

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES**

January 31, 2007

8:04 a.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
Representative Kyle Johansen
Representative Gabrielle LeDoux
Representative Peggy Wilson
Representative Bryce Edgmon
Representative Lindsey Holmes

MEMBERS ABSENT

Representative John Harris

COMMITTEE CALENDAR

OVERVIEW(S): SEAFOOD QUALITY AND MARKETING ORGANIZATIONS:

ALASKA SEAFOOD MARKETING INSTITUTE; BRISTOL BAY REGIONAL SEAFOOD DEVELOPMENT ASSOCIATION; PRINCE WILLIAM SOUND REGIONAL SEAFOOD DEVELOPMENT ASSOCIATION; ALEUTIA CORPORATION; KENAI WILD; ALASKA QUALITY SEAFOOD CERTIFICATION PROGRAM; SEAFOOD QUALITY GRANT PROGRAM - ALASKA DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

RAY RIUTTA, Executive Director
Alaska Seafood Marketing Institute (ASMI)
Juneau, Alaska

POSITION STATEMENT: Presented an overview and responded to questions.

BOB WALDROP, Acting Executive Director
Bristol Bay Regional Seafood Development Association (BB-RSDA)
Anchorage, Alaska

POSITION STATEMENT: Presented an overview and responded to questions.

JEFF BAILEY, Board Member
Copper River/Prince William Sound Marketing Association
(CR/PWSMA)

Anchorage, Alaska

POSITION STATEMENT: Presented an overview and responded to questions.

BOB BARNETT, President

Aleutia Corporation

Sand Point, Alaska

POSITION STATEMENT: Presented an overview and responded to questions.

RICK ROESKE, Project Manager

Cook Inlet Salmon Brand - Kenai Wild

Soldotna, Alaska

POSITION STATEMENT: Presented an overview and responded to questions.

HUGH BERTMARING, Business Manager

Center for Alaska Seafood Quality Assurance

Alaska Quality Seafood (AQS)

Anchorage, Alaska

POSITION STATEMENT: Presented an overview and responded to questions.

GLENN HAIGHT, Fisheries Development Specialist

Office of Economic Development

Department of Commerce, Community, & Economic Development
(DCCED)

Juneau, Alaska

POSITION STATEMENT: Presented an overview and responded to questions.

ACTION NARRATIVE

CHAIR PAUL SEATON called the House Special Committee on Fisheries meeting to order at [8:04:18 AM](#). Representatives Edgmon, and Wilson were present at the call to order. Representatives Johansen, Holmes, and LeDoux arrived as the meeting was in progress.

OVERVIEW: ALASKA SEAFOOD MARKETING INSTITUTE

8:04:28 AM

CHAIR SEATON announced that today the committee would be hearing overviews on the production of quality Alaskan seafood, and how marketing organizations are functioning throughout the state; beginning with the Alaska Seafood Marketing Institute.

8:06:32 AM

RAY RIUTTA, Executive Director, Alaska Seafood Marketing Institute (ASMI), explained that ASMI is a public corporation, founded 25 years ago, to operate as a state-industry partnership for the worldwide marketing of Alaskan seafood. ASMI does not sell product, it is strictly a generic marketing organization. It allows any Alaska based producer, whether an individual harvester or a large company, to utilize the ASMI brand, in the marketplace, in order to leverage sales and garner market opportunities.

MR. RIUTTA noted that ASMI was reorganized several years ago by the Joint Legislative Salmon Task Force. The result was that the number of board members was reduced from twenty-five to seven, and the initial salmon tax imposed on the harvesters was eliminated. The processors offset this funding loss by voting to increase the self-imposed assessment from 0.3 percent to 0.5 percent. This voluntary assessment provides ASMI an annual core funding of \$6-\$7 million. Additionally, ASMI receives an annual federal allocation of \$6-\$7 million. Mr. Riutta reported that last year, for the first time in over a decade, the state allocated \$1 million in general funds, effectively renewing the state-industry partnership, as was originally intended. Mr. Riutta related that ASMI's original mission was to increase the worldwide consumption of Alaskan seafood. Two years ago the mission statement was reviewed and the board realized that all of the seafood produced was being sold, but not at optimum value. This prompted the mission statement to be restated as an endeavor to o increasing the market value of Alaskan seafood.

