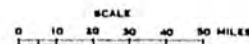


ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86 / 2
574 SCOMM17: JOINT INTERIM COMM. ON LIMITED ENTRY 1979

Counties, Standard Metropolitan Statistical Areas, and Selected Places





- Ⓐ Places of 100,000 or more inhabitants
- Places of 50,000 to 100,000 inhabitants
- Places of 25,000 to 50,000 inhabitants outside SMSA's

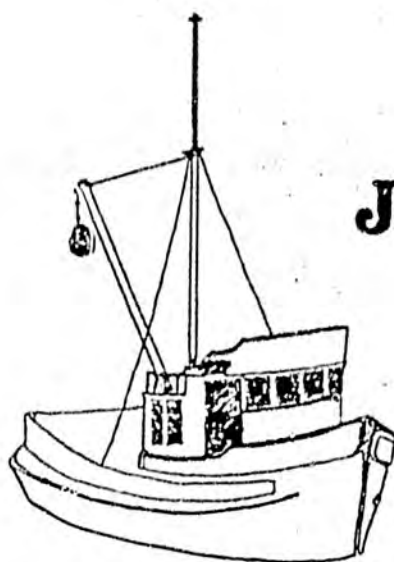
Standard Metropolitan
Statistical Areas (SMSA's)

Counties, Standard Metropolitan Statistical Areas, and Selected Places



Report to the Legislature on Entry Permit Transfers

Commercial Fisheries Entry Commission



January 15, 1975

*Jack Kreinheder
Research Economist
Limited Entry Commission*

REPORT TO THE LEGISLATURE ON ENTRY PERMIT TRANSFERS

COMMERCIAL FISHERIES ENTRY COMMISSION

ROY A. RICKEY
ACTING CHAIRMAN

CHARLES J. STOVALL
COMMISSIONER

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JANUARY 15, 1975

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SUMMARY OF TRANSFERABILITY ALTERNATIVES

						Legal Problems
						Administratively Cumbersome
				x	x	Not Flexible - Difficult to Switch from Fishery to Fishery
				x	x	Discourages Transfers
				x		Difficult for Tradition to be Passed in Family
x	x					Expensive for New Entrants
Free Transfer						
Auction						
Apprenticeship	x	x	x	x		
Lottery			x	x	x	
Commission Control	x	x	x			
Next Most Eligible Class	x	x	x	x	x	
Moratorium	x		x	x	x	

THE PRESENT SYSTEM - FREE TRANSFER

Initial Issuance and Transfers

The Alaska Limited Entry program limits the number of entry permits that may be issued in a particular fishery. A fishery is defined by fishery resource, gear type and geographical area and closely parallels those area and gear combinations now used by the Alaska Department of Fish and Game for management purposes. For those fisheries having limited entry in 1975, the initial issuance of permits will be to those applicants who, prior to January 1, 1973, would suffer the greatest hardship if they could not continue commercial fishing in a particular fishery. Two standards are used to rank prospective applicants: (1) economic dependence and (2) past participation in the fishery.

Once issued to the original recipient, entry permits are freely transferable like personal property and may be bought, sold, traded or given away. However, an entry permit constitutes a use privilege which may be modified or revoked by the Legislature without compensation at any time. Upon the death of a permit holder a permit becomes part of the estate of the deceased.

During, or as a result of transfers, a permit may not be (1) pledged, mortgaged or encumbered in any way, (2) transferred with any retained right of repossession or foreclosure, or (3) attached, distrained, or sold on execution of judgment or under any other process or order of a court. These safeguards have been placed in the legislation to prevent companies or other individuals from gaining control of permits by indirect financial arrangements.

Temporary transfers of permits are allowed if sickness, injury or other unavoidable hardship prevents a permit holder from fishing, provided the individual to whom he wishes to transfer his permit can demonstrate his present ability to participate in the fishery. If the holder of an entry permit dies, the authorized representative of the deceased may apply for an emergency transfer of the permit pending its final disposition. In either case an emergency transfer will be effective only for the remainder of the year in which the transfer took place unless further restricted by the original holder. In the case of a permit holder's death, the emergency transfer can be renewed annually until the final disposition of the permit.

Role of the Commission

The commission must approve all transfers. A fisherman is required to give the commission 60 days notice of his intent to transfer a permit during which period he can reconsider the proposed transfer. The commission will, with the fisherman's consent add his name to a list of permits available for transfer. This will insure the greatest opportunity for a person who wants to acquire a permit as well as the broadest market for a person who wants to transfer a permit.

Speculation in permits is discouraged in three ways. One, an individual can hold only one permit for each fishery and therefore will not be able to "corner" the market for a certain fishery. Two, the potential transferee must establish his present ability to participate actively in the fishery, which includes having access to gear of a type used in the fishery. Three, the carrying costs of the permit, i.e., renewal fees, property taxes where applicable and buy-back assessments, if any, must be paid.

Permits may also be transferred to the commission. In certain fisheries where gear reductions are necessary, the Commercial Fisheries Entry Commission may purchase permits, vessels and gear at fair market value under a buy-back fund maintained through annual assessments of fishermen in the fishery. Proceeds from the re-sale of any vessels and gear purchased under the program will be paid into the fund.

Other transfers to the commission include forfeitures of permits. This may occur if a permit holder fails to pay the annual renewal fee, including buy-back assessments where appropriate, for two years and cannot demonstrate good cause for not doing so.

An applicant who applies for an entry permit when initially issued or a person to whom a permit is being transferred who makes a false statement of material fact will also, upon conviction, forfeit all entry permits held by him and lose eligibility for entry permits for five years.

The holder of an entry permit will be subject to permanent forfeiture of all entry permits or interim-use permits plus loss of eligibility to apply for other entry or interim-use permits upon the third conviction of a violation of the limited entry law.

Other Restrictions or Regulations Pertaining to the Transfer of Entry Permits.

Applicants who are initially issued an entry permit may request that their permit not be transferred for a five year period following its initial issuance. This provision is intended to allow a fisherman to protect himself if he feels he might sell his permit in a moment of weakness or in a short-sighted effort to extricate himself from debt.

In certain circumstances an individual may transfer his permit only to the Commission. This occurs when an individual receives a permit under the "minor economic hardship" provision of the statute and there is a buy-back program in the fishery. The legislation states that the Commission shall purchase such permits (including vessels and gear) at fair market value. Once a buy-back program is terminated, permits issued under the minor economic hardship classification become freely transferable. Few, if any, permits are expected to be issued under this provision, however.

If there is a long term improvement in the market conditions or the available stocks in a fishery, the commission is empowered to issue additional permits. The means of issuance would depend on such considerations as the over-all condition of the fishery and the number of permits to be issued.

Advantages of Free Transferability

Free transferability has a number of important benefits:

1. Legally it guarantees that a closed class of individuals is not created. Any program which controls access is likely to run into serious legal problems if for any reason, either in law or actual practice, the program creates a closed class of individuals that has no reasonable relation to the legitimate objectives of the program. Since permits can be bought and sold, or otherwise transferred, new fishermen can get into a fishery through free transfer and the creation of a closed class of individuals is avoided.

2. The immediate benefits of an entry permit program with free transferability pass onto the fishermen. Since the fisherman gains from the transfer of permits, fishermen are more likely to transfer permits. A fisherman who purchases a permit may also recover his principal at the time he sells his permit.

3. Free transferability insures that there will be a minimum of government interference. Supply and demand will determine when permits are transferred and to whom they are issued.

4. It insures that the fishermen can operate in a businesslike manner. Decisions can be made to invest or divest in certain fisheries rapidly, based on sound economic considerations rather than on criteria set forth by government.

Disadvantages.

1. Permit Price

In some fisheries the permit price may reach levels that are undesirably high. It is likely that the permit price will be closely related to the earnings in the fishery, and can be expected to fluctuate from year to year depending on earnings. In British Columbia for example, as earnings rose, the license price closely followed through 1973 and sharply declined in 1974. Policies that act to depress average earnings in a fishery such as decisions to either increase the number of permits in a particular fishery or to levy a tax or fee on permits are likely to lower average earnings and therefore permit price.

A buy-back program in a particular fishery may act to drive up the price of permits to the extent that it increases the demand for permits in a particular fishery, and to the extent that average earnings will be increased when gear levels are reduced. If permit prices become excessive the commission may buy very few permits at that time.

One difficulty that may be encountered as a result of high permit prices is that funds cannot be raised by fishermen to purchase permits because the permit itself cannot be used for collateral. A more ready capital market would exist if the permit could be mortgaged, but balanced against this is the concern that the permit could be indirectly controlled through such financial arrangements. Also it should be observed that many institutions are presently unwilling to extend credit to fishermen because of poor financial performance. A high permit price would be indicative of financial success, which could result in better credit opportunities.

Another arrangement that may prove successful to improve credit facilities is the full implementation of a state loan program that will give resident Alaskans the opportunity to borrow money to purchase permits, vessels and gear. As the legislation is now written, the Commercial

Fisheries Loan Act authorizes a revolving fund not to exceed one million dollars for the "... purchase of entry permits and gear and the construction and purchase of vessels." A loan may run for a period of 15 years at interest rates not to exceed 7%.

2. Effect on Resident and Native Fishermen.

General licensing trends show a strong tendency towards an increasingly resident fishery. For example, between 1960 and 1970 the sale of commercial licenses increased by 7,243. Over two-thirds of this increase was by resident fishermen. There is no reason why this trend should not continue, and in fact it is likely to accelerate as new residents come to Alaska. Southeastern Alaska may possibly show some increase from Washington fishermen as a result of a recent court decision to place severe restrictions on the harvest of salmon by non-Indian fishermen in the State of Washington, however, it is also possible that many of these individuals may become Alaska residents.

In the British Columbia limited entry program some undesirable effects have resulted from native fishermen selling vessel licenses to non-natives. At the beginning of the British Columbia program in 1968, approximately 15% of the vessels were fished by natives. This has been reduced to about 8% at present. To counteract the trend, the Canadian government began a program to assist Indians purchase vessel licenses. Unfortunately as the government assisted in the purchase of vessel licenses to Indian fishermen, other native fishermen continued to sell licenses to non-natives. An additional problem has been caused because the program increased the value of licenses by increasing their demand. The combined effect on license price of the buy-back and Indian Assistance programs was an important consideration in halting the buy-back program.

The British Columbia experience can be prevented in Alaska. First, there are fundamental differences in the way the two programs operate. In the Canadian limited entry program a "license" is issued to the vessel rather than the fisherman and there is no breakdown into specific fisheries. To enter a salmon fishery in Canada one must purchase vessel tonnage rather than a permit for a specific fishery. For example, an individual who desires to build a purse seine vessel can accumulate tonnage by purchasing and retiring any vessel licensed to fish salmon, whether it is a troller, gill netter or seiner. The effect is to make everyone compete in the same license market.

In Alaska a permit (only roughly comparable to the B.C. license) is issued to the individual fisherman, rather than to the vessel. An entry permit can only be issued for one specific fishery.

Second, various Alaskan native regional corporations have indicated an interest in becoming involved with commercial fishing. It is likely that they have already given at least preliminary consideration to the use of corporate funds to assist their members in purchasing permits. One such possible mechanism, for example, is the establishment of a revolving loan fund providing long-term, low interest loans similar to those allowed under the Commercial Fisheries Loan Act.

3. Increases in Fishing Effort.

Any system of limited entry may result in each unit of gear becoming a more intensive and efficient operating unit.

It is likely, for example, that inefficient operators who are initially issued permits will be under pressure to sell their permits to operators who believe they can fish with better success. Where an individual may have been using a skiff, the tendency will be to replace it with a larger more efficient vessel with a greater ability to catch fish. When earnings increase fishermen will be tempted to "over-invest" after a particularly good season. This has been the experience in British Columbia where the number of vessels fishing has declined by over a thousand but actual fishing power has increased.

Since the Alaska program requires that entry permits be issued to one specific fishery as defined by area, gear type and fishery resource, any problem of increased fishing effort would remain confined to specific fisheries. If a problem develops, there are two possible solutions:

(1) A buy-back program could continue to reduce the level of gear. The difficulty with this approach is that the permit value may continue to increase, making it more difficult to enter the fishery.

(2) Direct controls could be placed on "inputs of capital" so that individuals could be forced to replace vessels of equal fishing power in some manner. For example, a ton for ton replacement as used in British Columbia. It has been found through commission research that vessel length alone is not a key determinant of fishing power and it is doubtful if tonnage is either, judging from the British Columbia experience. Perhaps some combination of several

factors such as length, tonnage and horsepower may be an effective solution. Any system to control inputs of capital, however, would require extensive revision of the statute, since permits are not presently tied to vessels in any way. The effect of tying permits to fishing power would be to create many sub-categories of permits within a fishery and would have serious implications for the transferability of permits.

Possibly use
FdBame reg.

Actual techniques and the extent to which they are used must, of course, depend upon the needs and problems of particular fisheries. Other ideas regulating fishing effort may suggest themselves from the facts of a situation, if effort increase trends arise.

It is important to remember that potential problems of an increase in effort must be recognized not only in connection with Alaska's present system of limited entry but with any other system that allows a fisherman to upgrade his gear.

