



NOAA
FISHERIES

Aleutian Island Pollock Program Cost Recovery for Fishing Year 2018

Sustainable

Fisheries

March 2019

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Cost recovery

Section 304(d) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) authorizes and requires the collection of cost recovery fees for limited access privilege programs (LAPP) including the Community Development Quota (CDQ) and Aleutian Island Pollock (AIP) Programs. Cost recovery fees recover the actual costs directly related to the management, data collection, and enforcement of the programs. Section 304(d) of the Magnuson-Stevens Act mandates that cost recovery fees not exceed three percent of the annual ex-vessel value of fish harvested by a program subject to a cost recovery fee, and that the fee be collected either at the time of landing, filing of a landing report, or sale of such fish during a fishing season or in the last quarter of the calendar year in which the fish is harvested.

NMFS manages the Aleutian Island Pollock Program (AIP) as a LAPP. On January 5, 2016, NMFS published a final rule to implement cost recovery payments for the AIP program (81 FR 150). The Aleut Corporation's designated representative for harvesting is responsible for paying the annual fee for pollock landed under the AIP Program. The total dollar amount of the fee liability is determined by multiplying the NMFS published fee percentage by the ex-vessel value of all landings made under the program made during the fishing year. NMFS calculates the fee percentage each year according to the factors and methods described at 50 CFR 679.95(c)(2).

NMFS published the 2018 fee percentage notice for the Aleutian Island Pollock program in the **Federal Register** on November 30, 2018 (83 FR 61605). Payments are due on December 31 of the year in which the landings were made.

Aleutian Island Pollock Program cost recovery fee

Calculating the ex-vessel value of the Aleutian Island Pollock Program fisheries

For purposes of calculating the fishery value, NMFS calculates a standard ex-vessel price (standard price) for Aleutian Island pollock. NMFS calculates the standard price for pollock using the most recent annual value information reported to the Alaska Department of Fish & Game for the Commercial Operator's Annual Report and compiled in the Alaska Commercial Fisheries Entry Commission Gross Earnings data for Aleutian Islands pollock. Due to the time required to compile the data, there is a one-year delay between the gross earnings data year and the fishing year to which it is applied. For example, NMFS used 2017 gross earnings data to calculate the standard price for 2018 pollock landings.

Calculating the costs of management and enforcement

Direct program costs are calculated by determining the incremental management costs of the AIP Program; that is, costs that would not have been incurred but for the AIP Program. These costs cover the management, data collection, and enforcement of the AIP Program by NMFS and ADF&G. The NFMS management units that incur direct program costs are: the Sustainable Fisheries Division (SFD), the Restricted Access Management Division (RAM), the Operations and Management Division (OMD), the Alaska Fisheries Science Center (AFSC), the Office of Law Enforcement (OLE), and the Information Systems Division (ISD).

Throughout the year, each management unit calculates their AIP incremental costs through an established accounting system that allows staff to track labor, travel, contracts, rent, and procurement. These costs are tracked for the Federal fiscal year (October 1 through September 30) 2018 is the first year that the Aleutian Island Pollock fishery has occurred since this cost recovery program was put in place in 2016.

Cost recovery fees do not increase agency budgets or expenditures. They offset funds that would otherwise have been appropriated.

Examples of the types of tasks that are included under the 2018 AIP direct program costs are:

- reallocation of incidental catch allowance to directed fisheries (SFD),
- inseason management of sideboards and non-sideboards (SFD),
- implementation of the cost recovery program (SFD, ISD, OMD),
- patrols, investigations, outreach and education, and compliance assistance (OLE)
- maintenance of the catch accounting system (ISD, ADF&G),
- programming and web design for online applications (ISD),
- at-sea scale inspections (SFD),
- observer sampling station inspections, data quality assurance (AFSC),
- video equipment inspections (SFD),
- fee determination and collection process (OMD),
- deployment of second observer (AFSC), and
- Economic Data Reports (AFSC).

Calculating the annual fee percentage

NMFS computes the annual fee percentage by multiplying the direct program costs (DPC) by 100 and dividing the result by the total ex-vessel value (V) of AIP landings in that year. The annual fee percentage expressed as a formula is as follows:

$$[100 \times (\text{DPC})/\text{V}]$$

The annual fee percentage is published in the *Federal Register* by December 1 and is applied to all AIP landings that occurred that year. NMFS provides a summary of fee liabilities by December 1. The summary explains the cost recovery fee determination, including the current fee percentage, details of pounds debited from the AIP allocation, and the standard prices for the landings.

Calculating the 2018 fee

The 2018 fee percentage for the Aleutian Island Pollock Program is 3.00 percent. Due to small harvest and limited participation in the fishery, the total fishery value and resulting amount of fee liability is confidential.

Payment of cost recovery fees

NMFS sends fee statements to the Aleut Corporation's designated representative based on reported landings for the most recent fishing year for all AIP fish and their value, as computed for fee collection purposes. The Aleut Corporation's designated representative is responsible for submitting payment to NMFS on or before December 31 of the year in which landings are made. Fees must be paid electronically.

If the Aleut Corporation's designated representative fails to submit full payment for the AIP fee liability on time, the Regional Administrator may at any time thereafter send an Initial Administrative Determination and will not issue the AIP fishery allocation to the Aleut Corporation for that calendar year. Upon final agency action determining that the Aleut Corporation has not paid its Aleutian Islands pollock fee liability, the Regional Administrator may continue to not issue the Aleutian Islands directed pollock fishery allocation for any subsequent calendar years until NMFS receives the unpaid fees. If payment is not received by the 30th day after the final agency action, the agency may pursue collection of the unpaid fees.

Details on Cost

The entire cost of the AIP program in 2018 was attributable to NMFS. As the calculated fee percentage exceeded the maximum allowed under the Magnuson-Stevens Act, the fee percentage was set nominally at three percent. Due to the infrequent occurrence of the AIP fishery, management costs that are typically incurred over time must be frontloaded in years the fishery does occur. If the AIP fishery begins to occur more frequently, it is expected that costs would decline relative to fishery value.