The committee took an at-ease from 8:11 a.m. to 8:12 a.m.

8:12:49 AM

MR. RIUTTA reported that ASMI operates under a legal mandate to improve product quality from harvest to center-of-the-plate. This is the arena which the institute has worked in since its inception. To improve the harvesting and processing standards, ASMI has developed and produced self-directed training videos.

This video course enables a trainee to receive a certificate of completion. Additionally, ASMI has developed product standards, and produced color guides, for the processing sector, to be used use when grading fish. Multi-lingual brochures have been produced and distributed throughout the marketing chain including: buyer guides, for salmon and white fish; trim guides, used by stores, restaurants, and processors; and cleaning and sanitation guides. The ASMI standards have been used as a foundation for a number of quality programs statewide, Mr. Riutta said. He also reported that ASMI provides handling and marketing training to retail stores, restaurants, and Alaska Airlines, as a means to minimize loss and enhance product value.

[8:16:22 AM](#)

MR. RIUTTA noted how these past efforts have been combined into an Alaska Seafood University. This on-line school is available to harvesters, processors, retailers, and food service operators to learn the basics about Alaska seafood. Mr. Riutta was also pleased to report that the most recent five-year survey of the fleet and processors indicates that product quality has improved.

[8:17:20 AM](#)

CHAIR SEATON stated that data loggers have been utilized to analyze product quality, during the transportation process, and inquired as to whether data loggers were a part of ASMI's program.

MR. RIUTTA explained that ASMI is involved strictly in handling techniques, and that data logging is not part of the institute's purview.

[8:17:59 AM](#)

MR. RIUTTA noted that the seven member ASMI board is seated with five processors and two commercial harvesters. The board, and the 60 members who comprise the various committees, support ASMI in its goals to satisfy the industries marketing needs. Alaskan seafood, he reminded the committee, is a \$1.4 billion business based on a renewable resource that will remain forever, as long as the state continues to protect its viability. Mr. Riutta stated that ASMI receives core funding from a voluntary processor assessment tax. This self imposed assessment is based on the value at the first point of harvest. He projected pie chart slides [pages 6 and 7], which indicated the breakout

percentages that contribute to the ASMI budget; comparing value and volume by species contribution.

[8:19:59 AM](#)

MR. RIUTTA explained the threats and opportunities to the seafood market. Sustainability is a long standing, and constitutional, aspect of the Alaskan fisheries management. Other world fish marketing organizations are now identifying with this criteria, such as Chili, Canada, and Iceland. This causes some confusion, in the marketplace, regarding how sustainability is upheld and defined. However, Alaska sets the "gold standard." How "wild" vs. "organic" is perceived on the world market is also a challenge. ASMI does not market organic fish, based on the definition used in the marketplace; focusing instead on marketing Alaskan Wild Salmon as being a step above organic.

[8:22:10 AM](#)

MR. RIUTTA reported that the Alaskan king crab market is threatened by the pricing undercuts of the Russian, Barents Sea King Crab harvest. The Russian product has caused a 50 percent drop in the market. The projected slide [page 11] presented the contrast of the Alaskan and Russian King Crab production from 1997-2006, with the volume of Russian King Crab displacing Alaskan King Crab at a ration of 5:1 at the market.

[8:23:03 AM](#)

REPRESENTATIVE WILSON asked if the Berants Sea crab are in danger of over-harvest.

MR. RIUTTA opined that the Russians may not be managing their stocks carefully, and that depletion will eventually take its course. In further response Mr. Riutta stated that it is difficult to speculate on how long the Russian stocks may hold-up. These crab are not anadromous to the Berants Sea. As an invasive species they have taken a strong hold, attaining sizes larger than the Alaskan king crab.

