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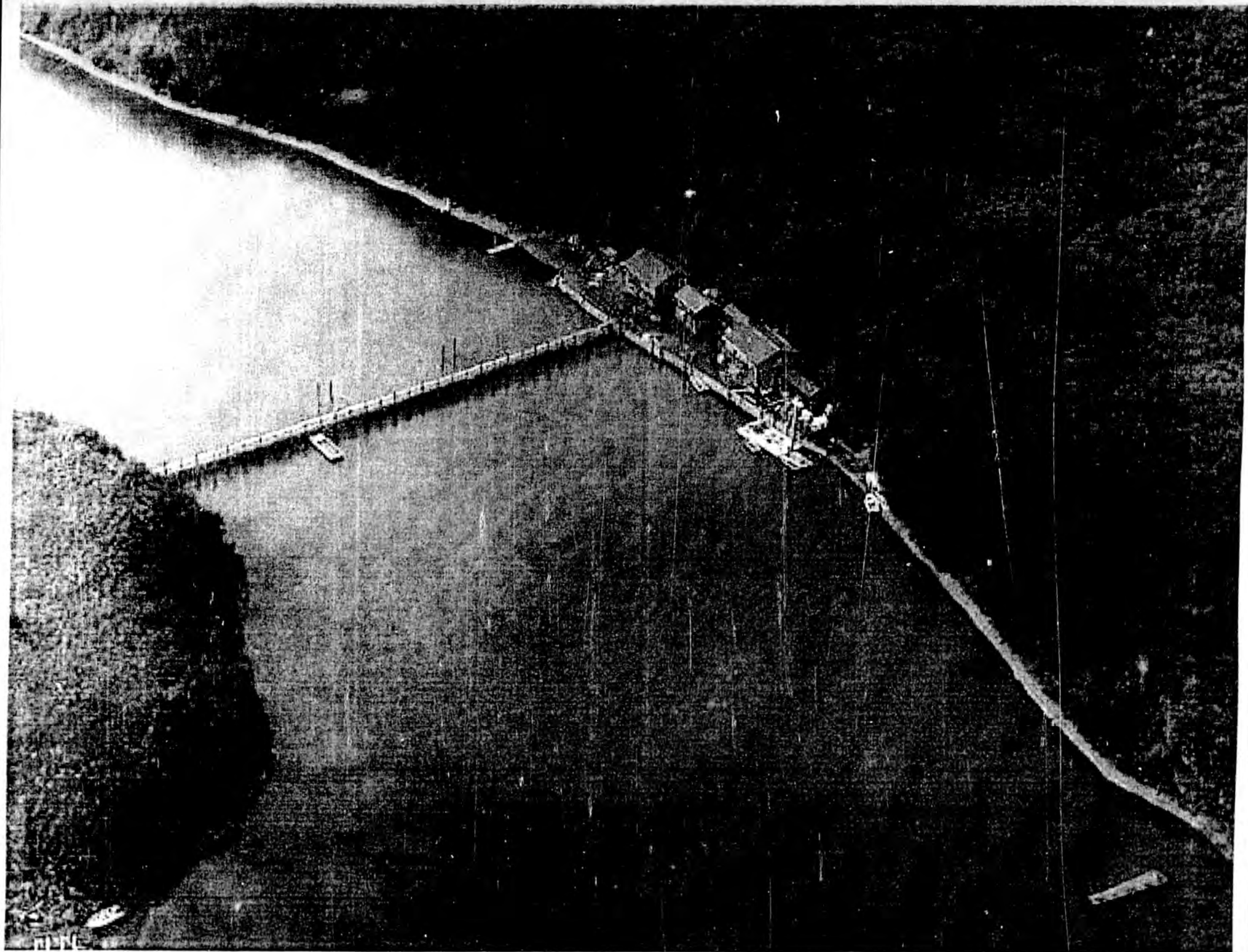
CHIGNIK MANAGEMENT AREA COMMERCIAL SALMON FISHERY

