

Materials submitted to
Board of Fisheries Restructuring Committee from
John Webb

relative to 32-foot vessel limit

To: Alaska Board of Fisheries
Restructuring Committee

From: John Webb
92615 Astor Rd
Astoria, OR 97103
Ph# 503-325-4549
Email: webbslinger2@msn.com
Permit # S03T61670X

RECEIVED
FEB 03 2007
BOARDS

Disclaimer: The comments on the following pages are mine, and they reflect the opinions of a person that is openly biased in favor of larger vessels in Bristol Bay. That is why I wrote proposal #45. Having said this, I have tried my best to answer the following questions as fairly, and objectively as I could, however, these 11 questions, and their many sub-questions are fairly complicated. Some could be interpreted in more than one way, and others require a lot of speculation on events that may or may not happen. Hopefully, this is not too long-winded and boring. – J. Webb.

#1. AREA AND FISHERY AFFECTED (see proposal #45)

Bristol Bay, (Area T), salmon, drift gillnet

#2. EXPLANATION OF PROPOSAL #45

- a. Having larger than 32' vessels in Bristol Bay will not require harvesters to have any regulatory qualifications in order to have such vessels other than the financial wherewithal to obtain said vessels.
- b. Under this proposal, there would be no new regulatory harvesting allocations.
- c. I have proposed to allow the 32' vessel restriction in Bristol Bay to be amended to 42'.
- d. Yes, a vessel length change is proposed, from 32' to 42'.
- e. The transferability of permits or harvest privileges is not affected.
- f. The only role of the processors that might be affected is the ability to be able to launch, haul, and store larger vessels for those companies still storing vessels.
- g. I believe any vessel length restriction regulation should be permanent.

- h. Larger vessels in the Bay should not require any additional monitoring, or oversight by ADF&G.
- i. Yes, some vertical integration could occur. I could see some fishermen using a larger vessel to do some gil and gut processing, especially for peripheral seasons, such as Kings and Silver salmon.
 - I don't believe the rate of consolidation would be any higher in the fleet than there is now with the current permit stacking regulations in place. Consolidation among processors, due to larger vessels that could act as catcher-processors, would be non-existent, because the amount of fish processed by these vessels would be so miniscule, as to not have much effect on full-fledged processors.
 - No, regulatory limits are necessary.
- j. I don't believe a lot of monitoring and evaluating would do any good.
- k. There is no conservation motives behind this proposal.
- l. The proposal would need to be passed and written into regulation by the Alaska Board of Fisheries, then, it is entirely up to the individual fishermen to have a larger vessel or not. This is entirely voluntary! After that, it's just a matter of financing by fishermen to lengthen old vessels, or acquire new ones.

As far as overcoming the challenges of coming up with the money for individual fishermen to do this. Any viable operator can find the funds to do this, if motivated. Banks loan money everyday. Canneries often times bankroll better fishermen, and CDQ Corporations sitting on millions in assets, might even be able to finance local boats.

#3. GOALS

I specifically would hope that if proposal #45 were put into regulation, that we could use larger vessels to increase quality/value of the resource.

#4. POSSIBLE WAYS TO MEET GOALS

With a larger vessel, a person would have so many more options of what he or she could do with the fish. Flooded RSW holds to better “float” the fish. Fish stacked shallower in the holds. The ability to do a little processing during shoulder seasons. More deck space to bleed fish. More room in fish-holds for those fishermen that want to go on extended ice “trips”, and increased fuel economy, are just a few of the many tools to be gained by larger vessels – all of which, puts money into the pockets of fishermen, processors, local governments, etc.

#5. EFFECTS ON ALOCATION AND MANAGEMENT PLANS

I don’t believe 42’ vessels would affect any ADF&G management plans or allocation plans specific to any one gear type in Bristol Bay, or affect any other Alaskan fishery, due to the terminal nature of the Bristol Bay fishery.

It is perceived, that those fishermen who have a larger, vessel than their competitors, will have a much larger catch. This quite possibly could be true, however, you must remember, that all vessels, regardless of size, will fish the same amount of time, and (potentially), fish the same amount of gear*. There are other factors that contribute to a vessel’s ability to catch more fish other than size. Draft, speed, and maneuverability also play a role in how efficient a boat is at catching fish. For example – I could be fishing my 42’ gilnetter that draws 40” of water to the best of my ability, but, if I were to be fishing a 32’ jet boat that drafts 16”, to that same ability level ,I quite probably would have a larger catch.

