

North Pacific Fishery Management Council

Dan Hull, Chairman
Chris Oliver, Executive Director
Telephone (907) 271-2809
www.npfmc.org



605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252
Fax (907) 271-2817

July 12, 2016

Ms. Eileen Sobeck
National Marine Fisheries Service
1315 East West Highway
Silver Spring, MD 20910-3282

Dear Ms. Sobeck:

At its June 2016 Council meeting, the Council was reminded that the agency is committed to move regional observer programs towards funding of at-sea days to be borne entirely by the fishing industry. As you know, the Alaska Groundfish and Halibut Observer Program has a longstanding history of being funded largely by the fishing industry. In 2013, the Council restructured the Observer Program to a fee-based system (a 1.25% fee on landings), to provide NMFS with the necessary funding to support reliable and scientifically valid observer coverage. NMFS agreed to provide start-up funding for the first year, and has since provided some amount of supplementary funding each year, which has been used both for funding at-sea days as well as agency infrastructure for staffing and quality control.

The Council has especially been grateful for the additional financial support that you have given to funding at-sea days for the Alaska Observer Program in the early stages of restructuring, and has put those funds to good use during that time. One of the challenges that we have encountered has been with the timeliness of receiving the industry funds (assessed from the 1.25% fee) from the special account administered by the Department of Treasury and the Office of Management and Budget. As the transfer of funds to NMFS has been delayed each year, and the funds have been subject to sequestration in 2015 and 2016 (which is intended to be reimbursed, but again after significant delay), the supplementary funds that you have provided have helped to bridge the gap to ensure continuous observer coverage throughout the fishing year. Although NMFS has restructured the timing of the partial coverage contract to accommodate the collection and disbursement of fees, we are still finding that it is taking until mid-May to receive funds that must be committed to the contract by end of month to ensure continued coverage, a critical need. We note that this situation remains unresolved; the Council is writing a separate letter on this issue to the Department of Treasury requesting resolution, and we encourage your office to also contact Treasury to help resolve this issue.

Another benefit of the supplementary agency funds has been to increase our ability to deploy observers at-sea. The funding that you have provided has helped to provide stable coverage levels in the first years of the program, given that revenues from landings fees have been lower than expected due to declining quotas of valuable species. The increase in at-sea days has ensured continued public support for and confidence in the new program, especially in the past two years, by supporting a higher rate of deployment on the trawl fleet. The table below demonstrates how supplementary Federal funding has allowed for a higher selection rate in the groundfish and halibut fisheries, and the realized number of observer days in each year. If the Alaska program were entirely industry-funded, we would likely only be able to afford coverage at selection rates comparable to 2013, which realized approximately 3,500 observer days at coverage rates of 11% for small fixed gear vessels, and 15% for trawl and larger fixed gear vessels in the partial coverage category. The additional NMFS funding, which allowed us to

purchase between 800 and 2,300 days per year, dramatically increased the selection rate especially on larger vessels. At the June meeting, the Observer Annual Report noted that spatial and temporal bias in the observer data was much reduced in the large vessel sector between 2014 and 2015, when selection rates were increased from 15% to 24%. Additionally, preliminary work by NMFS staff to establish variance around the 2015 observer data is also very encouraging; apparently achieving our objectives for precision were met in almost all of the important fishery/gear strata. We are very interested in maintaining our observer coverage in the future at these higher selection rates, in order to continue to get high quality data from our observer coverage and maintain stakeholder confidence in our estimates of bycatch

	Total deployment of at-sea observer days in partial coverage	Industry/Federal breakout		What coverage levels have we achieved in the partial coverage fleet with these observer days?		
		How many days could we have afforded with the previous year's industry fee	Supplement of Federally-funded days	Overall	Pot/longline vessels 40-57.5' LOA	All trawl vessels, and pot/longline >57.5' LOA
2013	3,533	0	3,533	12%	11%	15%
2014	4,573	3,800	800	15%	16% ¹	15%
2015	5,318	3,000	2300	20%	12%	24%
2016	5,000 (predicted)	3,700	1,300		2016 selection rates: Trawl: 28% Pot/longline, all vessel lengths: 15%	

Partial coverage = primarily trawl, pot, and longline catcher vessels 40 feet length overall or greater, fishing in the groundfish and halibut fisheries.

We understand the agency's goal is for industry to bear the cost of at-sea funding entirely, and we are committed to continuing our industry fee assessment to support observer coverage. We also understand that we could increase our fee percentage to provide additional funding; however, that requires a lengthy regulatory process and we are also in the midst of developing a catch share program for all Gulf of Alaska trawl fisheries (which may require 100% coverage for those vessels), as well as implementation of electronic monitoring (EM), both of which could change the amount of industry fees collected, and shift the distribution of funds all to fixed gear fisheries. Therefore, it is not possible in the short term to predict the future observer day and EM needs.

At the same time, we also understand there is considerable discretionary funding for at-sea programs to be distributed among regions. The Alaska fisheries are the Nation's largest and most valuable, and it is critical to our conservation and management objectives that they be supported by reliable and scientifically valid observer information. We would not have been able to achieve as much as we have without the supplementary funding we have received from NMFS, and we hope that you will continue to consider the needs of the Alaska program when allocating funding.

Those needs become more acute when industry funds are not available in a timely manner, and are subject to sequestration. While we have raised this issue with you in the past, and NMFS has tried to resolve this issue, it raises concerns for an entirely industry-funded program when our funds are not readily accessible. We are also concerned in looking ahead to program changes affecting partial coverage in the next few years, especially the implementation of electronic monitoring (EM). The Council is currently on schedule to implement EM as an option under the partial coverage program beginning in 2018, but its implementation will mean a further drain on funding for at-sea observer days, as the fee will then be required to support both the human observer and the EM program that is currently independently funded through NMFS and NFWF grant monies. The Council's goal is to continue to be able to afford adequate

¹ In 2013 and 2014, the 40-57.5' stratum utilized a vessel-based deployment mechanism, rather than the trip-based deployment method now in effect for all of the partial coverage strata. In 2014, the selection rate for 40-57.5' vessels was actually 12%.

coverage in high priority fisheries, and to maintain a similar number of observer days throughout the initial years of implementation.

In closing, we appreciate the supplementary funding that you have provided in the past for at-sea observer days, and have garnered great benefit in terms of the robustness of our observer data for groundfish and halibut fisheries. We hope you will be able to continue a level of supplementary support to our industry-funded observer program that will allow us to continue to plan observer coverage rates to yield approximately 5,000 observer at-sea days per year, which in 2015 was an addition of about 25 percent of our total at-sea observer day budget (or approximately \$1.4 million). This level of support will enable us to maintain high quality and unbiased observer data for the benefit of our mutual stewardship objectives.

Sincerely,

A handwritten signature in blue ink that reads "Dan Hull". The signature is written in a cursive, flowing style.

Dan Hull
Chairman

CC: Dr. Jim Balsiger
Dr. Doug DeMaster
Mr. Sam Rauch
Mr. Glenn Merrill
Ms. Jane DiCosimo