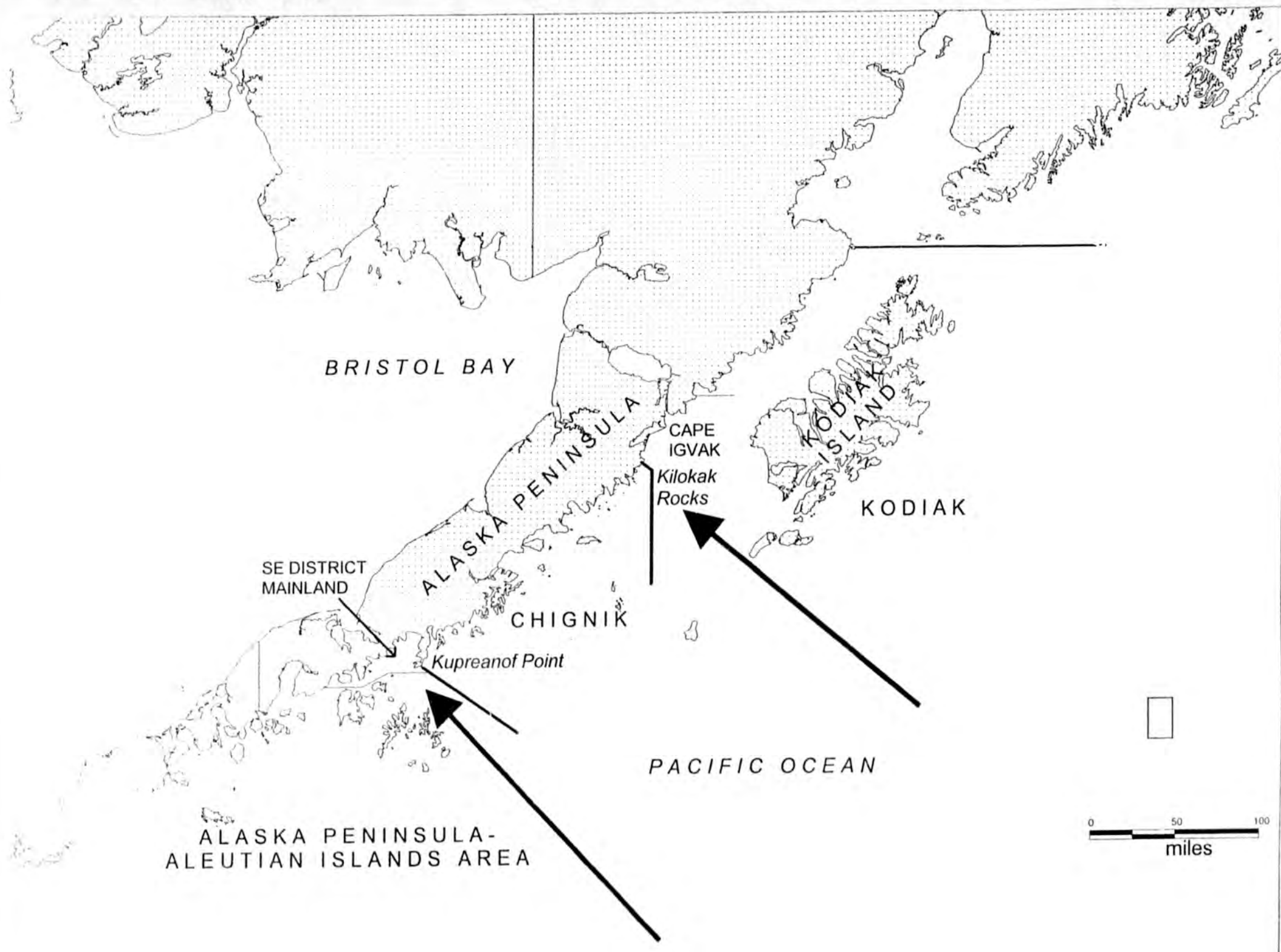
Report to the Fisheries Committee

Doug Mecum, Director

Division of Commercial Fisheries

Alaska Department of Fish and Game





BRISTOL BAY

