

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982

1656 SJ BRISTOL BAY HEARINGS - SB 3

### King Salmon

The expected strong return of king salmon did not materialize, although the commercial harvest of 96,000 was nearly equal to the long-term average catch of 104,000 (Table 2). The Nushagak district, which has produced over 75% of the area harvest in the past, saw 64,000 taken commercially. The escapement into this district's extensive freshwater drainage amounted to 141,000 fish, the highest ever recorded.

A significant increase in early season fishing effort took place in Nushagak district in 1980. Closure of the herring fishery, the likelihood of a late start on the sockeye run due to unresolved prices, and the prospects of a good run were all important in persuading many fishermen to engage in the early king fishery.

After a nine-day early season closure, the Nushagak king escapement indices had improved enough to allow additional fishing time. However, due to the unresolved price situation and the likelihood of high incidental catches of other species, virtually the entire fishing fleet elected not to participate in the open fishing period scheduled to begin on June 25.

The Togiak district king run was average in every respect. The commercial harvest of 12,000 and escapement of 12,000 was nearly equal to the long-term average catch (13,000) and escapement (16,000).

### Chum Salmon

The area chum salmon harvest of 1.4 million fish was nearly triple the long-term average and the third largest catch ever made (Table 2). The Nushagak district accounted for over 55% of the total harvest. The chum harvest in the Togiak district of 307,000 was the largest ever made and just slightly above the previous record set during the 1978 season, while the Nushagak chum harvest of 782,000 fish was the fourth largest for this district.

Chum escapements in both major districts were record or near record highs. The Nushagak district escapement of 1.1 million was almost twice the

previous recorded high, while the 415,000 chum escapement at Togiak was the second largest.

#### Pink Salmon

Failure of pink salmon to return as expected was one of the major disappointments during the 1980 season. Bristol Bay produces significant runs of this species only during even years, and the total run this season of 6.1 million fish was well below that expected (Table 4).

The pre-season forecast for pink salmon returning to Nushagak district was set at 15.7 million, but the forecast was judged "particularly untrustworthy" because the parent escapement of 9.4 million was more than twice as large as any previous observed. The actual return to Nushagak amounted to 5.2 million fish, or about 33% of that expected. Escapement requirements were achieved or exceeded in all river systems.

#### Coho Salmon

The commercial coho harvest for all districts of 335,000 fish combined was the largest in the history of the fishery (Table 2). The previous record catch of 300,000 occurred in 1979. The Nushagak and Togiak districts accounted for 89% of the area-wide harvest and was highlighted by a catch of 148,000 fish in the Togiak district which broke the previous record of 124,000 reported last year. A sharp increase in coho harvests in recent years has been attributed to higher late season fishing effort and processing capacity; however, the run of this species was strong in all systems this season and escapements throughout the area appeared to also be large.

Aerial escapement surveys were initiated for the first time at Togiak this season in recognition of the increased late season fishing pressure. Aerial survey indices indicate that the coho escapement approximated 50 to 80,000 fish. At Nushagak, where sonar gear was used to enumerate salmon into the Nushagak River, over 130,000 coho's had escaped the fishery by August 5

when the sonar program was terminated. Only 34% of the commercial harvest had occurred by this date and the peak of the fishery took place almost two (2) weeks later. The actual coho escapement into Nushagak was probably well over 200,000 fish compared with a commercial catch of 150,000 (Table 2).

The orderly conduct of the coho fishery in the Togiak district has been a matter of numerous public complaints in the past due to illegally fishing in closed waters. This has been a recurring problem here for over 10 years and culminated in 1979 with an apparent wholesale disregard of the upriver closure by a large number of fishermen. Law enforcement coverage was intensified in 1980, and was successful in keeping the situation well in hand. There still remains several considerations in terms of the length of time and area of coverage that the enforcement program is to cover, but the experiences in 1980 proved that on-the-grounds enforcement was successful in curbing the problem.

#### SALMON PRODUCTION AND PROCESSING SUMMARY

In recognition of a potential harvest problem in Bristol Bay in 1980, brought on by both an increase in stock size and a change or shift in market emphasis, a "Fishery Harvest Planning Group" was established under the direction of the Governor's office of International Fisheries and External Affairs. This group, working throughout the winter, examined all pertinent and related data in regards to the pre-season forecast, domestic processing capacity, changes in the salmon market conditions and other factors which were associated with a potential record salmon harvest.

The concensus of this group was that the domestic industry would fall short in daily processing capacity to handle the large expected run. In recognition of this problem, the Board of Fisheries concurred and amended the foreign processor regulations in March of 1980 to allow foreign vessels to tender fish outside of State waters for processing.

In total, six (6) foreign tendering permits were issued and twelve (12) foreign tenders transported 760,000 fish to processing facilities outside of State waters.

The pre-season estimated and post-season actual domestic processing capacity directed at the 1980 sockeye/chum salmon returns is shown below:

<u>Processing Category</u>	<u>Bristol Bay Season Capacity (in millions of fish)</u>	
	<u>Estimated (%)</u>	<u>Actual (%)</u>
Canning capacity in Bristol Bay	14.5 (41)	7.9 (32)
Freezing capacity in Bristol Bay	9.6 (27)	7.2 (29)
Transport outside Bristol Bay:		
Flying	7.2 (20)	4.3 (17)
Tendering	4.1 (12)	5.7 (23)
	<u>TOTAL: 35.4</u>	<u>25.1</u>

The actual season capacity fell some 10 million fish short of the pre-season summary analysis. It was estimated that 9.6 million fish were lost to the harvest as a result of the price dispute which delayed fishing until July 3. Further post-season analysis indicates that about 3.5 million fish were lost to the harvest between July 3-13 due to down fishing time brought on by daily processing capacity limitations.

All post-season analysis shows that the "daily" estimated processing capacity of 1,630,000 fish made before the season closely approximates the actual daily capacity of 1,510,000 fish during the 1980 season.

All pre-season capacities and conversions were based on an average sockeye weight of 5.50 lbs., while the actual average weight was estimated at 5.62 lbs.

In summary then, the pre-season survey indicated that the domestic industry could handle 1.6 million per day or a season total of 35.4 million. The actual daily capacity amounted to 1.5 million, while the season total was 25.1 million, some 10 million short of the "estimated" season total.

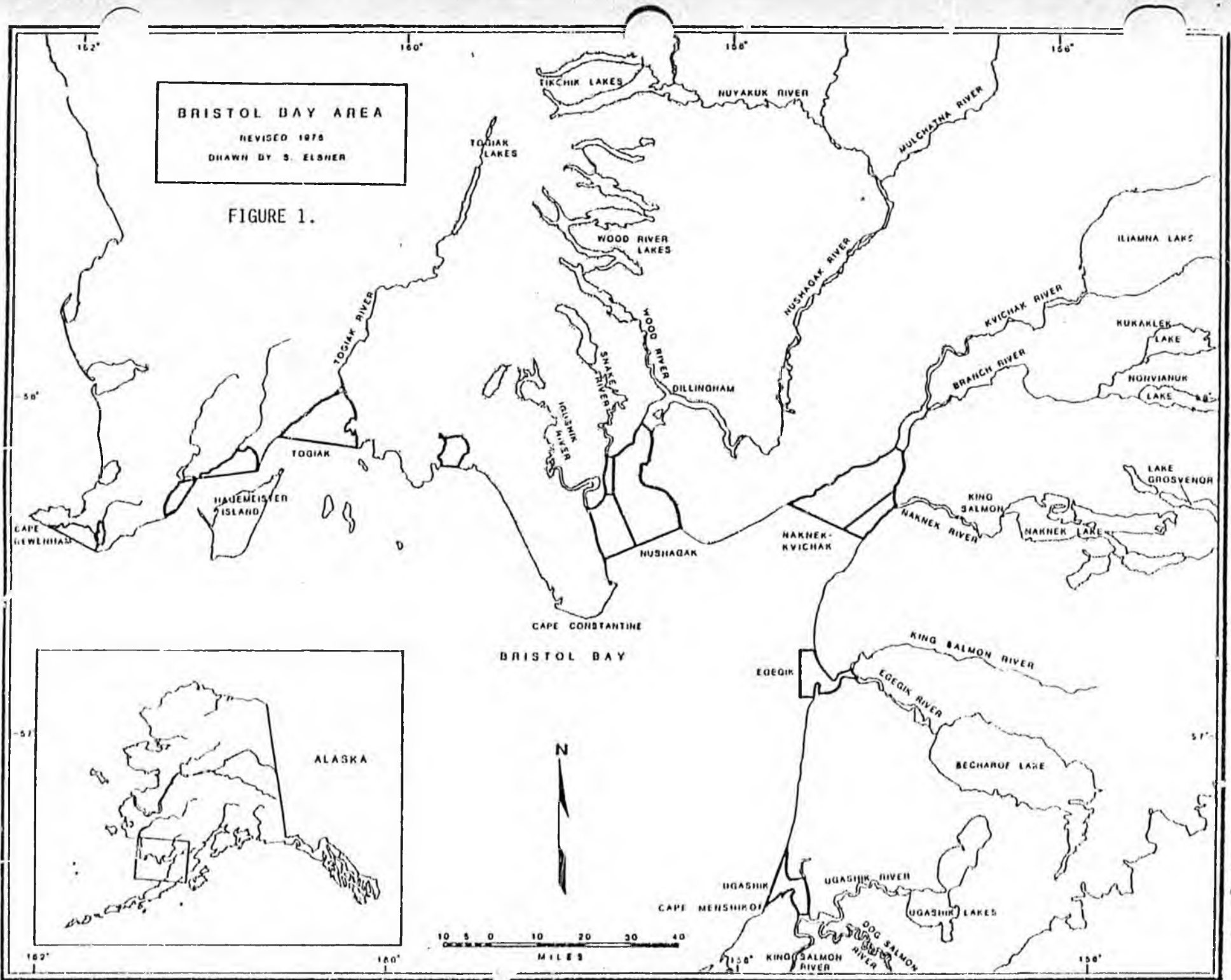
## SALMON MANAGEMENT OUTLOOK FOR 1981

The inshore sockeye salmon forecast for 1981 of 26.7 million will allow a commercial harvest of 21.2 million after escapement requirements are met. The combined sockeye escapement goals for all eleven (11) of the major river systems in Bristol Bay total 5.5 million, which is the standard post-peak escapement requirements in the year following the peak cycle year (1980).

The projected sockeye harvest of 21.2 million fish will surpass the average post-peak catch of 8.5 million by over 12 million fish. Large numbers of sockeye will be in excess of escapement requirements in all districts. Ultimate fishing time allowed in the various districts will depend upon actual run strength; however, consistent early season fishing periods will be necessary to gauge district run strength and allow the processors and fishermen adequate break-in time for an efficient operation.

Provided the run develops as anticipated, it will be imperative that early season fishing is not interrupted or delayed, or significant harvest could be lost as in 1980.

King and chum salmon returns are expected to be strong as well, producing a total harvest of 150,000 and 1.5 million, respectively. The 1981 chum return will be produced by the 1977 brood year escapements, which were the largest on record. Pink salmon returns are negligible in odd years, while coho production is expected to continue at the high levels of recent years.



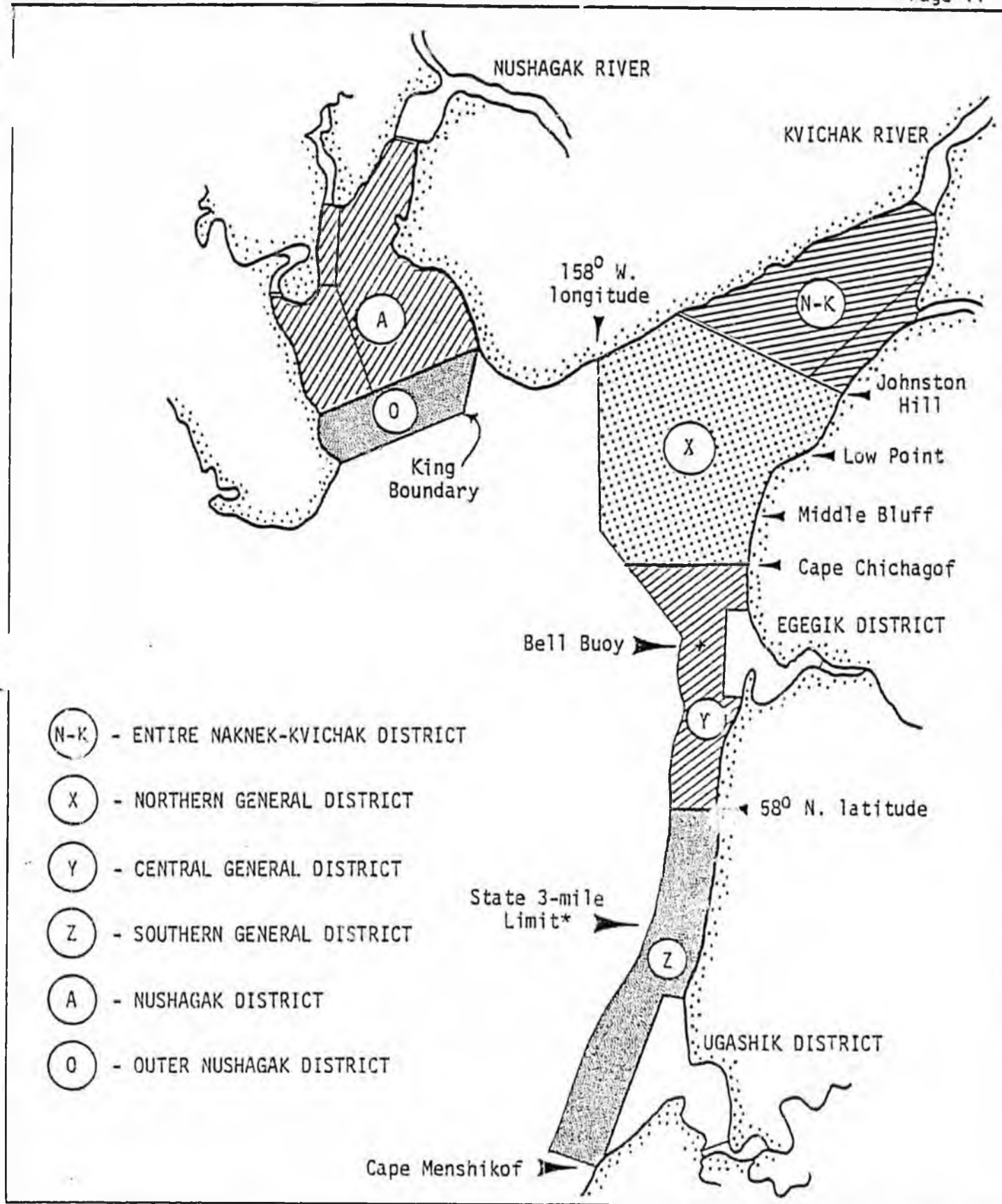


FIGURE 2. SALMON CATCH REPORTING ZONES, BRISTOL BAY

\*Western boundary of General District is limited by the State three-mile territorial zone.

