

# Prince William Sound Aquaculture Corporation Economic Impact Update for 2010

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## PWSAC has a Significant Impact on Alaska Salmon Fisheries

- During the past four seasons, salmon reared and released by the Prince William Sound Aquaculture Corporation (PWSAC) accounted for 18 percent<sup>1</sup> of Alaska's commercial salmon harvest, by volume. Based on Alaska Department of Fish & Game in-season estimates, PWSAC salmon could account for 30 percent of the salmon harvest in 2010<sup>2</sup>.
- According to in-season estimates and McDowell Group estimates, PWSAC pink salmon could account for 25 percent of the statewide salmon harvest, and 54 percent of the statewide pink salmon harvest in 2010.
- During the past four seasons, salmon reared and released by PWSAC have fetched a total ex-vessel value<sup>3</sup> of more than \$196 million. From 2007 to 2009 PWSAC salmon were worth \$435 million in first wholesale value to processors operating in Prince William Sound.
- Prince William Sound, supported by PWSAC, is a major salmon producing region in Alaska. From 2007 to 2010, the PWS region accounted for an estimated 27 percent of all salmon caught in Alaska's commercial salmon fisheries (by volume). Based on in-season estimates, PWS salmon could account for 38 percent of the salmon harvest in 2010.

## PWSAC Salmon form the Backbone of the PWS Commercial Fishery

### Commercial Fishing

- Prince William Sound salmon fishermen have benefited greatly from PWSAC hatchery operations since 1990. Favorable salmon prices and excellent hatchery returns have provided \$196 million worth of salmon to common property fisheries since 2007. Since 1990, PWSAC has contributed \$403 million to common property fisheries.

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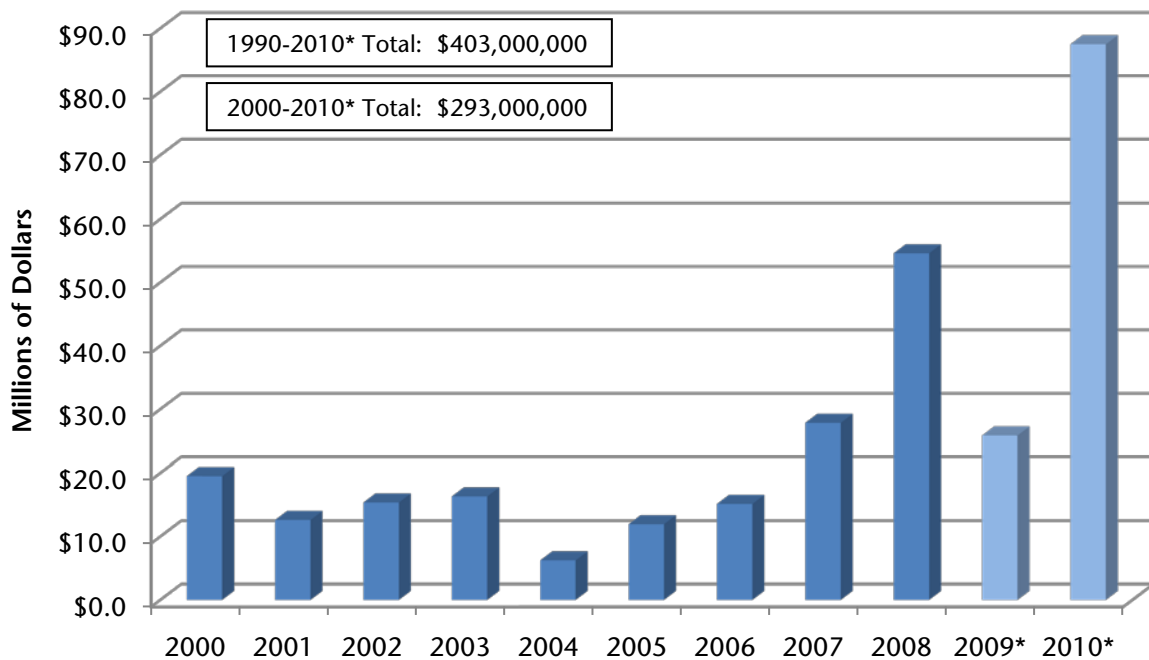
<sup>1</sup> Findings are based on data published and disseminated by the Alaska Department of Fish and Game. McDowell Group used in-season data from the 2010 season, preliminary data from 2009, and published research from prior seasons to estimate the amount of PWSAC salmon harvested each year. Figures for 2010 represent estimates based on in-season sampling or prior seasonal averages, in cases where in-season data is not available.