ALASKA PENINSULA

EASTERN DISTRICT

CHIGNIK BAY
DISTRICT

CENTRAL DISTRICT

Chignik
Lagoon

Chignik

Chignik Lake

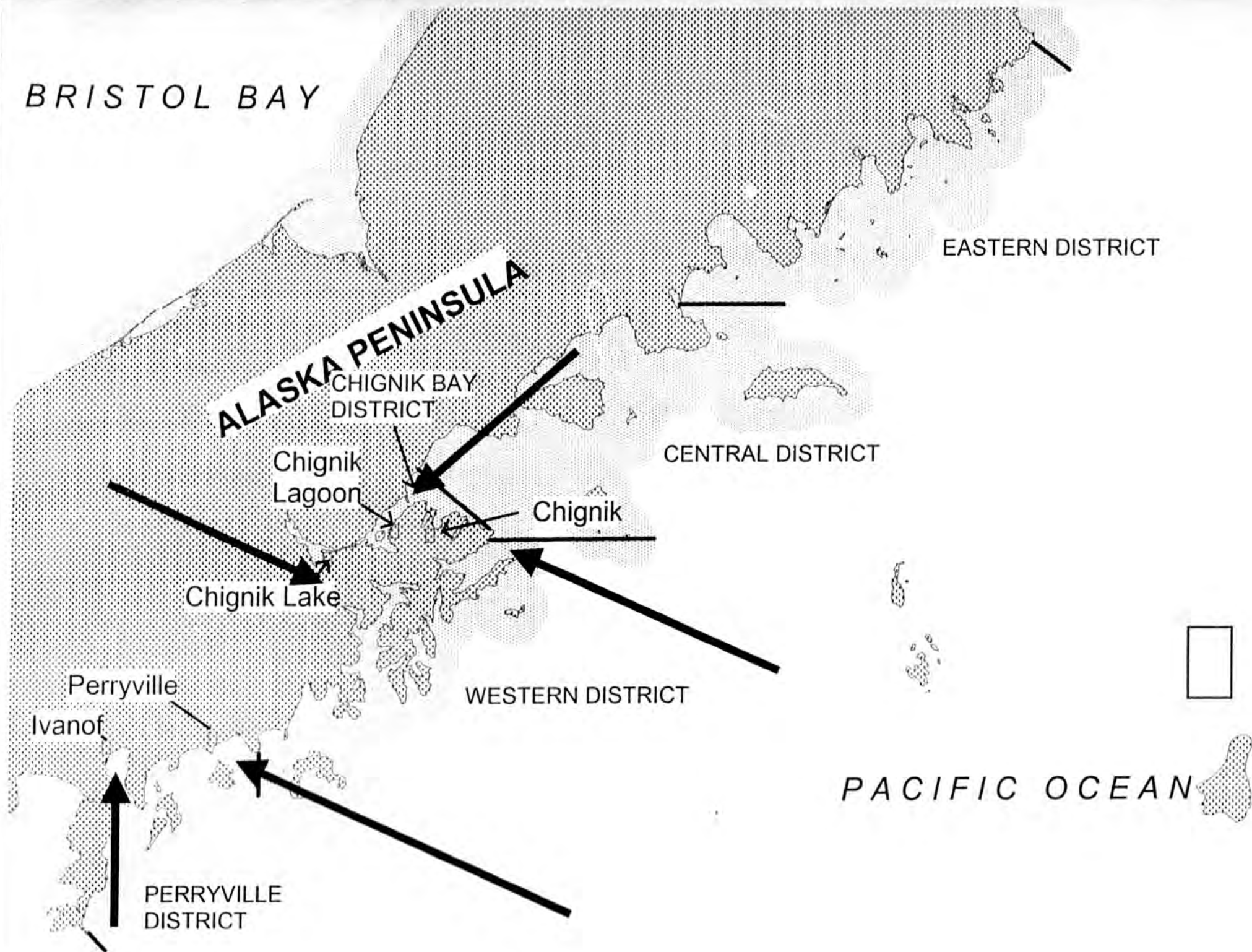
WESTERN DISTRICT

PACIFIC OCEAN

