

AGRICULTURE

I

MEMORANDUM

TO: COCHAIRMAN GARDINER
ZHAROFF

FROM: JOHN SUND

DATE: MARCH 23, 1981

RE: AQUACULTURE HEARINGS

The committee has scheduled hearings to be held on fisheries enhancement and rehabilitation and aquaculture for March 23 and 24. The basic outline of the hearings is as follows.

1.0 Monday 3 to 5 pm.

3-4. Overview of the state programs. Bob Roys, director of FRED will present the state program. Because the time is very limited the presentation will be very brief. Any detail of specific programs will be offered in response to questions from the committee.

4-5. Overview of the private not-for-profit program; AS 16.10.375-600 and AS 43.76. This program includes regional associations and individually owned not-for-profit corporations. There are five regional associations and the testimony will be offered in a panel approach to avoid repetition. They will review the history of the program, its current status and proposals for the future. The panel will consist of the following:

- .1 Ron Wendte: Southern Southeast Regional Aquaculture Association: Ketchikan
- .2 Derek Poon: Northern Southeast Regional Aquaculture Association: Sitka/Juneau
- .3 Armin Koernig: Prince William Sound Aquaculture Association: Cordova
- .4 Floyd Heimbeck: Cook Inlet Regional Aquaculture Association: Kenai
- .5 Paul McCollum: Lower Yukon/Kuskokwim Aquaculture Association: Bethel

There are several individually owned not-for-profit aquaculture associations in the program. They are listed in the attachments. The problems they face are substantially the same as the regional associations although they do not have access to the resources of the regionals. Also there are actual and potential conflict areas between the regional associations and the individually owned corporations. The following will testify on their behalf:

- .6 Ladd MacCauley: Douglas Island Pink and Chum Corp.
Juneau

MEMORANDUM

TO: HOUSE RESOURCES COMMITTEE MEMBERS
FROM: COMMITTEE COUNSEL JOHN SUND
DATE: MARCH 23, 1981
RE: PACKET MATERIAL FOR AQUACULTURE HEARINGS

The attached material consists of the following:

NECESSARY FOR THE ACTUAL HEARINGS

- (1) Memorandum dated 3/23 to the committee cochairmen from Sund outlining the Monday hearings. One page.
- (2) Memorandum dated 3/23 to the committee cochairmen from Sund outlining the Tuesday hearings and summarizing the issues. Five pages.

BACKGROUND MATERIAL: LEADING TO THE HEARINGS.

- (3) Memorandum dated 2/27 to all interested parties from committee cochairmen requesting written response to various issues relating to aquaculture as outlined in an attached memorandum.
- (4) Responses to the 2/27 letter from the following participants:
Southern Southeast Regional Aquaculture Association
Northern Southeast Regional Aquaculture Association
Cook Inlet Aquaculture Association
Lower Yukon/Kuskokwim Aquaculture Association
Department of Commerce and Economic Development
Governor's Office
Kodiak Area Native Association
- (5) Department of Fish and Game; FRED; Fish Marking, Recovery And Evaluation Program.

BACKGROUND MATERIAL: AQUACULTURE

- (6) "The Miller Report;" Analysis of Selected Elements of the Alaska Salmon Resource Development Program. A Report to the Aquaculture Policy Study Group of the Alaska Legislature. By Wally Miller; Leonard Lane; Bill Wilkerson.

MEMORANDUM

TO: COCHAIRMEN GARDINER
ZHAROFF

FROM: JOHN SUND

DATE: MARCH 23. 1981

RE: AQUACULTURE HEARINGS MARCH 24. 1981

The aquaculture hearings for Tuesday March 24 will focus on the issues which are creating the most difficulty at this time. The regional association representatives and the director of FRED met on Friday, March 20, 1981 with Committee Counsel Sund in preparation for these hearings. At that meeting many of the current issues were discussed. Because of the time constraints of the committee and that only 2 hours were available the following issues were determined to be the most important.

POSSIBLE COMMITTEE ACTION

There are four possible reasons for the committee to have these hearings and three possible actions that can be taken:

- .1 Statutory change; bill required;
- .2 Policy direction; resolution required;
- .3 Budgetary matter; committee letter to finance committee;
- .4 Information;

The action that the participants request the committee to consider are listed as the issues are summarized.

