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September 26, 2017

Mr. Dan Hull, Chair
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Dr. James Balsiger, Regional Administrator
NOAA Fisheries, Alaska Region
709 West Ninth Street
Juneau, AK 99802-1668

RE: Agenda Item C6 2018 Observer Program Annual Deployment Plan draft

Dear Chairman Hull, Dr. Balsiger and Council Members:

Thank you for accepting public comment on the draft North Pacific Observer Program's Annual Deployment Plan (ADP). The Gulf of Alaska partial coverage trawl fleet needs higher observer coverage than what is offered in the ADP. The low proposed observer coverage of these catcher vessel bottom trawlers will negatively affect catch accounting, bycatch estimates, and monitoring for management compliance. Changes to the ADP must be made to reflect the conservation and management priorities of improving bycatch estimates of the high volume, high discard trawl fisheries and managing bycatch caps set for prohibited species including Chinook salmon and Pacific halibut. Increased observer coverage through increased funding should be a priority for NMFS and the Council.

More observers are needed in the partial coverage category to collect statistically reliable data and to adequately monitor fisheries management compliance. While we advocate for full observer coverage in the Gulf of Alaska (GOA), the starting focus should be on higher coverage in the trawl fleet. This would be a step to get to 100 percent observer coverage for this fleet as was proposed in the GOA Trawl Bycatch Management Plan that was tabled in December 2016.¹ Anything less than 100 percent observer coverage masks the true impacts of industrial fishing. Oceana recognizes that funding for 100 percent coverage is not available at this time, but there are steps that can be taken to collect more accurate data until full coverage is achievable.

The anticipated number of budgeted observer days for 2018 is 4,062, which is an increase of over 900 days from the budgeted 2017 ADP and incorporates electronic monitoring into the sampling plan. However, the plan falls well short of the goal of ~5,000 at-sea observer days for which the Council requested supplementary federal funding.² Also, the estimated number of observer days for 2018 is below the 2016 coverage level of 4,677 days.⁴ In 2016, NMFS reported issues with both the observer effect and bycatch monitoring; coverage below 2016 rates will likely exacerbate those problems.

¹ <https://www.npfmc.org/goa-trawl-bycatch-management/>

² See https://www.npfmc.org/wp-content/PDFdocuments/conservation_issues/Observer/2017CounciltoNMFS.pdf

Observer Effect

Vessels carrying observers appear to fish differently than when they are unobserved. The 2016 Annual Report showed all gear types in the partial coverage fleet exhibited the ‘observer effect’³ with either shorter trips, fewer species caught, or smaller landings⁴. Neither the Council nor NMFS has set a standard for what level of observer effect hinders the accuracy of the catch estimates across the full fishery. The metric used for adequate coverage is based on the likelihood of observing at least three trips within a reporting area and gear strata⁵, but if the observed trips are different than the unobserved trips, the catch data may not reflect reality. Full coverage would erase the observer effect. However, until full coverage can be achieved, any increase in observer coverage would likely decrease the scope and scale of detrimental impacts from the observer effect.

Bycatch Monitoring

One issue that combines concerns of the observer effect and the accuracy of catch estimates is the monitoring of prohibited species catch rates to report when the fleet is approaching bycatch caps during in-season management. Accurate counts are important for managing any necessary in-season closures and for monitoring compliance with the set bycatch caps, assuring the resource stays in the water for other fisheries and ecosystem needs. The 2016 Annual Report indicated possible violations in compliance and enforcement for reporting Chinook salmon bycatch, as well as concerns about inconsistent offload locations to manipulate how salmon bycatch counts were calculated, particularly when fish were delivered directly to a tender at sea.⁵ Full monitoring coverage, at least for tender offloads, would ensure a census count of any Chinook salmon bycatch. Observers do not currently monitor offloads on tenders because of safety concerns during vessel-to-vessel transfer, but the issue should be reevaluated. Another remedy would be full coverage for gear types most likely to accrue Chinook salmon bycatch. Pelagic trawl vessels are responsible for most of the Chinook salmon bycatch this year (83.9% of the sampled hauls through September 16, 2017), according to the reported prohibited species bycatch by week and vessel.⁶

Funding Solutions

There is general support for increased observer coverage in the partial coverage category, but the cost of additional observer at-sea days is a limiting factor. The Observer Advisory Committee (OAC) has tasked a subgroup to analyze different options to address low coverage rates⁷. In their report, they weigh increased federal funding against raising the observer fee to pay for more coverage. Oceana

³ ‘Observer effect’ = when trip metrics or behavior are different on observed trips compared to unobserved trips

⁴ Alaska Fisheries Science Center and Alaska Regional Office. 2017. North Pacific Observer Program 2016 Annual Report. AFSC Processed Report 2017-07, 143 p., AFSC, NOAA, NMFS, 7600 Sand Point Way NE, Seattle, WA 98115.