[8:24:42 AM](#)

MR. RIUTTA noted that aquaculture of varieties, such as Tilapia and Pangasius, also pose a threat to the marketability of the Alaskan whitefish varieties: halibut, cod, pollock, and sablefish. The worldwide production of these low-cost, easily

produced aquaculture fish, is beginning to have a significant impact on Alaskan product sales.

[8:26:13 AM](#)

MR. RIUTTA stipulated that, despite production volume, on the world scale Alaskan seafood represents only 1.6 percent of the market: aquaculture produces 38 percent, and other wild captured species represent 60 percent. He opined that this is the primary reason that Alaskan seafood must be marketed as a superior quality product, that demands a premium price. The Farmed Salmon Production vs. Alaska Salmon Harvest slide [page 14] illustrated how the farmed salmon production has eclipsed the Alaskan salmon harvest. He followed this with a slide that indicated trends of the Bream and Tilapia production, having a similar effect on the Alaska Pollock harvest.

[8:27:16 AM](#)

REPRESENTATIVE WILSON inquired if the argument for farmed salmon vs. wild salmon could not also be used to market Alaskan whitefish varieties, over the aquaculture produced whitefish.

MR. RIUTTA pointed out that there is no similarity. The Bream and Tilapia are raised in freshwater ponds, feeding on natural vegetation. They do not generate the same consumer perception, or concern, as a farmed fish. Additionally, Bream and Tilapia are being marketed in direct competition with Alaskan Pollock.

CHAIR SEATON offered to provide the committee with pictures from his current visit to a Bodega Bay, California, seafood market where all of these species were being marketed together.

[8:28:47 AM](#)

MR. RIUTTA summarized that the industry is successful; increasing from a \$1 billion industry, two years ago, to \$1.4 billion last year. The salmon market has increased tremendously, due to the marketing strategies being utilized by ASMI and the other marketing organizations located throughout the state. Despite the challenges, Alaskan seafood sales are on the rise.

OVERVIEW: BRISTOL BAY REGIONAL SEAFOOD DEVELOPMENT ASSOCIATION

[8:29:40 AM](#)

CHAIR SEATON announced that the next order of business would be a presentation from the Bristol Bay Regional Seafood Development Association.

8:30:19 AM

BOB WALDROP, Acting Executive Director, Bristol Bay Regional Seafood Development Association (BB-RSDA), opined that the RSDA is one of the most promising opportunities to "hit" Bristol Bay since limited entry. He explained that BB-RSDA is a tax exempt organization, and is not requesting any action from the legislature by testifying before this committee.

CHAIR SEATON stipulated that today's presentations will carry that tenor throughout.

8:32:32 AM

MR. WALDROP explained how the 2004, 22nd Legislature, provided for the establishment of RSDAs, in response to recommendations from the Joint Legislative Salmon Industry Task Force, and fishermen's requests to have a regional emphasis in the state's seafood marketing program. This legislation also eliminated the one percent fisherman's salmon tax, which supported ASMI. Partner legislation, at the time, caused a reduction in the ASMI board membership. The RSDA law identified 12 regions with the potential to develop seafood associations. Each region was provided the opportunity to develop an RSDA. The association would represent all gear groups willing to pay a self imposed tax assessment, for its support; backed by tax collection authority.

8:33:50 AM

MR. WALDROP stated that the RSDA statute identifies twelve goals, key of which are: product quality improvements, infrastructure investments, new product development, and marketing and promotion following the ASMI model. An RSDA is prohibited from owning inventory, selling products, or creating brand name products. The association's marketing efforts stress the regional aspect of the products involved. He reported that the BB-RSDA is becoming a focal point for other seafood development initiatives, activities, and grants.

