

AK LEGISLATURE SPECIAL COMMITTEE FILES SCOMM 147 316135

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

BOARD of FISHERIES

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March 17, 2006

Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Members of the Alaska Legislature,

In the fall of 2004, the Board of Fisheries established a Commercial Salmon Industry Restructuring Workgroup to examine possible restructuring options for Alaska's salmon fisheries. The workgroup, which consisted of various stakeholders, interests from the fishing industry, and three Board members, was formed under a cooperative agreement between the Board and the Legislature, as a continuation of the work from the Legislature's Salmon Industry Task Force.

RESTRUCTURING PANEL RECOMMENDATIONS:

In January 2006, the Board received a report from the stakeholder workgroup. After making some minor modifications, the Board is pleased to present the attached report for your review.

Much of the workgroup's attention has focused on the Board process. The workgroup made suggestions on how the Board should receive and consider a "restructuring proposal." The workgroup developed a suggested format for how such proposals should be submitted to the Board, along with criteria for how the Board should review these proposals.

At the February 2006 meeting in Ketchikan, the Board reviewed and generally agreed with the workgroup recommendations. The Board decided to informally follow these recommendations for a "trial period," during which the Board will annually review the process for modification, or ultimately, consider adopting it as a binding Board policy.

The Board agreed that proposals which seek to significantly change how salmon fisheries operate should be reviewed with extra scrutiny and an examination of the possible benefits and impacts to the stakeholders, communities, regions and the state as a whole.

The Board also endorsed the workgroup's recommendation for increased funding to the Board and the Department of Fish and Game for staffing and adequate meeting time to ensure that this analysis and discussion can take place.

SUPREME COURT RULING, CHIGNIK:

A recent and major development has been the Alaska Supreme Court decision in the Grunert case, involving the Chignik cooperative salmon fishery. In the workgroup report, you will see multiple references to this legal challenge, which was still pending at the time that this report was prepared for the Board. With this decision, the cooperative fishery in Chignik was ruled invalid, however, the ruling may also have significant impacts on other fisheries in the state.

For instance, the ruling would also seem to invalidate a cooperative purse seine fishery for herring at Nunivak Island, but it may also have an effect on other cooperative fishery activities, even if they are not specifically authorized by the Board of Fisheries, such as voluntary cooperatives or combines in numerous herring fisheries across the state. The decision may also preclude the use of cooperative fisheries for "mop-up" fisheries, or in situations where the allowable harvest may be too small for the full effort of a competitive fishery to take place without exceeding the harvest limit.

While this challenge was working its way through the courts, the Board and the public were watching closely to not only see what effect it may have on existing management plans, but what the ruling may or may not mean for other fisheries which had been examining possible future changes to their fisheries, such as the salmon fishers at Olga and Moser Bays on the south end of Kodiak Island.

Needless to say, the ruling will have a chilling effect on how the Board looks at other significant proposed changes to fisheries management.

FUTURE WORK:

While no immediate legislation is pending, the Legislature has been approached by Chignik co-op stakeholders to pass legislation that would allow the Board to allocate to cooperatives, which the Board has supported through a resolution to the Legislature that was adopted at the February 2006 meeting. However, the Board also feels that a more comprehensive examination of the principles of fisheries management and allocation should be undertaken by the Legislature in the near future. Continuing work by the Board's workgroup may examine other possible legislative changes that could come to the Legislature as future recommendations.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Art Nelson, Chairman
Alaska Board of Fisheries

cc: McKie Campbell, Commissioner, Department of Fish and Game
Denby Lloyd, Director, Commercial Fisheries

Commercial Salmon Industry Restructuring Proposals

The Board of Fisheries Commercial Salmon Industry Restructuring Workgroup, created by a joint agreement between the Alaska Board of Fisheries and the Legislative Salmon Industry Task Force, examined policy and other options for the Legislature and the Board of Fisheries to properly consider in restructuring Alaska's commercial salmon industry.

The final recommendations to the legislature are available on line

<http://www.boards.adfg.state.ak.us/fishinfo/sirp/meetinfo/panelfinalrep06.pdf>

or by writing to the Department of Fish and Game, Boards Support Section, P.O. Box 115526, Juneau, AK 99811-5526 or by calling (907) 465-4110.

Salmon Industry Restructuring Goals

Alaska's commercial salmon fisheries have been in existence for over 125 years. During this time, salmon fisheries have become fully utilized, and the Alaska State Legislature and Board of Fisheries have often imposed statutory or regulatory actions that constrain efficiency to ensure adequate escapements occur to sustain the resource, or to protect those dependent upon fishery resources, including subsistence, personal use, sport and commercial users. These constraints have taken many forms, including time and area closures and gear restrictions that may have increased harvest costs and decreased harvest values. For those who have made investments to harvest, tender, and process salmon, these increased costs limit the economic benefit to participants and Alaska's fishery dependent communities. Because many of Alaska's fishery-dependent communities rely on an economically viable harvesting and processing sector, there can be tension between rules that create inefficient harvesting and processing systems and the goals of harvesters, processors, fishery dependent communities and others dependent upon the fishery resources.

Within various salmon fisheries, the cost of doing business is not always supported by the market value of the production using current management approaches to harvesting. As a result, the status quo may provide an inadequate return on investments and may not provide enough capital to renew the equipment, vessels, and processing facilities needed for the commercial enterprise. In some fisheries the current management approaches to harvesting salmon may not provide the desired level of management flexibility and effectiveness. Therefore, new processes and procedures may be needed to entertain restructuring options for Alaska's commercial salmon fisheries.

Definition of a Restructuring Proposal

A "restructuring proposal" is a proposal that is likely to have substantial economic, social, or biological impacts and may require significant changes to the management of a fishery. The proposed regulatory change may strive to improve the value of a fishery by providing new and increased opportunities to: (1) raise the revenue generated from harvested fish (e.g. through improved quality); or (2) lower the cost of fishing operations; or (3) improve conservation.

Such proposals may include, but are not limited to, consolidation of fishing effort, a shift in who harvests the fish, changes in harvest methods used, or allocations of quotas (e.g. equal split quota allocations).

Board of Fisheries Criteria for Review of Restructuring Proposals

Keeping in mind that all proposals must promote the sustainability of fishery resources and be consistent with other Board of Fisheries policies, the Board of Fisheries may consider comprehensive regulatory restructuring proposals, and when doing so may, in addition to other factors, use the following criteria:

- 1) Promote an increased net economic benefit to the participants remaining in the fishery following restructuring;
- 2) Identify possible interactions within and between regions;
- 3) Identify potential mitigation measures for those dependent on the fishery that may be negatively impacted;
- 4) Promote improvements in a fisheries value, product quality, or an increase in efficiency;
- 5) Adequately address biological impacts to the resource caused by changes in management systems and utilization of the resource;
- 6) Promote a healthy fishing economy in Alaska that provides social and economic benefit to communities dependent upon the fishery and contributes to the overall benefit of the resource and the economy of the state; and
- 7) In addition to the criteria above, other factors may be considered as appropriate.

Process to Review Restructuring Proposals

Restructuring proposals may have substantial economic, social, and/or biological impacts and may require significant changes to the management of a fishery. Accordingly, the Board of Fisheries is interested in ensuring ample opportunity for review and comment by potentially affected regions and fishery participants.

- 1) Submit proposal as part of regular review cycle for a given area. (Responsibility: Applicant)
- 2) Determine if proposal is a restructuring proposal. (Responsibility: Board)
- 3) Publish restructuring proposals in a separate section of the board proposal book or otherwise identify proposal as a restructuring proposal. (Responsibility: Boards Support Section)
- 4) Hold a publicly-noticed work session to determine: (Responsibility: Board)
 - a. Is proposal complete?
 - b. Are there outstanding questions or information needed?
 - c. Confirm that board has authority to act on proposal; identify any aspects of proposal where board may need additional authority to make decisions.
 - d. Identify whether CFEC, DNR or other agencies need to be consulted on issues raised by the proposal. If so, bring staff together to schedule work and process.
 - e. Identify proposal's review process and schedule.
- 5) Hold information-gathering public hearing within region if needed. (Responsibility: Board)
- 6) Hold other hearings/work sessions as needed. (Responsibility: Board)
- 7) Board of Fisheries decision. (Responsibility: Board)

The proposal form for salmon industry restructuring proposals is available on line at:

<http://www.boards.adfg.state.ak.us/fishinfo/sirp/rest-prop-form.pdf>

or by writing to the Department of Fish and Game, Boards Support Section, P.O. Box 115526, Juneau, AK 99811-5526 or by calling (907) 465-4110.

Alaska Board of Fisheries - Restructuring Proposal Form

Please answer the questions below as completely as possible. Your response will likely require multiple pages and considerable time and effort. Some questions may not be applicable to your proposal. Some questions may be quite difficult to answer; incomplete answers will not necessarily disqualify your proposal.

Please carefully read the instructions on page 2 before answering the questions.

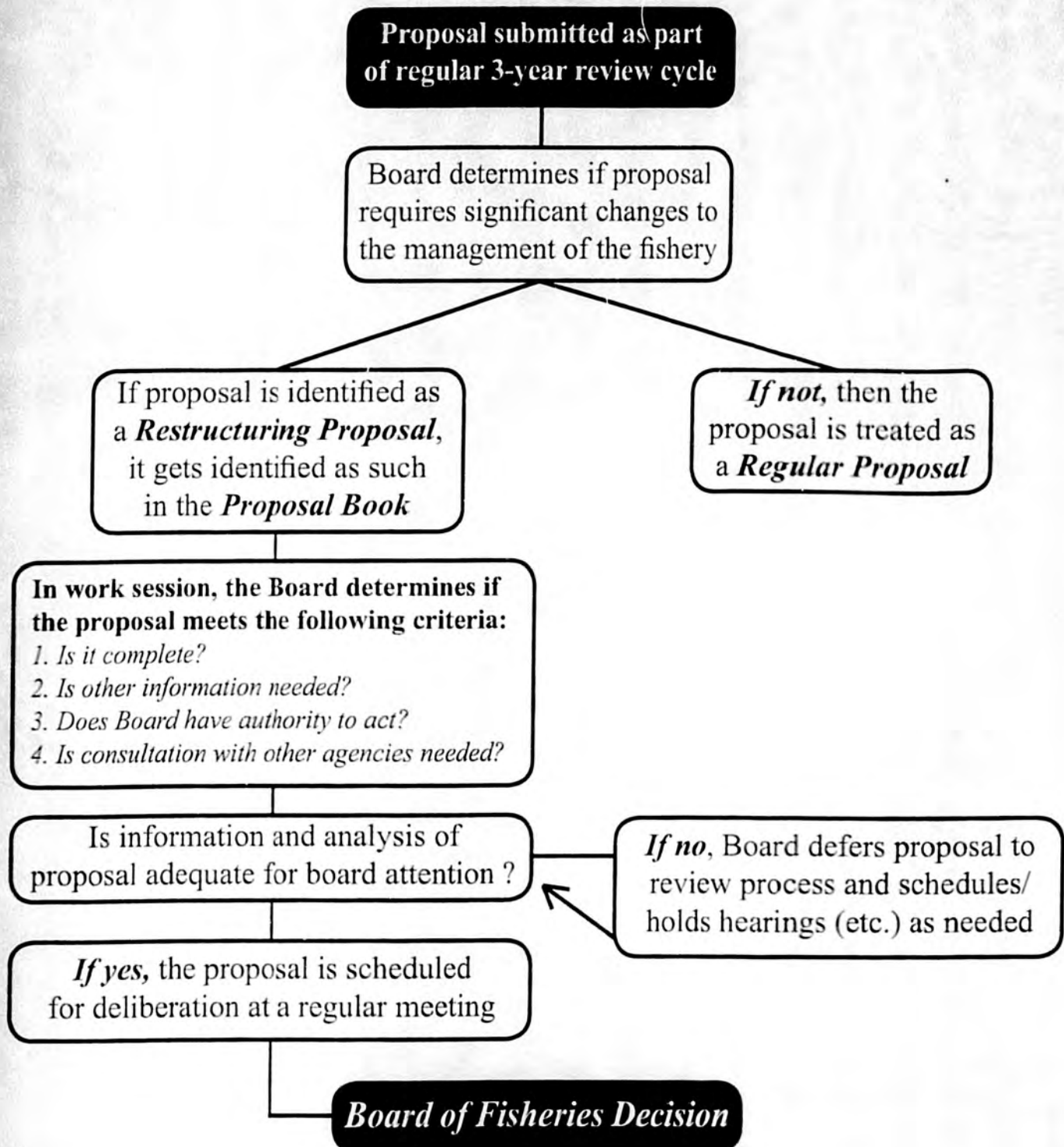
- 1) What regulatory area, fishery, and gear type does this restructuring proposal affect?
- 2) Please thoroughly explain your proposal. (See Part II, Question 2 of the instructions on page 2 for important guidance on how to answer this question).
- 3) What are the objectives of the proposal?
- 4) How will this proposal meet the objectives in question #3?
- 5) Please identify the potential allocative impacts of your proposal. Is there an allocation or management plan that will be affected by this proposal?
- 6) If the total value of the resource is expected to increase, who will benefit?
- 7) What will happen if your fishery is not restructured as your proposal recommends, and how is this proposal an improvement over current practices?
- 8) Considering the history of the commercial fishery, what are the potential short- and long-term positive and negative impacts on:
 - a) the fishery resource;
 - b) harvesters;
 - c) the sector, species, and regional interdependence relationships;
 - d) safety;
 - e) the market;
 - f) processors; and
 - g) local communities.
- 9) What is your understanding of the level of support for your proposal among the harvesters, processors, and local communities?
- 10) What are the potential short and long-term impacts on conservation and resource habitat?
- 11) What are the potential legal, fishery management, and enforcement implications if this proposal is adopted? What other governmental actions may need to be taken into account?

