




To: Monica Wellard, Executive Director
Alaska Board of Fisheries
Alaska Department of Fish & Game

Date: November 7, 2012

 From: Commercial Fisheries Entry Commission
Bruce Twomley, Chairman
Benjamin Brown, Commissioner

Subject: Proposals to the Board:
2012/2013 Bristol Bay Finfish meeting.

This memorandum provides comments by the Commercial Fisheries Entry Commission (CFEC) on proposals that the Alaska Board of Fisheries (Board) will consider at their December, 2012 meeting in Naknek.

In addition to this memorandum, CFEC has submitted two reports that we anticipate will help the Board in their deliberations. The reports are, respectively:

CFEC Permit Holdings, Harvests, and Estimated Gross Earnings by Resident Type in the Bristol Bay Salmon Gillnet Fisheries; CFEC Report No. 12-04N. A report with summary information on changes in the distribution of Bristol Bay permit holdings that have occurred since 1975, along with time-series statistics on harvests, earnings, and participation in both the drift and set gillnet fisheries.

Bristol Bay Set Gillnet Permit Stacking; CFEC Report No. 12-02N. A report providing data on some of the changes that have occurred under regulations that allow Bristol Bay set gillnet permit holders to hold and fish two CFEC entry permits.

We submit the following comments to help the Board in their deliberations. Although we are not taking positions on these proposals at this time, we are, as always, interested to hear different perspectives on the proposals, especially those that address restructuring options. We appreciate hearing about both the problems and the benefits of regulations, and on how they might enhance efficiency, quality, fishery management, and resource conservation.

Proposal 24 and Proposal 25

Proposal 24 seeks to allow the use of seine nets for Bristol Bay drift gillnet permit holders who hold two permits. Proposal 25 suggests a new troll fishery for coho salmon.

In general, CFEC sees no conflict from the standpoint of limited entry if the Board allows an alternate gear in a fishery, provided that the privilege of using the gear in that area is not already allocated to another limited entry fishery. This is consistent with what CFEC has said in the past.

Considering this position, Proposal 24 would not raise issues, but Proposal 25 would present a problem. Hand and power troll permits are issued as statewide permits, and can be used wherever the Board allows trolling. To create a permit for trolling only in Bristol Bay, CFEC would have to open its own regulatory proceeding to determine if Bristol Bay should represent a separate troll area from the current statewide designation. Although CFEC would carefully consider the Board's rationale and deliberations if the new fishery was authorized, it is possible that CFEC could reach a different conclusion than the Board with regard to the proposed fishery.

We also note that Proposal 25 mentions the proposed fishery would "allow Bristol Bay residents to troll for coho." We are unsure if this clause suggests the new fishery should be for the exclusive use of individuals who live in the Bristol Bay region. If that is indeed the intention of the proposal, we note this would not be possible under state law.

Proposals 39, 40, 41, 42, 43

These proposals each address the use of dual permits on drift gillnet vessels.

In general, CFEC has helped disseminate the idea of dual permit operations as an option for restructuring Alaska's salmon fisheries.¹ In typical dual permit operations, two permit holders fish concurrently on one vessel. The vessel is then allowed to deploy more gear than a single-permit operation, but less than two full complements of gear.

Under some conditions, dual permit regulations may serve as an important means of fleet consolidation, and to reduce fishing effort. The dual permit option also provides a means for an entry-level person to participate in the fishery without incurring the costs of obtaining a boat and other gear. To the extent that each of these results may help sustain the long-term economic viability and conservation of the fishery resource, CFEC supports such options.

Proposals 36 and 37

Proposals 36 and 37 each contain elements of what CFEC refers to as "permit stacking" rather than the typical "dual permit" option. In a permit stacking operation, a single permit holder is allowed to increase the amount of gear they can fish by holding two separate permits (contrasted with a dual permit option, which involves two persons fishing together, each holding their own permit). Permit stacking is currently allowed in the Bristol Bay set gillnet fishery.

With respect to Proposals 36 and 37, we urge caution. These proposals would allow permit stacking in the drift gillnet fishery. As written, one permit holder, fishing two permits, would be allowed to deploy

¹ For example, see *Outline of Options for Fleet Consolidation in Alaska's Salmon Fisheries*. A special report prepared for the Governor's Salmon Forum. Commercial Fisheries Entry Commission; December, 1998.

200 fathoms of drift gillnet. As it currently stands, a drift gillnet permit holder fishing independently (not as a dual) is allowed a maximum of 150 fathoms of gillnet.

We acknowledge the potential benefits of gear reduction in these proposals. However, we also note that these proposals stray from the second prong of reasoning that supports the traditional dual permit option – that of providing a lower-cost means to enter the fishery.

Proposals 35 and 36 would create new markets for limited entry permits, possibly increasing demand and raising prices for permits. There is evidence that permit stacking may have resulted in higher permit prices in the set gillnet fishery.² CFEC data also indicates a drop in the number of new entrants (persons who participate for the first time as a permit holder) in the set gillnet fishery after permit stacking was implemented.³ Moreover, obtaining a second permit for a stacked operation would tend to favor individuals who have easier access to financial capital.

We also ask that the Board consider the implications of using permits obtained by emergency transfer as the second permit in a permit stacking option. Data from the set gillnet fishery indicates a substantial number of stacked permit operations are formed by obtaining the second permit from an individual who emergency transfers to the main operator.⁴

Proposals 44 through 54

These proposals address permit stacking in the set gillnet fishery. As noted, we have prepared a report with data that will illustrate several considerations with regard to permit stacking in Bristol Bay.

Also noted above, we urge caution with regard to permit stacking options. Unlike dual permit operations (as in the drift gillnet fishery), regulations that allow one person to fish a full complement of gear for each permit they hold does not fulfill the goals of reducing gear in a fishery. Moreover, there are other considerations, such as the effects on permit prices, the effects on latent (unused) permits, the outcome on persons seeking to enter the fishery, and the consequences of using permits obtained through emergency transfers that should be considered. Each of these considerations is outlined in our report, which we respectfully submit.

Please also consider that despite our general concern for the concept of stacked permit options, we also defer to the opinions of the Department of Fish and Game for their consideration of the possible benefits that stacked permit fisheries may provide to effective management of the fishery.

² See Gho, Marcus; *Bristol Bay Set Gillnet Permit Stacking*, CFEC Report No. 12-02N.

³ Ibid.

⁴ Ibid. CFEC data indicates that in 2010 and 2011, 43% and 19% of the respective stacked permit operations in the set gillnet fishery involved at least one permit that was obtained through an emergency transfer.