



Highlights of [GAO-05-241](#), a report to congressional requesters

## Why GAO Did This Study

Overfishing may have significant environmental and economic consequences. One tool used to maintain fisheries at sustainable levels is the individual fishing quota (IFQ), which sets individual catch limits for eligible vessel owners or operators. This is GAO's third study on IFQ programs. For this study, GAO determined (1) the costs of managing (i.e., administering, monitoring, and enforcing) IFQ programs and how these costs differ from pre-IFQ management costs; (2) what, if any, IFQ management costs are currently being recovered by the National Marine Fisheries Service (NMFS); and (3) ways to share the costs of IFQ programs between government and industry.

## What GAO Recommends

To comply with the cost recovery requirements of the Magnuson-Stevens Act, GAO recommends that the Secretary of Commerce direct the Director of NMFS to (1) implement cost recovery for all IFQ programs and (2) develop guidance as to which costs are to be recovered and, when actual cost information is unavailable, how to estimate these costs. If the Congress would like NMFS to recover other than incremental costs, it may wish to clarify the IFQ cost recovery fee provision of the Magnuson-Stevens Act.

NOAA reviewed a draft of this report and generally agreed with the findings and recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-05-241](http://www.gao.gov/cgi-bin/getrpt?GAO-05-241).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Anu Mittal at (202) 512-3841 or [mittala@gao.gov](mailto:mittala@gao.gov).

# INDIVIDUAL FISHING QUOTAS

## Management Costs Varied and Were Not Recovered as Required

### What GAO Found

Fiscal year 2003 management costs varied considerably among IFQ programs. According to fishery managers, halibut and sablefish program costs were higher and surfclam/ocean quahog program costs were lower, when compared with pre-IFQ management costs. Although complete cost information was not available, GAO aggregated cost estimates from information provided by NMFS and other organizations involved in IFQ-related activities and estimated that fiscal year 2003 IFQ management costs were at least \$3.2 million for the Alaska halibut and sablefish program, \$274,000 for the surfclam/ocean quahog program, and \$7,600 for the wreckfish program. While NMFS does not systematically track the costs of managing IFQ programs and does not have complete information on pre-IFQ management costs, fishery managers said management costs were greater under the halibut and sablefish IFQ program than under pre-IFQ management, in part, because of the IFQ program's complex rules. In contrast, fishery managers said costs were less under the surfclam/ocean quahog IFQ program than under pre-IFQ management, in part, because the simplicity of the program's design made it easier to monitor compliance. Moreover, according to fishery managers, NMFS incurred additional costs for the development and initial implementation of both programs.

NMFS is not recovering management costs as required by the Magnuson-Stevens Act for two of the three IFQ programs. Under the act, as amended by the 1996 Sustainable Fisheries Act, NMFS is required to recover the "actual costs directly related to the management and enforcement" of all IFQ programs. NMFS has implemented cost recovery for the halibut and sablefish program, but it has not done so for the surfclam/ocean quahog or wreckfish programs. NMFS officials said that cost recovery for the surfclam/ocean quahog program has been a low priority and very few people were fishing wreckfish. Also, the Magnuson-Stevens Act does not define "actual costs directly related to the management and enforcement" of an IFQ program. NMFS has interpreted the term to mean those costs that would not have been incurred but for the IFQ program (i.e., the incremental costs). However, another way to interpret the term "actual costs directly related to" is full costs. Under a "full cost" approach, NMFS could have recovered more costs of managing the IFQ program.

Several methods are used for sharing IFQ management costs between government and industry. These methods principally fall into three categories: user fees, quota set-asides, and devolution of services. Under user fees, government recovers costs by collecting a fee from the quota holder or fisherman. Under a quota set-aside, government can set aside (i.e., not allocate) a certain amount of quota each year, lease the set-aside quota to fishermen, and use the revenue to pay for program management costs. Finally, under devolution of services, management services previously performed by government, such as monitoring compliance with individual catch limits, are transferred to industry.