ALTERNATIVE SYSTEMS OF TRANSFER

The commission has examined alternative systems that could possibly be employed to transfer entry permits and their benefits and drawbacks are discussed. In all these systems it is assumed that the starting point for the initial issuance of permits would take place under the present system, that is the entry permit would be issued to those applicants who would suffer the most hardship if they were denied a permit. It is recognized that not all possible systems have been discussed, or all options or variations that could be employed by each. Nevertheless, the broad areas where problems could be anticipated are significant enough that the final details do not necessarily need to be known.

AUCTION OF PERMITS

There are various options that could be employed in this type of system, but the fundamental characteristic would be that as permits were no longer used by individual fishermen to whom initially issued, they would revert back to the Commission. Permits would not be transferable from one individual to another. As the Commission accumulated permits they would periodically be auctioned and re-issued with revenues derived from the sale of permits accruing to the State treasury.

Advantages

The largest single benefit would be that revenues derived from the sale of permits would accrue to the state rather than individual fishermen. Revenues could be used to rehabilitate salmon runs, provide increased enforcement capability and better fisheries management information.

In the future permits would simply be issued to fishermen with the highest bid and thus a closed class of individuals would not be created.

The system also has the additional advantage that permits would not have to be re-issued by the Commission if there were a need to reduce gear levels in certain fisheries, thus saving the cost and administrative complexity of a buy-back program.

Disadvantages

The fact that fishermen would not receive the benefit from the sale of permits is also the system's most serious drawback. An individual would not receive his invested principal back at the time of final sale which would undoubtedly discourage transfers to the commission. Once an individual received a permit, either through initial issuance or auction he would be likely to hold the permit as long as possible. This means that the system would not have the flexibility or speed of free transferability and would tend to restrict the number of transfers. If permits were issued with no express time limit on their use, as the present entry permit is, it is very likely that the commission would be forced to adopt stringent regulations requiring that permits only marginally used or else not used would have to revert back to the commission after a certain period had elapsed. In contrast, free transferability makes it in the fisherman's own self interest to sell a permit if he is not actually using it.

There is very likely to be resistance from fishermen to a program that makes it impossible for them to recover their investment in permits. This would also make it more difficult to find sources of funds, although it is also possible that the permit price itself would be less.

Auctioned permits would always go to the high bidder whatever his source of capital. For a large number of fishermen fishing is a tradition that is passed from father to son. An auction system would disrupt this pattern since a parent could not give his permit to his children. It is likely, for example, that with a system of free transferability many permits will be kept in a fishing family even after the original permit holder dies or retires.

APPRENTICESHIP SYSTEM

In this type of system unused permits would revert back to the commission in the same manner as in the auction system. The commission would then re-issue permits to those applicants who had successfully completed a period of apprenticeship.

Advantages

This type of system would be the ultimate form of preventing speculation in permits and would also insure that a professionalized or trained group of people were in the fisheries. This system would provide the opportunity for individuals who did not have the money necessary to purchase a permit to still be able to enter the fisheries. It appears

that this system would institutionalize the natural progression from crewman to skipper since an entry permit would be the final reward for the successful completion of a course of professional training.

Disadvantages

APPRENTICESHIP
This approach has very serious legal problems since it is doubtful that an approach could be devised whereby fishermen already in the fisheries could be prevented from selecting the individuals who would be apprentices. This would in essence create a closed group of fishermen that would bear no legitimate relationship to the goals of limited entry. In February 1969 a three judge Federal panel ruled that an apprenticeship scheme to control entry to Alaska's fisheries that was enacted by the State legislature in 1968 violated the Fourteenth Amendment of the U.S. Constitution. The court accepted an earlier argument written by Circuit Judge Walter Ely that stated:

"Under the scheme, entry into the salmon fishing industry is controlled not by the state but by local fishermen in each area. . . whose own benefit would ordinarily not be served by assisting potential competition to qualify."

There are other difficulties with such a system. There is no guarantee that the number of licenses being retired will equal the qualified number of new participants attempting to acquire permits. The Commission would be under strong pressure to increase the number of available permits should there not be enough, despite the fact that it might not be biologically or economically wise to do so.

* Such a system is almost totally inflexible. How, for example, could an individual switch from one fishery to another? If he were required to serve another apprenticeship it would be clear that the system's only purpose was to exclude applicants. If fishermen from one fishery were allowed to trade with fishermen from another area this would prevent permits from ever returning to the commission except in unproductive fisheries. Many prospective entrants would have to first serve an apprenticeship in a non-productive fishery before they could trade-up to a more productive fishery. The trade would invariably involve money since it would not be in an individual's interest to trade down to a less productive fishery. One would still have to "purchase" a permit.

Finally, the program would be administratively cumbersome since the commission would have to continually verify and inspect the records of prospective entrants who claimed to have completed an apprenticeship. *

LOTTERY

In this system unused permits would again revert back to the Commission in the same manner as described in the auction system. Periodically, as the commission accumulated permits, a lottery would be held and permits would be re-issued to those applicants who were drawn in the lottery.

Advantages

Permits could be issued for a minimal charge so it would not be necessary for a fisherman to save the amount of money necessary to purchase a permit.

The system would appear to be legal since in the future every individual who desired a permit would have an equal chance of receiving one. This system has also been used in allocating the harvest of certain big game species in a number of western states including Alaska.

Disadvantages

While it would cost little money to acquire a permit, the system makes it impossible for a vocational fisherman to guess his chances of receiving a permit and make sound business decisions. This system would be the most disrupting of traditional kinship arrangements in the fisheries since there could be no guarantee that fishing families would draw permits in the lottery. It is also likely that applicants without any serious intent to fish would enter the lottery just to see if they could win, unless the commission adopted complex rules specifying the conditions and criteria one would have to meet in order to be considered in the draw.

The system again provides for no simple way for a fisherman to switch from fishery to fishery unless trades are allowed. As discussed, this would negate the benefits of the system since many fishermen would still be forced, once again, to buy permits in the more productive fisheries and only permits in the less productive fisheries would be turned back to the commission. As a counter measure, if permits were issued for a specified time period - for example five years - it would be impossible for a fisherman to make any rational decision to invest in a vessel or gear during the time he had the permit since he would have no assurance that he would receive another.

COMMISSION CONTROL OF TRANSFERS

This system could embody many different actions such as controlling resident to non-resident transfers or permit price.

Advantages

Such a system could respond quickly and positively when certain remedial actions appeared necessary.

Disadvantages

* Such actions can easily lead to excessive government interference making it difficult and cumbersome for fishermen to make sound business decisions. The commission would have to be very careful not to create a closed class of permit holders. Attempts to manipulate permit prices by fiat would almost certainly be unsuccessful since either transfers would cease, a "black market" would be created, or both.

TRANSFER TO "NEXT MOST ELIGIBLE" CLASS

In this system, again, unused permits would be returned to the commission. The commission would then re-issue permits to those applicants who were denied permits when they were originally issued. Permits would be issued first to those applicants in the highest priority classification that did not receive permits and so on down descending classifications until all permits were issued. Once all original applicants had received permits the system would be changed to allow some other system of transfer.

Advantages

This system would insure that all eligible applicants who originally applied for a permit would eventually receive one at a minimal cost.

Disadvantages

This system has serious legal problems since new entrants, unless they were originally eligible to apply, could not gain access to the fisheries. This would create a closed class. Could have $\frac{1}{2}$ or $\frac{2}{3}$ of permits allocated to initial applicants, with other $\frac{1}{2}$ or $\frac{1}{3}$ going to new applicants₁₂ or by auction, apprenticeship, etc.

Applicants who are denied permits when initially issued may wait many years before they are eventually issued a permit even though they may be willing and able to purchase a permit immediately under a system of free transferability. The system is disruptive of kinship arrangements since a father cannot pass his permit on to his son.

The system is administratively cumbersome and expensive since it would require the commission to keep track of thousands of applicants for many years after permits were issued.

MORATORIUM

Under the present method of issuing permits this system would be used in lieu of a buy-back program. A variation of this system could be used in initial issuance, but the advantages and disadvantages are the same.

In those fisheries where gear reductions are necessary, unused permits would revert back to the commission. No permits would be transferable until the optimum number was reached. At that time another system of transferability would be used.

Advantages

The commission could reduce the amount of gear to optimum levels at no cost to other fishermen in the fisheries.

Disadvantages

This system would create a closed class of individuals for the duration of the moratorium and therefore face legal difficulties.

There is no method for a permit to be transferred within a family so kinship arrangements would be disrupted.

Fishermen would be unwilling to transfer their permits to the commission, hoping to "wait out" the moratorium. The commission would therefore be forced to draft stringent regulations requiring that unused permits be transferred to the commission. The slowness of a moratorium would create difficulties for fisheries managers in those fisheries with excessive amounts of gear.

SUMMARY AND RECOMMENDATIONS

Table 1 on page iii summarizes the pros and cons of the seven systems discussed: free transferability, auction, apprenticeship, lottery, Commission control, transfers to "next most eligible class", and a moratorium.

Each system is considered under six different criteria: its legality, ease of administration, flexibility, if transfers would be discouraged, if traditional social patterns would be disrupted, and cost of entry. Those systems with legal problems should not be attempted. Other systems besides free transferability pose serious enough problems that their effectiveness is very questionable. The chief disadvantage of free transferability is the high cost of entry, however, there are steps that can be taken to reduce excessive permit prices.

The Commission feels that free transferability is the best and most workable method of handling entry permit transfers. Enough legislative authority and safeguards appear to exist to carry out an effective program of transfers that will be fair to present and future fishermen.

Costs and Earnings of Alaskan Fishing Vessels - An Economic Survey

**Alaska Commercial Fisheries
Entry Commission**

Sept. 10, 1974



COSTS AND EARNINGS OF ALASKAN FISHING VESSELS -
AN ECONOMIC SURVEY

ALASKA COMMERCIAL FISHERIES ENTRY COMMISSION

ROY A. RICKEY
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INTRODUCTION

This is the first large scale effort to examine the economic health of one of Alaska's most important industries - commercial fishing. The period concerned is 1973, the last year of unrestricted entry to Alaska's commercial fisheries. The study was undertaken both to set a benchmark for evaluating the limited entry program in the future and to help determine the gear levels that can harvest the fisheries in the state and provide a reasonable economic return to the fishermen participating.

Data was gathered from interviews with 520 active commercial fishermen from all over the West Coast and Alaska. Extensive use was also made of records held on the computerized files of the Alaska Department of Fish and Game. Completed interviews represented approximately 7% of the fishermen in the fisheries studied. While generally valid, the results reflect the randomness of the sample picked for each fishery and the percentage and accuracy of completed responses.

Some of the results may come as a surprise to those familiar with the industry. One reason is that these figures are averages of all fishermen in a particular fishery. Obviously some fishermen are doing better than the average, but many are doing worse. The study also does not attempt to measure the actual cash balance a fisherman might have at the end of the season. Charges have been made for depreciation and costs of investment which are invisible on a ledger, but nevertheless are real costs of doing business.

A "fishery" as used in this report refers to a gear type, fishery resource, and management area as used by the Alaska Department of Fish and Game, such as the Southeast salmon drift gill net fishery. Since many vessels which fish in Alaska engage in several fisheries, vessel costs have been pro-rated to each fishery based on the amount of time fished and percent of total gross earnings received.

The study measures returns to a vessel, not an individual operator or owner. Anyone familiar with Alaska's fisheries is aware of the diversity of ownership patterns that exist in the fishing fleets. In order to standardize the method of measurement only the potential returns to an owner/operator are measured. Whether this must be split among partners or paid as interest or lease payments is not considered.

CONCLUSIONS:

Results of the survey are presented in a series of fishery profiles, but several general conclusions are of interest.

Level of Earnings

A nonfarm family of four living in Alaska on an adjusted gross income of less than \$5250 per year falls below Federal Poverty Guidelines. Without supplementing his income from other sources, the average gear operator in 15 of 18 salmon fisheries examined made less than this amount. In 7 fisheries gear operators actually showed a net loss.

Size of Investment and Level of Earnings

There is a very close relationship between the size of investment and level of gross earnings. There is in turn a close relationship between gross earnings and net earnings. Thus those fisheries which require a large capital investment, such as purse seining, are also the most financially rewarding.

Growth of Gear Registration and Size of Investment

The most rapid growth of registered gear in the salmon fisheries has occurred where a small initial investment is required, such as the drift gill net fisheries. With the exception of the power troll fishery, the average estimated market value of vessels and gear in those fisheries which showed very rapid growth in the 60's is under \$16,000. Size of investment has not deterred growth in the shellfish fisheries, but these fisheries were essentially undeveloped at the beginning of the decade.

Growth of Gear Registration and Economic Condition

There is evidence that the rapid growth in gear registration that took place in some fisheries during the 60's contributed to low earnings today. For example, the Southeast drift gill net fishery which showed a modest growth of about 2 new units of registered gear a year between 1960 and 1970 still has relatively good earnings. Bristol Bay, which showed an increase of 78 new units of registered gear a year and Cook Inlet which showed an increase of 41 units of registered gear show poor earnings.

