

**NARRATIVE SUPPORTING STATEMENT
FOR 46 CFR PART 565**

A. Justification

1. The Commission is required by section 9 of the Shipping Act of 1984 (46 U.S.C. 40701-40706) to ensure that controlled carriers (i.e., carriers owned or controlled by a government) publish or use a rate, charge, classification, rule, or regulation that is just and reasonable. Controlled carriers or potential controlled carriers are required to notify the Commission of a change in their ownership or control and to file certain information with the Commission upon its request so that it may monitor their activities. 46 CFR 565.4 and 565.9. This information allows the Commission to identify controlled carriers and to monitor their activities to ensure that they not engage in the acts prohibited by section 9 of the Act, i.e., to charge or assess rates below a just and reasonable level or to reduce effective tariff rates sooner than the 30th day after the date of publication.

2. The information under 46 CFR Part 565 is collected by the Secretary and by the General Counsel of the Commission. The General Counsel has been delegated the authority to classify ocean common carriers as controlled under 46 CFR 501.23. If the Commission were not able to collect this information, it would not be able to administer section 9 of the Shipping Act (46 U.S.C. 40701-40706).

3. Although no information is currently collected through automated or electronic means under this rule, the Commission is exploring systems and techniques to provide those as options for respondents.

4. The information requested is not available from any other source.

5. This collection of information involves only ocean common carriers, which have been determined to be all large businesses. As such, this collection of information has no impact on small businesses or small entities.

6. Requests for information regarding an ocean common carrier's classification as controlled and notifications of change in ownership or control are not done on a routine basis, rather only as needed. Potential controlled carriers are required to notify the Commission of their possible status as a controlled carrier in order that General Counsel can timely classify the carrier as such and initiate monitoring of that carrier's activities under section 9. Likewise, there is no regular frequency for the filings of special permission requests.

7. This information collection does not (1) require respondents to report information to the agency more often than quarterly; (2) require respondents to submit more than an original and two copies of any document; (3) require respondents to retain records for more than three years; (4) include confidentiality pledges that are not supported by established statutory authority; or (5) require respondents to submit proprietary information without protecting such information to the full extent of the law. Because certain rates/charges go into effect in 30 days, upon request from the Commission, a controlled carrier shall file within 20 days a statement of justification that sufficiently details the controlled carrier's need and purpose for such rates/charges; this allows the Commission the opportunity to review the justification before the rates go into effect.

8. The 60-day Federal Register Notice regarding this extension was published May 3, 2011, at 76 FR 24881. Respondents had 60 days to respond with their views regarding the collection of information; no comments were received. Upon notification that a new carrier is entering the U.S.-foreign trades, the Commission generally solicits the opinion of other U.S. government agencies with regard to the ownership or control of the carrier. The Commission also generally consults with the U.S. State Department (and U.S. consular missions), the Maritime Administration of the Department of Transportation, and Customs and Border Protection of the Department of Homeland Security. Additionally, the Commission gathers information from publicly available sources.

9. Not applicable – The Commission does not provide any payments or gifts to respondents.

10. No assurance of confidentiality is provided.

11. There are no questions of a sensitive nature.

12. The Commission estimates that the potential respondent universe for this information collection is 24.¹ The Commission has identified and classified 9 ocean common carriers as controlled carriers, and is basing its estimates upon the 9 ocean common carriers that have been identified.² The estimated time for each filer to comply could be as much as 7 hours per year; however, based upon actual filings, the total annual burden for all respondents is estimated to be 7 hours. The estimated time for compliance is based upon staff familiarity with carrier practices and includes consideration of, among other things, time for preparing the notifications and mailing. It was estimated that there were potentially 4 types of filing each of the 9 respondents might make in any given year. Based upon actual filings, the total estimated cost to the respondents, including overhead, is \$788. (See Attachment 1 for details.)

¹ While the potential respondent universe consists of 24 ocean common carriers, only 9 are identified and classified as controlled carriers. The other 15 ocean common carriers are not owned or controlled by a foreign government, but could become so at any time.

