

Materials submitted to
Board of Fisheries Restructuring Committee from
Stosh Anderson

relative to use of multiple drift gillnet permits

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BOARDS

Mel Morris Chairman BOF & Members
PO Box 115526
Juneau, AK 998011-5526

Re: Restructuring Proposals BB No. 25
17 Res pro

file: 08 03

Dear Sir,

As the BOF reviews proposals for Bristol Bay, I would hope it considers changes that improve the profitability of the fishery as a whole and not increase the total capital invested by all harvesters and processors. Stacking of permits transfers capital value of permits within the fishery and reduces the capital in vessels. This is a reduction of capital that the fishery must support. By making changes that utilize the investment of harvesters and processors more fully the fishery become more attractive to crewmembers and future fisherman in out communities.

Sincerely,

stosh anderson

This is an attempt to address the 11 questions addressing restructuring proposals.

1. Bristol Bay Drift Fishery (SO3T).
2. a. Additional harvester qualifications are optional. If a harvester has a second CFEC SO3T (Drift) permit in possession the permit holder will be eligible to fish 200 fm of gill net from the vessel.

This is an additional 50 fm to the standard complement of 150 fms. This is the same amount of gear currently permitted with two permit holders on a vessel.

- b. There is no direct allocation of fish in this proposal. If you fish additional net you would expect to catch more fish. Total catch is not proportional to net length but has a correlation.
- c. No change in gear. Vessels with two permits now fish 200 fms. Vessels with one permit fish 150 fms.
- d. No change in vessel length.
- e. The transferability of permits are not changed. The privileges are affected for the second permit held by a harvester. Currently a person can hold multiple permits in a fishery but can only exercise privileges of one permit in a fishery. This change will allow the holder of a second permit to fish 150 fms of gear from permit one and 50 fms of gear from permit two.
- f. There is no defined role for processors implied or required. This is a harvester issue.
- g. This proposal is a permanent change to regulations. The proposal is flexible in that economics will contract and expand the number of permit holders holding and using two permits. CFEC has defined an optimum number range for drift permits in Bristol Bay. This proposal will facilitate achieving the reduction of vessels in the fishery. As a second permit may be transferred and used on a vessel by itself in the future or transferred to a permit holder as a second permit there is flexibility to respond to the economics of the fishery.
- h. If the proposal is adopted, ADF&F will have fewer vessels to monitor as CFEC optimum number range is achieved. This will also reduce the total amount of gear in the water so over harvest opportunity is reduced.
- i. Vertical integration is not a component of this proposal. Horizontal integration will occur (consolidation) as is required to achieve CFEC optimum number of vessel in the fishery.
- j. Monitoring of the permit demographics and statistics is ongoing with CFEC and is available in CFEC data base. Evaluation of the affects will be less straight forward, but the stability of the harvesters and economic health of the fleet will be apparent. The ability to attract and hold qualified crew may be the first indicator. As crew experience a healthier and viable fishery they will evolve to become vessel owners and permit holders. I

believe this is an important consequence to residents of Alaska growing up on our coasts to see an attractive opportunity in our fisheries resources.

- k. There is a conservation implication if not a motivation to this proposal. This proposal will reduce the number of vessels in the fishery. The implication is that the remaining vessels will be more viable in good times and bad. The communities on our coast and especially in Bristol Bay will value the fisheries more and the fisheries will provide a good living to those that participate. As other resources are developed in the region they may have a detrimental effect on sustainability of the fisheries habitat and subsequently the fisheries stocks. Economics drive political decisions so we need to promote management strategies that promote the viability of the fisheries.
 - l. Consolidation has transitional consequences that impact unequally. It is important to provide financing to new entrants for Alaska and watershed residents in the fishery.
3. I anticipate that this will facilitate achieving CFEC optimum number that was derived by analysis to the long term health of the fishery.
 4. By allowing fishing privileges of a second permit some permit holders will acquire a second permit for the vessel, this will limit the cost of consolidation to those that seek the use of additional gear. If we were to implement a buy back, all permit holders would have an increased liability to pay for the buy back.
 5. This proposal should not impact the allocation plan that the drift and setnet fishery are regulated by. Fisherman holding a second permit will have the opportunity to use more gear so one would expect more harvest than those that do not hold a second permit. All will be participating in a fishery with less gear in the water. All will be fishing in an improved condition.
 6. This should not directly impact processors or subsistence users. All harvesters will be fishing with less gear in the water. If the harvesters are economically more viable the communities in the State of Alaska and the State of Alaska has a better economic environment.

7. Status Quo dose not achieve the goals of an optimum number of vessels in the fishery.

8. a.
 - 1) I believe there is no biological implication.
 - 2) Managers will have fewer vessels to monitor.
 - 3) The fishery is processor capacity limited for the most part. If the number of vessels is inadequate, permits will migrate from second permit status and increase the harvesting capability.
- b.
 - 1) With fewer vessels in the fishery there is some efficiency of capital and operating expenses. Permit values may increase from to days value impacting new entrants. The present value of permits is less than 30 % of the high values in the past. Permit price may track the ex vessel price per pound of fish more that other issues.
 - 2) As the fishery is primarily a red fishery, interdependence is less of an issue.
 - 3) Vessel values are increasing implying this requires increased revenues to address opportunity costs and depreciation. Permit values may increase benefiting holders on sale. The increased permit values raises the capital required for new entrants. Hopefully the return on investment will support the increase entrance cost.
 - 4) Increased gross receipts will increase crew shares.
 - 5) Market access should increase with fewer vessels in the fishery.
 - c. The impacts outside of the fishery are minimal if any.
 - d) Safety will be affected minimally with fewer vessels in the fishery.
 - e) The market should not be impacted by this.
 - f) Processors will deal with fewer vessels. This may have some impact on tender requirements. Any tender saving will be less than a proportional reduction of vessels.
 - g) The impact on local communities will be long term. If the assumption that CFEC optimum number is valid and the harvesters are financially strengthened, the communities that permit holder and crew members reside are beneficiaries.

9. There is broad support and resistance. Change is difficult at times but that doesn't imply it isn't the right thing to do. The State Legislature changed statute to allow this proposal to be adopted.
- 10) The proposal is designed to achieve the goal of CFEC optimum number analyses. The burden of paying for the cost of reducing the number of vessels will be born by choice by those who may benefit most. Other methods other than outright grants to achieve the optimum number will place debt on all future permit holder regardless of their ability to pay.
- 11) The legal hurdle has been addressed when the legislature changed statutes to allow this regulation. Management may be simplified but not substantially.