

SCOMM

87:19

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSIONBILL NO. HB 303

Revision Date: _____
 Title: An Act Relating to the Alaska Commercial Fisheries
Development Endowment
 Sponsor: Representative Moses
 Requestor: Representative Moses

Department Affected: Commerce and Economic Development
 BRU: Alaska Commercial Fisheries Endowment Board
 Component: _____

COMPONENT SERIAL NO. _____

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

CHANGE IN REVENUES ()	0	0	0	0	0	0
------------------------	---	---	---	---	---	---

FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

The fiscal note assumes no appropriation to the endowment. The attached analysis reflects the department's estimate of operating costs if the annual endowment income were \$3.5 million.

Prepared by: Donna Parker, Development Specialist
 Division: Economic Development

Phone: 465-5464
 Date: _____

Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Date: 2-4-94

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 303

ANALYSIS: (continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
Fiscal Note Calculations for
Alaska Commercial Fisheries Development Endowment Board

Personal Services				251.8
	Salary	Benefits	Total	
Executive Director (R26A)	67.8	23.4	91.2	
Development Specialist II (R20A)	46.6	17.6	64.2	
Grants Administrator (R18A)	40.7	15.9	56.6	
Administrative Assistant (R12A/B)	27.5	12.3	39.8	
Travel/Per Diem				32.0
Board Travel				
(2 annual meetings @ \$1.0 per board member)			20.0	
Staff Travel				
(12 trips @ \$1.0)			12.0	
Contractual Services				64.8
Office space rental for staff			12.6	
(12 months x \$1.50 per sq. ft. x 175 sq. ft =				
\$3.2 x 4 positions)				
Miscellaneous contractual costs @ \$6.8 per position			27.2	
Technical Assistance Contract			25.0	
Supplies				4.0
\$1.0 per position			4.0	
Equipment				55.4
\$12.1 per position for office furniture and computer			55.4	
equipment plus \$7.0 for office copier				
Grants				3,092.0
TOTAL				\$3,500.0

Funding Source: AK Commercial Fisheries Development Endowment Income

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. House Bill 303

Revision Date: _____
Title: "An Act relating to Alaska commercial fisheries
development endowment;"
Sponsor: Moses
Requestor: House Special Committee on Fisheries

Department: Commerce and Economic Development
BRU: Alaska Seafood Marketing Institute
Component: Alaska Seafood Marketing Institute

COMPONENT SERIAL NO. 393

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
--------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 94) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Kim Elton, Executive Director
Division: Alaska Seafood Marketing Institute
Approved by Commissioner: [Signature]
Agency: Commerce and Economic Development

Phone: 465-5560
Date: 2/7/94
Date: 2/7/94

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA 1994 LEGISLATIVE SESSION

BILL NO. HB 303

Revision Date: _____ Title: <u>An Act Relating to the Alaska Commercial Fisheries Development Endowment Fund</u> Sponsor: <u>Representative Moses</u> Requestor: <u>House Fisheries</u>	Dept. Affected: <u>Revenue</u> BRU: <u>Revenue Operations</u> Component: <u>Treasury Management</u> COMPONENT SERIAL NO. <u>#121</u>
--	---

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	5.0	5.0	5.0	5.0	5.0	5.0
TRAVEL						
CONTRACTUAL Note (1)	20.0	21.0	22.0	23.0	24.0	25.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	25.0	26.0	27.0	28.0	29.0	30.0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other State Funds Note (2)	25.0	26.0	27.0	28.0	29.0	30.0
TOTAL	25.0	26.0	27.0	28.0	29.0	30.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

Note (1) Contractual services will vary depending on the amount and type of investments. Fixed contractual costs for establishment of the fund are \$10,000 annually.

Note (2) All costs incurred for managing the fund will be charged to the income of the fund per AS 37.14.370.

Note (3) No costs will be incurred until the Endowment Fund is funded.

Prepared by:	Laraine L. Derr, Deputy Commissioner <i>Laraine L. Derr</i>	Phone:	465-4880
Division:	Treasury	Date:	1/31/94
Approved by Commissioner:	Darrel J. Rexwinkel <i>Darrel J. Rexwinkel</i>	Date:	1/31/94
Agency:	Department of Revenue		

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

HOUSE SPECIAL COMMITTEE ON FISHERIES

April 14, 1993

8:30 a.m.

MEMBERS PRESENT

Representative Carl E. Moses, Chairman
Representative Harley Olberg, Vice-Chairman
Representative Gail Phillips
Representative Cliff Davidson

MEMBERS ABSENT

Representative Irene Nicholia

COMMITTEE CALENDAR

Fisheries Development Foundation Discussion

WITNESS REGISTER

Paul Fuhs, Commissioner
Alaska Department of Commerce and Economic Development
P.O. Box 110800
Juneau, Alaska 99811-0800
Phone: 465-2500
Position Statement: Supports endowment

Carl L. Rosier, Commissioner
Alaska Department of Fish and Game
P.O. Box 25526
Juneau, Alaska 99802-5526
Phone: 465-4100
Position Statement: Supports endowment

Chris Mitchell, Executive Director
Alaska Fisheries Development Foundation
508 W. 2nd, Suite 212
Anchorage, Alaska 99501
Phone: 276-7315
Position Statement: Supports endowment

John French, Director
Fisheries Industrial Technology Center
Kodiak, Alaska 99615
Phone: 486-1500
Position Statement: Supports endowment

Kim Elton, Executive Director
Alaska Seafood Marketing Institute
Alaska Department of Commerce and Economic Development

1111 W. 8th Street, Suite 100
Juneau, Alaska 99801-1895
Phone: 586-2902
Position Statement Supports endowment

Jerry McCune, President
United Fishermen of Alaska
211 Fourth Street, Suite 112
Juneau, Alaska 99801
Phone: 586-2820
Position Statement: Supports endowment

Bart Watson, Executive Director
Armstrong/Keta Corporation
P.O. Box 21990
Juneau, Alaska 99802
Phone: 586-3443
Position Statement: Supports endowment

Dean Paddock, Executive Director
Bristol Bay Driftnetters Association
P.O. Box 21951
Juneau, Alaska 99802
Phone: 463-4975
Position Statement: Supports endowment

ACTION NARRATIVE

Tape 93-22, Side A
Number 000

CHAIRMAN CARL MOSES called the meeting to order at 8:36 a.m., and said the committee would be hearing from a group of people who had been working together on a project to fund salmon development in Alaska.

PAUL FUHS, COMMISSIONER, ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT (DCED), talked of how everyone has seen the reduction in salmon prices and the problems and impacts it has had on fishermen and the local communities that depend on salmon revenue. He said the state also has a significant amount invested (\$130 million) in fishing boats, permits and hatcheries. The DCED and the Alaska Department of Fish and Game were concerned about the situation and came up with a plan that they took to Governor Hickel which he "put his blessing on."

MR. FUHS explained that marketing assessment is a critical piece of this plan. It would assure more money would go into domestic marketing. He stated the way Alaska is trying to sell its fish is very outdated and the seafood industry has not kept up with other industries. He felt the Alaska Seafood

Product Development Fund is probably the most important part. The idea behind this is to set aside a suggested amount of \$50 million dollars for ten years, from which the interest would be used to develop new products and the technology necessary to produce those products. He said the source of funds has not yet been identified.

MR. FUHS further explained that this would generate about \$4 million dollars a year and it would be the responsibility of the departments working with industry to come to the legislature with a budget each year explaining how this money would be spent. It would be totally within the control of the legislature to appropriate, not setting up a constitutional endowment. If at any time the legislature feels it is not worth doing, the \$50 million can be put back into the general fund, or at the end of ten years it would automatically go back into the general fund. He noted that this process really worked with surimi using federal funds that are not available now.