#6. BENEFITS

If we increase the value of the resource using larger vessels I am sure it will be because those vessels are delivering a higher quality/higher value product. Having said that, fishermen who use those vessels will likely benefit the most. Harvesters who do not

*There are dual permitted vessels (200 fathoms of gear) and single permitted vessels (150 fathoms of gear). Regardless of vessel size all skippers have the option of operating their boat with 1 or 2 permits!

have the larger vessels may, or may not, get their piece of the pie. It will be up to the individual to determine if the financial risk is worth the return.

- Processors that have vessels that produce higher value product will benefit financially.
- Local communities will benefit from larger vessels directly through higher fish tax revenues, however, if local individuals that make up the community do not take advantage of larger vessels, the community may not gain as much benefit as is possible.
- The State could benefit from a higher value resource, in that it could help a region that is dependent on one natural resource, become more independent of State funded financial aid, during years of poor fish runs.
- Subsistence users would not benefit from a higher value resource unless they are selling, or bartering their catch. In which case, supply and demand factors would take over and they could benefit.
- Commercial fishing is a technology based industry. If looked at strictly from an efficiency standpoint there are, few, if any people, who could come up with a credible argument against doing this. However, from a social impact standpoint there may be many credible reasons for not doing this. Number one among these is:

“As a fisherman that can’t afford to take advantage of fishing a larger vessel, I won’t be able to compete with my smaller vessel, and I will be forced to leave the industry, maybe even the region I was born, and raised in”.

Unfortunately, a global economy has no conscious. This leave no fisherman behind model is not a good way to build a competitive, efficient industry, but if the Board of Fish thinks that this is important enough, maybe, instead of holding back the most successful and innovative fishermen in the fleet, the Board of Fish/State of Alaska, should be looking at ways to gain financing for these local people, so our entire industry can move forward, in order to better compete in the world marketplace.

#7. STATUS QUO

Proposal #45 is better than the status quo, in that it allows Bristol Bay fishermen a better tool to produce a much higher quality/higher value product than we do now, therefore, insuring that our sockeye will be able to compete with farmed fish, and other wild salmon products.

#8. POSITIVE AND NEGATIVE IMPACTS:

A. THE FISHERY RESOURCE:

1. The fish of Bristol Bay will not be impacted biologically one way or another, that I can see, by using larger vessels.
2. The management systems in place that ADF&G use will not be affected by larger vessels in the Bay, and ADF&G is neutral on this issue, because it really won't have much effect on any conservation issues.
3. The use of larger vessels in Bristol Bay will positively impact economic utilization by adding value to the fishery resource.

B. THE HARVESTERS:

1. There is no doubt that larger vessels will have the potential to increase economic efficiency for those harvesters that take advantage of using them, but, a larger vessel by itself will not guarantee greater returns without skillful use of said vessel, hard work, and a good return of fish.
2. Note; I was confused on what this question asked. I guessed that it was asking "what positive or negative impacts would happen to those harvesters, (setnetters & drifters), who where interdependent on the same fish of Bristol Bay". I'm sorry if I misunderstood and gave an answer that was not pertinent. With that in mind, here is my answer.

I believe there will be negligible, impacts to harvesters that are interdependent on the salmon of Bristol Bay. The reason for this is, that all vessels will use potentially the same amount of gear, (see answer to question #5), and at the same time, all fishers of a given gear type will fish the same amount of time.

A lot of setnetters feel they will be displaced, and that could be true, but one of the reasons for managing catch by gear-type allocation was to insure that every gear type would be insured a fair opportunity to harvest fish regardless of how another competing gear type was prosecuting their fishery – including the use of larger vessels to drift gillnet.

3. As far as harvesting assets are concerned: there is no doubt in my mind that the value of 32' vessels would be negatively impacted, especially considering that right now, there is a very real shortage of quality 32' vessels available to buy, and those vessels that are available, are commanding inflated prices due to that shortage. It is important to note that the average fishing vessel in Bristol Bay is approximately 20 years old, they are depreciated out, and a lot of them are in moderate to poor condition, and with very few, if any, new vessels being constructed, the current fleet will probably continue to age. Bottom line - it would not be a bad time to infuse some capital into the fishing fleet.

I believe that larger vessels would have a positive long term effect on the value of permits, (both setnet and drift), in that a larger percentage of the pack will probably be of higher quality fish, and that should equate to more money for fishermen, which usually translates into higher values for permits in the fishery.

4. I believe that there is certainly the potential to be able to get more value out of the fish by using larger vessels than 32', but that value is not money that would be redistributed from fishers with smaller boats, but would in fact be value added through a larger amount of higher quality fish that might be able to enter into markets that have previously been denied to Bristol Bay Sockeye due to quality shortfalls.
5. Bristol Bay salmon products compete in a highly competitive, ever changing world market. If, we can supply a wild fish in a high quality product form that is in demand, fishermen and processors will prosper. Currently, we are behind in fish quality and new product production – (fillets). The fact is, if larger vessels produce a volume of higher quality fish than 32'

vessels, we will have a positive impact on access to markets for our fish. Some of which we have never had access too.

