

WRITTEN TESTIMONY OF
PAMELA W. ANDERSON, Co-owner/Operations Manager
CAPT. ANDERSON'S MARINA, TO
UNITED STATES SENATE
COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP
THE IMPACTS OF FEDERAL FISHERIES MANAGEMENT ON SMALL BUSINESSES

March 3, 2016

Dear Chairman Vitter and Members of the Committee,

I am Pamela Anderson, co- owner and Operations Manager of Capt. Anderson's Marina, Panama City, FL, First Vice President of the Panama City Boatman's Association, and fishery representative on our Bay County Chamber Governmental Affairs Committee. While my husband and I operated a large Dinner Cruise boat for 40 years, until 2013, we have managed the marina and fishing boats since 2001 after his father passed.

I am honored to be here today to give testimony to the Senate Committee on Small Business and Entrepreneurship regarding 'The Impacts of Federal Fisheries Management on Small Businesses'. Fisheries management has resulted in negative economic impacts on the fishing industry and associated businesses that have been caused by the Reauthorization of the Magnuson-Stevens Act of 2007.

Today you will hear from me, a small business owner in the recreational fishing industry, about how thousands of similar businesses tied to recreational fishing in the Gulf have been unreasonably burdened by the excess deadline mandates in the 2007 MSA. From others you will hear a different opinion, and this is why - the Gulf Council, under the direction of NOAA Fisheries, is picking winners and losers in the industry through catch shares programs. You will not hear from the losers, not because they don't care, but because they have become sharecroppers to those who were granted large portions of shares early on in the process and have given up and because they cannot afford to continue to fight.

Recreational angling is a \$16B industry in the Gulf States. According to Florida's Fish & Wildlife Research Institute , \$12.5B is attributed to all of Florida's anglers. It is important to our economies to offer *opportunities* to fish in our coastal communities. Unfortunately, NOAA's interpretation of the Magnuson-Stevens Act, is to manage for a finite number of fish, and, since the popularity of fishing is increasing, they must stop that increase through choosing winners and losers in the fishery. That has been done in the Commercial sector in the Gulf, shrinking the Red Snapper commercial shareholders from 800 to less than 400, with less than 55 controlling 77% of the total harvest. They call it reducing overcapacity, I call it eliminating jobs, businesses and gifting a public resource. The Council plans to reduce the number of recreational angling charter boats and head-boats in the Federal for-hire industry, from the original 1600 to less than 1000. Right now there are about 1250 licensed captains. In the private angler arena, the plan is to develop fish tags to sell, lease, auction or use in a lottery system, allowing only the most affluent anglers to fish recreationally.

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Currently the commercial fishermen who were fortunate enough to be granted their own share of the fishery through an Individual Fishing Quota (IFQ) are the only winners, with a handful of very outspoken leaders who have become quite wealthy. These commercial beneficiaries are trying to force the same type of regulations on recreational anglers. An excellent article was written recently by Ben Raines, an investigative reporter for the Alabama Media Group (AL.com). His eye-opening article is in your packet***. It clarifies what has happened in the management of our fisheries and where it is headed.

Recreational angling is all about access and opportunity-the opportunity to catch fish, with a chance to catch a big fish, while sharing the experience with family friends. While it is a growing sport and because modern technology allows anyone to find fish and access these public resources themselves, that should not be viewed as a bad thing. Fishing is about recreation, taking a break, enjoying wholesome family time, and often what vacations are built around.

But it's not just about the experience. It's also about the jobs created and supported by recreational anglers-the tackle shops and manufacturers that supply them, hotels and restaurants (from local coffee shops to fine dining) that house and feed them, and the other attractions that are used when anglers go to the coast and fish on head-boats, charter boats, or their own private boats. It's about businesses being able to offer their employees a reasonable, predictable season that they can count on, which **was** at least 6 months up until 2007. Even then, most who worked in the recreational fishing industry had winter jobs working in commercial fishing, construction, and some even worked in the school system.

In Bay County, our Tourist Development Council is promoting more year-round tourism, and although people are coming, we cannot offer them much in the way of catching and keeping the fish they prefer. We have made the decision to add advertising to our marina costs in addition to what the individual boats pay*. Visitors would love the opportunity to catch a red snapper in April or October, as before, and take it to a local restaurant that offers 'hook n cook', preparing their fish with sides to go with it. This is not possible for most species, but it is not necessarily due to their being depleted fisheries.

