



2013 Annual Report of the Atlantic Sea Scallop 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 individual fishing quota (IFQ) program (16 U.S.C. 1854(d)(2)). The law provides that IFQ allocation holders pay a fee based on the ex-vessel value of fish landed under the program. The fee may be as high as, but cannot exceed, 3 percent of the ex-vessel value of the fish harvested under the IFQ program. For the Limited Access General Category (LAGC) scallop IFQ program, the ex-vessel value is calculated as the average price paid per pound of scallops during the fee period multiplied by the total weight landed.

Although the scallop fishing year runs from March 1 through the last day of February, the cost recovery fee is based on expenses and landings made during the fee period, which runs from October 1 through September 30 each year. The 2013 fee period (October 1, 2012, through September 30, 2013) was the second time that NMFS collected fees from scallop IFQ vessels.

Use of Funds

Payments received as a result of the scallop 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 scallop IFQ program.

Determining the Value of the Fishery

As required in the Scallop Fishery Management Plan (FMP), NMFS determines the value of the scallop IFQ fishery by multiplying the total landings of IFQ scallops by the average price paid by dealers to IFQ scallop vessels for IFQ scallops. While ex-vessel prices for scallops vary over the course of the fee period, the Scallop FMP requires that the price of all IFQ scallops landed during the entire fee period be the basis of the average price (as opposed to the average price per vessel, per month, or some other unit of scallop landings). Federally permitted scallop dealers must report the weight and price paid for all scallops purchased. From these data, we calculated an average price of \$11.30 paid to vessels participating in the scallop IFQ fishery during the 2013 fee period. The total of all LAGC IFQ landings during the 2013 fee period was 2,811,834 lb (shucked meats). Using this average price, we determined that the total value of LAGC IFQ landings was \$31,863,229 for the 2013 fee period. NMFS used this value to determine the overall fee percentage and the individual fees for vessel owners. We describe these determinations on page 4 of this report.

Cost of Management and Enforcement

The Magnuson-Stevens Act requires the collection of the IFQ fee to recover the actual costs of the program. We have determined that the recoverable costs associated with the management,

enforcement, and data collection for the scallop IFQ program include only the incremental costs of the IFQ program, and not the costs that would still have been incurred to administer the scallop fishery if there were no IFQ program. In addition, costs associated with the initial development of the IFQ program are not recoverable costs.

We calculated personnel costs by multiplying hours spent by staff on tasks directly related to the IFQ program, with the hourly salary rates for those individuals. Salary rates included the Government's share of benefits, prorated. We calculated contract expenses as the cost of contract employees prorated for the percentage of time the contract employees spent on tasks directly related to the IFQ program. In the 2013 fee period, the recoverable expenses primarily consisted of time spent by personnel working on tasks related to the administration of the IFQ program in the following Divisions:

Sustainable Fisheries Division (SFD)

SFD is primarily responsible for the management and implementation of the Atlantic sea scallop Fishery Management Plan, which includes the LAGC IFQ program. SFD staff provides oversight to the IFQ program and associated allocation monitoring and cost recovery requirements.

Analysis and Program Support Division (APS)

APS is responsible for most of the LAGC IFQ implementation tasks. These included issuing over 300 annual IFQ allocations and processing and tracking more than 350 temporary leases and permanent allocation transfers. APS is also responsible for generating individual fees, mailing bills, tracking payments, and following up on late payments under the cost recovery program.

APS is also responsible for data collection and analysis, including extensive quality control of incoming data sources and tracking of landings against IFQ allocations. Quality control is a critical function of APS and of any IFQ program because it ensures that the landings data NMFS uses to calculate IFQ usage and ultimately the individual fee is correct and consistent with owners' records. APS staff therefore committed time to working with vessel owners, dealers, and other NMFS offices to correct landings data.

Information Resource Management (IRM)

IRM is responsible for development and maintenance of the technological infrastructure of the scallop IFQ program. This infrastructure includes the internal databases and computer systems for handling allocations, the Fish-On-Line website, and the new web interface to the U.S. Department of the Treasury's Pay.gov service. These databases are critical to the monitoring of IFQ program because they track the individual landings, IFQ leasing, and permanent allocation transfers that take place in the LAGC IFQ fishery.

Operations and Budget Division (OBD)

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 Office of Law Enforcement (OLE)

OLE determined that there were no increased enforcement activities as a result of the scallop IFQ program, and, therefore, there were no recoverable expenses for enforcement.

Table 1 (below) provides details of how we calculated the recoverable costs per division within the Northeast Regional Office.

Table 1: Recoverable costs associated with management and enforcement of the scallop IFQ program, 2013 fee period.

Northeast Region Divisions	SFD	IRM	OLE	OBD	APS	FDS	Total
Personnel †	\$2,404	\$18,729	\$ -	\$7,573	\$54,161	\$0	\$82,867
Travel & Transportation	\$-	\$ -	\$ -	\$ -	\$678	\$ -	\$678
Printing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts	\$ -	\$1,393	\$ -	\$ -	\$ 33,554	\$0	\$34,947
Supplies	\$ -	\$ -	\$ -	\$ -	\$19	\$ -	\$19
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$2,404	\$20,122	\$ -	\$7,573	\$88,412	\$	\$118,510

† Personnel costs include all benefits

Calculating the Fee as a Percentage of Total Fishery Value

We calculated that the recoverable costs for the scallop IFQ program for the 2013 fee period represent 0.0.3719 percent of the value of the scallop IFQ fishery. This fee percentage was calculated based on the total fishery value of \$31,773,719 and total recoverable program costs of \$118,510, using the following formula:

$$\frac{\$118,510}{\$31,863,229} \times 100 = 0.3719 \text{ percent}$$

This value of 0.3719 percent is less than the possible upper limit fee percentage of 3.0 percent (see background section, above). Thus, we were able to assess permit holders the total recoverable costs of fee period 2013.

Calculating Fees Assessed to Individual Permit Holders

Under the scallop IFQ program regulations, an LAGC IFQ permit holder is responsible for the IFQ fee based on the value of the landings of scallops attributed to his/her LAGC scallop IFQ permit, including landings made from an allocation that he/she leased from another IFQ holder. The allocation tracking program that we have developed is able to identify all scallop IFQ leases and attribute landings to the vessel that landed the scallops. To determine the appropriate IFQ

fee for each LAGC IFQ permit holder, we multiply the permit holder's landings by the average price and then by the fee percentage. This is represented by the following formula:

$$(\text{IFQ landings}) \times (\$11.30) \times (0.3719 \text{ percent}) = 2013 \text{ cost recovery fee}$$

Conclusion

We mailed bills for the scallop IFQ 2013 fee period to 154 LAGC IFQ permit holders on November 18 2013. Fees ranged from \$21.30 to \$3,147. Permit holders had until January 1, 2014, to pay the balance due through the Greater Atlantic Region's Pay.gov section of the Fish-On-Line website. Permit holders paid all fees and submitted no appeals of the fee calculations.

In the 2013 fee period, the total recoverable costs increased slightly from the previous year. This fee increase was a result of administrative time to implement Framework 24 mid-year allocation adjustments and time associated with implementing new IFQ leasing provisions.