⁵ National Marine Fisheries Service. 2017. *Draft* 2018 Annual Deployment Plan for Observers in the Groundfish and Halibut Fisheries off Alaska. National Oceanic and Atmospheric Administration, 709 West 9th Street, Juneau, Alaska, 99802.

⁶ <https://alaskafisheries.noaa.gov/fisheries-catch-landings>

⁷ https://www.npfmc.org/wp-content/PDFdocuments/conservation_issues/Observer/OACsubgroupDP9-15-17.pdf

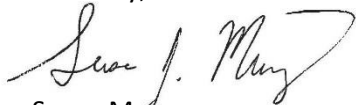
offers combining the two options: analyze observer coverage rates with both increased observer fees and supplementary federal funding. Increasing the observer fees collected from industry would decrease the Observer Program’s dependence on federal funding. Oceana based calculations off information from the OAC subgroup report⁸ to estimate the cost of coverage and the budget supplied by industry at different observer fees (between 1.25% and the maximum 2.00%), and the subsequent federal funding needed to pay for observers at different reference points (Table 1). Using the example of the “High Reference Point” (15%/20%/40% coverage for Pot/HAL/Trawl equaling 6,269 at-sea days), \$3 million in federal funding is needed in addition to the budget generated from a 1.25% fee, but that federal need would drop by \$0.5 million if the fee were increased to 1.50%. We suggest the Council consider a combination of secured federal funding and increased observer fees to pay for adequate observer coverage.

Table 1. Estimated additional federal funding needed (in millions) to pay for observer coverage under different reference point scenarios and different available budgets generated from observer fees (1.25% status quo, 1.50%, 1.75%, and 2.00% maximum). Parentheses indicate negative values. The need for federal subsidies decreases with increased observer fees. Data source: OAC subgroup report⁸

Reference Point Scenarios (% coverage for Pot/HAL/Trawl)	Observer Fee Rates and Federal Funding Needed (in millions)			
	1.25%	1.50%	1.75%	2.00%
Equal Base Rate (15/15/15)	\$0.48	\$(0.22)	\$(0.92)	\$(1.62)
Gear-Specific Base Rate (10/15/25)	\$0.99	\$0.29	\$(0.41)	\$(1.11)
High Reference Point (15/20/40)	\$3.08	\$2.38	\$1.68	\$0.98
30% Equal Base Rate (30/30/30)	\$4.46	\$3.76	\$3.06	\$2.36

Higher rates of observer coverage and fishery monitoring are needed to generate adequate data for fisheries management and to encourage the best behavior of vessels in the partial coverage category with a goal to minimize and accurately report bycatch. We request that the Council prioritize funding solutions to meet these objectives.

Sincerely,



Susan Murray
 Deputy Vice President, Pacific
 Oceana



North Pacific Fisheries Association
P.O. Box 796 · Homer, AK · 99603

September 26, 2017

Dan Hull, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Re: Agenda Item C-6, Draft 2018 Annual Deployment Plan (ADP)

Dear Mr. Hull:

Thank you for the opportunity to comment on the North Pacific Fishery Management Council's ("the Council") review of the 2018 Draft Annual Deployment Plan (ADP). I submit the following comments on behalf of the North Pacific Fisheries Association (NPFA). NPFA's members participate in diverse fisheries from a variety of different sized vessels, including the IFQ and pot fisheries. NPFA members have made substantial investments in the observer program, and made independent efforts to advance the use of electronic monitoring (EM) as the appropriate monitoring approach for our members.

