

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

April 9, 2008

8:43 a.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
Representative Kyle Johansen
Representative Craig Johnson

MEMBERS ABSENT

Representative Gabrielle LeDoux
Representative Peggy Wilson
Representative Bryce Edgmon
Representative Lindsey Holmes

COMMITTEE CALENDAR

OVERVIEW: ROUND-TABLE DISCUSSION: STATUTORY AND REGULATORY
TOOLS TO ADDRESS OVER ESCAPEMENT AND FOREGONE HARVEST IN ARCTIC,
YUKON, AND KUSKOKWIM REGIONS

- HEARD

SENATE BILL NO. 304

"An Act authorizing an Alaska regional development organization
to use the Alaska Commercial Fisheries Entry Commission as an
informational resource."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DAN BERGSTROM

Arctic-Yukon-Kuskokwim (AYK) Regional Management Biologist
Davison of Commercial Fisheries
Alaska Department of Fish & Game (ADF&G)
Anchorage, Alaska

POSITION STATEMENT: Participated in the round-table discussion:
Statutory and Regulatory Tools to Address Over Escapement and
Foregone Harvest in Arctic, Yukon, and Kuskokwim Regions.

GENE SANDONE, Arctic-Yukon-Kuskokwim (AYK) Regional Supervisor
Division of Commercial Fisheries
Alaska Department of Fish & Game (ADF&G)
Anchorage, Alaska

POSITION STATEMENT: Participated in the round-table discussion:
Statutory and Regulatory Tools to Address Over Escapement and
Foregone Harvest in Arctic, Yukon, and Kuskokwim Regions.

JOHN HILSINGER, Director
Division of Commercial Fisheries
Alaska Department of Fish & Game (ADF&G)
Anchorage, Alaska

POSITION STATEMENT: Participated in the round-table discussion:
Statutory and Regulatory Tools to Address Over Escapement and
Foregone Harvest in Arctic, Yukon, and Kuskokwim Regions.

KRISTIN RYAN, Director
Division of Environmental Health
Department of Environmental Conservation (DEC)
Anchorage, Alaska

POSITION STATEMENT: Participated in the round-table discussion:
Statutory and Regulatory Tools to Address Over Escapement and
Foregone Harvest in Arctic, Yukon, and Kuskokwim Regions.

JACK SCHULTHEIS, Manager
Kwik' Pak Fisheries
Board of Directors, Alaska Seafood Marketing Institute (ASMI)
Wasilla, Alaska

POSITION STATEMENT: Participated in the round-table discussion:
Statutory and Regulatory Tools to Address Over Escapement and
Foregone Harvest in Arctic, Yukon, and Kuskokwim Regions.

ACTION NARRATIVE

CHAIR PAUL SEATON called the House Special Committee on
Fisheries meeting to order at [8:43:51 AM](#). Representatives
Seaton, Johnson, and Johansen were present at the call to order.

OVERVIEW: ROUND-TABLE DISCUSSION: STATUTORY AND REGULATORY
TOOLS TO ADDRESS OVER ESCAPEMENT AND FOREGONE HARVEST IN ARCTIC,
YUKON, AND KUSKOKWIM REGIONS

[8:44:26 AM](#)

CHAIR SEATON announced the only order of business would be a
round-table discussion of statutory and regulatory tools to

address over escapement and foregone harvest in the Arctic, Yukon, and Kuskokwim (AYK) regions, and miscellaneous fisheries, in participation with the Alaska Department of Fish & Game (ADF&G), commercial fishing groups, and processors.

CHAIR SEATON directed attention to the committee packet, ADF&G report 5J08-1, Figure 4, Arctic-Yukon-Kuskokwim region salmon escapements compared to goals for the years 2001-2007 [page 9], and the graph indicating how approximately 60 percent of the monitored AYK streams experienced escapements above the upper goal. He explained that the department establishes escapement goals to ensure that the minimum goal will be met, thus maintaining the integrity and sustainability of a system. The effort is to not exceed the upper escapement goal, which can have biologically detrimental effects on a stream. The amount of unharvested fish, above the upper escapement goal, represents a loss of revenue to the state, and realized as foregone harvest to the fishermen. The intention of this discussion is to maximize the value of the harvest, and meet state constitutional obligations for optimization of resources.

