



2010 Annual Report of the Tilefish Individual Fishing Quota Cost Recovery Program

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Background

The Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) requires NOAA's National Marine Fisheries Service (NMFS) to collect fees to recover the "actual costs directly related to the management, data collection, and enforcement" of an IFQ program (16 U.S.C. 1854(d)(2)). The law provides that the fee be paid by IFQ allocation holders, based on the ex-vessel value of fish landed under the program. The fee may be up to, but cannot exceed, 3 percent of the ex-vessel value of the fish harvested under the IFQ program, where ex-vessel value is calculated as the price paid to the vessel per pound multiplied by the total weight landed.

Although the tilefish fishing year runs from November 1 through October 31, the cost recovery fee is based on expenses and landings made during each calendar year. Because the tilefish IFQ program started on November 1, 2009, the 2010 calendar year (January 1, 2010, through December 31, 2010) was the first year for which this fee was collected.

Use of Funds

Payments received as a result of the tilefish IFQ cost recovery program are deposited in the Limited Access System Administrative Fund as required by the Magnuson-Stevens Act. Funds deposited in this account are available only to the Secretary of Commerce and may only be used to defray the costs of management and enforcement of the fishery for which the fees were collected. Therefore, fees collected as part of this cost recovery program will be used for management and enforcement of the tilefish IFQ program.

Determining Ex-Vessel Value

Because the fee obligation must be based on a percentage of the ex-vessel value of the tilefish IFQ fishery, it is necessary to calculate those values based on actual landings and the price paid to the vessel. Federally permitted tilefish dealers are required to report the weight and price paid for all tilefish purchased. Ex-vessel prices vary over the course of the year, but the small number of vessels and dealers participating in the tilefish IFQ fishery make it possible to use an exact total value from each landing of IFQ tilefish. For the 2010 calendar year, the total of all tilefish IFQ landings was 1,955,288 pounds (live weight), with a total ex-vessel value of \$5,054,073.

Cost of Management and Enforcement

The Magnuson-Stevens Act requires the collection of the IFQ fee to recover the actual costs of the program, and NMFS has determined that the recoverable costs associated with the management, enforcement, and data collection in the tilefish IFQ program include only the incremental costs of the IFQ program, and not costs that would still have been incurred in the administration of the tilefish fishery if there was no IFQ program. In addition, costs associated with the initial development of the IFQ program are not included in recoverable costs. The inclusion of one-time startup costs associated with the initial development of a new management system would greatly increase the fee in the first year of any IFQ program.

Table 1 provides details of how the recoverable costs were calculated by division within the Northeast Regional Office of NMFS. In the first year of the IFQ program, all costs of travel, printing, equipment, and supplies to set up the IFQ program were considered part of the initial implementation of the tilefish amendment, and therefore are not recoverable. In future years, activities in these categories will likely change from initial development to ongoing maintenance. As such, expenditures in these categories would be recoverable and a corresponding increase in recoverable costs is possible.

Table 1: Recoverable costs associated with management and enforcement of the IFQ program, 2010.

	SFD	IRM	OLE	OBD	FSO	Total
Personnel †	\$ 5,335	\$ 5,724	\$ -	\$ 440	\$ 2,547	\$ 14,045
Travel & Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Printing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	\$ -	\$ 7,392	\$ -	\$ -	\$ -	\$ 7,392
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 5,335	\$ 13,116	\$ -	\$ 440	\$ 2,547	\$ 21,438

Northeast Region Divisions: SFD (Sustainable Fisheries); IRM (Information Resource Management); OLE (Office of Law Enforcement); OBD (Operations and Budget); FSO (Fishery Statistics Office).

† Personnel costs include all benefits

Personnel costs were calculated as hours spent by staff on tasks directly related to the IFQ program, multiplied by the hourly salary rates for those individuals, plus the government's share of benefits, prorated. Contract expenses were calculated from the cost of a contract employee prorated for the percentage of time the contract employees spent on tasks directly related to the IFQ program.

In this first year of cost recovery in the tilefish IFQ program, the recoverable expenses primarily consisted of time spent by personnel working on tasks related to the administration of the IFQ program in the Sustainable Fisheries Division (SFD) and Information Resource Management (IRM). SFD is primarily responsible for the management of the IFQ program, including issuing allocation permits and processing temporary and permanent allocation transfers. IRM is responsible for development and maintenance of the technological infrastructure of the tilefish IFQ program. This infrastructure includes the internal computer systems for tracking allocations and processing transfers, the Interactive Voice Response system, and the Fish-On-Line website, and the new web interface to the U.S. Department of the Treasury's Pay.gov service. The Operations and Budget Division (OBD) ensures that the calculations of program personnel and other costs are correct and meet required standards, as well as coordinates the use of collected receipts. The Fisheries Statistics Office (FSO) is responsible for data collection and analysis, including new analysis of ex-vessel value and the tracking of landings against IFQ allocations. Some of the work conducted by FSO, such as tasks related to increasing compliance with reporting requirements and ensuring data quality, is not specific to the tilefish IFQ program and was part of the regular monitoring of the fishery under the previous management system; therefore, these activities are not included in recoverable costs.

The Office of Law Enforcement (OLE) determined that there were no increased enforcement activities as a result of the tilefish IFQ program, and, therefore, there were no recoverable expenses for enforcement.

Calculating the Fee Percentage

The calculated 2010 tilefish IFQ fee percentage was 0.424. The fee percentage was calculated based on the total fishery ex-vessel value of \$5,054,073 and total recoverable program costs of \$21,438, through the following formula:

$$\frac{\$21,438}{\$5,054,073} \times 100 = 0.424\%$$

Calculating Allocation Fees

To determine the appropriate IFQ fee for each allocation permit holder, NMFS uses the ex-vessel value of each landing of tilefish under a specific IFQ allocation and multiplies the sum of those values by the fee percentage. Under the tilefish IFQ program regulations, an allocation permit holder with a permanent allocation is responsible for the IFQ fee based on the value of the landings of tilefish authorized under his/her tilefish IFQ allocation permit, including landings made under an allocation that he/she leased to another IFQ allocation permit holder. The allocation tracking program that NMFS has developed is able to identify all tilefish IFQ leases and attribute landings to the permanent allocation holder. If a vessel landing tilefish has IFQ allocation available from both the vessel owner's permanent allocation and from leased allocation, tilefish landings are attributed to the leased allocation first. If there is allocation from multiple leases, the landings are attributed in the order the leases were processed by NMFS.

Conclusion

Bills for the 2010 tilefish IFQ fee were mailed to the 13 allocation permit holders on March 23, 2011. Allocation holders had 45 days to pay the balance due through the Northeast Region's new Pay.gov section of the Fish-On-Line website. All allocation holders paid their fees on time and there were no appeals of the initial fee calculations.

In 2011, the total recoverable costs are likely to increase. Some activities that were classified as initial program development in 2010 will become routine program maintenance in 2011. In addition, all activities associated with generating the IFQ fee bills, collecting payments, and generating this annual report did not occur in 2010, but will be part of the cost calculation for 2011 and future years. In January 2011, FSO underwent reorganization and was split into two divisions, the Analysis and Program Support Division (APS) and the Fisheries Data Services Division (FDSD). Some of the tasks previously conducted by SFD were moved to APS and the 2011 IFQ fee will reflect this change.