In effect, those salmon fisheries which require a higher level of investment had barriers to entry during the 60's that prevented their earnings from deteriorating as rapidly as those fisheries with low barriers to entry. (Detailed tables showing investment, gross earnings and growth are presented in Appendix A.)

"Reasonable" Gross Earnings and Size of Investment

In the survey, fishermen were asked what they felt they needed to gross in a year to pay all their expenses leaving enough to make a living for themselves. This value is closely correlated with the market value of their investment. Those with large investments felt they needed to gross approximately the market value of their investment each year while those with smaller investments felt they needed more than this amount.

Large Cost Items.

Besides crew shares the largest expense for most fishing vessels is for repairs and gear losses. Fuel is next.

MEASURING COSTS AND EARNINGS

Each fishery profile presents the characteristics of the vessels surveyed. The figures represent averages for all the vessels except in the categories of engine type, electronics, and vessels insured. These categories show the percent of the sample that had the equipment indicated or insured their vessels.

Cost categories under the headings Operating and Fixed Costs are self-explanatory. Operating costs are those costs which one would normally expect to vary with the time and effort an individual expended on fishing. Fixed costs are those costs which are normally incurred regardless of the level of fishing effort. Capital costs, which would ordinarily be considered fixed costs, are broken out under a separate heading. Depreciation costs, which vary from vessel to vessel for tax purposes, are standardized in the report to equal a 30 year straight line write-off based on present market value of the vessel with no salvage value. Gear is not depreciated but treated as a yearly expense for replacements. Set net site equipment has been given a 10 year life with no salvage value since site equipment normally consists of outboard motors and small skiffs which have a shorter useful life span. Interest charges are discussed below. Labor costs are given as the percent of gross return paid to labor, and will vary with actual gross earnings. Labor costs are normally treated as variable costs.

NET RETURNS AND OPPORTUNITY COSTS

Once operating costs, fixed costs, depreciation and labor costs are paid, the remainder is net return. This is not "profit", though, since the skipper or operator must still pay himself. Also included in net return must be included a fair return to investment. It is not possible to separate return to the operator or return to investment without making certain assumptions about alternative uses for the money invested in vessels and gear or about the time the operator spends fishing.

As mentioned, no attempt to derive actual interest charges or lease payments was made since these payments reflect returns to ownership rather than actual fishing costs. Lease or loan holders, such as a bank, regard interest payments as their return for investing in the fishing

business. Even if a fisherman owes nothing on his vessel it must be considered that if he sold his vessel for its market value and invested the money elsewhere some interest payments could be expected. Presently Triple A rated bonds pay over 9% interest. An investment as risky as fishing should probably pay considerably more than 9%. The study assumes that the real cost of an investment in fishing is 10% of the market value of the investment. Once this charge is deducted from gross earnings, it is possible to assume that what remains is return to the operator's own work.

Whether this return is satisfactory or not depends largely on the individual fisherman. One standard that could be used would be to compare returns from fishing with returns that could be earned from another equally risky occupation over an equal time period.

In this survey, fishermen were asked what they needed to gross just to break even. This was meant to be the amount necessary to pay all expenses, leaving the operator just enough so that he would not seek alternative employment. Fishermen were also asked what they felt they needed to gross in order to earn a "reasonable" income from fishing. A comparison with these estimates can be made with their actual gross earnings in 1973.

AN EXAMPLE

Using the Southeast purse seine fishery as an example, this is how the various figures should be interpreted. The total number of completed interviews was 25. This appears under "number sampled". The average age of those purse seine vessels in the survey was 35 years, the average length was 47 feet, and the average horsepower was 196. Of those vessels sampled, 96% had diesel propulsion, and one boat, or 4% of the sample, had a gas engine. The data showed that 76% of the boats had radar, 20% had loran, and 36% had an automatic pilot or self-steering mechanism. The average estimated market value of gear including only the value of gear actually used in the purse seine fishery, and including the value of power skiffs, was \$15,432. Ninety-six percent of the boats in the survey were insured. The average number of crewmen, including the skipper, was 6.5.

For those seine vessels which participated in several fisheries, operating costs have been pro-rated in proportion to the amount of time the vessels actually spent fishing in the Southeast purse seine fishery. All figures are in dollars, rounded to the nearest dollar. "Fuel" includes

the cost of oil, grease, and stove fuel. "Food, Clothes", includes expenses for food during the fishing season and oil skins and other special articles of clothing. "Ice" and "Bait" expenses do not apply to seine operations.

Fixed and Capital costs were pro-rated according to the proportion of gross earnings the vessels earned from the Southeast purse seine fishery.

"Vessel Repairs" include supplies used and repair costs. "Gear Repairs and Losses" include the value of any seine gear that may have been lost or replaced during the fishing season. "Insurance" includes hull insurance and personal indemnity for crew members. "Moorage" and "Utilities" are self explanatory. "Administrative" covers such items as bank checking account charges, accountant fees, telephone expenses, and office overhead. "Freight and Transportation" includes air fare to and from Alaska for non-residents, business connected travel, and freight charges for shipping supplies, parts or fishing gear. "Other" is a catch-all including license fees, union dues, storage charges, lease of electronic equipment or any other expenses incurred as a result of commercial fishing.

Depreciation has been standardized for all vessels equal to 3% of the market value of the vessel each year and pro-rated, or \$1,258. Interest charges represent the cost of the capital investment in terms of other investment opportunities and are equal to 10% of the capital investment used in the Southeast purse seine fishery. Under the share system, labor costs vary directly with gross earnings. Crewmen in the Southeast seine fleet get approximately 50% of gross earnings before bonuses are paid, or \$18,966.

"Average Gross Earnings" is the average amount received from the sale of fish caught in the Southeast purse seine fishery. This data was collected from fish landing records of the Department of Fish and Game. The footnote at the bottom of the page tells you that 54% of the gross earnings the fishermen received came from the Southeast purse seine fishery, or in other words, \$38,059 is only 54% of the total earnings these vessels received in 1973.

In addition to sales of fish, fishermen in the sample received a bonus at the end of the year equal to 19.6% of their gross earnings, or \$7,445. Therefore average total earnings from the Southeast purse seine fishery were \$45,504.

Once all costs are deducted from total earnings, the remainder, or \$16,259 is net return. From net return must come a wage for the skipper and a return on investment for the owner (who may in fact also be the skipper). The owner should receive approximately 10% of the market value of the investment used in purse seining. Once this is deducted, the remainder is what the operator received for his labor and management or \$11,304.

1973 OPERATING COST SURVEY
FISHERY: SOUTHEASTERN PURSE SEINE

NUMBER SAMPLED 25

I VESSEL CHARACTERISTICS

AGE 35.

KEEL LENGTH 47.

ENGINE HP 202.

DIESEL 96.

OUTBOARD 0.

G INBOARD 4.

ELECTRONICS

RADAR 76.

LOPAN 20.

AUTO PILOT 36.

EST. MKT. VALUE OF VESSEL 75780.

EST. MKT. VALUE OF GEAR 15432.

% VESSELS INSURED 96.

NUMBER OF CREW 6.5

II SET NET SITES

MKT VALUE GEAR ON SITE *****

MKT VALUE OF SITE *****

III OPERATING COSTS

FUEL 1147.

FOOD, CLOTHES 1702.

BAIT 0.

ICE 0.

TOTAL OPERATING COSTS 2149.

IV FIXED COSTS

VESSEL REPAIRS 2408.

GEAR REPAIRS, LOSSES 2313.

INSURANCE 1041.

MOORAGE 74.

UTILITIES 14.

ADMINISTRATIVE 208.

FREIGHT-TRANSP 402.

OTHER 412.

TOTAL FIXED COSTS 6872.

V CAPITAL COSTS

DEPRECIATION 1258.

10% INTEREST CHARGE ON ALL INVESTMENT 4955.

TOTAL CAPITAL COSTS 5874.

VI LABOR COSTS

CREW LABOR: % GROSS 50.

CREW COST 18966.

1973 AVERAGE GROSS EARNINGS 38059.*

PLUS: BONUS PAYMENTS AT 19.6% 7445.

TOTAL EARNINGS 45504.

LESS: OPERATING COSTS 2149.

FIXED COSTS 6872.

DEPRECIATION 1258.

LABOR COSTS 18966.

TOTAL COSTS 29245.

NET RETURN 16259.

LESS INTEREST CHARGE ON INVESTMENT 4955.

RETURN TO OPERATOR 11304.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN 31952.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN 17073.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 54.2% OF TOTAL GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: SOUTHEASTERN DRIFT GILLNET

NUMBER SAMPLED	49
 I VESSEL CHARACTERISTICS	
AGE	13.
KEEL LENGTH	31.
ENGINE HP	168.
DIESEL	73.
OUTBOARD	4.
INBOARD	22.
ELECTRONICS	
RADAR	31.
LORAN	2.
AUTO PILOT	45.
EST. MKT. VALUE OF VESSEL	22280.
EST. MKT. VALUE OF GEAR	4974.
% VESSELS INSURED	65.
NUMBER OF CREW	1.4

II SET NET SITES

MKT VALUE GEAR ON SITE	*****
MKT VALUE OF SITE	*****

III OPERATING COSTS

FUEL	460.
FOOD, CLOTHES	619.
BAIT	1.
ICE	0.

TOTAL OPERATING COSTS	1080.
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IV FIXED COSTS

VESSEL REPAIRS	852.
GEAR REPAIRS, LOSSES	874.
INSURANCE	305.
MOORAGE	65.
UTILITIES	27.
ADMINISTRATIVE	112.
FREIGHT-TRANSP	410.
OTHER	99.

TOTAL FIXED COSTS	2744.
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V CAPITAL COSTS

DEPRECIATION	557.
10% INTEREST CHARGE ON ALL INVESTMENT	2135.

TOTAL CAPITAL COSTS	2613.
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VI LABOR COSTS

CREW LABOR: % GROSS	18.
CREW COST	2680.

1973 AVERAGE GROSS EARNINGS	15116.*
PLUS: BONUS PAYMENTS AT 9.2%	1391.
TOTAL EARNINGS	16508.
LESS: OPERATING COSTS	1080.
FIXED COSTS	2744.
DEPRECIATION	557.
LABOR COSTS	2680.
TOTAL COSTS	7060.
NET RETURN	9448.
LESS INTEREST CHARGE ON INVESTMENT	2135.
RETURN TO OPERATOR	7312.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN	22637.
BREAKEVEN GROSS AS ESTIMATED BY FISHERMEN	10101.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 78.% OF TOTAL
GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: SOUTHEASTERN POWER TROLL

NUMBER SAMPLED 24

I VESSEL CHARACTERISTICS

AGE 25.

KEEL LENGTH 35.

ENGINE HP 114.

DIESEL 79.

OUTBOARD 0.

G INBOARD 21.

ELECTRONICS

RADAR 42.

LOPAN 13.

AUTO PILOT 46.

EST. MKT. VALUE OF VESSEL 30913.

EST. MKT. VALUE OF GEAR 2089.

% VESSELS INSURED 46.

NUMBER OF CREW 1.8

II SET NET SITES

MKT VALUE GEAR ON SITE *****

MKT VALUE OF SITE *****

III OPERATING COSTS

FUEL 456.

FOOD, CLOTHES 527.

BAIT 86.

ICE 138.

TOTAL OPERATING COSTS 1208.

IV FIXED COSTS

VESSEL REPAIRS 494.

GEAR REPAIRS, LOSSES 738.

INSURANCE 184.

MOORAGE 78.

UTILITIES 28.

ADMINISTRATIVE 121.

FREIGHT-TRANSP 131.

OTHER 24.

TOTAL FIXED COSTS 1798.

V CAPITAL COSTS

DEPRECIATION 574.

10% INTEREST CHARGE ON ALL INVESTMENT 2124.

TOTAL CAPITAL COSTS 2503.

VI LABOR COSTS

CREW LABOR: % GROSS 34.

CREW COST 2929.

1973 AVERAGE GROSS EARNINGS 8679.*

PLUS: BONUS PAYMENTS AT 2.0% 227.

TOTAL EARNINGS 8906.

LESS: OPERATING COSTS 1208.

FIXED COSTS 1798.

DEPRECIATION 574.

LABOR COSTS 2929.

TOTAL COSTS 6509.

NET RETURN 2397.

LESS INTEREST CHARGE ON INVESTMENT 2124.

RETURN TO OPERATOR 273.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN 15376.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN 9076.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 64.7% OF TOTAL GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: SOUTHEASTERN HAND TROLL

NUMBER SAMPLED 43

I VESSEL CHARACTERISTICS

AGE 12.
KEEL LENGTH 23.
ENGINE HP 104.
DIESEL % 5.
OUTBOARD % 63.
G INBOARD % 33.
ELECTRONICS
RADAR % 2.
LORAN % 0.
AUTO PILOT % 2.
EST. MKT. VALUE OF VESSEL 5995.
EST. MKT. VALUE OF GEAR 530.
% VESSELS INSURED 30.
NUMBER OF CREW 1.4

II SET NET SITES

MKT VALUE GEAR ON SITE *****
MKT VALUE OF SITE *****

III OPERATING COSTS

FUEL 193.
FOOD, CLOTHES 140.
BAIT 56.
ICF 8.

TOTAL OPERATING COSTS 398.