[8:48:49 AM](#)

DAN BERGSTROM, Arctic-Yukon-Kuskokwim (AYK) Regional Management Biologist, Division of Commercial Fisheries, Alaska Department of Fish & Game (ADF&G), stated that the major difficulty is the market condition, which prohibits fishermen and processors from having an economic harvest. Exceptions are Kuskokwim Bay, and Good News Bay, that have had good success in recent years, with the presence of a CDQ (community development quota) buyer for the sockeye, coho, chum, and chinook salmon. However, when a large run returns, as it did in 2006, over escapement occurs due to the inability of the processors to handle the amount of product. The CDQ is in the process of building a processing plant in Good News Bay, to alleviate some of the problem and service the Kuskokwim harvest as well. One primary difficulty is handling the high chum runs, with minimal market demand. A chum run, of over 1 million, overlaps the sockeye and chinook returning in June and July. The August coho run, in the Kuskokwim River, has been manageable, with efficient escapement. The Yukon River has a strong chinook harvest, but again the chum market overlaps, creating harvest problems. The CDQ group, in the Yukon Delta, has worked to market chum, building the demand, although the price is still marginal. The Norton Sound CDQ has managed the August coho run well, but June and July fishing efforts are not realized as the chum have not been marketable. In Kotzebue the buyers establish openings, in order to

coordinate flight service for moving the product. Twenty to thirty fishermen harvest about 100 thousand fish, or 1 million pounds, per year. The department makes an effort to coordinate with buyers, in regard to their transportation availabilities, and while maintaining a biologically sound fishery, he reported.

[8:55:42 AM](#)

GENE SANDONE, Arctic-Yukon-Kuskokwim (AYK) Regional Supervisor, Division of Commercial Fisheries, Alaska Department of Fish & Game (ADF&G), stated that over escapement does not represent a biological problem in Alaskan watersheds, contrary to previous opening comments. Under extreme conditions, and possibly in lake situations, a biological concern might arise. He opined that this is an unusual occurrence, although it may happen in the Norton Sound area on the Seward Peninsula. The issues of over escapement in AYK centers around concerns for yield. A distinguishing factor of the region is that it does not have large lake systems. He reported that managing long rivers, such as the Kuskokwim and Yukon, with overlapping runs presents a host of difficulties. Chinook, coho, and chum salmon spawn throughout the drainages, with the chinook and chum migrating as far as 2,000 miles from the river's mouth to reach spawning ground. The fish will traverse Alaskan waters for a month before entering Canada, to continue their journey. The major commercial fisheries are in the lower reaches of the Yukon, and providing escapement for upper system subsistence users, tributary escapement needs, and respecting treaty requirements is a challenge.

[8:58:25 AM](#)

CHAIR SEATON acknowledged the yield vs. biological concern for over escapement, and the complexity of managing the interior rivers. Considering product marketing, he asked for comment on the effectiveness of the grant program in the region, awarded to build ice plants for added value, and other marketing concerns.

MR. BERGSTROM said product quality has been vastly improved in the region with the ice that is now available, and the handling techniques.

[9:00:50 AM](#)

MR. SANDONE interjected that the quality has improved, particularly for sockeye and chinook. However, when the chum and sockeye runs overlap, and the sockeye take is overwhelmed by

the chum harvest, difficulties arise. Kuskokwim processors don't have a market for the abundant chum, thwarting early season harvest efforts. Compounding the issue is the economically unviable necessity for this region to transport product out via aircraft. The Yukon Delta fisheries have managed to establish a market for Yukon River chum, but the Kuskokwim area lacks this development. He reported, in the past, one buyer purchased chum for \$.05 cents per pound, but did not take possession of the product, as the cost of transport precluded a profit; the fishermen took the catch home.

CHAIR SEATON noted that fuel costs have become an economic driver in many fisheries, particularly in remote areas.

[9:02:25 AM](#)

JOHN HILSINGER, Director, Division Of Commercial Fisheries, Alaska Department of Fish & Game (ADF&G), added that AYK staff has worked with the public stakeholder groups to deal with marketing, transportation, and other issues. As an example, the coordination of openings on the Yukon and Kuskokwim is crucial, to allow cargo space on flights to handle the product. Additionally, the substantial subsistence fisheries must be considered. The annual Kuskokwim chinook subsistence fishery has a take of approximately 90 thousand fish, compared to the few thousand taken in the commercial harvest.

[9:04:05 AM](#)

REPRESENTATIVE JOHANSEN opined that the department's focus needs to be on biology and management, with minimal time spent on marketing strategies. He asked who in ADF&G provides information on marketing, should not professional marketing organizations, Alaska Seafood Marketing Institute (ASMI) for instance, be addressing that aspect of the fishery.

MR. HILSINGER agreed, which is what generally happens. He said there are occasions, in some areas, where staff undertakes pre-season work to contact processors and gain insight for expected market demand, in order to establish strategic management parameters. Coordinating how to provide an economically sound harvest is necessary, particularly in AYK, as previously reported by the regional staff. To a further question, he responded the market information is received by ADF&G from the buyers and processors.