MR. FUHS talked about the last aspect of the plan which is tax credits to promote value added salmon production in Alaska. For a few years, Alaska had a 50% tax credit to anyone who invested onshore in Alaska. It was very successful and led to hundreds of millions of dollars being invested in the shore site industries. There was a proposal to extend that, but the DCFD testified against that because more primary production is not what is needed. What is needed is incentive for value added processing for new product forms and improvements to the quality of the products, he declared.

Number 118

CARL ROSIER, COMMISSIONER, ALASKA DEPARTMENT OF FISH AND GAME, testified that Alaska has not yet peaked as far as salmon production goes. He felt there is a lot of concern amongst the industry, and fishermen are extremely concerned about fish prices this year. There is also concern about people getting out of the salmon business, because of the low economic return. He stated the industry needs our help at the present time, and this foundation is the next logical step in support of the industry.

Number 188

CHRIS MITCHELL, EXECUTIVE DIRECTOR, ALASKA FISHERIES DEVELOPMENT FOUNDATION (AFDF), explained they are an industry membership organization whose project, programs and activities are to try to collectively move the industry forward and solve problems that are generic to the industry, or too big or expensive for a sector or component of the industry to take on by itself. He represents a consortium of people in the

fishing industry who feel that now is the time to collectively come together to make the industry better and bring it out of the crisis that it is in.

MR. MITCHELL said the legislature's joint economic task force's mini summit was the stimulus behind the endowment asking what the legislature can do to help industry problems. He stated that the fishing industry is a very large, important industry that has invested heavily in itself and is a big contributor to the state's economy.

Number 296

MR. MITCHELL spoke of how low fish prices are and how a near record harvest is coming up this year, with declining markets in Japan and a decline in North America for canned consumption. He felt all of these signs indicate the industry is in distress. Mr. Mitchell said the endowment can be the unifying factor to bring all of the pieces together. Alaska must look at the problem in its entirety and interact and attack in a comprehensive way, from ocean to market. He said only in that way can the business effectively move forward and ahead. The concept behind this is where the legislature, through the creation of the endowment would help the industry help itself. Mr. Mitchell felt only the industry can make those changes.

Number 377

CHAIRMAN MOSES said he had run into sentiment that there is considerable duplication between the Alaska Seafood Marketing Institute (ASMI), the Fisheries Industrial Technology Center (FTIC), and the DCED. He asked how to get everyone under one roof, or going in the same direction.

Number 386

MR. MITCHELL said there is a bill being drafted which outlines how the concept might work. A board could be developed to decide what projects are to be undertaken and provide the framework for each of the projects. The board would be industry based and have each of the components of industry, from fishermen to processors, to offshore processors and the DCED, all working together.

Number 432

CHAIRMAN MOSES said legislators and fishermen who are going to contribute to the project are going to want to know that they have an entity that is going in the right direction and under one roof.

Number 435

MR. FUHS responded that one month ago a meeting was called in Anchorage, of all of the groups who, for the first time, sat down together and came up with this proposal. He said the groups are all speaking with one voice now, and there is no division among them.

Number 445

REPRESENTATIVE CLIFF DAVIDSON asked who the other members of the board would be.

Number 450

MR. MITCHELL answered that honestly his wish list would be an industry member appointed by ASMI's board of directors, one appointed by the FITC's board of directors, one appointed by the AFDF, one appointed by Pacific Seafood Processors Association's board of directors, one appointed by United Fishermen of Alaska's board of directors, and one appointed by the DCED; the executive director of ASMI, the executive director of AFDF (Mitchell) and a marketing industry member elected by the preceding nine members. That is the way Mr. Mitchell visualizes it: To make it industry designed, industry directed and industry managed.

MR. MITCHELL felt with that kind of makeup the board would undertake programs that the industry feels are real and needed. He stated he had recently spent some time in Seattle speaking with some of the major Pacific Seafood Processors Association members to get their support for this kind of concept. They ultimately said they could support it.

Number 490

REPRESENTATIVE DAVIDSON told Mr. Mitchell he felt the committee members had heard the negatives and would like to hear some ideas or positive project specifics coming as a result of this coordinated effort. He wanted to know who would be the entity or individual to place the pieces of the puzzle to get the big picture.

Number 502

MR. MITCHELL said the idea behind this was an endowment for ten years that would sunset after that point in time. The income from it would generate \$3-4 million annually. He said the stimulus behind making it happen right now is the salmon situation. He felt there are two distinct salmon industries in the state: Pink salmon, a very large fishery with very low values which has some very interesting food market

opportunities in food categories rather than fish categories; and sockeye, where there is a relatively directed market into Japan where stress is coming and doors are closing and prices are falling.

MR. MITCHELL envisioned the first two projects would target those two immediate needs. What they will do as a consortium, he said, is put together an outline on both projects the way they see a development project taking place.

Number 530

CHAIRMAN MOSES said it cannot be an industry driven program. He envisioned an all encompassing entity to try and solve a problem.

Number 535

JOHN FRENCH, DIRECTOR, FISHERY INDUSTRIAL TECHNOLOGY CENTER (FITC), passed out an informational packet entitled "Turning Research into Reality". (A copy of this packet may be found in the House Special Committee on Fisheries' Room, Capitol Room 204, and after the adjournment of the second session of the 18th Alaska State Legislature, in the Legislative Reference Library.) He said they are talking about being able to effectively introduce new research and development ideas into the industry.

MR. FRENCH agreed with the previous speakers that it is very critical that the industry be a significant part of that process so they can utilize the results. If the end results are not of value to the industry operations, he felt it is not worth spending state money to do it. He spoke in favor of the tax credits on low interest loans as they could be used to increase the industry's cash contribution towards projects that require matching funds for federal monies.

Number 588

KIM ELTON, EXECUTIVE DIRECTOR, ALASKA SEAFOOD MARKETING INSTITUTE (ASMI), said he managed a marketing arm of state government and emphasized that an important component of marketing is being ignored. He felt this endowment would make his job much easier. Generic promotions such as ASMI does are much easier when you have diversified products. He said there had been a lot of cooperative work done by groups that in the past had been divided in coming up with a piece of legislation that establishes a harvester assessment for marketing programs that ASMI does.

MR. ELTON felt they had come up with a piece of legislation that marketers, processors and many major fishing groups could

buy off on. He was encouraged by the fact that these different groups have been able to work together to do this.

Number 628

JERRY MCCUNE, UNITED FISHERMEN OF ALASKA, stated that Alaska used to have a world share market and could force prices on the world market, but that is not so anymore.

TAPE 93-22, SIDE B
Number 000

MR. MCCUNE suggested getting into a domestic market. He felt if all the groups can work together then it is a good proposal.

Number 074

BART WATSON, EXECUTIVE DIRECTOR OF ARMSTRONG/KETA, a salmon hatchery in the Baranof Islands, stated that they only employ 35 people, but bring hundreds of thousands of dollars of value into the fishing industry by mainly seining and trolling. He said facing the challenges of the current low prices is not the problem of too many fish in the world, but that marketing has not caught up with the increased supply. He was really encouraged to see this consortium come together, and noted that the hatchery had donated several thousand pounds of pink salmon this year to the AFDF for processing research.

MR. WATSON felt this consortium really had the ability to create new markets for salmon in Alaska if it were funded properly.

Number 163

DEAN PADDOCK, SEVEN YEAR MEMBER, ALASKA COMMERCIAL FISHING AND AGRICULTURE BANK (CFAB), stated that the CFAB has been very concerned with the changes in the industry. Concerned enough that in 1992 they devoted approximately \$100,000 to a program to educate fishermen that their world was indeed changing. Fishermen feel they are at a crisis point as their collateral is at stake. The CFAB is a longtime supporter of the AFDF and has granted money to the AFDF for some very worthwhile programs with some very worthwhile accomplishments. He thought this plan was brilliant and would urge the committee to support this plan.