IV FIXED COSTS

VESSEL REPAIRS 250.
GEAR REPAIRS, LOSSES 94.
INSURANCE 76.
MOORAGE 57.
UTILITIES 27.
ADMINISTRATIVE 14.
FREIGHT-TRANSP 20.
OTHER 7.

TOTAL FIXED COSTS 546.

V CAPITAL COSTS

DEPRECIATION 173.
10% INTEREST CHARGE
ON ALL INVESTMENT 560.

TOTAL CAPITAL COSTS 742.

VI LABOR COSTS

CREW LABOR: % GROSS 44.
CREW COST 543.

1973 AVERAGE GROSS EARNINGS 1238.*
PLUS: BONUS PAYMENTS AT 0.6% 7.

TOTAL EARNINGS 1246.

LESS: OPERATING COSTS 398.
FIXED COSTS 546.
DEPRECIATION 173.
LABOR COSTS 543.

TOTAL COSTS 1660.

NET RETURN -414.
LESS INTEREST CHARGE ON INVESTMENT 560.

RETURN TO OPERATOR -974.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN 8624.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN 2327.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 86.7% OF TOTAL
GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: YAKUTAT SET GILL NET

NUMBER SAMPLED

8

III OPERATING COSTS

I VESSEL CHARACTERISTICS

AGE ***
KEEL LENGTH ****
ENGINE HP *****
DIESEL % *****
OUTBOARD % *****
INBOARD % *****
ELECTRONICS
RADAR % *****
LOGAN % *****
AUTO PILOT % *****
EST. MKT. VALUE OF VESSEL *****
EST. MKT. VALUE OF GEAR *****
VESSELS INSURED ****
NUMBER OF CREW 1.5

II SET NET SITES

MKT VALUE GEAR ON SITE 10206.
MKT VALUE OF SITE 20000.

FUEL 438.
FOOD, CLOTHES 621.
BAIT 0.
ICE 0.

TOTAL OPERATING COSTS 1060.

IV FIXED COSTS

VESSEL REPAIRS 381.
GEAR REPAIRS, LOSSES 2162.
INSURANCE 0.
MOORAGE 0.
UTILITIES 0.
ADMINISTRATIVE 75.
FREIGHT-TRANSP 1379.
OTHER 131.

TOTAL FIXED COSTS 4127.

V CAPITAL COSTS

DEPRECIATION 1021.
10% INTEREST CHARGE
ON ALL INVESTMENT 3021.

TOTAL CAPITAL COSTS 2541.

VI LABOR COSTS

CREW LABOR: % GROSS 25.
CREW COST 2687.

1973 AVERAGE GROSS EARNINGS 10750.*
PLUS: BONUS PAYMENTS AT 0.0% 0.

TOTAL EARNINGS

10750.

LESS: OPERATING COSTS 1060.
FIXED COSTS 4127.
DEPRECIATION 1021.
LABOR COSTS 2687.

TOTAL COSTS

3894.

NET RETURN

1855.

LESS INTEREST CHARGE ON INVESTMENT

3021.

RETURN TO OPERATOR

-1165.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN

14875.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN

19025.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 100% OF TOTAL
GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: PR WILLIAM SOUND PURSE SEINE

NUMBER SAMPLED	12
I VESSEL CHARACTERISTICS	
AGE	17.
KEEL LENGTH	35.
ENGINE HP	157.
DIESEL %	75.
OUTBOARD %	0.
G INBOARD %	25.
ELECTRONICS	
RADAR %	17.
LOGAN %	0.
AUTO PILOT %	25.
EST. MKT. VALUE OF VESSEL	32583.
EST. MKT. VALUE OF GEAR	7009.
% VESSELS INSURED	50.
NUMBER OF CREW	3.5

II SET NET SITES

MKT VALUE GEAR ON SITE	*****
MKT VALUE OF SITE	*****

III OPERATING COSTS

FUEL	313.
FOOD, CLOTHES	530.
BAIT	0.
ICE	0.

TOTAL OPERATING COSTS	843.
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IV FIXED COSTS

VESSEL REPAIRS	2041.
GEAR REPAIRS, LOSSES	1224.
INSURANCE	238.
MOORAGE	171.
UTILITIES	15.
ADMINISTRATIVE	141.
FREIGHT-TRANSP	309.
OTHER	161.

TOTAL FIXED COSTS	4300.
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V CAPITAL COSTS

DEPRECIATION	661.
10% INTEREST CHARGE ON ALL INVESTMENT	2714.

TOTAL CAPITAL COSTS	3182.
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VI LABOR COSTS

CREW LABOR: % GROSS	45.
CREW COST	11180.

1973 AVERAGE GROSS EARNINGS	24890.*
PLUS: BONUS PAYMENTS AT 0.0%	0.

TOTAL EARNINGS	24890.
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LESS: OPERATING COSTS	843.
FIXED COSTS	4300.
DEPRECIATION	661.
LABOR COSTS	11180.

TOTAL COSTS	16984.
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NET RETURN	7906.
LESS INTEREST CHARGE ON INVESTMENT	2714.

RETURN TO OPERATOR	5192.
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REASONABLE GROSS AS ESTIMATED BY FISHERMEN	26906.
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BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN	16652.
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* GROSS EARNINGS FROM FISHERY INDICATED ARE 69.% OF TOTAL GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: PR WILLIAM SOUND DRIFT GILLNET

NUMBER SAMPLED 46

I VESSEL CHARACTERISTICS

AGE 10.

KEFL LENGTH 26.

ENGINE HP 146.

DIESEL 24.

OUTBOARD 29.

G INBOARD 47.

ELECTRONICS

RADAR 4.

LORAN 2.

AUTO PILOT 4.

EST. MKT. VALUE OF VESSEL 12626.

EST. MKT. VALUE OF GEAR 3016.

% VESSELS INSURED 46.

NUMBER OF CREW 1.2

II SET NET SITES

MKT VALUE GEAR ON SITE *****

MKT VALUE OF SITE *****

III OPERATING COSTS

FUEL 393.

FOOD, CLOTHES 615.

BAIT 0.

ICE 0.

TOTAL OPERATING COSTS 1008.

IV FIXED COSTS

VESSEL REPAIRS 762.

GEAR REPAIRS, LOSSES 602.

INSURANCE 109.

MOORAGE 51.

UTILITIES 42.

ADMINISTRATIVE 976.

FREIGHT-TRANSP 421.

OTHER 256.

TOTAL FIXED COSTS 3219.

V CAPITAL COSTS

DEPRECIATION 209.

10% INTEREST CHARGE ON ALL INVESTMENT 1209.

TOTAL CAPITAL COSTS 1045.

VI LABOR COSTS

CREW LABOR: \$ GROSS 29.

CREW COST 2303.

1973 AVERAGE GROSS EARNINGS 7940.*

PLUS: BONUS PAYMENTS AT 2.4% 191.

TOTAL EARNINGS

8131.

LESS: OPERATING COSTS

1008.

FIXED COSTS

3219.

DEPRECIATION

209.

LABOR COSTS

2303.

TOTAL COSTS

6739.

NET RETURN

1392.

LESS INTEREST CHARGE ON INVESTMENT

1209.

RETURN TO OPERATOR

183.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN

19614.

BREAKEVEN GROSS AS ESTIMATED BY FISHERMEN

10959.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 77.2% OF TOTAL GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: PR WILLIAM SOUND KING/TANNER POTS

NUMBER SAMPLED 6

I VESSEL CHARACTERISTICS

AGE 15.

KEEL LENGTH 51.

ENGINE HP 283.

DIESEL 83.

OUTBOARD 0.

G INBOARD 17.

ELECTRONICS

RADAR 67.

LORAN 33.

AUTO PILOT 67.

EST. MKT. VALUE OF VESSEL 129167.

EST. MKT. VALUE OF GEAR 17792.

% VESSELS INSURED 83.

NUMBER OF CREW 2.7

II SET NET SITES

MKT VALUE GEAR ON SITE *****

MKT VALUE OF SITE *****

III OPERATING COSTS

FUEL 2067.

FOOD, CLOTHES 685.

BAIT 855.

ICE 0.

TOTAL OPERATING COSTS 3607.

IV FIXED COSTS

VESSEL REPAIRS 3006.

GEAR REPAIRS, LOSSES 8519.

INSURANCE 1549.

MOORAGE 76.

UTILITIES 98.

ADMINISTRATIVE 58.

FREIGHT-TRANSP 468.

OTHER 285.

TOTAL FIXED COSTS 14059.

V CAPITAL COSTS

DEPRECIATION 1127.

10% INTEREST CHARGE ON ALL INVESTMENT 5507.

TOTAL CAPITAL COSTS 6041.

VI LABOR COSTS

CREW LABOR: % GROSS 27.

CREW COST 8131.

1973 AVERAGE GROSS EARNINGS 30339.*

PLUS: BONUS PAYMENTS AT 0.0% 0.

TOTAL EARNINGS 30339.

LESS: OPERATING COSTS 3607.

FIXED COSTS 14059.

DEPRECIATION 1127.

LABOR COSTS 8131.

TOTAL COSTS 26924.

NET RETURN 3415.

LESS INTEREST CHARGE ON INVESTMENT 5507.

RETURN TO OPERATOR -2092.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN 34083.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN 19240.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 33.2% OF TOTAL GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: COCK INLET PURSE SEINE

-16-

NUMBER SAMPLED 14

I VESSEL CHARACTERISTICS

AGE 18.

KEEL LENGTH 32.

ENGINE HP 184.

DIESEL % 43.

OUTBOARD % 14.

G INBOARD % 43.

ELECTRONICS

RADAR % 7.

LORAN % 0.

AUTO PILOT % 21.

EST. MKT. VALUE OF VESSEL 25821.

EST. MKT. VALUE OF GEAR 7836.

% VESSELS INSURED 43.

NUMBER OF CREW 3.6

II SET NET SITES

MKT VALUE GEAR ON SITE *****

MKT VALUE OF SITE *****

III OPERATING COSTS

FUEL 545.

FOOD, CLOTHES 432.

BAIT 0.

ICE 0.

TOTAL OPERATING COSTS 977.

IV FIXED COSTS

VESSEL REPAIRS 983.

GEAR REPAIRS, LUSSES 1113.

INSURANCE 309.

MOORAGE 168.

UTILITIES 13.

ADMINISTRATIVE 139.

FREIGHT-TRANSP 251.

OTHER 77.

TOTAL FIXED COSTS 3052.

V CAPITAL COSTS

DEPRECIATION 477.

10% INTEREST CHARGE ON ALL INVESTMENT 2131.

TOTAL CAPITAL COSTS 2395.

VI LABOR COSTS

CREW LABOR: % GROSS 51.

CREW COST 10688.

1973 AVERAGE GROSS EARNINGS 21129.*

PLUS: BONUS PAYMENTS AT 0.4% 88.

TOTAL EARNINGS 21218.

LESS: OPERATING COSTS 977.

FIXED COSTS 3052.

DEPRECIATION 477.

LABOR COSTS 10688.

TOTAL COSTS 15194.

NET RETURN 6023.

LESS INTEREST CHARGE ON INVESTMENT 2131.

RETURN TO OPERATOR 3892.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN 24261.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN 15 01.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 63.% OF TOTAL GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY

FISHERY: COOK INLET

DRIFT GILLNET

NUMBER SAMPLED

33

I VESSEL CHARACTERISTICS

AGE 16.
 KEEL LENGTH 31.
 ENGINE HP 147.
 DIESEL 24.
 OUTBOARD 9.
 G INBOARD 67.
 ELECTRONICS
 RADAR 3.
 LORAN 0.
 AUTO PILOT 6.
 EST. MKT. VALUE OF VESSEL 12843.
 EST. MKT. VALUE OF GEAR 2411.
 % VESSELS INSURED 61.
 NUMBER OF CREW 1.8

II SET NET SITES

MKT VALUE GEAR ON SITE *****
 MKT VALUE OF SITE *****

III OPERATING COSTS

FUEL 213.
 FOOD, CLOTHES 434.
 BAIT 0.
 ICE 0.

TOTAL OPERATING COSTS 646.

IV FIXED COSTS

VESSEL REPAIRS 357.
 GEAR REPAIRS, LOSSES 618.
 INSURANCE 150.
 MOORAGE 88.
 UTILITIES 1.
 ADMINISTRATIVE 57.
 FREIGHT-TRANSP 490.
 OTHER 26.

TOTAL FIXED COSTS 1787.

V CAPITAL COSTS

DEPRECIATION 311.
 10% INTEREST CHARGE
 ON ALL INVESTMENT 1263.

TOTAL CAPITAL COSTS 1477.

VI LABOR COSTS

CREW LABOR: % GROSS 22.
 CREW COST 2251.

1973 AVERAGE GROSS EARNINGS 10135.*
 PLUS: BONUS PAYMENTS AT 2.9% 292.

TOTAL EARNINGS 10427.

LESS: OPERATING COSTS 646.
 FIXED COSTS 1787.
 DEPRECIATION 311.
 LABOR COSTS 2251.

TOTAL COSTS 4996.

NET RETURN 5432.
 LESS INTEREST CHARGE ON INVESTMENT 1263.