For Red Snapper, it is due to excess regulations and/or arbitrary deadlines for rebuilding the fishery, to a lack of transparency in assessing or revealing the health of the fishery, and failing to look for ways to grow the fishery to meet public demands beyond limiting harvest. It is due to inaccurate NOAA fisheries harvest data that has prompted each of the Gulf States to implement their own data program focusing on the reef fish anglers.

I have spoken numerous times with Dr. Bonnie Ponwith, NOAA's Southeast Fisheries Science Center Director, about what was needed to gather more accurate information on harvest levels. She stated two simple pieces of information were needed-the 'universe of anglers' who fish for reef fish and their 'contact information' so they could survey actual reef fish anglers for harvest data. I was rather taken back that the Magnuson-Stevens Act had been in place for 30 years at that time, and those responsible for collecting information on our fishery had not even figured out a way to collect that data. Ms. Ponwith also said better recreational results could be gained

*See annual advertising expenses on Capt. Anderson Marina graph

**See Slide 6 in 3rd section in packet and next page for explanation.

**Southerland graph is in section 3.

***Ben Raines article/ AL.com

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by using estimates instead of a census, the latter requiring 100% participation, which is cost prohibitive and not practical because 100% would not be collected.

Florida's Fish and Wildlife Conservation Commission (FWC) will be reporting the results of their new data collection program, which is significantly different from the NOAA data, at their April 2016 meeting. To gather the necessary information, FWC simply asked anglers to check a 'box' to their recreational salt water licenses in 2015 if they planned to target reef fish. They were then able to use this new, narrowly focused database to contact actual reef fish anglers for harvest information instead of using ineffective, random phone surveys of households. Our Panama City Boatman's Association was instrumental in assisting the FWC with this plan.

NOAA's MRIP has just implemented a mail survey for anglers which is better than the previous survey of landline phone numbers, but is still not as focused specifically on reef fish anglers, as the individual Gulf States are doing.

NOAA Fisheries, with the aid of the Gulf Council, continues to implement overbearing regulations on a fishery that is growing, without knowing exactly how much it is growing. Because of 'the uncertainty in their data', they believe they must be more stringent in their regulations for a fishery that, no matter how much they believe anglers have overfished using their poor data, has rebounded significantly. Regulations are set very conservatively, with added buffers so anglers will not overfish the limits that are set on uncertain data. If you do overfish their arbitrary limits, there are accountability measures to reduce your quota and season days for the next season. As you are given fewer days to fish, their statistical assumptions are that a much higher percentage of anglers will catch their limit each day**; therefore, the next season the numbers show as much or more overfishing. It doesn't work that way in real life, but I'm afraid common sense is not a factor in the statistical equation that determines seasons for Red Snapper or any NOAA-regulated fishery in the Gulf.

How does this affect our small businesses? At Capt. Anderson's Marina next year we will be celebrating our 60th Anniversary in that location. We have 5 large head-boats, 4 dive boats, and 27 charter boats. Our businesses are providing the service of taking recreational anglers who do not have their own boats out into the Gulf to fish for reef fish.

In addition to those fishing boats, we have 2 sightseeing boats, a gift shop, photo shop, a seafood market and a large seafood restaurant with several others close by. Local tackle shops and bait and ice suppliers, fuel suppliers, and boat repair shops are just a few of the supporting businesses.

The Capt. Anderson Marina graph* I have provided shows gallons of fuel sold at our marina in and out of Red Snapper season with numbers of anglers in and out of Red Snapper season. We have been able to continue our businesses but not without a price. If you look to the right of the graph you can see that additional 'Advertising' expense has been added in recent years. Until 2007, the boats were able to operate successfully with their own marketing, but now, we are supplementing that to keep everyone as busy as possible. The graph shows that, even with the

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additional marketing, we are not selling as much fuel as we did in our 194-day Red Snapper season. The passenger counts for the head-boats are broken down between the shorter 5 & 6 hour trips, compared to the longer 8, 10, and 12 hour trips. I did this to show how regulations have changed the way people fish and to show that the change has made a difference in income. As the Red Snapper bag limit was changed to 2 fish and then shorter seasons, the guests began to switch from long trips to shorter trips. We heard a lot of 'if I can only catch two snapper I don't want to go on the more expensive trip'. We knew they were more likely to catch those snapper on the longer trips, but that was their choice. The monetary difference is two-fold; the owner of the shorter trips got a windfall and the owners of the longer trips took quite a financial hit, especially the one with the 12 hour trip. That is the reason we added the 8 hour trip, to help his business. In addition, the head-boat owners pay a percentage on ticket sales. The shorter trips cost less, so the marina makes less per person on ticket sales.