<sup>2</sup> In-season data on the 2010 season is very preliminary, and will be revised by the Department of Fish and Game at the end of the year. Some revisions can be large, and thus would have a substantial impact on the percentages and data shown in this report. However, as of September 2010, claims made in this report accurately reflect the data that is available. As the full extent of the PWS pink salmon harvest is not yet reflected in the data, it's possible that the PWSAC salmon harvest share could vary modestly from these in-season estimates.

<sup>3</sup> The post-season adjusted price per pound for the first purchase of commercially harvested seafood. The ex-vessel value is usually established by determining the average price for an individual species, harvested by a specific gear, in a specific area. The delivery condition of the product (iced, RSW, etc) is usually taken into consideration when the average price is established. Ex-vessel prices is sometimes called the dockside price, because historically it has represented the price paid to fishermen as they unload their catch onto the docks.

- According to 2010 in-season estimates PWSAC salmon accounted for 72 percent of the ex-vessel value of the Sound’s common property salmon fisheries.
- According to preliminary 2009 data PWSAC salmon accounted for 64 percent of the ex-vessel value of the Sound’s common property salmon fisheries.
- Nearly 51 million PWSAC salmon were harvested in the Sound’s common property salmon fishery in 2010.

**Ex-Vessel Value of Common Property Commercial Harvest of PWSAC Salmon, 2000-2010**



\*Data shown for 2009 are preliminary. Preliminary data shown for 2010 are based on in-season estimates from ADF&G, PWSAC and McDowell Group.  
Source: ADF&G, PWSAC and McDowell Group estimates.

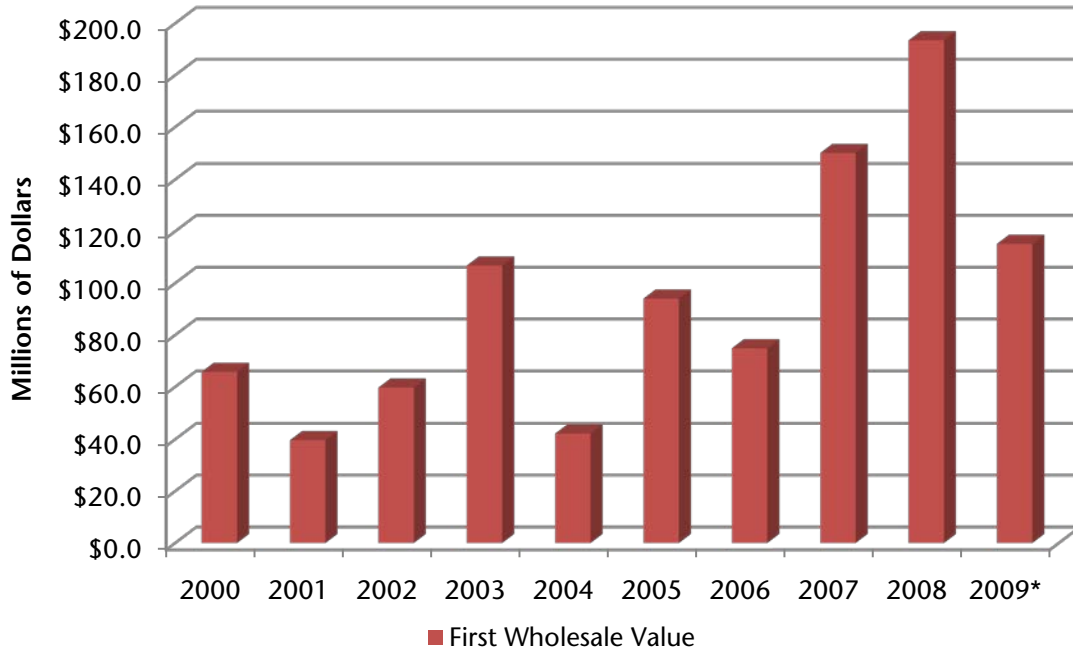
- Due to a record pink salmon harvest in 2010, PWSAC contributed more to the common property harvest than ever before. Through August, using the most current data available in conjunction with preliminary ex-vessel prices gathered from local processors, PWSAC salmon are estimated to have contributed \$87.5 million to the common property fishery.
- Since 2007, cost recovery harvests have averaged \$7.6 million, in ex-vessel terms. In comparison, the average ex-vessel value of PWSAC salmon harvested during the same period in the Prince William Sound common property fishery is \$49 million annually.