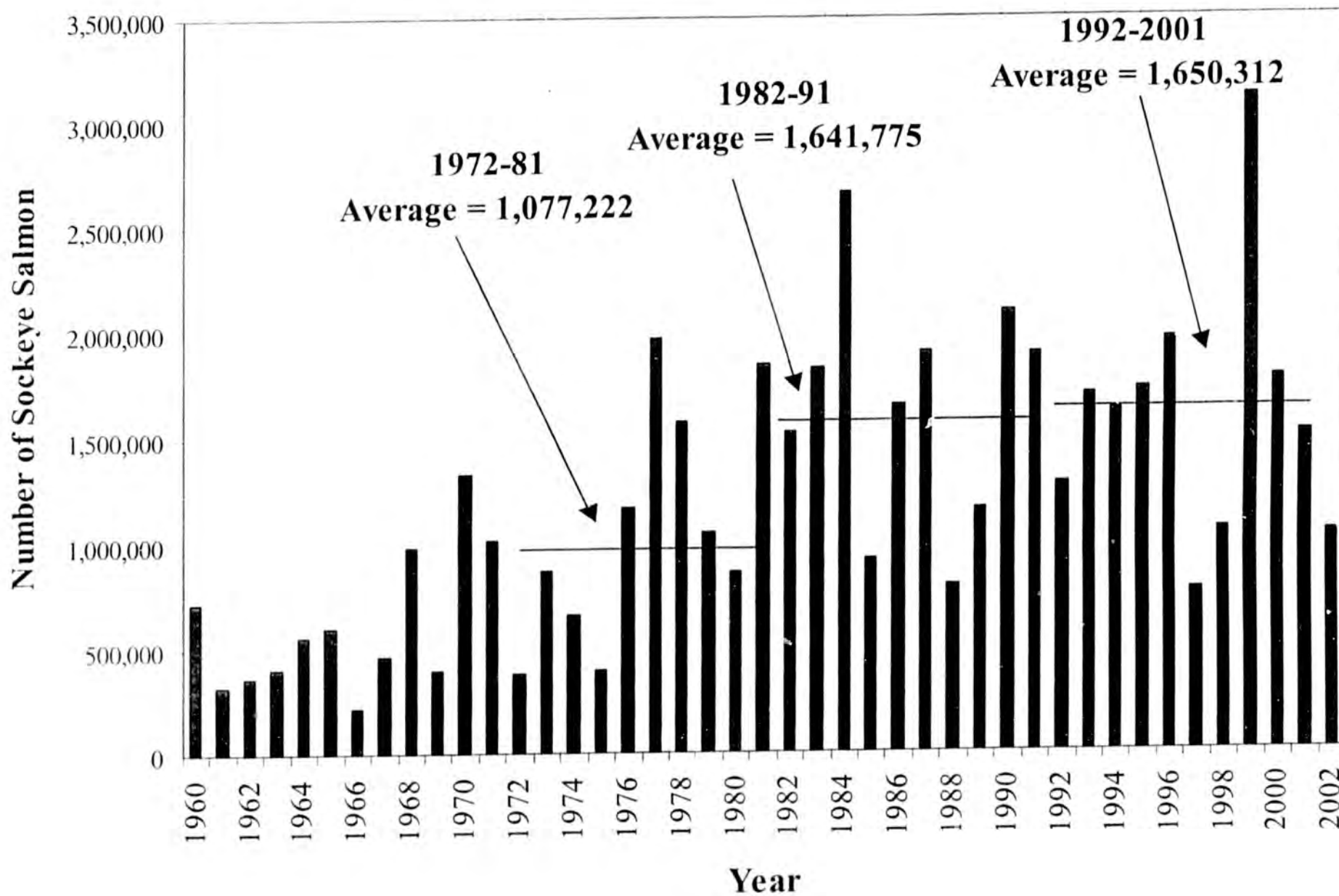
Perryville

Ivanof

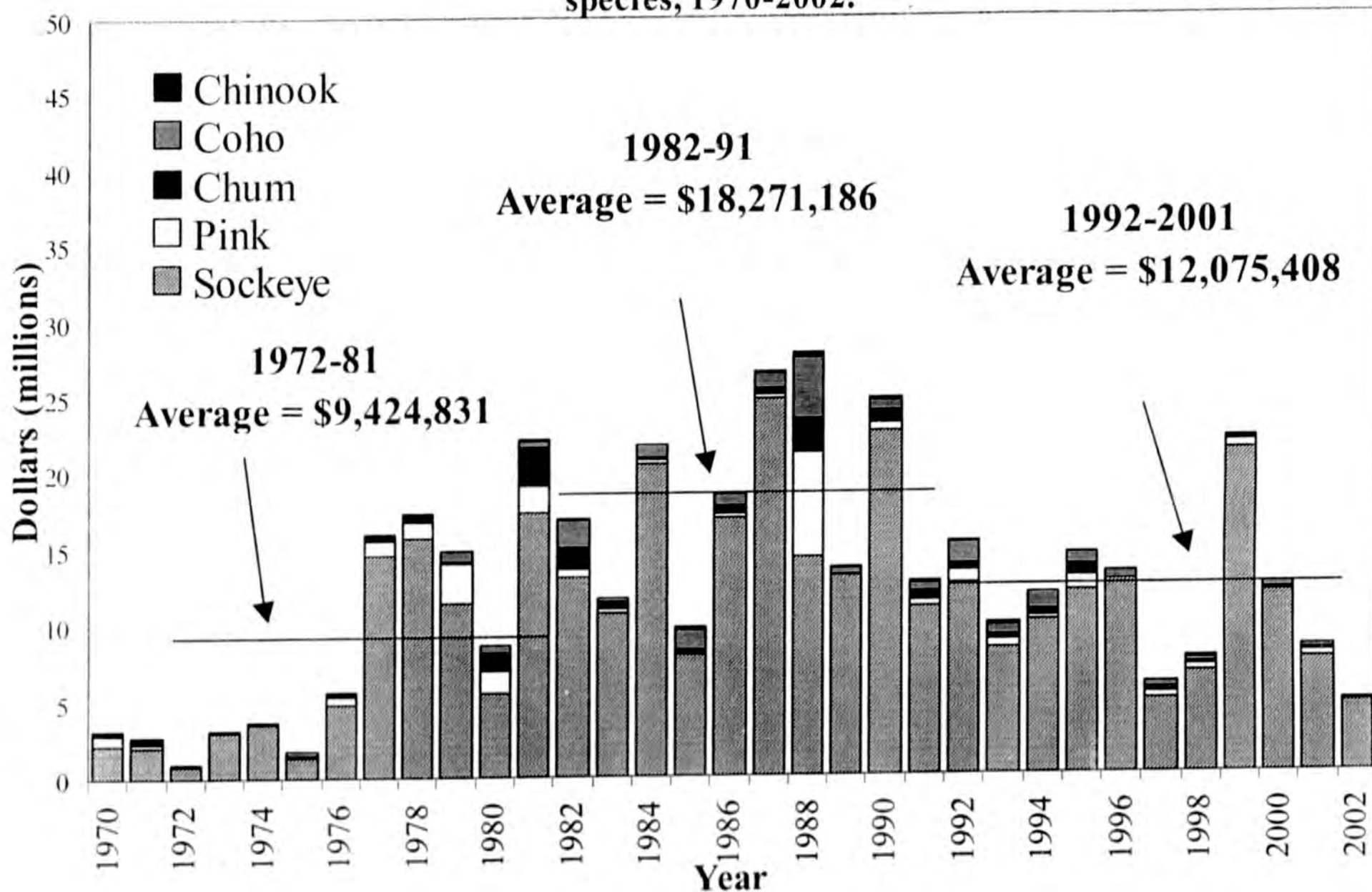
PERRYVILLE
DISTRICT



Sockeye salmon catch in Chignik Management Area, 1960-2002.