Submitted By: Name _____ (signature required)

Individual or Group _____

Address _____ Zip Code _____ Phone _____

Process for Board of Fisheries Review of Restructuring Proposals



Report and Recommendations
to
Alaska State Legislature

from
Alaska Board of Fisheries

Regarding Salmon Industry Restructuring

February 2006

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1.0 Background

The Board of Fisheries Commercial Salmon Industry Restructuring Workgroup was created by a joint agreement between the Alaska Board of Fisheries and the Legislative Salmon Industry Task Force. The scope of work recommended was as follows:

Examine policy and other options for the Legislature and the Board of Fisheries to properly consider in restructuring Alaska's commercial salmon industry, including identification of research/information and analysis needed on the range of policy alternatives.

During Fall 2004, the Board of Fisheries forms a public panel to focus on the task and develop a plan. Board committee is chaired by Ed Dersham and includes Robert Heyano and John Jensen. Public panel may include a scientific panel and a public panel representative of various industry interests

The public panel develops a plan of action to present to full board: 1) Develop models for restructuring the commercial salmon industry, and 2) Specify research and analysis needed on the range of policy alternatives.

The Board of Fisheries and Public Panel will gather public input throughout the state to develop and analyze models on policy alternatives.

- Board may take written and oral comment at each regularly-scheduled meeting
- Panel may schedule meetings as needed for development of alternatives and receiving public comment on the alternatives.
- Panel receives results of impact studies, if any.

Winter 2005: The Panel will bring recommendations to full board. The full board begins developing findings/recommendations to submit to the Legislature. The board continues to receive public input throughout this process

January or February 2006: The board will present a report to the legislature.

The board members who worked with the panel were:

Ed Dersham, chair

John Jensen

Robert Heyano

Art Nelson replaced Ed Dersham at the October 2005 meeting.

Staff support was provided by:

Kurt Shelly, CFEC

Alan Austerman, Office of the Governor

Cheryl Sutton of Senator Ben Stevens' office

Diana Cote, Executive Director of the Board of Fisheries

Doug Mecum, ADF&G, Commercial Fisheries Director

Denby Lloyd replaced Doug Mecum at the October 2005 meeting

The workgroup consisted of stakeholders appointed by the Board of Fisheries. The board's goal was to appoint a public panel that had broad geographical representation, as well as from various parts of the industry. The following members were appointed:

Steve Brown, Homer
Sam Cotten, Anchorage
Karen Dunmall, Kawerak, Nome
Pete Esquiro, NSRAA, Sitka
Wallace Fields, Kodiak
John Garner, NorQuest Seafoods
Andy Golia, Dillingham
Jill Klein, YRDFA, Anchorage
Stephanie Madsen, Juneau
Chuck McCallum, Chignik
Jerry McCune, Cordova
Kris Norosz, Icicle Seafoods, Petersburg
Bob Thorstenson, UFA, Juneau
Gale Vick, Anchorage
Bob Waldrop, Anchorage
Dr. Charles Crapo, UAF (technical advisor)

The group met several times between September of 2004 and October 2005. The following report and recommendations are the work product of the group and recommendations for the future of the restructuring effort.

2.0 Salmon Industry Restructuring

2.1 Goal Statement

Alaska's commercial salmon fisheries have been in existence for over 125 years. During this time, salmon fisheries have become fully utilized, and the Alaska State Legislature and Board of Fisheries have often imposed statutory or regulatory actions that constrain efficiency to ensure adequate escapements occur to sustain the resource, or to protect those dependent upon fishery resources, including subsistence, personal use, sport and commercial users. These constraints have taken many forms, including time and area closures and gear restrictions that may have increased harvest costs and decreased harvest values. For those who have made investments to harvest, tender, and process salmon, these increased costs limit the economic benefit to participants and Alaska's fishery dependent communities. Because many of Alaska's fishery-dependent communities rely on an economically viable harvesting and processing sector, there can be tension between rules that create inefficient harvesting and processing systems and the goals of harvesters, processors, fishery dependent communities and others dependent upon the fishery resources.

Within various salmon fisheries, the cost of doing business is not always supported by the market value of the production using current management approaches to harvesting. As a result, the status quo may provide an inadequate return on investments and may not provide enough capital to renew the equipment, vessels, and processing facilities needed for the commercial enterprise. In some fisheries the current management approaches to harvesting salmon may not provide the desired level of management flexibility and effectiveness. Therefore, new processes and procedures may be needed to entertain restructuring options for Alaska's commercial salmon fisheries.

2.2 Definition of a Restructuring Proposal

A "restructuring proposal" is a proposal that is likely to have substantial economic, social, or biological impacts and may require significant changes to the management of a fishery. The proposed regulatory change may strive to improve the value of a fishery by providing new and increased opportunities to: (1) raise the revenue generated from harvested fish (e.g. through improved quality); or (2) lower the cost of fishing operations; or (3) improve conservation.

Such proposals may include, but are not limited to, consolidation of fishing effort, a shift in who harvests the fish, changes in harvest methods used, or allocations of quotas (e.g. equal split quota allocations).

2.3 Board of Fisheries Criteria for Review of Restructuring Proposals

Keeping in mind that all proposals must promote the sustainability of fishery resources and be consistent with other Board of Fisheries policies, the Board of Fisheries may consider comprehensive regulatory restructuring proposals, and when doing so may, in addition to other factors, use the following criteria:

- 1) Promote an increased net economic benefit to the participants remaining in the fishery following restructuring:

- 2) Identify possible interactions within and between regions;
- 3) Identify potential mitigation measures for those dependent on the fishery that may be negatively impacted;
- 4) Promote improvements in a fisheries value, product quality, or an increase in efficiency;
- 5) Adequately address biological impacts to the resource caused by changes in management systems and utilization of the resource;
- 6) Promote a healthy fishing economy in Alaska that provides social and economic benefit to communities dependent upon the fishery and contributes to the overall benefit of the resource and the economy of the state; and
- 7) In addition to the criteria above, other factors may be considered as appropriate.

2.4 Process to Review Restructuring Proposals

Restructuring proposals may have substantial economic, social, and/or biological impacts and may require significant changes to the management of a fishery. Accordingly, the Board of Fisheries is interested in ensuring ample opportunity for review and comment by potentially affected regions and fishery participants.

- 1) Submit proposal as part of regular review cycle for a given area. *(Responsibility: Applicant)*
- 2) Determine if proposal is a restructuring proposal. *(Responsibility: Board)*
- 3) Publish restructuring proposals in a separate section of the board proposal book or otherwise identify proposal as a restructuring proposal. *(Responsibility: Boards Support Section)*
- 4) Hold a publicly-noticed work session to determine: *(Responsibility: Board)*
 - a. Is proposal complete?
 - b. Are there outstanding questions or information needed?
 - c. Confirm that board has authority to act on proposal; identify any aspects of proposal where board may need additional authority to make decisions.
 - d. Identify whether CFEC, DNR or other agencies need to be consulted on issues raised by the proposal. If so, bring staff together to schedule work and process.
 - e. Identify proposal's review process and schedule.
- 5) Hold information-gathering public hearing within region if needed. *(Responsibility: Board)*
- 6) Hold other hearings/work sessions as needed. *(Responsibility: Board)*
- 7) Board of Fisheries decision. *(Responsibility: Board)*

2.5 Alaska Board of Fisheries - Restructuring Proposal Form

Please answer the questions below as completely as possible. Your response will likely require multiple pages and considerable time and effort. Some questions may not be applicable to your proposal. Some questions may be quite difficult to answer; incomplete answers will not necessarily disqualify your proposal.

Please carefully read the instructions on page 2 before answering the questions.

- 1) What regulatory area, fishery, and gear type does this restructuring proposal affect?
- 2) Please thoroughly explain your proposal. (See Part II, Question 2 of the instructions on page 2 for important guidance on how to answer this question).
- 3) What are the objectives of the proposal?
- 4) How will this proposal meet the objectives in question #3?
- 5) Please identify the potential allocative impacts of your proposal. Is there an allocation or management plan that will be affected by this proposal?
- 6) If the total value of the resource is expected to increase, who will benefit?
- 7) What will happen if your fishery is not restructured as your proposal recommends, and how is this proposal an improvement over current practices?
- 8) Considering the history of the commercial fishery, what are the potential short- and long-term positive and negative impacts on:
 - a) the fishery resource;
 - b) harvesters;
 - c) the sector, species, and regional interdependence relationships;
 - d) safety;
 - e) the market;
 - f) processors; and
 - g) local communities.
- 9) What is your understanding of the level of support for your proposal among the harvesters, processors, and local communities?
- 10) What are the potential short and long-term impacts on conservation and resource habitat?
- 11) What are the potential legal, fishery management, and enforcement implications if this proposal is adopted? What other governmental actions may need to be taken into account?

Submitted By: Name _____ (signature required)
Individual or Group _____
Address _____ Zip Code _____ Phone _____

2.6 Instructions for Restructuring Proposal Form

Please answer the questions below as completely as possible. Your response will likely require multiple pages and considerable time and effort. Some questions may not be applicable to your proposal. Some questions may be quite difficult to answer and incomplete answers will not necessarily disqualify your proposal.

Part I: How to determine if your proposal is a "restructuring" proposal

A "restructuring proposal" is a proposal that is likely to have substantial economic, social, and/or biological impacts and may require significant changes to the management of a fishery. The proposed regulatory change may strive to improve the value of a fishery by providing new and increased opportunities to: (1) raise the revenue generated from harvested fish (e.g. through improved quality); or (2) lower the cost of fishing operations; or (3) improve conservation. Such proposals may include (but are not limited to): consolidation of fishing effort or a shift in who harvests the fish, changes in harvest methods used, or allocations of quotas.

Please note that if the board does not have the legal authority to implement the proposed regulation then your proposal may be dismissed or tabled. If your proposal is found to be incomplete, the board may direct you to potential resources or specific agencies you may need to work with. If your proposal is determined to be a restructuring proposal, the board may put the proposal on a special timeline for action to allow for appropriate public input. If the proposal is determined to be incomplete or otherwise needs further development prior to action, the board, at its discretion, may table the proposal for future action. The board may, at its discretion, amend any proposal and move it forward.

Restructuring proposals may have broad ramifications with both positive and/or negative impacts to harvesters, processors, coastal communities, associated businesses and the State of Alaska. Therefore, your proposal should consider the potential impacts of the proposed new regulation on all stakeholders.

Part II: How to Fill out the Restructuring Proposal Form

Question #1: For which fishery management areas and gear type will the regulations be changed? For which specific fisheries?

Question #2: To completely explain your proposal, address the questions below:

- a. Will this proposal require initial harvester qualification for eligibility? If so, how would it work?
- b. Are there new harvesting allocations? If so, how are they determined?
- c. What means, methods, and permitted fishing gear are proposed?
- d. Is a change in vessel length proposed?
- e. Are the transferability of permits or harvest privileges affected? If so, explain.
- f. Is there a defined role for processors? If so, please describe.
- g. Will this proposal be a permanent change to regulation? If not, for how long?
- h. If adopted, will your proposal require a change in monitoring and oversight by ADF&G?
- i. Will vertical integration (e.g. harvesting and/or processing) or consolidation occur? Will limits be imposed?
- j. How do you propose to monitor and evaluate the restructured fishery?
- k. Is there a conservation motivation behind the proposal? If so, please explain.
- l. What practical challenges need to be overcome to implementing your proposal, and how do you propose overcoming them?

Question #3: Restructuring proposals may have many goals that may not be apparent from the proposal itself. What specific changes do you want to occur if this proposal is put into regulation?

Question #4: How and why will your proposed regulation meet the goals and objectives in question #3?

Question #5: A restructuring proposal will often have allocative or reallocation impacts. Please identify those potential impacts. Other than already identified in question #1, what management plans and allocation regulations might be affected? Note that this could include fisheries distant from the fishery being regulated.

Question #6: Who will benefit? Harvesters? Processors? Communities? State? Subsistence users? Etc.

