

BEFORE THE ALASKA BOARD OF FISHERIES

FOR THE NOVEMBER 2018 MEETING AT DILLINGHAM

Opposition to Permit Stacking Proposals, Nos. 24, 25, 26, and 27**1. Other Alternatives Exist For Profitable Fishing**

There are comparatively better alternatives to improving the financial bottom line for fishermen than giving an “additional fishing opportunity” to dual permit holders through permit stacking. In 2002, United States Senator Ted Stevens said, “We have a price problem, and the price comes from competition overseas.”¹ The Bristol Bay Economic Development Corporation (BBEDC) and the Bristol Bay Regional Seafood Development Association (BBRSDA)² are focusing on quality and increasing the price for fishers.

These organizations and others have made substantial progress in these areas. Ice barges, RSW systems, and other equipment exist where they did not before. This vigorous, focused effort has contributed to dramatic results. From 2002 to 2017, average gross earning increased 505 percent for drift netters and 421 percent for set netters.³ During the same period, permit prices rose 591 percent for drift permits and 256 percent for set net permits.⁴

In 2017, 73% of drift fleet deliveries were chilled.⁵ In 2018, fishermen received an estimated \$1.45/lb. for chilled/floated sockeye.⁶ The 2018 ex-vessel value for reds set a record—\$281 million (which does not include bonuses).⁷ The largest recorded run since 1893 occurred in 2018—62.3 million reds.⁸

Alternatives to permit stacking have been positive for all fishermen and lifted all boats.

2. Permit Stacking Favors the “Well to Do” At the Expense of Poorer Fishers and Local Watershed Communities

Permit stacking favors the “well to do” over the less affluent and local watershed

¹ Anchorage Daily News, February 24, 2002, E-1, “Salmon Solution.”

² www.bbrsda.com, Projects and Strategies, Improving Quality and Value.

³ Drift \$29,267 (2002) to \$147,822 (2017); set net \$13,218 (2002) to \$55,740 (2017) CFEC Mean and Quartile Estimated Gross Earnings (in 2017 Dollars) for Alaska Limited Commercial Fisheries, 1975-2017, CFEC Report Number 18-5N, November 2018, pgs. 20-21

⁴ Drift permits \$26,842 (2002) to \$158,800 (Oct. 2018); set net permits \$16,487 (2002) to \$42,300 (Oct. 2018) CFEC Mean and Quartile Estimated Gross Earnings (in 2017 Dollars) for Alaska Limited Commercial Fisheries, 1975-2017, CFEC Report Number 18-5N, November 2018, pgs. 20-21, and CFEC website, Fishery Statistics, Fishery Participation and Earnings, SO3T and SO4T Salmon, Drift Gillnet, Bristol Bay.

⁵ www.bbrsda.com, Executive Summary, Bristol Bay Sockeye Market Report, Spring 2018, Wink & Consulting, at p. 2.

⁶ ADF&G, 2018 Bristol Salmon Season Summary, www.adfg.alaska.gov/static/applications/dcfnewsrelease/989536277.pdf, at p. 2, and my own chilling bonus.

⁷ ADF&G, 2018 Bristol Salmon Season Summary, www.adfg.alaska.gov/static/applications/dcfnewsrelease/989536277.pdf, at p. 1.

⁸ *Id.*

communities. Most fishermen I know cannot afford to buy a second permit.⁹ A huge flaw with the proposals is that the real determining factor is how “rich” you are. The acquisition of dual permits is not based on how much a fisher and local communities depend on the fishery, or other alternative jobs one has in the his/her region (AS 16.43.290(3)). Permit stacking is more realistically a devise that allocates the resource away from the small and poorer fishers, thereby creating serious economic impacts on local communities.