Table 1. Sockeye salmon inshore catch and escapement, Bristol Bay, 1980.<sup>1/</sup>

District and River System	Sockeye Salmon (1,000's of Fish)		
	Catch	Escapement	Total Run
<u>NAKNEK-KVICHAK DISTRICT</u>			
Kvichak River	12,729	22,505	35,234
Branch River	249	298	547
Naknek River	2,146	2,645	4,791
Total	15,123	25,448	40,571
<u>EGEGIK DISTRICT</u>			
	2,613	1,061	3,674
<u>UGASHIK DISTRICT</u>			
	926	3,321	4,247
<u>NUSHAGAK DISTRICT</u>			
Wood River	1,469	2,969	4,438
Igushik River	1,068	1,988	3,056
Nuyakuk River	1,668	3,027	4,695
Nushagak-Mulchatna River	180	291	471
Snake River	18	37	54
Total	4,404	8,310	12,714
<u>TOGIAK DISTRICT</u>			
	608	572	1,180
<u>TOTAL BRISTOL BAY</u>			
	23,674	38,713	62,387

<sup>1/</sup> Catches are preliminary while escapements are final; all figures rounded to nearest thousand; General district catch pro-rated to individual river systems.

Comparison of historical sockeye salmon catch and escapement, Bristol Bay, (in thousands):

Period	Sockeye Salmon (1,000's of Fish)		
	Catch	Escapement	Total Run
1960-69 (10-Yr. Average)	8,612	10,476	19,088
1970-79 (10-Yr. Average)	8,182	9,770	17,952
1960-79 (20-Yr. Average)	8,397	10,123	18,520
1975	4,899	19,333	24,232
1976	5,619	5,920	11,539
1977	4,878	4,814	9,692
1978	9,896	9,983	19,879
1979	21,958	18,465	40,423
1980	23,674	38,713	62,387

Table 2. Commercial inshore catch by district and species, Bristol Bay, 1980.<sup>1/</sup>

District	Catch by Species (1,000's of Fish)					Total
	Sockeye	King	Chum	Pink	Coho	
Naknek-Kvichak	15,123	7	184	267	8	15,589
Egegik	2,613	5	71	3	20	2,712
Ugashik	926	5	34	+	9	974
Nushagak	4,404	64	782	2,311	150	7,711
Togiak	608	12	307	70	148	1,145
Total <sup>2/</sup>	23,674	96	1,405	2,650	335	28,160

<sup>1/</sup> Preliminary.

<sup>2/</sup> Due to rounding, the totals may not equal the sum of the district catches.

Comparison of historical commercial catch by species, Bristol Bay:

Period	Catch by Species (1,000's of Fish)					Total
	Sockeye	King	Chum	Pink <sup>1/</sup>	Coho	
1960-69 (10-Yr. Av.)	8,612	102	577	1,439	42	10,772
1970-79 (10-Yr. Av.)	8,182	106	844	1,550	70	10,750
1960-79 (20-Yr. Av.)	8,397	104	711	1,494	56	10,761
75	4,899	30	325	+	46	5,301
76	5,619	96	1,329	1,037	27	8,108
77	4,878	131	1,598	5	107	6,718
78	9,896	175	1,166	5,187	82	16,505
79	21,958	202	930	2	300	23,393
1980	23,674	96	1,405	2,650	335	28,160

<sup>1/</sup> Includes only even-numbered years.

Table 3. Bristol Bay sockeye salmon escapements by river system compared with escapement ranges and goals, 1980.

River System	Escapement (in 1,000's of Fish)			
	Actual	Goal	Management Range	Actual/Goal
Kvichak	22,505	14,000	12,000-16,000	1.61
Branch	298	185	170- 200	1.61
Naknek	2,645	800	700- 900	3.31
Egegik	1,061	600	500- 700	1.77
Ugashik	3,321	500	400- 600	6.64
Wood	2,969	800	600- 1,000	3.71
Igushik	1,988	150	100- 200	13.25
Nuyakuk	3,027	250	200- 300	12.11
Nushagak-Mulchatna	291	40	30- 50	7.28
Snake	37	30	20- 40	1.23
Togiak	462	100	80- 120	4.62
Total	38,713 <sup>1/</sup>	17,455	14,800-20,110	2.22

<sup>1/</sup> Total Bristol Bay escapement includes aerial survey estimates in several minor sockeye systems.

Table 4. Pink salmon inshore catch and escapement, Bristol Bay, 1980.<sup>1/</sup> Page 15

District and River System	Pink Salmon (1,000's of Fish)		
	Catch	Escapement	Total Run
<u>NAKNEK-KVICHAK DISTRICT</u>			
Kvichak River		25	
Branch River		242	
Naknek River		160	
Total	267	427	694
<u>EGEGIK DISTRICT</u>	3	-	3
<u>UGASHIK DISTRICT</u>	+	-	+
<u>NUSHAGAK DISTRICT</u>			
Wood River		28	
Igushik River		4	
Nuyakuk River <sup>2/</sup>		2,627	
Nuyakuk River <sup>3/</sup>		90	
Nushagak River		123	
Mulchatna River		-	
Snake River		1	
Total	2,311	2,872	5,184
<u>TOGIK DISTRICT</u>	70	103	173
<u>TOTAL BRISTOL BAY</u>	2,650	3,402	6,052

1/ All figures are preliminary.

2/ Up-river from the counting station.

3/ Down-river from the counting station.

Comparison of Bristol Bay pink salmon inshore catch and escapement in recent years (in 1,000's of fish).<sup>4/</sup>

Period	Catch	Pink Salmon	
		Escapement <sup>2/</sup>	Total Run
1960-68 (5-Yr. Average)	1,439	1,041	2,480
1970-78 (5-Yr. Average)	1,549	2,746	4,295
1960-80 (10-Yr. Average)	1,599	2,030	3,629
1958	1,136	4,000	5,136
60	302	146	448
62	914	543	1,457
64	1,550	911	2,461
66	2,493	1,442	3,935
68	1,936	2,161	4,097
1970	457	153	610
72	127	59	186
74	940	986	1,926
76	1,037	1,040	2,077
78	5,187	11,492	16,679
1980	2,650	3,402	6,052

4/ Even years only.

5/ Nushagak only through 1972, Naknek-Kvichak included in 1974-80, and Togiak included in 1976-80.

Table 5. Total salmon catch by date and district, Bristol Bay, 1980.

Date	Salmon Catch by Day (in 1,000's of Fish)						Total Daily
	Naknek-Kvichak	Egegik	Uqashik	General	Nushagak	Togiak	
June 29	71	29	14	16	0	0	130
30	81	80	7	36	0	0	204
July 1	180	99	5	68	0	0	352
2	182	103	8	50	0	0	343
3	1,152	248	16	93	549	13	2,071
4	1,367	228	6	99	255	62	2,017
5	1,758	101	8	92	536	31	2,526
6	1,648	151	17	130	474	7	2,427
7	1,569	176	37	134	429	23	2,368
8	824	127	39	127	433	32	1,582
9	876	175	59	161	550	30	1,851
10	860	181	71	124	278	52	1,566
11	1,053	149	22	113	564	25	1,906
12	992	140	76	70	51	58	1,387
13	260	160	88	37	260	15	820
14	299	51	130	28	194	39	741
15	206	27	108	13	122	54	530
Season Total	14,390	2,505	907	1,508	7,711	1,145	28,160



# UNITED FISHERMEN OF ALASKA

MAILING ADDRESS & OFFICE

197 SOUTH FRANKLIN ST  
JUNEAU ALASKA 99801  
907 586-2820

RECEIVED

MAY 11 1981

Rodger Painter  
Executive Director

May 8, 1981

Honorable Ed Dankworth  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Dankworth:

The United Fishermen of Alaska, which represents 17 fishing organizations and another 1,200 individual commercial fishermen, is very concerned about the potential loss of the fisheries development programs of the State of Alaska. We respectfully request the Senate Finance Committee to consider inclusion in the FY 1982 capital budget of the \$669,000 in projects proposed by the Office of Commercial Fisheries Development (Department of Commerce and Economic Development).

Although many commercial fishermen agree with some of the criticism that has been leveled at the state's past bottomfish development program, we think it would be a major mistake to allow the program to die at this point in time. The long-awaited development of a domestic offshore fishery in Alaska is finally beginning to happen in a very big way, but resident, small boat fishermen and other Alaskans aren't the ones reaping the lion's share of the benefits. Consider these statistics supplied by the Alaska Department of Fish and Game:

The domestic catch of groundfish in Alaska has gone from 5.1 million pounds in 1977 to 105.2 million pounds in 1980. But, 83.2 million pounds of the 1980 total was accounted for by joint ventures between large fishing vessels based in the lower-48 and foreign factory ships.

The resident-oriented, shore based Gulf of Alaska groundfish fishery has gone from 5.1 million pounds in 1977 to 13.5 million pounds in 1980.

The programs requested by the Office of Commercial Fisheries Development (see attachment #1) are aimed at helping Alaska capture a bigger piece of the bottomfish development action. Of particular concern to fishermen's groups are the marketing and "hands-on" technical assistance projects.

The dilemma faced by the small boat fishermen in Alaska's most developed offshore fishery--sablefish--is a good illustration of the need for these programs. The Gulf of Alaska domestic sablefish catch was only 1.8 million pounds in 1977, but it climbed to 5.1 million pounds within two years

with high prices and large demands from Japanese buyers. This allowed the Sitka-based resident dominated longline fleet to make an excellent case for cutting back foreign sablefish catches in the Gulf of Alaska.

The crash of the Japanese markets in 1979 sent prices tumbling from about 90 cents per pound to 35-40 cents. When combined with high fuel costs, these low prices forced many of the longliners to quit fishing in 1980 after losing thousands of dollars a trip. The result was a drop in the domestic harvest of sablefish in the Gulf of Alaska in 1980 to 3.4 million pounds.

As you know, the 200-mile limit legislation allocates fish unharvested by domestic fishermen to foreign fleets. This slide backwards by the sablefish fleet puts the Japanese in the position of regaining lost allocations, which would have the effect of increasing competition for Alaska processed sablefish in the only existing market --Japan.

The upshot of this situation is that the Sitka-based Alaska Longline Fishermen's Association has initiated a marketing project aimed at creating West Coast markets for extremely high quality fresh and frozen sablefish products. This well-crafted proposal (attachment #2) has received tentative funding approval from the federal government; the missing component is state support. The budget proposed by the Office of Commercial Fisheries Development would provide funds that could be applied to this project and other similar efforts by enterprising fishermen to do something about the disastrous marketing problems plaguing Alaska's seafood industry.

When it became apparent that the fisheries development budget was in trouble, the UFA arranged a meeting between program director Kay Poland and interested legislators. As a result of those meetings, the attached explanation of the proposed budget was developed. It was clear consensus of the group of legislators and the UFA that the original proposed budget should be modified to shift emphasis from strictly bottomfish development to support of other fisheries--such as salmon--facing tough marketing problems.

The enclosed report of the special Senate Judiciary hearing Committee on Bristol Bay underscores the need (see attachment # recommendation #2) for developing plans for ongoing reporting by the State of Alaska on markets for all seafood products. As indicated in the final page of the budget explanation from the Office of Commercial Fisheries Development, this suggestion has the support of the Hammond Administration.

The UFA strongly endorses the suggested shifting of funding to craft model market reporting systems for all seafood products. If the Senate Finance Committee sees fit to support this vital project, the UFA respectfully requests inclusion of language directing the Office of Commercial Fisheries Development to study a model for an ongoing wholesale price index for canned salmon now handled by the Department of Revenue.

I would like to extend the UFA's apologies for the lateness of this request, but we did not recognize the extent of the dissatisfaction by legislators

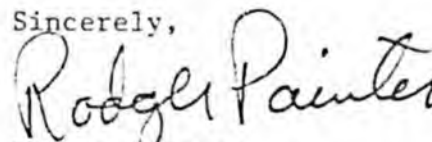
Senator Dankworth:

May 8, 1981

Page 3

with the Department of Commerce's fisheries development until it was almost too late. Thanks for considering this request. I am available at your convenience to discuss these matters.

Sincerely,



Rodger Painter

c.c. Senate Finance Committee members  
Senator Jay Kerttula  
Senator Pat Rodey

Enc. (3)

RP/1a

# STATE OF ALASKA

Attachment #1

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF ECONOMIC ENTERPRISE  
OFFICE OF COMMERCIAL FISHERIES DEVELOPMENT

POUCH EE  
JUNEAU, ALASKA 99811  
PHONE: 465-2018

May 6, 1981

Mr. Roger Painter  
United Fishermen of Alaska  
P. O. Box 1352  
Juneau, Alaska 99801

Dear Roger:

For your information, I have outlined below those projects contained in the bottom fish budget which are to be administered by the Department of Commerce & Economic Development.

### Fresh Fish Marketing - \$150,000

Fresh fish is generally better and more valuable than frozen. Initial sales of fresh Alaska fish have met good consumer acceptance. In some cases, market response has been highly enthusiastic. Fresh sales offer several special advantages which are suited to small processors and fishermen selling direct: quick turnover of capital, reduced requirement for production facilities, higher prices, independence from established distribution system, ability to handle small volumes and so on. However, there are also special problems: high cost and unreliability of transportation, short storage and shelf life, outlets that are unfamiliar with Alaska products and tight scheduling requirements.

This project is designed to support the production, distribution and sales of fresh Alaska bottom fish in the U.S. (however, the same patterns of operation are applicable to salmon and other species). The idea is to work with an Alaska fishermen's group and/or local processor to develop market outlets, production schedules, packaging and chilling techniques, transportation connections, accounting procedures and undertake effective sales promotion (the funds budgeted might be adequate to undertake two independent operations). We would begin with a small amount of product and, with experience, build to increasingly higher volumes. The objectives of the project are to provide, through good record keeping and reporting, a model that other producers can use, identify and attempt to control specific elements of risk and stimulate the market generally through actual sales.

Outlets capable of handling fresh seafood and doing a good sales job are often not those that have used Alaska fish in the past. Much of the time

and effort involved here will be devoted to identification of new markets and working with people to arrange details of shipment, handling and promotion.