[9:06:24 AM](#)

REPRESENTATIVE JOHANSEN pointed out the fishermen's financial contributions to ASMI for assistance in marketing. Historically, AYK has been plagued by market issues, and transportation problems. He noted how the situation has continued, without change, and asked what steps need to be taken for improvement, and also, who works on the market front adding value, to create an economical harvest, for these remote fisheries.

MR. HILSINGER responded there have been marketing initiatives specific to the areas, and regional groups have formed marketing strategies and initiatives; ASMI works on a statewide basis. He provided examples of chum marketing and other direct marketing efforts, such as Arctic Kita, a chum product.

REPRESENTATIVE JOHANSEN acknowledged that this may not be the purview of the director, but, if management strategies are being based on market demand, perhaps a conversation with the marketing organizations receiving state and private sector funds to manage the market, is in due. He opined that departmental biologists ought to be paid for performing scientific duties, not for creating market opportunities.

[9:10:13 AM](#)

CHAIR SEATON acknowledged the validity of the point made, and noted the department appears to be coordinating with the market representatives, not delving into the marketability of the product. The efforts described appear to be in-line with protecting the resource for optimum marketability to avoid a situation where fish may be wasted on the dock. The icing and coordination efforts result in less loss of quality/product, and are overall beneficial. He reiterated his query for further information regarding glitches in the system that would prove additionally helpful, including use of direct marketing vessels, transporter permits, and other strategies.

[9:13:43 AM](#)

MR. HILSINGER suggested that the department could address the transporter issues.

[9:13:58 AM](#)

MR. BERGSTROM said product markets are built up over a number of years. The Yukon CDQ groups have worked diligently to

establish, and continue to develop, the chum market, with advertising support from ASMI. Direct marketer's face the same development process, and have begun efforts on the Yukon and Kuskokwim. Transporter permits have not been utilized in the AYK region, as the fishermen are operating in proximity to a tender, or processor. He opined that the cost of fuel would influence the distance that a fisherman is willing to travel.

[9:15:35 AM](#)

MR. SANDONE pointed out that there is only one buyer in most areas. The buyer limits the amount of harvest based on what the processing capacity allows, which tends to be low, particularly in the Kuskokwim area. The Yukon may have three buyers, but that is the exception. He noted past chum fisheries that provided lucrative roe harvests, which fell by the wayside with the influx of hatchery fish. Hatchery fish, he opined, have also influenced the decline in demand for AYK chum.

[9:17:00 AM](#)

CHAIR SEATON asked what has been done to assist the AYK region to develop a catcher/seller market.

KRISTIN RYAN, Director, Division of Environmental Health, Department of Environmental Conservation (DEC), explained that separate permits, and regulatory structures, apply for DEC and ADF&G requirements for buyers who transport vs. processors. The direct market DEC permit is utilized statewide, including the AYK region. The permit allows the fishermen to process their own boats catch, in accordance with state and FDA (Food and Drug Administration) standards. The FDA of Alaska contracts with DEC, to perform the majority of their inspections. The controversy of the direct market permit is that it only allows the catcher to process their own fish; purchasing from other fishermen is disallowed. When fish are purchased, the fisherman becomes a processor, and two permits per vessel govern fish processing: less than 5,000 pounds per day, and one for handling over 5,000 pounds per day. Allowing tenders to process and direct marketers to purchase fish, are two issues which 2007 regulatory changes attempted to solve. However, she reported, the issue requires further consideration.

CHAIR SEATON pledged legislative support, in the endeavor for adjusting regulations or statute.

[9:20:47 AM](#)

MS. RYAN suggested the clearest path may be to restrict the daily quantity of product that is processed under a direct market permit; either caught or purchased. Unfortunately this does not solve the tender processing concerns.

CHAIR SEATON provided a scenario of a direct marketer, transporting another direct marketer's catch, without purchasing it, thus becoming a buyer. If the second party catch is merely being transported, without ownership, to an on shore buyer/processor, could the fish ticket mechanism be utilized to address the problem.

MS. RYAN opined that it may not be that easy. She said the transport of catch in the round is not monitored DEC, whose purview are fish that have flesh exposed and laid open to contaminants. The department has no authority over who owns or transports the product.

[9:25:11 AM](#)

CHAIR SEATON inquired if the quantity allowed would need to be changed in regulation or statute.

MS. RYAN said it would be a regulation change, however, prior to proposing a regulation change, information will need to be garnered to establish a reasonable quantity to target. A data base will need to be established for informational purposes.