RETURN TO OPERATOR 4169.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN 14531.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN 7941.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 83.% OF TOTAL
 GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: COOK INLET SET GILL NET

NUMBER SAMPLED 32

I VESSEL CHARACTERISTICS

AGE ***

KEEL LENGTH ****

ENGINE HP *****

DIESEL ? ****

OUTBOARD ? ****

G INBOARD ? ****

ELECTRONICS

RADAR ? ****

LOGAN ? ****

AUTO PILOT ? ****

EST. MKT. VALUE OF VESSEL *****

EST. MKT. VALUE OF GEAR *****

% VESSELS INSURED ****

NUMBER OF CREW 2.8

II SET NET SITES

MKT VALUE GEAR ON SITE 8223.

MKT VALUE OF SITE 21563.

III OPERATING COSTS

FUEL 303.
FOOD, CLOTHES 666.
BAIT 0.
ICE 0.

TOTAL OPERATING COSTS 969.

IV FIXED COSTS

VESSEL REPAIRS 201.
GEAR REPAIRS, LOSSES 479.
INSURANCE 2.
MOORAGE 0.
UTILITIES 8.
ADMINISTRATIVE 72.
FREIGHT-TRANSP 343.
OTHER 42.

TOTAL FIXED COSTS 1148.

V CAPITAL COSTS

DEPRECIATION 813.
10% INTEREST CHARGE
ON ALL INVESTMENT 2925.

TOTAL CAPITAL COSTS 3670.

VI LABOR COSTS

CREW LABOR: % GROSS 43.
CREW COST 2260.

1973 AVERAGE GROSS EARNINGS 5279.*
PLUS: BONUS PAYMENTS AT 0.2% 12.
TOTAL EARNINGS 5291.

LESS: OPERATING COSTS 969.
FIXED COSTS 1148.
DEPRECIATION 813.
LABOR COSTS 2260.
TOTAL COSTS 5191.

NET RETURN 100.
LESS INTEREST CHARGE ON INVESTMENT 2925.
RETURN TO OPERATOR -2825.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN 14916.
BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN 12540.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 98.% OF TOTAL
GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY

FISHERY: COOK INLET

OTTER TRAWL

NUMBER SAMPLED

2

III OPERATING COSTS

I VESSEL CHARACTERISTICS

AGE	47.
KEEL LENGTH	54.
ENGINE HP	298.
DIESEL	100.
OUTBOARD %	0.
G INBOARD %	0.
ELECTRONICS	
RADAR %	100.
LORAN %	50.
AUTO PILOT %	100.
EST. MKT. VALUE OF VESSEL	52500.
EST. MKT. VALUE OF GEAR	9500.
% VESSELS INSURED	50.
NUMBER OF CREW	2.5

II SET NET SITES

MKT VALUE GEAR ON SITE	*****
MKT VALUE OF SITE	*****

FUEL	1204.
FOOD, CLOTHES	1069.
BAIT	0.
ICE	0.

TOTAL OPERATING COSTS 2273.

IV FIXED COSTS

VESSEL REPAIRS	1447.
GEAR REPAIRS, LOSSES	1850.
INSURANCE	2250.
MOORAGE	304.
UTILITIES	220.
ADMINISTRATIVE	129.
FREIGHT-TRANSP	971.
OTHER	67.

TOTAL FIXED COSTS 7238.

V CAPITAL COSTS

DEPRECIATION	1374.
10% INTEREST CHARGE ON ALL INVESTMENT	4762.

TOTAL CAPITAL COSTS 6223.

VI LABOR COSTS

CREW LABOR: ? GROSS	24.
CREW COST	9283.

1973 AVERAGE GROSS EARNINGS	38680.*
PLUS: BONUS PAYMENTS AT 0.0%	0.

TOTAL EARNINGS

38680.

LESS: OPERATING COSTS

2273.

FIXED COSTS

7238.

DEPRECIATION

1374.

LABOR COSTS

9283.

TOTAL COSTS

20168.

NET RETURN

18511.

LESS INTEREST CHARGE ON INVESTMENT

4762.

RETURN TO OPERATOR

13750.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN

53760.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN

38400.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 77.2% OF TOTAL
GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY

FISHERY: COOK INLET

KING/TANNER POTS

NUMBER SAMPLED

20

I VESSEL CHARACTERISTICS

AGE	23.
KEEL LENGTH	45.
ENGINE HP	191.
DIESEL	90.
OUTBOARD	0.
G INBOARD	10.
ELECTRONICS	
RADAR	50.
LORAN	10.
AUTO PILOT	60.
EST. MKT. VALUE OF VESSEL	50625.
EST. MKT. VALUE OF GEAR	21908.
% VESSELS INSURED	70.
NUMBER OF CREW	2.9

II SET NET SITES

MKT VALUE GEAR ON SITE	*****
MKT VALUE OF SITE	*****

III OPERATING COSTS

FUEL	2906.
FOOD, CLOTHES	1505.
BAIT	2902.
ICE	18.

TOTAL OPERATING COSTS 7332.

IV FIXED COSTS

VESSEL REPAIRS	3457.
GEAR REPAIRS, LOSSES	5945.
INSURANCE	2366.
MOORAGE	154.
UTILITIES	97.
ADMINISTRATIVE	255.
FREIGHT-TRANSP	1499.
OTHER	463.

TOTAL FIXED COSTS 14235.

V CAPITAL COSTS

DEPRECIATION	1471.
10% INTEREST CHARGE ON ALL INVESTMENT	5822.

TOTAL CAPITAL COSTS 7891.

VI LABOR COSTS

CREW LABOR: % GROSS	33.
CREW COST	35586.

1973 AVERAGE GROSS EARNINGS	109397.*
PLUS: BONUS PAYMENTS AT 0.3%	304.

TOTAL EARNINGS

109701.

LESS: OPERATING COSTS

7332.

FIXED COSTS

14235.

DEPRECIATION

1471.

LABOR COSTS

35586.

TOTAL COSTS

58624.

NET RETURN

51077.

LESS INTEREST CHARGE ON INVESTMENT

5822.

RETURN TO OPERATOR

45256.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN

77219.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN

61561.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 90.% OF TOTAL
GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY

FISHERY: KODIAK

PURSE SEINE

NUMBER SAMPLED

43

I VESSEL CHARACTERISTICS

AGE	16.
KEEL LENGTH	34.
ENGINE HP	149.
DIESEL %	91.
OUTBOARD %	0.
G INBOARD %	9.
ELECTRONICS	
RADAR %	19.
LOFAN %	0.
AUTO PILOT %	14.
EST. MKT. VALUE OF VESSEL	31565.
EST. MKT. VALUE OF GEAR	6337.
% VESSELS INSURED	93.
NUMBER OF CREW	3.9

II SET NET SITES

MKT VALUE GEAR ON SITE	*****
MKT VALUE OF SITE	*****

III OPERATING COSTS

FUEL	648.
FOOD, CLOTHES	436.
BAIT	18.
ICE	6.

TOTAL OPERATING COSTS 1108.

IV FIXED COSTS

VESSEL REPAIRS	1076.
GEAR REPAIRS, LOSSES	601.
INSURANCE	690.
MOORAGE	132.
UTILITIES	14.
ADMINISTRATIVE	86.
FREIGHT-TRANSP	341.
OTHER	109.

TOTAL FIXED COSTS 3049.

V CAPITAL COSTS

DEPRECIATION	648.
10% INTEREST CHARGE ON ALL INVESTMENT	2527.

TOTAL CAPITAL COSTS 2941.

VI LABOR COSTS

CREW LABOR: % GROSS	43.
CREW COST	2720.

1973 AVERAGE GROSS EARNINGS	6357.*
PLUS: BONUS PAYMENTS AT 1.9%	124.

TOTAL EARNINGS

6480.

LESS: OPERATING COSTS

1108.

FIXED COSTS

3049.

DEPRECIATION

648.

LABOR COSTS

2720.

TOTAL COSTS

7526.

NET RETURN

-1046.

LESS INTEREST CHARGE ON INVESTMENT

2527.

RETURN TO OPERATOR

-3574.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN

32602.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN

14154.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 67.2% OF TOTAL
GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY

FISHERY: KODIAK

SET GILL NET

NUMBER SAMPLED

13

III OPERATING COSTS

I VESSEL CHARACTERISTICS

AGE ***
 KEEL LENGTH ****
 ENGINE HP *****
 DIESEL % *****
 OUTBOARD % *****
 G INBOARD % *****
 ELECTRONICS
 RADAR % *****
 LOGAN % *****
 AUTO PILOT % *****
 EST. MKT. VALUE OF VESSEL *****
 EST. MKT. VALUE OF GEAR *****
 % VESSELS INSURED *****
 NUMBER OF CREW 2.0

II SET NET SITES

MKT VALUE GEAR ON SITE 8139.
 MKT VALUE OF SITE 17264.

FUEL 107.
 FOOD, CLOTHES 534.
 BAIT 0.
 ICE 0.

TOTAL OPERATING COSTS 641.

IV FIXED COSTS

VESSEL REPAIRS 212.
 GEAR REPAIRS, LOSSES 594.
 INSURANCE 0.
 MOORAGE 0.
 UTILITIES 8.
 ADMINISTRATIVE 78.
 FREIGHT-TRANSP 390.
 OTHER 73.

TOTAL FIXED COSTS 1355.

V CAPITAL COSTS

DEPRECIATION 594.
 10% INTEREST CHARGE
 ON ALL INVESTMENT 2058.

TOTAL CAPITAL COSTS 2575.

VI LABOR COSTS

CREW LABOR: % GROSS 56.
 CREW COST 1366.

1973 AVERAGE GROSS EARNINGS 2455.*
 PLUS: BONUS PAYMENTS AT 5.0% 123.

TOTAL EARNINGS

2577.

LESS: OPERATING COSTS 641.

FIXED COSTS 1355.

DEPRECIATION 594.

LABOR COSTS 1366.

TOTAL COSTS 3957.

NET RETURN -1379.

LESS INTEREST CHARGE ON INVESTMENT 2058.

RETURN TO OPERATOR -3437.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN 11075.

BREAKEVEN GROSS AS ESTIMATED BY FISHERMEN 12777.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 81.2% OF TOTAL
 GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY

FISHERY: KODIAK

KING/TANNER POTS

NUMBER SAMPLED

18

I VESSEL CHARACTERISTICS

AGE	20.
KEEL LENGTH	55.
ENGINE HP	282.
DIESEL %	94.
OUTBOARD %	0.
G INBOARD %	6.
ELECTRONICS	
RADAR %	94.
LORAN %	33.
AUTO PILOT %	72.
EST. MKT. VALUE OF VESSEL	126989.
EST. MKT. VALUE OF GEAR	36815.
% VESSELS INSURED	100.
NUMBER OF CREW	3.3

II SET NET SITES

MKT VALUE GEAR ON SITE	*****
MKT VALUE OF SITE	*****

III OPERATING COSTS

FUEL	3483.
FOOD, CLOTHES	1518.
BAIT	2559.
ICE	13.

TOTAL OPERATING COSTS 7574.

IV FIXED COSTS

VESSEL REPAIRS	6951.
GEAR REPAIRS, LOSSES	9158.
INSURANCE	3534.
MOORAGE	160.
UTILITIES	114.
ADMINISTRATIVE	293.
FREIGHT-TRANSP	845.
OTHER	187.

TOTAL FIXED COSTS 21242.

V CAPITAL COSTS

DEPRECIATION	2605.
10% INTEREST CHARGE ON ALL INVESTMENT	10349.

TOTAL CAPITAL COSTS 13162.

VI LABOR COSTS

CREW LABOR: % GROSS	26.
CREW COST	29603.

1973 AVERAGE GROSS EARNINGS	107432.*
PLUS: BONUS PAYMENTS AT 0.1%	63.

TOTAL EARNINGS

107495.

LESS: OPERATING COSTS

7574.

FIXED COSTS

21242.

DEPRECIATION

2605.

LABOR COSTS

29603.

TOTAL COSTS

61024.

NET RETURN

46472.

LESS INTEREST CHARGE ON INVESTMENT

10349.

RETURN TO OPERATOR

36123.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN

96475.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN

68397.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 63.2% OF TOTAL GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY

FISHERY: CHIGNIK

PURSE SEINE

NUMBER SAMPLED

8

III OPERATING COSTS

I VESSEL CHARACTERISTICS

AGE	8.
KEEL LENGTH	37.
ENGINE HP	211.
DIESEL	88.
OUTBOARD	0.
G INBOARD	13.
ELECTRONICS	
RACAR	63.
LORAN	0.
AUTO PILOT	38.
EST. MKT. VALUE OF VESSEL	51563.
EST. MKT. VALUE OF GEAR	14744.
% VESSELS INSURED	100.
NUMBER OF CREW	3.8

II SET SET SITES

MKT VALUE GEAR ON SITE	*****
MKT VALUE OF SITE	*****

FUEL	867.
FOOD, CLOTHES	1061.
BAIT	0.
ICE	0.

TOTAL OPERATING COSTS 1929.

