

SUPPORTING STATEMENT
West Coast Groundfish Trawl Economic Data
OMB CONTROL NO. 0648-0618

A. JUSTIFICATION

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

In 2011, NOAA Fisheries and the Pacific Fishery Management Council (PFMC) implemented a catch shares program for the West Coast groundfish trawl fishery. The catch share program consists of cooperatives for the at-sea mothership and catcher-processor fleets that target and process Pacific whiting at sea, and an individual fishing quota (IFQ) program for the shorebased trawl fleet that targets both Pacific whiting and a wide range of other groundfish species. In the IFQ program, fishermen are allocated quota for each species, including rebuilding species, that can be used to catch fish or can be leased or sold. The data collection program described in this document is designed to meet the requirements of the PFMC's call for mandatory economic data collection as part of the implementation of catch share management in the West Coast groundfish trawl fishery. This mandatory data collection program is needed to meet the monitoring requirements of Section 303A(c)(1)(G) of the Magnuson-Stevens Act (MSA). Requirements are codified in 50 CFR Part 660.114.

In response to the regulatory mandate, the Northwest Fisheries Science Center implemented the Economic Data Collection (EDC) program. Participants in the West Coast groundfish trawl fishery, who must have a limited entry permit with a trawl endorsement, account for about 70% of groundfish landings (by revenue) on the West Coast of the United States (U.S.). The fishery includes an at-sea whiting component (vessels that harvest and process whiting at-sea), a shorebased whiting component (vessels that harvest whiting and deliver to shorebased processors), and a non-whiting groundfish component (all non-whiting groundfish is delivered by catcher vessels to first receivers or shorebased processors).

As mandated in the regulations, data are collected from “All owners, lessees, and charterers of a catcher vessel registered to a limited entry trawl endorsed permit at any time in 2011 and beyond”, “All owners, lessees, and charterers of a mothership vessel registered to an MS permit at any time in 2011 and beyond”, “All owners, lessees, and charterers of a catcher processor vessel registered to a C/P-endorsed limited entry trawl permit at any time in 2011 and beyond”, “All owners of a first receiver site license in 2011 and beyond”, and “All owners and lessees of a shorebased processor (as defined under “processor” at §660.11, for purposes of EDC) that received round or headed-and-gutted IFQ species groundfish or whiting from a first receiver in 2011 and beyond.” To date, data have been collected for 2009-2016. The 2009-2010 data collection serves a baseline for comparison.

The collection of data allows for evaluation of the PFMC's goals for the program:

- 1) Provide for a viable, profitable, and efficient groundfish fishery.
- 2) Increase operational flexibility.
- 3) Minimize adverse effects from an IFQ program on fishing communities and other fisheries to the extent practical.

- 4) Promote measurable economic and employment benefits through the seafood catching, processing, distribution elements, and support sectors of the industry.
- 5) Provide quality product for the consumer.
- 6) Increase safety in the fishery.

These goals are an important consideration in the development of the EDC program, as the Magnuson-Stevens Act (MSA) includes provisions for monitoring the degree to which the goals have been met. Section 303A(c)(1)(G) states that any limited entry permit program (LAPP) shall:

“include provisions for the regular monitoring and review by the Council and the Secretary of the operations of the program, including determining progress in meeting the goals of the program and this Act, and any necessary modification of the program to meet those goals, with a formal review 5 years after the implementation of the program and thereafter to coincide with scheduled Council review of the relevant fishery management plan (but no less frequent than once every 7 years).”

In order to meet the monitoring requirements of the MSA, it is necessary to continue to have economic data on all catcher vessels, catcher-processors, motherships, and first receivers/shoreside processors participating in the West Coast groundfish fishery. A separate survey form was developed for each of these four groups.

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.