## Seafood Processing

- Fifteen seafood processors operate in the Valdez-Cordova census area. Many of them significantly benefit from processing and selling PWSAC salmon.

- From 1990 to 2009, the value of PWSAC salmon processed by processors is estimated at \$1.43 billion in first wholesale value<sup>4</sup>.

**First Wholesale Value of Commercially Harvested PWSAC Salmon, 2000-2009**



\*Data shown for 2009 are preliminary.  
Source: ADF&G, PWSAC and McDowell Group estimates.

- Formulating estimates with any certainty for the 2010 first wholesale value is not yet possible based on available information. However, the record ex-vessel value of the 2010 harvest suggests that processors will see first wholesale values well in excess of those seen in 2008, when processors sold PWSAC salmon for \$193 million.

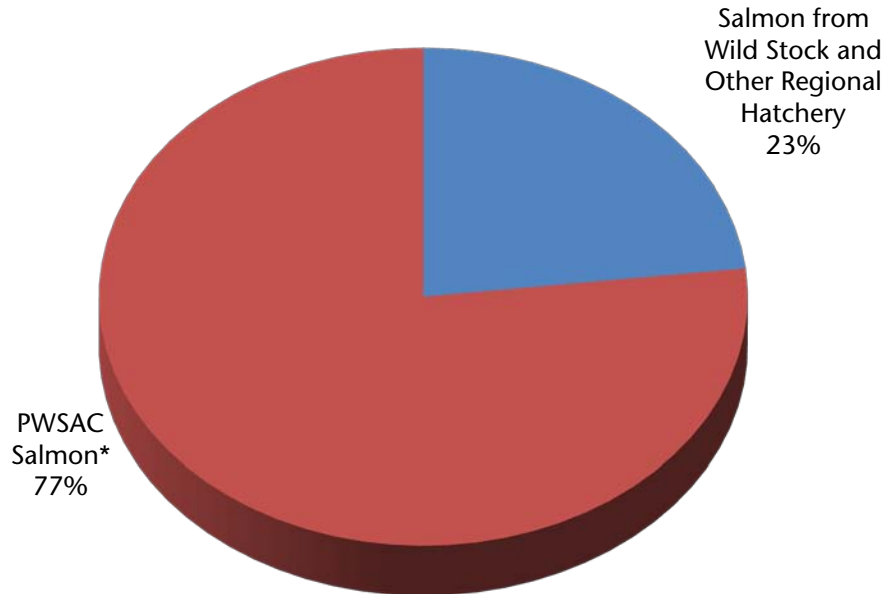
## The Sound's Commercial Salmon Fishery Relies on PWSAC

- Since 2007, salmon reared and released by the Prince William Sound Aquaculture Corporation have made up 66 percent of the Prince William Sound common property salmon fishery. Including preliminary estimates for 2010, seiners and gillnetters have caught an estimated 478 million pounds of PWSAC salmon during the past four seasons.
- Large hatchery returns of pink salmon in 2010 increased the percentage of PWSAC salmon relative to the region. In-season sampling suggests that 77 percent of salmon harvested in PWS common-property fisheries came from PWSAC.

<sup>4</sup> First wholesale value relates to the value of seafood at the point at which it is sold out of the production network of the firm that initiated first stage processing.

- It is estimated that 188 million pounds of PWSAC pink salmon and 28 million pounds of chum salmon were harvested in Prince William Sound commercial fisheries in 2010.