Question #7: How is your proposal better than status quo?

Question #8: Restructuring proposals will have positive and/or negative impacts to harvesters, processors, coastal communities, associated businesses and the State of Alaska. Your proposal is more likely to be judged complete if you try to identify both the positive and negative impacts of your proposal on:

- a) The fishery resource: 1) biological; 2) management system; and 3) economic utilization.
- b) Harvesters: 1) economic efficiency of the harvesting function; 2) species interdependence impacts; 3) harvesting asset ownership impacts; 4) distribution of product value; and 5) market access.
- c) Interdependence: How will your proposal impact other gear types and fisheries targeting other species? How will it affect interactions between regions and within the communities of the region?
- d) Safety: How does your proposal affect safety, if at all?
- e) The market: 1) market access and product form; 2) market timing; 3) competitive opportunities; 4) other, if any.
- f) Processors: 1) economic efficiency of the processing function; 2) species interdependence impacts; 3) processing asset ownership impacts; 4) distribution of product value; and 5) market access.
- g) Local communities: 1) employment enhancement, displacement, and loss; 2) municipal revenue impacts; 3) industry infrastructure impacts; 4) species interdependence impacts; 5) ownership of local harvesting and processing impacts; and 6) gain or loss of associated businesses.

Question #9: Is this a "one-person idea" or does your proposal have broad support?

Question #10: Conservation and development of fisheries resources are major goals of the board and any impacts on these goals, positive or negative, are of high importance. Please explain the likely impacts of your proposal.

Question #11: Restructuring proposals often have legal, fishery management, and enforcement implications that the board will have to address before it can take action. Please identify the potential issues in these areas.

3.0 Recommendations on needed Board of Fisheries Research Capacity and Data, Authority Changes, and Support

3.1 *Research Capacity and Needs*

As restructuring proposals come forward, three types of research or data will be needed:

1. Permit Latency. Ideally, Board of Fisheries (BOF) would address permit latency in the fishery simultaneous with review and approval of a restructuring proposal. To enable this, we need to identify optional methods, costs, and pros and cons of ways to address permit latency; then enact regulatory or statutory changes needed to implement. (Ideas discussed include creating a registration deadline, requiring permit holders to have gear available to participate in fishery, etc.)
2. Need a simple input-output model, or similar tool, to be able to assess the impacts to communities of various restructuring proposals and minimize unintended consequences of a restructuring decision.
3. Following implementation of a restructuring decision, the state needs to maintain data gathering effort so evaluate the social, biological and economic impacts of that decision.
4. As litigation is settled over the next six months and the question of Board restructuring Authorities is better known, it is worth reexamining this question to see what new research or data may be needed.

3.2 *Board of Fisheries Authorities*

There may need to be some changes to BOF authorities to enable it to take action on restructuring proposals.

The Board's workgroup had numerous discussions regarding authorities, however much of that discussion centered around the fact that the pending litigation involving the Chignik cooperative fishery would need to be resolved before the workgroup and the Board could fully understand the scope of current authority. With this uncertainty about current authorities, discussion about other additional authority was difficult.

Now that the Supreme Court has decided the Chignik case, the Board feels that it is appropriate for the workgroup to continue its' work and resume the discussion of possible additional authorities.

A Panel Subcommittee is now building upon Panel deliberations to:

1. Develop a matrix that depicts current BOF authorities and where each authority is derived.

2. Review BOF (and CFEC) proposals and challenges from the last few years to identify where and why there were roadblocks or problems. A review of these issues may identify patterns and recurrent issues.
3. Based on work above and other knowledge, develop a Problem Statement that articulates areas where a lack of authority has frustrated BOF (or CFEC) action particularly, but not exclusively, with regard to salmon fishery structure or restructuring proposals.
4. Identify authorities the BOF may need but does not currently have to implement restructuring proposals.

3.3 *Board of Fisheries Support*

Due to the significant impacts on communities, harvesters, processors and the State that restructuring proposals have, the BOF will need additional support, data and technical expertise to enable it to review these proposals. The Salmon Industry Restructuring Panel recommends the following:

1. **Maintain current data collection efforts/programs.** Responsibility for the Commercial Operators Annual Reports (COAR) has shifted between ADF&G and CFEC because of funding shortages and changing priorities. The COAR data, fish ticket data, and fish harvesting and employment estimates are currently funded either fully or partly with federal grants. In recent years the amount of federal funding for these projects has been decreasing. At a minimum the State must maintain its current data collection programs in order to maintain a reliable continuous source of fisheries data for economic analysis.
2. **Conduct an in-depth study to determine the kind of additional data needed to connect crewmember information to existing fisheries data,** its value for fishery analyses, and the industry's willingness to provide additional information. Do this prior to embarking on a new crew data collection project.¹
3. **Create an electronic fish ticket reporting system for salmon and put it into use.** ADF&G has proposed an FY 07 budget increment to accomplish this.
4. **Hire two staff with knowledge of fisheries, economics and research techniques (could be at ADF&G, CFEC, DCCED) to conduct research and respond to inquiries BOF will have to analyze restructuring proposals.** An Economist II and Research Analyst III are recommended. Cost of accomplishing this, in FY 05 dollars²:

¹ Crewmembers can not be linked to a particular fishery or area, so it is not possible to know if the crewmember fished, where they fished, how much they fished, how many crew fished from a vessel, or how much they earned. It is also not possible to associate crew salaries or crew earnings with a particular fishery or area. Some economists assume that crewmembers are hired from the permit holder's home town and attribute the crew's earning and tax information to the permit holder home town, an assumption which may not be correct.

² These figures and other recommendations herein excerpted from, "State of Alaska Data Collection Programs and Needs: A Report to the Salmon Industry Restructuring Panel," Susan M. Shirley, March 2005; ADF&G Special Publication No. 05-05.

Personnel	
Economist II	\$67,000
Research Analyst III	\$67,800
Other:	
Computer equip & software	\$6,000
Basic Office supplies	\$500
Travel	\$2,000
TOTAL	\$144,100

Since the efforts above will be of benefit to the BOF and CFEC in its regular work as well, it is recommended that these items be funded permanently, not viewed as one-time expenditures. This will also support the higher level of monitoring and data submission that will likely be needed to evaluate medium and long term impacts, including those unanticipated, of salmon fishery restructuring.

4.0 Conclusions

The Board appreciates the recommendations made regarding a process to receive and adequately consider "restructuring" proposals. Since this process is, as yet, untried, the Board intends to generally follow these recommendations as nonbinding guidelines for an interim period of a few years, after which the Board may consider adopting a more formal process for restructuring proposals to be considered. This nonbinding "trial period" is similar to the approach the Board took when it began using its' committee process.

To ensure that restructuring proposals receive the proper analysis and consideration, it is clear that additional resources are needed to provide adequate staff support and Board meeting time to review and deliberate restructuring proposals.

Throughout the workgroup discussions, pending litigation regarding the Chignik cooperative fishery made discussions about additional Board authorities difficult. Now that this case has been resolved by the Alaska Supreme Court, the Board recommends that the workgroup continue its' process to further discuss authority and consider making future recommendations to the Board the Legislature for consideration.

97-170.1 - FB

JOINT PROTOCOL
BETWEEN
NORTH PACIFIC FISHERY MANAGEMENT COUNCIL (NPFMC)
ANCHORAGE, ALASKA
and
ALASKA BOARD OF FISHERIES (BOF)
JUNEAU, ALASKA
ON
MANAGEMENT OF FISHERIES
OFF ALASKA

Recognizing that NPFMC has a legal responsibility for reviewing and recommending to the Secretary of Commerce measures for the conservation and management of the fisheries of the Arctic Ocean, Bering Sea, and Pacific Ocean seaward of Alaska, with particular emphasis on the consistency of those measures with the National Standards of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act); and

Recognizing that the State of Alaska has a legal responsibility for conservation and management of fisheries within State waters; and further, that the State system centers around BOF policy, regulations, and procedures which provide for extensive public input; is sufficiently structured to ensure annual revisions; is flexible enough to accommodate resource and resource utilization emergencies; and is understood and familiar to the users of North Pacific fisheries resources; and

Recognizing that many of the fish populations in the Gulf of Alaska and the Bering Sea and Aleutian Islands migrate freely between or spend some of the year in both Federal and State waters; and

Recognizing that State and Federal governmental agencies are limited in fiscal resources, and that the optimal use of these monies for North Pacific fisheries management, research, and enforcement occurs through a clear definition of agency roles and division of responsibilities.

Therefore, NPFMC and BOF enter into this Joint Protocol to achieve coordinated, compatible, and sustainable management of fisheries within each organization's jurisdiction in the Gulf of Alaska and the Bering Sea and Aleutians.

I. Applicable Fisheries

This Joint Protocol applies to all fisheries off Alaska of mutual concern.

II. Duration of the Agreement

This agreement shall be reviewed by both NPFMC and the BOF and revised as necessary.

III. NPFMC and BOF shall undertake the following activities:

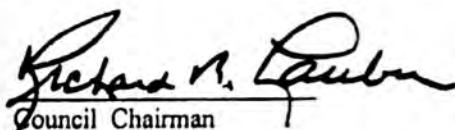
- A. NPFMC and BOF shall jointly agree upon and implement an annual management cycle that provides for coordinated, compatible, and sustainable fisheries management in State and Federal waters. Management measures shall be consistent with the national standards of the Magnuson-Stevens Act, with the laws of the State of Alaska, and with all other applicable laws.

B. With regard to groundfish, the annual management cycle shall have the following elements:

1. The NPFMC and BOF will endeavor to coordinate their proposal schedules to the greatest extent practicable.
 2. The NPFMC will provide the BOF with the latest stock assessment information shortly after the NPFMC's September meeting, noting any special management or conservation concerns with individual groundfish fisheries. The NPFMC will also review fisheries management proposals that it receives that could have impacts on State programs and forward such proposals to the BOF for consideration at an appropriate BOF meeting. The NPFMC will provide all available information concerning such proposals and will identify particular issues that should be analyzed before taking final action.
 3. The BOF at its fall meeting will review groundfish proposals. Those proposals identified as being of mutual concern to both the BOF and NPFMC, will be forwarded to the NPFMC for consideration at its December meeting. The BOF will provide any information available concerning the proposals, and will identify particular issues that should be analysed before taking final action.
 4. In December the NPFMC will review stock assessments, set acceptable biological catch and harvest limits, consider proposals and other information received from the BOF, and task staff with developing a discussion paper on potential impacts of the proposals if adopted.
 5. Final action by the BOF will occur at their next groundfish meeting following the February joint meeting with the NPFMC. After a BOF final decision, the BOF shall adopt findings explaining the basis for the regulation. This provision shall not apply to emergency regulations, however, justification should be provided to the NPFMC in a timely manner, not less than ten days after the emergency action.
- C. A joint NPFMC-BOF committee, not to exceed three members from each body, will be formed and meet in January and at other times as necessary to review available analyses, proposals, and any other matters of mutual concern, and to provide recommendations to the joint NPFMC and BOF.
- D. The NPFMC and BOF will meet jointly in Anchorage each February to consider proposals, committee recommendations, the analysis, and any other issues of mutual concern. All interested persons and agencies shall have the opportunity to submit comments to the NPFMC and BOF at these meetings on proposals identified as being of mutual concern, and other matters as appropriate.
- E. NPFMC and BOF shall encourage ADF&G and NMFS, in carrying out their responsibilities, to consult actively with each other, with NPFMC and BOF, and other agencies as appropriate, in order to prevent duplication of research, management, and enforcement effort and to make optimum use of the resources available for management of the fisheries.
- F. The intent of this protocol is to provide long term cooperative, compatible management systems that maintain the sustainability of the fisheries resources in State and Federal waters.

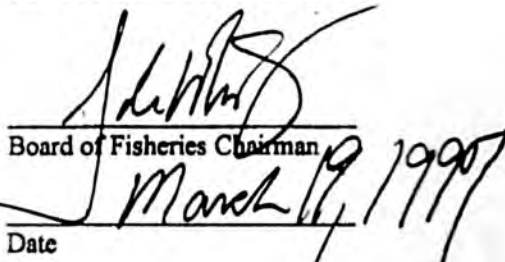
Approved:

For the North Pacific Fishery Management Council


Council Chairman

Mar. 7, 1997
Date

For the Alaska Board of Fisheries


Board of Fisheries Chairman
March 19, 1997
Date

SCOMM

147:6



ALEUTIA

Pure. Wild. Alaskan.

Aleutia is a grassroots, salmon marketing effort that began in September 2002 to promote local economic development within the seafood industry and in the Eastern Aleutian Islands and Western Alaska Peninsula.

Aleutia is a non-profit membership organization made up of sockeye salmon fishermen.

Aleutia has more than 40 paying members today. 10 % active fleet

Aleutia's efforts center on developing a high-quality, niche market for sockeye salmon - harvested by Aleut Native fishing families in the Eastern Aleutian Islands and Western Alaska Peninsula.

