

Mr Chair, Members of Board,

Thank you very much for your time and for giving us the opportunity to speak before you today.

My name is Matt Luck. I have spent the better part of the past two decades drift gillnetting salmon and purse seining herring in the Bristol Bay region. I currently sit on the board of the BBRSDA. I am joined by Michael Friccero of Kodiak . We are here representing the Bristol Bay Reserve Association on behalf of its 290 members.

Please consider our testimony today in support of proposals 36, 37 and 238, and in opposition to proposals 41 and 42

Modifying the existing permit stacking regulation to allow one person to hold two permits and fish 200 fathoms of gear will provide a mechanism for the drift salmon fishery in Bristol Bay to continue to move toward 900 -1400 boat level recommended by the CFEC in the last optimum number study conducted in 2005. The mid range of that recommendation is 1150. Since the implementation of permit stacking in 2004 the number of vessels fishing in Bristol Bay has been reduced to an average of approximately 1460. 17 out of the 20 years prior to permit stacking over 1800 boats fished in the Bristol Bay salmon drift fishery.

The adoption of permit stacking has resulted in approximately 250-300 vessels fishing in a dual permit configuration. This has resulted in the increase of the CPUE of every boat by a magnitude of 20- 25% but further, the conservation element associated with permit stacking removes 10,000 fathoms of gear from the water for every 100 permits fished in the dual configuration. With 250 boats fishing in the dual configuration there is 25,000 fathoms less gear in the water than there would be with 1800 single boats with 1 permit on board. The beauty of this model is that every fisher benefits under this scenario. Those that chose to fish with two permits have the advantage of an additional 50 fathoms of gear and those that wish to continue to fish a single permit with 150 fathoms of net are afforded the opportunity of fishing in competition with 20-25% fewer boats while the harvestable surplus of fish is being strained by tens of thousands of fathoms less gear than would be deployed if every boat fished with a single permit. The advent of permit stacking over the past nine years has given us a fleet that has realized increased profitability and consequently has been able to reinvest in gear and technology that has led to a more valuable, sought after product in domestic and global markets. It is no coincidence that in the past nine years the percentage of chilled refrigerated fish delivered in the Bristol Drift fishery has risen from less than 20% prior to 2004 to over 50% for the first time in 2012.

Regarding proposals 41 and 42 which ask the Board to repeal all permit stacking, the Commercial Fisheries Entry Commission in its comments to the Board states that, "dual permit regulations may serve as an important means of fleet consolidation and to reduce fishing effort. The dual permit option also provides a means for an entry level person to participate in the fishery without incurring the costs of obtaining a boat and gear. To the extent that each of these results may help sustain the long term economic viability and conservation of the fishery resource, CFEC supports such options." In fact permit stacking has been an extremely effective tool to help stem the migration of drift permits out of the watershed. In the 8 year period since permit stacking has been in place there has been a net loss of only 15 permits from watershed residents. In the 8 year period prior to 2004 there was a net loss of 109 permits and the 8 years prior to that a net loss of 101 permits. Every Bristol Bay drift net fisherman will suffer severe economic consequences if permit stacking is repealed and we return to the chaos of an overcrowded, conflicted fishery with 1800 boats as we saw in the years prior to 2004.

Regarding proposals 36, 37, and 238 CFEC voices concern that these proposals may result in increased permit values. We contend that increase in permit prices reflect the economic sustainability and profitability of the fishery for which the permit is to be used. The value of Bristol Bay drift permits have seen a high of close to \$300,000 in the late 80s to a low of around \$20,000 somewhere in the time from 2003-2005. This huge range in permit price is simply and solely a reflection of the potential value of the underlying fishery. Extremely valuable fishery, high price. Extremely unprofitable fishery, low price.

CFEC also comments that under the scenario we propose obtaining a second permit for a stacked operation would tend to favor those individuals that have easier access to financial capital. We believe that this is a good thing. One the most serious concerns of the Board of Fisheries has been the importance of doing anything possible to stem the migration of limited entry permits out of the watershed and to help maintain a strong, viable presence of watershed residents in the Bristol Bay Salmon fisheries. This watershed participation in Bristol Bay salmon fisheries has always been and should continue to be the cornerstone of the Bristol Bay economy. There is no one demographic group involved in the Bristol Bay salmon fishery that is better positioned to obtain favorable financing than those watershed residents that have access to BBEDC programs. BBEDC has recently launched a new financing program that is so effective that there are currently 21 loan application in the pipeline. This loan program combined with continued strong leadership within BBEDC and continuation of programs focused on helping the young men and women of Bristol Bay to acquire the skills necessary to run a successful fishing business should guarantee a strong watershed presence in Bristol Bay salmon fisheries for years to come.

In closing, we urge you, the Board members to review and objectively evaluate all of these issues with a particular sense of urgency. Conventional wisdom, comments and observations from ADFG management staff and FRI scientists imply that we are heading into a period of lower than normal sockeye productivity due to the cold water regime we see today in the Bering Sea. The harvest forecast for 2013 is the 4<sup>th</sup> smallest forecast for Bristol Bay harvest since 1997. We believe that proposals 36, 37 and 238 represent a rare opportunity for the board to make one simple regulatory modification to an existing, proven to be effective regulation that ultimately will create a far more robust, sustainable economic environment for years to come for every fisherman in Bristol Bay.