

Testimony to House Fisheries Committee

3/17/15

Chairperson Representative Stutes, Committee members. Thank you very much for the opportunity to speak with you today and offer up our ongoing comments and concerns as it relates to the continued and ongoing loss of Limited Entry fishing Licenses from our communities and region. For such a complex and important subject our time is limited and I'll be tag teaming with a good friend and fellow community member Mr. Robin Samuelson. My name is Norman Van Vactor from Dillingham Alaska. I am the president of Bristol Bay Economic Development Corporation. Robin probably doesn't need any introduction as he serves in a variety of capacities in our region but also happens to be the Board Chairman of Bristol Bay Economic Development Corporation.

The ongoing exacerbation of the loss or ownership of our Salmon resource is not a problem that is unique to Bristol Bay and our communities but is a pain shared but most of coastal and rural Alaska. That said as Bristol Bay has the largest sockeye salmon fishery in the world we tend to get referenced and cited more than the next. In the context of permit ownership coastal Alaska has developed a trend that needs to be first stopped in its tracks and reversed. While the facts and statistics I cite are specific to Bristol Bay I know the same trends are playing out in communities such as Kodiak, Cordova, Hoonah, Angoon, and Petersburg just to name a few....

I had the pleasure several months ago of serving on the Governor's Fisheries Transition team and in fact chaired the group of dedicated community and industry participants. One of the 5 major issues that this group asked the new administration to address was the goal of "returning the ownership" of Alaska's Fisheries resources to the communities of coastal Alaska.

What's the Need and why the importance.

- Locally held permits & salmon fishing revenue are vital to the economic health of the region
- Locally held permits continue to decline and sharply.
- Residents lack access to capital and financing that allow entry to our fisheries.
- Existing programs are still not meeting the needs of our residents to compete for permits.
- Bristol Bay as a region depends heavily on fishing as the major revenue contributor.
- As ownership of permits leave the region so does the revenue they generate. I'm sure the multiplier effect needs no explanation. The \$100,000 gross revenue that a permit might generate actually stimulates several hundred thousand dollars of economic activity.
- We have over time started perpetuating a negative feedback loop that further perpetuates the decline of permits & crews.
- Some of these statistics are dated now by a few years but let me share a few....

-Bristol Bay has now lost almost 44% of all the all permits originally issued to watershed residents. Bristol Bay Residents now hold under 25% of all Bristol Bay permits. Originally 28% of all residents held one type of permit or another. Today it's less than 10%.

How do Permits Leave?

Transfers – About 62% of all permits are lost due to transfers. Most of these transfer are made up of Sales.

Migration – Migration constitutes about 25%.

Other – Makes up the difference of about 13%. This is largely made-up of foreclosures, revocations, and forfeits.

Why do Permits Leave?

Permits are randomly distributed based on economic principles amongst potential owners. Most of these potential owners are non-residents who have greater access to capital and credit giving them a competitive acquisition advantage.

Average local permit owners harvest 25% less than non-residents. Higher earning mean non-residents view permits as having a higher intrinsic economic value. Our people are not any less the fisher people than the next, they just approach the fishery from a different social perspective rooted in resource protection and subsistence.

Sales and transfer of permits tend to rise both at the top of the fish price curve and at the bottom. Without a retention program both these price points result in a significant acceleration of loss's.

Prior to joining BBEDC a little over two years ago I had spent close to 30 years working for Seattle based major processor. One of my major accomplishments during that tenure was building what was the largest resident Alaska fleet in the industry. To cite just one community as an example, the community of New Stuyahok, they had over 24 permits that fished for us. I believe today that number is closer to 8.

Some say that turning this trend around is impossible, accept it and move on. This for us is a completely unacceptable response and we do believe that are options.

23 years ago 98% of the Bering Sea's fisheries resource was owned and controlled by Non-Alaskans living in the Pacific Northwest. Today 6 Alaskan Community Development Corporation, 100% owned by resident Alaskan's of all stripes and skin color own over 30% of the resource and growing. We did it offshore with the Federal's governments help and a 10% stake, why can't we do something near shore with the State's help.

The onshore offshore issues are certainly different and our onshore coastal issues will require a very different solution set. I think I'm also smart enough to know that now is also NOT the best time to coming to the State with our hands out and we are NOT. I reiterate. We are not.

Bristol Bay Economic Development Corporation has been trying to help turn the tide. For the last 7 years we have had an active permit retention plan in place. We are making progress but have a long way to go and but we need your help. We estimate that we are currently loosing approximately 15

resident permits a year. In the year 2014 just completed we had 7 saves, our best year yet. That said until that number is 15 or higher we still aren't even breaking even.

The cause of permit losses are complex and so are the solutions. Restoration will require a mix of long term programs. With that however will come the opportunities to restore the ownership of this tremendous economic engine to our communities. Well trained and adequately financed fishermen will succeed and we hope to be part of the solution. We ask that when you our legislature see opportunity's that support the goal of returning the ownership of Alaska's coastal fisheries to Coastal Alaskans we can get your bipartisan and unequivocal support.

Let's "Bring it All Back Home".

Thank you very much and I can answer any questions I'd welcome the opportunity.

Thanks,

PS: - Support Sam Cotton.....