IV FIXED COSTS

VESSEL REPAIRS	437.
GEAR REPAIRS, LOSSES	3456.
INSURANCE	1924.
MOORAGE	83.
UTILITIES	54.
ADMINISTRATIVE	219.
FREIGHT-TRANSP	543.
OTHER	191.

TOTAL FIXED COSTS 6906.

V CAPITAL COSTS

DEPRECIATION	1378.
10% INTEREST CHARGE ON ALL INVESTMENT	5469.

TOTAL CAPITAL COSTS 6831.

VI LABOR COSTS

CREW LABOR: % GROSS	42.
CREW COST	18014.

1973 AVERAGE GROSS EARNINGS	42600.*
PLUS: BONUS PAYMENTS AT 4.5%	1917.

TOTAL EARNINGS

44517.

LESS: OPERATING COSTS

1929.

FIXED COSTS

6906.

DEPRECIATION

1378.

LABOR COSTS

18014.

TOTAL COSTS

28226.

NET RETURN

16291.

LESS INTEREST CHARGE ON INVESTMENT

5469.

RETURN TO OPERATOR

10821.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN

39594.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN

20313.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 82.% OF TOTAL
GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: PENINS-ALEUTIANS PURSE SEINE

NUMBER SAMPLED 26

I VESSEL CHARACTERISTICS

AGE 16.
KEEL LENGTH 36.
ENGINE HP 178.
DIESEL % 69.
OUTBOARD % 8.
G INBOARD % 23.
ELECTRONICS
RADAR % 27.
LORAN % 12.
AUTO PILOT % 50.
EST. MKT. VALUE OF VESSEL 41881.
EST. MKT. VALUE OF GEAR 9592.
% VESSELS INSURED 96.
NUMBER OF CREW 2.9

II SET NET SITES

MKT VALUE GEAR ON SITE *****
MKT VALUE OF SITE *****

III OPERATING COSTS

FUEL 336.
FOOD, CLOTHES 356.
BAIT 0.
ICE 0.

TOTAL OPERATING COSTS 692.

IV FIXED COSTS

VESSEL REPAIRS 47.
GEAR REPAIRS, LOSSES 268.
INSURANCE 191.
MOORAGE 41.
UTILITIES 0.
ADMINISTRATIVE 18.
FREIGHT-TRANSP 128.
OTHER 24.

TOTAL FIXED COSTS 717.

V CAPITAL COSTS

DEPRECIATION 218.
10% INTEREST CHARGE
ON ALL INVESTMENT 1335.

TOTAL CAPITAL COSTS 1095.

VI LABOR COSTS

CREW LABOR: % GROSS 34.
CREW COST 2597.

1973 AVERAGE GROSS EARNINGS 7592.*
PLUS: BONUS PAYMENTS AT 0.0% 0.

TOTAL EARNINGS

7592.

LESS: OPERATING COSTS

692.

FIXED COSTS

717.

DEPRECIATION

218.

LABOR COSTS

2597.

TOTAL COSTS

4224.

NET RETURN

3369.

LESS INTEREST CHARGE ON INVESTMENT

1335.

RETURN TO OPERATOR

2034.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN

12239.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN

7385.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 26.2% OF TOTAL
GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: PENINS-ALEUTIANS DRIFT GILLNET

NUMBER SAMPLED 28

I VESSEL CHARACTERISTICS

AGE	12.
KEEL LENGTH	30.
ENGINE HP	168.
DIESEL %	46.
OUTBOARD %	7.
G INBOARD %	44.
ELECTRONICS	
RADAR %	14.
LOGAN %	0.
AUTO PILOT %	64.
EST. MKT. VALUE OF VESSEL	19835.
EST. MKT. VALUE OF GEAR	3593.
% VESSELS INSURED	89.
NUMBER OF CREW	1.4

II SET NET SITES

MKT VALUE GEAR ON SITE	*****
MKT VALUE OF SITE	*****

III OPERATING COSTS

FUEL	517.
FOOD, CLOTHES	347.
BAIT	0.
ICE	0.

TOTAL OPERATING COSTS	864.
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IV FIXED COSTS

VESSEL REPAIRS	462.
GEAR REPAIRS, LOSSES	850.
INSURANCE	513.
MOORAGE	13.
UTILITIES	0.
ADMINISTRATIVE	45.
FREIGHT-TRANSP	302.
OTHER	225.

TOTAL FIXED COSTS	2409.
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V CAPITAL COSTS

DEPRECIATION	507.
10% INTEREST CHARGE ON ALL INVESTMENT	1838.

TOTAL CAPITAL COSTS	2273.
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VI LABOR COSTS

CREW LABOR: % GROSS	23.
CREW COST	2495.

1973 AVERAGE GROSS EARNINGS	10649.*
PLUS: BONUS PAYMENTS AT 0.0%	0.

TOTAL EARNINGS

10649.

LESS: OPERATING COSTS 864.
FIXED COSTS 2409.
DEPRECIATION 507.
LABOR COSTS 2495.

TOTAL COSTS

6275.

NET RETURN 4375.
LESS INTEREST CHARGE ON INVESTMENT 1838.

RETURN TO OPERATOR

2537.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN

17939.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN

11662.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 78.% OF TOTAL GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: PENINS-ALEUTIANS SET GILL NET

NUMBER SAMPLED 10

I VESSEL CHARACTERISTICS

AGE ***

KEEL LENGTH ****

ENGINE HP *****

DIESEL % *****

OUTBOARD % *****

G INBOARD % *****

ELECTRONICS

RADAR % *****

LOGAN % *****

AUTO PILOT % *****

EST. MKT. VALUE OF VESSEL *****

EST. MKT. VALUE OF GEAR *****

% VESSELS INSURED *****

NUMBER OF CREW 1.3

II SET NET SITES

MKT VALUE GEAR ON SITE 4317.

MKT VALUE OF SITE 18700.

III OPERATING COSTS

FUEL 151.

FOOD, CLOTHES 213.

BAIT 0.

ICE 0.

TOTAL OPERATING COSTS 363.

IV FIXED COSTS

VESSEL REPAIRS 142.

GEAR REPAIRS, LOSSES 270.

INSURANCE 194.

MOORAGE 8.

UTILITIES 0.

ADMINISTRATIVE 37.

FREIGHT-TRANSP 101.

OTHER 25.

TOTAL FIXED COSTS 775.

V CAPITAL COSTS

DEPRECIATION 347.

10% INTEREST CHARGE 1838.

ON ALL INVESTMENT

TOTAL CAPITAL COSTS 1209.

VI LABOR COSTS

CREW LABOR: % GROSS 39.

CREW COST 2045.

1973 AVERAGE GROSS EARNINGS 5310.*

PLUS: BONUS PAYMENTS AT 0.0% 0.

TOTAL EARNINGS 5310.

LESS: OPERATING COSTS 363.

FIXED COSTS 775.

DEPRECIATION 347.

LABOR COSTS 2045.

TOTAL COSTS 3530.

NET RETURN 1780.

LESS INTEREST CHARGE ON INVESTMENT 1838.

RETURN TO OPERATOR -58.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN 7865.

BREAKEVEN GROSS AS ESTIMATED BY FISHERMEN 5406.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 80.2% OF TOTAL GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISH PENINS-ALEUTIANS KING/TANNER POTS

NUMBER SAMPLED

6

I VESSEL CHARACTERISTICS

AGE	22.
KEEL LENGTH	58.
ENGINE HP	306.
DIESEL	100.
OUTBOARD	0.
G INBOARD	0.
ELECTRONICS	
RADAR	83.
LORAN	33.
AUTO PILOT	100.
EST. MKT. VALUE OF VESSEL	158000.
EST. MKT. VALUE OF GEAR	30500.
% VESSELS INSURED	100.
NUMBER OF CREW	3.8

II SET NET SITES

MKT VALUE GEAR ON SITE	*****
MKT VALUE OF SITE	*****

III OPERATING COSTS

FUEL	7196.
FOOD, CLOTHES	2415.
BAIT	2478.
ICE	0.

TOTAL OPERATING COSTS 12089.

IV FIXED COSTS

VESSEL REPAIRS	7123.
GEAR REPAIRS, LOSSES	7520.
INSURANCE	8668.
MOORAGE	87.
UTILITIES	5.
ADMINISTRATIVE	394.
FREIGHT-TRANSP	1963.
OTHER	75.

TOTAL FIXED COSTS 25835.

V CAPITAL COSTS

DEPRECIATION	4423.
10% INTEREST CHARGE ON ALL INVESTMENT	16497.

TOTAL CAPITAL COSTS 20375.

VI LABOR COSTS

CREW LABOR: % GROSS	37.
CREW COST	51124.

1973 AVERAGE GROSS EARNINGS	140067.*
PLUS: BONUS PAYMENTS AT 0.04	0.

TOTAL EARNINGS

140067.

LESS: OPERATING COSTS

12089.

FIXED COSTS

25835.

DEPRECIATION

4423.

LABOR COSTS

51124.

TOTAL COSTS

93471.

NET RETURN

46596.

LESS INTEREST CHARGE ON INVESTMENT

16497.

RETURN TO OPERATOR

30099.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN

211790.

BEFOREVEN GROSS AS ESTIMATED BY FISHERMEN

109921.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 88.% OF TOTAL GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY

FISHERY: BRISTOL BAY

DRIFT GILLNET

NUMBER SAMPLED

33

I VESSEL CHARACTERISTICS

AGE	13.
KEEL LENGTH	30.
ENGINE HP	140.
DIESEL	24.
OUTBOARD	15.
G INBOARD	61.
ELECTRONICS	
RADAR	3.
LORAN	3.
AUTO PILOT	3.
EST. MKT. VALUE OF VESSEL	8744.
EST. MKT. VALUE OF GEAR	2804.
% VESSELS INSURED	79.
NUMBER OF CREW	2.4

II SFT NET SITES

MKT VALUE GEAR ON SITE	*****
MKT VALUE OF SITE	*****

III OPERATING COSTS

FUEL	172.
FOOD, CLOTHES	383.
BAIT	0.
ICE	0.

TOTAL OPERATING COSTS 555.

IV FIXED COSTS

VESSEL REPAIRS	206.
GEAR REPAIRS, LOSSES	187.
INSURANCE	303.
MOORAGE	9.
UTILITIES	0.
ADMINISTRATIVE	31.
FREIGHT-TRANSP	303.
OTHER	76.

TOTAL FIXED COSTS 1115.

V CAPITAL COSTS

DEPRECIATION	209.
10% INTEREST CHARGE ON ALL INVESTMENT	1022.

TOTAL CAPITAL COSTS 1045.

VI LABOR COSTS

CREW LABOR: % GROSS	38.
CREW COST	1371.

1973 AVERAGE GROSS EARNINGS	3612.*
PLUS: BONUS PAYMENTS AT 0.0%	0.

TOTAL EARNINGS 3612.

LESS: OPERATING COSTS	555.
FIXED COSTS	1115.
DEPRECIATION	209.
LABOR COSTS	1371.

TOTAL COSTS 3251.

NET RETURN	362.
LESS INTEREST CHARGE ON INVESTMENT	1022.

RETURN TO OPERATOR -660.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN 16440.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN 8119.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 88.% OF TOTAL
GROSS EARNINGS FROM ALL FISHERIES

1973 OPERATING COST SURVEY
FISHERY: BRISTOL BAY SET GILL NET

NUMBER SAMPLED

21

I VESSEL CHARACTERISTICS

AGE ***
KEEL LENGTH ****
ENGINE HP *****
DIESEL *****
OUTBOARD *****
G INBOARD *****
ELECTRONICS
RADAR *****
LORAN *****
AUTO PILOT *****
EST. MKT. VALUE OF VESSEL *****
EST. MKT. VALUE OF GEAR *****
* VESSELS INSURED *****
NUMBER OF CREW 2.0

II SET NET SITES

MKT VALUE GEAR ON SITE 1758.
MKT VALUE OF SITE 4535.

III OPERATING COSTS

FUEL 45.
FOOD, CLOTHES 485.
BAIT 0.
ICE 0.

TOTAL OPERATING COSTS 530.

IV FIXED COSTS

VESSEL REPAIRS 30.
GEAR REPAIRS, LOSSES 80.
INSURANCE 14.
MOORAGE 0.
UTILITIES 0.
ADMINISTRATIVE 2.
FREIGHT-TRANSP 179.
OTHER 12.

TOTAL FIXED COSTS 317.

V CAPITAL COSTS

DEPRECIATION 174.
10% INTEREST CHARGE
ON ALL INVESTMENT 604.

TOTAL CAPITAL COSTS 760.

VI LABOR COSTS

CREW LABOR: % GROSS 22.
CREW COST 121.

1973 AVERAGE GROSS EARNINGS 561.*
PLUS: BONUS PAYMENTS AT 0.0% 0.

TOTAL EARNINGS 561.

LESS: OPERATING COSTS 530.
FIXED COSTS 317.
DEPRECIATION 174.
LABOR COSTS 121.

TOTAL COSTS 1142.

NET RETURN -581.
LESS INTEREST CHARGE ON INVESTMENT 604.
RETURN TO OPERATOR -1185.

REASONABLE GROSS AS ESTIMATED BY FISHERMEN 12431.

BREAK-EVEN GROSS AS ESTIMATED BY FISHERMEN 7351.