8:35:14 AM

MR. WALDROP provided further history on the establishment of the BB-RSDA including: formation of an interim board; approval through appropriate state departments; the vote of the driftnet permit holders to tax their harvest by one percent; and the setnetters decision not to join the RSDA. He pointed out that the drift-net fleet represents approximately 85 percent of the total BB salmon harvest market. Further, he said BB-RSDA is still being governed by the interim board. However, the ballots are now being gathered for the April, 2007, election of a member board. The elected board will begin conducting the afore mentioned business, as well as appoint a permanent executive director. An operational plan will be in place, when the 2006 tax revenue funding arrives in October/November of 2007. It is expected, Mr. Waldrop opined, that marketing efforts will be coordinated with ASMI. The BB-RSDA will expand on ASMI's marketing strategies to create a non-competitive boost for the BB sockeye salmon market. Because the assessment funds will not be received until autumn of 2007, the RSDA has been operating, for the last three years, "on its own money." He reported that costs of approximately \$125,000, have been covered by a grant received from the Bristol Bay Economic Development Corporation (BBEDC), as well as a one time legislative appropriation and a pending grant from the Alaska Fisheries Marketing Board.

MR. WALDROP summarized, stating that the opportunity for the BB-RSDA is staged, with good organization and management, to create a difference in the market value of seafood in BB, particularly the sockeye salmon catch. He opined that one of the most notable points, thus far, is the optimism and sense of responsibility by the fishermen who have voted to tax themselves in support of the RSDA. He reiterated that the set-netters remain non-supportive of the RSDA.

OVERVIEW: PRINCE WILLIAM SOUND REGIONAL SEAFOOD DEVELOPMENT ASSOCIATION

[8:43:40 AM](#)

CHAIR SEATON announced that the next order of business would be an overview from the Prince William Sound Regional Seafood Development Association.

[8:43:46 AM](#)

JEFF BAILEY, Board Member, Copper River/Prince William Sound Marketing Association (CR/PWSMA), stated that CR/PWSMA is distinguished for being the first established RSDA. He thanked

various people who have been instrumental in the start-up of this RSDA, and for their support through the first revenue year. He explained that the organization is currently a 501(c)(6) non-profit organization, for marketing purposes, with the goal to become a 501(c)(3) organization to include an educational component. The focus has been towards marketing, with an emphasis on authenticating and identifying Copper River salmon in the marketplace. This has been done via a tagging program, which was implemented with the cooperation of five of the six CR/PWS salmon processors. Due to the late in-season access to funds, the 2006 year promotion focused on the fall coho harvest. Mr. Bailey described the promotion techniques utilized. This created a demand for the coho beyond the RSDAs ability to satisfy the market; resulting in an increased value for the coho, and generating growth to the economy. As a first endeavor in the direct marketing of a regional product, he judged the program to be very successful.

[8:48:58 AM](#)

MR. BAILEY presented marketing strategies for the 2007 salmon harvest. He reminded the committee that, although this is not one of the states larger fisheries, it does provide a significant value to the state, and the local economies. Two priorities for the coming year are to: 1)hire a permanent executive director, and 2)develop and implement a strategic marketing plan to "carry this organization into the future." He stated that CP/PWSRSDA expects to continue and maintain a partnership with ASMI; who represent a major support, and provide an established, working infrastructure.

[8:51:08 AM](#)

MR. BAILEY explained a resolution, which CP/PWSRSDA passed to request that state and federal fishery managers consider the broad spectrum of the industry. The expectation is that this resolution will help to bring about better coordination of in-season management closures, to include regard for the economic impacts, as well as the need to meet the necessary escapement goals. He stressed that if marketing is effective, but the product cannot be delivered due to fish management closures, the result is a waste of effort and commitment. In closing, Mr. Bailey reviewed the funding activity, beginning in FY05, when the RSDA was conceived. Advance marketing begins four months prior to the harvest season, making timely, or advance, receipt of assessment funds critical.

8:54:22 AM

CHAIR SEATON stated that the funding cycle is an issue for this committees to discuss. He asked which gear groups support the CR/PWSRSDA, and if there is interaction between the RSDA and the regional aquaculture association; does the wild salmon designation have an impact, or cause a conflict.