Introduction and summary

NPFA requests that the Council prioritize observer coverage for Prohibited Species Catch (PSC) limited fisheries by recommending that NMFS deploy observers in 2018 under one of the two "Optimized" allocation deployment designs that blend discarded groundfish catch with halibut ("Optimized *status quo*") or with halibut and Chinook PSC as described on page 36 of the Draft ADP. NPFA recommends the "Optimized" deployment design that blends Chinook PSC because it would achieve the highest coverage rates on the PSC-limited trawl fisheries and maintain average coverage levels for hook-and-line fisheries under the restructured program. The "Optimized" design that blends Chinook PSC does reduce coverage on the pot fisheries below NMFS' gap analysis threshold in some areas where there is low or modest effort. NPFA believes this is an acceptable trade-off in light of the limited

program resources because the pot fisheries target primarily a single species and do not implicate PSC issues.

For the following reasons, NMFS' recommended "15% + optimized" deployment design, which provides a 15% base coverage rate for all sectors, fails to appropriately balance the differing management needs and complexity of the different gear strata:

- (1) The "15% + optimized" design takes a step backwards for the program by establishing an equal coverage base rate for all gear types, particularly when compared to the 2015 and 2016 ADPs which covered the fleets at significantly different rates;
- (2) NMFS can achieve its goals for representative sampling of the fixed gear fleets at much lower coverage levels (2 – 4% for pot fisheries; 11% for hook-and-line), providing observer sea day savings for optimization in PSC limited fisheries;
- (3) There is a clear management need to at least maintain or improve coverage of PSC limited fisheries in order to provide more data for bycatch estimation and address the observer effect and tendering effect in specific fisheries and
- (4) IFQ fisheries provide the largest source of funding for the program and support the coverage needs of other fleets – the Council should ensure that stakeholder investments in the program provide for priority coverage needs.

NPFA's comment letter concludes by addressing the Observer Advisory Committee's (OAC) Subgroup report on options to address low sampling rates. NPFA requests that the Council prioritize the integration of EM vessels into the program and other means to realize cost-efficiencies prior to considering increases to the observer fee for fixed gear fisheries.

The recommendation for a "15% + optimized" deployment design takes a step backwards for the restructured program

The initial goal of the program was to produce an optimized observer deployments, which NMFS defined as sampling "conducted to achieve maximum efficiency" under cost constraints.¹ The Council's review of Draft ADPs and observer program Annual Reports over the five year history of the restructured program has consistently included recommendations to prioritize PSC limited fisheries and discards in the development of observer deployment rates. In 2014, the Council encouraged NMFS to maintain higher coverage rates for all trawl vessels and larger fixed gear

¹ NMFS. 2012. Environmental Analysis/Regulatory Impact Review/Initial Regulatory Flexibility Analysis for Proposed Amendment 86 to the Fishery Management Plan for the Bering Sea/Aleutian Islands and Proposed Amendment 76 to the Fishery Management Plan for the Gulf of Alaska. See p. 170. (NMFS 2012 EA).

vessels “in order to expand coverage on PSC limited fisheries, consistent with past Council recommendations.”² The Council’s October 10, 2015 motion requested that NMFS evaluate deployment designs that reflected an emphasis on discards for the 2017 ADP.³ Council discussion of the motion made clear that the Council’s specific concern with discards pertained to the need to incorporate the bycatch of PSC species such as halibut and Chinook salmon in future allocations of observer coverage.⁴ This emphasis remains critical given the relationship between the financial sustainability of the program and recovery of the halibut resource as well as the ongoing challenges with monitoring Chinook PSC.

Table 1-1 in the 2016 Annual Report shows how coverage rates for PSC limited fisheries have fluctuated under the restructured observer program. During the first two years of the program, NMFS deployed observers into a vessel selection pool for fixed gear vessels less than 57.5 feet in length and a trip selection pool for fixed gear vessels longer than 57.5 feet and trawl vessels.⁵ NMFS’ initial 2013 Draft ADP sought to monitor all vessels at an equal rate of 13%, and the Final ADP made slight adjustments in response to the Council’s monitoring priority for PSC limited fisheries. Realized coverage rates in 2013 were 14.8% for the large vessel and trawl catcher vessel (CV) pool, and 10.6% for the small vessel pool.⁶ In 2014 realized coverage rates for the small vessel pool (15.6%) exceeded realized coverage rates for the large vessel and trawl CV pool (15.1%).⁷

In response to Council recommendations for higher coverage rates on PSC limited fisheries, the 2015 ADP proposed a 24% coverage rate for trawl vessels and larger fixed gear vessels, and a 12% coverage rate for smaller fixed gear vessels, with realized coverage rates of 23.4% and 11.2%, respectively.⁸ The 2016 ADP developed new sampling strata based on gear types but maintained a priority for coverage of PSC limited fisheries, with realized coverage rates of 15% for fixed gear vessels and 28% for trawl vessels.⁹ These coverage rates provided a more appropriate balance of program resources than the 2013 and 2014 ADPs.

