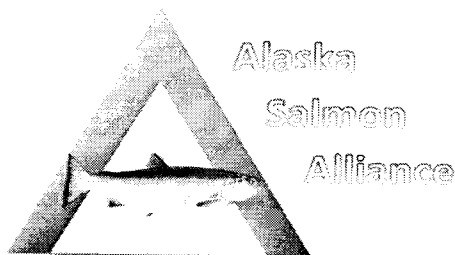


RE 17



"Working for Alaska's Salmon Future Today"

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**Testimony of Arni Thomson, Alaska Salmon Alliance  
 to the Alaska Board of Fisheries  
 Soldotna, Alaska  
 October 18, 2016**

The Alaska Salmon Alliance, is an Alaska-based corporation with offices in Kenai and Anchorage, certified by the the IRS as a 501(c)6, not-for-profit entity in February of 2012. ASA is part of the growing movement of individuals and organizations that support the culture of salmon in Alaska and advocate for research and education to improve science-based salmon management for the benefit of Alaskan communities and all user groups.

**Background on the Alaska Salmon Alliance involvement in Alaska fisheries:**

The ASA Board of Directors represent Kenai Peninsula-based seafood processors: Inlet Fish Producers; Icicle Seafoods; Pacific Star Seafoods; Snug Harbor Seafoods and Fishhawk. In addition, ASA represents Cook Inlet drift boat permit operators and numerous setnet fishing families that operate primarily in Cook Inlet salmon fisheries. ASA processors are major buyers in Prince William Sound and they also operate in Bristol Bay and the Kodiak area, buying not only salmon, but halibut, black cod and Pacific cod.

**The McDowell Report, The Economic Impact of the Seafood Industry in Southcentral Alaska:**

Although Southcentral Alaska is well-known for its world class recreational fishing, it ~~is~~ also hosts a vibrant commercial fishing and seafood industry. I have provided you today with copies of the Executive Summary, June 2015, an ASA contracted in-depth baseline analysis entitled, "The Economic Impact of the Seafood Industry in Southcentral Alaska." The report is based on state and federal databases. The report, and the executive summary are available on our website at [www.aksalmonalliance.org](http://www.aksalmonalliance.org).

The McDowell report provides an overall summary of the Southcentral Seafood Industry and then breaks it out into baseline community economic profiles for Anchorage and the MatSu Borough, Kenai and Soldotna, Homer, Seward, Cordova and Valdez.

The industry directly employed 10,840 people in Southcentral Alaska, including 7,660 regional residents, in 2013. Including multiplier effects, the seafood industry created an estimated 8,130 (FTE) jobs and \$411 million in annual labor income. Commercial seafood generated \$1.2 billion in total economic output in Southcentral Alaska in 2013.

This includes \$685 million in first wholesale value of seafood products and \$501 million in value added through secondary impacts.

A total of 5,729 commercial fishermen live in Southcentral Alaska and participate in fisheries throughout the State. This is nearly a third (32 percent) of all Alaska resident commercial fishermen. Its 2,168 active permit holders, each of which are a small business, grossed \$308 million in 2013, accounting for 38 percent of all Alaska resident commercial income. The Anchorage/Mat-Su sector had 2,880 FTE jobs in the seafood industry with labor income of \$148 million and surprisingly, the City of Wasilla residents had commercial fishing revenue of \$20 million.

The Southcentral seafood processing sector employed an estimated 4,590 workers in 2013 and paid out \$61 million in wages. The workforce included 1,410 resident workers who earned \$20.3 million. The region contains 36 processing plants, including the new state-of-the-art Silver Bay Seafoods salmon plant that began operations in Valdez in the spring of 2016.

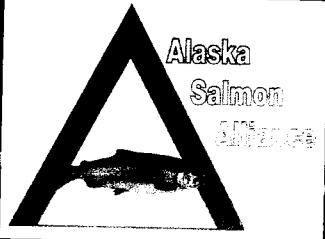
ASA also wishes to point out the intersection of Southcentral Alaska as a major driver in the Washington State and Puget Sound seafood and maritime industry. This is graphically illustrated in a companion study the McDowell Group also completed in 2015 : "Ties that Bind The Enduring Economic Impact of Alaska on the Puget Sound Region." The report was jointly sponsored by Washington and Alaskan-based companies operating in Alaska. One of the largest employers is seafood at 23,900 jobs, 21 percent of the total Alaska related jobs. Alaska-related economic activity in Puget Sound falls into two categories: export-related and natural resource-related. The report is available on the Seattle Chamber of Commerce website.

# ● The Economic Impact of the Seafood Industry in Southcentral Alaska

The commercial seafood industry generates substantial economic benefits in Southcentral Alaska. The industry  in Southcentral Alaska, including 7,660 regional residents, in 2013. Including multiplier effects, the seafood industry created an estimated 8,130 full-time equivalent (FTE) jobs and . The majority of this economic activity is related to regional commercial fisheries; however, Southcentral also contains many resident fishermen who bring home earnings from other Alaska fisheries and the region benefits indirectly from fisheries in western Alaska.