MR. BAILEY responded that the driftnet is the only gear group in the area which supports the RSDA, although the setnet fleet may join. Thus far, he reported, there has not been involvement with the Prince William Sound Aquaculture Corporation (PWSAC) in regard to marketing, neither does the wild fish market development by PWSAC appear to represent a conflict. Marketing objectives should continue to provide different niche targets for CR/PWSRSDA products. Responding to a follow-up question from Chair Seaton, he reiterated the status of the gear groups, their relationship to the RSDA, and that the 2006 focus was for the marketing of the Copper River coho run. He opined that, because the processors are not currently discriminating, "The setnetters will be getting a free ride, at this point on the marketing efforts. We're hoping we can capture some of their revenue for that."

8:59:17 AM

CHAIR SEATON inquired how the fish are tagged or identified for marketing purposes.

MR. BAILEY responded that a pneumatic air gun is used to tag the headed and gutted (H&G) fish; for both the fresh and frozen market. A significant portion of the H&G market carries a plastic tag that identifies it as genuine Copper River salmon, with processor coding. Additionally, retail ready vacuum bagged fillets are identified with a yellow sticker providing the same information. He estimated that 60-70 percent, of the shipped fish are tagged, but this does not preclude retailers from removing the tags, at the marketplace. The tagging is an expensive program, and combines with the cost of producing and distributing promotional material. The processors support the effort by employing the taggers. He opined that, contrary to the drawbacks, this is a successful program and worth continuing.

9:01:53 AM

REPRESENTATIVE HOLMES asked how the RSDA program is expected to increase the value and share of the Alaskan salmon market non-competitively.

CHAIR SEATON interjected that the direct charge of ASMI is to maintain the generic aspect and market balance in each region. He assured the committee that oversight exists to protect pitting regional fisheries against each other.

OVERVIEW: ALEUTIA CORPORATION

[9:04:34 AM](#)

CHAIR SEATON announced that the next order of business would be an overview from the Aleutia Corporation.

BOB BARNETT, President, Aleutia Corporation, stated that this corporation began as a grass roots, non-profit, marketing effort, in 2002. Currently, ten percent of the active fleet participates with financial support, representing approximately 40 paying members. The market niche being developed is for high quality, sockeye salmon products, harvested by Alaska Native fishing families, of the Eastern Aleutian Islands and Western Alaska Peninsula. The products harvested for the Aleutia label must meet rigorous quality requirements. Customer defined specifications, as well as the industry grading standard, are used in harmony to produce the highest quality product. The two, local, participating processors are Peter Pan Seafoods and Trident Seafoods. The processors perform custom packing for the Aleutia label, adhering to the required standards as overseen by locally based, Aleutia employed, third party inspectors. The marketing and public relations activities are centered on the salmon's premium quality, and the Aleut Native family harvesters.

[9:08:58 AM](#)

MR. BARNETT explained that this project was spearheaded by the Alaska Fisheries Development Foundation and the Aleutians East Borough. Continuing, he highlighted Aleutia's experiences and successes, since 2002, paraphrased from a statement, which read as follows [original punctuation provided]:

Aleutia and the Aleutians East Borough agreed to work together to explore developing a high-end niche market for the seafood harvested around the communities of Sand Point, King, Cove, False Pass, and Nelson Lagoon.

Sand Point and King Cove fishermen joined the Aleutians East Borough several times at the Los Angeles and Boston Seafood shows. Buyer interest continues to be high at each of these shows.

Trained the entire Aleutia fleet in quality harvest techniques, and continue to do so every year.

Continued to inspect every fish to ensure that it meets the most stringent quality standards in the state. Trained quality inspectors in our communities to increase local employment and save money.

Contracted and trained local residents to handle project management, bookkeeping, and general administration.

Continued to develop a number of sales materials, including a website which will soon allow buyers to match each fish with the harvest family that caught it.

The project now includes Sand Point, King Cove. We hope to have False Pass and Nelson Lagoon online within a few years.

We have involved all three separate gear types.