MR. PADDOCK said this approach offers hope because it proposes to attack the problem of the changes that are facing those involved with this industry.

Number 219

CHAIRMAN MOSES expressed his feeling that one big problem was in the past they were told by the canned salmon industry that salmon could not be frozen, which turned out not to be the case. They just did not want to change with the times and he felt there was another stalemate in the industry in not wanting to change with the times.

Number 243

MR. ELTON agreed and went on to discuss some changes that have been made. He stated that there is some resistance to product form change, but that is because of investments the industry has made. He was, however, very optimistic.

CHAIRMAN MOSES said one of the big problems is concentrating too much on catching or buying the fish and not determining where or how the market is going to be.

Number 324

MR. FRENCH talked about how originally only a small group believed in the surimi project. The AFDF board went and found some federal money and it proved to be very successful, and as the project went forward it gained more industry support. The industry dollars were far greater than the federal dollars, but the federal dollars helped to ease the risk. He said the monies in this endowment could be used in the same way. They could provide the incentive for industry to take some of those risks.

MR. FRENCH said the industry realizes it has problems. He didn't think industry appreciates what the real solutions probably are, but solutions are being sought. All of the ideas for the projects will not necessarily come from industry, but certainly industry needs to be an active partner. It is not putting a lot of state money forward, except for delaying the monetary return from the money in the endowment.

Number 365

MR. PADDOCK shared with everyone his pleasure in hearing that Governor Hickel approved of the idea of approaching the problem this way.

Number 394

CHAIRMAN MOSES felt the governor was in favor in principle and everyone was in agreement. Everyone just needs to figure out how to do it, he added.

Number 402

MR. MCCUNE mentioned legislation that is being drafted and suggested that the committee request it from drafting and take a look at it.

Number 426

ADJOURNMENT

CHAIRMAN MOSES adjourned the meeting at 9:55 a.m.



Alaska Fisheries Development Foundation, Inc.

ALASKA COMMERCIAL FISHERIES DEVELOPMENT PROGRAM ENDOWMENT

PURPOSE - To undertake comprehensive and "sustained" Fisheries/Seafood development programs of major importance to the health of Alaska's fishing industry; and to discover and demonstrate improved ways in which Alaska's industry can **RESPOND** to the rapidly growing competition in U.S. markets for seafood.

PROJECTS or PROGRAMS? Most development efforts are specific projects rather than comprehensive programs. Projects look at pieces of a puzzle. Programs look at the entire picture and divide the problem or opportunity into "do-able" pieces that interconnect and build upon one another.

INDUSTRY or GOVERNMENT? To be **REAL** and **LASTING**, only industry can make the changes it must to be **REAL** and **LASTING**. Therefore, programs which will be funded via the Endowment **MUST** be **DECIDED** by the industry. In addition, the actual project components need to be designed and the programs **MANAGED BY THE INDUSTRY**, not the State, academicians nor politicians.

PROGRAM PRINCIPLES -

- * Comprehensive Programs, i.e. Programs must look at the entire problem or opportunity - from ocean to oven. Real solutions incorporate the working of all parts of the industry cooperatively.
- * Program Efforts must be **MARKET-DRIVEN**.
- * Major decisions during the project must be Industry Directed.
- * Project Information must flow continually (and in both directions) to all parts of the industry.
- * Projects/programs efforts must be sustained until major questions are answered and the industry implements program discoveries and opportunities.
- * Flexibly planned Project Activities.

DEVELOPMENT "TEAM" - There are three "key" developmental institutions that can work together to achieve program goals; **ASMI**, **UAF Fishery Industrial Technology Center** and the **Alaska Fisheries Development Foundation**.

With Marketing expertise, **ASMI** can assist/guide in the creation of **NEW** market opportunities. **FITC** is Alaska's seafood technology entity. **AFDF** is the private industry membership organization that can and has brought the development pieces together; and, has proven it can manage the diverse components of each project or

program to be undertaken.

ENDOWMENT SIZE - \$50 million. Such an invested amount is needed to generate approximately \$4-5 million needed annually to take on 2 or 3 priority programs (projects) and..... "to make a difference". Each project will look at the "whole" problem or opportunity simultaneously. To do otherwise would be like shooting an elephant with a shotgun. Irritation but no kill!

SOURCE OF FUNDING - The State has just received \$600-800 million in unassigned "oil settlements". If such amounts go into the General Fund they will be spent. If they are spirited away in the Constitutional Reserve Fund they will not be available to Alaska to stimulate changes in the fishing industry that are absolutely necessary to meet the new challenges in our world markets. A portion of these funds would be wisely invested in such a development program.

WHY IT WILL WORK - The Program concept, if adequately funded and sustained, will work because the projects will be designed & directed by the industry. Industry will only undertake projects that have a need. They will not dissipate funds to things that "don't make sense or are not targeted at real immediate problems or opportunities.

More importantly these programs will lead to **REAL SOLUTIONS** As the concept includes all sectors of the industry in each program, and motivates and provides the structure for them to **COOPERATE**. This likely will ease the confrontational posturing now causing difficulty in getting-together on anything.

HOW WILL THE ENDOWMENT/PROGRAM BE MANAGED? The actual Endowment Fund should invest and be managed by the Department of Revenue and administered through the Department of Commerce & Economic Development. Program selection will be determined by a group (to be formed) that would include representatives of ASMI, FITC, AFDF, DCED, Fishermen, Processors... and... Market forces. Alaska's fishing industry, via its private industry development arm (AFDF) is the logical and qualified Program Managers. AFDF's Board of Directors and its membership include fishermen, processors and nearly every other component of "the industry". Control of AFDF's Board rests in its 5 Alaska fishermen/5 Alaska processors, with but 3 from other parts of the industry

FIRST PRIORITY PROGRAM? - A **COMPREHENSIVE SALMON DEVELOPMENT PROGRAM** - Goals - To expand and diversify the domestic market base and to produce increased opportunities for salmon. Achievement of this Goal should result in new value-added opportunities for Alaska's industry.....and ultimately should cause a stabilizing, of prices for fishers. Project Components must include: Market Research & Development, Product and Processing Technology & Development, Product Development, Processing Risk Reduction and Information and Communications Transmittal.

ENDOWMENT SUPPORTERS

UNITED FISHERMEN OF ALASKA
SE ALASKA SEINERS ASSOCIATION
CORDOVA DISTRICT FISHERMEN UNITED
COOK INLET SEINERS ASSOCIATION
AREA K SEINERS
WESTERN ALASKA SALMON ALLIANCE
BRISTOL BAY FISHERIES ECONOMIC DEVELOPMENT COMMISSION
ALASKA INDEPENDENT FISHERMEN'S MARKETING ASSOCIATION
PENINSULA MARKETING ASSOCIATION
BRISTOL BAY NATIVE ASSOCIATION
ALASKA DRAGGERS ASSOCIATION
ALASKA SEAFOOD MARKETING INSTITUTE
FISHERY INDUSTRIAL TECHNOLOGY CENTER, UAF
ALASKA FISHERIES DEVELOPMENT FOUNDATION
UNISEA, INC.
WARDS COVE PACKING, INC.
ALASKA PACIFIC SEAFOODS
ALASKA GOURMET SEAFOODS
ALASKA DEPARTMENT OF FISH & GAME
ALASKA DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
BRISTOL BAY DRIFTNETTER'S ASSOCIATION

Alaska Commercial Fisheries Development Endowment Program Concept Outline

Goal: Diversify market opportunities for salmon as a mainstream food.

