

ADVISORY PANEL
Motions and Rationale
October 1-5 2019 - Homer, AK

C2 Observer Fee

Substitute Motion 2

The AP recommends the council move forward Alternative 2, Option 1 as the preferred alternative. Cost containment on the observer program is a high priority for the AP.

Amendment¹ failed 6-14 (to remove "alternative 2 option 1" in the substitute motion and replace it with "fixed gear at 1.25% and trawl gear at 1.5%".)

Substitute motion passed 11-9

AP Motion 1

~~The AP recommends to the Council that the Council give notice to the Agency that the current Agency managed observer program will cease at the end of the current provider contract and that no additional fees will be collected until a new observer program is established.~~

Motion Failed 9-11

Minority Report:

The observer program is critically important to fisheries management, but the minority of the AP feels that the time is now to fix the observer program. We have a fiscal cliff on our horizon and we must deal with it now. The program stakeholders bought into is not the one we have. Raising the fee is a stop-gap solution that will not fix the fundamental problems. NMFS needs to get out of the observer contracting business.

Minority: Alexis Kwachka, Natasha Hayden, Erik Velsko, Daniel Donich, Jim Johnson and Jeff Kauffman.

Motion 2

The AP moves to adopt Alternative 1: Status quo. The observer fee percentage at 50 CFR 679.55(f) is 1.25 percent.

~~The AP moves for no observer fee increase with a recommendation to the Council to first look at cost containment measures in the Partial Coverage Observer Program to support a sustainable, long term and fully funded program that covers all the objectives of the Observer Program.~~

~~The AP also echoes the FMAC recommendations in 2017 explaining the need for cost containment measures to be addressed before a fee increase is warranted and in 2019 highlighting that additional mechanisms to reduce costs will be required in order for the program to be properly funded and meet the Observer Program objectives.~~

Rationale for Substitute Motion:

- *The observer program is a vital part of fisheries management and without data, uncertainty increases and management becomes very conservative. Failure to increase the fees and maintain minimum coverage rates could result in fisheries being restricted or closed. The fee increase would not be implemented for another couple of years, during which cost containment measures can be further evaluated. The current cost of the program remains a concern and containment efforts are a priority.*
- *Any fee increase should be equitably shared across gear groups. When the program began there was buy-in for equitable participation. The fixed gear has approximately 1200 vessels and the trawl sector has approximately 85 in the program; it makes sense that fixed gear would be contributing to a higher proportion of total program costs. Additionally, the IFQ fishery is fully rationalized and rationalized fisheries typically have 100% coverage.*

Rationale in Opposition to Substitute Motion:

- *Many of the Council and NMFS monitoring objectives for the Restructured Observer Program have not been met since implementation in 2013. Stakeholders are concerned that increasing the observer fee in the partial coverage observer program will only be a short-term fix for a program that is marginally functioning and barely providing coverage rates of 15%. Figure 11 on page 76 of the analysis clearly identifies that a fee increase will not save the program from eventual economic failure.*
- *Industry was initially sold on the Restructured Observer Program providing blanket coverage for a broad range of gear types in order to get baseline data with the understanding that once this baseline data was collected in low PSC fisheries that observer coverage would increase in high PSC fisheries. Unfortunately, this has not been the case in the partial coverage observer program and a fee increase will not help solve this problem either. Cost containment measures, correction of inefficiencies as well as the savings and benefit of the current EM program need to be addressed and realized by the Council before an increase is warranted.*
- *If the action moves forward differential rates for gear groups are warranted. The Council has prioritized PSC limited fisheries, which are mostly trawl yet the coverage rate for fixed gear boats remains higher; in 2018, trawl fisheries used approx. 1,000 observer days (1/3) and fixed gear used 2,000 observer days (2/3). Fixed gear paid 83% of partial coverage fees in 2018 (\$2.75 million), trawl paid 17% (\$570K). Fixed gear is also paying \$449,000 in IFQ Fees for port sampling.*