### **The Role of PWSAC Salmon in the PWS Common Property Fishery, 2010 (Preliminary Estimate)**



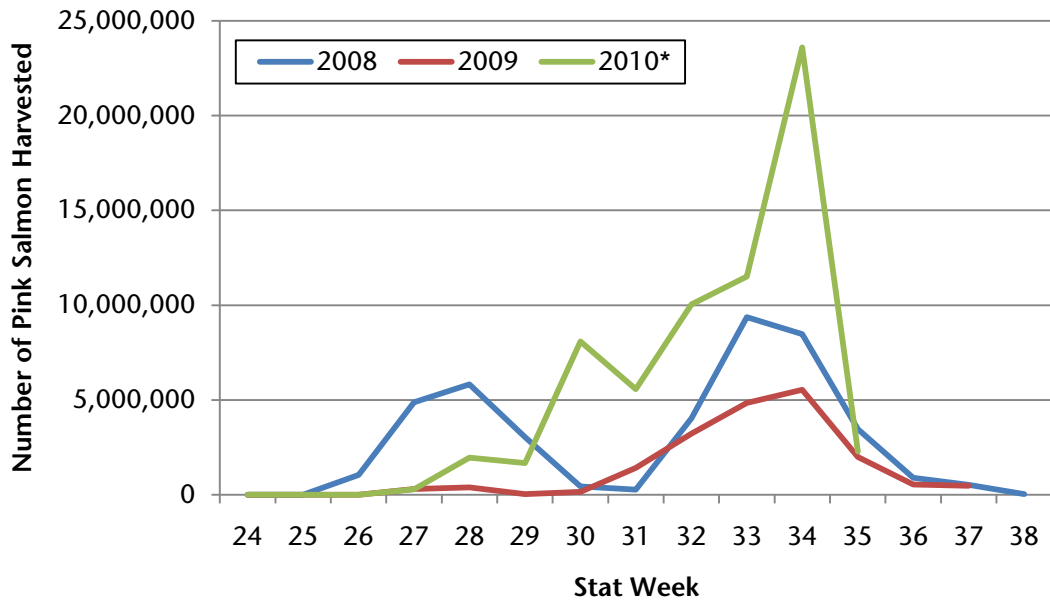
\*Preliminary data shown for 2010 are based on in-season estimates from ADF&G, PWSAC and McDowell Group.  
Source: ADF&G, PWSAC and McDowell Group estimates.

- Drawing on preliminary estimates for 2009 and in-season estimates for 2010, PWSAC salmon accounted for 90 percent of the chum salmon, 84 percent of the pink salmon, and 52 percent of the sockeye harvested in Prince William Sound common property fisheries for these years.

## **Pink Salmon Flood the Sound in 2010**

- Thanks to a record return of PWSAC pink salmon, Prince William Sound fishermen enjoyed the largest run of pink salmon seen in the history of the fishery. Over 66 million fish have been harvested through August, and the fishery continued into September.
- Pink salmon in the Prince William Sound are a modern, man-made marvel. Hatcheries operated by the Prince William Sound Aquaculture Corporation and the Valdez Fisheries Development Association (VFDA) are responsible for virtually all of the pink salmon harvested in Prince William Sound.
- In 2010, a preliminary estimate is for pink salmon to account for over 65 percent of the total Prince William Sound common property salmon harvest by value, and over 85 percent by volume.