C. INTERDEPENDENCE:

1. Larger vessels fishing Bristol Bay would generally have a positive or at worst neutral impact on the local fisheries. Some examples are:
 - The Bristol Bay CDQ Halibut fishery would be much better served by using larger vessels. Higher quality fish and improved safety come to mind;
 - The Togiak Herring fishery. 32' vessels are really stretched to the limit for seining in Togiak, they can do the job, but do not compete well with larger seiners. Gilnetting for herring in Togiak is definitely a volume fishery, and larger vessels can carry larger payloads with a greater degree of safety;
 - Salmon setnetting should not be negatively impacted by larger vessels as long as the drift fleet, and setnetters are managed separately for allocation, but in some cases there might be negative impacts.
2. There are few near-shore small-boat fisheries where vessels from different regions intermingle in Southwest Alaska. Halibut Longlining, (AK. Peninsula), and herring fishing, (Togiak), come to mind. The only impacts I can see in those examples, would be that Bristol Bay fishermen who used larger vessels in those fisheries, could be more efficient, and competitive, with a larger margin of safety.
3. All communities in Bristol Bay will have the potential to homeport and fish larger vessels if proposal #45 were to pass. In saying that, I believe that impacts to communities within the region would mitigate themselves, as vessels from different communities would fish in communities other than where they were homeported. It is highly unlikely that all, or a large majority of those larger vessels would choose to fish, or homeport in any one community within the Bristol Bay region.

D. SAFETY:

1. Over the years, there have been a lot of people drowned, and vessels lost in Bristol Bay due to overloading. Larger vessels would generally be safer, but a vessel is only as safe as the skipper and crew who operate her.

E. MARKET:

1. As stated in section B., (Harvesters), sub-question 4 & 5, value and market access would be enhanced by larger vessels.
2. Larger vessels would not have an impact on market timing that I can see.
3. The only competitive opportunity that I could come up with, was that larger vessels could have the ability, to operate as catcher-processors. If you had that ability, there have been opportunities in the Bay to basically participate in a fishery virtually by yourself, due to the fact, that there have been times when large processors stopped buying, (fall silvers/late reds), eliminating all the other competing catcher vessels. Larger vessels could handle underutilized species and fill small niche markets.
4. I thought of no "other" impacts larger vessels would have on the market.

F. PROCESSORS:

1. I think that economic efficiency for processors could be moderately enhanced by larger vessels fishing the Bay. Some examples:
 - Fewer tenders needed, as larger boats could make dock deliveries a viable tool, not to mention dock delivery bonus \$ to fishermen would be a good thing;
 - Invariably, if larger vessels became a fact of life in Bristol Bay, and if stacking of permits stays in place, I could see a gradual consolidation of the fleet to the point, that it could save a processor money, in that they would not have to finance as many support services, (boat hauling, chow hall, bunk house, etc);
 - If larger vessels could raise the quality of fish high enough to be used in all conceivable product forms processor profits would rise.

2. Presently, there are few species processed at the head-waters of Bristol Bay. A lot of salmon, some herring, and a few halibut. Larger vessels might have a minimal impact at increasing some volumes of certain species for some processors, but unless the fleet used larger vessels to harvest a species like yellow fin sole, (a fishery prosecuted between Togiak and the Nushagak), it is doubtful that any species interdependence impacts would occur to processors.
3. I doubt that larger vessels fishing Bristol Bay will affect processing assets, as the harvest for any given year would remain relatively the same, regardless of vessel length. Some tender consolidation might occur. A few staffing cuts – maybe.
4. Distribution of product values will be affected very little by larger fishing vessels. Higher quality fish produced by larger vessels would generate additional value for the processors, not redistribute it. Product forms processed, market conditions, and supply are more relevant factors than vessel size.
5. Access to markets that are denied to Bristol Bay fish due to low quality could be accessed if fishermen take advantage of the technological options that larger vessels could provide. Benefiting fishermen and processors.

G. LOCAL COMMUNITIES:

1. If the individuals of any given community choose not to, or, cannot take advantage of larger vessels, and if there is consolidation in the fleet because of larger vessels, and or permit stacking, there may be a negative impact to employment opportunities in that community, due to consolidation of that fleet.
2. Municipal revenue would likely go up, if larger vessels were allowed in Bristol Bay. Greater revenue from property tax on vessels that have more value, and increased fish tax dollars come to mind.
3. I think that industry infrastructure impacts would be minimal. Contrary to popular local belief, different length vessels can co-exist in the same harbor.

