

submitted by:
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Mr. Chairman and Board members,

I'm Eric Beeman. My family and I setnet in the Ugashik district. I want to lend my support to proposal 250, and to setnet permit stacking in general.

I know the Board heard much testimony on this during the December meeting and looking over the PCs for proposal 250, I feel the Board is fully aware of the concerns of BB setnetters on both sides. **My goal here is to provide some new information, along with an in-depth look at some CFEC statistics, which I felt were interpreted incorrectly in their Report No. 12-02-N, Bristol Bay Set Gillnet Permit Stacking.**

The Board has often heard testimony that stacking helps keep fishing families viable. While permit values and operation profitability have been much discussed, two other important issues have gone almost totally unmentioned. I am referring to Shore Fishery Leases, and to DNR Upland Cabin/Site Permits.

Because setnetters need a place to fish, setnet permits are often coupled with State of Alaska Shore Fishery leases. This is an excellent program which alleviates chaos in the setnet fisheries. Most often the leased site has a value that exceeds the worth of the CFEC permit. This makes transferring a permit--and lease--to a non-family member even more scary. On better producing sites, this would like signing over 1/2 ownership in your house. **Would you be comfortable doing this?**

To complicate matters further, the DNR has a program whereby fishermen with setnet leases can acquire a cabin permit for their base of operations while fishing. Of course, to have a cabin permit, one must have an SFL lease, and to have an SFL lease, one must have a CFEC permit. Often this cabin permit is held by an older member of the operation (usually parents) and when these individuals would like to exit the fishery, it would be much preferable to be able to transfer their cabin permit--and SFL lease--and CFEC permit-- to another family member who is already involved in the fishery. Again, please remember that while these older members leave, their needed income is generated by those still fishing. **This is how setnet families operate.**

At the Naknek Board meeting, this was easily the most contentious issue. In fact one Board member stated it was the most difficult decision he had ever made during his tenure. In the end, the Board was influenced by two things. The first was a study by a CFEC economist, which was later shown to be flawed. The second was public testimony almost exclusively from the Dillingham area, much

of it by BBEDC staff and Nushagak Drift fishermen. It was also opposed by the Nushagak Advisory Committee. These forces argued that stacking had done 3 things:

1. Stacking leads to transfers of permits out of the BB watershed area.
2. Permit prices increased due to stacking.
3. Stacking reduces new entrants into the fishery.

In late December I took a hard look at the CFEC data and this is what I found:

1. RE: Argument: Stacking leads to transfers of watershed setnet permits out of area.

Actual data:

1990-- 462 Total setnet permits in BB watershed ownership

2011-- 349 Total setnet permits in BB watershed ownership

21 yr. loss of 113 permits

On average, 5.3 permits/yr. have transferred out of BB watershed

Obviously, permits are being transferred out of the watershed. This is serious and needs to be addressed, but is it caused by stacking? Not according to CFEC figures:

In the 2 years since stacking was implemented: (net figures)

In 2010-- 2 BB watershed setnet permits transferred out of area

In 2011-- 3 BB watershed setnet permits transferred out of area

Basically, for the 2 years we have had stacking (no data for 2012), surprisingly we have a **50% net decrease** in permits transferring out of the watershed.

2. RE: Argument: Permit prices increase due to stacking.

In Kodiak, the only region where stacking was allowed, and then sunseted, permit values **actually rose** after stacking was discontinued.

Actual data:

12/31/2010 (Kodiak stacking sunsets) value of setnet permit \$ 70,700

11/2012(Last month--most recent data) value of setnet permit \$78,100

In Bristol Bay, in the period since setnet stacking was implemented, **both setnet and drift permit values rose.**

Actual Data:

1/2010 (BB setnet stacking begins) value of setnet permit \$ 25,700

11/2012 (Last month--most recent data) value of setnet permit \$ 42,000

1/2010 (BB setnet stacking begins) value of drift permit \$ 83,000

11/2012 (Last month--most recent data) value of drift permit \$ 89,800

Note: during this period BB drift permits reached a peak value of \$ 160,600

In Prince William Sound, another non-stacked gill net fishery, **permit values also rose.**

Actual data:

1/2010 (BB setnet stacking begins) value of drift permit \$ 109,800

11/2012 (Last month--most recent data) value of drift permit \$ 188,000

In fact, during the period that BB setnet stacking has been allowed, 15 of the 16 areas having gillnet fisheries saw an increase in CFEC permit values.

Are we to believe that BB setnet stacking caused values to rise in these other areas also?

An obvious conclusion is that increased catches, coupled with increased \$/lb. caused permits to rise in value. The cause was not stacking, as some have suggested.

3. RE: Argument: Stacking hurts new entrants into the fishery.

Proponents of this argument feel that stacking will allow a permit holder to purchase an additional permit, and thereby create a scarcity of permits on the market. However, for this to happen, the source of the permit would need to be

from outside the existing setnet operation. Again CFEC data seems to show that this has not happened.

Actual data:

In 2010 (BB stacking begins) 72% of transferred permits came from partners, friends, or family.

In 2011 (BB stacking continues) 71% of transferred permits came from partners, friends, or family.

1980-2011 (BB average) 67.3% of transferred permits came from partners, friends, or family.

During the period that BB setnet stacking has been allowed, **transfers from outside the existing setnet operation have actually dropped slightly.**

Also interesting to note that in 2011, 86 BB setnet permits were not fished at all.

State of Alaska data used:

CFEC FISHERY STATISTICS - PARTICIPATION & EARNINGS

CFEC Report No. 12-02-N November 2012

As another note, I just spent about an hour totaling columns on the Index of Comments page for proposal 250. I took great care to avoid duplicating any names. I also omitted the Lower BB AC from the support column, as their support is listed below. Here are the totals pertaining to proposal 250:

Support
98

Opposition
20

This--again-- makes a rather emphatic statement as to how the majority of BB setnetters feel about permit stacking. I hope it is noted.

Board members, please take another look at the benefits of setnet permit stacking. **Its goal is not to make setnet operations bigger, but rather to keep them from getting smaller.** It has done this, and without the side effects that some claim have happened. I can think of no better illustration of this than the following: In 2009, before being adopted, stacking was opposed by all BB advisory committees. This year, prior to the December meeting, it was opposed

only by the Nushagak and Togiak ACs. All other local BB ACs voted to support stacking: Lake Iliamna--**unanimous**, Naknek/Kvichak AC--**unanimous**, Lower BB AC--**unanimous**. This is a very real-world vote of confidence from those who have seen the results from the last three years. Stacking was further championed by the Ugashik, Egegik, and Kvichak Setnet Associations, and by many setnetters around the Bay. This is a system that works, this is a system that keeps family fishing operations viable. I ask for your support in its continuation.

Sincerely,
Eric M Beeman
Pres. Ugashik Setnet Association
Member, Lower BB Advisory Committee