

BUY-BACK QUESTIONNAIRE

(NOTE: This is only a survey to gain a sense of interest in moving forward with a buyback program for groundfish trawl permits. This is not a ballot for casting votes on the issue. This is not a solicitation for bids to buy trawl permits. None of your answers are binding upon you in the future.)

Changes in the Magnuson Act in 1996 provide the authority to establish Federally governed fishing industry funded buy-back programs. The Federal Government would lend the fishing industry the money to purchase permits/vessels from willing sellers. The remaining participants in the fishery would be required to repay the loan. This would be done by imposing a fee that may not exceed 5% of the exvessel value of the fish sold, on the remaining fishermen. The life of the loan would be 20 years. Before this could occur, all permit holders would have an opportunity to approve the buy-back program in a referendum. The referendum would pass only if two-thirds of the votes were in favor of the buy-back program.

Industry representatives, working with the Pacific Fishery Management Council (PFMC) have developed a business plan for a Groundfish Trawl Permit Buy-back Program. An important feature to the business plan is that the groundfish species are allocated between user groups. This way, the relative amount of fish that the trawl fishery harvested in the past would be available to the remaining participants in the future. In other words the trawl slice of the pie would remain the same size but there would be fewer people sharing it. The Council is currently considering these allocations.

Preliminary analysis indicates that there would be a positive economic benefit to the remaining participants in the fishery if the buy-back were to occur. However, this analysis was based on educated guesses on which permit-holders would submit bids, and for how much. Clearly, if the cost of repaying the loan is greater than the economic return of having fewer fishermen, the buy-back program makes little sense. However, if the value of the fish made available to the remaining participants is greater than the repayment cost, a buy-back program may make good business sense.

For this reason, the regulations governing buy-back programs require that bids for the sale of permits occur prior to the referendum being held. This way permit holder's will know in advance what the value of the catch had been for the vessels that would be selling their permits if the referendum passes. Until bids are received it is impossible to know in advance exactly how much fish the boats that will be leaving the fishery caught.

Given the above:

- 1a If the Buy-back referendum were held today, and the benefits to the remaining participants were greater than the cost of repaying the loan, would you likely vote yes in favor of the buy-back? Yes 122 No 37

1b If yes, if the Council decided that allocations weren't necessary to a buyback program, would you still vote in favor of the buyback program? Yes 68 No 54

2a When the bids are being submitted, would you likely be submitting a bid to sell your permit? Yes 79 No 80

2b If so, how much would you likely sell your permit for? (Total cost, not dollars per point) \$ 271K

2c If you intended to submit a bid to sell your permit in the buyback program, do you intend to use your vessel to continue fishing in other fisheries?
Yes 61 no 18

If yes, which fisheries would you continue in?

Pink Shrimp	<u>45</u>
Dungeness Crab	<u>37</u>
Albacore	<u>28</u>
Prawns	<u>8</u>
Swordfish	<u>0</u>
Others	<u>7</u>

2d If you intended to submit a bid to sell your permit in the buyback program, do you intend to use your vessel to start fishing in new fisheries?
Yes 24 no 55

If yes, which fisheries would you start operations in?

Pink Shrimp	<u>3</u>
Dungeness Crab	<u>7</u>
Albacore	<u>11</u>
Prawns	<u>5</u>
Swordfish	<u>4</u>
Others	<u>6</u>

3a If Individual Transferable Quota's (ITQ's) were allowed, do you support development of ITQ's for the groundfish fishery? Yes 92 No 67

3b If yes, do you think a buy-back program is necessary? Yes 54 No 38

Comments: _____

SUMMARY OF RESPONSES TO INDUSTRY QUESTIONNAIRE ON
INDUSTRY FUNDED BUY-BACK PROGRAM
NUMBER OF RESPONSES INDICATING INTEREST IN SELLING PERMIT

	# of Permits	# of response	# yes to #2a	% yes of permits	% yes of responses	remaining boats
Bellingham	12	7	5	42%	71%	7
Seattle	28	16	3	11%	19%	25
Westport	9	5	4	44%	80%	5
Astoria	36	26	14	39%	54%	22
Newport	41	20	8	20%	40%	33
Coos Bay	30	13	2	7%	15%	28
Brookings	11	4	4	36%	100%	7
Crescent City	19	12	12	63%	100%	7
Eureka	28	23	17	61%	74%	11
Fort Bragg	12	11	4	33%	36%	8
Bodega Bay	4	1		0%	0%	4
San Francisco	7	4	1	14%	25%	6
Halfmoon Bay	11	7	2	18%	29%	9
Monterey Bay	10	4	2	20%	50%	8
Morro Bay	15	6	1	7%	17%	14
Total	273	159	79	29%	50%	194
Washington	49	28	12	24%	43%	37
Oregon	118	63	28	24%	44%	90
California	106	68	39	37%	57%	67

SUMMARY OF RESPONSES TO INDUSTRY QUESTIONNAIRE ON
INDUSTRY FUNDED BUY-BACK PROGRAM

	# of Permits	# of surveys	% returned	Response to question #1a			
				# No	# Yes	% No	% Yes
Bellingham	12	11	64%		7	0%	100%
Seattle	28	27	59%	12	4	75%	25%
Westport	9	9	56%		5	0%	100%
Astoria	36	35	74%	3	23	12%	88%
Newport	41	41	49%	5	15	25%	75%
Coos Bay	30	30	43%	5	8	38%	62%
Brookings	11	11	36%		4	0%	100%
Crescent City	19	19	63%		12	0%	100%
Eureka	28	27	85%	2	21	9%	91%
Fort Bragg	12	12	92%	4	7	36%	64%
Bodega Bay	4	4	25%	1		100%	0%
San Francisco	7	7	57%	1	3	25%	75%
Halfmoon Bay	11	11	64%	3	4	43%	57%
Monterey Bay	10	10	40%	1	3	25%	75%
Morro Bay	15	15	40%		6	0%	100%
Total	273	269	59%	37	122	23%	77%
Washington	49	47	60%	12	16	43%	57%
Oregon	118	117	54%	13	50	21%	79%
California	106	105	65%	12	56	18%	82%

Note: The number of surveys may be lower than the number of permits, due to several surveys being returned by the Postal Service as undeliverable or the recipient indicating that the vessel had been sold.