

**ALASKA BOARD OF FISHERIES
Salmon Industry Restructuring Committee**

April 7, 2008

Dillingham Room, Hilton Hotel, Anchorage

John Jensen (Chair), Vince Webster, Jeremiah Campbell

TENTATIVE AGENDA *(Draft 3/17/08)*

8:30 a.m. Monday, April 7

Call to order

Introductions

Purpose of meeting

Update on status of proposals

Review of proposals

- #15 - Allow multiple set and drift gillnet permit use in Bristol Bay
- #21 - Allow multiple drift gillnet permit use in Bristol Bay
- #39 - Eliminate 32-foot vessel limit in Bristol Bay

Other proposals?

>For each proposal:

- 1) *Review written material from Dillingham meeting.*
- 2) *Review new information submitted to committee.*
- 3) *Collect comments from meeting participants.*
- 4) *Identify gaps in information (for addressing 11 questions on restructuring proposal form).*

Develop plan for filling information gaps as needed prior to next Bristol Bay meeting

Adjourn (4:30 p.m.)

(updated Mar. 11, 2008)

RESTRUCTURING PROPOSALS from BOARD OF FISHERIES 2004/2005 CYCLE (Kodiak)

<i>Proposal #</i>	<i>Proposed action</i>	<i>Submitted by</i>	<i>Board Action</i>
114	Establish a Kodiak Area troll fishery	Old Harbor, Duncan Fields	Tabled to board's restructuring committee for additional review

RESTRUCTURING PROPOSALS from BOARD OF FISHERIES 2006/2007 CYCLE (Bristol Bay)

<i>Proposal #</i>	<i>Proposed action</i>	<i>Submitted by</i>	<i>Board Action</i>
14	Allow multiple permit use.	Erick Sabo	Failed
15	Allow multiple set gillnet and drift gillnet permit use in Bristol Bay.	Vince Webster	Tabled to 2009/2010 cycle, and referred to board's restructuring committee for additional review
21	Allow multiple drift gillnet permit use in Bristol Bay.	Charles Treinen	Tabled to 2009/2010 cycle, and referred to board's restructuring committee for additional review
22	Allow additional driftnet gear for multiple permit holders.	Bristol Bay Reserve	No Action, based on action on #21
23	Allow additional gear for multiple permit holders.	Konrad Schaad	No Action, based on action on #21
24	Allow additional fishing time, area, or gear for multiple permit holders.	Dominic Lee	No Action, based on action on #21
25	Provide for multiple permit holders.	Peter Thompson	No Action, based on action on #21
27	Allow multiple permit use.	Roland Briggs	No Action, based on action on #21
28	Allow additional time for multiple permit holders.	Todd Granger	No Action, based on action on #21
39	Eliminate the 32-foot vessel length limit in Bristol Bay.	Erick Sabo	Tabled to 2009/2010 cycle, and referred to board's restructuring committee for additional review
40	Repeal 32-foot vessel length limit.	Charles Treinen	No Action, based on action on #39
41	Repeal 32-foot vessel length limit.	Larry Christensen	No Action, based on action on #39
42	Repeal 32-foot vessel length limit.	Todd Granger	No Action, based on action on #39
43	Allow vessels 45 feet or longer.	Roseleen Moore	No Action, based on action on #39
44	Allow use of 42-foot vessels in Bristol Bay Area.	Lower BB AC	No Action, based on action on #39
45	Increase 32-foot vessel length limit.	John Webb	No Action, based on action on #39
46	Allow use of 38-foot vessels in Bristol Bay Area.	John Burns	No Action, based on action on #39
47	Allow use of 38-foot vessels in BB.	Darryl Pope	No Action, based on action on #39

RESTRUCTURING PROPOSALS from BOARD OF FISHERIES 2007/2008 CYCLE (Chignik, Kodiak, Cook Inlet)

<i>Proposal #</i>	<i>Proposed action</i>	<i>Submitted by</i>	<i>Board Action</i>
33	Allow drift gillnetting in the Chignik area	Chignik Seiners Association	No Action, based on withdraw of support from author
34	Allow hand and power trolling in the Chignik area	Chignik Seiners Association	No Action, based on withdraw of support from author
58	Allow fishing of two set gillnet permits	Richard Blanc	Carried as amended: Specified 150 fathom net limit, marking requirements, and December 31, 2010 sunset.
59	Establish a Kodiak Area troll fishery to meet market demand	Old Harbor Fisherman's Assoc.	Failed
110	Allow commercial use of reef net gear for harvest of live fish	Liz Chase	Failed
113	Eliminate area registration for vessel for Cook Inlet and Kodiak salmon fisheries	Gary Jackinsky	Failed

Alaska Board of Fisheries - Restructuring Proposal Form

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Please carefully read the instructions on page 2 before answering the questions.