NMFS was unable to obtain supplemental federal funding for the program in 2017, resulting in a 30.7% decrease from the average number of observer days realized

² NPFMC. 2014. C-2, Observer Program Annual Report Council motion. June 5, 2014.

³ NPFMC. 2015. C-6 Observer Annual Deployment Plan Council motion. October 10, 2015.

⁴ NPFMC Audio File 2015_10_10 at 4:17:58 – 4:19:16.

⁵ NMFS. 2017. North Pacific Groundfish and Halibut Observer Program 2016 Annual Report (hereinafter 2016 Annual Report). See p. 21, Table 1-1.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

the previous four years.¹⁰ The 2017 ADP thus reduced coverage rates for PSC-limited and other fisheries by establishing coverage rates of 11% for hook and line and 25% for tendered hook and line (a very small sector), 4% for both pot and tendered pot fisheries, and 18% for trawl and 14% for tendered trawl trips.¹¹

But now, the 2018 Draft ADP's recommendation is for a 15% base coverage rate for all gear types, with any remaining observer sea days available for an optimized allocation.¹² In other words, after five years of the program, the 2018 Draft ADP observer deployment allocations by gear group are similar to the allocations under the designs used for the first two ADPs. There is nearly equal coverage across all fleets as a baseline, with small adjustments for PSC limited fisheries. This is a step backwards.

Specifically, the 2018 Draft ADP establishes six sampling strata by using the three gear types (hook-and-line, pot and trawl) further subdivided based on shoreside or tendered deliveries.¹³ There are three alternative designs: (1) equal allocation with a 17.36% coverage rate for each sector; (2) NMFS' recommended "15% + Optimized" design which establishes a 15% base coverage rate for each gear group and then allocates remaining observer days based on discards of groundfish, halibut and chinook PSC and (3) the "Optimized" design that prioritizes coverage based on Chinook and halibut PSC and other groundfish discards.¹⁴

Anticipated deployment rates under NMFS' "15% + optimized" design for observer coverage are 16% for hook-and-line, 15% for tender hook-and-line, 15% for pot and tender pot strata, and 19% for trawl and 15% for tender trawl.¹⁵ In contrast, the "Optimized" design would cover the hook-and-line fishery strata at 10.76% and 10.86%, pot fishery strata at 2.20% and 2.04%, and trawl fishery strata at 31.15% and 34.42%.¹⁶ NMFS did not recommend this "Optimized" allocation design because it would result in the most gaps in observer coverage.¹⁷

The 3 gear types present progressively more challenging monitoring and management needs: (1) Pot gear has one gear type and one primary target species and

¹⁰ NMFS. 2016. Draft 2017 Annual Deployment Plan for Observers in the Groundfish and Halibut Fisheries off Alaska. See pp. 18 – 20.

¹¹ 2016 Annual Report at 21, Table 1-1.

¹² NMFS. 2017. Draft 2018 Annual Deployment Plan for Observers in the Groundfish and Halibut Fisheries off Alaska (hereinafter 2018 Draft ADP). See p. 14.

¹³ *Id.* at 12-13.

¹⁴ *Id.* at 13.

¹⁵ *Id.* at 14.

¹⁶ *Id.*, Appx. C at 36. There is a discrepancy between the coverage levels under the deployment design stated in the text on p. 36 and the coverage levels shown on Table C-2. The important point, however, is that the "Optimized" designs are the only two of the five deployment designs under analysis that maintain some level of improvement in monitoring PSC limited fisheries relative to the initial ADPs.

¹⁷ *Id.* at 13.

does not operate under PSC constraints; (2) hook-and-line gear uses one gear type, has 3 target species, one of which operates under PSC constraints for halibut and (3) trawl gear involves two gear types and more than 5 target fisheries, all of which operate under PSC limits for halibut and Chinook. The proposed 2018 coverage rates do not strike an appropriate balance between monitoring PSC and other management needs by establishing a 15% coverage base rate for all gear types that does not leave enough remaining observer days to adequately monitor PSC.