Step 1

- Market research
- Market Niche/identification
- Stimulate market interest, market development, and research and development
- To create a production which has a number of end product alternating

Step 2

- Resource Analysis

Define a fish source --- (Aquaculture Corporation) or group (as examples) committed to supplying sufficient volume/quality at a stable price to kick start activity.

Step 3

- Design a product (identified by market interest/capability) that seems to respond to desire of market

Step 4

- Produce small volumes of Step 3 product
- Production will identify raw material variation/specification required
- Production will identify processing constraints/bottlenecks - economics
- Production will identify technical constraints; i.e., equipment, stabilizing of intermediate product forms, trailing processing technologies

Step 5

- Give product to markets identified in Step 1 who have shown interest - distribute widely
- Markets evaluate product --- Design some finished products
- Markets refine specifications for intermediate product

Step 6

- Produce large volumes of re-specified product in Alaska
- Demonstrate new processing technologies designed to resolve technical/economic constraints identified in Step 4

Step 7

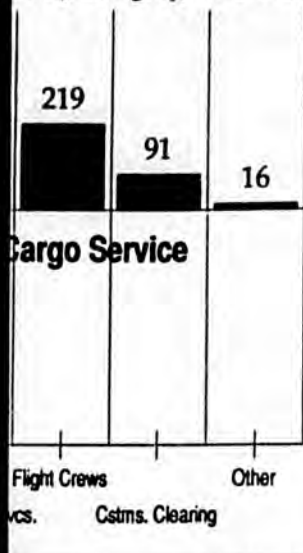
- Sell/distribute (subsidy) product to markets who by now have designed products/conducted market testing --- etc.

Project will have defined or supported:

- Raw material (fish quality specifications) necessary handling/delivery/flesh characteristics, etc.
- Equipment changes required to manufacturer new "volume" intermediate product form.
- Subsidized processing inefficiencies (at early stage).
- Conducted market research for/with potential markets "generic" to food manufacturer interested in salmon.
- Bought product from supplier --- sold to markets; i.e., established new market avenues.
- Created "market pull" for salmon.
- Demonstrated that Alaskan can produce a product(s) that is(are) consistent in quality.

at airport

es by category, 1989-1992.



not continue to grow without new flights to bring non-summer and tourists.

warehousing and distribution, and during will not be established withing and expanding Anchorage's air ns.

continuing to aggressively market both passenger and cargo service is economic development in Anchorage headlines of the future are of the piring kind.

kins is president of the Anchorage Development Corp. and Catherine S. ul programs manager.

AL

ne Aleutians and

Endowment sought for fish products

By Eric Fry
Alaska Journal of Commerce

The Hickel administration is considering a commercial fishing endowment as part of a state package to address problems in the salmon industry, says Donna Parker, fisheries specialist in the state Commerce Department.



FOCUS

Interest from the endowment, which might be as much as \$4 million from a \$50 million principal, would fund seafood-product development until its sunset in per-

haps 10 years, said Chris Mitchell of the Alaska Fisheries Development Foundation.

The foundation is a group of fishers and processors best known for its role in developing Alaska's surimi industry. Parker said the foundation would be the most appropriate choice to administer the endowment's programs. "This needs to be industry-driven," she said. "It's not appropriate for the state to be doing this."

The endowment's principal would come from the tax settlements the state recently received from BP Exploration (Alaska) Inc. and Phillips Petroleum, Mitchell said, based on conversations he had with Commerce Commissioner Paul Fuhs.

In March, Fuhs and Parker met with representatives of the foundation, the Alaska Seafood Marketing Institute and the Fishing Industry Technology Center and said, in effect: You're confusing the industry and

the Legislature and you're competing with each other for funding. Fuhs told the group, If you can be cooperative, there may be some money from oil set-asides, Mitchell said.

"As we compete, we'll all starve to death. We'll nickel-and-dime \$100 needs and opportunities," Mitchell said. "You've got to look at the whole thing collectively and attack simultaneously. If we can come up with programs that are a whole, money will be found."

Commercial fishing is the second largest employer and financial producer in Alaska, he said. The capital investment in boats and permits for salmon exceeds \$1.5 billion. In 1992, the ex-vessel value of salmon—what the fishers were paid—was \$575 million. But prices to fishers have declined drastically in recent years because of a world-wide glut of salmon.

"This is big, this is important, and this is in trouble," Mitchell said. "The biggest reason is the marketplace."

Mitchell said the first two projects might be to turn pink salmon into an intermediate food material—such as frozen blocks made to the specifications of food companies—and to find markets for sockeye salmon other than Japan.

Parker said the foundation would help subsidize the industry's risk in developing new products and markets, and all information gained from the endowment's programs would be public. "There's a lot of research and development work involved just for frozen block specifications," Parker said.

"It's too costly for companies to do because of the big leap to market acceptance. In the meantime, the market is collapsing. We need to get out of the commodity business. It's too vulnerable to market conditions.

Value-added production is much more stable," Parker said.

"Today's marketplace buys food, not fish," Mitchell said at a recent state Chamber of Commerce roundtable in Anchorage.

Mitchell ticked off a series of problems:

- The price for frozen sockeyes to Japan is beginning to drop, and the Japanese are investing in the Russian fisheries. They'll start with low-tech processing such as headed-and-gutted and canned salmon, he said, "and that's where we are."

- The average consumer of canned salmon is 55. "Frankly, they're dying off," Mitchell said, although Europe and Great Britain are still good markets for canned salmon.

- Fresh wild salmon with its sea-

sonal limitations must compete with year-round farmed fish, which sets the market standard for quality, he said. And because of the pulse nature of the fisheries, "we don't have the processing or storage infrastructure to handle that material except in a high-volume, low-tech capacity," Mitchell said.

Parker said the administration plans to raise the endowment issue before the House Fisheries Committee April 14. Mitchell said the endowment awaits a "legislative champion." There is support for a unified program in the industry, he said.

Next year, the administration will look at tax credits and low-interest loans to promote value-added production, such as cooperative cold storage facilities, Parker said.

Salmon fishers face marketing tax

By the Alaska Journal of Commerce

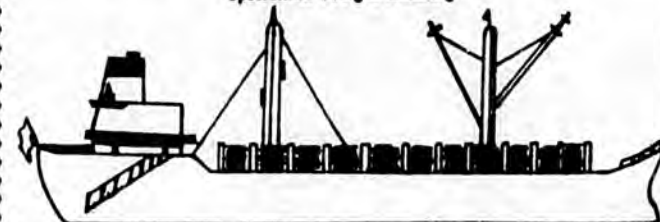
A state Senate bill would levy on salmon permit holders a one percent tax on salmon that are taken in the state or transferred to a buyer here. The buyer would collect the tax from fishers and give it to the government each month, under SB 177.

The salmon marketing tax—which is expected to bring in about \$5.5 million yearly—will be deposited in the general fund, but the money is intended for the Alaska Seafood Marketing Institute.

The private-public entity currently receives tax revenue from processors at the same rate as proposed for fishers under SB 177, as well as about \$1.6 million from the state for U.S. marketing and \$8 million from the federal government for export-related marketing, yearly.

Northern Stevedoring & Handling Corporation

Contract Stevedores • Equipment Rental • Warehousing
Specialized Freight Handling



Phone 224-5477 • Fax 224-5672 • Box 497, Seward, AK 99664

House bill proposes tax on transshipped fish

By Eric Fry
Alaska Journal of Commerce

Processed fish product that is harvested outside state waters but trans-

ported to Alaska and sold here would be shared with communities in which the resource was landed, as is now the case with the raw-fish tax, with about half going to the state's general fund.