How Information Will Be Used

Information received from this survey will be used in conjunction with other data sources such as state fish ticket data, observer data, and permit data to serve as the basis for the calculation of economic performance measures and regional economic impacts, regular comprehensive reviews of the catch share program, and policy analysis as requested by the PFMFC. Many of the economic performance measures require statistical inference or economic/econometric models. Examples of uses for statistical inference include calculation of expenditures for each input, calculation of total costs incurred when operating the vessel (which include not only expenditures for inputs but also other expenditures such as the purchase/leasing of permits and quota), calculation of total revenue earned through operation of the vessel, variable profit (total revenue minus variable costs), vessel operating characteristics (speed and fuel use), crew size, and crew compensation methods (what share of revenue is paid to the crew and which expenses are deducted from landings revenue before the crew is paid). Performance measures that require the estimation of economic models include efficiency of operation and average cost curves for different length vessels (that provide the level of harvest output at which a specific length vessel minimizes its cost per pound of fish landed).

The EDC data provide information on vessel expenditures by cost category (captain, crew, fuel, etc.), which drives the estimates of how changes in landings affect regional and coastal economies. This information is used in the PFMFC bi-annual groundfish harvest specification process for calculating net benefits and economic impact estimates for each alternative.

The EDC data have been used in many research papers including analysis of specific gear provisions, the vessel buyback program, analysis of the shorebased whiting processing sector, economic benefits of the catch share program, and analysis of the effect of the catch share program on crew.

Who Will Use the Data?

Information collected in this data collection will be used by economists at the NWFSC and their contractors. Summaries of the data will be produced each year and made available to the general public. These summaries will contain aggregated data (with each variable provided to the public based on responses received from at least three distinct economic units). The reports can be found here: www.nwfsc.noaa.gov/research/divisions/fram/economic/economic_data_reports.cfm and an interactive data exploration tool can be found here: www.nwfsc.noaa.gov/research/divisions/fram/economic/economic_data_reports.cfm.

How Frequently Will the Information be Used?

Both the economic performance measures and the regional economic impact model will be updated annually. The NWFSC economists prepare annual reports with summary statistics for cost categories, sources of revenue, quasi-rents, and the share of fishery economic benefits accruing to various economic agents operating within the fishery (vessel owners, captain, crew, processing plant owners, and processing plant employees). These reports are presented to the PFMC annually. Information on expenditures by catcher vessels, catcher-processors, motherships, and first receivers/shoreside processors will also be incorporated into the NWFSC's IO-PAC regional economic model on an annual basis. The performance measures prepared on an annual basis will also be used to determine if the catch share program is meeting the goals identified by the PFMC.

Economists at the NWFSC also expect to continue a research program examining the impact of catch share programs on fleet structure, production costs, employment, generation and distribution of economic rent, and regional economic impacts. This work will be done on an on-going basis, with analytical results updated as new data become available. Results from this project will be used in the PFMC management process and may be published in peer-reviewed journals.

For What Purposes Will Survey Information Be Used?

Data will be collected to monitor the economic impact of implementing a catch share program as well as to answer other economic questions that require knowledge of the costs, revenues, physical characteristics, and compensation methods used by catcher vessels, catcher-processors, motherships, and first receivers/shorebased processors in the West Coast groundfish trawl fishery. Meeting the monitoring requirements enumerated in section 303A(c)(1)(G) of the MSA will require NWFSC economists to determine the efficiency of operations, whether operations are exhibiting economies or diseconomies of scale, expenditures on inputs including labor and (for harvesting vessels) fuel, quasi-rents (the difference between revenue and variable costs), and economic impacts on fishing communities. Data collected under this collection were used in the report on catch share management impacts, which is legally mandated after 5 years of catch

share management by the MSA. Another comprehensive review of the program is scheduled for 2022 and will again rely heavily on the economic data and analyses. Analysis based on these data will not only meet legal requirements, but will also provide information to guide the PFMC in making decisions regarding revisions to the structure of the catch share system used to manage the West Coast groundfish fishery.

