

GROUND FISH ADVISORY SUBPANEL REPORT ON COST RECOVERY REPORT

The Groundfish Advisory Subpanel (GAP) received an update on the topic from Mr. Chris Biegel (National Marine Fisheries Service, [NMFS]), and offers the following comments and suggestions. The GAP notes that three major individual fishing quota (IFQ) cost categories make up about \$1.56 million out of the \$1.73 million recoverable costs:

- Monitoring (\$799,377),
- Research (\$399,694), and
- Information Technology (\$370,535).

The GAP wants to continue to get a better understanding of the major cost drivers of cost recovery and work together with NMFS to achieve accuracy and mutually beneficial efficiencies.

The GAP has three specific suggestions:

- 1) The Council reiterate its June 2017 request that “NMFS explore options for reducing observer and catch monitor costs and report back to the Council.” Adding the \$799,377 monitoring related costs from cost recovery to estimated industry funded observer and catch monitor costs, industry is responsible for approximately \$3M of monitoring costs, and this does not include electronic monitoring (EM). Reducing monitoring costs while still achieving accountability goals could be a major benefit to the industry. Adding EM to the June 2017 request to explore cost reductions would also be of benefit.
- 2) For future actions being considered by Council, make a determination if the proposed action costs are recoverable and roughly estimate associated costs going forward, and allow industry input on that process. For example, the GAP believes that the Endangered Species Act Mitigation Measures for Salmon agenda item costs are not recoverable, but it would be good to get that determination up front and allow industry to engage on the issue if there were questions.
- 3) For NMFS and industry to meet on an on-going basis to analyze the processes that are the cost drivers for both cost recovery items (ex: IT, research, recoverable monitoring costs) and non-cost recovery items (ex: industry funded monitoring functions) and make recommendations where efficiencies can be improved to the benefit of both industry and NMFS. Meetings could be both informal phone meetings and formal meetings at the GAP in June and November for example, but not for report out to Council until each April under cost recovery agenda item. There is some overlap here with the first suggestion, but there is enough of a difference to warrant a separate suggestion.

The GAP still has concerns noted in past cost recovery reports about adopted methodology not being followed and crediting any cost savings to get to true incremental costs, but the GAP believes focusing on the three requests above could be a positive way forward to yield mutually beneficial results for both NMFS and industry.