

## SUPPORTING STATEMENT

### CRAB RATIONALIZATION (CR) PROGRAM: CR COOPERATIVE ANNUAL REPORT

OMB CONTROL NO. 0648-XXXX

This request is for a new information collection.

#### INTRODUCTION

In January 2004, the U.S. Congress amended Section 313(j) of the [Magnuson-Stevens Fishery Conservation and Management Act](#) (Magnuson-Stevens Act) as amended in 2006 to mandate the Secretary of Commerce (Secretary) to implement the Crab Rationalization Program (CR Program) for the Bering Sea and Aleutian Islands Management Area (BSAI) crab fisheries. The CR Program allocates BSAI crab resources among harvesters, processors, and coastal communities. The North Pacific Fishery Management Council (Council) prepared, and NMFS approved, the Fishery Management Plan for BSAI King and Tanner Crabs (Crab FMP). The Crab FMP establishes criteria for the management of certain aspects of the BSAI crab fisheries by the State of Alaska Department of Fish and Game (ADF&G) and is implemented by regulations at [50 CFR part 680](#).

The National Marine Fisheries Service, Alaska Region (NMFS) implemented the CR Program to both maintain rigorous safeguards on use of fishing privileges for a public resource and to provide safeguards for program constituents. The CR Program components include quota share (QS) allocation, processor quota share (PQS) allocation, individual fishing quota (IFQ), individual processing quota (IPQ) issuance, quota transfers, use caps, crab harvesting cooperatives, protections for Gulf of Alaska groundfish fisheries, arbitration system, monitoring, economic data collection, and cost recovery fee collection.

Under the CR Program, NMFS issued QS to eligible harvesters based on their participation during a set of qualifying years in one or more of the nine CR Program fisheries. QS is an exclusive, revocable privilege allowing the holder to harvest a specific percentage of the annual total allowable catch (TAC) in a CR Program fishery. Each year, the QS holder's annual allocation, called IFQ, provides an exclusive harvesting privilege for a specific amount of raw crab pounds, in a specific crab fishery, in a given season. The size of each annual IFQ allocation is based on the amount of QS held by a person in relation to the total QS in a crab fishery.

#### A. JUSTIFICATION

##### 1. Explain the circumstances that make the collection of information necessary.

In December 2011, NMFS presented a report to the Council detailing the performance of the CR Program during its first 5 years. Based on this 5-year report, the Council requested a discussion paper detailing measures that CR Program cooperatives could do to stimulate acquisition of QS

by crew and other active participants and to stimulate equitable crew compensation. NMFS presented the discussion paper to the Council at the February 2013 Council meeting.

**2. Explain how, by whom, how frequently, and for what purpose the information will be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.**

**a. CR Cooperative Annual Report (on Effectiveness of QS Transfer to Active Participants and Crew Members)**

Upon receiving and reviewing the discussion paper, the Council passed a motion (purpose statement) requesting that each CR Program cooperative develop and implement procedures to adopt the following measures. An annual report is due at the October 2013 Council meeting to summarize the effectiveness of each measure and the estimated number of participants in each measure. Documentation to support the summary must also be submitted.

- ◆ Increase availability of QS for transfer to active participants and crew members. Create additional opportunities for persons active in the fisheries to have better access to quota.

Cooperatives could adopt a variety of different measures to promote quota ownership by members who are active. These measures could be loan assistance, buyer preferences, or rights of first offer to allow each cooperative the flexibility to address the issue in a way that it perceives to be the most appropriate for its circumstances. A small cooperative that has mostly active participants may appropriately establish internal financing of crew quota share purchases. A larger cooperative may better address active participation share acquisitions by granting a purchase preference to active participants.

A cooperative could report on the extent to which its members are active. Such a report could identify the number of QS holders in the cooperative, the amount of IFQ brought to the cooperative by those QS holders both active and inactive, the changes in the number of QS holders, and the amount of QS that is held by persons who are active. The report could also separately identify members who are active as crewmembers, as well as persons meeting a specified vessel ownership interest.

- ◆ Decrease high QS lease rates. The high lease rates in the fisheries are said to contribute greatly to the decline in revenues to persons who actively participate in the fisheries as vessel owners and crew. Lower lease rates could allow for more of the fisheries' revenues to be realized by vessel owners and crews.

A cooperative could implement a lease cap in its cooperative agreement. If a cooperative were to oversee all transactions to implement a cap on leases, that cooperative would need to monitor all transfers of shares to ensure that the cap is not exceeded. The limitation could be applied to any transfer or lease within a cooperative or between the cooperative and any other cooperative, verifying simply that no lease rate exceeded the specified cap. The cooperative could use a system of affirmations from its members to support its report.

The annual report (and supporting affirmations) to the Council would not specify any lease rates, but would state that lease rates were not in excess of the cap.

- ◆ Improve low crew compensation. To limit the effects of the leasing market and to protect crews from the financial impacts of high lease rates, the amount of any lease payment charged to crews could be limited or capped.

A cooperative could establish minimum crew pay standards which could define the minimum percentage of gross ex vessel revenues that a vessel may pay to its crewmembers. Such a limit could serve a purpose similar to a minimum wage law. Such a measure would be intended to more directly and comprehensively protect crew from further declines in the share of vessel revenues paid to crew that has occurred under the CR Program.

The more general goal of these measures may be to achieve equity and economic stability in the harvest sector. Cooperative implementation could be accomplished through requirements that a cooperative:

- 1) include in its cooperative agreement a provision that requires all vessels to compensate crews in excess of a specified percentage of the vessel's gross revenues,
- 2) verify compliance by review of each member vessel's gross revenues and total crew compensation

The annual report to the Council would not specify crew compensation amounts (due to confidentiality limitations), but would affirm that all the cooperative's vessels met the standard.