Past experience with permit stacking for setnetters bears this out. According to the CFEC, “... when permit stacking was allowed, the fair market value of set gillnet permits rose 64.2% from \$25,700 to \$42,200.”¹⁰ New entrants into the set net fishery “went to a historic low of 6% in 2011.”¹¹ Permit stacking largely benefited non-residents and nonlocals, not local watershed residents. “Starting in 2010, when permit stacking regulations came into effect, the count of individuals who held two permits at year-end rose substantially, especially among nonresidents and nonlocals.”¹² In 2012, ninety-two non-residents and nonlocals stacked permits, while only thirteen locals stacked them.¹³

Similar results occurred in the drift fishery. Dual permit % of earnings over single permit operations ranged between 82.5% and 96% more from 2013 to 2017.¹⁴ Prior to dual permits, 22.7% of all new entrants were locals and 47.4% were non-resident. After dual permits were put in place, 13.8% were local and 58.2% were non-resident.¹⁵ Further, from 2013 to 2017, the dual operations count for both local permit holders ranged from 16 to 32, and for both nonlocal and nonresident permit holders ranged from 239 to 287.¹⁶

Permit stacking by a “single person” under the proposals will create two classes of fishermen: dual permit owners, and single permit owners. A single fisher with dual permits will also be granted an allocation of fish by virtue of his/her having more net in the water which will almost certainly result in his/her catching more fish—translated into earnings 82.5% to 96% more¹⁷--than fishers with a single permit, greatly changing the traditional fish allocation amongst fishers within a single fishery.

3. The Economic Factor Fails to Justify an Additional Fishing Opportunity for Permit Stacking

The economic factor fails to justify an additional fishing opportunity for permit stacking. Alaska statute 16.05.251(i) authorizing an “additional fishing opportunity” for permit stacking was done for the purposes of addressing “situations where salmon prices are falling” and would “allow the Board of Fisheries another tool to reduce the amount of gear in the water and try to consolidate some of the fisheries”¹⁸ The Alaska constitution and statutes regarding limiting entry variously

⁹ Drift permits \$158,800 (Oct. 2018); set net permit \$42,300 (Oct. 2018) CFEC website, Fishery Statistics, Fishery Participation and Earnings, SO3T and SO4T Salmon.

¹⁰ CFEC Report No. 12-02-N, Bristol Bay Set Gillnet Permit Stacking, at page 15, November 2012.

¹¹ *Id.*, at page 13.

¹² *Id.*, at page 5.

¹³ *Id.*, Table 1, at page 5.

¹⁴ CFEC Permit Holdings and Estimates of Gross Earning in the Bristol Bay Commercial Salmon Fisheries, 1975-2017, CFEC Report Number 18-7N, November 2018, at p. 11.

¹⁵ *Id.*, at p. 9.

¹⁶ *Id.* at p. 15.

¹⁷ *Id.*, at p. 11 for drifters from 2013 to 2017.

¹⁸ See the comments of Representative Ralph Samuels, the sponsor of HB 251 (AS 16.05.251(i); Legislature (2005-2006) on 4/11/2005 at 8:49:01 AM.

describe the economic factor in terms of “economic distress,”¹⁹ “economic health,” “economic dependence,” and so forth.

The fishery, however, is not economically distressed. To the contrary, the fishery thrives economically. As stated above, in 2018, the ex-vessel price for reds was \$1.45/pound for chilled/floated salmon. The fishery set a record in ex-vessel value--\$281 million--in 2018. The mean gross earnings for drift fishermen since the last BOF meeting were \$147,822 (2017), \$104,940 (2016), and \$70,077 (2015).²⁰ The mean gross earnings for set fishers were \$55,740 (2017), \$40,895 (2016), and \$23,627 (2015). Non-resident fishers’ average gross income was significantly higher than residents’.²¹

No legitimate reason exists to reduce the amount of gear in the water by permit stacking based on an economic factor.

4. The Conservation Factor Fails to Justify an Additional Fishing Opportunity for Permit Stacking

The conservation factor fails to justify an additional opportunity for permit stacking. The Alaska constitution and statutes regarding limiting entry variously describe the conservation factor in terms of “resource conservation,”²² “conservation,” “allowable commercial take of the fishery resource,” and so forth. As stated, in 2018, a record 62.3 million reds returned to the fishery. For the previous three years, the red run totaled 56.5 million (2017)²³; 51.4 million (2016)²⁴; and 58 million (2015).²⁵

No legitimate reason exists to reduce the amount of gear in the water by permit stacking for resource conservation.