ISSUES FOR COMMITTEE ACTION

Summaries of the following issues are attached. One page of summary for each issue. The issue is appropriately numbered and titled at the top of the page. Further detail is provided in each members files.

- 1.0 FINANCING.
 - .1 statutory changes
 - .2 appropriation bill
 - .3 recommendation to finance committee
- 2.0 BROODSTOCK POLICY
 - .1 policy issue; possible resolution
- 3.0 FISH MARKING, RECOVERY AND EVALUATION
 - .1 recommendation to finance committee
- 4.0 REGIONAL PLANNING
 - .1 statutory changes
 - .2 recommendation to finance committee

SHORT SUMMARY OF THE ISSUES

1.0 FINANCING

POSSIBLE COMMITTEE ACTION

(1) Statutory changes. (a) Amendment to AS 16.10.520. Change the single fisheries enhancement loan limit. Either:

(1) delete the \$6,000,000 present limit and have no limit: in that situation each project would be reviewed on its merits and would not be restricted because of the financing limit: or

(2) increase the limit to \$10,000,000.

(b) Amendment to AS 43.76. Clarification of the enhancement tax statute based on experience gained from last year.

(2) Appropriation. An appropriation to the fisheries enhancement loan fund for loans authorized under AS 16.10.510. The anticipated need for loan funds for the next fiscal year is approximately \$10,000,000. The loan fund now has approximately \$2,800,000 and pending loan requests are about \$2,000,000 and another \$2,000,000 are anticipated this fiscal year. *25mil*

(3) Budgetary. A letter from the committee to the finance committee regarding the fisheries enhancement tax. AS 43.76 enacted in 1980 authorized the regional associations to hold an election regarding the imposition of a mandatory assessment. The elections were held in three regions and the regions voted to impose the assessment. The collection of the assessment is treated as tax revenues to the general fund subject to annual appropriation. AS 43.76.025 provides that the legislature may make appropriations for the purposes of providing financing to the regional associations based on the revenues collected within the specific region. The specifics regarding the amount collected and the allocation for each region is attached in the packet titled financing.

THE ISSUE

It is obvious that financing is the most critical of all areas. If the appropriate financial mechanism cannot be found the program fails. The legislature and governor have supported the private-not-for-profit program for the past five years. Because of the time it takes for a cycle of fish to proceed from egg to returning adult the question of whether the financing mechanism that is being used will work is still in doubt. These requests are basically making adjustments in the existing mechanism and not introducing new changes.

SHORT SUMMARY OF ISSUES

2.0 BROODSTOCK

POSSIBLE COMMITTEE ACTION

Resolution regarding policy direction. Introduction of a resolution by the committee directing the Board of Fish and the Department of Fish and Game to provide for broodstock for fisheries enhancement and rehabilitation projects to be taken from already depressed or depleted salmon stocks.

THE ISSUE

Availability of eggs for enhancement and rehabilitation activities has been a continuing problem for both the state and the private not-for-profit associations since the program was initiated. The primary purpose of the use of hatcheries and other enhancement and rehabilitation techniques is to rebuild depressed stocks of fish. That is the mandate given to FRED and offered to the associations. The issue arises when the decision has to be made where the eggs to put in the facilities are going to come from. That decision is within the jurisdiction of the Commercial Fisheries Division of ADF&G and the Board of Fisheries. Coordination has not always been the rule but more like the exception.

With one agency charged with maintaining existing stocks, Commercial Fish and another with rebuilding depressed stocks, FRED, the legislature has built in conflict. How is Commercial Fish to allow the taking of eggs from streams of depressed stocks? Streams that in some cases have not reached optimum escapement levels for several years or decades. In most cases very little if any thing is known about the escapement levels for streams in Alaska. Thus figuring out how many eggs can be removed from a stream is more guess work than factual knowledge. But the state does not reward people for taking any type of risk. Therefore there is no incentive.

The result is that the state has embarked on an aggressive enhancement program, built many facilities, encouraged private involvement, financed private individuals, imposed enhancement taxes, created support facilities in state government and not provided a policy relating to the one essential thing that will determine success or failure FISH EGGS.