* GROSS EARNINGS FROM FISHERY INDICATED ARE 96.2% OF TOTAL
GROSS EARNINGS FROM ALL FISHERIES

APPENDIX A

Investment, Gross Earnings and Growth

Table 1 shows the relationship that exists between size of investment and gross earnings. The various salmon fisheries have been ranked in order of the pro-rated value of their average investment. As can be seen, earnings are closely related to average investment. The actual correlation is 0.95.

Investment has been pro-rated by the percentage of total gross earnings the vessel earned from the fishery being examined. For example, the value of the average Southeastern purse seine vessel, plus purse seine gear was \$91,000. However, since fishermen in the survey actually earned only 54% of their earnings from the Southeast purse seine fishery, the pro-rated value of investment is 54% of 91,000 or 49,000.

For set net sites, no value is included for the value of the site itself. It was found that this is frequently an unreliable number since the concept of "ownership" varies from area to area.

Gross earnings have been averaged over a five year period because earnings fluctuate widely depending on the availability of fish. Average earnings were derived from Department of Fish and Game landing records.

TABLE I
COMPARISON OF INVESTMENT WITH GROSS EARNINGS

FISHERY	PRO-RATED INVESTMENT	5 YEAR AVERAGE GROSS EARNINGS
Chignik Purse Seine	54,690	32,667
Southeastern Purse Seine	49,550	28,380
Prince William Sound Purse Seine	27,140	18,037
Kodiak Purse Seine	25,270	15,569
Southeastern Drift Net	21,350	10,365
Cook Inlet Purse Seine	21,310	8,596
Power Troll	21,240	5,686
Peninsula Drift Net	18,380	9,323
Peninsula Purse Seine	13,350	13,816
Cook Inlet Drift Net	12,630	4,430
Prince William Sound Drift Net	12,090	5,777
Bristol Bay Drift Net	10,220	7,309
Yakutat Set Net	10,206	4,122
Cook Inlet Set Net	8,223	2,854
Kodiak Set Net	8,139	3,434
Hand Troll	5,600	1,238
Peninsula Set Net	4,317	3,518
Bristol Bay Set Net	1,758	2,080

Table II shows the size of investment compared to the rate of growth in registered gear that took place from 1960 to 1970. In this comparison the value of total investment is used rather than the pro-rated value since an individual entering a fishery would have to buy an entire vessel, not a pro-rated share. Growth in gear is the trend towards increase or decrease in the number of registered units that took place each year during the decade.

It will be noticed that there was very little growth in those fisheries that required an investment of much more than \$15,000. The power troll fishery is the one exception.

TABLE II

COMPARISON OF INVESTMENT WITH GROWTH IN GEAR REGISTRATION

	AVERAGE TOTAL INVESTMENT	GROWTH IN REGISTERED GEAR PER YEAR 1960-1970
<u>PURSE SEINE</u>		
Southeastern	91,212	- 7
Prince William Sound	39,592	+ 1
Cook Inlet	33,657	- 2
Kodiak	37,901	0
Chignik	66,307	0
Peninsula	51,473	+ 1
<u>DRIFT GILL NET</u>		
Southeastern	27,254	+ 2
Prince William Sound	15,642	+ 7
Cook Inlet	15,254	+41
Peninsula	23,428	+ 3
Bristol Bay	11,548	+78
<u>SET GILL NET</u>		
Yakutat	10,206	+ 3
Cook Inlet	8,223	+15
Kodiak	8,139	+ 6
Peninsula	4,317	+ 1
Bristol Bay	1,758	+46
<u>TROLL</u>		
Power Troll	33,002	+38
Hand Troll	6,525	+62

Finally there is evidence that rapid growth in certain fisheries since statehood is responsible for poor earnings today. Table III compares 5 year average gross earnings in the Drift Gill Net fisheries from 1969 to 1973 with the rate of growth in the fisheries in the decade of the 60's.

The fisheries are ranked in order of their growth.

TABLE III
RATE OF GROWTH AND PRESENT EARNINGS IN
THE DRIFT GILL NET FISHERIES

FISHERY	GROWTH IN REGISTERED GEAR 1960-1970	5 YEAR AVERAGE GROSS EARNINGS
Bristol Bay Drift Net	+78	7,309
Cook Inlet Drift Net	+41	4,430
Prince William Sound Drift Net	+ 7	5,777
Peninsula Drift Net	+ 3	9,323
Southeastern Drift Net	+ 2	10,365

Bristol Bay's relatively higher earnings result from the fact that 1970 was an exceptionally good year in the Bay. The trend in recent years has been toward much lower earnings. For example, gear operators interviewed in Bristol Bay averaged only 3,612 in 1973 despite record high prices.

APPENDIX B

Survey Description

Two data sources have been used in preparing this report. The first is the computerized fish ticket files of the Alaska Department of Fish and Game. These files contain data from the approximately 300,000-400,000 landings made in the state each year. Information collected by the Department includes vessel number, species and amount caught, gear used, date landed, and statistical area. To derive gross earnings, data is summarized by each vessel by gear type. Actual dollar amounts are derived by multiplying the weight of fish caught times an average price paid for that particular species, gear and statistical area. An approximation of time fished is derived by comparing the dates of landings for each vessel.

The second data source is a survey of fishermen that was designed to examine average costs of vessels engaged in the various fisheries in 1973. The sample for this survey was chosen from a list of commercial gear license holders who actually fished in 1972 and purchased licenses in 1973. Generally, the gear license holder is the skipper of the vessel and either keeps or has access to accounting records. Gear operators who fished leased vessels identified the costs paid by the owner and these costs were later gathered by contacting the owner directly. No gear license holder under 18 years of age was selected for the survey since only infrequently would they be the actual vessel operator. A constraint was also placed on the geographical dispersion of gear license holders. Outside Alaska only those individuals who lived along the coast of Puget Sound, the lower Columbia River, San Francisco Bay or Monterey, California were included. In Bristol Bay the sample was confined to the Wood River/Nushagak River drainage area and the coastal communities of the Bristol Bay area as far south as Egegik. Certain communities in the Alaskan interior were also not included. About 2% of the gear license holders who participate in the fisheries included in the survey live in areas outside the survey area.

The sample size for each fishery was determined by an estimate of variance gathered from existing cost and earnings data.

Personal interviews were conducted over the period from the beginning of March through the middle of June.

This period normally coincides with the collection of data for income tax purposes and comes before most salmon fisheries begin. Those individuals that could not be reached personally were contacted by letter. A breakdown of sample size by fishery follows.

	<u>1/</u> Total Population	<u>2/</u> Sample Size Less Duplicates and Those That Did Not Fish	<u>3/</u> Completed Interviews	Completion Rate (Percent)
Southeastern Purse Seine	371	32	25	78.1
Pr. William Sound Purse Seine	241	19	12	63.2
Cook Inlet Purse Seine	39	21	14	66.7
Kodiak Purse Seine	357	63	43	68.3
Chignik Purse Seine	81	10	8	80.0
Alaska Peninsula Purse Seine	88	31	26	83.9
Southeast Alaska Drift Gill Net	471	56	49	87.5
Pr. William Sound Drift Gill Net	514	61	46	75.4
Cook Inlet Drift Gill Net	414	39	33	84.6
Alaska Peninsula Drift Net	157	31	28	90.3
Bristol Bay Drift Gill Net	1,587	34	33	97.1
Yakutat Set Gill Net	134	10	8	80.0
Cook Inlet Set Gill Net	418	38	32	84.2
Kodiak Set Gill Net	128	17	13	76.5
Alaska Peninsula Set Gill Net	49	11	10	90.9
Bristol Bay Set Gill Net	514	28	21	75.0

	^{1/} Total Population	^{2/} Sample Size Less Duplicates and Those That Did Not Fish	^{3/} Completed Interviews	Completion Rate (Percent)
Hand Troll	1,047	48	43	89.6
Power Troll	755	31	24	77.4
Cook Inlet Otter Trawl (Shrimp)	7	3	2	66.7
Pr. William Sound King/Tanner Crab	68	9	6	66.7
Cook Inlet King/Tanner Crab	66	29	20	68.9
Kodiak King/Tanner Crab	100	44	18	40.9
Alaska Peninsula King/Tanner Crab	<u>155</u>	<u>6</u>	<u>6</u>	<u>100.0</u>
Total	7,761	671	520	77.5

^{1/} Population consists of all those that actually fished in 1972 and purchased a gear license in 1973.

^{2/} Sample size includes all those randomly selected from the population, less those that did not actually fish in 1973 (as determined by interview) and duplicates. Duplicates occurred where two fishermen were selected from the same vessel. Age and geographical constraints are discussed in the text.

^{3/} Completed interviews are the number of persons actually surveyed. Interviews could not be completed because the contact could not be located (133), refused (8), or did not have information necessary (10).

To insure that individuals were treated uniformly, certain decisions had to be made both before actually interviewing fishermen and once data processing began. These decisions effect the actual values of the figures in this report.

In the set net fishery no vessel characteristics are given since frequently there are several skiffs used on one site. Vessel value is included in the category "market value of gear on site." Gear on site does not include the value of trucks, shoreside cabins, or other equipment when used outside of fishing for other purposes. The estimated market value of the site is a figure that cannot be precisely defined since it is common for the "rights" to a site to be acquired only through actual usage. Frequently there is no legal title to the adjacent shorelands, but a set net site still may be bought or sold like any other piece of property. Different customs have evolved in different management areas, however, so in some the concept of site ownership is not well developed.

Gear operators who fish several types of gear spread their fixed costs such as depreciation, insurance, some repairs and moorage over several fisheries. Higher fixed and capital costs can be expected if one enters only one fishery. In several fisheries, particularly the purse seine and crab fisheries, multiple gear operations are an important part of the cost picture.

It was found that many fishermen lump certain cost categories together in such a way that it is not possible to distinguish fuel costs from, for example, food costs. This means that total costs are more reliable than individual cost breakouts.

At times the distinction between a fishing cost and a non-fishing cost is not clear. This is particularly true of those persons who live on board their vessel for all or a greater portion of the year. In some cases, particularly in the remote areas of Alaska, fishermen purchase their supplies for an entire year from a cannery owned store, making it difficult to determine those supplies used for fishing and those used for home consumption.

Certain hidden costs have also not been counted. This includes such costs as the amount of time a person might spend repairing his boat rather than having a boat yard do the work, or a fisherman that uses family members for crew on his

vessel.

Repair and gear costs vary from year to year for a vessel. At some point nearly all vessels will need an engine rebuilt or replaced, a shackle of gear will be destroyed, or even an entire boat may be lost. On the other hand, in some years repairs may consist of only routine maintenance. It was found that the vessels surveyed were in various stages of a repair cycle. Therefore, the costs derived for vessel repairs and gear losses and repairs more closely reflect what a typical boat in the fishery might spend on repairs averaged over the lifetime of the vessel rather than what would be typical in any give year.

Crew costs have been deducted despite the fact that crew members may actually be family members. It was found that family members are very commonly crew members in the troll and set net fisheries.

In some cases net return may appear understated. The reason is that some costs such as depreciation and "opportunity" costs of capital do not actually require an annual outlay of cash and are therefore frequently underestimated or not considered. Also of course, these figures are averages. It is known that many fishermen are not full time participants, nevertheless these individuals must be counted for an overall picture of the fisheries.

In addition to these general comments there are certain anomalies in individual fisheries. In Yakutat it was found that some set gill net operators have very substantial investments. These individuals have been averaged with all fishermen, but because the sample size is so small this tends to produce unreliable data. In the Prince William Sound King and Tanner crab fishery there were very high gearing up costs in 1973 since this is a new fishery. In the Kodiak King and Tanner crab fishery there was a low survey return which introduces an undetermined bias in the results.

1975

Annual Report

Commercial Fisheries

Entry Commission



1975 ANNUAL REPORT

COMMERCIAL FISHERIES ENTRY COMMISSION

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APRIL, 1976

INTRODUCTION

For 19 commercial salmon fisheries in Alaska, 1975 was the year entry limitation began. The preceding year and a half of activity by the Commercial Fisheries Entry Commission, including research, public hearings, proposed regulations, and more public hearings, was the prelude to the actual regulating of access to some of the State's commercial fisheries.

In earlier years, all commercial fisheries were open to anyone. This open access stood in contrast to other publicly held resources, which have had access regulated for years (for instance, the competitive leasing of State oil lands, AS 38.05.180, or the allocation of water, AS 46.15.050). Regulated access has developed because of the recognition that too much exploitation can endanger and ultimately destroy a resource. It took effect in a large complex of commercial fisheries in the United States for the first time in 1975.

Access to the 19 salmon fisheries put under limited entry is regulated through the issuance of entry permits, each of which enables a person to operate a unit of gear in a particular fishery. Permits are issued on the basis of an applicant's past participation and economic dependence in the fishery for which he is applying. Permits are freely transferable so that access to a fishery is not blocked. The level of effort remains the same, since one person must leave the fishery for every person who enters. Because permits may be transferred for a price, the Commission has examined permit prices. It has also examined issuance and transfer patterns in relation to residents and non-residents.