**Exvessel value of salmon harvested in the Chignik Management Area by
species, 1970-2002.**



Salmon Escapement

- Daily commercial fishing activity prevented significant buildup of salmon in Chignik Lagoon
- Prevented large pulses of salmon through the weir as seen during historic closures
- Achieved all inseason escapement objectives through the Chignik weir
- Most accurately managed escapement on record for Chignik River system

Chignik Area Cooperative Purse Seine Salmon Fishery

- Total 77 CFEC permit holders joined to form coop
- 22 permit holders fished as competitive fleet
- 2 permit holders did not participate in 2002
- Cooperative allocated 69.3% (caught 69.27%)
 - 721,428 sockeye salmon
- Competitive fleet allocated 30.7% (caught 30.73%)
 - 320,024 sockeye salmon
- Cooperative fleet ended season 970 salmon “behind”
- All harvesting was completed by 41 permit holders (19 cooperative and 22 competitive)
- Less than half of the active permits used in recent years

Effects of New Fishery

- Formation of Chignik Management Area Salmon Task Force (CHASM)
 - Two meetings in Chignik Bay and teleconferences
 - Formed to provide forum for the discussion and exchange of ideas of how to make this new fishery work
- Fishing Time - CMA opened for 98 days in 2002
 - Coop fleet 72.5 days (1,739 hours)
 - Competitive fleet 16.8 days (404 hours)
 - 7 days for new commercial test fishery in Chignik Bay
 - only deliveries on two days due to bad weather
 - 8 days (192 hours) pink and chum fisheries in Western and Perryville Districts

Effects of New Fishery

- Harvest efforts
 - Maximum of 22 vessels fishing at any point in time
 - Typical 80-99 vessels fishing at a time in recent years
 - In 2002, almost all fishing efforts focused in Chignik Lagoon (Chignik Bay District)
 - Normally spread out to other areas of CMA
- Subsistence
 - Impacted subsistence salmon harvest opportunities
 - ADF&G had midseason opener as requested by users
 - ADF&G provide additional late season opportunity as requested by users

Historic Comparisons

- Management decisions simplified
 - Announced management decisions in a more timely manner
- Fishing Patterns
 - Fish were delivered 90 days during 2002 season
 - Reduced number of deliveries (fewest since 1981)
 - Vast majority of effort in Chignik Lagoon
 - Coop elected not to fish outside of Chignik Bay District

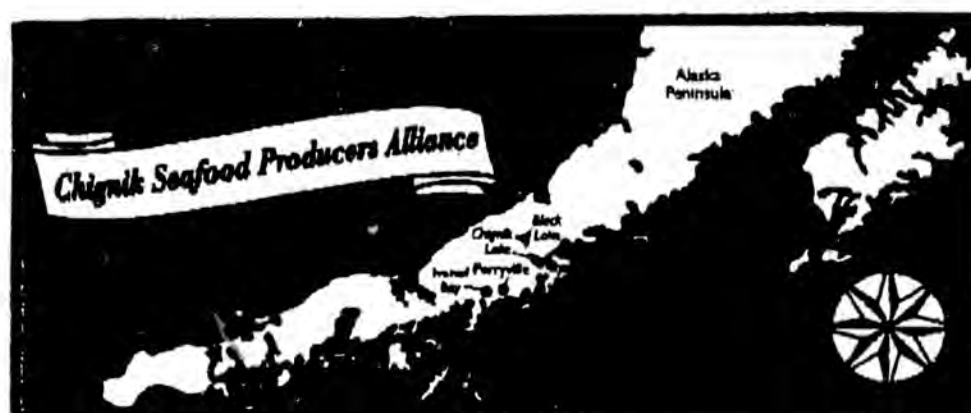
Historic Comparisons

- New flexibility introduced for management of concurrent fisheries
 - Able to tailor the management of the inside and outside fisheries for each fleet
 - Better control of sockeye salmon harvest efforts with ability to place harvest and vessel limits on cooperative fleet
 - Fleet did not have to choose between targeting sockeye salmon or pink and chum salmon because the fisheries were tailored so fleets could participate in both if they chose to do so

Other Events and Situations

- Consistent fair weather during times when cooperative fleet was fishing
- Low, steady, and smooth flow of sockeye salmon returning to the Chignik River system
- Harvest limit placed on cooperative fleet for 16 days and the competitive fleet for one day
- Minimal harvest of salmon migrating through the outside districts of the CMA in 2002
- Not certain if ADF&G can be as precise with future allocated fisheries if run is large and weather does not cooperate

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES



The Chignik Seafood Producers Alliance (CSPA), is the first and only state sanctioned salmon fishery cooperative (true cooperative) in the history of Alaska. CSPA has four main objectives. One, to produce the highest quality wild salmon product in the world through radically improved harvesting, handling, and processing techniques. Second, to drastically reduce the expenses of harvesting wild salmon. Third, to move toward a vertically integrated system in which CSPA would harvest, process, and market it's own salmon. And fourth, to take a community based approach in order to enable the people and communities of the Chignik region to play an integral role in shaping the future of the salmon fishery in their area.