Aleutia is being carried in high-end grocery stores and restaurants throughout the United States.

Aleutia is a CQE [Community Quota Entity], which will allow us to purchase halibut and sablefish quota from our local fisherman. Unfortunately the price of the quota is too expensive for this to be a viable fishery at this time.

MR. BARNETT stated that Aleutia also holds the right of first refusal on the Crab Rationalization Program. In summary, he stated that this is a young organization with definite goals to provide a consistent, high quality product to the consumer, while protecting the interests of the fishing families, and supporting the local employment and economy.

[9:11:25 AM](#)

REPRESENTATIVE WILSON referred to the Aleutia membership fleet, and asked whether the catch, which these 40 fishermen deliver, are of a higher quality than fish harvested by the remainder of the fleet. Also, who is assessed for funding purposes.

MR. BARNETT answered that the stringent standards adhered to are above what the rest of the fleet utilizes. These live-bled fish are handled individually for the best results, as opposed to fish that are held in the boat holds, in refrigerated sea water; possibly incurring scale loss, bruising and other depreciative effects. The group does not tax itself, as the higher price received at the market provides the operating funds, with some grant receipts. Further, he responded that the organization operates on volunteer staff and two seasonal employees.

9:14:05 AM

CHAIR SEATON observed that the main expenses are the 3rd party quality inspectors, and inquired who pays their salary.

MR. BARNETT responded that the inspector's wages are provided from the product earnings, and through the grants from the Aleutian East Borough and the Aleutian Pribilof Island Community Development Association, which are active and involved partner organizations for Aleutia. These grants have been a necessary support, however, the corporation is becoming more self sufficient and building to the breakeven point.

OVERVIEW: KENAI WILD

CHAIR SEATON announced that the next order of business would be and overview from Kenai Wild, as part of the Alaska Quality Seafood program.

RICK ROESKE, Project Manager, Cook Inlet Brand, Kenai Wild, stated that he began eight months ago with the non-profit organization, Cook Inlet Salmon Brand, which markets Kenai Wild. The organization has been in operation for four years, is supported by 200 fisherman, cooperates with 4 processors, and will be expanding the brand to include both sockeye and coho. Outreach marketing has been conducted at chef shows in Chicago and Las Vegas, with good response. Support from the state came via the salmon revitalization program, which funded the purchase of ice machines, and insulated totes. The certifier and independent verifier for Kenai Wild products is Alaska Quality Seafood (AQS).

[9:17:18 AM](#)

MR. ROESKE explained that the Department of Commerce, Community, & Economic Development (DCCED) contacted Kenai Wild regarding establishing an RSDA. Due to the structure and timeline for the set up of an RSDA, Kenai Wild has not elected to pursue the opportunity. The possibility did appeal to two other organizations in the area, however. Also, he reported that Kenai Wild is solvent with plans for expansion. In response to a question from Chair Seaton, he stated that 10 cents per pound, and 12 1/2 cents per fillet pound, is assessed to fund the organization. The assessment is assumed by the processors; Kenai Wild acts as a go-between for the processor and the buyer. In further explanation he said that the customer contacts Kenai Wild with their requirements, and Kenai Wild solicits bids from the processors. The bids are brought back to the buyer, in a blind format. The buyer selects the bid, completes the transaction with the processor, and, at the end of the season, the processor pays Kenai Wild for the poundage produced. The benefit to the fishermen is that a higher ground price is paid by the processor, for a premium quality product to deliver to the marketplace. Strict handling measures are imposed on the fishermen to produce a product of the highest quality. The success is evident in the increase of fishermen who are participating, 250 up from 200, with contracts large enough to accommodate 300-325.

[9:21:00 AM](#)

CHAIR SEATON asked for the difference in the ground price paid for the Kenai Wild salmon and other salmon purchased by the processors.

MR. ROESKE reported that last year the ground price on the Kenai sockeye harvest was \$1.10, for standard handling, and \$1.60 for AQS handled fish. He pointed out the 50 cent differential.