HOUSE BILL 303
ALASKA COMMERCIAL FISHERIES DEVELOPMENT ENDOWMENT
SPONSOR STATEMENT

Alaska's Seafood Industry has changed dramatically in the last ten years. The harvest of our vast groundfish resources has now been Americanized. As little as 10 years ago, Alaska salmon dominated the world's markets. Times have changed such that today, he who controls the markets, owns the business!

Alaska's production-based fishing industry must change to a market-oriented seafood industry to stem the market losses now occurring from newly-emerging world competitors; and, to build a future for Alaska's seafood industry as an integral component of America's food industry. Change will come if Alaska's industry components can be brought together to collectively apply their talents, resources, and experiences to facilitate the required revolution.

House Bill 303 is a step toward turning the tide. The whole commercial fishing industry, fishermen and processors, will benefit from the diversification of product forms and increased demand. The endowment will provide funds for large integrated projects going from fish to market. The industry will help focus efforts on a single comprehensive project, or small number of projects, each year.

The ten member endowment board will be comprised of members from the Alaska Fisheries Development Foundation, the Alaska Seafood Marketing Institute, the Fishery Industrial Technology Center, plus seven other members from various entities within the industry; and, will reside within the Department of Commerce and Economic Development. They will assist in providing the most appropriate research, development, technology, and marketing techniques.

The endowment is established in the Department of Revenue as a separate endowment trust fund of the state. The principal of the endowment consists of legislative appropriations to the endowment.

Diversification of salmon markets and product forms will increase total demands, help stabilize the entire market, and should result in stable, and, ultimately, rising prices to the fisherman. Production of new, intermediate product forms will result in the development of diverse and new market niches for seafood products made from salmon. Again, the net result is increased total demand. Increased demands and a more stable supply of a diversified seafood product will result in stable or rising prices to both fishing and processing sectors of the industry.

Increase year-round employment in Alaska.

Stretch our utilization of new/old processing capital.

Increase Alaska tax base from Alaska value adding.

Provide cohesiveness to our harvesting, processing, marketing and product development efforts.



Alaska Fisheries Development Foundation, Inc.

ALASKA COMMERCIAL FISHERIES DEVELOPMENT PROGRAM ENDOWMENT

PURPOSE - To undertake comprehensive and "sustained" Fisheries/Seafood development programs of major importance to the health of Alaska's fishing industry; and to discover and demonstrate improved ways in which Alaska's industry can **RESPOND** to the rapidly growing competition in U.S. markets for seafood.

PROJECTS or PROGRAMS? Most development efforts are specific projects rather than comprehensive programs. Projects look at pieces of a puzzle. Programs look at the entire picture and divide the problem or opportunity into "do-able" pieces that interconnect and build upon one another.

INDUSTRY or GOVERNMENT? Only industry can make the changes it must to be **REAL** and **LASTING**. Therefore, programs which will be funded via the Endowment **MUST** be **DECIDED** by the industry. In addition, the actual program design (project components) need to be designed and the programs **MANAGED BY THE INDUSTRY**, not the State, not academicians and not politicians.

PROGRAM PRINCIPLES -

- * Vertically Integrated Programs, i.e. Programs must look at the entire problem or opportunity - from ocean to oven. Real solutions incorporate the working of all parts of the industry cooperatively.
- * Program Efforts must be **MARKET-DRIVEN**.
- * Major decisions during the project must be Industry Directed.
- * Project Information must flow continually (and in both directions) to all parts of the industry.
- * Projects/programs efforts must be sustained until major questions are answered and the industry itself implements program discoveries and opportunities.
- * Flexibly planned Project Activities.

DEVELOPMENT "TEAM" - The three "key" developmental institutions that can help make the goals work are **ASMI**, **UAF Fishery Industrial Technology Center** and the **Alaska Fisheries Development Foundation**. **ASMI** is market-aware and can assist/guide in the creation of **NEW** market opportunities. **FTTC** is Alaska's seafood technology entity. **AFDF** is however that diverse private industry membership organization that can and has brought the development pieces together; and, has proven it can manage the diverse components of each project or program to be undertaken.

ENDOWMENT SIZE - \$50 million. Such an invested amount is needed to generate approximately \$4-5 million needed annually to take on 2 or 3 programs/projects of "importance" and....."to make a difference". Each project will look at the "whole" problem or opportunity simultaneously. To do otherwise would be like shooting an elephant with a shotgun. Irritation but no kill!

SOURCE OF FUNDING - The State has just received \$600-800 million in unassigned "oil settlements". If such amounts go into the General Fund they will be spent. If they are spirited away in the Constitutional Reserve Fund they will not be available to encourage and stimulate changes in the fishing industry that are absolutely necessary for us to meet the new challenges in our world markets. These funds OUGHT to be invested in such a development program.

WHY IT WILL WORK - The Program concept, if adequately funded and sustained, will work because the projects will be designed & directed by the industry. Industry will only undertake projects that have a need. They will not dissipate funds to things that "don't make sense or are not targeted at real immediate problems or opportunities.

As important, these programs will lead to **REAL SOLUTIONS** because the whole concept includes all parts of the industry in each program and forces them to **COOPERATE**. This likely will ease the confrontational posturing now causing difficulty in getting-together on anything.

HOW WILL THE ENDOWMENT/PROGRAM BE MANAGED? The actual Endowment Fund ought to be managed by the Department of Revenue through the Department of Commerce & Economic Development. Programs to be enacted will be determined by a group (to be formed) that would include representatives of ASMI, FITC, AFDF, DCED, Fishermen, Processors... and...the Marketplace. Alaska's fishing industry, via its private industry development arm (AFDF) is the logical and qualified Program Managers. AFDF's Board of Directors and its membership include fishermen, processors and nearly every other component of "the industry". Control of AFDF's Board rests in its 5 Alaska fishermen/5 Alaska processors, with but 3 from other parts of the industry

FIRST PROGRAM? - A COMPREHENSIVE SALMON DEVELOPMENT PROGRAM -
Goals- To expand and diversify the domestic market and product opportunities for salmon as a **FOOD**, not as a fish! This should result in value-added opportunities for Alaska's industry.....and ultimately should cause a stabilizing, if not an improvement of prices for fishers. Project Components must include: Market Research & Development(not advertising & promotion), Product and Processing Technology & Development, Product Development, Processing Risk Reduction and Information and Communications Transmittal.



Alaska Fisheries Development Foundation, Inc.

HOUSE & SENATE ECONOMIC TASK FORCE MINI-SUMMIT FISHERIES

The days are rapidly fading since Alaska's seafood industry held the "TRUMP" card in many of our fisheries. King crab from South America and the Russian far east now compete for markets that were once ours. Twenty years ago, the world got its salmon almost exclusively from Alaska, in a form and at a price determined by us. Those heady days are gone. The new Russia is aiming at world markets to earn hard currency rather than inwardly to feed its millions. The rest of the world is welcoming farmed salmon at an ever quickening pace. All the while, our once docile markets are demanding things we've not had to concern ourselves with historically such as price and volume stability, new convenient consistent quality products and value. Our industry is under assault from an ever more fickle and demanding market; and there's tough competition staring us down.

In order to stand up to that competition we've got to do at least four things:

- *Stop blaming each other for industry's problems - Look in the mirror to see who is truly responsible.
- *Stop looking out only for ourselves, understanding that if one part of the industry is sick, we'll all eventually come down with the illness.
- *United we stand, divided we fall.
- *WE VOTE FOR BEING UNITED!

We need a place, a forum, a platform or a program which all can support in order to bring collective strength, health and worldwide competitiveness to Alaska's seafood industry. This can only happen through a sustained, focused, vertically integrated fishery development program which uses the collective expertise of Alaska Fisheries Development Foundation, the Alaska Seafood Marketing Institute and the Fisheries Industrial Technology Center. An Alaska Commercial Fisheries Development Program supported by an Endowment can be this unifying, supporting factor. Exactly who and how such a development program will be managed is still not finalized, but suffice it to say, it MUST be predominantly by those who are the Alaska fishing industry.