² While the term “collection of information” means obtaining “answers to identical questions posed to, or identical reporting or recordkeeping requirements imposed on, ten or more persons . . .,” the Federal Maritime Commission cannot anticipate when a new carrier may enter the trade. The potential respondent universe is estimated at 24, and the number of annual respondents could increase to 10 or more at any time.

13. There are no additional cost burdens to respondents or record-keepers other than those reported in item 12.

14. Total estimated costs to the Federal Government to review and analyze the estimated 4 filings per year is 2.75 hours per year per filing or an estimated total of 11 hours per year, at an estimated cost of \$910. (See Attachment 2 for details.)

15. The burden estimate has decreased from 56 to 7 hours. This is based upon actual responses over the past 3 years.

16. The Commission does not intend to publish any information collected under this regulation.

17. The Commission is not seeking approval to exclude the display of the expiration date for OMB approval of this information collection.

18. The Commission proposes no exception to the certification statement identified on OMB form 83-I.

B. Collections of Information Employing Statistical Methods

This collection of information does not employ statistical methods.

12. Estimated Burden and Costs, Including Overhead, to Respondents

The following requirements are based upon 9 identified controlled carriers. Those 9 respondents will possibly have 4 types of submissions to make; if they submit all 4 types, the total hours for filing and collection of background material is estimated to be 7 hours annually per respondent.

The annual salary calculations have been formulated using the Department of Labor’s May 2009 National Industry-Specific Occupational Employment and Wages Estimates for Water Transportation. We have also added to the basic salary an overhead figure of \$20.10 per hour and benefits of 24.23% (provided by FMC’s Office of Budget and Finance).

Formula: Annual salary + (annual salary X benefits rate) = adjusted annual salary/2,080 + overhead = adjusted hourly salary

$\$204,920 + (204,920 \times 24.23\%) = \$254,572/2080 = \$122.39 + \$20.10 = \$142.49 = \text{CEO adjusted hourly salary}$

$\$29,220 + (29,220 \times 24.23\%) = \$36,300/2,080 = \$17.45 + \$20.10 = \$37.55 = \text{Clerk adjusted hourly salary}$

Requirement	Possible Annual Respondents	Annual Filings/ Responses (Based on prev. 3 years)	Average Hours per Respondent	Total Hours
Contest Classification	9	1	2	2
Change operations	9	1	2	2
File Justification	9	1	2	2
Submit Letter	9	1	1	1
TOTALS	9	4	7	7

Burden and Cost Per Respondent:

Per 2 hour filing:

CEO: 1.5 hours X 142.49 = \$213.74

Clerk: .5 hours X 37.55 = \$ 18.78

Total: \$232.52 X 3 filings per year = \$697.56

Per 1 hour filing:

CEO: .5 hours X 142.49 = \$71.25

Clerk: .5 hours X 37.55 = \$18.78

Total: \$90.03 X 1 filing per year = \$90.03

Based upon total actual filings, the total cost per year per Respondent amounts to: \$787.59

14. Estimated Burden and Costs, Including Overhead, to Federal Government

The annual salary calculations have been formulated using the FMC's March 2010 Staffing Plan (overhead of \$20.10 per hour and benefits of 24.23% per year have been added to the basic salary).

Attorney GS 14/2

$\$108,717 + (108,717 \times 24.23\%) = \$135,059/2,080 = \$64.93 + \$20.10 = \$85.03$ adjusted hourly salary

Special Assistant GS 13/5

$\$100,904 + (100,904 \times 24.23\%) = \$125,353/2,080 = \$60.27 + \$20.10 = \$80.37$ adjusted hourly salary

Program Support Specialist GS 12/4

$\$82,359 + (82,359 \times 24.23\%) = \$102,315/2,080 = \$49.19 + \$20.10 = \$69.29$ adjusted hourly salary

Estimated cost to the Federal Government:

Attorney: 2 hours per filing X 1 filing = \$170.06 X 4 filings per year = \$680.24

Special Assistant: .5 hours per filing X 1 filing = \$40.19 X 4 filings per year = \$160.76

Program Assistant: .25 hours per filing X 1 filing = \$17.32 X 36 filings per year = \$69.28

Total per year \$910