- 1) What regulatory area, fishery, and gear type does this restructuring proposal affect?
- 2) Please thoroughly explain your proposal. (See Part II, Question 2 of the instructions on page 2 for important guidance on how to answer this question).
- 3) What are the objectives of the proposal?
- 4) How will this proposal meet the objectives in question #3?
- 5) Please identify the potential allocative impacts of your proposal. Is there an allocation or management plan that will be affected by this proposal?
- 6) If the total value of the resource is expected to increase, who will benefit?
- 7) What will happen if your fishery is not restructured as your proposal recommends, and how is this proposal an improvement over current practices?
- 8) Considering the history of the commercial fishery, what are the potential short- and long-term positive and negative impacts on:
 - a) the fishery resource;
 - b) harvesters;
 - c) the sector, species, and regional interdependence relationships;
 - d) safety;
 - e) the market;
 - f) processors; and
 - g) local communities.
- 9) What is your understanding of the level of support for your proposal among the harvesters, processors, and local communities?
- 10) What are the potential short and long-term impacts on conservation and resource habitat?
- 11) What are the potential legal, fishery management, and enforcement implications if this proposal is adopted? What other governmental actions may need to be taken into account?

Submitted By: Name _____ (signature required)

Individual or Group _____

Address _____ Zip Code _____ Phone _____

Instructions for Restructuring Proposal Form

Please answer the questions below as completely as possible. Your response will likely require multiple pages and considerable time and effort. Some questions may not be applicable to your proposal. Some questions may be quite difficult to answer and incomplete answers will not necessarily disqualify your proposal.

Part I: How to determine if your proposal is a "restructuring" proposal

A "restructuring proposal" is a proposal that is likely to have substantial economic, social, and/or biological impacts and may require significant changes to the management of a fishery. The proposed regulatory change may strive to improve the value of a fishery by providing new and increased opportunities to: (1) raise the revenue generated from harvested fish (e.g. through improved quality); or (2) lower the cost of fishing operations; or (3) improve conservation. Such proposals may include (but are not limited to): consolidation of fishing effort or a shift in who harvests the fish, changes in harvest methods used, or allocations of quotas.

Please note that if the board does not have the legal authority to implement the proposed regulation then your proposal may be dismissed or tabled. If your proposal is found to be incomplete, the board may direct you to potential resources or specific agencies you may need to work with. If your proposal is determined to be a restructuring proposal, the board may put the proposal on a special timeline for action to allow for appropriate public input. If the proposal is determined to be incomplete or otherwise needs further development prior to action, the board, at its discretion, may table the proposal for future action. The board may, at its discretion, amend any proposal and move it forward.

Restructuring proposals may have broad ramifications with both positive and/or negative impacts to harvesters, processors, coastal communities, associated businesses and the State of Alaska. Therefore, your proposal should consider the potential impacts of the proposed new regulation on all stakeholders.

Part II: How to Fill out the Restructuring Proposal Form

Question #1: For which fishery management areas and gear type will the regulations be changed? For which specific fisheries?

Question #2: To completely explain your proposal, address the questions below:

- a. Will this proposal require initial harvester qualification for eligibility? If so, how would it work?
- b. Are there new harvesting allocations? If so, how are they determined?
- c. What means, methods, and permitted fishing gear are proposed?
- d. Is a change in vessel length proposed?
- e. Are the transferability of permits or harvest privileges affected? If so, explain.
- f. Is there a defined role for processors? If so, please describe.
- g. Will this proposal be a permanent change to regulation? If not, for how long?
- h. If adopted, will your proposal require a change in monitoring and oversight by ADF&G?
- i. Will vertical integration (e.g. harvesting and/or processing) or consolidation occur? Will limits be imposed?
- j. How do you propose to monitor and evaluate the restructured fishery?
- k. Is there a conservation motivation behind the proposal? If so, please explain.
- l. What practical challenges need to be overcome to implementing your proposal, and how do you propose overcoming them?

Question #3: Restructuring proposals may have many goals that may not be apparent from the proposal itself. What specific changes do you want to occur if this proposal is put into regulation?

Question #4: How and why will your proposed regulation meet the goals and objectives in question #3?

Question #5: A restructuring proposal will often have allocative or reallocative impacts. Please identify those potential impacts. Other than already identified in question #1, what management plans and allocation regulations might be affected? Note that this could include fisheries distant from the fishery being regulated.

Question #6: Who will benefit? Harvesters? Processors? Communities? State? Subsistence users? Etc.

Question #7: How is your proposal better than status quo?

Question #8: Restructuring proposals will have positive and/or negative impacts to harvesters, processors, coastal communities, associated businesses and the State of Alaska. Your proposal is more likely to be judged complete if you try to identify both the positive and negative impacts of your proposal on:

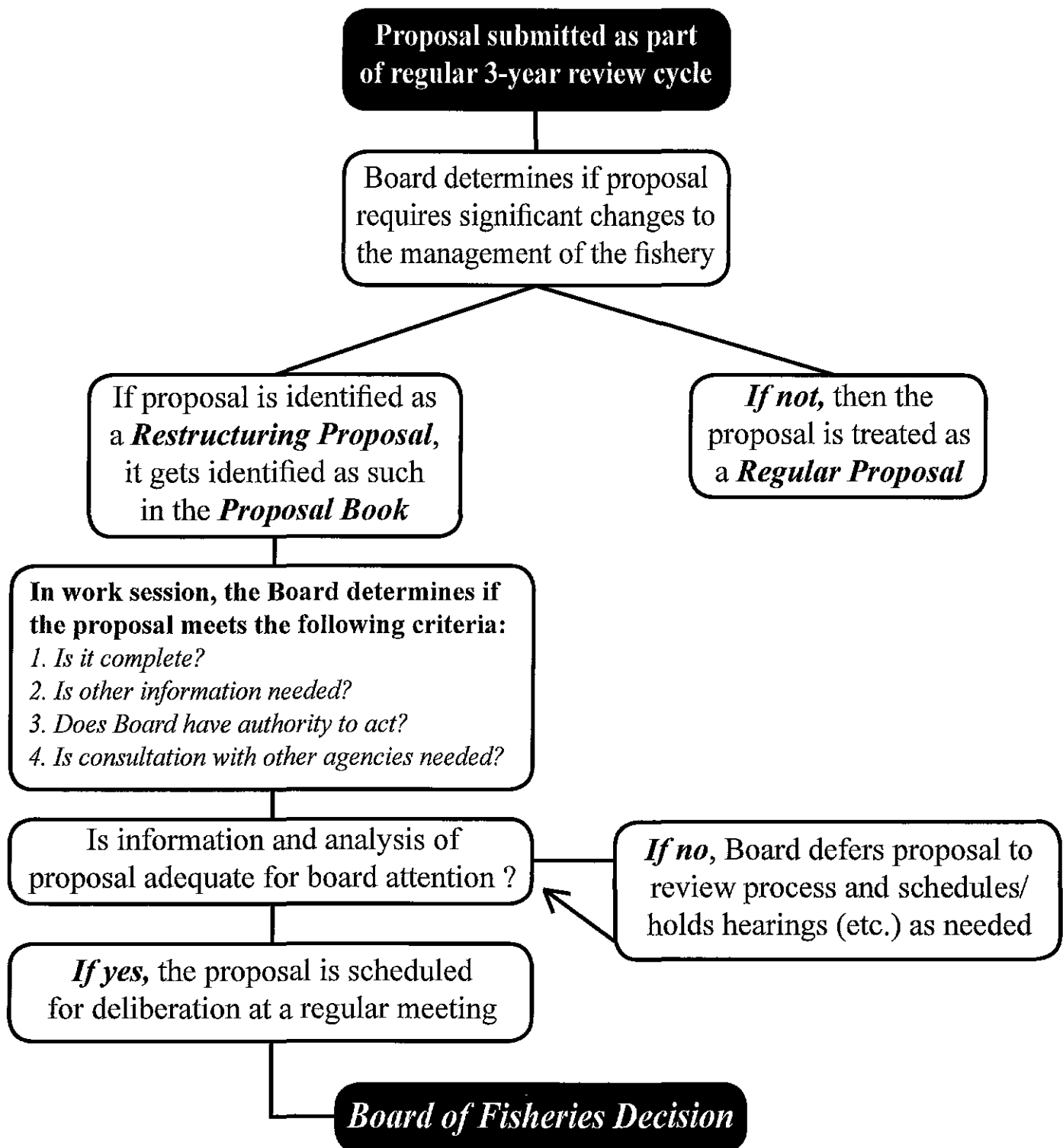
- a) The fishery resource: 1) biological; 2) management system; and 3) economic utilization.
- b) Harvesters: 1) economic efficiency of the harvesting function; 2) species interdependence impacts; 3) harvesting asset ownership impacts; 4) distribution of product value; and 5) market access.
- c) Interdependence: How will your proposal impact other gear types and fisheries targeting other species? How will it affect interactions between regions and within the communities of the region?
- d) Safety: How does your proposal affect safety, if at all?
- e) The market: 1) market access and product form; 2) market timing; 3) competitive opportunities; 4) other, if any.
- f) Processors: 1) economic efficiency of the processing function; 2) species interdependence impacts; 3) processing asset ownership impacts; 4) distribution of product value; and 5) market access.
- g) Local communities: 1) employment enhancement, displacement, and loss; 2) municipal revenue impacts; 3) industry infrastructure impacts; 4) species interdependence impacts; 5) ownership of local harvesting and processing impacts; and 6) gain or loss of associated businesses.

Question #9: Is this a “one-person idea” or does your proposal have broad support?

Question #10: Conservation and development of fisheries resources are major goals of the board and any impacts on these goals, positive or negative, are of high importance. Please explain the likely impacts of your proposal.

Question #11: Restructuring proposals often have legal, fishery management, and enforcement implications that the board will have to address before it can take action. Please identify the potential issues in these areas.

Process for Board of Fisheries Review of Restructuring Proposals



Report and Recommendations
to
Alaska State Legislature

from
Alaska Board of Fisheries

Regarding Salmon Industry Restructuring

February 2006

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1.0 Background

The Board of Fisheries Commercial Salmon Industry Restructuring Workgroup was created by a joint agreement between the Alaska Board of Fisheries and the Legislative Salmon Industry Task Force. The scope of work recommended was as follows:

Examine policy and other options for the Legislature and the Board of Fisheries to properly consider in restructuring Alaska's commercial salmon industry, including identification of research/information and analysis needed on the range of policy alternatives.