The transition from an open access fishery to one with regulated access has generally been smooth, although it has been met with opposition from some quarters. A lawsuit has been filed challenging the constitutionality of the State law regulating entry into commercial fisheries. Toward the end of the year an initiative petition drive succeeded in gaining enough signatures to put the question of repealing that State statute onto the ballot.

In creating the Commercial Fisheries Entry Commission the Legislature said its purpose was "to promote the conservation and sustained yield management of Alaska's fishery resource and the economic health and stability of commercial fishing in Alaska." This is to be done by "regulating and controlling entry into the commercial fisheries in the public interest and without unjust discrimination." This fusion of economics and conservation represents a new view, but one that is supported by many, providing a more realistic picture of the inseparable forces that operate in a fishery.

The Legislature also found that commercial fishing "had reached levels of participation, on both a statewide and an area basis, that have impaired or threatened to impair the economic welfare of the fisheries of the State, the overall efficiency of the harvest, and the sustained yield management of the fishery resources." Since the Commission must look at fisheries that are "threatened, " in 1975 it also turned its attention to the six commercial salmon fisheries of the Arctic-Yukon-Kuskokwim area, which it subsequently found to need entry regulation. In addition, it continued to investigate the need for entry regulation in the State's other commercial fisheries, with particular emphasis on the shellfish fisheries.

The following report touches only on highlights of Commission activity in calendar 1975, including progress in reducing gear to optimal levels. The Commission will be happy to provide additional information upon request.

LIMITED ENTRY IMPLEMENTED

In calendar year 1975, the Commercial Fisheries Entry Commission regulated entry into 18 commercial salmon net fisheries and the power troll fishery. They comprise all of the salmon fisheries in the State except those in the Arctic-Yukon-Kuskokwim area, and the hand troll fishery. As of December 31, 1975, a total of 6,770 permits were issued out of an expected total of approximately 7,500 permits to be issued for those fisheries.

Of the 6,770 permits issued, 73.1 percent were issued to residents of Alaska, and 26.9 percent to non-residents. Table A compares those percentages to gear licenses issued to residents and to non-residents who fished prior to the passage of the limited entry law in 1973.

TABLE A

Residency Comparison of Permits and Gear Licenses

	<u>Resident</u>	<u>Non-Resident</u>
1975 Permits*	73.1%	26.9%
1972 gear licenses**	70.8%	29.2%
1971 gear licenses**	70.9%	29.1%
1970 gear licenses	70.5%	29.5%
1969 gear licenses	71.3%	28.7%

*Determined by Commercial License File information on resident and non-resident licensing, only those issued as of December 31, 1975, excludes transfers.

**Excludes licenses issued in fisheries closed during the full calendar year.

The qualifications claimed by a number of applicants required individual treatment by the Commission. During 1975, Commission hearing officers conducted more than 300 administrative hearings. These hearings and subsequent Commission adjudications generally involved applicants with special or unavoidable circumstances that called for an individual evaluation of the applicant's situation in relation to the regulations and the law. Most of the questions and other matters contained in the bulk of the 9,400 applications received were resolved without the need for an applicant to go through the hearing process.

While this time-consuming process sometimes meant delays in permit issuance, these various application procedures were the only fair way to treat applicants who through no fault of their own had exceptional circumstances during the years that counted toward their qualifications for an entry permit.

Only two entry permit applicants have sought judicial appeals from Commission determinations. In both instances the Commission could not accept the person's application because the eligibility requirement of the law precluded such acceptance. The Commission could not accept an application if the applicant did not fish as a gear license holder at some time between 1960 and 1972. No judicial appeals have been sought by eligible applicants.

Approximately 13.75 percent of the applications from eligible people will not qualify for entry permits. The actual number of people who will not qualify for a permit is less, since many people applied for more than one permit.

PERMIT TRANSFERS AND PRICES

A total of 553 permits were permanently transferred in 1975. The transfer process has resulted in a net increase of permits in the hands of Alaska residents. Transfers, on the basis of residence, were as follows:

Resident to resident	285 (52%)
Non-resident to non-resident	166 (30%)
Non-resident to resident	79 (14%)
Resident to non-resident	23 (4%)

The transfer of a permit indicates someone new entering a fishery as a gear operator, and of course someone else dropping out.

A permit price survey conducted by the Commission indicates that in approximately 40 percent of the cases permits were transferred for free. Generally these transfers occurred between family members, although more distant relations were occasionally involved, as were skippers and crewmen. In a significant number of other cases, the permit was transferred for nothing along with the sale of a vessel or set net site.

While specific prices covered a somewhat wider range, the average price paid for an entry permit varied from \$750 to \$11,035, depending on the type of permit. The average prices, where sufficient sales of entry permits occurred to prevent disclosure of information on an individual transaction, are set out for each fishery in Table B.

TABLE B

Permit Sales and Prices Paid Through August 1975

<u>FISHERY</u>	<u>TOTAL NUMBER OF SALES</u>	<u>AVERAGE PRICE OF PERMIT ALONE</u>
Southeast Purse Seine	16	\$11,035
Southeast Drift Gill Net	26	\$ 9,100
Yakutat Set Gill Net	2	\$ 750
Prince William Sound Purse Seine	6	\$ 7,600
Prince William Sound Drift Gill Net	9	\$ 3,412
Cook Inlet Drift Gill Net	10	\$ 2,190
Kodiak Purse Seine	7	\$ 4,571
Bristol Bay Drift Gill Net	19	\$ 1,004
Statewide Power Troll	53	\$ 5,598

Average prices shown are for transactions of permits not sold with vessels, gear, or set net sites. Separate questionnaires were sent to each party in a transaction; the most reliable data is set forth above.

There are two reasons that price information on all 19 fisheries is not listed. Either the number of responses from a fishery was too small to avoid the disclosure of

information on individuals, or there were no transactions of permits alone.

In some fisheries the average prices at this writing may be somewhat higher, since the prices cited include all sales from the inception of the program, and healthy harvest projections for some fisheries in 1976 tend to increase permit prices in those fisheries. In other fisheries, particularly where 1976 projections are below average, the prices may tend to be lower than the average prices given.

The survey also determined that in the majority of cases where financing is necessary, permit sales are financed by the transferor of the permit, or a bank. Of the respondents 7.5 percent indicated that a processor had financed the purchase.

EFFECTS OF REDUCED GEAR LEVELS

The effect of reduced gear levels in 1975 compared to 1974 was varied. In most cases it resulted in additional fishing periods for the fishermen, although the amount of additional fishing time varied according to the strength of the salmon runs. The greatest effect was probably in the Southeast Alaska salmon fisheries, where the majority of Washington State fishermen affected by the Boldt decision would otherwise have fished.

LEGAL CHALLENGE AND INITIATIVE

The constitutionality of that portion of the limited entry law restricting the applicant pool to those individuals who participated as gear license holders at some time from 1960 to 1972 is presently being tested in the Alaska Supreme Court in Isakson, et al., v. Rickey, et. al. In the Superior Court, Judge Thomas Stewart ruled that the limited entry law was constitutional in all respects, placing considerable emphasis on the unrestricted transferability of entry permits in his decision. It is expected that the Alaska Supreme Court will rule on the case prior to the 1976 fishing seasons.

Initiative petitions to repeal the limited entry law were first circulated in the late spring of 1975. By the end of the year at least 10,000 valid signatures had been obtained, a number more than sufficient to put the question on the November general election ballot.

OPTIMUM NUMBERS AND BUYBACK

During 1975 the Commission began determining the "optimum" number of entry permits for each of the 19 salmon fisheries operating under the entry regulation system that year. Establishing an "optimum number" is necessary in order to identify those fisheries that will require a "buyback" program.

The optimum number is defined in the law as a reasonable balance of the following general factors:

1. The number of entry permits sufficient to maintain an economically healthy fishery that will result in a reasonable average rate of economic return to the fishermen participating in that fishery, considering time fished and necessary investments in vessels and gear.
2. The number of entry permits necessary to harvest the allowable commercial take of the fishery resource during all years in an orderly, efficient manner, and consistent with sound fishery management techniques.
3. The number of entry permits sufficient to avoid serious economic hardship to those currently engaged in the fishery, considering other economic opportunities reasonably available to them.

The law provides that in any fishery where the optimum number of entry permits is less than the number of entry permits in the fishery, a voluntary buyback program for the fishery will be instituted by the Commission. Under the program the Commission would enter the market for permits, and vessels and gear where necessary, as another buyer. If a fisherman chooses to sell his permit to the Commission, it would be withdrawn from the fishery permanently.

Separate programs are to be set up for each fishery requiring buyback and each program is to be funded by the permit holders in the fishery for which it is established. Funding is to come from an annual assessment of up to seven percent on the gross catch of the individual permit holders. Preliminary research indicates that an assessment rate considerably less than seven percent would be required to retire the necessary number of entry permits.

Initial research in 1975 indicates that the following fisheries may require a buyback program: The salmon drift gill net fisheries of Southeast Alaska, Prince William

Sound, Cook Inlet and Bristol Bay; and the salmon set net fisheries of Cook Inlet and Bristol Bay. It is important to note that these designations are by no means certain since necessary research has not been completed. Determinations of the optimum number of entry permits require a considerable amount of economic research by the Commission and input from Alaska Department of Fish and Game personnel. It is expected that optimum number research, using status quo assumptions as to the nature of the fisheries, will be finished by the end of calendar 1976.

Proposals currently before the Legislature concerning bonding and loans to establish hatcheries could, if implemented, significantly alter the assumptions used in determining optimum numbers. One of the unknown factors that will affect such determinations for any fishery is the time required for hatcheries to yield significant results. The law specifies that any long range changes in the economic condition or biological condition of a fishery may result in changes in the optimum number of entry permits.

AYK SALMON FISHERIES

During 1975 the Commission investigated the need for entry regulation in the six commercial salmon fisheries of the Arctic-Yukon-Kuskokwim area. The investigation was prompted by significant growth trends over the last five or more years in the amount of gear in those fisheries, and by recommendations for entry regulation advanced by fisheries management biologists and fishermen.

In addition to its research, the Commission conducted a series of hearings in nine villages before proposing regulations. Administrative hearings on the proposed regulations were later conducted in nine villages. The groundwork was also laid for providing application completion assistance to those in the area who may need it. Regulations to limit entry were adopted in early 1976, after some changes as a result of public comments and Commission research.

INTERIM-USE PERMITS

Interim-use permits are issued to gear operators in those fisheries in which a regulated entry program has not been established. Their use on fish tickets allows fisheries conditions to be monitored, as well as establishing key parts of a data base that would have to be drawn upon should changed conditions indicate a need for entry regulation in the future.

The Commission issued approximately 10,000 interim-use permits in those fisheries not under entry regulation in 1975. Some interim-use permits were also issued in the 1975 fishing season in the 19 salmon fisheries under the regulation system in cases where the Commission was unable to determine if an applicant would qualify for an entry permit.

SHELLFISH STUDY GROUPS

The entry regulation law as originally introduced was designed to alleviate pressing problems in the commercial salmon fisheries of the State. During legislative consideration of the bill, all other commercial fisheries were brought under the jurisdiction of the Commercial Fisheries Entry Commission, although the law retained many features designed primarily for the salmon fisheries.

The Commission began an investigation of the need for entry regulation in the shellfish fisheries in 1975, prompted by several indications. These include: 1. the compression of fishing seasons; 2. increases in gear or in the efficiency of gear; 3. wide fluctuations in prices over the years, each price peak generally bringing with it an increase in gear; 4. the impact of season compression and price fluctuations on processing industry employment patterns; and 5. overfishing in some fisheries.

Much research needs to be completed before decisions are made concerning entry regulation for the shellfish fisheries. Since the Commission desires extensive public input, from fishermen, processors, and the general public on the question, it promoted the concept of formal study groups. These groups have a two-fold charge. They are to examine the shellfish fisheries of which they are knowledgeable to determine the need for entry regulation; and, recognizing the salmon fishery orientation of the present law, they are to make recommendations for the best form of entry regulation for any shellfish fishery that may need it.

An initial study group was formed by the Fish and Game Advisory Board in Kodiak to examine the shellfish fisheries of that area and to make recommendations to the Commission. Similar groups are in the process of formation in other areas.

These groups are in the position to play a critical role in determining the need for entry regulation in the shellfish fisheries of the State, and the manner in which it

should be done. The Commission has provided considerable research support and will continue to do so. Extensive public involvement and necessary research are two keys to making the best decisions concerning the shellfish fisheries of Alaska.

LEGISLATIVE RECOMMENDATIONS

The Commission has no legislative recommendations for the current session of the Legislature, although it is available to provide comment on any matter the Legislature wishes. Depending on the outcome of shellfish study group work, research, and fisheries developments, legislative recommendations concerning the shellfish fisheries and perhaps other fisheries may be offered next year.

ACKNOWLEDGEMENTS

The Commission could not operate effectively without the cooperation and assistance of a number of departments, agencies, and individuals, all of whose services in gaining information and insight are appreciated.

Most important, the Commission appreciates the general high level of cooperation and understanding from the thousands of commercial fishermen who have provided information and borne with us during the transition to regulated entry in some of Alaska's most important commercial fisheries.

1976 Annual Report

Commercial Fisheries Entry Commission