- ▶ **8,130** full-time equivalent jobs created in Southcentral during 2013
- ▶ **\$411 million** in regional labor income
- ▶ **126 percent** growth in residents' gross fishing earnings since 2004
- ▶ **\$70/year** in savings for Southcentral households per year

Prepared by  
**McDowell  
GROUP**

Prepared for  
**Alaska  
Salmon  
Alliance**

# Executive Summary

The Alaska Salmon Alliance commissioned McDowell Group to analyze the economic impact of the commercial seafood industry in Southcentral Alaska and the region's communities. The scope of work includes analysis of economic impacts associated with commercial fishing, seafood processing, hatchery operations, government functions related to Alaska's commercial fisheries, and the broad range of businesses and organizations providing goods and services to the state's seafood industry. Key findings are summarized below.

## Key Findings

- The seafood industry directly employed 10,840 people in Southcentral Alaska during 2013. This total includes resident commercial fishermen and processing workers, hatchery employees, and commercial fisheries management-related staff who worked in the region.<sup>1</sup>
- Two-thirds of the workforce were year-round Southcentral residents (7,660 people).
- In addition to these employment figures, approximately 1,000 fishermen who were not Southcentral residents participated in regional commercial salmon fisheries during 2013. These and other nonresident commercial fishermen are excluded from this report's total employment and income statistics at a local or regional level.
- Direct employment in the Southcentral seafood industry is the equivalent of 4,810 full-time (FTE) jobs. Including secondary (multiplier) impacts, the industry accounted for 8,130 FTE jobs in 2013.
- The Southcentral seafood industry accounted for an estimated \$247 million in direct labor income during 2013. Multiplier impacts generated an additional \$164 million in regional labor income, bringing the total seafood industry-related labor income to \$411 million.
- Commercial seafood generated \$1.2 billion in total economic output in Southcentral Alaska in 2013. This figure includes \$685 million in first wholesale value of seafood products and \$501 million in gross value added to the region through secondary impacts.

### Southcentral Seafood Impacts, 2013

Employment	
Resident Commercial Fishermen	5,730
Processing Workers	4,590
Hatchery/Mgmt. Workers	520
<b>Total Direct Workers</b>	<b>10,840</b>
Direct FTE Jobs	4,810
Secondary FTE Jobs	3,320
<b>Total FTE Jobs</b>	<b>8,130</b>
Labor Income (\$Millions)	
Resident Commercial Fishermen	\$162
Processing Workers	61
Hatchery/Mgmt. Workers	25
<b>Total Direct Labor Income</b>	<b>\$247</b>
Secondary Labor Income	\$164
<b>Total Estimated Labor Income</b>	<b>\$411</b>

Note: Totals may not sum due to rounding.  
 Source: McDowell Group estimates, based on ADF&G, DOLWD, NMFS, industry interviews, and other primary sources.

<sup>1</sup> The term "resident" refers to individuals who reside in the region year-round, or within a specific community if labeled "local resident."

- The seafood industry benefits and is affected by many communities in Southcentral Alaska:
  - The Anchorage/Mat-Su economy includes \$149 million in labor income and 2,880 FTE jobs, as a result of the seafood industry in 2013.
  - Local economies in Cordova, Homer, and the Kenai region each received more than \$50 million in total annual labor income. More than 1,000 FTE jobs in each community/area are linked to the seafood industry.
  - Both major processors are expanding in Valdez, and Seward is adding new capacity to service large vessels. The community of Whittier, in addition to hosting a processing plant, is a key part of the region's transportation network. Over 100 million pounds of seafood products passed through Whittier in 2013 destined for Anchorage port facilities or Lower 48 markets.
- Southcentral was home to 2,168 active commercial permit holders in 2013, each acting as a small business and having the same impact in the economy as other independent locally-owned businesses. The region has 35 primary shore-based seafood processing plants and three non-profit salmon hatchery associations, which enhance pink, keta, coho, and sockeye salmon runs.
- A total of 20 Southcentral communities had collective gross fishing earnings exceeding \$1 million in 2013. Southcentral resident commercial fishermen grossed a total of \$314 million in 2013 (including estimated revenue from tendering fish).
- Salmon is the foundation of the region's seafood industry, accounting for 85 percent of total first wholesale value of seafood produced in Southcentral. Sockeye and pink salmon are the most important species in commercial salmon fisheries.
- Commercial fisheries in Cook Inlet and Prince William Sound accounted for the majority (57 percent) of gross fishing earnings, but Southcentral residents also have a significant presence in commercial fisheries outside the region.
- Commercial fisheries create hundreds of millions of pounds of backhaul for regional cargo carriers. This backhaul lowers the cost of living for all Southcentral residents by offsetting northbound freight rates. It is conservatively estimated that seafood backhaul saves Southcentral households at least \$70 per year.

#### Direct Seafood Industry Employment in Southcentral Communities, Number of Workers, 2013

Community or Sub-Area	Skippers	Crew	Processing	Hatchery/Gov.	Total Direct
Anchorage/Mat-Su Area	724	1,499	1,010	210	3,440
Cordova	298	321	1,050	140	1,810
Homer	455	631	170	20	1,280
Kenai Region	486	718	910	100	2,210
Seward	41	107	520	1	670
Valdez	28	74	610	30	740
Other Communities	136	211	330	15	690
<b>Total</b>	<b>2,168</b>	<b>3,561</b>	<b>4,590</b>	<b>520</b>	<b>10,840</b>

Notes: Does not include commercial fishermen who participate in regional fisheries but reside outside of the region. With the exception of commercial fishermen, figures are rounded and may not sum.

Source: McDowell Group estimates based ADF&G, NMFS, DOLWD, and industry interviews.