The “Optimized” design provides adequately representative coverage levels for hook-and-line and pot fisheries in Area Strata with significant fishing effort

NMFS did not recommend the “Optimized” design because it did not perform as well as other sampling designs under the agency’s gap analysis, which uses the probability of observing at least three trips in an Area Stratum as a threshold. The rationale for establishing a 15% base rate for all strata through the “15% + optimized” design is that the risk of having data gaps decreases significantly or even disappears at 15% coverage levels.¹⁸ NPFA submits, however, that the “Optimized” designs do meet the gap analysis threshold for the pot and hook-and-line fisheries at analyzed coverage levels of 4% for pot and 11% for hook-and-line in all but a few lightly fished Area Strata. Even a 2% coverage rate for pot gear would meet the gap analysis threshold for the most heavily fished Area Strata, and would allow for additional observer sea day savings for optimization in addressing critical management needs such as Chinook PSC accounting.

The pot fleet operates primarily in three Gulf of Alaska Area Strata and four Bering Sea Area Strata.¹⁹ The “Optimized *status quo*” and “Optimized” with Chinook PSC would provide coverage rates of roughly 4% and 2% respectively for the pot fleet.²⁰ At a 2% deployment rate, NMFS would meet its gap analysis threshold in Area Strata with the most intensive effort: Areas 509 (129 trips), 519 (195.5 trips), 610 (256.8 trips), and 630 (175.1 trips).²¹ At a 4% deployment rate, NMFS would meet its gap analysis threshold in Areas 517 (96.4 trips) and 620 (90 trips). Thus, it is only in Area Stratum 518, (18.6 trips), when a 15% coverage rate significantly changes NMFS ability to deploy observers on three trips. In other words, Area 518 drives the 15% base rate recommendation for pot gear under the analysis in the Draft ADP when all other relevant Area Stratum would satisfy the gap analysis threshold at coverage levels between 2% and 4%.

¹⁸ 2016 Annual Report at 10.

¹⁹ 2018 Draft ADP at 43-44, Table C-4. 1.5 trips occur in Areas 521 and 541 combined. *See also* 2016 Annual Report at 80, Figures 3-9, 3-10 (showing the spatial distribution and intensity of effort by Area Strata).

²⁰ 2018 Draft ADP at 40-41, Table C-2.

²¹ *Id.* at 43-44, Table C-4.

The gap analysis shows analogous results for hook-and-line fisheries but at different coverage rates. The lowest analyzed coverage rate of roughly 11% under the “Optimized” + Chinook PSC deployment design would meet the gap analysis threshold in all Area Strata where there are more than 25 trips.²² There is only one Area Stratum – Area 519 (21.3 trips) -where a 15% coverage rate would meet the threshold.

And it is not as if NMFS has no data to inform its management of the pot fisheries - as noted in NPFA’s earlier discussion of the successive ADPs, NMFS has implemented coverage rates of between 4% and 15% for the pot fisheries. In 2016, NMFS observed the largest pot vessels (>57.5 feet, the bulk of the fleet) at coverage rates of 17.6% in the Bering Sea and 15.5% in the Gulf of Alaska.²³ Additionally, there are catcher processor pot vessels operating in the Bering Sea under full coverage, enabling NMFS to monitor roughly 25% of the total catch.²⁴

In sum, the “15% + optimized” design does not provide significant improvements over the “Optimized” design in meeting the gap analysis threshold for the fixed gear strata except in a few areas with modest or light fishing effort. Lower coverage rates of 2 – 4% for the pot fleet and 11% for the hook-and-line fleet would meet threshold for the relevant areas, and provide observer sea day savings for optimization in PSC limited fisheries.

The selection of base coverage rates by gear type should not result in reduced observer coverage for PSC limited fisheries

NMFS’ programmatic guidance for observer programs explains that factors which justify higher coverage levels relative to other management objectives include in-season management of bycatch.²⁵ A primary reason why the Council should recommend an “Optimized” design for 2018 is that the 15% base rate needed to reduce the risk of gaps in a few lightly fished area strata will divert coverage resources away from priority PSC monitoring needs. Indeed, the 2016 Annual Report explains that a primary function of the gap analysis is to minimize the need to extrapolate bycatch estimates. In 2012, the Observer Advisory Committee’s report on its review of the equal probability sampling approach in the first, 2013 Draft ADP stated that:

The Committee is concerned that the deployment plan does not recognize that management needs differ among individual fisheries.