While this project was developed independently, it has most of the same goals as a black cod marketing project submitted recently to the National Marine Fisheries Service by the Alaska Fisheries Development Foundation. If that federal project is approved, some State participation will be necessary to finance a program of sufficient magnitude to achieve the best result. Funds provided through this project might logically be used to supplement the federal and industry contribution.

#### By-product Utilization - \$115,000

Complete utilization is a key to successful bottom fish development in Alaska. Domestic processors are trying to compete with foreign imports of fillets and fillet blocks in the marketplace. Currently, our processors amortize production costs using only the income generated from a typical 25 percent yield of fillets. On the other hand, a Japanese producer will sell the fillet, reclaim another 25 percent as minced fish for surimi and reduce the remainder to fish meal for animal feed.

This project addresses the utilization of minced fish for human consumption. Essentially, all edible portions of a fish can be recovered through the use of available bone separating equipment. Not only can these procedures be used to salvage edible portions normally wasted (by domestic processors), but the system is also capable of handling whole fish too small or large for automatic filleting machinery and those fish received in volumes which exceed filleting capacity. A useful result is that, since less material is wasted, disposal problems are correspondingly reduced.

The bulk of Bering Sea pollock (an important example) are very small and yield a marginal fillet. These small fish can be economically minced. The quality of surimi produced from minced Bering Sea pollock is high and is valued in Japan about the same as fillet block (yet yield is double). Japanese technology, consumer demand and market discrimination for surimi based products are well developed.

Much of the technology is available for producing lines of fabricated, smoked and breaded processed products from a minced fish base suitable for the U.S. market. The National Marine Fisheries Service has for several years promoted the use of minced fish in processed meat products (hotdogs, bologna) to increase protein and reduce fat. By now, most people are aware of imitation crab legs made in Japan from Alaska pollock currently selling at Safeway in Seattle at \$5.99 per pound. The potential is obvious; however, a great deal of production work and sales promotion is still necessary to introduce minced products in the U.S. in any significant way.

This project is designed to identify the kinds of minced products that would be most adaptable to major Alaska bottom fish species, the specific methods and equipment necessary for production, and to begin or continue test marketing of one or two products (however, the same patterns of operation are applicable to salmon and other species).

1. Identify and characterize as many products as possible actually being manufactured or developed in the laboratory which might use the minced flesh of major Alaska bottom fish species as a base and hold promise for further commercial development by Alaska processors (including surimi).
2. For those minced products which seem to offer particularly good potential, describe in detail the methods and equipment necessary for commercial production (including surimi).
3. Describe in detail the production and marketing of surimi in Japan and other Asiatic countries. Explain current Japanese import restrictions on surimi and other minced products.
4. For those one or two products which seem to offer the most promise for commercial development, establish or help to expand an existing test marketing program. Use minced flesh from one or two major bottom fish species, prepare an adequate sample and in a controlled program, gauge typical consumer reaction to the product. Record production costs and procedures.
5. Prepare a public report describing the results of the investigations and test marketing programs.

Whitefish Market Support - \$100,000

This project was originally planned to provide market support for conventional whitefish products produced as a part of a model whitefish demonstration project undertaken by the Alaska Fisheries Development Foundation and Alaska Food Company. That project has been withdrawn (at least temporarily).

The objective is to insure that the first conventional Alaska whitefish products (IQF fillets, fillet blocks, fillet shatterpacks) going to market receive considerable trade attention. Alaska cod, pollock and other species do not have an established reputation in the U.S. The quality of imported pollock blocks has been reported as inconsistent. In cooperation with Alaska producers, the Department of Commerce and Economic Development will contract with a marketing firm to conduct taste panels, prepare material for trade publications, inform food page

editors and perform other promotional work to demonstrate that domestic Alaska products are available and are of high quality and competitive with existing imports.

The Alaska Seafood Marketing Institute budget is mainly allocated to the promotion of salmon and shellfish. A relatively small portion of the budget is available for new product promotion. Funds requested here will supplement those of ASMI. The department will either contract with or coordinate closely with ASMI.

Public Information - \$104,000

This project has three parts:

1. Distribution of information of interest to the fishing industry, support and service businesses and purchasers of Alaska seafood products.
2. Maintenance and revision of planning documents.
3. Japanese seafood market news reporting and analysis.

Information Distribution: A main objective of the Office of Fisheries Development is to establish a more efficient system of responding to requests for information. Generally, this means maintaining a good library, current mailing lists and commercial contacts. The volume of inquiries being received is increasing at a rapid rate. This project allows the office to acquire, print and distribute reports of meetings and workshops, government studies and research and other useful information. Additionally, the office will contribute to the cost of educational meetings and prepare articles of current interest for newspapers and periodicals. A few examples include:

Permits, licenses and requirements to do business in Alaska - foreign import requirements.

Sources of financing, development of financial packages and business strategies.

Alaska firms able to supply seafood products and firms looking for sources of supply.

Suppliers of plant equipment and fishing gear.

Processing techniques, new developments in packaging, product storage and handling.

Data concerning operating costs, conversion rates, industry employment, production figures and so on.

Planning Documents: As part of the public information process the government must define and explain its policies, goals and activities. By maintaining a good development planning process, Alaskans can have a way to influence the direction of fisheries development before action is taken. Businesses benefit by knowing what to expect from government.

This part of the project is intended to update and improve the quality of the State plan and seek broader industry and public involvement in the planning process. Also, related federal and local plans will be printed and distributed.

Market News Reporting and Analysis: About half of Alaska's fisheries production is exported to Japan (on the order of \$600 million annually). Yet few Alaskans, especially fishermen, fishermen's associations and smaller locally owned processors, have a good working knowledge of the Japanese market. This part of the public information project is designed to encourage and assist the Alaska State office in Tokyo, the American Embassy in Tokyo, Japanese industry organizations and the National Marine Fisheries Service to cooperate in the establishment of a daily or weekly routine system of market news reporting and periodic analysis of trends and events that affect North Pacific seafood products.

The Federal Government presently reports some market information from Japan, the U.S. Commercial Office has a statutory responsibility to increase marketing services and Japanese industry associations are increasingly willing to cooperate. These factors can be coordinated to structure a useful, consistent reporting service, hopefully without a need for continuing State financial support. The Alaska State office will be asked to provide or arrange for industry and market analysis at specific times of the year, such as prior to the salmon season and prior to the crab season. At this point in time, special work in the area of surimi, fabricated products, joint venture plans and other intelligence has particular application to bottom fish producers.

In order to justify a system that will be useful to bottom fish producers, it will be necessary to encompass all Alaska species. The universe of subscribers to the service must be as large as possible.

#### Contingency Plan - \$200,000

The bottom fish program encompasses many projects and the Fisheries Development Office cooperates with a number of organizations external to line agencies (AFDF, NMFS, ASMI, U of A). These funds allow the State to contribute to projects developed by other organizations and in many instances leverage federal dollars.

The bottom fish industry is beginning to develop rapidly. A substantial contingency fund allows the program to remain responsive to needs not now evident. For example, salt cod production was not considered viable a year ago, now there is considerable interest and contingency funds have been used to sponsor educational workshops in Anchorage and Sand Point. An extremely swift movement of fishermen toward direct sales of fresh products has strained the State's ability to provide critical support (travel assistance, point of sales brochures, sales contacts, organizational advice). Black cod prices have fallen to about one half of last year's level. Fishing now is only marginally profitable, if at all. Contingency funds could be used to support quality improvement or direct sales activities to influence price or at least provide fishermen with a clear explanation of the problem.

Fishermen and processors in all parts of the State are engaged in developing new fisheries, innovative handling and storage techniques, plant and vessel improvements and so on. These projects are continually evolving and some have far reaching implications. In some situations, practical expert assistance or other support can help reach a successful result. Such assistance would be financed by the contingency fund.

#### Recommended Modifications

In discussions with legislators and industry representatives, it has become apparent that there is a strong interest in the development of a better Japanese market news reporting service, especially one that encompasses species other than bottom fish. The project outlined above is oriented in that way, but the budget emphasis is quite low. At the same time, the AFDF model whitefish demonstration project has been recently withdrawn and enabling legislation for ASMI is receiving good support. The whitefish marketing project has become less critical, especially if ASMI can assume a greater role. We feel that funds would be better applied by shifting \$75,000 from whitefish market support to public information for the purpose of putting more effort into Japanese market reporting and analysis.

I hope this will help to better explain our program. If we can provide any further material, please advise.

Regards,

*Kay Poland by Jani Dalton*

Kay Poland, Director  
Office of Commercial Fisheries  
Development

TEST MARKETING PROJECT

FOR

SABLEFISH

AND

OTHER BOTTOMFISH

A Proposal  
to

Alaska Fisheries Development Foundation, Inc.

by

THE ALASKA LONGLINE FISHERMEN'S ASSOCIATION  
(ALFA)

February 1981

# A PROPOSAL: TEST MARKETING PROJECT FOR SABLEFISH AND OTHER BOTTOMFISH

## 1.0 PROJECT SUMMARY

The Alaska Longline Fishermen's Association (ALFA) proposes to undertake a test marketing project for sablefish and other bottomfish by supplying fresh and fresh/frozen samples of smoked black cod (sablefish) and other species to select prospective domestic buyers. This project will involve the participation by the State of Alaska, Alaska Seafood Marketing Institute, and a consulting firm experienced in the handling and marketing of fish. ALFA will oversee the project and provide the direct interface with the longline fishermen and other project participants. Harvesting of the fish will occur in southeastern Alaska waters.

## 2.0 PROJECT OBJECTIVES

- a. To promote the sale of sablefish and other whitefish for human consumption in the U.S. market through select national retail chain stores, restaurants, hotels, and airlines. This will be accomplished through a well-planned program of market research, product development, quality improvement and sales promotion.
- b. To test and evaluate fish quality control methods to ensure a high quality product from the harvest point to the consumer.
- c. To develop nutritional and educational materials pertaining to high quality longline-caught sablefish and other species, such as red snapper, Pacific cod, and other rockfishes.
- d. To provide samples of product, smoked and in other forms, to potential buyers.
- e. To develop recipes utilizing the various longline species mentioned above.
- f. To conduct a limited public relations and advertising campaign emphasizing point-of-sale materials.

## 3.0 NEED FOR THE PROJECT

Alaska sablefish and other bottomfisheries offer potential economic and human nutritional benefits if markets are developed to utilize the catch. There are many unknown and known barriers in the marketplace that inhibit the development of a healthy bottomfish industry. The lack of appropriate information available to retailers and consumers about the packaging, display, care and cooking of sablefish and other bottomfish requires promotional attention in order to develop a secure market. Fish handlers and transporters must be familiar with the special needs

of these species in order to deliver a high quality product to the consumer. The fishermen and dockside packers must adhere to quality control techniques to ensure high quality fish. The critical steps in the catching, freezing, packing, delivery, and sales of the fish must be identified and controlled to realize a successful marketing strategy.

#### 4.0 APPROPRIATENESS AND NEED FOR STATE FINANCIAL ASSISTANCE

The potential for the Alaska longline fishermen to contribute to the state's economy by marketing underutilized fish is substantial and, when developed, the industry will in large measure help to strengthen the overall fishing economy in the state. The southeast Alaska longline fishery for sablefish is one of the principle efforts in the U.S. domestic fishery for bottomfish. The domestic sablefish industry was unimportant until 1935, when the catch began to increase. The peak domestic year was 1946, when slightly more than 2,800 metric tons were landed. By the 1960's and early 1970's, catch had fallen to less than 1,000 metric tons, recovering to about 1,400 metric tons in 1978, with nearly all of the catch occurring in southeast Alaska. Virtually all of the domestic catch goes into the fresh and frozen trade, and the majority of this product is marketed in Japan. State assistance in financing this project will help to strengthen the U.S. market and provide ALFA with much needed assistance in promoting the sale of all longline products.

The Alaska Department of Commerce and Economic Development has demonstrated an interest in this project, as it would contribute substantially to the development of a nearshore fishery in local southeast Alaska communities. In addition, the project would augment various other state efforts to develop the bottomfish industry, such as the Mustad autoline demonstration project and other planned gear demonstrations. Without sufficient markets for Alaska whitefish, projects aimed at improving harvesting and processing capability are of little value.

#### 5.0 PARTICIPATION BY NONGOVERNMENT ENTITIES

A number of public and private entities will be affected by the results of this project, and many will be able to contribute in productive ways. The Alaska Seafood Marketing Institute (ASMI) can assist with market research and product development and in planning a promotion program. The Halibut Producers Cooperative (HPC) can also assist with the quality control and product handling techniques. These interests will be invited to participate in the project as appropriate by direct contact by the ALFA project manager.

The services of an advertising agency will be solicited to assist ALFA with the targeting of markets and marketing strategies. The consultant will also assist with the shipment of the fish to markets and in the preparation of project reports.

6.0 PROJECT WORK TASKS

The following tasks constitute the basic work elements for the project.

6.1 TASK I - PROJECT SUPPORT COORDINATION AND CONSULTANT SELECTION

This task will require contacting all participating entities and soliciting commitments for support of the project. Support needs will be outlined by ALFA and written commitments will be obtained from participating entities.

A list of qualified advertising agencies will be compiled and bids will be solicited for consulting services.

A list of qualified accounting firms will be compiled and bids will be solicited for accounting services.

6.2 TASK II - MARKET RESEARCH AND DEVELOPMENT OF TEST MARKET STRATEGY

The first step will be to conduct a limited market research program to locate appropriate target markets for the test marketing project and to determine what specific product forms should be tested. This research will be conducted by the advertising agency in coordination with the ALFA project manager. All project participants will be contacted for their input in the development of the marketing program. Wholesalers, retailers and restaurant suppliers will be contacted in the market research effort, and processors and seafood product development specialists will be utilized to develop appropriate product forms for the test program. ALFA and the consultant will work with the participating agencies to locate the test markets and develop pricing and supply schedules.

6.3 TASK III - PRODUCT AND RECIPE DEVELOPMENT

A qualified test kitchen will be contracted with to develop recipes for both institutional and consumer use from sablefish and other bottomfish species. These recipes will be distributed later in the project through point-of-sale materials and to restaurants and hotels.

6.4 TASK IV - CONDUCT TEST MARKETING PROGRAM

Prospective buyers will be offered supplies of fresh, frozen and smoked sablefish and other bottomfish species. Test markets will include retail food stores, restaurants, hotels, and airlines. Product samples will be offered at cost. Charges will include fish purchases, processing, handling fees, and shipping.

## 6.5 TASK V - QUALITY CONTROL METHODS

ALFA will develop and recommend quality control methods for all stages of harvesting, processing, and distribution to ensure the production of high quality fish for the test project. ALFA or their designated agent will inspect the quality of the fish as it is delivered by the vessels, select and purchase the fish needed for the test marketing program, prepare the fish for shipment, and ship it to the markets.