During Fall 2004, the Board of Fisheries forms a public panel to focus on the task and develop a plan. Board committee is chaired by Ed Dersham and includes Robert Heyano and John Jensen. Public panel may include a scientific panel and a public panel representative of various industry interests

The public panel develops a plan of action to present to full board: 1) Develop models for restructuring the commercial salmon industry, and 2) Specify research and analysis needed on the range of policy alternatives.

The Board of Fisheries and Public Panel will gather public input throughout the state to develop and analyze models on policy alternatives.

- Board may take written and oral comment at each regularly-scheduled meeting
- Panel may schedule meetings as needed for development of alternatives and receiving public comment on the alternatives.
- Panel receives results of impact studies, if any.

Winter 2005: The Panel will bring recommendations to full board. The full board begins developing findings/recommendations to submit to the Legislature. The board continues to receive public input throughout this process

January or February 2006: The board will present a report to the legislature.

The board members who worked with the panel were:

Ed Dersham, chair

John Jensen

Robert Heyano

Art Nelson replaced Ed Dersham at the October 2005 meeting.

Staff support was provided by:

Kurt Shelly, CFEC

Alan Austerman, Office of the Governor

Cheryl Sutton of Senator Ben Stevens' office

Diana Cote, Executive Director of the Board of Fisheries

Doug Mecum, ADF&G, Commercial Fisheries Director

Denby Lloyd replaced Doug Mecum at the October 2005 meeting

The workgroup consisted of stakeholders appointed by the Board of Fisheries. The board's goal was to appoint a public panel that had broad geographical representation, as well as from various parts of the industry. The following members were appointed:

Steve Brown, Homer
Sam Cotten, Anchorage
Karen Dunmall, Kawerak, Nome
Pete Esquiro, NSRAA, Sitka
Wallace Fields, Kodiak
John Garner, NorQuest Seafoods
Andy Golia, Dillingham
Jill Klein, YR DFA, Anchorage
Stephanie Madsen, Juneau
Chuck McCallum, Chignik
Jerry McCune, Cordova
Kris Norosz, Icicle Seafoods, Petersburg
Bob Thorstenson, UFA, Juneau
Gale Vick, Anchorage
Bob Waldrop, Anchorage
Dr. Charles Crapo, UAF (technical advisor)

The group met several times between September of 2004 and October 2005. The following report and recommendations are the work product of the group and recommendations for the future of the restructuring effort.

2.0 Salmon Industry Restructuring

2.1 Goal Statement

Alaska's commercial salmon fisheries have been in existence for over 125 years. During this time, salmon fisheries have become fully utilized, and the Alaska State Legislature and Board of Fisheries have often imposed statutory or regulatory actions that constrain efficiency to ensure adequate escapements occur to sustain the resource, or to protect those dependent upon fishery resources, including subsistence, personal use, sport and commercial users. These constraints have taken many forms, including time and area closures and gear restrictions that may have increased harvest costs and decreased harvest values. For those who have made investments to harvest, tender, and process salmon, these increased costs limit the economic benefit to participants and Alaska's fishery dependent communities. Because many of Alaska's fishery-dependent communities rely on an economically viable harvesting and processing sector, there can be tension between rules that create inefficient harvesting and processing systems and the goals of harvesters, processors, fishery dependent communities and others dependent upon the fishery resources.

Within various salmon fisheries, the cost of doing business is not always supported by the market value of the production using current management approaches to harvesting. As a result, the status quo may provide an inadequate return on investments and may not provide enough capital to renew the equipment, vessels, and processing facilities needed for the commercial enterprise. In some fisheries the current management approaches to harvesting salmon may not provide the desired level of management flexibility and effectiveness. Therefore, new processes and procedures may be needed to entertain restructuring options for Alaska's commercial salmon fisheries.

2.2 Definition of a Restructuring Proposal

A "restructuring proposal" is a proposal that is likely to have substantial economic, social, or biological impacts and may require significant changes to the management of a fishery. The proposed regulatory change may strive to improve the value of a fishery by providing new and increased opportunities to: (1) raise the revenue generated from harvested fish (e.g. through improved quality); or (2) lower the cost of fishing operations; or (3) improve conservation.

Such proposals may include, but are not limited to, consolidation of fishing effort, a shift in who harvests the fish, changes in harvest methods used, or allocations of quotas (e.g. equal split quota allocations).

2.3 Board of Fisheries Criteria for Review of Restructuring Proposals

Keeping in mind that all proposals must promote the sustainability of fishery resources and be consistent with other Board of Fisheries policies, the Board of Fisheries may consider comprehensive regulatory restructuring proposals, and when doing so may, in addition to other factors, use the following criteria:

- 1) Promote an increased net economic benefit to the participants remaining in the fishery following restructuring:

- 2) Identify possible interactions within and between regions;
- 3) Identify potential mitigation measures for those dependent on the fishery that may be negatively impacted;
- 4) Promote improvements in a fisheries value, product quality, or an increase in efficiency;
- 5) Adequately address biological impacts to the resource caused by changes in management systems and utilization of the resource;
- 6) Promote a healthy fishing economy in Alaska that provides social and economic benefit to communities dependent upon the fishery and contributes to the overall benefit of the resource and the economy of the state; and
- 7) In addition to the criteria above, other factors may be considered as appropriate.