Our anglers, during high tourism months, make vacation plans well in advance so they will be able to secure hotel or condo reservations for their families and to request time off from their workplace. Many want to make reservations in January or February for the June 1st start of Red Snapper season in NW FL.

Unfortunately, every year we go through an endurance game of not knowing what the seasons on different species will be until February, March or April. Sometimes when we are given dates and take reservations, the dates change. Each year the story is different. And each year we must work harder to keep our customers updated so they will continue to come.

For example, in February, 2014, we were told by the Gulf Council that our Red Snapper season would be 40-45 days starting June 1st as long as the states didn't change their seasons and they didn't. I called back to the office to say they could book fishing reservations for Red Snapper trips from June 1st for a 40 day season. They immediately put the word out through social media, website, and the TDC. We were booked almost full for all boats, all trips within a few weeks.

At the very next Gulf Council meeting in April, we were told that, due to a ruling on a lawsuit by EDF and commercial fishing groups against NOAA claiming the recreational sector was *overfishing* and *unaccountable*, our season had been cut to 11 days. In May the season was cut again to 9 days, just a couple of weeks before the season began June 1st. So, we were forced to contact our customers and cancel more than 30-days of booked trips on our boats, just a few weeks before the start of the season. It was not good for our businesses and it was not good for Florida's tourism for us all to be put in this position. Some came anyway, but most either cancelled their trip to Panama City or just decided not to fish that year. On Charter boats, some of their long-time customers had been coming for generations, but didn't come back. The smaller businesses were hit the hardest.

At this time I want to stop and discuss two words that you will hear a lot in these discussions. One is 'overfishing' which means in reality that we are, again according to poor harvest data, harvesting more than the overfishing limit **set by the Gulf Council**. It does not mean we are even close to reaching the Overfishing level as defined by Magnuson. For accountability, all

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these millions of anglers are and have been abiding by the rules that have been set by the Gulf Council. Possibly, the Gulf Council or SERO is not getting it right, but we are abiding by current laws, and the stock is still increasing as much or more than ever.

To be *accountable*, the Gulf Council and EDF pundits are pushing to require a VMS (vessel monitoring system) on each of the head-boats and charter boats in the Federal fishery. These systems cost a minimum of \$3500.00 up front with a monthly maintenance cost of \$65-85.00 per month on an annual contract to produce data for less than a two month season.

Up until 2007 our tourists and locals alike could count on making plans for a 194 day season, and now, it may be 9 days, or 40 days or anything in between. It is very difficult to run a business with this degree of uncertainty. In our industry, we need to be able to offer fish that the consumer wants when they are going to be in town. In the shoulder months, that is mostly weekends, but starting mid-May when schools are out until Labor Day, we need fish to offer. When we have Red Snapper the boats are full, when we don't they may run half full, or not at all. Reservations drop off like closing a water faucet. The States know how to adapt to the changing needs of their coastal communities, so they adapt State regulations accordingly. That is why we have advocated for true Regional Management.

Johnny Patronis, co-owner with his brother of Capt. Anderson's Restaurant, has said more than once, "When I look out in the morning and see the parking lot full of fishermen, I know we are going to have a good night in the restaurant. If you're not fishing much, business is slow."

In the package I have prepared for you in section 3**, you will see on slide one a graph that was presented to the Gulf Council in 2013 by Melissa Thompson, District Deputy Director for Representative Steve Southerland. This is a culmination of graphs and information regarding the Gulf Red Snapper stock approved by Dr. Bonnie Ponwith, Exec. Director of the NOAA Science Center in Miami. The Gulf Council had, up until that time, always been presented the overfishing level that scientists set on the stock, but not the whole biomass-the whole estimated stock status. Then they were shown the acceptable biological catch, set by the Science & Statistical Committee, and then the annual catch limit set by the regulatory arm, SERO and the Gulf Council. But never altogether like in this graph.

The Gulf Council was quite surprised. Many quick comments to discredit the presentation were made but the info was out there, and it was NOAA data. It didn't show as much stock as independent scientific studies, but this graph told an incredible story- the Red Snapper fishery is very healthy.