5. Permit Stacking Has The Potential To Unconstitutionally Impinge on the Common Use And No Exclusive Fisheries Clauses of the Alaska Constitution

Permit stacking has the potential of impinging too much on the common use and no exclusive fisheries clauses of Alaska’s constitution. Permit stacking could make the fishery too exclusive by limiting entry too much by reducing the number of “fishermen”²⁶ beneath the optimum number that would be justified under the long term positive economic and resource conditions that actually occurred since 2002 and will reasonably occur in the future. The 2004 Optimum Number Report notably provided: “If future economic returns in the fishery were expected to vary as

¹⁹ Alaska constitution, Art. VIII Section 15 (economic distress); AS 16.43.010 (economic health); AS 16.43.250 (a) (1) (economic dependence); and AS 16.43.290 (1) (economically healthy).

²⁰ See CFEC Mean and Quartile Estimated Gross Earnings (in 2017 Dollars) for Alaska Limited Commercial Fisheries, 1975-2017, CFEC Report Number 18-5N, November 2018, pgs. 20-21.

²¹ See CFEC, Basic on-line Information for Bristol Bay S03T and S04T permits, at [www.cfec.state.ak.us/bit/X_S03T .htm](http://www.cfec.state.ak.us/bit/X_S03T.htm) and [S04T.htm](http://www.cfec.state.ak.us/bit/X_S04T.htm).

²² Alaska constitution, Art. VIII Section 15 (resource conservation); AS 16.43.010 (a) (conservation); and AS 16.43.290 (2) (allowable commercial take of the fishery resource).

²³ 2017 Bristol Bay Salmon Season Summary, www.adfg.alaska.gov/static/applications/dcfnewsrelease/865497019.pdf, at p. 1.

²⁴ Revised 2016 Bristol Bay Salmon Season Summary, www.adfg.alaska.gov/static/applications/dcfnewsrelease/741340987.pdf, at p. 1.

²⁵ 2015 Bristol Bay Salmon Season Summary, www.adfg.alaska.gov/static/applications/dcfnewsrelease/615370072pdf, at p. 1.

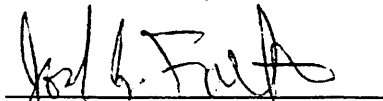
²⁶ Alaska’s constitution recognizes “fishermen,” without any mention of a “permit.” Alaska constitution, Art. VIII, Section 15.

economic returns varied over the entire 1983-2003 time period, the economic optimum number of permits would likely remain near current permit levels [1,857].²⁷ Otherwise, as with weather forecasts sometimes, the Report's forecasts were incorrect.

6. Eliminate Permit Stacking. Do Not Expand Permit Stacking.

The Board should eliminate the present permit stacking in which two permit holders can fish 200 fathom of gear, and not adopt any of the proposals to expand it. No economic or conservation reason exists to reduce the amount of gear in the water by permit stacking. Permit stacking works against local fishermen and watershed communities. It favors the "well to do." Permit stacking by a single fisherman will unjustly discriminate and allocate fish in favor of dual permit holders over single permit holders. Alternatives to permit stacking are a superior way to make fishing profitable - and have lifted all boats. Also, the intent of the present permit stacking was to allow a fisherman with insufficient capital to join with another fisherman to fish for their mutual benefit. Nothing restricts permit stacking to this purpose, however. It strongly appears that permit stacking is being done for other purposes (i.e. enlarging and protecting the dual permit holders' wealth).

Dated: 11/27/18



Joseph R. Faith
PO Box 1316
Dillingham, AK 99576
Bristol Bay Drift (S03T) Permit Holder
F/V Margo

²⁷ Bristol Bay Salmon Drift Gillnet Fishery Optimum Number Report, Executive Summary, CFEC Report 04-34, October 2004, at p. 6.
Opposition to Permit Stacking Proposals, Nos. 24, 25, 26, and 27
Submitted by Joseph R. Faith