WHAT IS THE INITIAL DEVELOPMENT EFFORT NEEDED?

Each fishery is made up of a complex but intertwined grouping of participants from fishermen to the marketplace, each one trying to make a living, and each one very much essential to a balanced equation. And, each and every fishery is in a different state of health. Given the importance of the Salmon industry to the State and people of Alaska and given the fact that this industry is under siege by new world competition, immediate and dramatic changes are necessary to ensure a healthy future. Therefore, the first major and focused development undertaking funded via the ENDOWMENT has to be a comprehensive SALMON DEVELOPMENT PROGRAM.

In practical terms the strategy of this focused project is to:

- Capture the interest of food processing companies across the United States in Alaska Salmon in order to foster product and market diversification.
- Prove that Alaska Salmon processors can provide a reliable supply of good quality, value added salmon raw materials.
- Establish ties and communication between users and producers of value added salmon, both existing and potential.
- Provide technical expertise needed to assure product and quality consistency.

The intent of the Salmon Development project is to create a nucleus for a new and revitalized Alaska Salmon industry. More specifically, it is to identify and facilitate access to market and product diversification opportunities for Alaska-produced Salmon. Without this nucleus, there will be inadequate incentive for change. With it, however, industry-directed market and product diversification options abound.

HOW WOULD THE SALMON PROJECT WORK?

1. Flexibly Planned Project Activities must be Vertically Integrated

Many problems, both technical and economic have to be solved all at once. Otherwise one sector will become stalemated by the lack of development in another sector. To be successful the project requires the simultaneous participation of specialists in every sector, and good communication between them.

2. Project Efforts must be Market-Driven

Alaska's Salmon industry and most of its present marketing efforts are production-driven. We try to sell what we produce rather than produce what the market wants to buy. We must find out

from the marketplace what it really wants and then design products which fill those needs.

3. Major Decisions during the Project must be Industry-Directed

The third necessary element of the project's approach must rely on private industry to make the guiding decisions. The process results in practical decision-making that reflects the vested interests (i.e. COMMITMENT) of those who are part of Alaska's Salmon industry. With industry commitment, the project's results automatically get adopted by the private sector.

4. Project information must flow continually to all parts of the industry

Fisheries development requires people to take risks. Information is used to convince them that the rewards are there to balance the risks. A variety of information formats seek to provoke people's curiosity, that which moves them from being barely aware of an opportunity to being seriously interested in pursuing it.

WHAT'S THIS GOING TO COST?

The development of new and diversified products, markets and processing opportunities will not come cheaply nor quickly. No single entity, company or fishing group can, by itself, cause the entire industry to move collectively forward as this project would. Nor would any group be able to finance this multi-disciplinary risk reduction activity. It is expected that this one program will take a minimum of three years of concentrated effort, after which the private sector will carry the ball alone. Based on similar programs for groundfish development, the multi-year effort for Salmon requires \$5 million in programmatic costs spanning

Market Research & Development(not advertising & promotion)
Product & Processing Technology Development
Product Development
Processing Risk Reduction
Communications & Information Transmittal
Administration

An annual programmatic need of \$1.33-\$1.5 million is required on a sustained basis to address the multi-faceted developmental needs of Salmon and ultimately other fisheries displaying similar stress. Therefore, an endowment of adequate size is required to finance comprehensive, industry designed and directed commercial fishery development programs.

We call upon the Alaska State Legislature to create a \$50 million Commercial Fisheries Development Endowment to undertake comprehensive, sustained, collaborative, focused, vertically integrated, market directed, industry designed and managed fishery development programs such as that outlined for Salmon. We ask the Legislature to set aside these funds from recent "settlements" to fund this perpetual endowment.

NMFS Utilization Research Laboratory
Fishery Industrial Technology Center
900 Trident Way
Kodiak, AK 99615-7401

April 12, 1993

TELEFAX TRANSMISSION COVER SHEET

For: Rep. Carl Mose's Joint Fisheries Subcommittee

RE: Alaska Commercial Fisheries Endowment

From: Jerry Babbitt, Ph.D.
Laboratory Director

This transmission consists of 1 pages, including this cover sheet. If there are any problems with this FAX, please call us at 907-486-1518. Thank you.

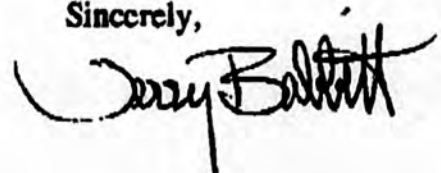
Our telefax number is 907-486-1540.

The Subcommittee must be commended for reviewing the proposed Alaska Commercial Fisheries Endowment and, I hope, the Subcommittee will whole-heartedly support it. Over the last few years, the Alaska seafood harvest has stabilized at record levels of over 5 billion pounds per year. The seafood industry has always been important to the state's economy. The seafood industry has emerged as the state's largest private employer, employing nearly 25 percent of the state's work force.

Alaska will always retain a prominent role in U.S. and world fisheries, but the complexion of the industry will be very different in the year 2000 from what it is today. Thus, we need this type of legislation to ensure that our fisheries are properly utilized and properly managed. These two responsibilities go hand and hand. We cannot properly manage our fisheries without utilizing them and we cannot properly utilize our fisheries without managing them.

PLEASE SUPPORT THIS ENDOWMENT.

Sincerely,



**CORDOVA DISTRICT FISHERMEN UNITED****P.O. Box 939****Cordova, Alaska 99574****(907) 424-3447**

April 12, 1993

Representative Carl Moses
House Special Committee on Fisheries
State Capitol Building
Juneau, Alaska 99801

Dear Representative Moses:

Cordova District Fishermen United endorses the establishment of an endowment to support an Alaska commercial fisheries development program. The endowment, as outlined by the Alaska Fisheries Development Foundation, would utilize \$50 million (between 6% and 8%) of the State's unassigned oil settlements and generate several million dollars annually for fisheries development projects.

It has been generally recognized by the Alaska seafood industry that we need to begin an aggressive program of product development and domestic marketing in order to maintain our market share world-wide. The programs to be funded by the endowment will be initiated by the seafood industry in order to meet specific product development and marketing needs.

CDFU is particularly supportive of the proposed Comprehensive Salmon Development Program which will contribute to the stabilization of the Alaska salmon industry through new product development and marketing initiatives. This project, funded by the endowment, has the potential to revitalize the salmon industry and generate jobs and revenues which will benefit all Alaskans.

CDFU encourages your support for establishing a commercial fisheries development endowment. The endowment would require only a small portion of the unassigned oil settlement monies and become a fisheries "Permanent Fund" to bring the industry into the 21st century.

Sincerely,
CORDOVA DISTRICT FISHERMEN UNITED



Mary L. McBurney,
Executive Director



Cook Inlet Seiners Association

P.O. Box 4311
Homer, Alaska 99603

APR 12 1993

APRIL 8, 1993

Representative Carl Mosses
Alaska State Capitol Bldg.
Juneau, AK 99811-1182

Dear Representative Mosses;

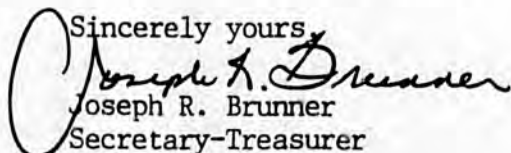
The Alaska Fisheries Development Foundation (AFDF) recently proposed to create an "Alaska Commercial Fisheries Development Program Endowment", a \$50 million perpetual endowment to be appropriated from unassigned "oil settlements" monies recently received by the state. Annual interest income from this endowment would be used to undertake comprehensive fisheries and seafood development programs of major importance to the health and growth of Alaska's fishing industry.