In 2000, the graph shows the stock at 15 million red snapper (fish) that are 2 pounds each or greater (which are what anglers called 'keepers' then). We went from a year-round season with a 7 fish bag limit to a 194 day season with a 4-fish bag limit that year. The for-hire industry participants agreed to enter a limited access privilege program to prevent future industry growth in the Federal reef fish fishery and were given Federal reef fish permits. A bad move we would find out later with Amendment 30B implemented in 2009.

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But on the graph you can see the fishery began to rebound. The Blue is the stock and the red area at the bottom is the recreational angler harvest estimates by NOAA each year.(If you add the commercial harvest, both rec and commercial together are under 4.5 million fish at their highest points.) In 2006, the stock shows it had increased from 15 million fish to about 23 million, with the 6 month season and 4 fish bag limit. By 2013 it had grown to more than 30 million fish with 5-7 pound average. It is continuing to grow exponentially, but as you can see and hear from testimony, our access, the harvest levels, have continued to be low due to the excess regulations and Gulf anglers are asking why.

One answer is politics. Not you, NOAA, EDF, OC, PEW trusts vs recreational anglers. In 2009 when Dr. Jane Lubchenco was head of NOAA fisheries (and former board member of EDF who designed the fishery catch share program), she called a meeting here in DC. In that meeting she directed NOAA's Regional managers and the Chair of the Gulf Council at the time to go back to their regions, see what the objections to catch shares were and fix them. All this at a time the catch share program was being introduced as a stakeholder choice, from the bottom up, that NOAA would not implement unless requested by stakeholders. In addition, EDF operatives boasted at Council meetings that their organization had designated \$50 million to promote Catch Shares in the Gulf.

Being a simple, common-sense type person, I was thinking, 'If it is going to take \$50 million to talk us into this plan, it is probably not what we want.' A meeting was called with a group of anglers, Council members and EDF to introduce catch shares to us. I attended the first one in Sarasota, FL. The Council member who was a professor there at New College was very good at moving the meeting participants toward the preferred goal of attempting to convince us all that this would be good for our businesses. The premise was then, as it is now, that if you get onboard with this social engineering project called catch shares, you will be one of the winners. The EDF rep said several times, if you join us you can be one of the winners, and own more than enough shares and even lease them to others at a 400% profit. I asked, who are the others? He said they are the ones that don't have as large a business as we do, without as much catch history. There would be a limited number of 'shares' to go around so many would be left out or have so few shares they would have to close their operation. He went on to say if we wanted, we could just lease shares to others for a profit and not even have to operate a boat any more. That is what many commercial shareholders are doing now. They have basically made sharecroppers out of the smaller commercial businesses.

(Catch Shares and Sector Separation documents came before the Council and have passed with 95% of stakeholders comments to the Council being 'no, we don't want them'.)

My answer to the EDF rep then and now is-it is not right. Our family has not stayed in business since 1935 by hurting others to make a profit. It will not be sufficient to keep our marina operating if a number of the charter or head-boats go out of business. The marina depends on rent and fuel sales to survive. We need all of them running trips as much as possible. As fishing opportunities increase so does participation in the other services we offer, like sightseeing and dining.

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Remarkably, according to NOAA's own data, a catch share is not 'owned' by the shareholder. It can be taken away at any time. There are no guarantees in law or in NOAA rules that say we will keep the shares forever. They are not tangible assets and therefore, not a good business option in my opinion.

The best way to ensure fair regulations and ample opportunities to access healthy fisheries is for NOAA to accept the States' more accurate harvest data as best available science; for NOAA to accept the States' more robust independent fishery data as best available science; for NOAA to allow Gulf States to have full Regional control out to 200 miles as was presented in the *originally* proposed document, Amendment 39; for the Gulf Council to be directed to take into consideration testimony of all stakeholders, whether they are present in the meetings or not, weighing comments equally from all participants; for NOAA to direct funding to research and development of ways to increase fishery habitat in the Gulf, such as a robust artificial reef program and dealing more seriously with the negative impacts on the reefs of non-native species such as lionfish, to reduce their impacts on the fishery. These programs would grow the fishery to meet the demands of the Nation's anglers.

Mr. Chairman, this concludes my testimony. I will be happy to answer any questions this committee may have to the best of my ability.

Thank you.

Respectfully submitted,

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