

Problem statement and alternatives for an FMP amendment to establish a new program for observer funding and deployment in the NPGOP

excerpted from preliminary analysis dated May 6, 2005

Problem Statement

The North Pacific Groundfish Observer Program (Observer Program) is widely recognized as a successful and essential program for management of the North Pacific groundfish fisheries. However, the Observer Program faces a number of longstanding problems that result primarily from its current structure. The existing program design is driven by coverage levels based on vessel size that, for the most part, have been established in regulation since 1990. The quality and utility of observer data suffer because coverage levels and deployment patterns cannot be effectively tailored to respond to current and future management needs and circumstances of individual fisheries. In addition, the existing program does not allow fishery managers to control when and where observers are deployed. This results in potential sources of bias that could jeopardize the statistical reliability of catch and bycatch data. The current program is also one in which many smaller vessels face observer costs that are disproportionately high relative to their gross earnings. Furthermore, the complicated and rigid coverage rules have led to observer availability and coverage compliance problems. The current funding mechanism and program structure do not provide the flexibility to solve many of these problems, nor do they allow the program to effectively respond to evolving and dynamic fisheries management objectives.

Alternatives

- Alternative 1. *No action alternative.*** Under this alternative, the current interim “pay-as-you-go” program would continue to be the only system under which groundfish observers would be provided in the groundfish fisheries of the BSAI and GOA. Regulations authorizing the current program expire at the end of 2007, meaning that no action is not a viable alternative over the long-term. For this reason, NMFS recommends the addition of an option to extend indefinitely the existing program for all fisheries not covered by the preferred alternative. See Option 8 below.
- Alternative 2. *GOA groundfish vessels only.*** Under this alternative, a new fee-based program would be established for GOA groundfish vessels, including GOA groundfish vessels <60'. Regulations that divide the fleet into 0%, 30%, and 100% coverage categories would no longer apply to vessels in the program, and vessel operators would no longer be responsible for obtaining their own observer coverage. Under the new program, NMFS would determine when and where to deploy observers based on data collection and monitoring needs and would contract directly for observers using fee proceeds and/or direct Federal funding. The fee would be based on a percentage of the ex-vessel value of each vessel’s GOA groundfish landings and would be collected through annual billing by NMFS.
- Alternative 3. *GOA groundfish vessels and halibut vessels only.*** This expands on Alternative 2 by including halibut vessels from all areas off Alaska. Fees would be collected from halibut landings as well as groundfish landings through annual billing by NMFS, and NMFS would have the authority to place observers on halibut vessels as well as groundfish vessels.

Alternative 4. *GOA groundfish vessels, halibut vessels and GOA-based groundfish processors.* This alternative expands on Alternative 3 by including GOA-based groundfish processors. However, in contrast to Alternatives 2 and 3, fees would be collected by processors at the time of landing, and fee proceeds would be submitted to NMFS on a quarterly basis.

Alternative 5. *GOA groundfish vessels, halibut vessels, GOA-based groundfish processors, BSAI fixed gear catcher vessels (CVs), jig vessels, and BSAI pot vessels.* This alternative expands on Alternative 4 by including BSAI fixed gear CVs (longline and pot), jig vessels, and BSAI pot catcher processors (CPs).

Alternative 6. *GOA groundfish vessels, halibut vessels, GOA-based groundfish processors, all BSAI groundfish vessels <125', and all BSAI pot vessels.* This alternative expands on Alternative 5 by adding BSAI trawl CVs under 125', and BSAI trawl and longline CPs <125'. Under this alternative, vessels with 100% or greater coverage requirements would pay a daily observer fee and vessels with coverage requirements less than 100% would pay an ex-vessel value fee.

Option 1: **Include longline CPs $\geq 125'$.** This suboption would expand Alternative 6 by including longline CPs $\geq 125'$ operating in the BSAI.

Option 2: **Include non-AFA trawl CPs $\geq 125'$.** This suboption would expand Alternative 6 by including non-AFA trawl CPs $\geq 125'$.

Option 3: **Include BSAI trawl CVs $\geq 125'$.** (Staff recommends inclusion of this option). Adding this option would allow all CVs operating in the BSAI to be covered under a single uniform program. Without this option, the predominantly AFA CV fleet (<125' and $\geq 125'$) operating in the BSAI would be split between two separate observer programs despite the fact that the two classes of vessels would in many cases be fishing side-by-side and delivering to the same processors.