All fish harvested under the Aleutia label must meet rigorous quality requirements, according to our standards along with the industry standards.

Two local processors, Peter Pan Seafoods and Trident Seafoods, custom-pack Aleutia salmon according to the same quality standards.

All fish is inspected by a third-party quality inspector.

Marketing and public relations activities have centered on the salmon's premium quality and the Aleut Native family harvesters who have relied on this fish for generations.

The Alaska Fisheries Development Foundation with the Aleutians East Borough spearheaded the Aleutia project. AEB and APICDA continue its active and vital involvement as a partner.

Following are highlights of Aleutia's experience and successes since 2002,

- Aleutia and the Aleutians East Borough agreed to work together to explore developing a high-end niche market for the seafood harvested around the communities of Sand Point, King Cove, False Pass and Nelson Lagoon.
- Sand Point and King Cove fishermen joined the Aleutians East Borough several times at the Los Angeles and Boston Seafood shows. Buyer interest continues to be high at each of these shows.
- Trained the entire Aleutia fleet in quality harvest techniques, and continue to do so every year.
- Continued to inspect every fish to ensure that it meets the most stringent quality standards in the state. Trained quality inspectors in our communities to increase local employment and save money.
- Contracted and trained local residents to handle project management, bookkeeping and general administration.
- Continued to develop a number of sales materials, including a website which will soon allow buyers to match each fish with the harvest family that caught it.
- The project now includes Sand Point, King Cove. We hope to have False Pass and Nelson Lagoon online within a few years.
- We have involved all three separate gear types.
- Aleutia is being carried in high-end grocery stores and restaurants throughout the United States
- Aleutia is a CQE entity which will allow us to purchase halibut and sablefish quota from our local fisherman. Unfortunately the price of the quota is too expensive for this to be a viable fishery at this time.
- In closing we are a very young corporation that has a long road ahead of us. We will continue to strive on keeping the Aleutia Corporation its fisherman and the local communities in employment. We hope to build up our market base and to ensure our consumers that our fishermen are doing the best we can to give the best possible, consistent product available. We will continue to develop the aura of the personal fisherman concept whereby our fishermen, their families and their tenacious quality are promoted in a fashion like nobody else.

What is Alaska Seafood?



Alaska Seafood is a leading provider of high-quality seafood products. We are committed to sustainable fishing practices and providing our customers with the freshest seafood available. Our products are sourced from the wild and are never frozen. We offer a wide variety of seafood products, including salmon, halibut, crab, and shrimp. We are proud to be a part of the Alaska Seafood industry and to support the local economy.

What is Alaska Seafood Marketing Institute?

- **partnership** of public and private sectors
- **public corporation** that fosters effective alignment with industry marketing efforts
- **Governor-appointed Board** of Directors: five processors, two commercial harvesters
- **Alaska's official seafood promotion arm**, supports Alaska seafood industry through promotion of Alaska seafood products, education and research



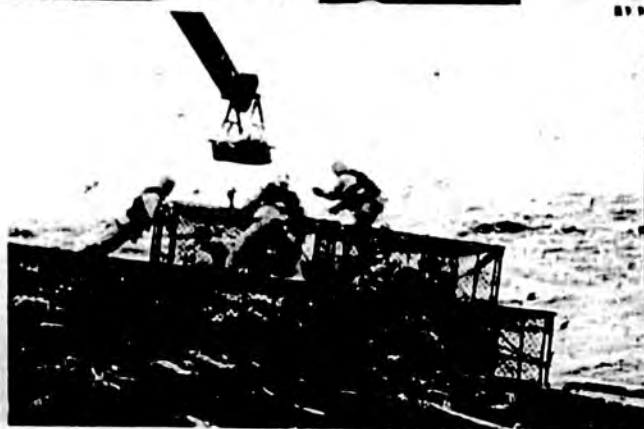
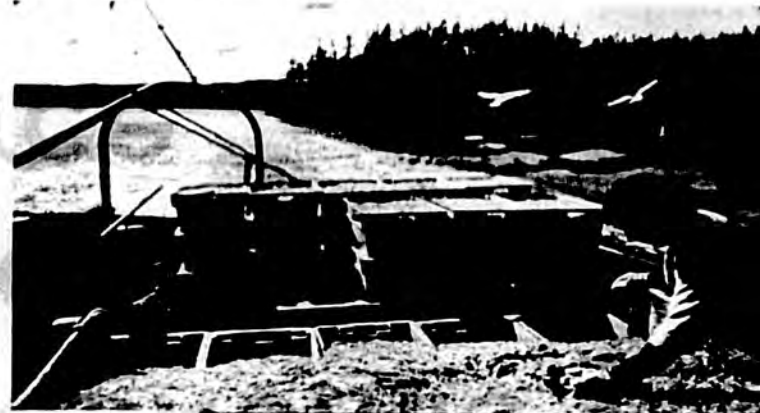
ASMI Mission:
Increase the economic
value of the Alaska
seafood resource