OVERVIEW: ALASKA QUALITY SEAFOOD CERTIFICATION PROGRAM

[9:21:45 AM](#)

CHAIR SEATON announced that the next order of business would be an overview from the Alaska Quality Seafood certification program.

[9:22:07 AM](#)

HUGH BERTMARING, Business Manager, Center for Alaska Seafood Quality Assurance, Alaska Quality Seafood(AQS), stated that this is an independent non-profit organization, located in Anchorage, and funded in part by the United States Department of Agriculture (USDA). Services are provided to the seafood industry, primarily to mid-size, and smaller, producers and direct marketers. These services include the AQS audit, oversight for the Marine Stewardship Council (MSC), and seafood inspection services. The quality system utilized is based originally on criteria, as established by ASMI. These standards are overseen by inspectors in the field to assure that procedures are followed and that the end product meets all claim standards.

[9:24:58 AM](#)

CHAIR SEATON clarified that the inspection service is for the buyer, who may be located out of state, and is contacting AQS for quality assurance on the fish being marketed.

MR. BERTMARING confirmed that the local inspections are to assure the buyers confidence in the processing of the product. He explained that the successful participants in this program produce a consistent product, both fresh and frozen.

[9:25:58 AM](#)

MR. BERTMARING explained that the quality system follows a path of pre-assessment. The inspectors do an inspection, of the each facility, prior to the season. This is followed-up by training sessions, in which the inspector provides direction for proper handling. In-season inspections are also conducted, and an end of season audit is performed on the facility, as well. Upon successful completion of each of these steps, a certification is issued to the facility, authorizing the use of a quality product seal. The seal identifies the product in the marketplace, effectively increasing the value. In response to a question, he clarified that it takes a year for a facility to qualify for certification and receive the authorization to include the quality seal on its products.

[9:27:53 AM](#)

REPRESENTATIVE WILSON asked about the four grades of quality: premium, choice, select and standard.

MR. BERTMARING answered that the grades were originated with the Alaska Manufacturer's Association, utilizing criteria established by ASMI. However, the quality assurance seal relates to the processing of the product, not the grade being produced. The grades are a guideline for the end product. When the processing facility follows the AQS certification program procedures, the buyer is assured that the requirements have been met for a consistent product of whatever grade that product meets.

[9:31:12 AM](#)

REPRESENTATIVE JOHANSEN asked if the AQS inspection process overlaps with federal inspectors.

MR. BERTMARING responded that there is no duplicity of effort.

[9:32:07 AM](#)

MR. BERTMARING described the MSC, its development and goals. He said, "Alaska enjoys a ... portion of these [MSC] certified sustainable fisheries for salmon, halibut, ling cod, and pollock." When a fishery has been certified sustainable, by MSC, subsequent audits are performed by AQS to assure continued compliance; this is the only organization based in Alaska conducting these ongoing inspections. He provided the ways and means used to market the services of AQS, which includes: maintenance of an internet website; direct contact and mail; trade publication advertisements; and trade show participation, including the international seafood show in Boston, and the worlds largest natural and organic trade show, being hosted this year in Germany.

OVERVIEW: SEAFOOD QUALITY GRANT PROGRAM - DEPARTMENT OF COMMERCE, COMMUNITY, & ECONOMIC DEVELOPMENT

CHAIR SEATON announced that the final order of business would be an overview from the Seafood Quality Grant Program, as administered through DCCED.

[9:36:14 AM](#)

GLENN HAIGHT, Fisheries Development Specialist, Office of Economic Development, Department of Commerce, Community, & Economic Development (DCCED), referred to an earlier committee question and emphasized that the RSDAs operate under a mandate to cooperate throughout the industry in order to minimize the

competition between marketing schemes. Further, each organization understands the importance, and benefits, of presenting a unified effort in the promotion of Alaskan seafood products on the world market. Directing attention to the committee packet handout, he indicated the granting activity provided in the various regions. He suggested that the question of whether improved quality oversight increases the market value should be put directly to the industry, as it an important component to be answered.