City docks don't really care about vessel size, and there isn't much more that local governments provide us, that would be impacted one way or another.

4. I feel I covered any species interdependence impacts in answer 8#B and 8#C.
5. It is perceived by some, that larger vessels owned by outsiders will catch all the fish and there will be an outward migration of vessels and permits from the local communities. I don't think this will be the case. I think if proposal #45 passed there would be several local fishermen who "stretched" their old vessels or acquired new ones. Fishermen, regardless of where they live tend to be a tough, adaptable breed. If this proposal becomes regulation I doubt that the villages of Dillingham or Naknek are going to have significantly fewer fishermen. From Port Moller to Ketchikan are salmon fisheries prosecuted with larger vessels, and those communities have been there a long time.

I feel larger vessels would not impact the ownership of large processors in Bristol Bay. They are pretty much all owned by outside interests. However, there is a very real opportunity for locals to take advantage of onboard processing for peripheral seasons such as king, and silver salmon.

6. If larger vessels fish Bristol Bay there may be some shifting of associated businesses, but I think it will be slight. There will always be a need for welders, tendermen, mechanics, grocery stores, fuel docks, etc, etc. Wherever there is a fleet of fishing vessels. In addition, larger vessels would offer the local people a real economic opportunity in that, since, they are larger platforms, they might be used as support vessels for a certain gold mine, or maybe even do research work, as my vessel did from 2001 –2005.

#9. SUPPORT LEVEL

I don't feel this is a one-person-idea. Look at the number of proposals generated this board cycle! If I had to guess, I would say 25% to 40% of the drift fleet/permit holders are in favor of this idea. Unfortunately, not many of them are from the Bristol Bay Region.

I'm sure processors have their own opinions on this issue, but publicly they seem to be neutral on this issue.

The Bristol Bay Borough had a representative testify to the Board that they were against lifting the 32' vessel length restriction, as did all the local advisory committees representing all the communities of Bristol Bay, with the exception of the Lower Bristol Bay Advisory Committee, who were in favor of 42' vessels, and submitted a proposal very similar to proposal #45. If you are looking for unanimous support on anything in Bristol Bay – GOOD LUCK!

#10. CONSERVATION AND RESOURCE DEVELOPMENT

As stated earlier in answer #8A. I don't think conservation, or resource habitat will be impacted significantly by using larger vessels to fish Bristol Bay.

I have written generically about larger vessels furthering the development of the fishery resource, through improved quality of that resource, thereby, empowering fishermen to make more money, but now I want to write about, a specific Bristol Bay resource development story. I fish for Leader Creek Fish, Inc., the only processor who has an all RSW refrigerated fishing fleet. Leader Creek produces H&G Fresh and Fresh Frozen product, but prides itself on it's high quality fillet product. 2.8 million pounds of fillets were produced this year along with 3.25 million pounds of H&G product*. This year Leader Creek penetrated the European fillet market for the first time. 300,000 pounds of product was sold at a very premium price. The catch is, that the buyers of that fish are sticklers for quality. This is a very high quality product! The Leader Creek fleet of fishermen, want to realize a good price for their fish, and have done so by fishing for a processor (Leader Creek) that targets high-end customers, but we have taken the 32' fishing vessel about as far as it can go. We need larger vessels to give us the technological options to ensure we can compete in all markets available to our fish. To keep our fishing vessels in a regulatory vacuum puts us at a disadvantage in the world marketplace.


*processed weight.

#11. LEGAL, MANAGEMENT, AND ENFORCEMENT

I see little, if any legal, or fishery management implications if the fleet uses larger vessels, however, it has been brought up that larger vessels could be used to aggressively intimidate small vessel fishermen. If this were to be the case, I am sure "public safety" or the U.S. Coast Guard would have something to say about it. I'm sure there are laws preventing this sort of thing, but laws are only as good as the enforcement is.

I don't know about you folks, but I'm tired of writing, but I have one more comment. This issue is not going to effect the prosecution of the Bristol Bay drift salmon fishery one bit. This is strictly a socio-economic impact issue. At the end of the day, you, the board members, will have to decide if the benefits of greater efficiency, and more product value in the pockets of probably fewer people is worth the social impacts it creates. But keep this QUESTION in mind, when making your decision. DOES THE BOARD WANT TO TECHNOLOGICALLY STAGNATE OUR BRISTOL BAY SALMON FISHERY SO THAT THEY CAN EXTEND SOCIAL WELFARE TO SOME PARTICIPANTS IN THAT FISHERY?

Sincerely,

A handwritten signature in cursive script, followed by the date "1/30/07".

John Webb

p.s. Thank you very much for the opportunity to participate in this forum!