The need and purpose of the program endowment has been defined very accurately in the AFDF proposal. For the salmon industry in particular, the need is immediate and crucial. We are literally watching while our world marketshare slips away and the value of our salmon sinks to unprecedented lows. Unless a coordinated and concerted effort such as this is actually undertaken within a few years, Alaska will be providing such a small percentage of the world's salmon supply that we will be relegated to a minor role in determining market prices. The present trend is clear and sobering. Greater and greater world production, higher quality and consistent supplies resulting in less and less value for wild Alaska salmon. If our industry is to be economically viable into the next century, we must find effective solutions and we must find them quickly

We may speculate about production subsidies by governments of other nations or lament about competition from countries with cheap labor costs but, other than complain, there is very little we can do about it. What we can do, however, is to better manage and coordinate our efforts to improve the quality of Alaska salmon, to develop new and diverse value-added products for domestic and foreign markets and to provide a stable supply of high value raw material for a world starving for protein. But we can't do it well as long as we pull in different directions, duplicate each others efforts and are without overall direction and leadership as we presently are.

The Alaska Fisheries Development Foundation has a proven record and, we trust, is capable of providing the leadership and structured effort our industry needs to meet the challenges we face. Legislation will be introduced this session to create the AFDF Program Endowment. In these times of rapidly dwindling oil revenues it is imperative that we put renewed emphasis on full use and development of our renewable natural resources. The Cook Inlet Seiners Association strongly supports the AFDF Program Endowment and urges you to put your full support behind expeditious enactment of this legislation. Thank you for your time and consideration of this request.

Sincerely yours,


Joseph R. Brunner
Secretary-Treasurer

KODIAK REDUCTION, INC.

211 GIBSON COVE ROAD
KODIAK, AK. 99615
(907) 486-3171

FAX COVER PAGE
FAX NO. (907) 486-2670

Please Deliver the following page(s)

TO:

FROM:

Name: Rep. Carl Moses
Joint Fisheries
Company: Subcommittee

Name: Dan James
Date: 4/9/1993

FAX Number: 465-3445

Number of page(s) including cover page: 1

If not received in the above manner please call Dan
at (907) 486-3171.

Notes:

Dear Representative Moses:

I would like to ask your support for the Alaska Commercial Fisheries Endowment. This endowment would fund cooperative, sustained, comprehensive industry-designed and directed fishery development programs. This endowment means much to me as a citizen in the State of Alaska, and as a member of the Board of Directors of Alaska Fisheries Development Foundation, as well as to Alaska's fishing industry as a whole. If the endowment is created the first project/programs will focus on helping to jumpstart the salmon industry.

Sincerely,

Dan James
Dan James



NORTH PACIFIC PROCESSORS, INC.

□ HOME OFFICE: 2300 EASTLAKE AVE. EAST • SEATTLE, WASHINGTON 98102 • (206) 726-9900
P.O. BOX 31179 • SEATTLE, WASHINGTON 98103-1179
□ PROCESSING PLANT: BOX 1040 • CORDOVA, ALASKA 99574 • (907) 424-7111

April 9, 1993

Rep. Carl Moses' Joint Fisheries Committee
Fax: 465-3445

NPP would encourage your support of an endowment to support commercial fisheries development programs in our great State.

It occurs to me that possibly the major problem facing our industry is the fact that individual segments of our industry are heading in many different directions on a short-term strategy basis only and haven't even considered the idea that if we are to survive and even prosper we need to set some guidelines to encourage us to at least march in the same general direction while pursuing our own private ideas.

Fisheries development is not really making much progress based on individual effort. The recent past is full of examples of "projects" which have demonstrated the ability to do certain defined things but which have almost always ended with the project being dropped before reasonable market penetration has been achieved.

An endowment of the type that will be outlined by Chris Mitchell of AFDF next Wednesday will accomplish this task much like that which occurred in the bottom fish industry some years back.

We need your help in putting this together. All segments of the industry are currently standing with their backs to the wall. Money is available from unassigned "oil settlements" and I can hardly think of a more appropriate way to put these funds to work.

Sorry I can't be there to help plead this case in general, but I know that Chris and his people will help greatly in this endeavor.

Sincerely,

Ken Roemhildt
Ken Roemhildt, Superintendent

Processors of Quality Alaska Seafoods

APR 12 1993



April 12, 1993

FAX TO: 907/465-3445

The Honorable Carl Moses, Chair
and Members of the House Special
Committee on Fisheries
Alaska State House of Representatives
State Capitol Room 204-C
Juneau, AK 99801

RE: Alaska Commercial Fisheries Endowment

Dear Representative Moses and Committee Members:

The Prince William Sound Aquaculture Corporation (PWSAC) strongly supports the proposed Alaska Commercial Fisheries Development Program Endowment. It is our belief that this program will be successful because it is: 1) designed and directed by industry, and 2) it will promote and motivate cooperation among all industry sectors.

PWSAC believes a strong marketing force is needed to not only promote Alaska's seafood, but create new markets that meet the demands of today's consumer. The power needed to accomplish this task must include adequate funding and the cooperative involvement of the entire industry (producer, harvester, processor, retailer, etc.). The proposed Alaska Commercial Fisheries Development Program Endowment contains the needed ingredients to identify and create new seafood markets.

While our first concern is for the development of new and existing salmon products, we also support the development of all of Alaska's commercial fisheries resources. Please, carefully consider the proposed Alaska Commercial Fisheries Endowment. We respectfully ask for your support.

Sincerely,

John McMullen
President

JCM/pmd

cc: Representative Harley Olberg

Corporate Office • Post Office Box 1110 • Cordova, Alaska 99574-1110
phone: 907/424-7511 * fax: 907/424-7514

PACK SYSTEMS INC. • FISHERMEN'S TERMINAL, BLDG. C-10 • SEATTLE, WA 98119



Phone: 206-282-2601

FAX: 206-282-9606

APR 13 1993

Joint Fisheries Subcommittee
Attn: State Representative
Carl Moses

April 13, 1993

Dear Sir,

As a member of the Board of Directors of the Alaska Fisheries Development Foundation and an active participant in the Alaska fishing industry, I urge you and your committee to support the Alaska Commercial Fisheries Endowment Program..

The Alaska Salmon Industry is entering a very critical period. Foreign markets have been shrinking drastically every year. A new direction for our Salmon products will be needed urgently.

Sincerely,

A handwritten signature in black ink, appearing to read "Bert Pfeiffer", written over a horizontal line.

Bert Pfeiffer
President

North American Representative for Beck Kartonnage

*For the money -
AIDEA
Seawater Tech
Foundation*

"The Future Is Not What It Used To Be"

Alaska's Seafood Industry has changed dramatically in the last 10 years. The harvest of our vast groundfish resources has now been Americanized. As little as 10 years ago, Alaska salmon dominated the world's markets. Times have changed such that today, he who controls the markets, owns the business!

Alaska's production-based fishing industry must change to a market oriented seafood industry to stem the market losses now occurring to newly-emerging world competitors; and to build a future for Alaska's seafood industry as an integral component of America's food industry. Change will come if Alaska's industry components can be brought together to collectively apply their talents, resources, and experiences to facilitate the required revolution.

The Seafood Industry requests Alaska legislative and administrative support for a "jump start" to assist in creating this new industry order so critical to the health of the state and its citizens. This assistance can be provided by a 10-year, \$50 million "loan" from non-renewable oil tax settlement money toward the creation of an endowment, the interest from which will fund "catalytic," focused, sustained and comprehensive programs to stimulate the creation of new, added value food products from our fish resources, and to encourage market diversification and expansion beyond the traditional.