NOAA will retain control over the information and safeguard it from improper access, modification, and destruction, consistent with 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 data 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.

Survey participants will have the option to complete either a paper survey or a web form. Surveys will be mailed to the participants; enclosed in the survey packet will be information about how to submit their data through the web form.

The four EDC survey forms (catcher vessels, motherships, catcher-processors, and first receivers/shorebased processors) will be posted on the NWFSC website. Summaries of survey results presenting cost, revenue, physical characteristics, and input compensation methods as well as an interactive data explorer will also be posted annually on the NWFSC website once the data are available: www.nwfsc.noaa.gov/edc.

4. Describe efforts to identify duplication.

To the best of our knowledge and based on extensive interactions with the survey population and fishery managers regarding this data collection, this is the only source for these data. Extensive review of the survey forms with owners of catcher vessels, catcher-processors, motherships, and first receivers/shorebased processors has not revealed any questions on the forms that could be answered through the use of existing data sources.

5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.

Based on available information, the NMFS believes that all of the catcher vessels in the survey population qualify as small businesses. Two methods have been used to minimize survey burden on all members of the survey population. First, survey design has sought to avoid duplication of data collection (discussed in the response to question 4). Second, NMFS economists have met with industry participants to discuss all four forms. These discussions have focused on making questions easily understandable and consistent with the record keeping practices of survey respondents. These meetings with industry participants have resulted in numerous improvements in survey content and clarity. The program staff regularly review the forms to ensure that all information requested is being used directly for management or policy analysis.

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

Failure to conduct this survey would limit NMFS economists to using currently available data in order to monitor the impact of catch share management. While it would still be possible to monitor changes in revenue earned by catcher vessels, there would be no information available on production costs, the processing sector, motherships, or catcher-processors. No evaluation of the economic benefits, distributional impacts, or efficiency effects of catch share management could be made. It would not be possible to evaluate if catch share management was achieving many of the goals identified by the PFMC. As a result, MSA monitoring requirements as stated in section 303(c)(1)(G) could not be met.

In addition, NMFS economists would not be able to produce analysis evaluating the need for modifications to the catch share program design and regulations. For example, evaluating the potential need to revise caps on quota share or quota pound accumulation limits requires knowledge of how much fish vessels of different sizes must harvest in order to minimize cost per pound of fish harvested. In order to determine the level of catch at which a vessel minimizes cost per pound, it is necessary to have the cost data collected by this survey. Data from this collection are also necessary to evaluate the distributional consequences of catch share management, and the effects on regional economies. These are issues that fishery managers may wish to address by adjusting the catch share program.

Conducting data collection less frequently would slow the delivery of results from the economic monitoring process. Even with annual data collection, the evaluation results of regulatory changes made at the beginning of 2016 will not be available until the end of 2017. Collection of data for 2017 will not occur until mid-2018 (discussions with industry participants emphasized the importance of collecting economic data after industry participants have prepared data for tax filings), and the data verification and matching (with other data sources which provide data used in conjunction with the cost earnings data collected by this survey) process will take additional time. As a result, the economic impact of a regulatory change that takes effect at the beginning of 2017 is not known until the end of 2018 even with annual data collection. Another consideration is that the fisheries within the catch share program are very volatile, responding to changes in total allowable catch off the West Coast of the US as well as in Alaska, swings in productivity of state fisheries such as crab and shrimp, and to changes in market conditions. As a result of the many outside forces affecting the fisheries, the past year of data are rarely representative of the following year of data. If economic analysis of the cost earnings data indicates unanticipated consequences of the regulatory change, additional time is needed in the PFMC process to discuss and recommend regulatory changes. The consequence of collecting cost earnings data on a less than annual basis is to allow unanticipated consequences of regulatory changes to persist for needlessly extended periods of time.

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

The collection will be conducted in a manner consistent with OMB guidelines.