Alaska State Legislature

Chair
Seaton

Vice Chair
Wilson

Members
Berkowitz
Guttenberg
Heinze
Kott
Samuels



State Capitol
Juneau, AK 99801
(907) 465-3306
(907) 465-3472

Fisheries Committee

AGENDA- January 31, 2003
8:30—10:00; RM #124

Thank you for agreeing to attend the Fisheries Committee meeting next week. The current forum will include:

1. About a 10 minute explanation from ADF&G Commercial Fisheries Division (Doug Mecum, Director) of the past, present, and future management implications of the Chignik cooperative structure. This will include a Basic and straightforward analysis of Chignik management before the co-op, and the adaptations made by ADF&G to accommodate the new structure of the fishery.
2. About 30 minutes total from the cooperative organization (Jamie Ross) discussing the benefits of the co-op in relation to processing, quality, marketing, and the general structure of the new co-op fishery. This 30-minute section will include, in this order, 10 minutes of general description, a 10-minute informational video, and 10 minutes of personal testimony to the benefits of the co-op.
3. About 20 minutes from the anti-cooperative representatives (Heather McArthy) attesting to their individual and community (Chignik) concerns about the co-op itself and the process by which it was allowed.
4. 15 minutes of public testimony.
5. 15 minutes of questions from the Chair and Committee members directed toward Jamie Ross (co-op) and Heather McArthy (anti-co-op).

Thank you again for your time and input into this committee overview of the Chignik cooperative issue. If you have any questions you can contact me, x2689, or my Committee Aide Cameron Yourkowski, x 3306.

Gunnar Knapp
Professor of Economics
Institute of Social and Economic Research
University of Alaska Anchorage
3211 Providence Drive
Anchorage, Alaska 99508
907-786-7717 (telephone)
907-786-7739 (fax)
afgpk@uaa.alaska.edu

January 29, 2003

Representative Paul Seaton
Chair, House Fisheries Committee
Alaska House of Representatives
Juneau, Alaska

Dear Rep. Seaton:

I understand that the House Fisheries Committee will be discussing the Chignik Salmon Cooperative, and that our report *Effects of the 2002 Chignik Salmon Cooperative: A Survey of Chignik Salmon Permit Holders* is among the documents you have received. This letter briefly summarizes the purpose of our survey and some of the most important results.

As you know, there has been a great deal of interest about the management changes in Chignik and the experience with the Co-op. In response to this interest, last summer I undertook a study of economic effects of the Co-op. That study isn't complete yet, but I summarized some of my preliminary findings in a presentation to the Board of Fisheries in December.

Last summer, as soon as I began talking to Chignik permit holders, I realized that many of them had very strong feelings about it, and that perspectives about the Co-op varied widely between those who had joined the Co-op and those who had not. I felt that it was important to convey these different perspectives to other Alaskans interested in the effects of the Co-op. In order to make sure that we conveyed these perspectives accurately—and to give permit holders a chance to speak for themselves—we undertook a survey of all Chignik permit holders.

Of the 100 Chignik permit holders, 80 responded to our survey in time for us to include their responses in our draft report, prepared in early December for the Board meeting. (We have since then received another 10 responses, which will be included in a revised version of the report which should be finished soon.)

The report shows all of the questions we asked and all of the responses we received. I believe that it conveys fairly well the range of opinions about the Co-op that one hears in talking with permit holders.

I think the results speak best for themselves. But I will suggest a few results that I think are important:

1. Permit holders are sharply divided about the Co-op. In many of the survey responses, there are big differences between the responses of permit holders who joined the Co-op and the responses of those who did not join.
2. Most of the permit holders who joined the Co-op felt that they were financially better off as a result of the Co-op. Most of those who didn't join felt that they were worse off. (See the responses to Question 5).
3. Most of the permit holders who joined the Co-op had "someone positive" or "very positive" feelings about the change in management. Most of those who didn't join had "somewhat negative" or "very negative" feelings. (See the responses to Question 6).

Personally, I think that the experience with the Chignik Co-op demonstrates that making significant changes to the management of Alaska's salmon fisheries—should the State wish to do so—is likely to be a huge challenge. Even when a management change results in very significant overall economic benefits (as I believe the Chignik Co-op did, by greatly reducing costs and significantly improving quality), it is very difficult to ensure that all permit holders in a fishery will actually benefit from the change. Paradoxically, the most successful fishermen in a fishery may stand to gain the least from management changes which help the majority of permit holders.

I would be happy to discuss the results of the survey, or our other analysis of economic effects of the Co-op, with you or other members of your committee at any time. Please let me know if I can be of assistance in this or other matters.

Sincerely,

Gunnar Knapp
Professor of Economics

CHIGNIK MANAGEMENT AREA COMMERCIAL SALMON FISHERY,
STOCK STATUS, AND PURSE SEINE COOPERATIVE FISHERY REPORT

Report to the Alaska Board of Fisheries, December 2002

By

George Pappas

Regional Information Report¹ No. 4K02-52

Alaska Department of Fish and Game
Division of Commercial Fisheries
211 Mission Road
Kodiak, Alaska 99615

November 2002

¹ The Regional Information Report Series was established in 1987 to provide an information access system for all unpublished division reports. These reports frequently serve diverse ad hoc informational purposes or archive basic uninterpreted data. To accommodate timely reporting of recently collected information, reports in this series undergo only limited internal review and may contain preliminary data; this information may be subsequently finalized and published in the formal literature. Consequently, these reports should not be cited without prior approval of the author or the Division of Commercial Fisheries.