EX-VESSSEL VALUE ALASKA SEAFOOD HARVEST

\$1.4 BILLION IN 2008

\$1.4 Billion in 2006

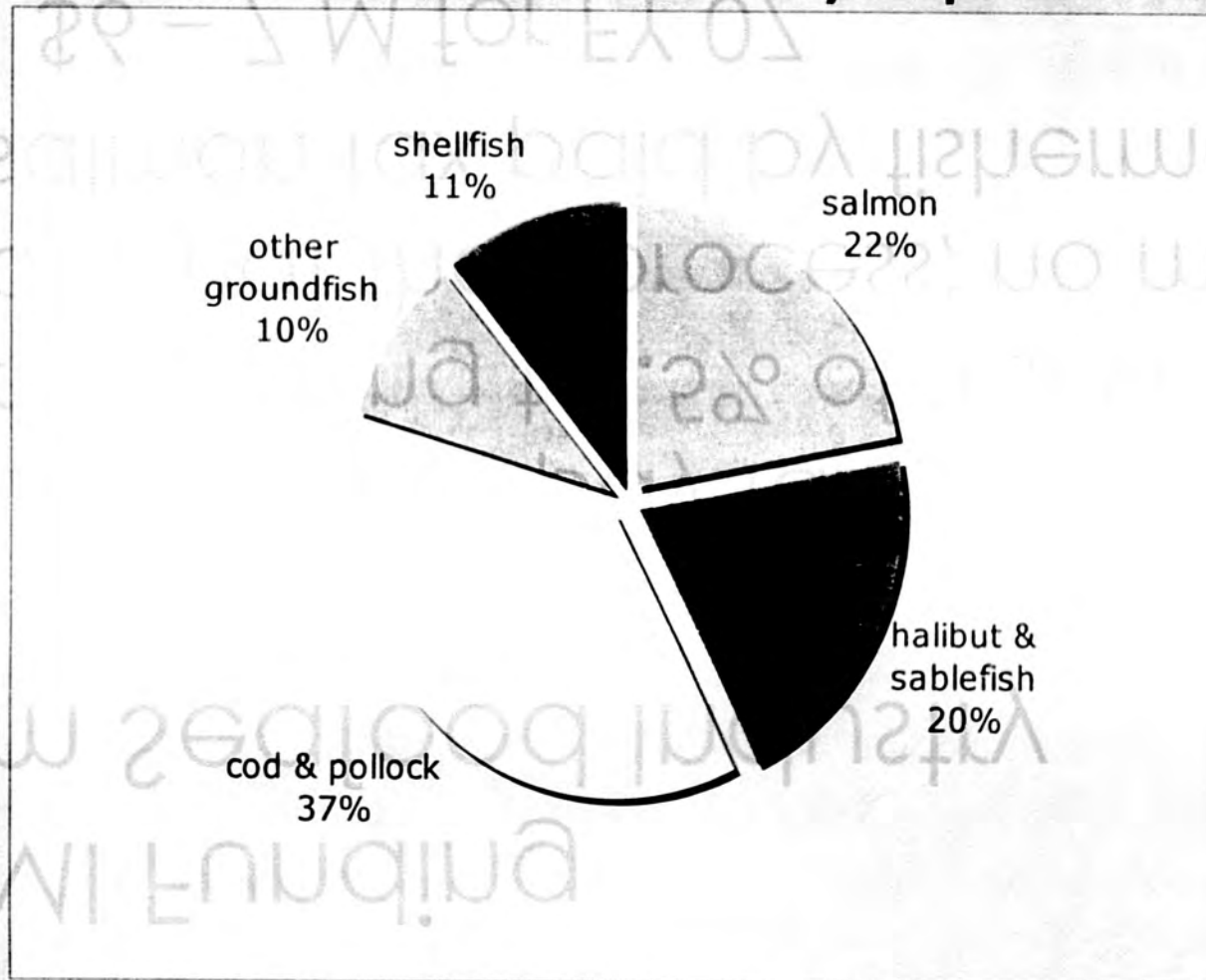
Ex-vessel value Alaska seafood harvest



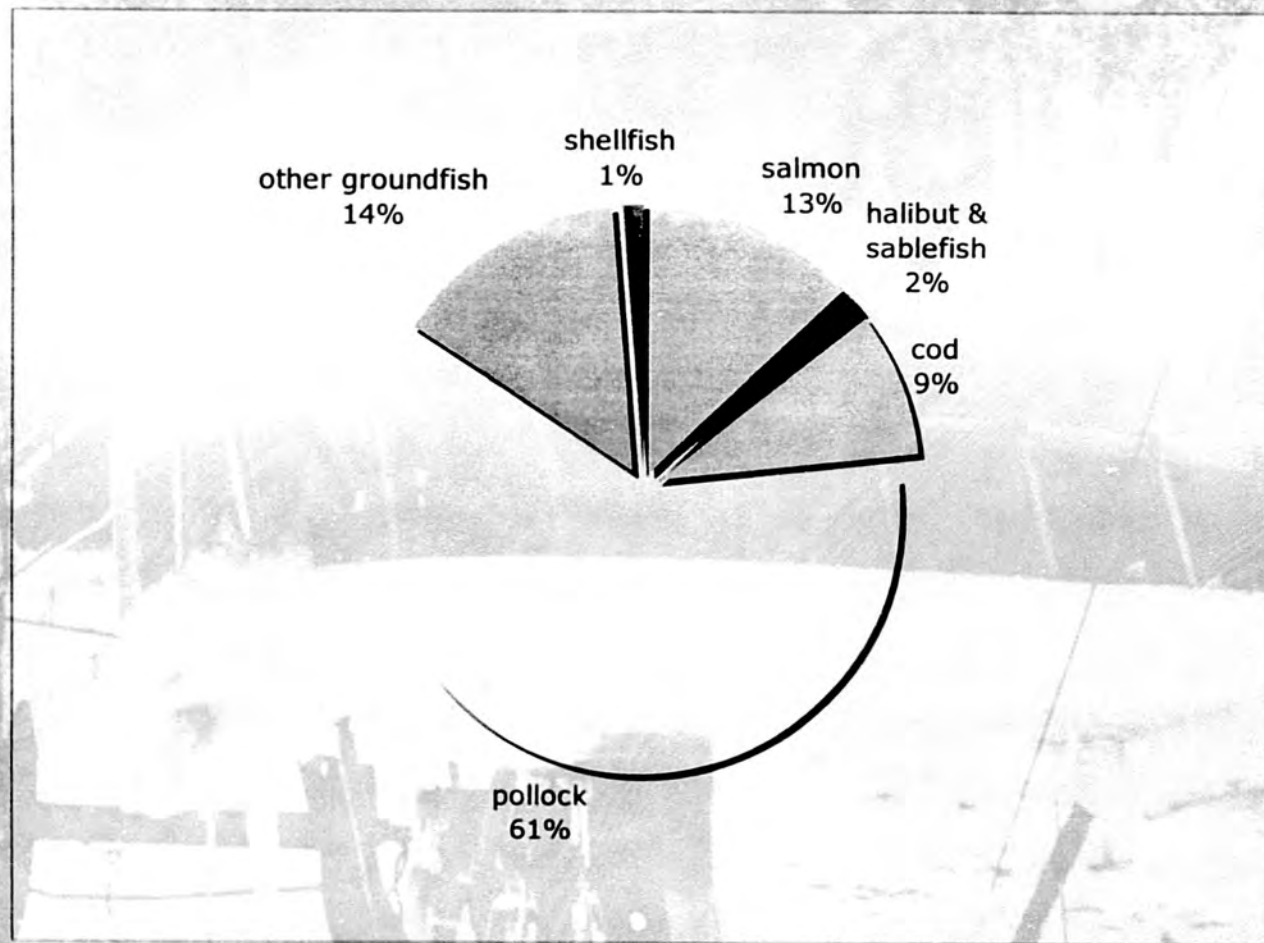
ASMI Funding from Seafood Industry

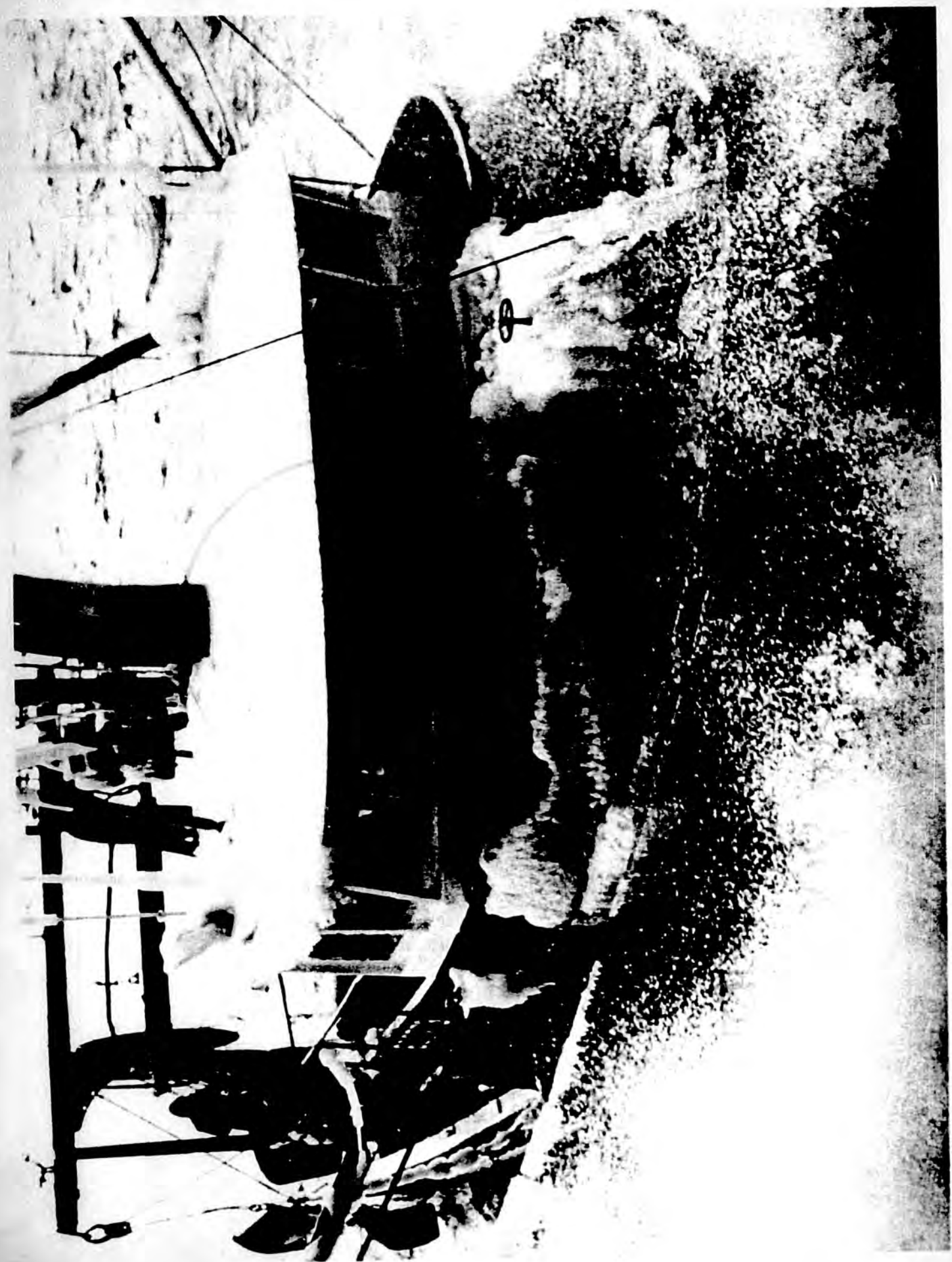
- Processors pay tax amounting to .5% of first value of what they process; no more salmon tax paid by fishermen
- \$6 – 7 M for FY 07

2006 Alaska Seafood ex-vessel value by species



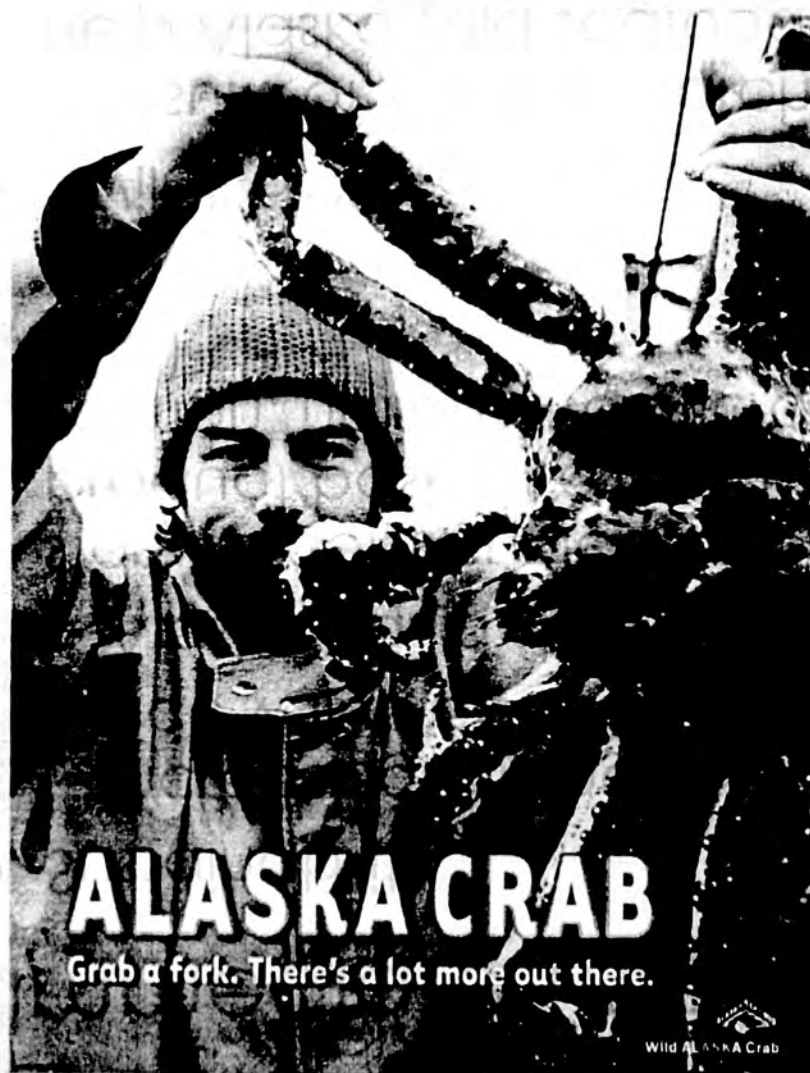
2006 Alaska Seafood harvest volume by species





Immediate Threats/Opportunities

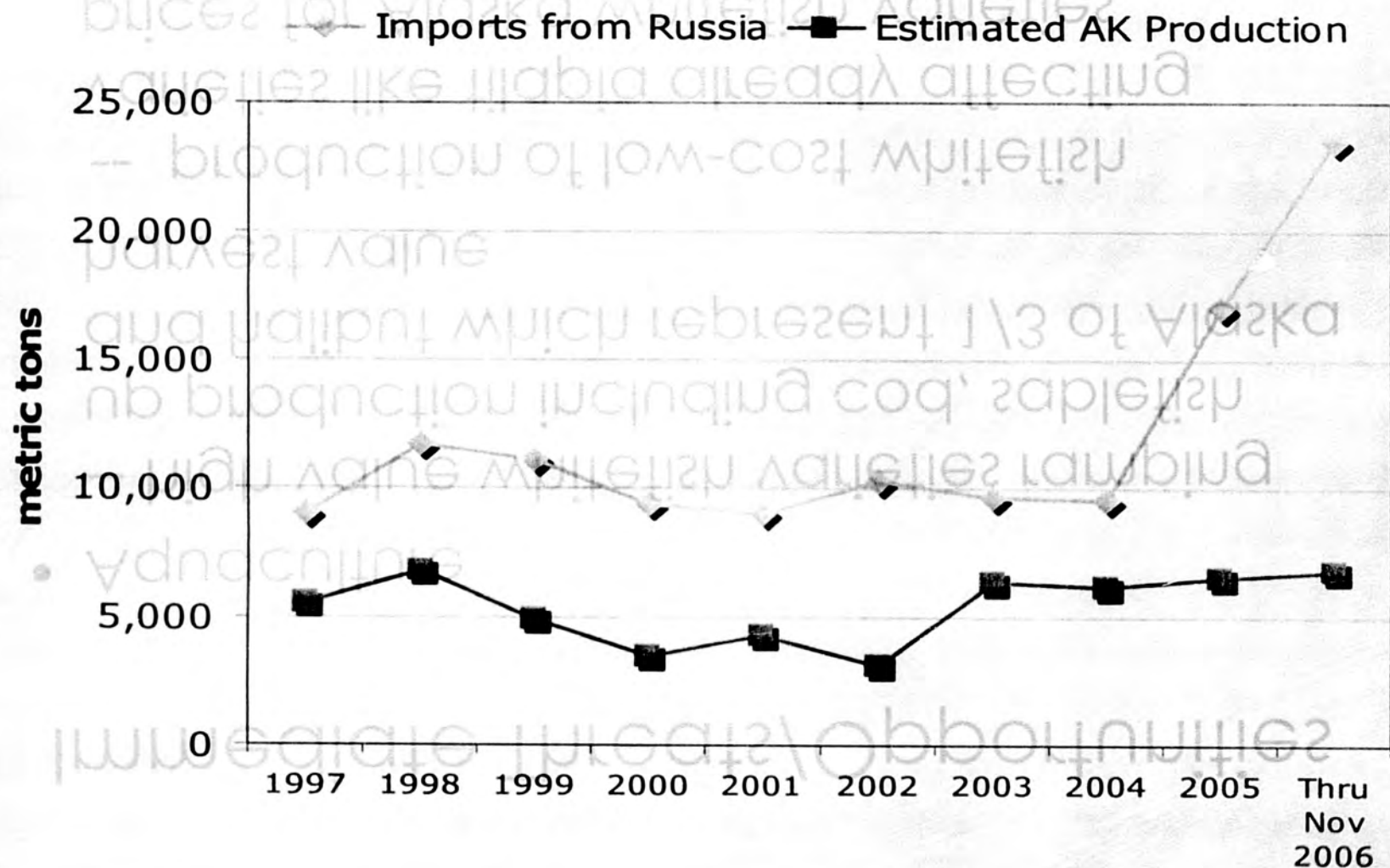
- Sustainability
 - increasingly important to consumers who place value on 'non-price attributes'
 - Alaska has a strong sustainability story to communicate to customers, and a large product basket (e.g., sustainable pollock, salmon, halibut, Pacific cod, black cod, crab, etc.)
- "Wild" or "Organic"
 - results of ASMI research now in the field will help Alaska wild seafood capitalize on popularity of organic



King Crab

-- As Alaska supply strengthens, Russian King Crab from Barents Sea seriously eroding Alaska value

