

Chignik Salmon Purse Seine Fishery: Permit Transfer Statistics, 1992 - 2003

CFEC Report 03-1N
October 2003
Prepared for the Alaska Board of Fisheries
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This report was prepared for the Alaska Board of Fisheries' 2003 meeting on the Chignik salmon purse seine fishery. In 2002 and 2003, Board regulations allowed both a cooperative and a non-cooperative fishery to occur. Some suggest that the cooperative fishery may encourage a number of Chignik permit holders to transfer their permits to a non-fishing family member. The transferor would then be free to fish elsewhere while the non-fishing transfer recipient could join the cooperative and collect a share of the earnings. This report examines permit transfer activity over the 1992 through 2003 time period. The data indicate that the volume of emergency transfers and the volume and nature of permanent transfers during the years of the cooperative fishery are similar to those observed during the pre-cooperative years.

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Chignik Salmon Purse Seine Fishery: Permit Transfer Statistics, 1992 - 2003

This report provides data on permit transfers and CFEC's estimated permit values for the Chignik salmon purse seine fishery from 1992 through 2003. The Board of Fisheries asked CFEC to address the following question:

- Has permit transfer activity changed substantially during the first two years of the cooperative fishery?

CFEC data do not indicate if transfers occurred to take advantage of the cooperative. The data can show if transfers have changed substantially during the cooperative years. The tables in this report attempt to help answer the Board's question.

1.0 Overview of Transfer Activity, 1992 - 2003

Table 1 provides summary data on transfer activity over the 1992 through October 31, 2003 time period. Included in the table are counts of emergency transfers and permanent transfers, as well as the CFEC estimated average permit value in each year. Emergency transfer counts include emergency transfers of interim entry permits.

Table 1.

Transfer Activity in the Chignik Salmon Seine Fishery, 1992–2003.

Year	Emergency Transfers	Permanent Transfers ¹	Average Permit Price ²
1992	21	2	\$403,100
1993	11	7	\$349,800
1994	17	8	\$238,300
1995	19	6	\$228,300
1996	19	6	\$194,500
1997	12	9	\$188,300
1998	9	5	\$185,500
1999	9	6	\$158,800
2000	13	4	\$200,000
2001	11	2	\$185,800
2002	10	5	\$186,600
2003 ³	10	8	\$179,500
Total	161	68	

¹ These totals include two foreclosures in 1994 by the Commercial Fishing and Agriculture Bank and two foreclosures in 1998 by the Department of Community and Economic Development.

² CFEC permit value estimates are based on market values from actual transactions as reported on the transfer surveys. By statute and regulation, the financial data reported on the CFEC permit transfer surveys are confidential and cannot be disclosed to the public. For reporting purposes, CFEC's estimated permit market values must be averages of at least four transactions. Prior to 2003, year-end estimates are provided. In 2003, the most recent available estimate is provided (October 2003). The reader should view the estimates of average prices in the fishery provided in Table 1 with caution since the permit values used to calculate the average can be separated by a significant amount of time due to the small volume of sales transfers in the fishery.

³ The data in 2003 are as of October 31, 2003. It is possible that more transfers may occur between this writing and the end of 2003.

Cooperative fisheries occurred in 2002 and 2003. Seven of the ten emergency transfers that occurred in 2002 represented permits held by estates. Five of these permits were interim entry permits. Again in 2003, ten emergency transfers of permits occurred. Five of the ten emergency transfers in 2003 represented interim entry permits held by estates. The data indicate this is not an unusually high number of emergency transfers for this fishery.

In 1975, eighty-five permanent permits were initially issued in the Chignik salmon purse seine fishery. By the end of 1976, an additional five permanent permits had been initially issued. Every year since 1976, ninety permanent permits have been re-issued in the Chignik salmon purse seine fishery. CFEC data indicate that over the 1975 through 2002 time period, on average, approximately 9% of entry permits in all limited fisheries were permanently transferred each year. As can be seen in Table 1, the number of permanent transfers of Chignik salmon purse seine entry permits is relatively small in most years and below the overall average of 9% in many years. Assuming that no additional transfers will occur in 2003, a yearly average of 5.67 permanent transfers occurred in this fishery since 1992. This number represents a yearly transfer rate of approximately 6.3% of the total number of permanent permits in the Chignik fishery.

2.0 Relationships Between Transferors and Transfer Recipients

Table 2 reports the relationships between transferors and transfer recipients of Chignik salmon purse seine entry permits over the twelve year period from 1992 through October 31, 2003. The table shows that during this time period, 50% of the 64 permits transferred, occurred between members of immediate families or persons who were otherwise related to each other. An additional 40.6% of transfers occurred between people who appeared to have no pre-existing relationship. The remaining 9.4% of transfers in this fishery occurred between business partners and/or personal friends.