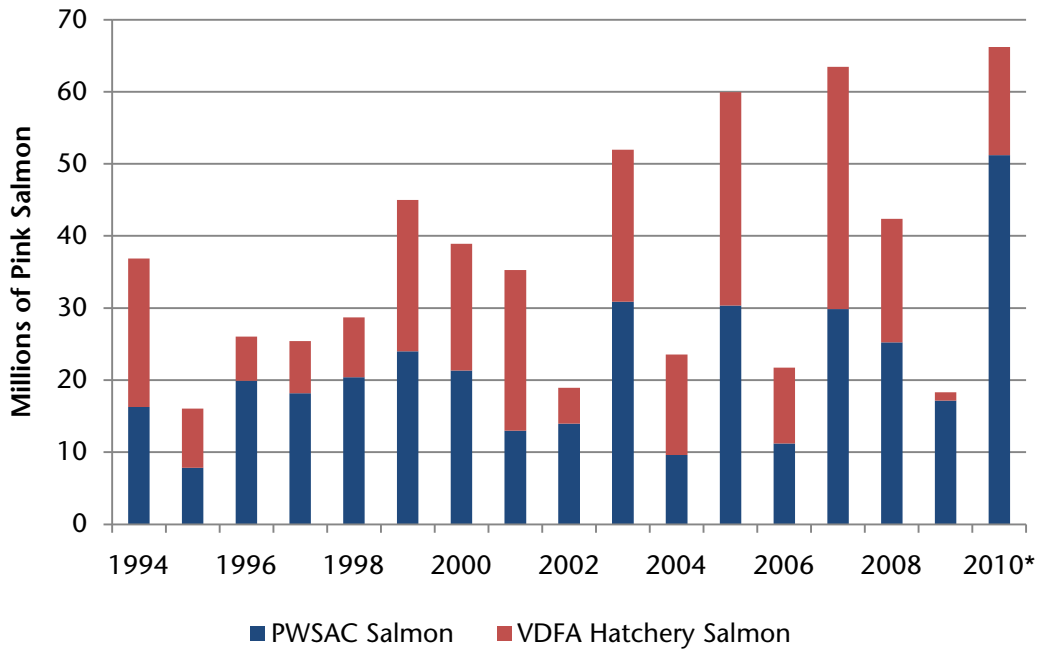
### Prince William Sound Pink Salmon Harvest by Week, 2008 - 2010\*



\*Preliminary data shown for 2010 are based on in-season estimates from ADF&G.  
Source: ADF&G

- During the first three weeks of August 2010 (stat weeks 32 through 34) Prince William Sound fishermen harvested an incredible 45.2 million pink salmon.

### The Role of PWSAC Pink Salmon in the PWS Common Property Fishery, 1994 - 2010



\*Preliminary data shown for 2010 are based on in-season estimates from ADF&G, PWSAC and McDowell Group.  
Source: ADF&G, PWSAC and McDowell Group estimates.

## **PWSAC Salmon Create Thousands of Seasonal Jobs<sup>5</sup> that Represent a Primary Source of Income for Many Workers**

- In 2009, an estimated 1,500 skippers and crew worked in Prince William Sound commercial salmon fisheries. The canneries and processing plants in the Valdez-Cordova census area employed an estimated 1,250 workers. Salmon is the predominant type of seafood caught in the Prince William Sound and PWSAC hatcheries accounted for 89 percent of that volume in 2009.
- PWSAC salmon provide jobs for people outside the region as well. In 2009, seiners and gillnetters from 33 different Alaska communities descended on Prince William Sound to harvest salmon.
- These seasonal jobs represent a source of income created in the community that does not rely on the spending of Prince William Sound residents or government. Basic sector industries like fishing and processing are important because they create wealth within the community that would not otherwise be present.

### **Summary of Findings**

- PWSAC salmon could account for 30 percent of the total statewide salmon harvest in 2010.
- PWSAC pink salmon could account for 25 percent of the total statewide salmon harvest in 2010.
- PWSAC pink salmon could account for 51 percent of the total statewide pink salmon harvest in 2010.
- PWSAC salmon accounted for 64 percent of the ex-vessel value in the Sound's common property salmon fisheries in 2009.
- PWSAC salmon accounted for 72 percent of the ex-vessel value in the Sound's common property salmon fisheries in 2010.
- It is estimated 188 million pounds of pink salmon produced by PWSAC were harvested in the salmon fisheries of Prince William Sound in 2010.
- PWSAC salmon accounted for 77 percent of the total harvest volume in Prince William Sound's common property salmon fisheries in 2010.
- Prince William Sound salmon fisheries employ 1,500 skipper and crew.
- Prince William Sound processors employed 1,250 workers in 2009.

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<sup>5</sup> In this context, we are not adjusting the number of jobs to take seasonality into account. Traditionally, jobs may be converted to an annual average but in the case of high-volume salmon fisheries the season lasts just a few months. These jobs, though seasonal, represent the primary occupation for many workers.