

Permit Stacking

Board of Fisheries Proposal #51

General Considerations

- In 2015 we experienced the third largest sockeye run in the history of Bristol Bay. Ex-vessel prices, adjusted for inflation, were the lowest prices seen in past 30 years. According to CFEC numbers the **2014** average gross earnings for a Bristol Drift Gillnet fisherman was approximately \$102,000. Using the numbers provided in the ADFG's **2015** season summary the average earnings will be less than half of that number, just a little more than \$50,000/boat.

Average earnings per boat of \$50,000 represent a situation that is of crisis proportions. These numbers represent an economic environment in the Bristol Bay salmon economy that put every fisherman at risk of operating a business that simply has no hope of being profitable.

- This situation is very similar or worse than in 2005 when the CFEC developed their recommendation of an Optimum Number range in the Bristol Bay Salmon Drift fishery of 900-1400 permits. The executive summary of that report recommends a preferred number in the range of 1100-1200 boats as the optimum, all things considered.

A CFEC news release in October of 2005 states in part,

"The Commercial Fisheries Entry Commission (CFEC) met in a public meeting on October 5, 2005, and adopted an optimum number range of 900 to 1,400 limited entry permits for the Bristol Bay salmon drift gillnet fishery. There are currently 1,858 entry permits in the fishery. The commissioners emphasized the adoption of an optimum number does not automatically initiate a buyback or other fleet reduction programs. The optimum number range adopted represents potential fleet reduction targets CFEC believes it can defend against claims the fishery would be too exclusive. The optimum number does provide a basis for discussing remedies that might be used in the fishery. "

Between 2004 and today, the ability to have two permits fish on one boat in Bristol Bay has provided the type of remedy that CFEC refers to in their news release. The fishery has seen a reduction in the total number of boats fishing that is much closer to the number recommended by CFEC in their Optimum Number report.

Adopting the regulatory change proposed in Proposal # 51 has the potential to provide all users in the Bristol Bay Drift fishery an opportunity to work in an environment that has the greatest potential to be economically sustainable.

I firmly believe that this proposal and the potential benefits that it can provide to every fisherman in Bristol Bay is the **ONLY** near term remedy we have to offset the economic crisis we face in our fishery. We know that dual permits have made Bristol Bay a better salmon fishery for all in the past 10 years. Please help us refine this system and see if can further build on these successes in these extremely challenging economic times.

Pros

- **Provides Further Opportunity to New Entrants into the Bristol Bay Drift Gillnet Fishery;** One of the most beneficial elements of the dual permit regulation we have in place today is that the regulation has provided a means for young people to participate in the Bristol Bay fishery by purchasing a permit and becoming the second permit holder/crewmember on a boat. This allows a young fisherman a way to be invested in the fishery, build skills, experience and generate income from permit ownership without having to make the larger investment of a boat and equipment. By allowing a young fisherman or new entrant into the fishery the ability to have two permits in his or her name provides that person the ability to own an asset that will make their services as a crew member /permit holder even more valuable and sought after. This option should be particularly beneficial to local/watershed individuals since the BBEDC permit loan and assistance program offers such an advantage to local/watershed residents in terms of access to capital. Consequently, adoption of Proposal #51 should further help stem the migration of permits out of the watershed.
- **Provides Economic Stability and Benefits to both Single and Dual Permit Operations;** According to CFEC numbers an average of **1793** individual boats fished in the 15 years prior to dual permits being allowed to be fished on one boat. In 2014, 10 years after the regulation was adopted to allow two permits to fish on one boat **1,463** boats fished in Bristol Bay. This is a reduction of **330** boats on average

from the days of single permits to today with dual permits being allowed. This has had a huge positive effect on the average earnings of both single and dual permit boats. Adoption of Proposal #51 will likely result in an increase in the number of boats fishing in a dual permit configuration further reducing the total number of boats closer to the Optimum number recommended in the executive summary of the CFEC 2005 Optimum Number Report (CFEC Report 15-4N, page 17)