## 6.6 TASK VI - DELIVERY METHODS

The project manager will arrange for inspection of the fish at transshipment points to check for proper icing and condition of the fish and to further prepare the shipment for delivery to test markets.

## 6.7 TASK VII - CONDUCT LIMITED PUBLIC RELATIONS AND ADVERTISING CAMPAIGN

A qualified national public relations and advertising firm will be contracted to produce point-of-sale promotional materials and fact sheets for distributors. The materials will emphasize the quality nutritional and price value of Alaska longline caught products.

## 6.8 TASK VIII - TEST MARKET EVALUATION

ALFA and the advertising agency will evaluate the results of the test marketing program and document their findings in a report to the state.

## 6.9 TASK IX - REPORTS

ALFA will provide monthly billings and progress reports to the state, with a brief description of any problems encountered and solutions negotiated to ensure the success of the project.

ALFA will deliver a final report to the state on the results of the project, which will include findings of the study, as well as recommendations and strategies for promoting the sale of sablefish and other bottomfish species.

## 7.0 PROJECT MANAGEMENT

ALFA will be responsible for overseeing the project and coordinating the efforts of all participants. An accounting firm will be contracted by ALFA to maintain accounts of all expenditures, which will be reported to the state on a monthly basis. The Bottomfish Coordinator's office will act as the sponsor for the state and will be the recipient of reports. As such, the office will:

- approve all contracts or agreements associated with the project
- distribute all funds for the proposed project, and
- approve the final report.

The ALFA project manager will provide:

- liaison with the Bottomfish Coordinator's Office
- dissemination of results to UFA and its member organizations.

#### 8.0 PROJECT SCHEDULE

The project schedule is shown in Figure 1.

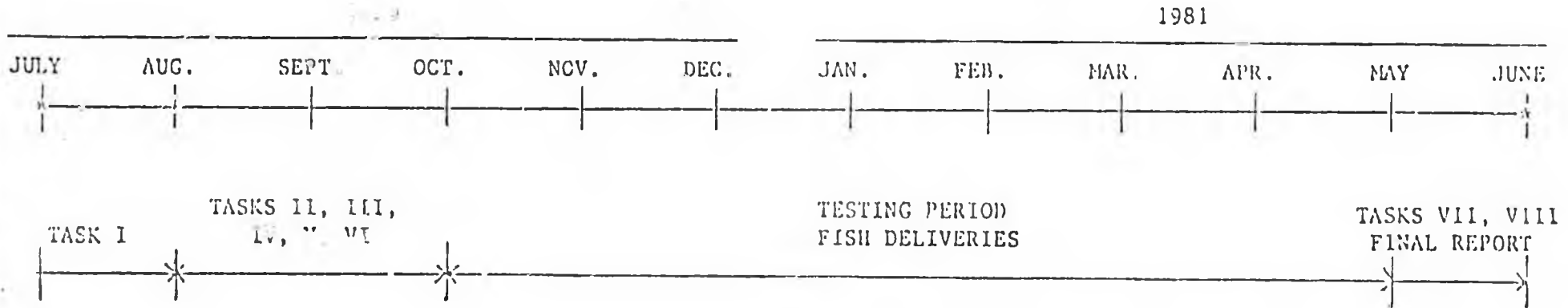
#### 9.0 PROJECT COSTS

Estimated project costs are shown in Figure 2.

Figure 1

SCHEDULE

Test Marketing Project for Sablefish and Other Bottomfish  
Alaska Longline Fisherman's Association



2/18/81... At a recent ALFA committee meeting to review this time schedule, we (ALFA) decided that until we knew what month of the year monies were to be granted, that designated times could not be tabulated. Availability of fresh black cod at certain times of the year would be one variable affecting this time schedule. Also, we felt preparation times (TASKS I-V) might vary somewhat from those listed above.

## Figure 2

## PROJECT COST ESTIMATE

Test Marketing Project For Sablefish and Other Bottomfish  
Alaska Longline Fishermen's Association

<u>WORK ELEMENT</u>	<u>COST ESTIMATE</u>
Salaries (Project Manager).....	\$ 18,000
Accounting Services.....	10,000
Project office.....	3,500
Fish Purchases (Approximately 35,000 @ 53....	18,550
Smoking and Other Processing.....	20,000
Freight.....	20,000
Travel for Project Manager and Fishermen.....	10,000
Product Development (Test Kitchen, Quality Control Technician).....	10,000
Public Relations and Advertising.....	150,000
Phone, Postage.....	3,000
Miscellaneous.....	2,000
	<hr/>
TOTAL ESTIMATED PROJECT BUDGET..	\$ 265,050

A special Senate Judiciary Hearing Committee was formed in late February to conduct a series of hearings on the Bristol Bay salmon fisheries and to report to the Senate its recommendations for both legislative and executive action.

Initially these hearings were to focus on two aspects of the Bristol Bay fishery: the State's role in the negotiating process and the public safety concerns related to the settlement of fish price negotiations. Hearings were conducted in Dillingham, and Naknek, with additional hearings in Juneau. The Governor's Bristol Bay Task Force was present at the Dillingham and Naknek hearings. Task Force Chairman Av Gross and Department of Public Safety Commissioner William Nix attended one of the Juneau hearings. (A copy of the Task Force Report is attached to this report.)

The following recommendations are drawn from the testimony of nearly 50 individuals at the three hearings. While the original concerns of the Hearing Committee were the State's role in the negotiating process and in maintaining public safety, it quickly became apparent that a broader approach to meeting Bristol Bay's needs was required to be effective. As the Governor's Task Force report states, much of the stress occurring in Bristol Bay is due to the changing nature of the fishery and the marketing structure. Because the end result of this evolution in the fishing industry is not known, State policies toward the Bristol Bay fishery should neither artificially restrict that change, nor force the adoption of any "new" system.

The recommendations of this report are organized under four topics: Market Study, the Changing Nature of the Bristol Bay Fishery, Capital Improvements and Public Safety. These recommendations provide a coordinated policy approach to Bristol Bay and, ultimately, to the changing nature of the domestic fishing industry Statewide, while maintaining a general concern for public safety and individual rights.

Market Study

Most of those testifying before the Committee recommended that the State fund an objective marketing study. People thought that such a study would allow fishermen to negotiate on a more equal footing with the processors, and would be of most benefit to the majority of Bristol Bay fishermen who regularly fish for the large, established processors. This market study would at a minimum analyze the market for salmon, wholesale prices and trends, effect of pack sizes on prices, and changes in the costs to fishermen and processors

in producing their products. The result would be a recommended range of ex-vessel prices that could be paid for salmon, by type of product (fresh, frozen, canned). Alternative types of price settlements mentioned during the hearings, such as price indexing, percentage of wholesale price and sliding scale agreements should also be considered.

This market price study, as brought out in public testimony, is actually needed in all Alaskan fisheries. The Bristol Bay study could be the first step in the development of an understanding of market conditions related to each of the fisheries in Alaska. In the long run, it is necessary for both the State and the domestic industry to understand the nature of markets for bottomfish, general fish products (fish meal, fish sticks, etc.), crab and herring as well as salmon. With this knowledge, the State is in a better position to create programs to effectively involve Alaska, and Alaskans, in the utilization of the State's fishery resources.

The Governor's Bristol Bay Task Force has announced that the Department of Commerce and Economic Development will have a Bristol Bay market study done by May 15, 1981. The study is to describe the actual inventories, sales, processes and final destination of Bristol Bay red salmon; identify firms and describe the structure used in marketing and distributing these products; describe processing done after the salmon leave Alaska; describe existing demand for Bristol Bay salmon, including sales promotion efforts; relate demand to alternate sources of salmon; explain how prices are set for Bristol Bay salmon, including the effect of financing mechanisms and production costs; and present an analysis of market demand, identifying a range of wholesale prices related to different levels of salmon catch.

#### Recommendation No. 1

Legislative support for the Department of Commerce and Economic Development's market study needs to be shown. Although the time frame for the current study is extremely short, the approach taken by DCED should provide a comprehensive picture of the existing Bristol Bay marketing structure and alternative types of price settlement.

#### Recommendation No. 2

Direct the Governor to prepare a plan for developing line agency capability to develop a similar understanding of the market system and market potential for all Alaskan fisheries. The plan for achieving this ongoing market analysis should be presented to the Legislature in January of 1982.

### Changing Structure of the Bristol Bay Fishery

Several individuals testified as to the changing nature of the fishing industry in Bristol Bay. There appears to be a general feeling that much of the tension in the Bristol Bay fishery is actually due to this change in the structure of the industry. One component of this change is the desire by many local fishermen to develop a new, locally controlled means of marketing their fish as an alternative to the established processing plants. At the same time, most fishermen in Bristol Bay are linked closely to those large processors; cannery fishermen enjoy the benefits of credit, boat storage, ready access to supplies and other benefits in exchange for fishing only for a single processor. Fishermen who violate this unwritten agreement by selling their fish for a higher price to a different processor often find themselves both without a regular buyer and without the benefits of a canner/ fisherman.

Fishermen may be unable to actually find markets or make connections with representatives of markets that might otherwise purchase their fish. It was reported to the Committee that there are currently an estimated 125 fishermen who have no markets for their fish. Other fishermen who do manage to organize and find potential markets for their fish outside of the established system report an inability to get their operations "off the ground," due to a lack of front end financing.

In addition, a number of those that testified thought that present State programs involved in fisheries, such as the Alaska Renewable Resources Corporation (ARRC), the Commercial Fishing and Agriculture Bank (CFAB) and the pack loan program, did not provide support for new marketing/processing operations. While some people thought that these State programs were purposefully oriented toward the existing processors, others felt that the inability to use State programs to develop new or expanded processing activities by domestic organizations was a result of unclear policy directions to those programs.

A number of very specific changes in existing State programs were suggested during the hearings. These suggestions ranged from requiring ARRC loans to be made only to wholly-owned Alaskan firms on one hand, to requiring processors to sign a price settlement with fishermen in order to be eligible for ARRC, CFAB or pack loans.

On the whole, people identified the State's role in this changing industrial setting as providing the catalyst for new developments in the industry. This would be accomplished through ensuring easier access to ARRC, CFAB, pack loans and

other funds to be used by new processing operations for organizational, front-end or operating costs prior to the sale of their products.

Recommendation No. 3

An analysis is needed of how other U.S. and foreign fisheries are organized, from the fishermen, processors, brokers through to the final markets. The purpose of this analysis is to develop an understanding of the various types of existing industry organization and what particular structures could be possible in Bristol Bay. Information developed through this study would be made available to fishermen, marketing associations, cooperatives and processors as well as the general public.

Recommendation No. 4

While efforts of the Alaska Seafood Marketing Institute are directed primarily at increasing the consumer's demand for salmon products, broader research on potential markets for Alaskan salmon and other seafood product needs to be done. Because of the industry's present focus on the Japanese market, there is little knowledge of alternative markets, locations and possible level of demand, both in the U.S. and abroad.

Recommendation No. 5

A program is required that provides assistance to local fishermen and fishermen's groups in actually contacting potential markets. The purpose of this program, whether done through an agency, through contract or through direct financial assistance to fishermen's groups, would be to facilitate contact between fishermen and potential buyers without regard to the type of marketing structure used. While initially focusing on Bristol Bay, the marketing assistance should be available for all Alaskan fisheries.

Recommendation No. 6

A review of the policy guidelines and performance of ARRC, CFAB, AIDA and the pack financing program should be undertaken to identify changes in their statutory direction that would make new domestic processing and marketing operations clearly eligible for these programs. This task might be best carried out by one or a combination of legislative committees.

### Capital Improvements

As stated by the Governor's Task Force, the full utilization of the Bristol Bay Fisheries resource is a major State concern. The development of new and expanded markets and marketing structures is one aspect of increasing the utilization of Bristol Bay salmon.

However, access by fishermen and new industry operations to this resource requires a range of facilities to support their activities. These facilities include boat harbors, ocean and industrial docks, water supplies, airports, airport industrial areas and roads.

At present, public and private facilities in the Bristol Bay region lack the capacity to handle new developments in the local fishing industry. This, in effect, creates a barrier to the establishment of new marketing operations, new processors, and to the ability of local fishermen to find alternatives to the storage, repair and support services offered by the existing processors. Simply locating land upon which to build private industrial facilities is difficult, although this situation may change with the shift in ownership of large tracts of land to the local Native corporations.

In short, the natural evolution of the fishing industry in Bristol Bay will require basic investment in public infrastructure. A number of individuals testified that fishermen had no place to keep their boats during the summer and no place to unload fish or store equipment. New processors also have no dock space for their operations, are faced with community water systems unable to supply their needs, and under-developed airport facilities that create delays in the transport of fish to markets. The physical difficulty local fishermen and organizations have in getting their products to market undoubtedly affects the ability of those interests to make commitments to potential markets.

Because of the level of industry activity in Bristol Bay, local residents cannot understand the State's apparent disinterest in developing basic facilities in their region. As one individual stated before the Committee, it seems common sense to provide for the infrastructure needs of Bristol Bay's proven natural resource industry on at least an equal basis to the State's assistance in providing infrastructure for unproven renewable and nonrenewable resource developments.

The Department of Transportation and Public Facilities is currently funding a study of the transportation facility needs of Southwest Alaska, including the Bristol Bay region. Transportation facility needs related to both industry activities and community growth will be identified in this study. The estimated completion date for this regional transportation study is June, 1981.

#### Recommendation No. 7

The Legislature should direct the Governor to develop a list of public capital facilities required to support the expansion of the fishing industry and community needs in the Bristol Bay region. This list should be based on analysis of infrastructure needs in the region and should present a plan and coordinated approach among executive agencies to provide those facilities. The Governor's recommendations should be presented to the Legislature in January of 1982.

#### Public Safety

One of the Committee's initial charges was to listen to the Bristol Bay residents on the relationship of public safety to the settlement of price disputes. A significant volume of testimony was received on the use of threats and "scare tactics" in the negotiating process. In addition, a number of people testified that the fishermen feel under extreme pressure to ensure a unified approach to price settlement, because the majority of fishermen have no alternative market to the existing processing operations. Fishermen feel that they have to speak with a single unified voice to be effective within the present system.

As market alternatives develop, the emphasis on maintaining the appearance that fishermen are of a single, unified mind will decrease. Different groups of fishermen will be able to develop their own markets and marketing systems. Witnesses testified that changes in the nature of the Bristol Bay fishery will result in more ex-vessel price competition by processors and in a reduction in the use of threats and intimidation in the settlement of price disputes. Individuals or small groups of fishermen will be able to settle for a price they feel acceptable, without appearing to undercut other fishermen's organizations or markets.