[9:26:46 AM](#)

REPRESENTATIVE JOHANSEN stressed the need to establish an allowable capacity. He said:

Just to put [DEC] on notice, ... I'm pretty concerned about this because, ... the direct marketers ... are extremely pro-active. ... They've got other businesses involved or ... contacts with restaurants, which are very sensitive to constant supply. ... I would hate to have these people, who've had relationships with restaurants for ... years suddenly be cut off, because of some regulation. So I would hope you'd be extremely sensitive with that, and float that out very publicly, above and beyond you're normal required public notice meetings.

MS. RYAN acknowledged the sensitivity of the issue and the need to consider the processors, as well as the direct marketers. Further, DEC realizes the need to move forward in a carefully staged, slowly paced, well vetted, public manner. A public focus group is one approach being considered, she said.

REPRESENTATIVE JOHANSEN opined that processors have been in the driving seat for "about 100 years," and the direct marketers are due support for their independent efforts.

CHAIR SEATON offered his office as a resource, as well as the possibility of the House Special Committee on Fisheries convening with a forum on behalf of this issue, and to support DEC efforts to maintain a public process.

[9:31:35 AM](#)

JACK SCHULTHEIS, Manager, Kwik' Pak Fisheries, Board of Directors, Alaska Seafood Marketing Institute (ASMI), stated that he has commercially fished the AYK region since 1974 for all species. The western Alaska chum salmon is routinely a higher quality product than the hatchery chum of the southeast and south central, as reflected in the higher price these fish have historically commanded in the market place. However, the air transportation costs have become prohibitive. Without a railhead, highway, or ability to ship frozen product by barge, or "state subsidized ferry," Marketers are faced with a cost of one dollar per pound to fly the product out. He stressed the market is not the problem, rather transportation is the issue.

[9:33:55 AM](#)

CHAIR SEATON asked if some runways are not accessible for freight size aircraft.

MR. SCHULTHEIS provided an example of the situation in Emmonak, the largest village on the lower Yukon River. The airstrip is the longest in the area, at 4,600 feet, which only DC6 aircraft can utilize. One of the primary carriers, Northern Air Cargo, has recently upgraded to jet aircraft, precluding their continued service to Emmonak. The village air service thus drops from six to three flights per week. He explained that a jet aircraft requires 6,000 foot runway. To further questions, he said the strip was designed in the 1980's, with plans for expansion to 6,000 feet. The space is available, but the project has never been funded. He continued:

It's basically a money issue, OK. DOT (Department of Transportation & Public Facilities) won't touch it, the state's ignored us. I don't have a dock, anything down there. OK, I don't have an ocean dock to bring a barge in, I don't have a seawall, I don't have a small boat harbor. There is nothing on the lower Yukon Delta as far as transportation. ... Fish and game said earlier how they had to time openings based on transportation issues. We're one of those areas they have to do that in. You have to go to your fishermen and say, 'You know, we were going to fish tomorrow, but we don't have any airplanes, we don't have any air freight ability, so we're going to pull the opening.' ... For me it just ain't fair how one area of the state is so ignored when it comes to transportation. We have markets for our fish, but I just can't compete when I [have to] pay a dollar a pound to get it out of there. OK, that's the biggest problem there.

9:38:03 AM

REPRESENTATIVE JOHANSEN queried how the fish are physically landed and transported to the airport.

9:38:24 AM

MR. SCHULTHEIS said the dock that is needed is an ocean dock that a barge could land at, for frozen product transport. There is a processing barge, ice making ability, and other added value measures to produce a quality product. Boats are off-loaded by cranes and trucked to the air strip. Infrastructure for moving product out of the region does not exist, and the possibility of a sea-going freezer container, is not an option, due to lack of facilities.

REPRESENTATIVE JOHANSEN restated his question for a description of the physical handling of the product.

MR. SCHULTHEIS said the barge has cranes to off-load the fish, which are processed, toted, fork lifted onto a truck, and delivered to the airstrip.

9:40:34 AM

REPRESENTATIVE JOHANSEN clarified the needs are for a seawall or seaport, to provide ocean going barge opportunities, as well as to lengthen the airport. He asked what funding was used to

construct the current airport and existing roads, and what funds are expected to expand the airstrip, roads, and build a seawall.

MR. SCHULTHEIS conjectured that federal funds were possibly the source, and said, "We're just trying to get what other people have in the state, that's all."

REPRESENTATIVE JOHANSEN stated his support for the regions projects, however, he cautioned that casting aspersions on other areas of the state is not helpful to the situation.

[9:43:16 AM](#)

CHAIR SEATON recapped the issues, and requested any further comments be submitted to the committee.

[9:44:01 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 9:44 a.m.