- **Stabilizes Local Watershed Ownership/Participation;** According to CFEC numbers 712 permits were originally issued to local, watershed residents. At the end of 2004 CFEC records show a loss of 244 permits through transfer or approximately 13 permits/year having been transferred out of local ownership since they were originally issued in 1975. With the advent of the use of dual permits, between 2005 and 2014 the average loss of permits in the watershed due to transfers was only 4.3 permits/year. In 2014, 65 watershed permits participated in fishing a dual permit. (CFEC Report 15-4N, page 4), (CFEC Report 15-3, pages 355-356)
- **More Fish to Harvest per Boat;** For every permit that combines with another to fish as a dual, 100 fathoms less gear is fished. For every 100 boats that fish in a dual configuration close to 12 miles of gillnet are removed from the water leaving far more fish to be harvested by the remaining boats. In 2014, 310 boats fished with 2 permits on board. There was more than 35 miles less gillnet in the water than there would have been if all those permits fished as single permits. This directly benefits all fishermen. Removing the 100 fathoms per dual boat leaves far more fish available for those fishing a single unit of gear on a boat with a single permit
- **Less Crowded, Safer Fishing Environment;** A significant portion of the Bristol Bay harvest is taken in line fishery situations. Adopting proposal #51 will likely result in more boats fishing in a dual permit configuration which will likely result in a reduction in total number of boats fishing. Creating a less crowded, more manageable line fishing environment will benefit all users; boats fishing with one or two permits on board. Adoption of proposal #51 will likely result in fewer confrontations/collisions and less illegal fishing.

Common Arguments against Permit Stacking in Bristol Bay

- 1) It reallocates fish from local /watershed fishermen to non-residents that combine permits and fish 200 fathoms.

RESPONSE; If the assumption is that more non-residents will take advantage of permit stacking then every non-resident that combines as a dual creates a situation where two non-residents are fishing only 200 fathoms as opposed to fishing 300 fathoms as two individual boats. This actually reallocates fish from non-residents to local/watershed fishermen

- 2) Allowing two permits in one person's name will disadvantage local/watershed residents that want to continue to fish with a single permit and one 150 fathom unit of gear.

RESPONSE; For every additional permit that fishes as a dual there are 100 less fathoms of gear catching fish, thereby making more fish available to harvest for every boat remaining including single permits.

- 3) Permit stacking will disadvantage new entrants by creating a situation where there are fewer permits available and those permits will be more expensive.

RESPONSE; Permits will likely be more expensive. This is hardly a barrier to entry. The additional cost is there because the fishery is actually worth more to each participant. This is a far better situation for a new entrant than purchasing a cheap permit to participate in a fishery cannot support the investment. Further, there is no one demographic group that has better access to capital than local/watershed residents through BBEDC programs. These programs provide grants for season startup and equipment purchase (RSW), sweat equity credit, interest rate assistance, principal forgiveness and more.

- 4) Permit stacking creates a situation where 200 fathom nets are covering up the 150 fathom nets of single permit holders.

RESPONSE; it is important to remember that without dual permits that 200 fathom net would be represented by two- 150 fathom nets and two boats. Which is worse?

- 5) Adopting permit stacking and allowing two permits in one name would over capitalize the fishery.

RESPONSE; This simply is not true. The only change in capitalization would be the additional investment necessary to purchase a slightly more expensive permit. Any detriment

here is far outweighed by the additional revenue created by more fish available to all users as 100 fathoms of gear is removed from the water with every new dual permit use.

- 6) Adoption of permit stacking will create a reallocation between gear types and districts.

RESPONSE; This is simply impossible. There are established allocation policies that area managers are bound by. Whether there are 0, 200 or 500 drift boats fishing in a dual configuration has absolutely no bearing on these allocations which are managed by time and area closures.

- 7) If there is a further reduction of boats fishing to 1100 or 1200 boats the fleet won't be able to harvest large runs.

RESPONSE; Even in 2015 with the third largest run in history the fleets harvesting capacity was greater than processing capacity with the majority of the fleet on limit at one time or another. There has never been a harvesting problem in Bristol Bay. The problem with large runs has always been a processing problem.