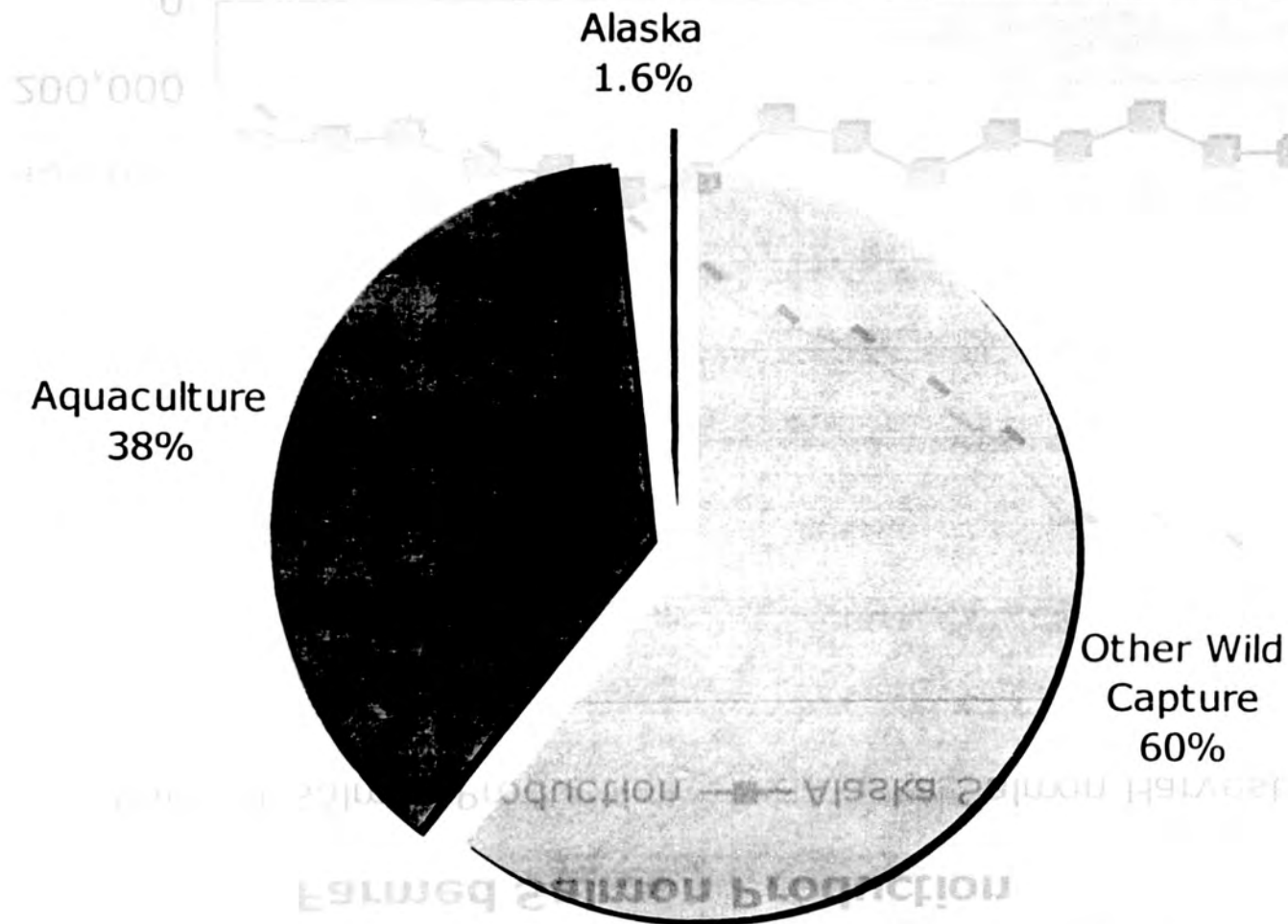
AK King Crab Production, U.S. Imports of Russian King Crab



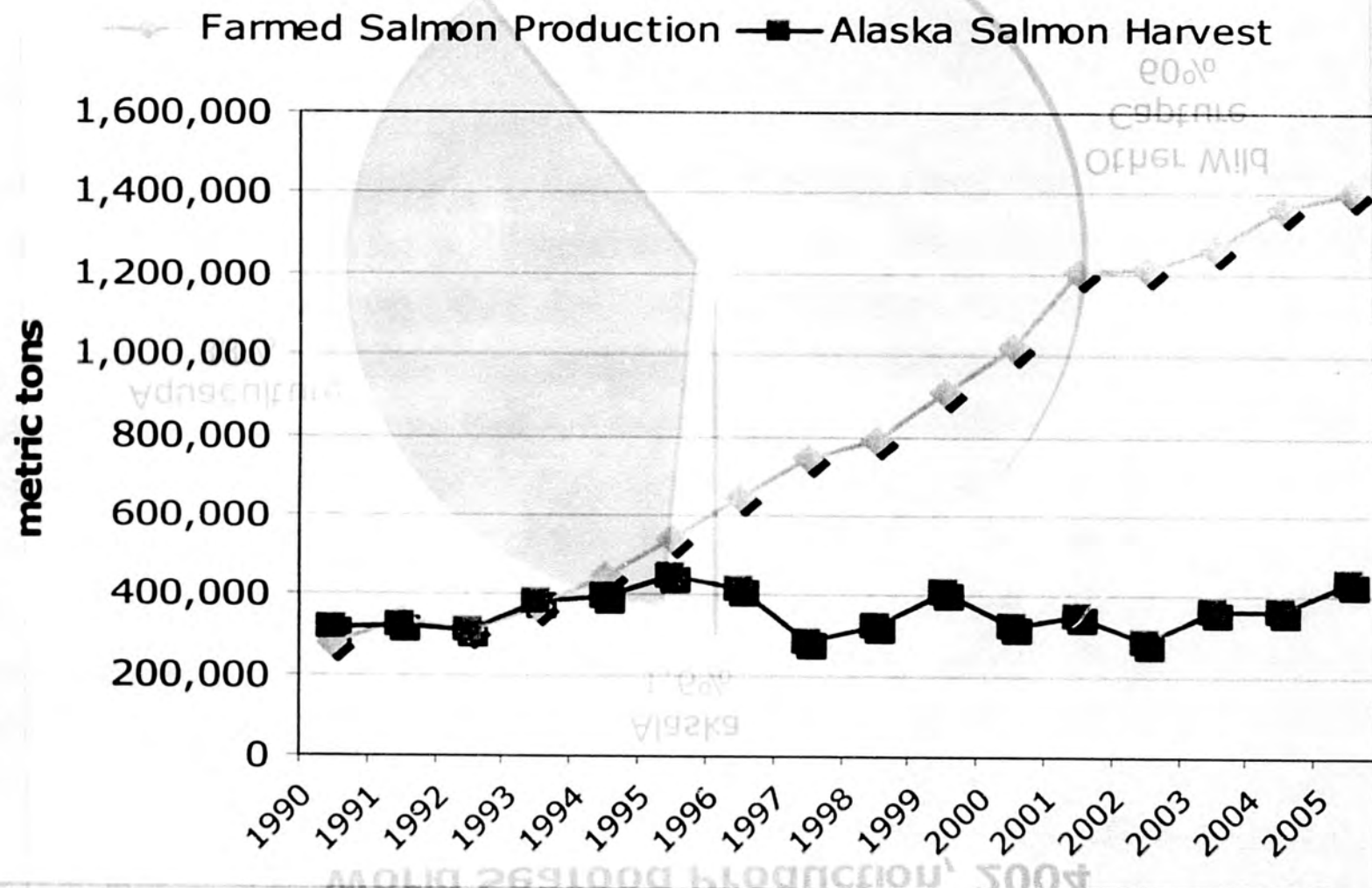
Immediate Threats/Opportunities

- Aquaculture
 - high value whitefish varieties ramping up production including cod, sablefish and halibut which represent 1/3 of Alaska harvest value
 - production of low-cost whitefish varieties like tilapia already affecting prices for Alaska whitefish varieties including pollock

World Seafood Production, 2004

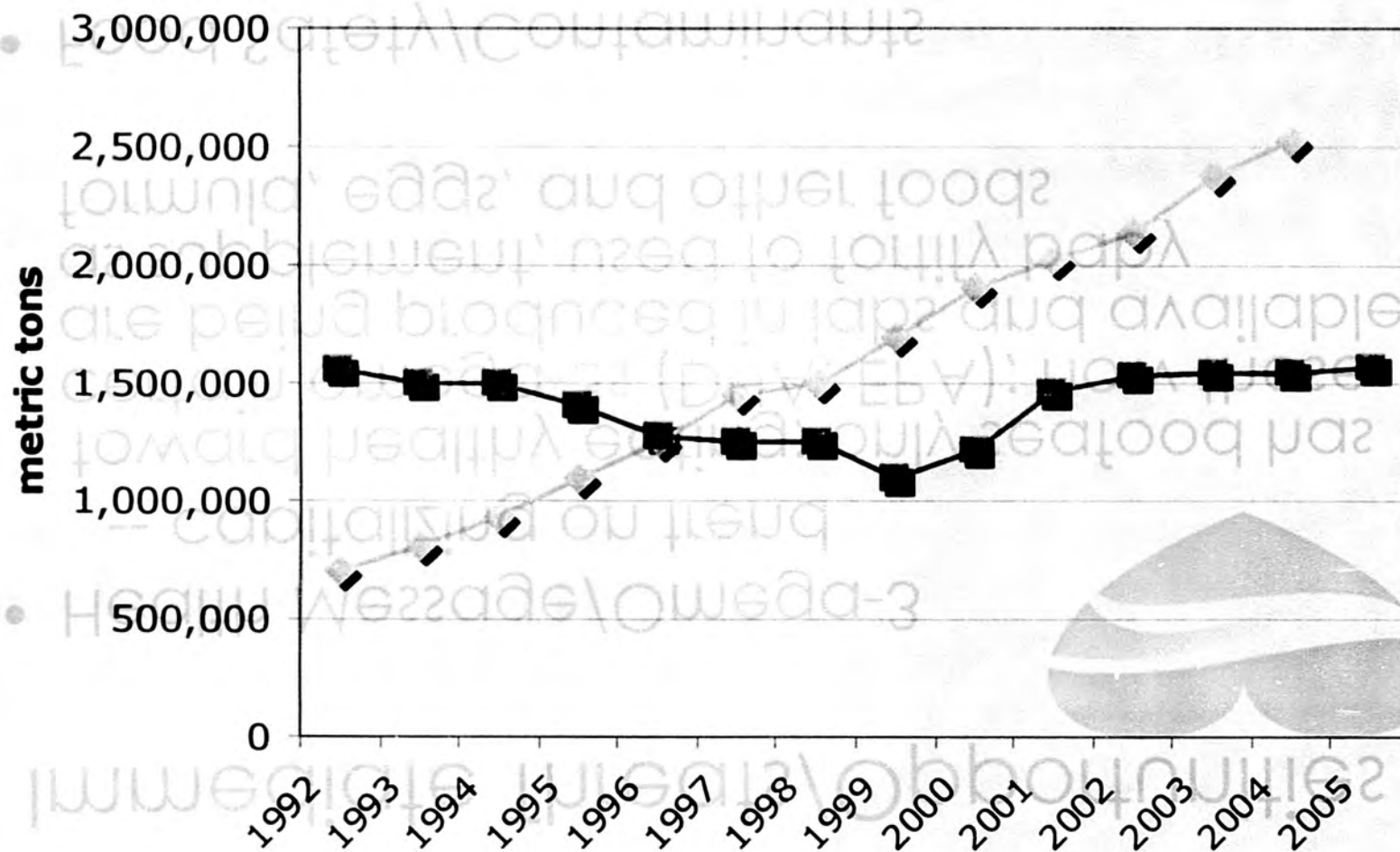


Farmed Salmon Production



High-Volume Whitefish Production

Aquaculture Bream & Tilapia — Alaska Pollock Harvest



Immediate Threats/Opportunities

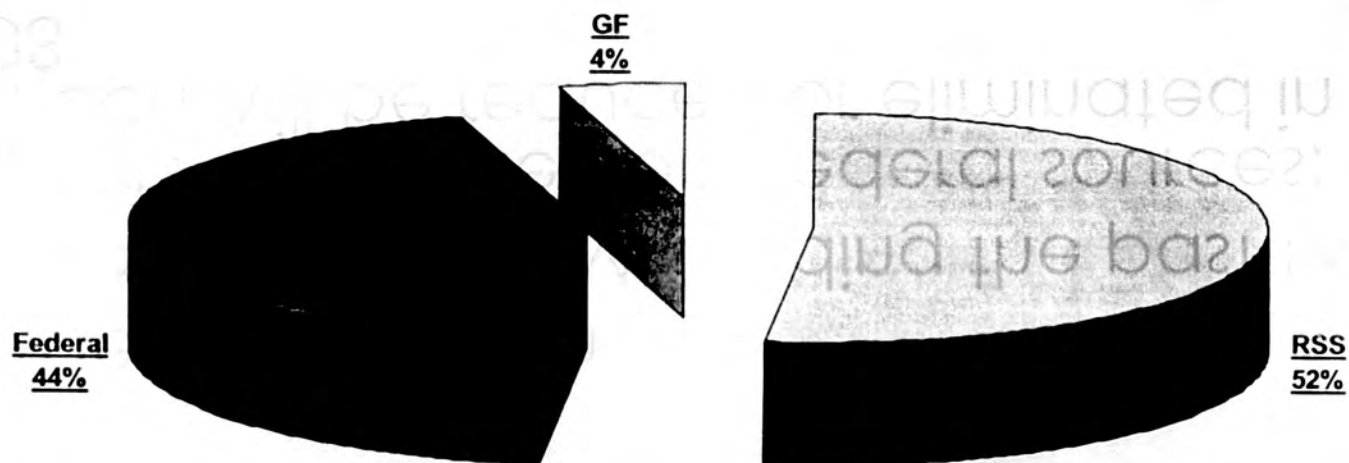


- Health Message/Omega-3
 - capitalizing on trend toward healthy eating; only seafood has certain omega-3s (DHA, EPA); now these are being produced in labs and available as supplement, used to fortify baby formula, eggs, and other foods
- Food Safety/Contaminants
 - Methylmercury, other heavy metals, persistent organic pollutants, public health issues, oil spills