2.4 Process to Review Restructuring Proposals

Restructuring proposals may have substantial economic, social, and/or biological impacts and may require significant changes to the management of a fishery. Accordingly, the Board of Fisheries is interested in ensuring ample opportunity for review and comment by potentially affected regions and fishery participants.

- 1) Submit proposal as part of regular review cycle for a given area. *(Responsibility: Applicant)*
- 2) Determine if proposal is a restructuring proposal. *(Responsibility: Board)*
- 3) Publish restructuring proposals in a separate section of the board proposal book or otherwise identify proposal as a restructuring proposal. *(Responsibility: Boards Support Section)*
- 4) Hold a publicly-noticed work session to determine: *(Responsibility: Board)*
 - a. Is proposal complete?
 - b. Are there outstanding questions or information needed?
 - c. Confirm that board has authority to act on proposal; identify any aspects of proposal where board may need additional authority to make decisions.
 - d. Identify whether CFEC, DNR or other agencies need to be consulted on issues raised by the proposal. If so, bring staff together to schedule work and process.
 - e. Identify proposal's review process and schedule.
- 5) Hold information-gathering public hearing within region if needed. *(Responsibility: Board)*
- 6) Hold other hearings/work sessions as needed. *(Responsibility: Board)*
- 7) Board of Fisheries decision. *(Responsibility: Board)*

2.5 Alaska Board of Fisheries - Restructuring Proposal Form

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Submitted By: Name _____ (signature required)
 Individual or Group _____
 Address _____ Zip Code _____ Phone _____

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Question #11: Restructuring proposals often have legal, fishery management, and enforcement implications that the board will have to address before it can take action. Please identify the potential issues in these areas.

3.0 Recommendations on needed Board of Fisheries Research Capacity and Data, Authority Changes, and Support

3.1 Research Capacity and Needs

As restructuring proposals come forward, three types of research or data will be needed:

1. Permit Latency. Ideally, Board of Fisheries (BOF) would address permit latency in the fishery simultaneous with review and approval of a restructuring proposal. To enable this, we need to identify optional methods, costs, and pros and cons of ways to address permit latency; then enact regulatory or statutory changes needed to implement. (Ideas discussed include creating a registration deadline, requiring permit holders to have gear available to participate in fishery, etc.)
2. Need a simple input-output model, or similar tool, to be able to assess the impacts to communities of various restructuring proposals and minimize unintended consequences of a restructuring decision.
3. Following implementation of a restructuring decision, the state needs to maintain data gathering effort so evaluate the social, biological and economic impacts of that decision.
4. As litigation is settled over the next six months and the question of Board restructuring Authorities is better known, it is worth reexamining this question to see what new research or data may be needed.

3.2 Board of Fisheries Authorities

There may need to be some changes to BOF authorities to enable it to take action on restructuring proposals.

The Board's workgroup had numerous discussions regarding authorities, however much of that discussion centered around the fact that the pending litigation involving the Chignik cooperative fishery would need to be resolved before the workgroup and the Board could fully understand the scope of current authority. With this uncertainty about current authorities, discussion about other additional authority was difficult.

Now that the Supreme Court has decided the Chignik case, the Board feels that it is appropriate for the workgroup to continue its' work and resume the discussion of possible additional authorities.

A Panel Subcommittee is now building upon Panel deliberations to:

1. Develop a matrix that depicts current BOF authorities and where each authority is derived.

2. Review BOF (and CFEC) proposals and challenges from the last few years to identify where and why there were roadblocks or problems. A review of these issues may identify patterns and recurrent issues.
3. Based on work above and other knowledge, develop a Problem Statement that articulates areas where a lack of authority has frustrated BOF (or CFEC) action particularly, but not exclusively, with regard to salmon fishery structure or restructuring proposals.
4. Identify authorities the BOF may need but does not currently have to implement restructuring proposals.

3.3 Board of Fisheries Support

Due to the significant impacts on communities, harvesters, processors and the State that restructuring proposals have, the BOF will need additional support, data and technical expertise to enable it to review these proposals. The Salmon Industry Restructuring Panel recommends the following:

1. **Maintain current data collection efforts/programs.** Responsibility for the Commercial Operators Annual Reports (COAR) has shifted between ADF&G and CFEC because of funding shortages and changing priorities. The COAR data, fish ticket data, and fish harvesting and employment estimates are currently funded either fully or partly with federal grants. In recent years the amount of federal funding for these projects has been decreasing. At a minimum the State must maintain its current data collection programs in order to maintain a reliable continuous source of fisheries data for economic analysis.
2. **Conduct an in-depth study to determine the kind of additional data needed to connect crewmember information to existing fisheries data,** its value for fishery analyses, and the industry's willingness to provide additional information. Do this prior to embarking on a new crew data collection project.¹
3. **Create an electronic fish ticket reporting system for salmon and put it into use.** ADF&G has proposed an FY 07 budget increment to accomplish this.
4. **Hire two staff with knowledge of fisheries, economics and research techniques (could be at ADF&G, CFEC, DCCED) to conduct research and respond to inquiries BOF will have to analyze restructuring proposals.** An Economist II and Research Analyst III are recommended. Cost of accomplishing this, in FY 05 dollars²:

¹ Crewmembers can not be linked to a particular fishery or area, so it is not possible to know if the crewmember fished, where they fished, how much they fished, how many crew fished from a vessel, or how much they earned. It is also not possible to associate crew salaries or crew earnings with a particular fishery or area. Some economists assume that crewmembers are hired from the permit holder's home town and attribute the crew's earning and tax information to the permit holder home town, an assumption which may not be correct.

² These figures and other recommendations herein excerpted from, "State of Alaska Data Collection Programs and Needs: A Report to the Salmon Industry Restructuring Panel," Susan M. Shirley, March 2005; ADF&G Special Publication No. 05-05.

Personnel	
Economist II	\$67,000
Research Analyst III	\$67,800
Other:	
Computer equip & software	\$6,000
Basic Office supplies	\$500
Travel	\$2,000
TOTAL	\$144,100

Since the efforts above will be of benefit to the BOF and CFEC in its regular work as well, it is recommended that these items be funded permanently, not viewed as one-time expenditures. This will also support the higher level of monitoring and data submission that will likely be needed to evaluate medium and long term impacts, including those unanticipated, of salmon fishery restructuring.

4.0 Conclusions

The Board appreciates the recommendations made regarding a process to receive and adequately consider “restructuring” proposals. Since this process is, as yet, untried, the Board intends to generally follow these recommendations as nonbinding guidelines for an interim period of a few years, after which the Board may consider adopting a more formal process for restructuring proposals to be considered. This nonbinding “trial period” is similar to the approach the Board took when it began using its’ committee process.

To ensure that restructuring proposals receive the proper analysis and consideration, it is clear that additional resources are needed to provide adequate staff support and Board meeting time to review and deliberate restructuring proposals.

Throughout the workgroup discussions, pending litigation regarding the Chignik cooperative fishery made discussions about additional Board authorities difficult. Now that this case has been resolved by the Alaska Supreme Court, the Board recommends that the workgroup continue its’ process to further discuss authority and consider making future recommendations to the Board the Legislature for consideration.

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November 30, 2004

To: Board of Fisheries Salmon Restructuring Panel

From: Gunnar Knapp
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Re: Restructuring Data Collection and Research, Part I

This memorandum reviews a few issues related to data collection and research in connection with salmon industry restructuring. I will provide additional comments in subsequent memorandums, including suggestions for specific research that the Panel might sponsor.

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Goals of Data Collection and Research

General Goals

A starting point in thinking about data collection and research related to restructuring is to think about your goals—what you hope to learn. I suggest that your Panel, the Board and the State have five general goals, as listed in the box below.

General Goals of Restructuring Data Collection and Research

1. Monitoring economic and social conditions in salmon fisheries, and providing a baseline for analyzing future restructuring proposals.
2. General analysis of restructuring options and approaches for the purpose of helping permit holders and other stakeholders develop restructuring proposals. Example: BBEDC studies of restructuring options for Bristol Bay.
3. Analysis of general issues related to restructuring that will help to understand potential issues and effects relevant not to multiple fisheries and proposals. Example: analysis of the legal authority of the Board to make various kinds of changes.
4. Analysis of potential effects of specific proposals for specific fisheries, for the purpose of deciding whether to adopt them, or how to modify them.
5. Analysis of actual effects of specific restructuring actions in specific fisheries, for the purposes of (a) deciding whether to continue, modify, or reverse them; and (b) understanding potential effects of similar restructuring actions in other fisheries. Examples: ISER studies of effects of the Chignik Co-op.

The Salmon Restructuring Panel might wish to undertake research for any of these five general goals, but probably most of your research would be related to goals (2) and (3) and maybe (5). In the future, as the Board (and the State) considers specific restructuring proposals, it will likely wish to undertake research mainly for goals (4) and (5). Goal (1) tends to get less attention, but in my opinion if the State did more basic monitoring of economic conditions in our fisheries we would be in a much better position to undertake research for goals (2), (3), (4) and (5).

Specific Goals

For each of these general research goals, you need to think about the specific goals of the research. As the Chignik Co-op has shown, restructuring may have a very wide variety of economic and social effects. The table on the following page lists some (by no means all) of the specific economic effects which the Panel or the Board or the State might wish to learn about in evaluating restructuring proposals or studying effects of restructuring, reviewing the results of a restructuring effort. Beyond these there are also many potential social effects.

It would take a very substantial research effort to examine all of these effects. Thus the Board and the State should either expect to undertake very significant research efforts in connection with each restructuring proposal, or else to have to focus on a smaller number of specific effects which are most important.