²² *Id.*

²³ *Id.* at 88, Table 4-1.

²⁴ *Id.* at 88, 90, 93, 95 (Tables 4-1, 4-3, 4-6, 4-8).

²⁵ NMFS. 2004. Evaluating Bycatch: a national approach to standardized bycatch monitoring programs. U.S. Dep. Commer., NOAA Tech. Memo. NMFS-F/SPO-66. 108 p. Silver Spring, MD. October 2004. See p. 61.

There is a class of fisheries for which inseason data is imperative, for example, to manage inseason catch or PSC limits. For other fisheries, the constraint is not inseason actions so much as quota landings. These different situations lead to different priorities for observer data, and the need for a flexible program to address those needs.²⁶

This rationale means that the implications of data gaps are different for the three different gear types. The 2016 Annual Report explains that:

[a]t low numbers of trips and low sampling rates, the probability of no observer data within a particular post-stratum is increased and may result in expansions of bycatch rates from one type of fishing activity against landings for a different type of fishing activity. This will result in biased estimates of bycatch.²⁷

As shown in Table 4-5 of the 2016 Annual Report, discards of halibut and other groundfish species in the pot fleet are minimal.²⁸ For three straight years the observer program has failed to adequately sample Chinook salmon PSC in the partial coverage trawl pollock fishery due to tendering activity.²⁹ In particular, there was no observer coverage of 322 deliveries in King Cove in 2016.³⁰ The 2016 Deployment Performance Review explains that:

It is clear after 3 years of consistent results that the observer methods to monitor salmon bycatch are not achieving their goal of achieving a representative sample from all pollock trawl deliveries in the fleet. This is especially problematic since Chinook salmon bycatch in the trawl fishery are fully utilized and error tolerance is low.³¹

Further, the 2016 Annual Report's review of the observer effect in the different gear types found that the likelihood of an observer effect was lower or non-existent in the pot fisheries for most of the chosen metrics and tests.³² NMFS identified an observer effect in the hook-and-line and trawl fisheries; observed trips were shorter in duration (6% - 12%) with less landed catch (10%) than unobserved trips.³³ The most

²⁶ NPFMC Observer Advisory Committee. 2012. Observer Advisory Committee – Meeting Report September 2012. *See* p. 6.

²⁷ 2016 Annual Report at 55.

²⁸ *Id.* at 92.

²⁹ Faunce, C., J. Sullivan, S. Barbeaux, J. Cahalan, J. Gasper, S. Lowe and R. Webster. 2017. Deployment performance review of the 2016 North Pacific Groundfish and Halibut Observer Program. U.S. Dep. Commer., NOAA Tech Memo. NMFS-AFSC-358, 75 p. *See* p. 22.

³⁰ *Id.*

³¹ *Id.* at 23.

³² 2016 Annual Report at 53-55.

³³ *Id.* at 53.

significant evidence of an observer effect occurred in the tendered trawl fisheries, with observed tender trips nearly 90% shorter with 69.5% less landed catch.³⁴

Will lower coverage levels magnify this effect, particularly for PSC limited fisheries? Will there be an increased incentive to make an “observer trip” given the probability that only one out of five trips will be subject to coverage rather than one out of three trips? The conclusion that the observer effect is more pronounced for some fisheries is not surprising. NMFS’ national programmatic guidance document for observer programs recognizes that:

The management regime can affect both the nature and magnitude of the observer effect. For example, if there are bycatch limits that can either close a fishery or trigger time and area closures, fishermen will have a greater incentive to take actions that result in an observer effect bias.³⁵

And considerable uncertainty remains about estimated halibut bycatch in the Gulf of Alaska – even at the higher coverage rates implemented in 2015 and 2016. The trawl sector accounted for 84% of the halibut bycatch in 2015 and 2016.³⁶ The IPHC’s 2015 report stated that in the Gulf of Alaska, “observer coverage for most fisheries is relatively low ... and the extrapolation of bycatch rates from a small set of observed vessels to a much larger unobserved fleet renders the [bycatch] estimates ... uncertain.”³⁷ The IPHC’s review of fishery removals in 2016 similarly concluded that:

Area 3 remains the area where bycatch mortality is estimated most poorly. Observer coverage for most fisheries is relatively low, with observer target deployments rates of 28% for trawl fisheries ... (NMFS 2015), and with financial constraints point to lower target rates expected in 2017 (NMFS 2016b). Tendering, loopholes in trip cancelling and safety considerations likely result in observed trips not being representative of all trips (observed and unobserved) in many regards (e.g. duration, species composition, etc. (NMFS 2016c). This, plus low coverage, lead to increased uncertainty in these bycatch estimates and to potential for bias.³⁸

³⁴ *Id.* at 54.

³⁵ *See supra* n. 25 (Evaluating Bycatch) at 38-39.

³⁶ Dykstra, C. 2017. Incidental catch and mortality of Pacific halibut 1962-2016. Int. Pac. Halibut Comm. Report of Assessment and Research Activities 2016 pp. 71-89

³⁷ Williams, G. 2016. Incidental catch and mortality of Pacific halibut 1962-2015. Int. Pac. Halibut Comm. Report of Assessment and Research Activities 2015: pp. 313-348.

³⁸ Dykstra, C. 2017 at 76.

In sum, there is a clear need to improve coverage for the PSC-limited fisheries – a need the Council has recognized throughout the history of the restructured program. Only the “Optimized” design, and particularly the “Optimized” design that blends Chinook PSC, address this priority coverage need.

The “Optimized” design represents the best investment of IFQ stakeholder funds: the 2018 Draft ADP diverts stakeholder funds from priority PSC coverage needs

NPFA, like many fishery stakeholders, expected that the restructured program would have prioritized coverage for PSC limited fisheries when first implemented. Fee revenues from our members and other IFQ stakeholders provide a primary funding source, and NPFA had hoped that one of the primary benefits from member investments in the program would be improved estimation of halibut bycatch. Halibut bycatch is not just another groundfish discard – *it is a target species for a major fishery that provides significant revenue for the observer program*. The 2018 ADP’s recommended “15% + optimized” deployment design diverts limited observer program resources to achieve a base coverage in the fixed gear fisheries for the purpose of reducing the risk of coverage gaps that are not comparatively significant with regard to overall management and monitoring needs. The 2018 Draft ADP fails to appropriately allocate the surplus observer days funded through IFQ revenues.

The 2012 Environmental Assessment for the restructured program projected that revenues from the IFQ fisheries would generate \$2.9 million, and provide almost 70 percent of the observer program budget.³⁹ Indeed, NMFS anticipated that nearly half the total revenue would come from halibut IFQ landings alone.⁴⁰ NMFS did not expect the non-IFQ fisheries to generate sufficient revenue to pay for their own observer coverage, but rather anticipated that IFQ fisheries would cover monitoring costs for other fleets.⁴¹

Realized revenues have been lower than projected largely because of declines in IFQ harvests.⁴² For the past three years, fee revenues from the IFQ fisheries were significantly less than NMFS’ initial projections of \$2.9 million annually – 2016 IFQ revenues were \$ 2.2 million, 2015 IFQ revenues were \$2.17 million, and 2014 IFQ revenues were \$1.77 million.⁴³ Occasional increases in revenue from other groundfish

³⁹ *Id.* at 99-101, 112.

⁴⁰ *Id.* at 112.

⁴¹ *Id.*

⁴² See NMFS. 2015. Supplement to the Environmental Assessment for Restructuring the Program for Observer Procurement and Deployment in the North Pacific. NMFS, Alaska Regional Office, Juneau. May 2015. See p. 96.