Funding is Critical

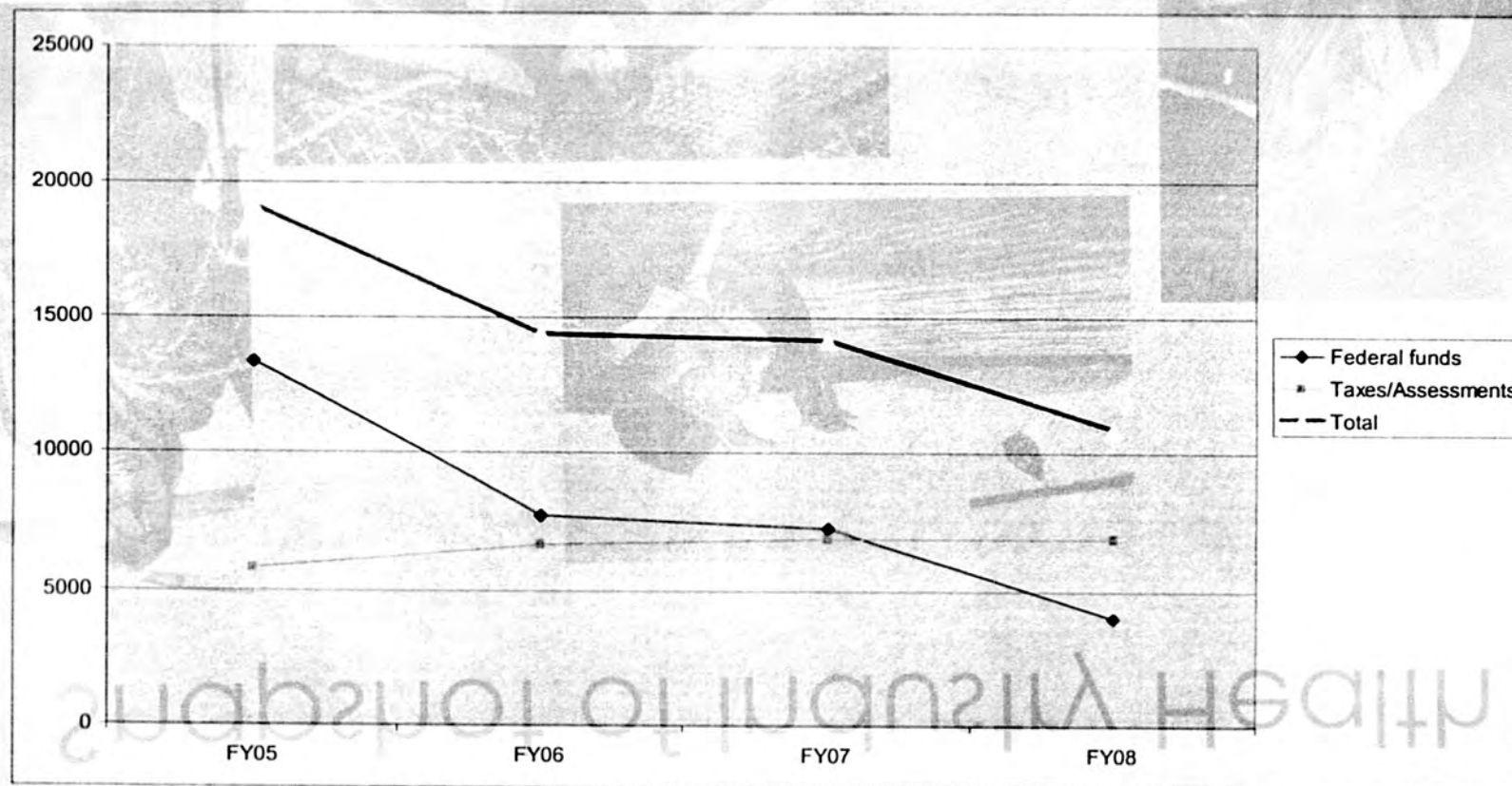
- Adequate funding
 - Nearly half of ASMI funding the past two years has come from federal sources; much will be reduced or eliminated in FY 08
 - Alaska competes as a state against countries like Norway, and multi-national aquaculture concerns with big war chests

FY 07 Fund Sources



Funding is Critical

Taxes/Assessments + Federal Funds Decline



Snapshot of Industry Health



Ongoing Challenges for Alaska Seafood Industry

- Price resistance following periods of strengthening prices
- Seasonality, consistency of supply
- Biological limit to harvest (price of sustainability)
- Competition with subsidized foreign aquaculture
- Increases in cost of fuel and transportation

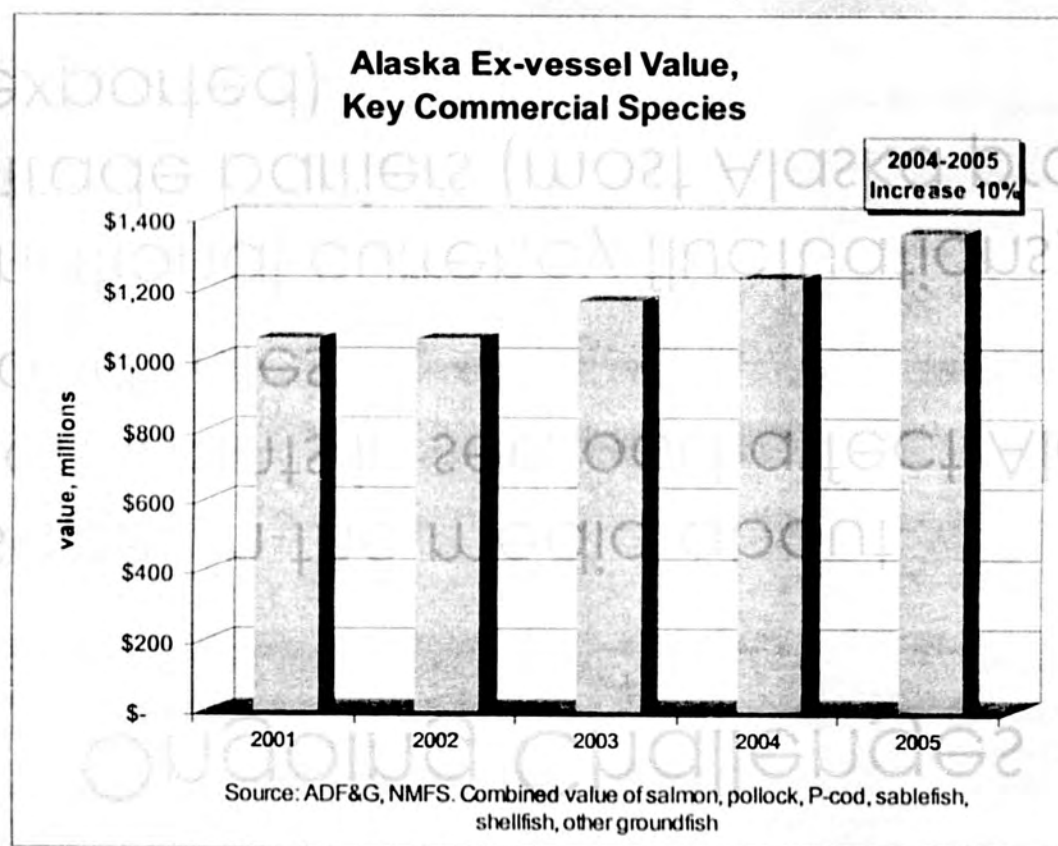
Ongoing Challenges

- Modest levels of funding for promotion limit reach of Alaska Seafood brand
- Competition among proteins for “center of plate” (pork, beef, chicken, dairy: often less expensive)
- Product form and quality
 - In case of salmon, shifts are taking place to consumer friendly forms like fillets, but still affects small percentage of harvest

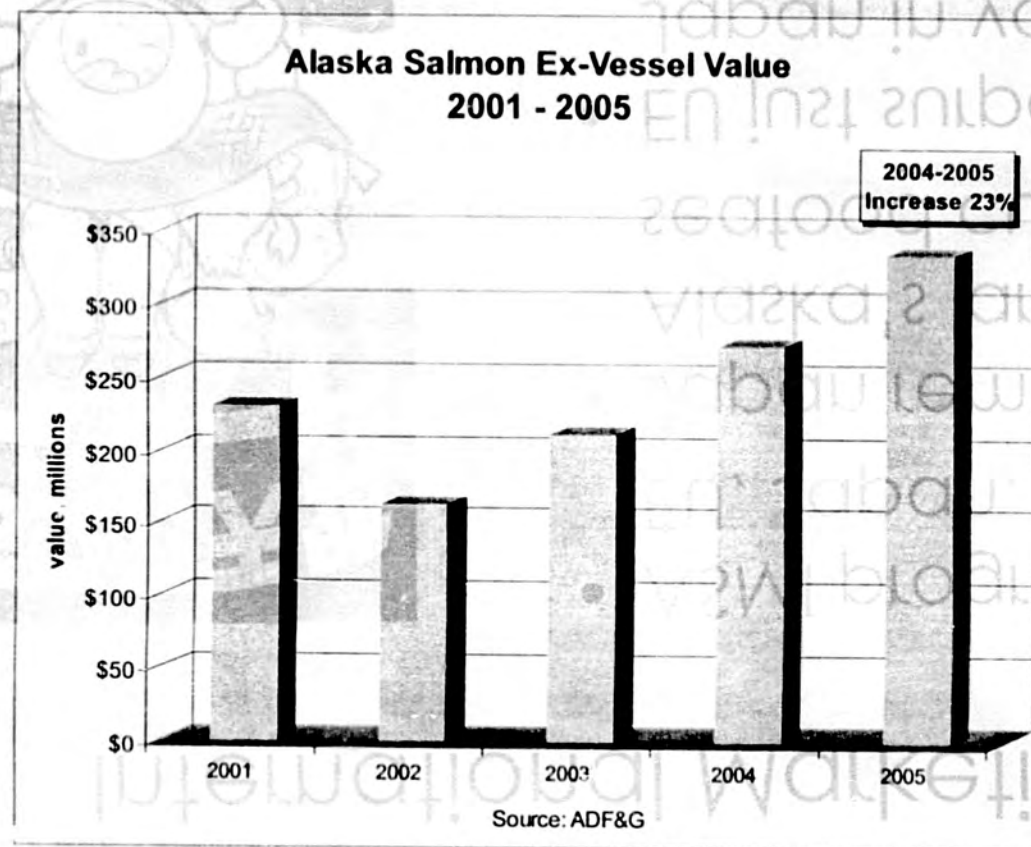
Ongoing Challenges

- Messages in the media about contaminants in seafood affect Alaska Seafood sales
- International currency fluctuations, tariffs and trade barriers (most Alaska products are exported)

Key commercial species 2004 to 2005 10% increase in ex-vessel value



Alaska Salmon 2004 to 2005 23% increase in ex-vessel value



International Marketing



- ASMI programs in EU, Japan, China
- Japan remains Alaska's largest seafood customer
- EU just surpassed Japan in value of Alaska salmon it imports

International Marketing

- European Union a mixture of mature and emerging markets
- Active in UK, northern, western and southern Europe
- Pilot programs in Eastern Europe, Russia (based on new research)



International Marketing



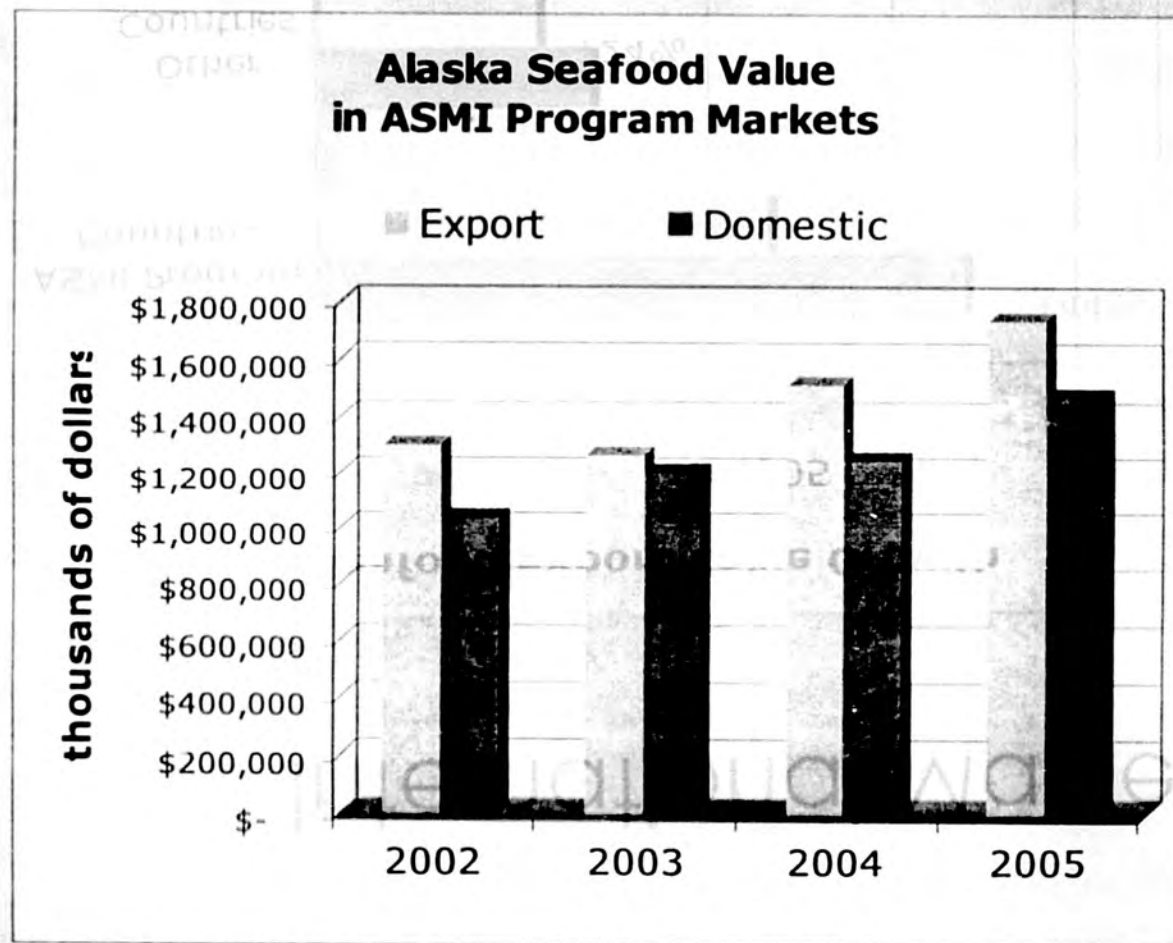
- ASMI in China for past 10 years:
- still an emerging market
- huge potential

