



2012 Annual Report of the Tilefish Individual Fishing Quota Cost Recovery Program

June 2013

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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 the fee be paid by IFQ allocation holders, based on the ex-vessel value of fish landed under the program, where ex-vessel value is calculated as the price paid to the vessel per pound multiplied by the total weight landed. The fee may be up to, but cannot exceed, 3 percent of the ex-vessel value of the fish harvested under the IFQ program.

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. The 2012 calendar year (January 1, 2012, through December 31, 2012) was the third 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 2012 calendar year, the total of all tilefish IFQ landings was 1,799,367 pounds (live weight) with a total ex-vessel value of \$5,372,921. This represents a modest decrease in landed weight, but an increase in value from 2011, when landings and ex-vessel value were 1,870,402 pounds (live weight) and \$5,566,543, respectively.

Cost of Management and Enforcement

The Magnuson-Stevens Act requires the collection of the IFQ fee to recover the actual costs of the program. NMFS has determined 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.

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 on a prorated basis. 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 2012 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 has primary responsibility for the management and implementation of the Tilefish Fishery Management Plan, which includes the tilefish IFQ program. SFD staff provides oversight to the IFQ program and associated allocation monitoring and cost recovery requirements.

Analysis and Program Support Division (APSD)

APSD is responsible for most of the tilefish IFQ implementation tasks. These included issuing annual IFQ allocations and processing and tracking temporary leases and permanent allocation transfers. APSD is also responsible for generating individual fees, mailing bills, tracking payments, and following up on any late payments under the cost recovery program.

Information Resource Management (IRM)

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

Fisheries Data Services Division (FDSD)

FDSD is responsible for data collection and analysis, including quality control of incoming data sources and tracking of landings against IFQ allocations. Quality control is a critical function of FDSD and of any IFQ program because it ensures the landings data NMFS uses to calculate IFQ usage and ultimately the individual fees are correct and consistent with owners' records. In 2012, FDSD staff did not report any recoverable expenses related to the tilefish IFQ program.

Operations and Budget Division (OBD)

OBD ensures the calculations of program personnel and other costs are correct and meet required standards, as well as coordinates the use of collected receipts.

Office of Law Enforcement (OLE)

OLE special agents and enforcement officers ensure compliance with the nation's marine resource laws and take enforcement action when these laws are violated. OLE determined there were no increased enforcement activities as a result of the tilefish IFQ program and, therefore, there were no recoverable expenses during 2012.

NOAA General Counsel (GC)

The Northeast Section of the NOAA Office of GC provides legal advice to NMFS and the Councils and reviews management actions for consistency with applicable legal requirements. GC determined that there were no recoverable expenses associated with the tilefish IFQ program during 2012.

Table 1 provides details of how the recoverable costs were calculated by division within the Northeast Regional Office of NMFS.

Table 1. Recoverable costs associated with management and enforcement of the tilefish IFQ program, 2011.

Northeast Region Divisions	SFD	APSD	IRM	FDS	OBD	OLE	GC	Total
Personnel †	\$1,678	\$3,746	\$4,321	\$-	\$1,717	\$-	\$-	\$11,462
Travel & Transportation	\$-	\$20	\$-	\$-	\$-	\$-	\$-	\$20
Printing	\$-	\$2	\$-	\$-	\$-	\$-	\$-	\$2
Contracts	\$-	\$-	\$2,757	\$-	\$-	\$-	\$-	\$2,757
Supplies	\$-	\$1	\$-	\$-	\$-	\$-	\$-	\$1
Equipment	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Other	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Total	\$1,678	\$3,769	\$7,078	\$-	\$1,717	\$-	\$-	\$14,242

Northeast Region Divisions: SFD (Sustainable Fisheries); APSD (Analysis and Program Support); IRM (Information Resource Management); FDS (Fishery Data Services); OBD (Operations and Budget); OLE (Office of Law Enforcement); GC (NOAA General Counsel).

† Personnel costs include all benefits

Calculating the Fee Percentage

The calculated 2012 tilefish IFQ fee percentage was 0.2650 percent. The fee percentage was calculated based on the total fishery ex-vessel value of \$5,372,921 and total recoverable program costs of \$14,242 using the following formula:

$$\frac{\$14,242}{\$5,372,921} \times 100 = 0.2650\%$$

In 2011, the IFQ fee percentage was 0.3836 percent based on recoverable program costs of \$21,353.

Calculating IFQ Allocation Fees

To determine the appropriate fee for each IFQ 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 may have 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

We mailed bills for the 2012 tilefish IFQ fee to the 12 allocation permit holders on March 22, 2013. Allocation holders had 45 days to pay the balance due through the Northeast Region's 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.