[9:38:57 AM](#)

MR. HAIGHT explained that the department has been involved in the last three to four years with the Alaska Fisheries Revitalization Strategy (Strategy). Salmon values have increased, he opined, primarily due to the actions of the industry for improvements. The Strategy was originally funded in 2003, via a combination of federal disaster funds and the Pacific Coastal Salmon Recovery Fund (PCSRF). The Fish Cabinet charged with developing the Strategy was comprised of members from the Governor's Office, DCCED, the Department of Labor, and Alaska Department of Fish & Game (ADF&G).

[9:40:13 AM](#)

MR. HAIGHT named the programs that were allocated funds from the Strategy receipts, as provided on page 2 of the handout. This included: Alaska seafood development strategy; Aid to individuals; Aid to communities; Alaska salmon marketing grant program; Fisheries economic development grant program; Targeted fisheries assistance program; Rural development initiative fund; Research and development; Alaska fisheries business assistance project; and General and specialty event marketing.

[9:41:41 AM](#)

MR. HAIGHT elaborated on the three quality related programs, from this group: 1) Fisheries Economic Development Program, that provided an infrastructure for salmon processing improvements; 2) Targeted Fisheries Assistance Program, which encompassed the Cook Inlet Chilling Program, Western Alaska Salmon Set Net and Upper Yukon River Salmon Fish Wheel Improvement Program, Southeast Alaska Salmon Shelf-Life Extension Program, and the Salmon Vessel Quality Upgrade Program (SAVQUP); and 3) funding for ASMI to complete a quality handling survey. Full details of these three matching grant programs are mapped out on pages six and seven of the handout. Grants of

approximately \$8.4 million, were utilized for these quality seafood production related projects. He elaborated on the goals of the SAVQUP including: improvements of refrigeration techniques, generator upgrades, hold upgrades, hold insulation, slush bags, bleed equipment, and hatch and deck upgrades.

[9:44:29 AM](#)

CHAIR SEATON recalled that many applicants were unable to receive improvement grants, due to the high demand, and asked for clarity in that regard.

MR. HAIGHT explained the criteria that applied to the review of each application. He concurred that many fishermen who applied did not receive a grant, and pointed out that the grants were made on a first come first serve basis. The average award distributed was \$13,000. Additional grant funds have been made available for distribution in Southeast, non-federal disaster funds, and applications are currently being received for those awards.

[9:48:39 AM](#)

CHAIR SEATON asked if PCSRF are received for this grant process.

MR. HAIGHT explained that PCSRF are directed through the U. S. Department of Commerce, then to ADF&G, where they are dispersed for the state's purposes. Typically, of the \$20-\$25 million received by ADF&G, 60 percent is utilized for habitat restoration projects, and the remainder is provided for economic development projects.

[9:50:37 AM](#)

MR. HAIGHT presented a slide indicating the 2005 survey results of the SAVQUP recipients. Of the 132 surveyed, 53 have responded. These responses serve to validate the effectiveness of this program; possibly increasing the value of the catch, and the realized economic investment opportunity that was created. In response to a committee member, he reiterated that the federal disaster funds were a one-time receipt, however, PCSRF are an on-going annual appropriation through the Pacific Salmon Treaty, for the purpose of habitat restoration and fisheries economic development. Further, he clarified that these funds are only available to the Southeast region.

[9:55:17 AM](#)

CHAIR SEATON stated that there is another federally funded salmon economic disaster relief appropriation under development, and asked whether any of those funds would be directed to Alaska.

MR. HAIGHT answered that he would defer that question to the appropriate person at ADF&G.

[9:56:26 AM](#)

CHAIR SEATON invited Mr. Riutta to make further comments.

MR. RIUTTA responded from his seat in the gallery, [inaudible].

CHAIR SEATON stated that the committee would look forward to receiving that information from ASMI, as well as the McDowell Group survey, if available.

[9:57:21 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at [9:57:30 AM](#).