Since implementation of the program, crew compensation as a percentage of gross revenues has varied with the amount of harvests. Some participating crews have suggested that the consolidation of quota provides a benefit, even if payments for harvest of that added quota are at a lower percentage due to charges for lease payments. In other words, some crew may believe that the acceptable minimum share of vessel revenues paid to the crew should differ with the amount of harvests.

Reasonable compensation may differ across fisheries due to a variety of factors (such as crab prices, catch rates, working conditions, and risk). These differences are suggested by historical data from the fisheries. For example, the percentage of vessel gross revenues paid to crew in the Bristol Bay red king crab fishery has been lower than that percentage in the Bering Sea *C. opilio* fishery; however, daily pay in the red king crab fishery has exceeded daily pay in the *C. opilio* fishery. Any percentages should consider whether different percentages are appropriate for different fisheries. In addition, to the extent that harvests overlap across fisheries (such as *C. bairdi* harvests made in the Bristol Bay red king crab and Bering Sea *C. opilio* fisheries), it may be difficult (or inappropriate) to attempt to separate payments by fishery.

The voluntary annual report from each cooperative is to be provided to the Council at its October 2013 meeting.

The estimated time for report completion, including gathering and compiling information is based on discussion among Alaska Region staff, and an averaging of several different types of annual cooperative reports required under other Alaska programs, resulting in 30 hours:

- Rockfish cooperative report = 40 hr
- American Fishing Act cooperative report = 12 hr
- Amendment 80 cooperative report = 25 hr
- Community Quota Entity annual report = 40 hr

| <b>CR Coop Annual Report, Respondent</b> |                |
|--|----------------|
| <b>Number of respondents</b>             | <b>10</b>      |
| <b>Total annual responses</b>            | <b>10</b>      |
| Frequency of response = 1                |                |
| <b>Total burden hours</b>                | <b>300 hr</b>  |
| Time per response = 10 hr                |                |
| <b>Total personnel cost (\$25/hr)</b>    | <b>\$7,500</b> |
| <b>Total miscellaneous cost (39.75)</b>  | <b>\$40</b>    |
| Postage cost (1.35 x 5 = 6.75)           |                |
| Fax (\$6 x 5 = 30)                       |                |
| Photocopy cost (10 x 6 pp x 0.05 = 3.00) |                |

| <b>CR Coop Annual report, Federal Government</b> |          |
|--|----------|
| <b>Total annual responses</b>                    | <b>0</b> |
| <b>Total burden hours</b>                        | <b>0</b> |
| <b>Total personnel cost</b>                      | <b>0</b> |
| <b>Total miscellaneous cost</b>                  | <b>0</b> |

It is anticipated that the information collected will be disseminated to the public or used to support publicly disseminated information. The Council will retain control over the information and safeguard it from improper access, modification, and destruction, consistent with National Oceanic and Atmospheric Administration (NOAA) standards for confidentiality, privacy, and electronic information. See response to Question 10 of this Supporting Statement for more information on confidentiality and privacy. The information collection is designed to yield data that meet all applicable information quality guidelines. Prior to dissemination, the information will be subjected to quality control measures and a pre-dissemination review pursuant to Section 515 of Public Law 106-554.

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological techniques or other forms of information technology.**

The CR Cooperative Annual Report may be submitted to the Council by courier, mail, or fax.

**4. Describe efforts to identify duplication.**

This information collection is part of a specialized and technical program that is not like any other.

**5. If the collection of information involves small businesses or other small entities, describe**

**the methods used to minimize burden.**

Cooperatives are not small businesses or small entities; thus this information collection does not impose a significant impact on small entities.

**6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.**

If the collection were not conducted or conducted less frequently, the information needed by the Council detailing measures that CR Program cooperatives could implement to stimulate acquisition of QS by crew and other active participants and to stimulate equitable crew compensation would not be available and the problems of acquisition and compensation would not be solved.

**7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.**

No special circumstances exist.

**8. Provide information on the PRA Federal Register Notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

A Federal Register Notice published on April 12, 2013 (78 FR 21912) solicited public comments. No comments were received.

**9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.**

No payment or gift is provided under this program.

**10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.**

This information is voluntary, but in support of management of commercial fishing efforts under 50 CFR part 680, under section 402(a) of the Magnuson-Stevens Act (16 U.S.C. 1801, et seq.) and under 16 U.S.C. 1862(j). Responses to this information request are confidential under section 402(b) of the Magnuson-Stevens Act. They are also confidential under NOAA Administrative Order 216-100, which sets forth procedures to protect confidentiality of fishery statistics.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual**

**behavior and attitudes, religious beliefs, and other matters that are commonly considered private.**

This information collection does not involve information of a sensitive nature.

**12. Provide an estimate in hours of the burden of the collection of information.**

Estimated total respondents: 10. Estimated total responses: 10. Estimated total burden: 300 hr.  
Estimated total personnel costs: \$7,500.

**13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in Question 12 above).**

Estimated total miscellaneous costs: \$40.

**14. Provide estimates of annualized cost to the Federal government.**

No costs or burden will occur to the Federal government.

**15. Explain the reasons for any program changes or adjustments.**

This is a new program.

**16. For collections whose results will be published, outline the plans for tabulation and publication.**

NMFS will not publish any results from this program.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.**

Not Applicable.

**18. Explain each exception to the certification statement.**

Not Applicable.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not employ statistical methods.