The Alaska Fisheries Development Foundation (AFDF) exists as the most logical and proven industry vehicle to coordinate the design and management of this industry/government cooperative initiative.

AFDF will accept responsibility for the formation of a Program Development Committee for Endowment Projects. The Committee shall have the following makeup:

Program Development Committee for Endowment Projects

- FITC - Technology Development - product, equipment, systems technology
- ASMI - Market research, market development
- UFA - Representing fishermen throughout Alaska
- PSPA - Processors
- AFDF - industry membership development organization
- Ex-officio legislature
- Ex-officio Governor

Alaska Commercial Fisheries Development Endowment Program Concept Outline

The whole industry, fishermen and processors, will benefit from the diversification of product forms and increased demand. The endowment will provide funds for large integrated projects going from fish to markets. The industry will help focus efforts on a single comprehensive project, or small number of projects, each year.

The endowment consortium (Alaska Fisheries Development Foundation, Alaska Seafood Marketing Institute, Alaska Department of Commerce and Economic Development, and the Fishery Industrial Technology Center) will assist in providing the most appropriate research, development, technology, and marketing techniques.

Diversification of sockeye salmon markets and product forms will increase total demands, help stabilize the whole market, and should result in stable, and ultimately rising prices, to the fisherman. Production of new, intermediate product forms from pink and chum salmon will result in development of diverse new market niches for food products made from salmon. These intermediate forms will help develop year-round markets for Alaskan salmon. Again, the net result is increased total demand. Increased demands and a more stable supply will result in stable or rising prices to both fishing and processing sectors of the industry.

Increase year-round employment in Alaska.

Stretch our utilization of new/old processing capital.

Increase Alaska tax base from Alaska value adding.

DRAFT

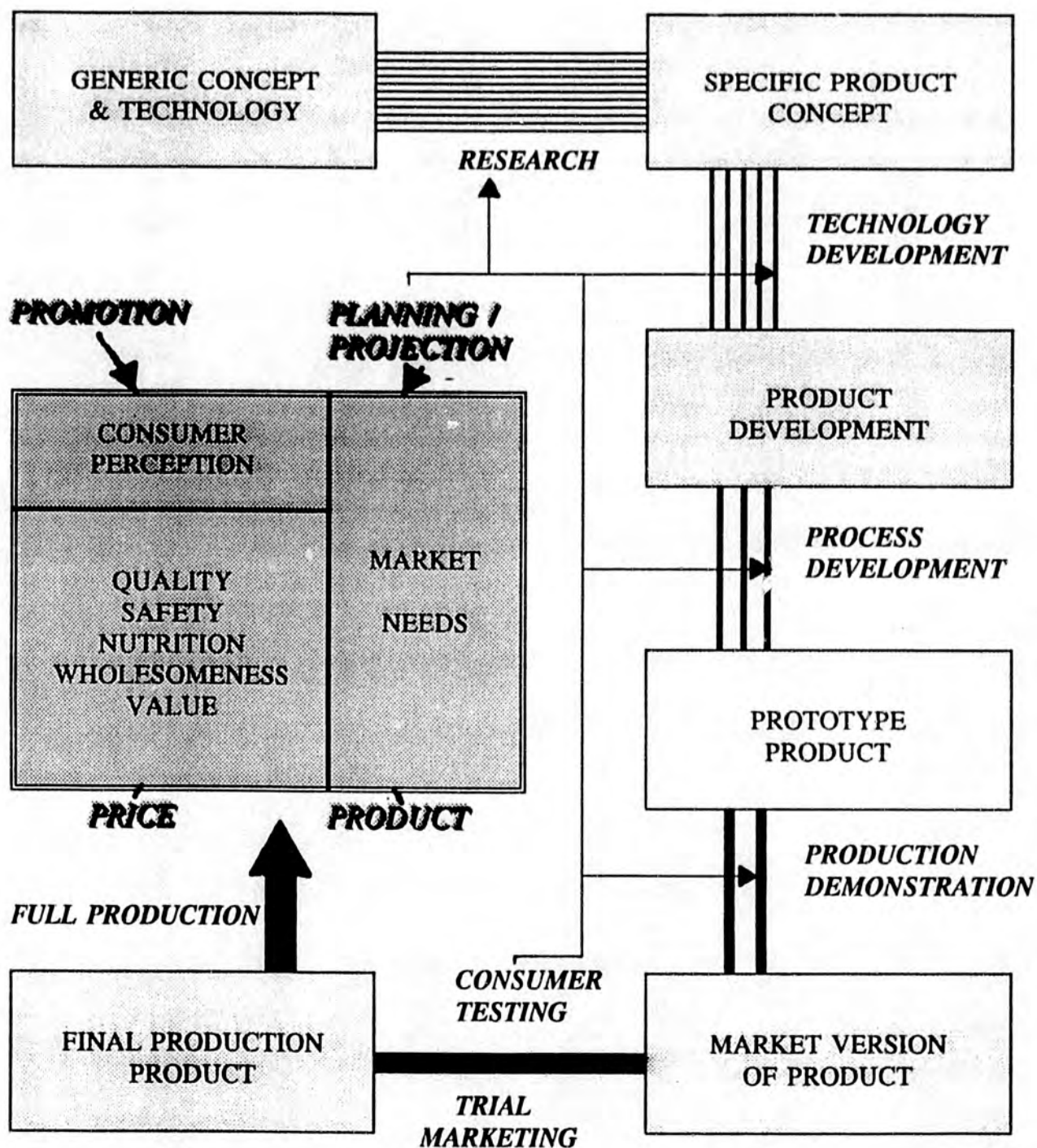


FIGURE __. RESEARCH AND DEVELOPMENT STEPS NEEDED TO PRODUCE NEW SEAFOOD PRODUCTS WHICH WILL MEET CONSUMER NEEDS.



Alaska Fisheries Development Foundation, Inc.

DATE APRIL 15, 1993

FAX TRANSMITTAL COVER SHEET

TO MOLLY MCCAMMON FROM CHRIS MITCHELL
c/o REP. CARL MORSE
907-465-3445

Number of pages including transmittal sheet: 2

PLEASE PHONE (907) 276-7315 IF THERE ARE ANY PROBLEMS WITH THIS TRANSMISSION. OUR FAX NUMBER IS (907) 271-3450.

MOLLY:

I don't know how to thank you for ALL you have done on our behalf (and for advice given) and that of the growing consortium of "cooperators" on the idea of a Commercial Fisheries Development Endowment. When we eventually get there.... we'll have to collectively celebrate. In the meantime, I have finally read the draft bill (as has C. Rosier) with the following comments:

* Item 9, page two.....\$1 Billion???? LOAN GUARANTEES????

*Sec.37.14.360(page 3). DOC&ED? Might there be concern of empire building by Commerce. The rightfully need to be part of the equation but ??? And what would be the administrative/setup costs by Commerce?

*Same Sec., item (b)... do these board members have to be appointed by the Governor? PSPA guys & others expressly encouraged eliminating(as much as possible) the "politics". Also, Rosier suggested that the GOV?/LEG? doesn't want MORE BOARDS. He suggested it go to AFDF's Industry Board, but with a Program Dev. Committee of FITC/ASMI/UFA/PSPA/AFDF/ Ex-officio from Governor & one ex-officio from Legislature. You might get a better feel from both Carls as to what would be the "best" way to structure it. - see attached....which you might have already recvd from Jerry McCune.

* We put together "The Future Is Not What It Used To Be" as best we could to respond to your thoughts about how one might set aside the \$\$\$ to grow interest as we finalized the endowment. Any further thoughts?

Bye & Thanks!

308 West Second Avenue, Suite 212, Anchorage, Alaska 99501 (907) 276-7315 FAX (907) 271-3450