mission

These results relate directly to the stated objective of managing the state's marine life and to ensure its long-term economic viability. Improvements in licensing of commercial fishers and reporting of catches help produce more timely and accurate fisheries information, allowing better management of commercial fisheries. With the change in federal mandates under the revised Magnuson-Stevens Act, this improved information also allows more effective monitoring of annual catch limits for shared jurisdiction stocks, providing a mutual benefit. Supplementing natural fish populations with cultured stocks may also result in benefits to the state's seafood supply.

- C. Explain how the effectiveness of the Program is measured and discuss the performance results achieved during the past two years

The Program's effectiveness is measured in the degree of compliance with commercial catch reporting requirements; the enhanced level of catch and effort information resulting from the recently instituted State/federal bottom fish management scheme in the main Hawaiian Islands; the number of fishers receiving assistance from the FDRP; the progress made in understanding the biological needs of the cultured species in our goal to mass produce these species; and reduction or elimination of stocks or stock complexes in federally declared states of Overfishing or Overfished.

- D. Discuss actions taken by the Program to improve its performance results

We continue to work with a website developer to bring the on-line licensing of commercial fishers to the public during 2008. We have also initiated procedures to reduce the rate of non-reporting to render the commercial fisheries data more current. Most specifically, we have formed a bottomfish management team made of state, federal, and scientific professionals to who are working to improve the status of fisheries information on the related to the main Hawaiian Islands bottomfish fishery, which is currently in a federally declared state of Overfishing. We expect to be able to recommend changes to the current management regimen (via administrative rules and proposed changes to statute) for this fishery during 2008. Finally, we have engaged in extensive consultation with federal fisheries managers to determine how State rules and statutes can be made more compatible with the recently revised Magnuson-Stevens Act, which made sweeping changes

to fisheries management in federal waters beyond three miles. Particular effort has been directed toward working toward seamless co-management of joint jurisdiction stocks that occur in both State and federal waters.

- E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications

We are working towards a web-based licensing application to provide easier access to commercial licensing in the hopes that more persons that want to be commercial fishers or dealers will be able to get the licenses 24 hours a day/7 days a week rather than only during state business hours. Implementing new procedures to ensure reporting compliance is intended to collect more complete and timely commercial fishing effort information on which to make better management decisions. The formation of the bottomfish team focused effort on this important fishery in a timely manner. The state is trying to meet specific deadlines consistent with federal requirements.

III. Problems and Issues

- A. Discussion of Problems and Issues Encountered

As Hawaii's population increases, the demands on marine resources for both food and recreation will also continue to increase. It is therefore vital that we properly manage our marine resources to ensure long-term benefits for all residents of the State, as part of our public trust responsibilities. An increasing tourist population will also place more demands on Hawaii's marine resources, as the State is viewed as a desirable destination for charter sport fishing. Vibrant marine life populations will be thus be needed to support the many needs of Hawaii's people and its visitor industry.

Federal mandates, including oversight and administration of federal fisheries disaster relief funds (to assist fishermen affected by federal regulations); monitoring take of threatened and endangered species such as sea turtles and monk seals by fishing activities in State waters; establishment of a registry of marine recreational anglers in order to monitor fishing effort as mandated in the recently re-authorized Magnuson-Stevens Act; and co-management joint jurisdiction stocks, particularly pelagics (tunas, etc.), bottomfish, and precious corals, all continue to tax the program's budget and manpower.

Continuing interest in and progress toward Hawaiian sovereignty has also raised issues of Native Hawaiian gathering and access rights in relation to marine resources. Community interest is growing in terms of creating additional marine protected areas (low or no take zones), and community-based management areas featuring active local participation in resource management or co-management.

B. Program change recommendations to remedy problems

The transfer of a program manager position from one program (153) to another (401) was never completed, and is requested to conform with present budget and administrative structure. The conversion of an existing temporary aid position from FTE 0.49 to 0.50 is needed to conform to a Governor's directive to enhance position benefits and recruitment. An increase in the federal ceiling expenditure will allow support of the Fish Aggregating Device project.

C. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned

On issues of increasing human populations in the State, increased demand for seafood, increased leisure demands that affect aquatic resources, increasing conflicting use over those resources, increased impacts to aquatic resources (from fishing, pollution, environmental degradation), and increasing competition for control over aquatic resources, without a change in priority, there is little change (that is significant) that can be done. Education is key, and a greater proportion of effort is being expended in this respect. Other than this, the Division will continue to allocate funds and manpower requested and focus on problems of greatest apparent urgency.