Table 2. Relationships Between Persons Transferring Chignik Salmon Purse Seine Entry Permits, From 1992-2003 Survey Data.

Year	Immediate Family			None	Other	Totals
	Member / Other Relative	Business Partner/ Personal Friend				
1992	0	0	2	0	2	
1993	5	0	2	0	7	
1994	3	1	2	0	6	
1995	3	1	2	0	6	
1996	2	1	3	0	6	
1997	4	1	4	0	9	
1998	2	1	0	0	3	
1999	3	1	2	0	6	
2000	1	0	3	0	4	
2001	1	0	1	0	2	
2002	3	0	0	2	5	
2003	5	0	3	0	8	
Total	32	6	24	2	64 ⁴	

⁴ Excluded from this table are two permit foreclosures in 1994 by the Commercial Fishing and Agriculture Bank and two permit foreclosures in 1998 by the Department of Community and Economic Development, previously discussed in Table 1.

Survey information is not provided to CFEC on foreclosed permits. Therefore, four permits that were transferred to the Commercial Fishing and Agriculture Bank and the Department of Community and Economic Development due to foreclosure are not shown in this table.

3.0 Transfer Acquisition Methods

Table 3 presents transfer acquisition methods for the Chignik salmon purse seine fishery for 1992 through October 31, 2003. Survey data indicate 52.9% (36 surveys) of the transfers that occurred during this time period were sales transactions, 30.9% (21 surveys) were gifts or inherited, 10.3% (7 surveys) were trades and the remaining 5.9% (4 permits) were the result of foreclosure transactions.

Table 3.

Transfer Acquisition Methods for the Chignik Salmon Purse Seine Fishery, From 1992-2003 Survey Data.

Year	Sales	Gift / Inheritance	Trade / Other	Foreclosure	Totals
1992	2	0	0	0	2
1993	2	5	0	0	7
1994	3	3	0	2	8
1995	6	0	0	0	6
1996	4	1	1	0	6
1997	6	2	1	0	9
1998	0	2	1	2	5
1999	4	2	0	0	6
2000	3	1	0	0	4
2001	1	1	0	0	2
2002	1	0	4	0	5
2003	4	4	0	0	8
Total	36	21	7	4	68

The Chignik cooperative fishery has existed for two years. During this time (2002-2003), only five of the thirteen permanent transfers of entry permits were sales transactions. The only sales transaction in 2002 took place before the fishery opened. Three of the eight transfers that have taken place in 2003 occurred after the end of the fishing season. The four sales transactions that have occurred to date in 2003 were within the range of sale transfers in the Chignik fishery during pre-cooperative years.

In 2002 there were no transfers reported under the “Gift/Inheritance” category. Survey data suggest that three of the four transfers reported under the “Gift/Inheritance” category in 2003 resulted from the death of an immediate family member or other relative. As with 2003 sales transactions, transfers by gift or inheritance do not appear to be inordinately high when compared to all years considered in this report.

4.0 Other Permits Held by Transferors of Chignik Salmon Seine Permits

Board regulations allowed both a cooperative and a non-cooperative fishery to occur in 2002 and 2003. Some have suggested that the cooperative fishery may encourage some Chignik permit holders to transfer their permits to non-fishing family members. The transferor would then be free to fish elsewhere while the non-fishing transfer recipient could join the cooperative and collect a share of the earnings. Table 4 reports on the number of Chignik salmon permit holders who permanently transferred their permits, transferors who held permits in other salmon fisheries and transferors who held permits in non-salmon fisheries during the 1992 through 2003 fishing seasons.

Table 4.

Statistics on Permits Held in Other Fisheries by Transferors of Chignik Salmon Purse Seine Permits, From 1992-2003.

Year	Permanent Transfers of Chignik Salmon Purse Seine Permits	Transferors Holding A Permit in Another Salmon Net Registration Area	Transferors Holding A Non-Salmon Permit
1992	2	0	1
1993	7	0	2
1994	8	0	3
1995	6	0	1
1996	6	1	2
1997	9	1	1
1998	5	0	1
1999	6	0	1
2000	4	0	1
2001	2	0	0
2002	5	2	3
2003	8	0	1
Total	68	4	17

The data in Table 4 indicate that very few persons who have permanently transferred their Chignik salmon purse seine permit have held a salmon permit for another salmon net registration area at the time of transfer.

In 2002, two of the five persons who permanently transferred away a Chignik salmon permit held a salmon permit for another salmon net area. In 2003, none of the eight persons who permanently transferred away a Chignik salmon permit held a salmon permit for another salmon net area.

Summary

In summary, the data in this report indicate that the volume and nature of the transfers of Chignik salmon purse seine permits during 2002 and 2003 appear to be similar to the volume and nature of transfers observed in the pre-cooperative years.