However, until the majority of fishermen feel that they have some market flexibility and have the opportunity to control their own position in a more differentiated marketing system, the use of pressure tactics to encourage conformance to marketing association negotiations is likely to continue.

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There will be a continuing need for public safety presence in Bristol Bay. The State's public safety effort must be related to the enforcement of existing laws, without purposefully intervening in the negotiating process itself. In general, a low profile coupled with a workable contingency plan will meet public safety needs while minimizing public reaction simply to the visible presence of public safety personnel.

In order to remain as objective as possible in appearance in its public safety mission, the Department of Public Safety should provide its own support services and remain independent of all parties in the negotiating process. The lack of departmental boats and equipment during the 1980 season resulted in State Troopers being placed on barges and facilities operated by the processors. This lack of support capability decreased the ability of the Troopers to carry out their duties, in that they lacked the mobility to respond. In addition, placing individual Troopers on private property was interpreted by some fishermen as a demonstration that the State was more interested in protecting the processors than in protecting the general public safety. This situation should be avoided in the future, if at all possible.

The Governor's Bristol Bay Task Force has recommended that the Department of Public Safety develop a contingency plan for the 1981 Bristol Bay fishing season. The Governor will submit a special appropriation request to the Legislature to fund additional manpower and support services for this coming season. Both Public Safety's contingency plan and the supplemental appropriation request are included in the Task Force Report.

Above all, the State should emphasize that public safety must be maintained in Bristol Bay, as in other parts of the State. The present legal system defines the unacceptable use of force and pressure tactics. It is important that these laws be enforced equally in all parts of the State and on behalf of all the citizens of the State.

#### Recommendation No. 8

The Governor's supplemental appropriation request for the Department of Public Safety should be reviewed to determine if that request will provide support capabilities that will allow independence from private facilities and vessels. A supplemental appropriation to fund support services for the State Troopers should be considered on a priority basis for this fiscal year.

Recommendation No. 9 - Follow Up

As a final recommendation on legislative oversight, the Governor should be provide the 1982 Legislature with a report on the use of the marketing study (Recommendation No. 1) during the 1981 fishing season and the activities of the Department of Public Safety in Bristol Bay this summer.



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

May 2, 1981

MEMORANDUM

TO: Representative Russ Meekins  
Attn: John Crandall

FROM: Jack Kreinheder *JK*  
Research Staff

RE: Collective Bargaining in Bristol Bay  
Research Request No. 81-110

You asked that we identify and explain the legal constraints on the negotiating process which is used by Bristol Bay fishermen and processors to reach an annual salmon price settlement. Specifically, we were to address the effect on the Bristol Bay bargaining structure of federal antitrust statutes, the Fishermen's Collective Marketing Act of 1934, and the Webb-Pomerene Export Trade Act.

Background

The Bristol Bay salmon fishery has undergone a major transition in the relationship of fishermen to processors during the past two decades. The commercial fishery first developed as a cannery operated fishing fleet, in which fishermen were employed directly by the processors, who owned the boats and gear used by the fishermen. For many years, almost all Bristol Bay fishermen were hired by the canneries from Seattle, San Francisco, and other West Coast cities. Fish prices for the coming season were simply posted at the cannery offices, with no price negotiations between fishermen and processors.

In the late 1960's and early 1970's increasing numbers of fishermen began to purchase their own boats and gear and to operate on a more independent basis. The availability of State loans for fishing vessels and the enactment of the limited entry legislation in 1973 were both major factors in the shift in the status of Bristol Bay fishermen from cannery employees to independent business operators.

Although almost all Bristol Bay fishermen now own the boats and/or gear which they use in the fishery, there are still strong ties between processors and fishermen. Processors often provide food and fuel

Representative Russ Meekins

May 2, 1981

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supplies and winter boat storage, and will agree to purchase fish at a given price in exchange for a commitment from a fisherman to sell fish only to the particular processor which provides these benefits. These arrangements are common in other Alaska fisheries, as well, but they indicate that Bristol Bay fishermen are still dependent to some extent on the processors in the Bay.

The increasing independence of Bristol Bay fishermen led to the establishment of two major marketing associations to represent Bay fishermen in price negotiations. These two groups are the Alaska Independent Fishermen's Marketing Association (AIFMA), with about 800 members at present, and the 350 member Western Alaska Cooperative Marketing Association (WACMA). Although these marketing associations represent less than half of the 2,600 limited entry permit holders in Bristol Bay, they have been the major force in price negotiations between fishermen and processors. Although the marketing associations have no legal power to impose price settlements on non-member fishermen, as discussed below, the price agreements which the associations negotiate have usually been accepted by processors and fishermen throughout the Bay.

A third marketing association, Bristol Bay Fishermen's Association (BBFA), was formed in 1980 by a group of 40 fishermen for the purpose of negotiating a frozen salmon price with Icicle Seafoods. This group reached an earlier price settlement than did AIFMA, but the profit share promised as part of the BBFA settlement has yet to be paid, thus clouding the future of this association.

More detailed information on the past and present structure of the Bristol Bay fishery can be found in the attached report, "Bristol Bay, 1980," prepared by Rodger Painter for the Legislative Council.

#### The Effect of Antitrust Laws

There are a number of federal antitrust laws which prohibit monopolies, t.e restraint of trade, price-fixing, and other actions which restrict competition between firms. The most important of these laws with respect to the fishing industry are the Sherman Act, enacted in 1890, and the Clayton Act, which was passed in 1914. The primary effect of these statutes on the Bristol Bay fishery is that processors, like most businesses, are prohibited from reaching joint price settlements or even discussing pricing actions among themselves.

On July 3, 1980, the same day that AIFMA reached a price settlement in Bristol Bay, AIFMA filed suit against Peter Pan Seafoods and other processors charging that a number of federal antitrust laws had been

violated. As a result of this suit and others, processor executives have been very cautious about even being in the same room with each other, which has hampered attempts at improving the Bristol Bay bargaining process.

#### Fishermen's Collective Marketing Act

When the federal antitrust laws began to be strictly enforced, it became evident that some industries, because of their unusual nature, were suffering more harm than good from the antitrust laws. As a result, a number of exceptions to the antitrust laws were enacted, including the Fishermen's Collective Marketing Act of 1934 (copy attached). This act reads in part: "Persons engaged in the fishing industry, as fishermen, ..., may act together in associations, ..., in collectively catching, producing, preparing for market, processing, handling, and marketing ..., such products of said persons so engaged."

In enacting this legislation, Congress recognized that there are benefits in such joint efforts among fishermen, and so provided a limited exemption for fishermen's associations from some of the antitrust laws. This exemption includes collective marketing of their products, which would otherwise be in violation of the Sherman Act under the prohibition of price-fixing. The exemption extends only to fishermen who belong to established associations or cooperatives. Individual fishermen who act together in setting prices or other joint activities are still subject to antitrust laws.

An important limitation of this antitrust exemption, particularly considering the recent discussions of violence and coercion in Bristol Bay, is that fishermen's marketing associations cannot exclude from the market fishermen not complying with prices established by the associations. Courts have ruled illegal such tactics as fines against non-conforming association members and forceful prevention of non-member fishermen from fishing or delivering fish to buyers. Apart from the criminal aspects of any violence or threat of violence, such actions are beyond the scope of the antitrust exemption granted by the Collective Marketing Act and can result in antitrust charges against fishermen's associations.

The enclosed "Ocean Law Memo" prepared by the University of Oregon School of Law provides additional information on the development and rationale of antitrust laws in relation to the fishing industry.

#### Webb-Pomerene Export Trade Act

This act, passed in 1918, exempts associations formed for the purpose of furthering export trade from certain antitrust provisions. However,

unlike the Fishermen's Collective Marketing Act, the Export Trade Act does not appear to allow associations to set prices. The Export Trade Act states in part that a trade association may not "enter into any agreement ... or do any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association." The act also prohibits the use of unfair methods of competition in export trade, even if the acts constituting such unfair methods take place outside the U.S.

To my knowledge, the Export Trade Act does not have any effect on the Bristol Bay price negotiations. The act would appear to authorize processors in the Bay to form an export association for the foreign marketing of salmon, but such an association could not legally have any role in determining prices paid to fishermen for their catch. A copy of the act is enclosed.

#### The Negotiating Process

Ed Orbeck, the Commissioner of the Alaska Department of Labor, aptly described the negotiating process in Bristol Bay from his perspective as mediator for the negotiations: "This is not like a collective bargaining agreement. There are no rules on this, no regulations. They can go one day [and agree on a number of specifics in a contract] and the next day come back and throw it all out. What we're really doing is chairing a meeting of two economic groups."<sup>1</sup>

Although the legal constraints of the negotiating process are defined to some extent by the antitrust laws and the Fishermen's Collective Marketing Act, there are no laws which govern the actual process by which price settlements are reached. In many industries, collective bargaining agreements between unions and management specify in detail the procedures which such bargaining is to follow. Because the price negotiations in Bristol Bay are essentially between two groups of independent businesses, no such bargaining agreements exist.

There has been much discussion of possible ways of "streamlining" the negotiations process, such as the use of profit sharing plans or a sliding price scale which is tied to wholesale fish prices. In theory, such techniques could eliminate the need for negotiating prices from scratch each year, but the prospects for such changes appear doubtful in the near future. Other possible means of improving the overall Bristol Bay situation, such as marketing studies, infrastructure improvements, and so on are discussed in the Painter report and in the

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<sup>1</sup> Bristol Bay, 1980, by Rodger Painter. Page 11.

Representative Russ Meekins

May 2, 1981

Page 5

report of the Senate Special Judiciary Committee on Bristol Bay.

I hope this information is helpful. If you have any questions or would like additional information, please let us know.

Enclosures

# DILLINGHAM

001 OPEN MEETING - REP. CRUCKER

ALTHE - STURGOLEWSKI - INTRODUCTION OF HEARING  
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KEOVICA MANDATES

40 ROLE OF STATE IN NEGOTIATIONS  
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90 ~~REP~~ JOE McBILL

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119 "DON'T LIKE TO SEE ALL THE ARMED POLICE"

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- 390 REP. CAUCKWUK - QUESTIONS CLARK IN UPIK  
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- 450 FRED ANGESEN - WRITTEN TESTIMONY
- 546 - CROSS QUESTIONS ANGESEN ON PROCESS - IS IT WORKING?
- 575 - SKOOG QUESTIONS
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- 50 WANTS STUDY FROM STATE.
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009 "CONTROL OF BRISTOL BAY WITH JAPANESE"

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115 REP. HULBERT - WHAT IF BASE PRICE IS RISING?

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170 JACK MCBRIDE - INCREASE AGRICULTURE

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490 "STUDY COULD HELP FOR AN EARLY SETTLEMENT."

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UNEMPLOYMENT?

580 - ANAC INVOLVEMENT WITH PROCESSERS - THE LEADS  
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635 -- DILLINGHAM. AIRPORT NEEDS TO BE LENGTHENED.  
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130 - WHITEHEAD - QUALITY OF SALMON IS PROBLEM.

155 - GROSS - ANY ATTEMPT AT LARGE SCALE COOPERATIVE IN  
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220 MIKE WHITEHEAD - RESPONSE OF GOV'S OFFICE

263 COMMISSIONER SKOOG - RESPONSE

277 Jim ~~BEAMAN~~ BINGMAN - INDIVIDUAL

287 PRICE OF SALMON DISCUSSION

321 WANTS SHARE OF FURTHER PRICE?

340 BASE PRICE - HOW CAN PROCESSOR TAKE ALL OF RISK - LIKE BASE PRICE CONCERN

400 - CHUCKWOK - SHOULD WE ENCOURAGE FOREIGN PROCESSORS - WOULD THIS ASSIST FISHERMAN? FOREIGN INDUSTRIES ARE ALREADY OWN MOST DOMESTIC INDUSTRIES.

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JACK McBRIDE - WHAT IS ROLE OF STATE IN QUALITY STANDARDS?

HEWLETT STROBE - (INDIVIDUAL FISHERMAN) ENTHUSIASM OF ROW HAS DROPPED OFF SINCE ROW SIZE HAS INCREASED.

MARK SEEGARS - (NON-FISHERMAN) WHAT IS STATE DOING WITH RELATIONSHIP WITH FEDERAL GOVERNMENT AND TREATIES WITH FOREIGN NATIONS?

THOMAS CRANSWELL - HOW DO YOU PROMOTE DOMESTIC  
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MARKETING STRUCTURE.

TAPE 3  
SIDE 1

DORRAN HUMMER - I GET 40¢ - SALMON SELLS FOR  
\$8.00 - COSTS TOO MUCH.

JERRY <sup>LEBOF</sup> ~~LEBOF~~ - WHAT IS TASK FORCE FUNCTION  
WHAT HAVE ~~THE~~ <sup>YOU</sup> BEING DOING?

LEON BRANSWELL -

055 Commissioner NIX - ROLE OF PUBLIC SAFETY

114 - LYNN SMITH - PRICE BASED ON MARKETING BASE  
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131 CARL NELSON - PERMIT REVOCATION FOR VIOLENCE?

153 ROBIN SIMULSON - ~~LACK OF A~~

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210 LUCIA SCHROEDER - CITY MANAGER - INFRASTRUCTURE NEEDS

345 FRED ANDERSON - BRISTOL BAY PROGRAM (SEE CHECKBOOK) BBNA

MIKE WHITEHEAD - QUESTIONS ON PROGRAM

454 LARRY LARSON - INFRASTRUCTURE COMMENTS

480 STAN SMALL -

IF YOU WISH TO OFFER TESTIFU  
PLEASE SIGN THIS SHEET

- NAME
- ✓ Joe Mc Gill
  - ✓ Andy Golia
  - ✓ Joe Clark
  - ✓ Gen Hoff (?) Juyheof? ✓
  - ✓ Fred J. Gungason
  - ~~XXXXXXXXXXXXXXXXXXXX~~
  - ✓ MISC RYMIC Ad 7ma.
  - ✓ Gary E. Larson Bristol Bay Natl Assoc.
  - ✓ John Samuelson (Robert Samuelson) Independent.
  - ✓ Jack Mc Bride - Dneprik Reg. Assoc. Conf
  - ✓ VAL NICK ANGLASW - Vol 77. Angon
  - ✓ Lyman Smith Fisherman
  - ✓ JIM BIRGMAA Fisherman & Presser

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- 001 REP. CHUCKWOK - INTRODUCTION OF MEETING
- 011 SEN. STURGOLEWSKI - INTRO OF TASK FORCE AND STAFF
- 032 BASIS FOR HEARINGS - CHAIR STURGOLEWSKI
- 062 REMARKS FROM GROSS
- 093 JOHN ~~HECKARD~~ - INDIVIDUAL FISHERMAN  
"PROBLEM IS PROCESSING SHORTFALL"
- 114 COMM. SIKOG - IS ALLOWED TO BRING IN PROCESSERS
- 165 CHUCKWOK - SHORDBASE PROCESSERS ~~NEED~~ RESTRICT AMOUNTS
- 179 JOHN HECKARD - DOESN'T WANT OBLIGATION OF CONTROL ON STATE
- 218 MITCH KINK - AIFMA

## RECOMMENDATIONS

- 1) STATE SHOULD DO NOTHING WHILE PRICE NEGOTIATIONS GO ON - BUT HAVE CONTINGENCY PLAN FOR IMPLEMENTATION.
- 2) SET PROVISIONS FOR NEGOTIATIONS (GUIDELINES)
- 3) ~~DATE~~ DO AWAY WITH ONE BOAT - ONE COMPANY ORGANIZATION!
- 4) STATE SHOULD NOT ISSUE ANY LICENSE UNTIL THE COMPLETE CYCLE OF BRISTOL BAY IS COMPLETED.
- 5) CREATE CLIMATE FOR NEGOTIATIONS  
STUDY IDEA -
- 6) COMPREHENSIVE STUDY OF SALMON MARKET  
CONSUMER PRICE/WHOLESALE PRICE + % OF BOTH TO FARMER  
\* INDEPENDENT STUDY!