Which are the most important effects to study? To answer this you need to think about what you want to know and why you want to know it? If you had the information, how would you use it? What data and research do you need to make decisions?

Examples of Economic Effects of Restructuring About Which the State Might Wish to Collect Data or Undertake Research

Type of effect	Specific Effect	Comments
General economic descriptors and measures	Harvesting	Restructuring may affect not only who is fishing but how fishing is conducted.
	Tendering	Restructuring may affect how and by whom fish are tendered.
	Catches	Restructuring may affect how many fish are caught, where they are caught, and when they are caught.
	Quality	Restructuring may affect how fish are caught and tendered. This in turn may affect the quality of fish delivered to processors and the resulting quality of products made from those fish.
	Products	Restructuring may affect what products are produced from fish, by changing how, when and in what condition fish are delivered to processors.
	Markets	As products and quality change, markets may change.
	Prices	As products, quality, markets, and relative bargaining power change, wholesale and ex-vessel prices may change.
	Costs	Restructuring may affect total costs of harvesting due to changes in how many boats fish, where they fish, and how they fish.
	Strikes	Restructuring may affect how frequently strikes occur in a fishery
	Permit prices	As harvests, prices and costs change, permit prices may change.
Permit ownership	As permit prices and economic opportunities in the fishery change, permit ownership may change.	
Effects on individuals and companies	Permit holders	Restructuring may affect permit holders. Different permit holders may be affected in different ways. The Board or the State may be interested in relative effects on local resident permit holders, other Alaskan permit holders, and non-residents; relative effects on permit holders from different communities; relative effects on permit holders with different catch histories; etc.
	Crew	Restructuring may affect crew in numerous ways, partly because the number of crew employment opportunities may change, and also because how crew are paid may change.
	Tender operators	If changes occur in tendering, tender operators may be affected in numerous ways, partly because of the number of tendering opportunities available and also because of changes in how tender operators are paid.
	Processors	Processors may face substantial changes in how they negotiate with fishermen, the relative distribution of deliveries among different processing plants and communities, and how and when fish are delivered. They may face new opportunities and also new challenges.
	Other businesses	Other businesses ranging from fuel suppliers, airlines, grocery stores, and net repair businesses may all face changes in economic opportunities.
Economic effects on communities	Resident population	As harvesting, tendering and processing change, communities may face numerous economic and social effects. The number of people in the community may change. People may move in or out.
	Taxes	As fish prices and harvests change, fish taxes may change.
	Schools	The number of school children may change, which may affect school funding and whether schools stay open.
	Transportation services	As demand for transportation services (airlines, boat service) by processors and fishermen change, the availability of these services for the community may change.
	Utilities	As the processing sector and the resident population changes, utility payments may change, affecting the economic viability of local utilities.
Effects on other fisheries	Vessel participation	If restructuring reduces the demand for boats on one fishery, those boats may move to other fisheries
	Permit holder participation	If restructuring reduces the number of permit holders fishing in one fishery, they may move to another fishery.
	Market effects	If a fishery begins to develop new products and markets as a result of restructuring, it may compete with other fisheries supplying that market--or it may help other fisheries in developing new products & markets.

I recommend that you think very carefully about what you really want to know and why you want to know it. My experience has been that the most important and hardest part of any research project is figuring out what are the questions that you want to answer. It's easy to spend a lot of money and effort doing research that doesn't turn out to be very useful after you've done it.

It's important to keep in mind the limits to research in addressing the issues faced by the Panel, the Board and the State. Research costs money. Research takes time. Research is limited by availability of data and the complexity of the issues. Research conclusions are inevitably subject to a degree of uncertainty.

But most importantly, research can't answer the fundamental political issues that the Panel, the Board and the State face in about restructuring. These issues relate to our goals for our salmon fisheries. More data and more research can help in understanding better the kinds tradeoffs between different potential goals involved in restructuring. But I think that most people already have a pretty good instinctive understanding about what those tradeoffs are. No matter how much research you do, the real issues are going to come down to what kind of fisheries we want.

Data Collection for Restructuring Research

In thinking about data collection for restructuring research, I recommend that the Panel consider a combination of three approaches: (1) making more use of data that the State already collects; (2) surveys of stakeholders; and (3) new data collection.

Making More Use of Data that the State Already Collects

The State already collects two kinds of data that could be used more effectively to understand potential or actual effects of restructuring. These are:

- Fish ticket data. The fish ticket database—which can be matched to information about permit holders, boats, and buyers—provides a very detailed potential source of information which could be used to track, over time, which permit holders fish, how much they catch, where they catch it, when they fish, and where they deliver—and how all of these indicators change after restructuring, and how they are related to other factors such as where permit holders live and what kinds of boats they have.
- Commercial Operators Annual Report (COAR) data. These data can be used to track how much fish processors buy, what products they produce, and what prices they sell those products for.

By analyzing these two data sets which are already collected and maintained by the State, it would be possible to learn a great detail about the existing situation in fisheries for which restructuring is proposed, as well as changes that occur after restructuring. However, two basic obstacles have kept the State from learning as much as would be

possible from these data: (1) the fact that the data are confidential; and (2) lack of funding for analyzing the data.