⁴³ 2016 Annual Report at 26, Table 2-2; NMFS. 2016. North Pacific Groundfish and Halibut Observer Program 2015 Annual Report. See p. 20, Table 2-2. NMFS. 2015. North Pacific Groundfish and Halibut Observer Program 2014 Annual Report. See p. 26 Table 2-2.

fisheries have not offset the shortfall.⁴⁴ Despite the declining harvests, the halibut IFQ fishery alone remains the most important source of revenue for the program – providing 35 percent of the revenue in 2015 and 30 percent of the revenue in 2014, 35% of the revenue in 2015, and 37% of the revenue in 2016.⁴⁵

Under NMFS' preferred deployment design, the agency would deploy observers on 147 pot and tendered pot trips, or a total of 526 observer days.⁴⁶ NMFS would deploy observers on 522 trawl and tendered trawl trips, or a total of 1,753 observer sea days.⁴⁷ NMFS would monitor 365 tendered and non-tendered hook-and-line trips, or a total of 1,785 observer sea days.⁴⁸ The 2016 Annual Report estimates a daily observer day cost of \$1,049.⁴⁹ Thus, the monitoring cost per gear type would be: (1) Pot - \$551,774; (2) Hook-and-Line: \$ 1,872,465 and (3) Trawl: \$1,838,897.

The ex-vessel fee that funds the program generated \$2.25 million from the hook-and-line fleet, mostly from the IFQ halibut and sablefish fisheries, \$360,000 from the pot fisheries, and \$1.16 million from the trawl fisheries – mostly from pollock and Pacific cod targets.⁵⁰ This means that the choice of a base coverage rate of 15% for all gear types requires NMFS to divert IFQ fishery fee revenues away from PSC-limited fisheries to cover the additional cost of monitoring the pot sector.

Comments on options to address low selection rates in partial coverage

The OAC established a subgroup to consider options for addressing low sampling rates and particularly alternatives to raising the observer fee. The Subgroup considered 8 options, including continued efforts to obtain supplemental federal funding for the program. Aside from federal funding, NPFA requests that the Council and NMFS prioritize the analysis and implementation of options that are achievable through the ADP process that have potential to realize cost-efficiencies in the program, particularly accelerated implementation of EM and changes to the zero selection pool. The Council and NMFS should fully explore these options prior to any consideration of increases in the observer program fee percentage for fixed gear vessels. *NPFA does not support an increase in fees until all other alternatives have been thoroughly investigated.*

In particular, NPFA reiterates that the Council should await full optimization of electronic monitoring (EM). NPFA has worked proactively to advance the use of EM

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ 2018 draft ADP, at 41. Table C-2.

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ 2016 Annual Report at 32.

⁵⁰ *Id.* at 26, Table 2-2.

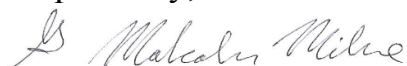
technology for both IFQ and Pacific cod pot boats with the goal of developing a technology that meets the monitoring needs of NMFS and the Council. The Subgroup's report (p. 14) explains that the intent of EM optimization is to achieve a higher selection rate at a lower cost by reducing labor and travel costs associated with human observers. The Committee's Subgroup and the 2016 Annual Report both identify uncertainty about actual costs. The Annual Report provides two estimates: a NMFS estimate of \$1,381 per day estimate for 2016 that included significant equipment purchases and video review costs and an EM service provider estimate of \$677 per day with video review – or roughly a third less than the cost of human observers.⁵¹ The Draft ADP suggests the possibility of realizing “significant” cost savings through EM deployment on active vessels that fish for more than 3 trips per year.⁵² The Subgroup's report thus states that “[u]nder an optimized EM/observer program it may be possible to achieve [higher coverage levels] by reducing the average daily cost of monitoring for the program as a whole.” NPFA requests that the Council recommend that NMFS prioritize analytical work that integrates EM monitored vessels into catch accounting system and development of a methodology and strata that make it possible to assess the overall coverage level for the fixed gear fleets.

NPFA also supports further analysis of changes to the zero selection pool. The existing no-selection pool for smaller vessels recognized that the low levels of catch, small number of trips and logistical difficulties with putting observers on small vessels warranted the exemption from observer coverage. NPFA has had a longstanding concern that there is cost-inefficiency associated with allocating observer days to vessels fishing small amounts of IFQ, and further analysis may verify that it is most cost-efficient given available resources to increase the number of vessels in the no-selection pool rather than divert program resources (particularly travel costs) to observe vessels fishing small amounts of IFQ halibut or sablefish.

Conclusion

For the above reasons, NPFA urges the Council to recommend that NMFS use the “Optimized” design with blended Chinook PSC to guide the deployment of observer coverage in the 2018 groundfish fisheries.

Respectfully,



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⁵¹ 2016 Annual Report at 35.

⁵² 2018 Draft ADP at 23.