400 QUESTIONS OF KINK FROM CHAIR STURGOLEWSKI

480 QUESTIONS BY GROSS ON STUDY

570 QUESTIONS BY WEBBER

TAPE SIDE 1

001 MIRENKIWK CONTINUED.

20 ANTHONY BARRON - COMMENTS OF STUDY

25 QUESTIONS BY SKOOG - BARRON

BASE PRICE SET BY MARKET - THEN SLIDING SCALE ON DIFFERENCE  
BETWEEN BASE & FINAL PRICE

130 REITERATES THAT FISHERMEN MUST BE WORTH  
A % OF THE THE WHOLESOME MARKET PRICE

150 - GROSS - HOW ABOUT A SLIDING SCALE % BUT WITH A  
MULTI-YEAR CONTRACT

195 - GEORGE GOTCHACK - INDIVIDUAL

REMARKS ON FOREIGN OFFICES OPERATED BY STATE

WHAT CONNECTION DOES THIS COMMITTEE HAVE TO SARAMONTO

211 CLOVERED

230 "TROOPERS HAVE INTIMIDATED US DURING STRIKE"

251 "WANTS STATE NOT TO BACK PROCESSORS - WITH THEIR  
LOANS AND ARRC." NO PACK LOANS TO FOREIGN  
OWNED PROCESSORS.

300 TROOPERS DIDN'T OFFER ME ANY PROTECTION WHEN  
I NEEDED IT.

350 BUSK IS GETTING STARTED - ALWAYS SHORT CHANGED

400 - KEEP STATE OFF OUR BACKS DURING NEGOTIATIONS

465 MONTY HANCOY - AIR TAXI OPERATOR

FOREIGN PROCESSORS CONTROL PERU MARKET -

488 "I WAS ONLY FULLTIME RESIDENT BUYING FISH - STATE  
REVOCAED MY LEASE ON LAMP - WENT TO STATEMAN OF  
INSTEAD.

445 WE NEED MORE INFRASTRUCTURE FOR NEW PROCESSORS  
BIG COMPANIES HAVE THE BEST SHOT AT STATE

475 FACILITIES. "WE ARE FINANCING OUR OWN DEATH"

TAPE 5  
SIDE 1

001- CHAIR STURGOLEWICKI QUESTIONS MR. HAWLEY.

20- RECESS

21 JOHN ASPLUND - COMMENTS OF PERMITS / SET NET  
VS. DRIFT NET

50 "TOTALLY UNFAIR - I'M ONLY ALLOWED 50 PATTERNS OF NET"

80 PROCESSORS SHOULD BE HERE TO ANSWER QUESTIONS AND MAKE  
TESTIMONY AT THE SAME TIME.

100 PROCESSORS GET PREFERENTIAL TREATMENT IN INPUT PROCESS.  
DON'T LIKE AK FISHERY BOARD PROCESS

120 Rep. Chocoma - comments

140 Rep. Auerbach - comments

187 "WANTS STATE TO ADOPT MARKET INFORMATION AND  
WHAT PRICE SHOULD BE."

207 "WANTS BASE PRICE AND AGREEMENT ON SLIDING  
PERCENTAGE SCALE"

215 STATE ~~WANTS~~ SHOULD BE A TYPE OF REFEREE

250 HARVEY SAMUELSON - RECOMMENDATIONS

1) SET MINIMUM PRICE ON BEISTOL BAY SKUMM  
GOODNEWS ONLY PAID 15¢ LB FOR KING

280 Corross - TWO PROBLEMS WITH MINIMUM PRICE

- 1.) STATE SELLS TIMBER AND OIL - OWN RESOURCES
- 2.) CAN'T DO SAME WITH PRIVATE PRODUCTION

327 JOHN LUNDGREN - AIFMA

"NOT MUCH TRUST WITH STATE REPRESENTATIVES IN NEGOTIATION PROCESS - PASSES INFO TO PROCESSOR"

CAN'T SEE ROLE OF STATE IN PROCESS UNLESS THEY BRING PRESSURE ON PROCESSORS.

370 CHEEKWOK - QUESTIONS TO LUNDGREN ABOUT BRINGING IN FOREIGN PROCESSORS?

400 - "MAYBE"

410 "DIDN'T WANT TO PROCESS THE AMOUNT THEY TOLD THE GOVERNMENT THAT THEY WOULD."

434 - SKOOG - BRINGING IN FOREIGN PROCESSORS ALLOWS FOREIGN CONTROL BY JAPANESE.

480 MIKE HAKALA - INDIVIDUAL

PRICE IN CAN HERE IS OVER 4.00 HERE, HOW CAN PRICE HERE BE 57¢. ONLY FLY BY NIGHT PROCESSORS GO BROKE - NOT ESTABLISHED ONES.

"WANTS SLIDING SCALE AND BASE PRICE"

"ALSO WANTS BINDING ARBITRATION BUT PROCESSORS DON'T."

550 HOW PRICE - HIGH VOLUME THEORY DOES NOT WORK. LIMIT EVERY DAY - ALSO SHUT DOWN FOR 4 DAYS. DON'T BELIEVE PROCESSOR'S HANDLING CAPABILITIES.

TAPE 5 - SIDE 2

DO1 DON'T BELIEVE TOTAL ESCAPEMENT FIGURES VIOLENCE ISSUE IS BLOWN OUT WAY OUT OF PROPORTION. SHOULDN'T REVOKE PERMITS FOR VIOLENCE

015 STATE SHOULD GET MORE INTO SALMON ADVERTISING.  
THE JAPANESE REMUN. PUT US IN A BIND AROUND HERE

027 STATE CAN'T GET INTO PRICE LEVELS

030 GEORGE BOTCHACK JR.

- NO CONTROL OVER FISHERIES AND PRODUCTS
- STATE SHOULD LIMIT FOREIGN OWNERSHIP
- NO COMPETITION IN FISHING - PERM FUND SHOULD BE USED TO HELP LOCAL COMP. & .
- FOREIGN PROCESSORS SHOULD BE BROUGHT IN

90 INPTREMENTS

110 WEBBER - WHAT IS STATE'S ROLE IN PRICE STABILIZATION

"WOULD LIKE TO SEE FEDERAL GOV. BE INVOLVED IN NEGOTIATIONS"

120 FISHERMEN ARE ONLY ONES NOW TAKING RISK IN INDUSTRY

150 DIDN'T LIKE QUALITY OF STATE ARBITRATOR (ORBECK)

160 RICHARD JOHNSON - INDIVIDUAL

WOULDN'T TAKE GILL NET FISH - ONLY SEINERS

I COULDN'T MAKE IT LAST YEAR -

188 JAPANESE HAVE BOUGHT US OUT - STATE SHOULD GET INVOLVED - BASE PRICE SHOULD BE SET.

SHOULD LOOK INTO OTHER MARKETS FOR SALMON

215 WEBBER - 2 MARKET INCREASERS

DOMESTIC + EUROPEAN

245 JOHNSON - AGENY BEING REPRESENTED

274 CHUCKWICK - WOULD YOU LIKE TO SEE COOP

280 WOULD BE INVOLVED IN MARKETING IF IT WOULD HELP GUARANTEE PRICE

310- Mitch Link - Policy Comment

325 JOHN EKERT - NOT ENOUGH COOPERATION IN STATE LEASING  
"WANTS" PLANNING AND ZONING (LOCAL) TO BE INVOLVED  
IN LEASING STATE FACILITIES (RAMPS, DOCKS ETC.) =

LIMITED PERMIT DISCUSSION

557 GEORGE GOTTLIHALK SR. - WHAT DOCUMENTATION OF  
VIOLENCE DO YOU HAVE.

TAPE 6 SIDE 1

001 Nix Responses

025 RALPH ANGELO - WHY DID TROOPERS HELP A SCOW  
MOVE THROUGH PICKET LINES?

Nix Response

060 CHRIS STUBOLEWSKI WRAPS IT UP.

176 ANGELO

Sign up Sheet for People  
Wishing to Testify

Name

Organization

x	Edward Jonsson	Myself
x	Allen Aspelund SA	myself
x	John Lundgren Sr.	OSMA + myself
x	Mike Hakala <del>Hakala</del> ?	<del>Myself</del>
	Hakala	

SIGN UP SHEET

John E Eckert Box 95 Nakhmole 99633 246-4206  
MIRCH KINIC - A.I.F.M.H.  
Geo. F. Gottschalk Sr  
NAKNET Box 131

- ✓ MANAGEMENT OF RESOURCE
- ✓ OPTIMUM UTILIZATION OF RESOURCE
- CREATE A STABLE INDUSTRY
- ENHANCE THE MARKETING OF STEEL
- CREATION OF JOBS FOR ALASKANS
- ENHANCE THE ALASKAN OWNED PROCESSORS

## INTRODUCTION

TO CONFORM WITH THE INITIAL BRISTOL Bay HEARING REPORT, THE SUPPLEMENT REPORT IS ORGANIZED IN THE SAME FASHION.

SUBJECTS EXAMINED HAVE BEEN CONSOLIDATED AND SELECTED QUOTATIONS USED TO ILLUSTRATE THE CONCERNS OF PERSONS TESTIFYING BEFORE THE COMMITTEE. RECOMMENDATIONS FROM THE COMMITTEE ARE NOT CONTAINED WITHIN THIS DOCUMENT, BUT

THE HEARING BOARD IN JUNEAU CONSISTED OF:  
SENATOR STURGOLEWSKI  
SENATOR RODEY  
REPRESENTATIVE CHUCKWOK  
REPRESENTATIVE HURLBERT

THE GOVERNOR'S TASK FORCE WAS REPRESENTED AT THE MARCH 16<sup>TH</sup> HEARING BY ANRUMBROSS AND COMMISSIONER NIX.

## HEARINGS

TWO HEARINGS WERE HELD IN JUNEAU TO CONCLUDE THE COMMITTEE'S INQUIRY.

THE FIRST WAS CONDUCTED ON MARCH 16 FROM 1:30 PM TO ~~4:00~~<sup>4:35</sup> PM. THE HEARING WAS ATTENDED BY APPROXIMATELY FORTY INDIVIDUALS. THE COMMITTEE HEARD TESTIMONY FROM:

RODGER BRANTER

SIDNEY SMITH

JOHN GARNER

HANK OSTROSKY

ERIC ECKHOLM

JIM BEATON

MITCH KINK

ARCHIE GOTTSCHALK

RAY SMITH

WILL BE MADE IN THE TRANSMITTAL LETTER OF BOTH REPORTS TO SENATE PRESIDENT JALMME KETOLA.

THE SECOND HEARING WAS HELD ON THE  
FOLLOWING THURSDAY, MARCH 19, FROM  
3:40 PM TO 5:45 PM. THE COMMITTEE  
HEARD COMMENTS FROM:

VIR ANGELO  
PHIL DANIELS  
DEAN PADDOCK

JACK MCBRIDE  
SIDNEY SMITH  
CHIP TOMA

SUBJECTS

## PUBLIC SAFETY CONCERNS

THE PRESENCE OF VIOLENCE ~~ON THE~~ ON THE FISHING GROUNDS

~~THIS PARTICULAR ASPECT OF THE HEARINGS~~

WAS WITHOUT A DOUBT THE MOST HOTLY CONTESTED ISSUE BY ALL PARTIES, AND CONSUMED

A SUBSTANTIAL PORTION OF THE HEARINGS.

AS INDICATED ~~BY~~ IN THE ORIGINAL HEARING REPORT, <sup>(SEE ATTACHMENT)</sup> RESIDENTS OF BRISTOL BAY GENERALLY DOWNPLAYED THE ISSUE DURING THE HEARINGS IN DILLINGHAM AND NAKNEK. OTHER BAY FISHERMEN, NOTABLY THOSE MEMBERS OF THE BRISTOL BAY FISHERMEN'S MARKETING ASSOCIATION, PRESENTED A CONFLICTING VIEW OF THE SITUATION. THEIR TESTIMONY INDICATED THAT VIOLENCE ~~WAS~~ <sup>TOWARDS</sup> ~~THE~~ ~~TOWARDS~~ AND ~~THE~~ INTIMIDATION OF ~~THE~~ FISHERMEN HARVESTING SALMON BEFORE THE GENERAL PRICE SETTLEMENT WAS A DOMINANT ASPECT THE SEASON.

BOTH SIDES <sup>TESTIFIED EXTENSIVELY</sup> ~~COMMENTED~~ ON THE VIOLENCE ISSUE IN QUNEAN:

JIM BEATON

... "I truly feel that one reason there is a lot of this downplay (of violence) is just purely fear and intimidation; no more and no less." I talked first-hand with some people who were closely involved in some of these incidents; one of them had a gun held on him, and one who had his fish thrown over, and I urged them to come forth. . . .and he told me that he was afraid for his family and his kids. . . .

DEAN PADDOK

... I think there was a tremendous potential there for the lid to blow off; the potential of threat was great. I'm just thankful nobody got killed, and they could have. It was very close, a very iffy thing. I saw people behave irrationally, and I saw mob psychology working.

JOHN GARDNER

//

There's a

gray area there and where you draw the line and where I draw the line may well differ between scare tactics and violence.

We want you to know that there were many fishermen who sat on the beach out of fear for exactly the kinds of reasons that you will hear on the tape.