ABSTRACT

The 2002 Chignik commercial salmon fishery began on June 3; the last reported landing was on September 5. A total of 41 Commercial Fisheries Entry Commission (CFEC) seine permits were fished in 2002 (19 cooperative fleet, and 22 competitive fleet). The total salmon commercial harvest for the Chignik Management Area (CMA) included 1,521 chinook *Oncorhynchus tshawytscha*, 1,050,553 sockeye *O. nerka*, 49,372 coho *O. kisutch*, 66,050 pink *O. gorbuscha*, and 54,559 chum salmon *O. keta*. Of this total harvest, 3 chinook, 9,101 sockeye, 66 pink, and 46 chum salmon were harvested to meet the department's test fishery requirements and 77 chinook, 1,371 sockeye, and 164 coho salmon were harvested for personal use. The 2002 sockeye salmon harvest was below forecast. Sockeye and chinook salmon escapement goals were met for the Chignik River system. The pink and chum salmon escapement goals for the CMA were met in 2002. Results from coho salmon escapement surveys to all districts of the CMA are not conclusive for 2002. The exvessel value for all species of salmon harvested in the CMA was about \$4.7 million.

This was the first season of the CMA purse seine cooperative fishery management plan (5 AAC 15.359). A cooperative fleet of 77 CMA CFEC permit holders formed to harvest salmon during the 2002 salmon season. Twenty-four CMA CFEC permit holders who chose not to join the cooperative fleet were identified as the competitive fleet; two of these permit holders chose not to join the cooperative and did not participate in the 2002 CMA salmon fishery. The cooperative fleet harvested 721,428 (69.27%; allocation 69.3%) sockeye salmon and the competitive fleet harvested 320,024 (30.73%; allocation 30.7%).

The newly adopted CMA cooperative purse seine management plan impacted many aspects of the Chignik salmon fishery. The department launched a new salmon management task force in response to the increased need for communication between the ADF&G, salmon fishermen, processors, and local subsistence users. The Chignik Area Salmon Management (CHASM) task force provided a forum for the discussion and exchange of ideas on the harvest and management strategies both prior to and during the salmon season.

The 2002 season provided 72.5 days of fishing opportunity for the cooperative fleet and 16.8 days of fishing opportunity for the competitive fleet to target sockeye salmon in the CMA. An additional seven days of fishing opportunity was available during the June 3-9 commercial test fishery in the Chignik Lagoon, though deliveries were made on two days due to bad weather conditions. The 2002 season also provided both fleets the opportunity to target pink and chum salmon in the Western and Perryville Districts of the CMA for a total of eight days during three fishing periods. In 2002, the CMA was open to commercial fishing for a total of 98 days. This compares to 55 days in 1985, 72 days in 1992, and 69 days in 1998 (recent years with comparable run strength). A total of 2,432 deliveries (including four department test fishery deliveries) were made during 90 days of commercial fishing activity during 2002.

On a daily basis a maximum of 22 vessels fished at any particular time (19 for the cooperative fleet; 22 for the competitive fleet), compared to 80-99 vessels which typically fished during open periods in previous years. Though both fleets fished on the same date at times, the fleets were kept separate by

fishery opening and closure times. In 2002, fishing effort was almost entirely expended inside Chignik Lagoon, in the Chignik Bay District, whereas in prior years fishing pressure was usually more widely spread throughout the Chignik Bay District and also into the Central and outside districts.

Management for specific sockeye salmon escapement goals, and interim inseason objectives, was more accurately attained in 2002 than in previous years, largely due to the ability to control daily harvests of the cooperative fleet. Moreover, volumes of fish delivered to processors on a daily basis throughout the 2002 season were more evenly distributed, rather than the boom-and-bust pattern typical of previous years. Fishing opportunities for the competitive fleet, however, were reduced from prior years, as was their consequent ability to buffer events such as poor weather or mechanical breakdowns.

Imposition of the cooperative fishery plan also affected subsistence salmon harvest opportunities during 2002. In response, ADF&G provided additional harvest opportunities as requested by local subsistence fishers.

Chignik Salmon Purse Seine Fishery:
Summary Data on Issues Related to the 2002
Cooperative Fishery

CFEC Report 02-6N
December 2002

State of Alaska
Commercial Fisheries Entry Commission
8800 Glacier Highway, Suite 109
Juneau, Alaska 99801

1.0 Introduction

In early 2002, the Alaska Board of Fisheries (Board) passed regulations that provided a means for Commercial Fisheries Entry Commission (CFEC) permit holders in the Chignik salmon purse seine fishery to form a cooperative and fish in a cooperative fishery under specified conditions.¹ The regulations provided an allocation to the cooperative in the form of a percentage of the Chignik Area commercial sockeye harvestable surplus.

The purpose of these regulations was to reduce the resources devoted to the "race for the fish." By providing a specific allocation to a cooperative, the cooperative should be able to reduce the number of vessels, crew, and the cost of the harvest thereby improving the efficiency and the profitability of the fishery. The allocation to the cooperative also provided an opportunity to improve ex-vessel prices by slowing down the fishery and providing time to improve product handling and quality.