At the present time the Board of Fish has the role to determine allocation of the returning stocks. They are allocated to escapement, subsistence, sport, and commercial. There is a need to provide for an allocation for broodstock for the enhancement and rehabilitation projects. In order to avoid the double declining scenario it may be necessary for the legislature to provide some direction that allocation for enhancement and rehabilitation and hatchery programs be given out of already depressed stocks.

SHORT SUMMARY OF ISSUES

3.0 FISH MARKING, RECOVERY AND EVALUATION

POSSIBLE COMMITTEE ACTION

Finance committee recommendation. Recommendation to finance committee regarding necessary budgetary action. Some of the elements to begin to implement a workable marking, recovery and evaluation program have been recommended to the legislature in the governor's proposed budget. A letter adopted by the committee outlining the recommended program and the appropriate funding level is requested.

THE ISSUE

Accurate timely knowledge of the state's fisheries is essential to solve the complex problems regarding management of resource. Not only to assure continuation of the resource but also to provide the ability to allocate it in the manner society wishes. Technological advances are available to begin much more accurate data gathering. But the program must be implemented in a coordinated and intelligent manner.

All of the participants in the enhancement and rehabilitation programs unanimously support the creation and implementation of a marking, recovery and evaluation program.

Large numbers of salmon stocks will be tagged with wire coded tags this year and more in coming years. The tagging will occur on both natural and hatchery stocks. After the tags are placed the program is totally dependent upon a comprehensive and continuing recovery program. This will primarily occur in the processing plants where the fish are unloaded. It will require trained personnel at each plant to recovery a statistically acceptable number of the tagged returns. The wire coded tags must then be removed from the fish head, interpreted and the data regarding the place and time of catch of the fish correlated with the place and time the wire coded tag was implanted. In other words a very coordinated program. It will involve interdisciplinary teams made up of all ADF&G divisions and the private-not-for-profit corporations.

The department has proposed a plan to begin implementing a state wide program. It involves starting in Southeast this season and expanding to the rest of the state in the following year. The estimated cost of this years program is attached. Details of the plan and the operational schematic are contained in the packet.

SHORT SUMMARY OF THE ISSUES

4.0 REGIONAL PLANNING

POSSIBLE COMMITTEE ACTION

(1) Statutory change. Amend AS 16.10.375 as follows:

AS 16.10.375. Regional salmon plan. (a) The commissioner shall designate regions of the state for the purpose of salmon production and have developed and amend as necessary a comprehensive salmon plan for each region, including but not limited to, provisions for the management of natural stocks, and enhanced and rehabilitated stocks, from both public and private nonprofit hatchery systems.

(b) Subject to plan approval by the commissioner, comprehensive salmon plans shall be developed by regional planning teams consisting of department personnel and representatives of the appropriate qualified regional association formed under sec. 380 of this chapter.

(2) Finance committee recommendation. A letter from the resources committee to finance supporting a budget item in ADG&G budget for the regional planning teams.

THE ISSUE

Scope of regional planning teams.

The original purpose for the creation of the Regional Planning Team concept was to provide a focus for planning the management of fisheries within a given region. The planning was to be "comprehensive", i.e. to include all fisheries, natural stocks, and enhanced and rehabilitated stocks from both public facilities and private not-for-profit-corporations.

In practice that has not happened. The interpretation of sec. 375 has been to limit it to planning for the private-not-for-profit facilities. There has been a great deal of effort to limit the scope of the planning team.

Since the fishery is an interrelated system one segmented cannot be rationally implemented without effecting the others therefore it only makes common sense that the planning process must encompass all of the salmon stocks. In fact it is probably not logical to just limit it to the salmon stocks and the planning process should include all fisheries. That is the recommendation of Miller report to the legislature in 1979. But expanding it to all salmon stocks will be a help.

Budget support for regional planning.

Planning is not free but pays for itself by encouraging and assisting good projects preventing disasters from occurring. In the past year the Regional Planning Teams have been funded by the state. The estimated costs have been arrived at and divided between the department and the appropriate regional association. A breakdown of the FY81 budget is attached along with an FY82 recommendation. The experience has shown that the process works very well when there are incentives for each party to participate and each party has the means to participate within their own control.