(REFERENCE TO A TAPE SUBMITTED BY GARDNER, TRANSCRIPT ATTACHED)

CHIP TOMA:

I FIND IT HIGHLY IRONIC THAT THE VERY SAME FISHERMEN WHO MADE LIMITED ENTRY SUCH AN EMOTIONAL ISSUE IN 1973 ARE DOING THE SAME TO THE LEGISLATURE OF 1981 REGARDING VIOLENCE. THEY ARE THE ONLY FISHERMEN WHO ARE DRAGGING THIS LINE THROUGH THE WATER.

JACK McBRIDE:

The violence issue began here in Juneau and, has been--and still is being--perpetuated right here in Juneau. Here in Juneau, is where you hear about the violence--not in Bristol Bay.

ROY SMITH:

"I wasn't bodily drug off the grounds, but I was circled, told that my boat should be sunk, that I was on their list and that they had taken pictures of me, I was going to have my picture on their so-called bulletin board, that I would definitely not be forgotten."

(SPEAKING ABOUT AN INCIDENT AT THE DILLINGHAM BOAT HARBOR)

...he did say later that he had a flare gun and I saw him throw the oil in the boat and said he wanted the captain to show himself and he was going to kill him, that he was going to tear his heart out. He said, "I'm going to count to 10 and if you don't show yourself I'm going to torch your boat."

## MARKETING STUDY

Remains, As in the initial hearings in the Bay Area, considerable support was given to a ~~market~~ state funded marketing study to provide information to fishermen and processors <sup>price</sup> ~~information~~ <sup>processors</sup>

PHIL  
DANIELS

are much more sophisticated in dealing with the market. They know what's happening to a degree that the fisherman can only speculate. That's the reason the marketing analysis is so important. You've got to have this information in the hands of the fishermen, and then maybe the fishermen will have a better opportunity to arrive at rational requests as far as price is concerned."

KODGER YANTER

I'd like to emphasize

that probably the best thing that the State could do is to provide some realistic analysis of world market for salmon, and I do think it's the State's responsibility."

JIM BEATON

// First

of all, of course, the marketing study; it really isn't to my advantage, but I don't have any problems with that. I think that is probably a step in the right direction, providing that any one man could ever really understand the market."

JACK McBRIDE

// The state should also fund a study which would supply information which would be credible to both processors and fishermen. This study should include such things as, "how interest rates relate to the price fishermen get for their fish, what does the fresh frozen market do in relation to the canned market, how does the yen/dollar relationship effect the price of salmon, what does it cost to hold an inventory of salmon in anticipation of a higher price and how are other markets other than the Japanese effecting the price of salmon, and where can we find other markets."

MITCH KINK

A comprehensive study of World Markets for Bristol Bay sockeye salmon should be conducted by an independent economic consultant who does not work and has not worked for fishermen or processors to have a positive effect on an early settlement of fish price in Bristol Bay the study should be completed by mid April. This means the process for implementation should be initiated as soon as possible.



## PROCESSING SHORTFALL

REGARDLESS OF WHERE INDIVIDUALS STOOD ON OTHER ISSUES, A UNIVERSAL ATTITUDE IN ALL HEARINGS WAS THAT PROCESSORS HAD A VESTED INTEREST IN NOT PROCESSING ALL AVAILABLE FISH. TYPICAL COMMENTS ON THE SUBJECT INCLUDED:

MURK KINK

...when a company has said that they have put 50,000 cases, this year they are going to put up 60,000 cases whenever they can, they have got so many boats, they are going to catch so many fish. I think this is poppyrot.

SYDNEY SMITH

The big issue that I see happened in 1980 was, all of a sudden, you've got a scare of saying that the market was going to be over-flooded which was correct. Japan only needs about 22 million to provide for their whole marketing system. Anything above that is excess."

ALAN BEATON

...everything is on the side of the processor, don't kid yourself there; the longer they go, the less volume; the better they are going to come out on their pack anyway. The whole thing is almost a stacked deck."

PHIL DANIELS

The industry estimated that they could process 37.1 million fish. I'm not sure those figures are correct, but I believe in a year when you have such substantial surpluses of fish, as we had last year; we're looking at 40 million sockeye coming back in Bristol Bay alone, there's every reason to suspect that many processors simply didn't want to harvest all that product.

## INFRASTRUCTURE

CMP 10MA

IMPLEMENT SOME OF THE TRANSPORTATION IMPROVEMENTS IN BRISTOL BAY THAT WILL ASSIST FISH MOVEMENT; AIRPORT LENGTHENING AND REPAIR, DOCKS AND ROADS. THIS WILL INCREASE HEALTHY COMPETITION IN ADDITION TO THE ABILITY TO PROCESS MORE FISH.

JACK McBRIDE

Finally there are many shortcomings in the local infrastructure of Bristol Bay. These would include lack of docks, lack of adequate runways, lack of decent roads, lack of land, lack of harbors, even lack of access to adequate land.

AS WOULD BE EXPECTED, INFRASTRUCTURE NEEDS OF DILLINGHAM WERE NOT DISCUSSED EXTENSIVELY IN QUNEAD, HOWEVER TWO INDIVIDUALS STRESSED THOSE CONCERNS LIKE THIS:

## STATE ROLE IN NEGOTIATIONS

\* SEE NEXT PAGE

ROGER LINTON

Why

have there been plans formulated to deal with violence in Bristol Bay when nothing has been done to head off a confrontation? I think the state has taken the wrong approach to this situation and should be trying to solve the problem up there, not to deal with a potentially-violent situation.

VAN ANGLISAN

THE ADMINISTRATION, ~~THEY~~ THEY  
HAVEN'T OFFERED TO STEP IN AND PLAY  
A REAL PART IN THE MANAGEMENT OF  
THAT RESOURCE.

JIM BEATON

frankly

would like to see the other things I mentioned: the vertical integration, the cooperative venture, the check and balance system that would prevent all of this stuff from happening, in lieu of the police force going up there... You know, with Nix and getting real hard core, but until that comes about, and I don't see it coming about this year, I don't see where we can do anything except create at least an atmosphere where people will not be killed.

MITCH LINK

Set provisions for successful negotiation from free negotiations with deadlines, to mediation, to binding arbitration. The party that does not follow these provisions and deadlines as set down by the State of Alaska should be penalized.

PHIL DANIELS

The idea that we are going to have some prevailing, rational solution occur if it's simply left up to the fishermen and the processors does not seem, to me, reasonable. I do not think we are going to reach a solution in Bristol Bay unless the State takes a real interest in this negotiating process.

★ SEVERAL PERSONS FELT THAT THE STATE WAS NOT GOING FAR ENOUGH IN ITS PERCEIVED ROLE IN BRISTOL BAY <sup>NEGOTIATIONS</sup> COMMENTS VARIOUS IN SCOPE, BUT ~~A GENERAL DISSATISFACTION~~ ~~WAS EXPRESSED~~ MANY INDIVIDUALS ~~EX~~ EXPRESSED A BELIEF THAT, WITHOUT <sup>ACTIVE</sup> STATE INVOLVEMENT, THE INDUSTRY WOULD ~~CONTINUE~~ ~~TO~~ LACK THE MEANS TO ~~RESOLVE~~ <sup>OVERCOME</sup> ~~THE~~ PROCEDURAL PROBLEMS OF NEGOTIATIONS.

PREPARED BY:

KEVIN K. BRUCE  
COMMITTEE AID  
SENATE SUBCOMMITTEE  
MARCH 25, 1981

WRITTEN TESTIMONY PRESENTED TO THE COMMITTEE IS ATTACHED.

# PUBLIC SAFETY

AS INDICATED IN THE ORIGINAL HEARING REPORT, RESIDENTS OF BRISTOL BAY GENERALLY DOWNPLAYED THE PUBLIC SAFETY PROBLEMS ENCOUNTERED IN THE BAY DURING THE 1980 SALMON SEASON. OTHER FISHERMEN, NOTABLY THOSE FISHING FOR HILL SEAFOODS ~~AND~~ MEMBERS OF THE BRISTOL BAY FISHERMEN'S MARKETING ASSOCIATION, ~~STATED~~ PRESENTED A CONTRASTING VIEW OF THE SITUATION. THEY CLAIMED THAT VIOLENCE <sup>DIRECTED TOWARDS</sup> AND INTIMIDATION<sup>^</sup> OF FISHERMEN <sup>WAS</sup> ~~THE~~ A DOMINANT ASPECT OF HARVESTING FISH BEFORE THE GENERAL PRICE SETTLEMENT

SEASON.

THIS PARTICULAR ELEMENT OF THE HEARINGS WAS WITHOUT A DOUBT THE MOST HOTLY CONTESTED BY ALL PARTIES.

REGARDLESS OF TRUE NATURE OF THE VIOLENCE IN 1980,

THE STATE'S RESPONSIBILITY TO PROVIDE FOR THE PROTECTION OF ITS CITIZENS IS CLEAR,

THE GEOGRAPHIC ~~AND~~ ~~ADDITIONAL~~ ~~ASPECTS~~ <sup>ASPECTS OF BB FORCE</sup> ~~PROVIDE~~ THIS PROTECTION AND ORDER MAINTENANCE IS ENORMOUS.

AND NO ~~ONE~~ INDIVIDUAL TESTIFIED TO THE CONTRARY.

IT WAS RECOGNIZED THAT THE DEPT. OF PUBLIC SAFETY IS IN A PRECARIOUS POSITION IN THE BAY, TO PROVIDE <sup>FOR</sup> THE PROTECTION OF THE PUBLIC WITHOUT APPEARING TO SIDE WITH ONE GROUP OVER ANOTHER, BE THEY PROCESSORS OR FISHERMEN. AT THE SAME TIME, PUBLIC SAFETY OFFICERS ~~ARE~~ ARE ADMONISHED

CONSTITUTIONAL  
AND  
STATUTORY

NOT TO EXCEED THE LIMITATIONS PLACED  
UPON THEM IN PROVIDING THAT PROTECTION.  
THE STATES POSITION HERE MUST BE  
NEUTRAL, PROVIDING FOR EQUAL PROTECTION OF  
ALL PERSONS IN THE STATE.

ALASKA'S SALMON FISHERMEN LANDED MORE THAN 110 MILLION FISH IN 1980, 28.2 MILLION <sup>WERE CAUGHT</sup> ~~WERE CAUGHT~~ IN BRISTOL BAY. THIS REPRESENTS OVER 25% OF ALASKA'S TOTAL ~~HARVEST~~ <sup>HARVEST</sup>, MAKING IT THE RICHEST ~~FISHING~~ <sup>SALMON</sup> FISHING GROUNDS IN THE STATE.

UNFORTUNATELY, BRISTOL BAY IS ALSO ONE OF THE MOST TROUBLESOME FISHING AREAS IN THE STATE, PERHAPS A REFLECTION OF THE ENORMOUS ECONOMIC POTENTIAL ~~AT STAKE~~ <sup>AT STAKE</sup> THERE.

1980 SAW AN EXTENDED PRICE DISPUTE WHICH WAS NOT SETTLED UNTIL JULY 3, MIDWAY INTO THE RUN, AND RESULTED IN AN OVER ESCAPEMENT OF 24.8 MILLION FISH.

CREATING THIS IS AN UNACCEPTABLE SITUATION TO THE STATE AND ITS PEOPLE. THERE ARE NO SIMPLE SOLUTIONS, AND BAND-AID MEASURES ARE LIKELY TO EXAGGERATE THE PROBLEMS AS MUCH AS THEY ARE LIKELY TO HELP.

THE PROBLEMS IN <sup>THE</sup> BRISTOL BAY SALMON INDUSTRY  
ARE ESSENTIALLY ECONOMIC ~~ONE~~, NOT SOCIAL.  
<sup>THEREFORE</sup>  
~~ALTHOUGH~~ CERTAIN SHORT TERM SOLUTIONS MAY  
BE APPLIED THAT WILL ALLEVIATE THE VOLATILE  
SITUATIONS ~~THAT OCCUR~~ DURING <sup>PRICE DISPUTES</sup> ~~THE SEASON~~, ~~AND~~  
~~BE~~ EXTENDED USE ~~OF~~ OF THESE MEASURES  
WILL EVENTUALLY BE COUNTER PRODUCTIVE  
TO A ~~STABLE~~ <sup>THE</sup> INDUSTRY.

IN ORDER TO BEST IDENTIFY SOLUTIONS  
~~WE~~ SHOULD PRIORITIZE THE STATE'S GOALS  
FOR THE BRISTOL BAY SALMON <sup>INDUSTRY</sup> ~~RESOURCE~~.  
<sup>CERTAINLY</sup> ~~THE STATE~~ ~~SHOULD~~ HAS ~~A~~  
<sup>COMPILING</sup> INTEREST IN WISELY MANAGING THE  
RESOURCE. ~~AND~~ <sup>AND</sup> TO PROVIDE FOR <sup>THE</sup> OPTIMUM  
UTILIZATION OF THE AVAILABLE FISH.  
• A STABLE INDUSTRY, <sup>IN THE RESPECT OF</sup> ~~YIELD~~ YIELDS, PROCESSING  
AND MARKETING IS ESSENTIAL TO ACCOMPLISH  
THIS GOAL.

THE STATE HAS ASSUMED CERTAIN RESPONSIBILITIES IN ENSURING THE NECESSARY CAPITAL IS AVAILABLE FOR PROCESSING THE RESOURCE. INSTITUTIONS SUCH AS AARC ~~AND~~ <sup>AND</sup> CFAB HAVE CONTRIBUTED ~~TO~~ TO THIS SOLUTION, ALTHOUGH THEY HAVE GENERATED CERTAIN PROBLEMS ALSO.

~~THE~~ ~~BACK~~, INVENTORY LOANS FUND CREATED BY THE STATE IS ~~ALSO IN A POSITION~~ <sup>IN A SIMILAR</sup> ~~TO~~ ~~PROVIDE~~ ~~NEEDED~~ ~~FUNDS~~ ~~TO~~ ~~PROCESSORS~~ ~~AND~~ ~~NOT~~ ~~WITHOUT~~ ~~PROBLEMS~~.  
RESULTING

~~THE~~ FISHERMAN VIEW THE STATE'S <sup>FISHMANS</sup> INVOLVEMENT IN SOME PROCESSING COMPANIES, ~~COMPANIES AS~~ ~~EXAMPLE~~ SUCH AS SAKAMANOOF AND ICEE, AS DIRECTLY OPPOSED TO FISHERMENS INTERESTS.

THE STATE HAS ALSO ENTERED THE MARKETING SCENE THROUGH <sup>EFFORTS</sup> THE ALASKA SEAFOOD MARKETING INSTITUTE. ~~THE~~ THE CONCEPT OF ENHANCING THE ~~THE~~ DOMESTIC MARKET THROUGH THE GENERIC PROMOTION OF SEAFOOD IS OVERWHELMINGLY SEEN AS A POSITIVE ASPECT OF THE STATES INVOLVEMENT IN THE INDUSTRY.