The Chignik Seafood Producers Alliance formed as a cooperative in 2002 in accordance with the new regulations. Both a cooperative fishery and an "open fishery" occurred in 2002. Seventy-seven permit holders joined the cooperative. By regulation, each member of the cooperative received nine-tenths of one percent (0.9%) of the commercial sockeye harvestable surplus, which amounted to a total allocation to the cooperative of 69.3% of the harvest.

Permit holders who did not join the cooperative could continue to fish in an "open fishery." The open fishery was allocated the residual percentage of the overall commercial sockeye harvest (30.7%), but permit holders in the open fishery were competing to capture the fish. Twenty-two permit holders opted to participate in the open fishery for an average implicit allocation of 1.4% per participant in the open fishery. One permit holder did not join the cooperative and also opted not to fish in 2002. The Alaska Department of Fish & Game (ADF&G) managed the fishery to achieve the designated allocations to both the cooperative fishery and the open fishery.

The Board has received proposals to modify regulations related to the Chignik fishery. ADF&G asked CFEC to provide information on some of the issues that have arisen concerning the 2002 cooperative.

Section 2.0 of this report provides summary reports on the distribution of historic harvests in the Chignik salmon purse seine fishery. The purpose of this section is to examine the historic harvest performance of those who joined the cooperative and those who opted to fish in the open fishery. The report also examines historic shares of the harvest to see if 2002 participants in the open fishery did better or worse than normal. One issue facing the Board is whether or not the allocations to the cooperative fishery and to the open fishery were reasonable. In this section, separate "sockeye only" and "all salmon species" tables are presented.

¹ See 5 AAC 15.359.

Section 3.0 of this report provides summary data on the variability of the relative ranking of individuals' harvests across years. Separate tables within this section first present variability based on harvests of sockeye only, then variability based on harvests of all salmon species.

Section 4.0 provides information on participation in other fisheries by Chignik salmon purse seine permit holders during the Chignik season. Activities during 2002 are compared with previous seasons.

Section 5.0 provides information on the permanent and emergency transfer of Chignik salmon purse seine permits over time. The section also provides information on estimated market values of those permits through time.

Things that the Co-Op caused.

They cost a lot of jobs to be lost by not hiring crew for the season; most of the permit holders did not have to hire a crew due to the fact they only fished at one-point 18 boats. If those 18 boats hired a full crew that would only employ 54 people based on if they hired 3 per boat. Another 50+ boats sitting on the beach. 150 crew out of a job. Not only did it take away jobs it divided the fisherman. Put one against the other.

I did have my family out there fishing and they were promised a certain amount of money, which they did not get. They were told that if they fished for a percent that they would make more money. They did not get even half of the money promised. Now the permit holders say they cannot get a crew to work for them? How would they like to work for 3-5000 a year to support their families?

The co-op fishery is causing too much hardship in the Chignik area. It affects everyone. (Not only fisherman).

Some of these folks have to rely on welfare and energy assistance in order to make it through the winter. Costing the federal government money to support these families. Others have to depend on family members for fuel groceries and other bills to get by. The crew cannot make it on 3000.00 dollars a year. This is based on my brother's pay he received this past summer. The fuel cost and groceries in this area exceeds this amount. Not only costing the government money, the state as well.

The other thing I would like to bring up is the interim permits. I thought in order to keep these permits you were to work them?

Any questions I can be reached at (907)853-2272)

Subject: re: Chignik co-op for House Fisheries Committee

Date: Sat, 01 Feb 2003 19:42:36 -0900

From: Buck Laukitis <magicfish@xyz.net>

To: rep.paul.seaton@legis.state.ak.us

For House Fisheries Committee members
Chairman Paul Seaton
January 31, 2003

Dear Representative Seaton,

Thank you for holding the very educational hearing on the Chignik salmon co-op on Friday January 31. I listened in from the LIO in Homer. Unfortunately, the Committee ran out of time, and I didn't get a chance to testify.

The Co-op experiment in Chignik was successful in its very first year. The criticisms I heard were from people and companies vested in the status quo, and we all know that status quo in the salmon industry is not an option. I am writing to remind the Committee members that lost crew jobs or reduced paying jobs, lost airline service to coastal communities, lost fisheries support businesses, losses to tenders and processors are all very real, BUT they also happened in every other region dependent on salmon in the state. These negative changes and some social issues mentioned cannot be attributed to the co-op as Heather McCartey and Ms. Stepatin from Chignik Lakes claimed. They are all happening in King Cove and False Pass as well, and we don't have a co-op. Fishermen in Chignik received \$.85 to \$1.00 for their quality sockeyes last summer using half of the boats to harvest all of the fish. Fishermen in Sand Point and Kodiak received \$.47 and \$.53/lb respectively with no reduction in harvesting costs.

Chignik is unique geographically, and maybe other areas will not be able to achieve their success using allocations to groups of fishermen. We need to move the salmon industry forward in ways where fishermen and coastal communities have some control over their destinies. The Chignik experiment is clearly one that we need to support.

Sincerely,

Buck Laukitis
fisherman in the False Pass area residing in Homer