Because the data are confidential, they can only be analyzed by either (a) state employees who have been authorized to work with this confidential data.; or (b) contractors for the state who have received authorization. Once they have authorization to work with the data, these employees or contractors must take care not to reveal any information which may be confidential. This means, for example, that they cannot reveal data from which it might be possible to derive confidential information.¹

Both the fish ticket database and the COAR database are large and complicated to work with. The State employees with authorization and expertise to work with these confidential data have other responsibilities and only limited time and funding.

Before the State embarks on efforts to collect new kinds of data, I recommend carefully looking at how the State could use the data it already has more effectively, by finding ways to provide funding for more analysis of fish ticket data and COAR data for fisheries affected by restructuring, and setting up arrangements by which more CFEC and ADFG staff and/or contractors are allowed to work with the data so that staff or contractors are available to do the analysis that is needed.

Surveys

Surveys are an important and valuable option for collecting information about effects of restructuring. A “survey” might be defined as an optional or voluntary (as opposed to mandatory) way of collecting data or information from a set of stakeholders.

There are both advantages and disadvantages to surveys. Advantages of surveys include:

- Surveys provide a way of learning about restructuring effects for which other sources of data may not be available, or are difficult to collect
- Surveys provide a way of learning about attitudes and opinions of stakeholders about restructuring—both before and after restructuring occurs
- Surveys can ask “open-ended questions” which provide stakeholders an opportunity to provide information about restructuring effects which they consider to be important (which researchers may not have thought about or been aware of)
- Surveys can provide a more representative and scientific way of learning about attitudes, opinions of stakeholders, and the effects of restructuring that stakeholders expect or have experienced, than public testimony. In public testimony, it can be difficult to tell the extent to which the people testifying are representative of other

¹For example, because less than four processors have bought salmon in Chignik, all of the COAR data about what processors have paid for salmon in Chignik, what products have been produced from Chignik salmon, and what wholesale prices processors have received are confidential.

stakeholders. An eloquent and persuasive argument for may not necessarily be representative of what other stakeholders are thinking.

Disadvantages of surveys include:

- Unless there is a high response rate to a survey, the responses may not be representative of stakeholders.
- Surveys can be expensive. Doing a survey well—taking the time to design it carefully, test it, follow-up with respondents to ensure a good response rate, and analyze the responses—can cost a lot.
- There is a limit to how much information can be collected from a voluntary survey. Respondents get bored
- Survey respondents don't always tell the truth. Consciously or unconsciously, they may overstate or understate some effects of restructuring in order to make particular point.

One way the Board could collect information relevant to a specific restructuring proposal would be to collect a survey of potentially affected stakeholders, in particular permit holders. This would be a relatively straightforward research task. The Board could send a survey to all permit holders in the fishery asking questions such as:

What kinds of costs do you face in harvesting salmon?
How many crew do you hire? Where are they from? What do you pay them?
Do you support the proposal?
What modifications would you recommend to the proposal?

Surveys also provide a way of learning about the effects of a specific restructuring action. ISER's survey of Chignik permit holders conducted in the fall of 2002 (after the first season with a Co-op) represents an example of this kind of survey.

One advantage that these kinds of surveys would have over many kinds of survey research is that response rates are likely to be higher than is often the case when survey respondents don't have much at stake. If permit holders think that the Board (or the State) is likely to make decisions based in part on their survey responses, then they are more likely to respond.

Surveys require careful planning. One kind of research that the Panel could sponsor would be the development of "prototype" surveys and survey methodologies that the Board could use in the future in studying restructuring proposals. The Panel could also sponsor a more detailed follow-up survey of Chignik permit holders (and potentially other stakeholders) about effects of the Co-op. This could also serve as a prototype for other potential future follow-up surveys.

New Data Collection

The State could also begin to collect new data that might be helpful in monitoring the economic condition of state-managed fisheries, reviewing restructuring proposals, or monitoring the effects of restructuring. I suggest that any new data collection efforts be undertaken only after careful planning. Recall that data collection takes time and effort not only of the people being surveyed, but also the time to enter the data in a computer base, check the data, and analyze and report the data.

The State currently requires that all processors report various economic data on an annual basis in a "Commercial Operator Annual Report. Conceivably, the State could require a similar "Permit Holder Annual Report" in which fishermen would report various information not presently available to the State. If the State were to do this, one useful kind of information to collect would be employment: who worked on vessels fished by the permit holder? What were they paid? Where did they live? Another kind of information would be on costs and profitability: what did the permit holder spend for fuel, insurance, etc.? Where did the permit holder spend it?

The federal government has recently put a great deal of effort and discussion into planning for collecting new kinds of data from participants in certain federal fisheries. The State could learn from studying carefully what the federal government is doing and how it is working.

One area of research that the Panel could sponsor would be a planning effort for potential new data collection from state-managed fisheries. Such an effort could look at what kinds of data could be collected, how the data might be collected and used, and what such an effort might cost.