Marine ecosystems are complex and scientists still do not know exactly how living things interrelate. This fact, coupled with limited resources for research and monitoring of commercially important marine species, means that management of these species will inevitably be less refined than desirable. Despite this, the program strives to maintain a base level of services, attempting to be creative and to develop within current constraints expanded and enhanced services, and more effective management regimes. Nonetheless, even with significant federal assistance and external funding arrangements, there is no substitute for a commitment to core funding for support of priority and long-term needs. As long as it continues to receive only one percent or so of the State's total budget, the Department will remain perennially in a catch-up mode in terms of protecting the State's greatest natural, community and economic asset – its natural resources.

IV. Projected Expenditures for Fiscal Year 2007-2008

	Appropriation Act 213/2007 FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Governor's Restriction s	Estimated Total Expenditures
(Pos. Count)	(11.00)				(11.00)
Personal Services	849,608	4,333	0	0	853,941
Current Expenses	999,477	0	580,000	0	1,579,477
Equipment	0	0	0	0	0
Motor Vehicles	0	0	0	0	0
(Pos. Count)	(11.00)				(11.00)
Total Requirements	1,849,085	4,333	580,000	0	2,433,418
Less:					
(Pos. Count)	(0.00)				(0.00)
Special Funds	300,315	384	0	0	300,699
(Pos. Count)	(0.00)				(0.00)
Federal Funds	667,844	1,396	580,000	0	1,249,240
(Pos. Count)	(11.00)				(11.00)
General Funds	880,926	2,553	0	0	883,479

A. Explanation Of All Transfers Within the Program I.D. And Its Impact On The Program

More federal funds (\$580,000) became available than originally estimated. The majority of the additional funds (\$500,000) are being used for a Fisheries Disaster Relief Program to assist local commercial fishers impacted by federal closures and restrictions. The remaining funds (\$80,000) are necessary due to increases in fuel and deployment cost for maintaining/improving the popular Fish Aggregating Device System

B. Explanation Of All Transfers Between Program I.D. And The Impact To The Program

None

C. Restrictions And Their Impacts On The Program

None

V. Supplemental Budget Request FY 2008-2009

	Appropriation Act 213/2007	Budget Adjustment	Supplemental Requests
	<u>FY 2008-09</u>	<u>FY 2008-2009</u>	<u>FY 2008- 2009</u>
(Pos. Count)	(11.00)	1.00	(10.00)
Personal Services	877,809	(61,137)	816,672
Current Expenses	974,477	80,000	1,054,477
Equipment	0	0	0
Motor Vehicles	0	0	0
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(Pos. Count)	(11.00)	1.00	(10.00)
Total Requirements	1,852,286	18,863	1,871,149
Less:			
(Pos. Count)	(0.00)	(0.00)	(0.00)
Special Funds	300,315		300,315
(Pos. Count)	(0.00)	(0.00)	(0.00)
Federal Funds	667,844	80,000	747,844
(Pos. Count)	(11.00)	1.00	(10.00)
General Funds	884,127	(61,137)	822,990

A. Workload Or Program Request (Description of request, reasons for the request, and desired outcomes or objectives to be accomplished by proposed program. Listing/description of positions requested, and funding requirements by cost category and source of funding)

Convert Fishery Aid I position (#32691) from FTE .49 to FTE .50 because without any benefits recruiting for this position is very difficult.

Transfer out of Program Manager position (#9620) from LNR 153 to LNR 401 as approved by the Governor in December 2005.

Increase the expenditure ceiling by \$80,000 to utilize federal funds from the U.S. Fish and Wildlife Service Sport Fish Restoration Program to pay for higher fuel and deployment cost in maintaining and improving the popular Fish Aggregating Device System.

	<u>MOF</u>	<u>FTE (T)</u>	<u>Personal Services</u>	<u>Other Exp.</u>
Ceiling Increase	N			80,000
Program Manager (#9620)	A	(1.00)	(61,380)	
Fishery Aid I (#32691)	A	(0.49)	(11,613)	
Fishery Aid I (#32691)	A	0.50	11,856	
Totals			(61,137)	80,000

B. For All Position Count Reductions, Please Specify Whether The Positions Were New, Filled Or Vacant

None

VI. Identify Restrictions Carried Over From FY 2007-2008 As Well As Additional Reductions Due To The Department Of Budget and Finance's Budget Ceiling For FY 2008-2009

None

VII. Capital Improvement Projects Requests For Fiscal Year 2008-2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None