International Marketing



- Export Value in ASMI program countries grew to \$1.73 B by 2005

Comparing Value of Alaska Seafood in Export Market and U.S. Market

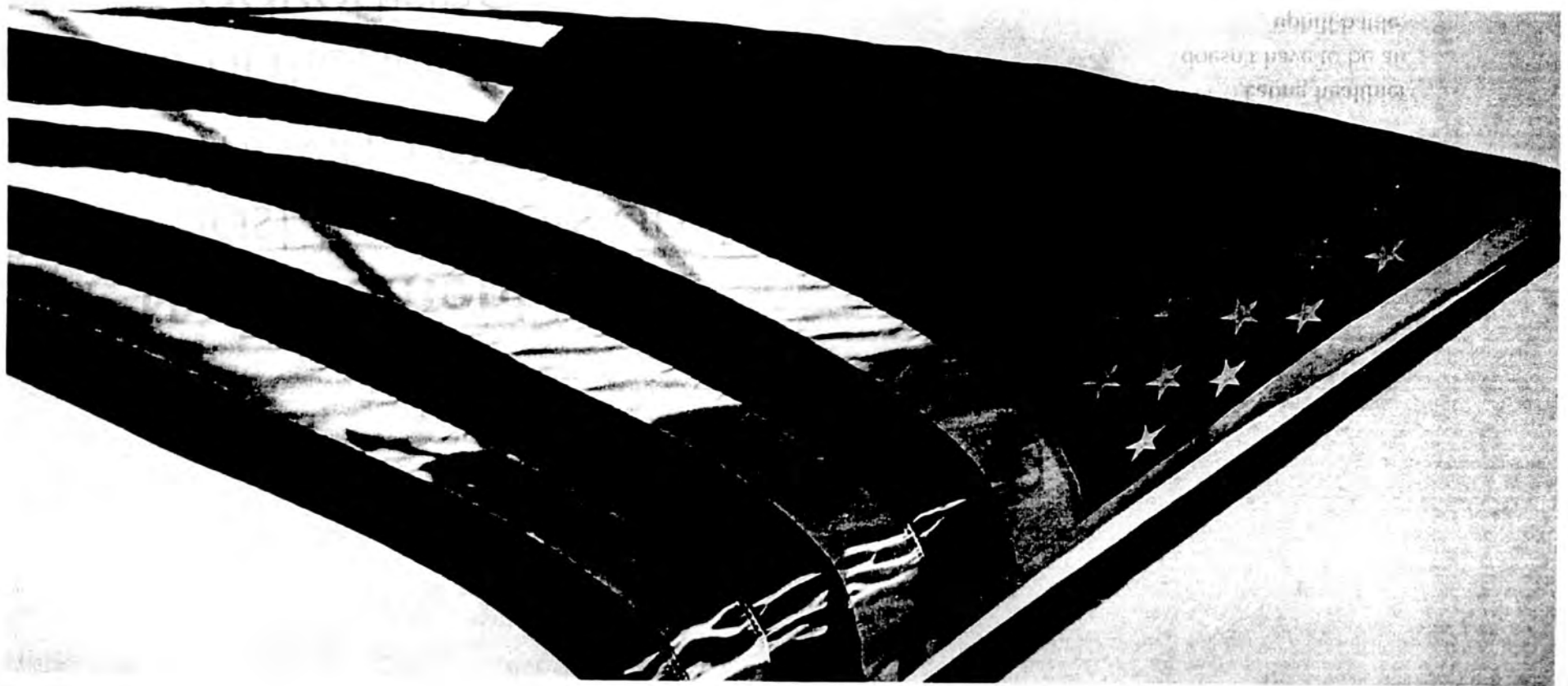


- Value in U.S. market grew 42% in four years, to \$1.47B by 2005

U.S. Marketing

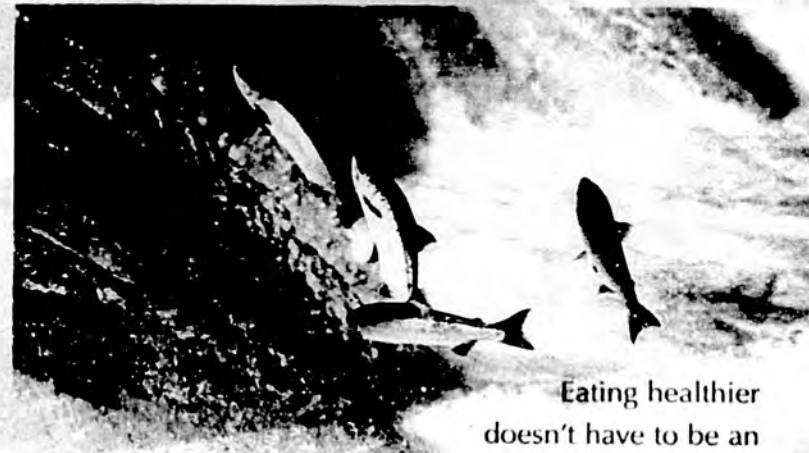
Building demand in the U.S., E.U. and Asia
strengthens Alaska's position.

ASMI approaches the U.S. as an emerging
market, and develops it.



U.S. Marketing

New element the last two years and moving into FY 08: national consumer advertising supports sales at the retail and restaurant level



Eating healthier doesn't have to be an uphill battle.

LEAVE THAT TO WILD ALASKA SALMON



Challenging thoughts of eating each year to buy your salmon. Wild Alaska Salmon is not just a name, it's a lifestyle. And they know it. They're not just saying healthy. If you eat them, the key to living it and Alaska is eating only what nature provides.

Wild Alaska Salmon does all the hard work for you. With a simple recipe, Wild Alaska Salmon, it's easy to eat healthy. Full of nutrition, including essential omega-3 fatty acids, Wild Alaska Salmon is completely sustainable and you'll feel the difference in your body every time.

Wild Alaska Salmon is the only salmon you can buy that's certified sustainable. So when you buy Wild Alaska Salmon, you're helping to protect the world's oceans. Visit our website at www.wildalaskasalmon.org/canned

WILD ALASKA Canned Salmon
ASK FOR ALASKA



Print advertising reaches target consumers in the U.S.

- Magazine ads in Cooking Light, Sunset, Bon Appetit, Southern Living, Alaska Airlines Magazine

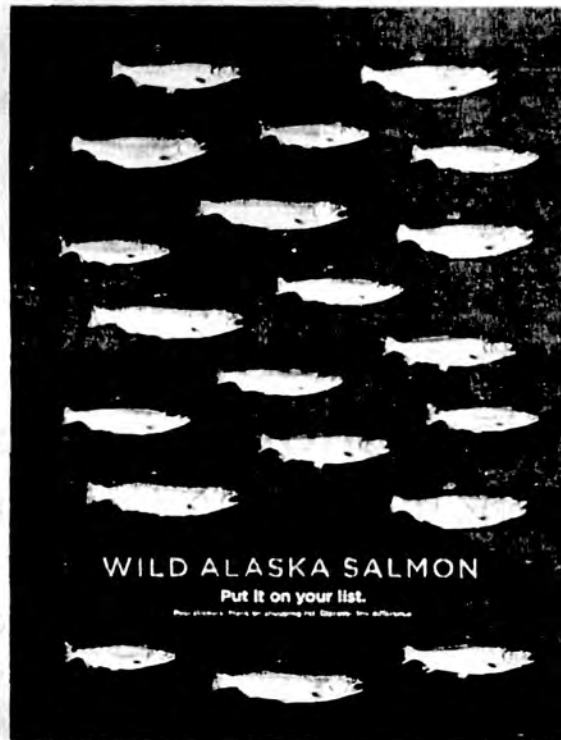


Wild Alaska Salmon

Wild Alaska Salmon is a delicious and healthy choice for your next meal. It's a great source of protein and omega-3 fatty acids. Wild Alaska Salmon is also a great choice for your next meal. It's a great source of protein and omega-3 fatty acids.

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WILD ALASKA SALMON

Put it on your list.

Wild Alaska Salmon is a delicious and healthy choice for your next meal. It's a great source of protein and omega-3 fatty acids. Wild Alaska Salmon is also a great choice for your next meal. It's a great source of protein and omega-3 fatty acids.



Nutcracker Sweet.

Wild Alaska Crab

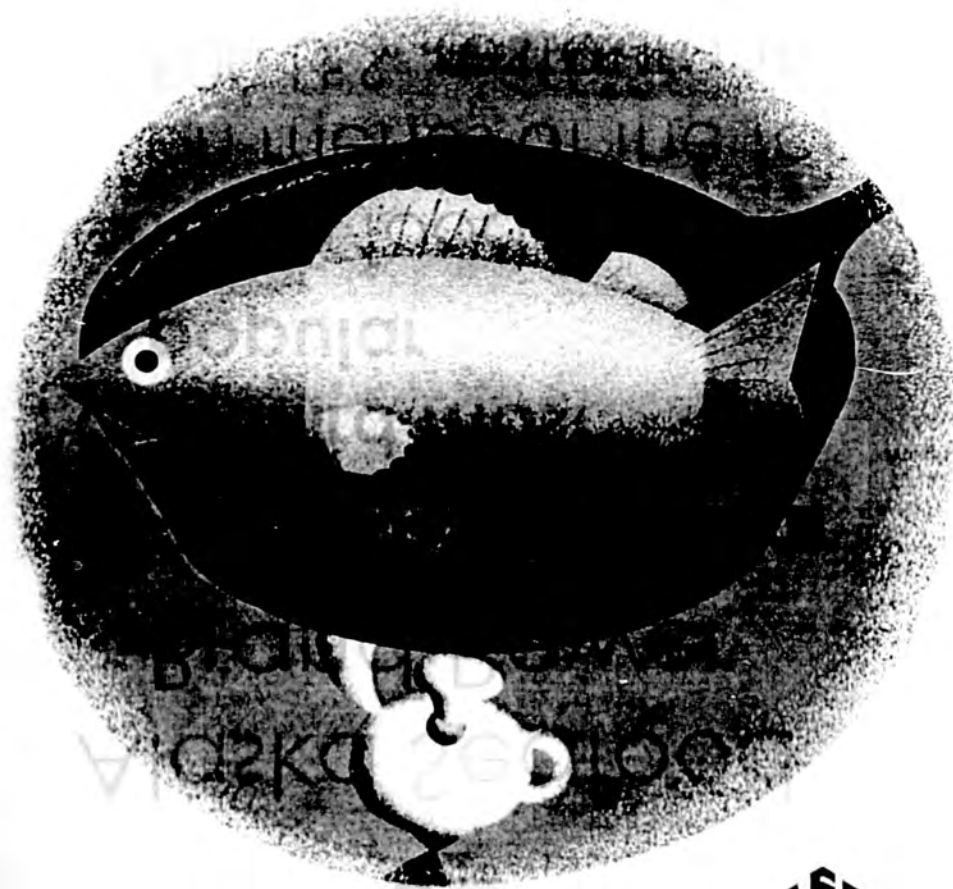
Television Ads - Food Network

Reach five times more target consumers (especially women 35 – 54 years old, household income \$75K+)

February and March 2007

Gross Impressions Total Households = 193,785,000
Gross Impressions Total Target Women = 60,735,000





Wild Alaska Seafood commands brand equity:

— In the U.S.
77% of
restaurant
diners have a
positive
impression of
the Alaska
Seafood brand



Alaska Seafood
Brand Power
second most popular
and **third most**
popular

among food brands
on menus of the top
500 U.S. restaurant
chains over the last
few years