SEN. STURGEONSKY —  
REP. CHICKLUK —  
SEN. HORTMAN —

~~BOB~~  
GODGER TANKER —

- 1.) 1ST CLASS STUDY
- 2.) STATE HAS RESPONSIBILITY TO MANAGE
- 3.) MUST MOVE NOW!

~~BOB~~  
THREE POINT PLAN

- 1.) PARTIES TO NEGOTIATING TABLE
  - 2.) GIVE THEM SOMETHING TO DISCUSS (market study)
  - 3.) RESOLUTIONS IMPOSED BY STATE.  
FOREIGN PROCESSES — LIMITED ENTRY ADJUSTMENTS
- 5.) DON'T SET PRICE
- 4.) DISTINGUISH POSSIBILITY OF STRIKE — IF PROLONGED STRIKE  
STATE HAS TAKEN WRONG APPROACH

~~BOB~~  
SIDNEY SMITH — A.A. TANKER COOK

- 1.) ~~BUY~~ PEN. PROCT IN FEBRUARY
- 2.) DON'T LET TROOPER PRESENCE!
- 3.) STATE SHOULD HELP ESTABLISH MARKETS

~~BOB~~  
JOAN CARWELL

- 1.) INTRODUCTION OF TAPE

REP. CHICKLUK OBJECTS TO INTRODUCTION OF TAPE

TAPE IS PLANNED

CHUCKWUK TO CARVER

CAN YOU SUBSTANTIATE BY OFFICIAL FIGURES (ACREST'S)

- HANK OSTROSKY -

STATES ROLE → WANTS HONEST MARKETING STUDY  
MASSIVE INTERFERENCE BY JAPANESE  
- DIATRIBE -  
STATE TO FUND STUDY

- PRODUCTION CREDIT FINANCING -

- BANK FOR COOPERATIVES -

ERIC ECKHOLM AN SEAFOOD MARKETING INST.

TROUBLE DUE TO MARKET COLLAPSE IN 1977  
MARKETING IS KEY TO SOLUTION

Jim Benton

A COUPLE OF INSTANCES - NO SHOTS FIRED  
INTIMIDATION IS KEY TO SILENCE ON VIOLENCE

MARKETING STUDY - I DON'T HAVE ANY PROBLEM - GOOD MARKET  
VERTICAL INTEGRATION -

~~A~~ FISHERMAN MUST SHARE LOSS AS WELL AS PROFITS

LETTING THEM SOLVE THEIR OWN PROBLEMS  
WON'T GET IT THIS YEAR.

SUPPORTS SEEKING LIMITED ENTRY PERMITS

(CHECKWUK QUESTIONS) 1) VIOLENCE INCIDENTS

2) SETTLEMENTS OF LESSOR PRICES HURTS LOCAL  
RESIDENTS

MITCH LINK - AIFMA (GENERAL MANAGER)

DON'T SEE PROCESSORS -

~~THE~~

PRICE LOOKS GOOD THIS YEAR

MORE VIOLENCE ON A SMALL YIELD YEAR

I DON'T THINK VIOLENCE WAS OUT OF PROPORTION

FAIR PRICE WOULD REDUCE LEVEL OF VIOLENCE

TALKS ABOUT BASE PRICE CONCEPT

MITCH OUTLINES PROPOSALS (WRITTEN + SUBMITTED)

ARLIME COTTENAK

- 1.) GET ARLIME'S NOTES
- 2.) ACQUIRE INFORMATION FOR NEGOTIATIONS  
SUBMITS AIFMA STUDY
- 3.) REFERENCE PRINTER'S REPORT
- 4.) INFO ISN'T ONLY NEEDED THRU'S
- 5.) WHAT ABOUT FISHERMAN WHO LACK MARKETS

~~THE~~ DOMINATION BY JAPANESE INDUSTRY  
RARE OWNERSHIP OF SAKAMOTO

6.) FUND FISHERMAN COOPERATIVES

MITCH LINK 35% AK.

28% WASH

28% ORCA

10% ORCA

} 65% OUTSIDE

Joy Smith

MORNING OF 28<sup>TH</sup> - HAROLD  
WAS INTIMIDATED BY STRIKING FISHERMEN;  
"I QUIT - FIGURE I LOST 50K LBS OF PRODUCTION"  
"I HEARD EVERYTHING ON THE RADIO -

WANTS TO JECK LIMITED ENTRY PERMITS FOR VIOLENT ACTS  
AT LEAST THINKS IT HELPED CALM THE TENSION

2<sup>ND</sup>) INCIDENT - VERY PISTOL INCIDENT  
WITNESSED IT

CLICKE. FISHERMAN - FISHERS FOR 40¢ LB WITH  
SHARE OF PROFITS (FINAL WAS 56¢)

~~FRANK~~ SIDNEY SMITH / FRANK COOK

S

B

3



A M E N D M E N T

OFFERED IN THE SENATE:

By: Judiciary

To: \_\_\_\_\_ SENATE BILL No. 3

HOUSE BILL No. \_\_\_\_\_

PAGE: 25

LINE: 16,17

Line 16: Delete "." and insert ";" in its place

Line 17: Insert "(3) prohibit the marriage of divorcee of the ward." before Section 15.



GOVERNORS COUNCIL FOR THE HANDICAPPED AND GIFTED

UNIVERSITY PLAZA OFFICES WEST SUITE C • 600 UNIVERSITY AVENUE • FAIRBANKS, ALASKA 99701  
PHONE (907) 479-6507

February 23, 1981

Senator Patrick Rodey  
Pouch V  
Juneau, Alaska 99811

Dear Senator Rodey:

The Governor's Council for the Handicapped and Gifted is actively supporting the enactment of Senate Bill 3, "An Act Relating to Guardians and Conservators". Senate Bill 3 is an excellent bill which will provide major reform of problems now occurring in guardianship cases in the State of Alaska.

The Council strongly recommends one addition, a section (8) on page 25, line 16 which would read:

"prohibit the marriage or divorce of the ward".

This important power should rest with the court and not with the guardian. Giving the guardian power over the ward's marriage or divorce is one of the problems under the present guardianship law that this bill should correct.

The bill fully supports the rights of individuals who may be partially or totally incapacitated. It provides for the assignment of guardians with authority to act on behalf of the incapacitated individual in direct relation to that person's needs.

The office of public guardian will provide much needed assistance to people who do not have private individuals to help them manage their affairs. Its primary purpose will be to identify and assist private individuals who can serve as guardians. This is a very positive way to maximize public effort with minimal expenditure of funds. It will prevent the possibility of the office of public guardian from becoming a state agency which fosters dependence.

There are many private individuals willing to serve as guardians if they can be assured that their responsibilities will be clearly specified and that they will be able to receive help and advice from persons knowledgeable in guardianship proceedings.

Passage of Senate Bill 3 and provision of funds for implementation of the public guardianship provisions is essential to the well-being of a large number of people with disabilities. This bill is supported by private and public agencies as well as by people with disabilities, their friends and families.

Your active support of SB 3 will be greatly appreciated.

Sincerely,

Carol Welsh  
Chairperson

CW/lsl



POSITION PAPER  
GUARDIANSHIP  
February 1981

THE GOVERNOR'S COUNCIL FOR THE HANDICAPPED AND GIFTED SUPPORTS THE PASSAGE OF SENATE BILL 3 "AN ACT RELATING TO GUARDIANS AND CONSERVATORS"

RATIONALE

The Council takes this supportive position for the following reasons (background information follows in more detail):

1. SB 3 bases a determination of incapacity on an individual's functional limitations rather than on a "blanket classification" on the basis of medical diagnosis or existence of a disability (such as mental retardation).
2. SB 3 provides strengthened due process protections to individuals thought to be incapacitated.

The Council feels that strong due process provisions are critical in legislation that deals with persons thought to be incapacitated because of the right of all persons, regardless of handicapping condition, to enjoy full constitutional protection of individual rights.

3. SB 3 provides for partial or limited guardianship as well as full or plenary guardianship so that an individual's rights are modified only in those areas of incapacity.

The Council feels that guardianship orders should only limit the rights of an individual in those areas of functioning where he/she cannot exercise individual choice, and, more importantly, should preserve the right of an individual to exercise free choice in those areas where his/her limitations are not in question. Present state statutes do not allow this "partial guardianship" option.

4. SB 3 strengthens court procedures and provides for a guardianship order and plan which specifically enumerates the responsibilities and powers of the guardian.

The Council feels that strengthening court procedures, providing for very specific guardianship orders, and requiring individualized plans are strong points of SB 3. These requirements serve as additional protections to the individual who receives guardianship services as well as provide guidelines for all parties involved in guardianship hearings and providing guardianship services.

5. SB 3 provides for an "office of public guardian" which has the responsibility to 1) serve as public guardian and 2) be a primary resource to locate private guardians and assist them in the performance of their duties.

The Council believes that the establishment of an "office of public guardian" (not currently existing in the State of Alaska) is important because such an office is needed to be public guardian for individuals who do not have family or friends available to be guardians. The Council further feels that the "office of public guardian's" responsibility to seek out and work with private sector guardians will serve to encourage family/concerned party involvement, and thus limit the caseload for which this office will be responsible in its role as public guardian.

6. SB 3 sets priorities for appointment of private guardians (Sec. 13.25.145(d)).

The Council believes that such a prioritization is necessary and beneficial in four (4) respects: a) it directs the court as to individuals to be sought for appointment as guardians, b) it serves as notice to private parties concerning the order in which they will be considered as potential guardians, c) it allows as much choice as possible by the person determined incapacitated, and d) it lists the public guardian as the last to be considered after all other possible persons have been contacted.

7. SB 3 locates the office of public guardian in the office of public administrator.

The Council feels that this is a good placement because the functions and expertise required of a public guardian are similar to those required of a public administrator. Further, the Council feels that such placement would ensure that there would be no possibility of conflict of interest which could arise if a social service agency providing care to an incapacitated person were acting as the person's guardian.

8. SB 3 includes time limits within which guardianship hearings must be held.

The Council believes that both the petitioner and the respondent should have assurance that hearings will be scheduled and held within a reasonable period of time. For petitions for temporary guardianship there is a need to have the court hearing within a few days so that legal transactions can be finalized and medical services obtained. Regular guardianship hearings should be able to be held within four months of the filing of petition.

9. SB 3 requires that annual reports be submitted by the guardian to the court.

This provides a mechanism for the court to monitor the guardian's discharge of his duties and may alert the court to a need for a change in the guardianship order or a termination in guardianship.

BACKGROUND INFORMATION ON NEED FOR A REVISED GUARDIANSHIP LAW IN ALASKA  
(AS PROPOSED IN SB 3)

1. Guardianship Practices and Implications

(Excerpts taken from Guardianship & Conservatorship: Statutory Survey and Model Statute, American Bar Association, 1979.)

"Guardianship is a legal relationship which authorizes one individual to become a substitute decision-maker for another. Its most common form is the "natural guardianship" relationship between parents and their minor children. A guardianship is established by court order when because of age, illness, or disability, a person is determined to be incapable of managing some or all of his or her personal and/or financial affairs. A guardian may be given partial or total authority to determine whether the disabled person will live in the community or an institution, and what type of medical, mental health and other services the disabled person will receive (personal guardianship), and/or partial or total power to manage and control that person's property and income (conservatorship). Correspondingly, the individuals for whom a guardianship has been established may lose the right to decide whether to remain in their own home, to make contracts for goods and services, to go to court to enforce their rights, to hold or convey property, and in some instances to marry, to have children, to vote and to make a will.

The criteria for establishing a guardianship are often broad and vague, permitting the imposition of restrictions on persons who are "different" as well as on those who are disabled. Current procedures often omit the safeguards we have come to expect when restrictions on liberty are imposed or fundamental rights threatened in other contexts. And perhaps most importantly, even today in many jurisdictions, guardianship orders and guardians have failed to recognize that individuals with disabilities are often capable of doing many things for themselves.

(A)...serious difficulty arises because the law usually represents incompetence in simple black and white terms, with the result that most guardianships of the person are looked on as plenary guardianships. The person declared incompetent is deprived of the legal capacity to act in any way on his own behalf. Even though he (or she) may have a guardian appointed to exercise some of his (or her) rights, the emphasis usually is on the deprivation of rights rather than on implementing rights constructively through informed representation. Moreover, the idea that the person himself (or herself) can properly retain and exercise some personal and even property rights, selectively, according to his (or her) individual capacity, is not adequately expressed in most existing statutes pertaining to guardianship.

Over the past two decades, a growing list of organizations and governmental commissions which have examined guardianship have called for

correction of these problems. For example, in 1962, the President's Panel on Mental Retardation stated:

For some, of course, a comprehensive guardianship will be needed. But we urge that, as far as possible, mentally retarded adults be allowed freedom--even freedom to make their mistakes. We suggest the development of limited guardianships of the adult person, with the scope of the guardianship specified in the judicial order.

The 1969 Report of the International League of Societies for the Mentally Handicapped recommended:

The retarded adult should be permitted to act for himself [or herself] in those matters which he [or she] has competence. The limitations of legal capacity inherent in guardianship should not extend to these matters. It follows that a person whose mental retardation is characterized by impairments of social competence which are partial should enjoy a partial guardianship specifically adapted to his [or her] strengths and weaknesses.

The 1975 edition of the Uniform Probate Code makes a clear distinction between guardianship of the person and conservatorship of the estate, and establishes a number of less restrictive alternatives for the protection of the property of a disabled individual (though not the person). It also provides for the execution of durable powers of attorney as a means of obviating the need for a guardianship or conservatorship. Finally, the 1976 Report of the President's Committee on Mental Retardation, urged that:

Statutes and court procedures bearing on competency should be clarified and revised (a) to recognize gradations of competence, (b) to recognize that areas of competency may be quite varied and therefore should be separable in law, (c) to assure full and explicit due process safeguards on any and all areas of competency, and that the scope of any judgment of incompetence is made fully explicit, and (d) to ensure that restrictions of competency be limited to a specific period of time or subject to periodic review."

## 2. Commentary on Changes Needed in Alaska's Guardianship Laws

Existing state law does not provide for partial guardianship, does not provide sufficient due process protections, and does not tie appointment of a guardian or provision of guardianship services to the specific needs of the incapacitated person, nor does it provide for persons for whom no private guardian can be obtained.

Legislation is needed to correct these problems. It should require a determination of incapacity to be based on the individual's ability to provide for his [her] physical health and safety without focussing on the medical diagnosis of the disability. It should provide for