Alternative 7. *Comprehensive alternative: All groundfish vessels and processors and all halibut vessels.* This alternative would establish a new fee-based Observer Program in which NMFS has a direct contract with observer providers for all GOA and BSAI groundfish and halibut vessels in the Federal fisheries. Under this alternative, vessels with 100% or greater coverage requirements would pay a daily observer fee and vessels with coverage requirements less than 100% would pay an ex-vessel value fee.

In developing the alternatives, the Council also included several options that may be applied to more than one alternative:

Option 4: **Exclude GOA-based inshore processors.** (Alternatives 5 and 6). This option would exclude GOA-based inshore processors from the program under Alternatives 5 and 6. The effect of the alternative would be to establish a vessel-only program for the covered fisheries in the GOA and BSAI.

Option 5: **Establish an opt-in, opt-out provision for BSAI-based inshore processors.** (Alternatives 4 through 6). This option applies only if Option 4 is rejected. This option would allow each BSAI-based processor to determine for itself whether to opt-in or opt-out of the program. Processors opting into the program would pay observer fees on all groundfish and halibut landings they receive and would receive their observer coverage through the program. Processors electing to opt-

out would pay observer fees on only those landings received from vessels that are participating in the program and would pay no fees on landings from vessels that are not participating in the program.

Option 6: Include CDQ fishing for participating vessels (Alternatives 5 and 6). Under this option, vessels that participate in the program when fishing in non-CDQ fisheries would continue to be included in the program when fishing CDQ. This option would allow vessel operators to obtain their coverage through a single program throughout the fishing year and would allow them to switch back and forth between CDQ and non-CDQ fisheries without changing observers. Without this option, vessel operators could be forced to switch observers and observer providers when switching between CDQ and non-CDQ fishing and would be obligated to pay two separate types of fees depending upon whether the vessel is fishing CDQ or non-CDQ.

An additional option applies to the type of fee program selected.

Option 7: Uniform fee program. (Alternatives 6 and 7) Under this option, a uniform ex-vessel value fee would be required for all vessels and processors covered by the program in place of the two separate fee programs that are contained in Alternatives 6 and 7. Adoption of this option in conjunction with Alternative 7 would establish a program similar to the Research Plan that was implemented in 1994 and repealed in 1995.

Finally, NMFS recommends inclusion of an option to address the expiration of the existing program for fisheries not covered under the preferred alternative.

Option 8: Remove 2007 expiration date for no-action fisheries. Under this option, the December 31, 2007 expiration date for the current program would be removed. This means that under Alternatives 2 through 6, the Council's preferred alternative would establish two permanent programs: (1) a new program for those vessels or fisheries covered by the action alternative, and (2) the permanent extension of the existing program for fisheries not covered by the action alternative.

Vessels and processors included under each of the action alternatives

<i>Vessel/Processor class</i>	<i>Alt. 2</i>	<i>Alt.3</i>	<i>Alt. 4</i>	<i>Alt. 5</i>	<i>Alt. 6</i>	<i>Alt. 7</i>
GOA groundfish vessels	Yes	Yes	Yes	Yes	Yes	Yes
Halibut vessels (all areas)		Yes	Yes	Yes	Yes	Yes
GOA-based inshore processors			Yes	Yes (with Option to exclude)		Yes
BSAI fixed gear CVs				Yes	Yes	Yes
BSAI pot vessels				Yes	Yes	Yes
BSA-based I inshore processors			Each processor may elect to opt-in or opt-out			Yes
BSAI trawl CVs <125'				Yes	Yes	Yes
BSAI trawl CV ≥125'					Option to include	Yes
BSAI longline CPs <125'					Yes	Yes
BSAI trawl CPs <125'					Yes	Yes
BSAI longline CPs ≥125'					Option to include	Yes
BSAI non-AFA trawl CPs ≥125'					Option to include	Yes
AFA inshore processors			Each processor may elect to opt-in or opt-out			Yes
AFA motherships						Yes
AFA CPs						Yes
CDQ vessels and processors				Option to include vessels and processors that are included in the program for their non-CDQ activity		Yes