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 October 24, 2017 (82 FR 49186) solicited public comment. No comments were received.

As stated in Question 5, NMFS economists met with industry participants to discuss all four forms prior to the implementation of the EDC program. Since then, NMFS economists have continued to work with industry participants on the phone, in-person, and at Council meetings to improve the design of the forms.

Changes to the EDC forms often result from communication with participants regarding the types of information collected and how it is collected. Other changes are the result of fishery managers and stakeholders who ask for specific analyses and types of information.

EDC program staff work extensively with participants during each data collection year. It is common for participants to contact the EDC program (usually by telephone) to ask about questions that arise while filling out the form, or for more information about the purpose of the data collection. During the initial years of the data collection program, there was a large volume of communications with participants. The frequency of phone calls has decreased over time as the participants have learned how to better complete the forms, and the forms have improved, both in terms of the clarity of instructions and the questions themselves.

There have been two changes made to the forms since the last PRA clearance. One question was modified on the catcher vessel form to ask for fishery-specific fishing gear costs. A gear expert from the Oregon Department of Fish and Wildlife was consulted along with several fishermen. Additional short questions were added to the first receiver/shorebased processor form to gain more information about the supply chain, including the types of non-vessel source fish purchases and the final disposition of products produced by the facility. Representatives from shorebased processors were consulted in the development of these questions.

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

No payments or gifts will be provided to survey respondents.

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

Responses to this information request are confidential under 402(b) of the Magnuson-Stevens Act (16 U.S.C. 1801, et seq.). They are also confidential under NOAA Administrative Order 216-100, which sets forth procedures to protect the confidentiality of fishery statistics.

The NMFS will not publish any numbers based on fewer than three survey responses in papers, reports, presentations, or other public documents. Nor will a summary statistic be reported if one observation makes up more than 90% of the total value in a given category. Only NWFSC employees will have access to the survey data with information that can be used to identify individual respondents (vessel ID number, owner name, owner address, etc.). Consultants hired by the NMFS may have access to individual observations in the survey data. In the case of a Freedom of Information Act (FOIA) request for the data, the NMFS will seek to protect the data from release through Exemption 4 by noting the data are confidential and highly sensitive business data.

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.

Not Applicable.

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

The survey population for 2017 data (to be collected in 2018) consists of 143 catcher vessels, 9 catcher-processors, 6 motherships, and 48 first receivers/shorebased processors. The **158** participants across the three vessel groups (catcher vessels, catcher-processors and motherships) will each need 8 hours to complete the EDC forms, for a total of 1,264 hours, and 20 hours is estimated for the **48** first receiver/shorebased processor form, for a total of 960 hours. As a result, one year of data collection will require a total of 2,224 hours to complete the forms each year.

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).

The only costs not covered in Question 12 are those for making copies of EDC documents (survey respondents are requested to retain a copy of the completed EDC form) and mailing the surveys. The annual cost associated with these activities is assumed to \$20 per respondent, assuming that the form is sent via certified mail. Total annual costs for all respondents will be \$4,120 (206 x \$20).

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

The NWFSC employs one FTE and two contractors to run the EDC program and partially supports a team of in-house programmers. There are also costs for printing and mailing related to the survey. The total annual cost incurred by the federal government as a result of implementing this survey is thus \$290,000.

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

Adjustments: Although there was a decrease in the number of vessels required to complete EDC forms since the last PRA clearance, there was an increase of two companies that must fill out a

shorebased processor EDC form. Because the response time for this form is longer than for the vessel surveys, there was an increase of 16 hours.

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

NMFS continues to require submission of the EDC by September 1 of each year, as dictated by the regulations. Annual reports, including costs by category, earnings by category, vessel and plant physical characteristics, and compensation to labor inputs (crew on vessels and line workers in processing plants) are to be published in the Spring of the following year. Summaries of EDC data will also be made available through a web-based interactive data explorer tool.

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.

There are no exceptions.