

AGREEMENT ON THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

30TH MEETING OF THE PARTIES

La Jolla, California (USA)
26 October 2014

**DOCUMENT MOP-30 INF-B
VESSEL ASSESSMENTS**

1. BACKGROUND

Section 5.5.2 of Document MOP-29-06 on the AIDCP budget, prepared for the 29th Meeting of the Parties in July 2014, described the possibility of linking the AIDCP vessel assessment rate to budget amounts approved by the Parties. The Parties requested that the Secretariat provide a sample calculation demonstrating how this would work in practice. Under such an approach, following the approval of a budget by the Parties, the Secretariat would calculate the assessment rate necessary to generate the revenue required to fund the budget. This requires an accurate estimate of the total well volume of the vessels that will be subject to these assessments in the coming fiscal year. This document first explains the process used by the Secretariat to calculate the proposed AIDCP budget for a given year, and then demonstrates how an assessment rate could be automatically generated based on an approved budget amount.

For this exercise, the sample calculation is applied to the budget recommended by the Secretariat for 2015¹, but can be applied to any budget amount.

2. CALCULATING THE BUDGET

Because not all purse-seine vessels on the authorized vessel register are required to carry observers and contribute toward the actual costs incurred during any particular year, only those vessels that fished and incurred costs (Active vessels) during 2012 and 2013 as well as total actual costs for each of those years were used to calculate the average costs. The average number of such vessels was 165, and the average number of fishing trips made by these vessels during the two-year period was 4.61. All figures are in US dollars (US\$).

The calculations were based on the following data for 2012-2013:

TABLE 1.			
Active vessels subject to AIDCP:	2012	2013	Average
Number of trips	434	421	428
Number of days at sea	20,512	20,089	20,301
Trip duration (days)	47.26	47.72	47.49
IATTC international program only:			
Observer travel costs per trip (US\$)	175.69	228.66	202.18
Daily observer cost (salary and benefits; US\$)	56.47	58.54	57.50

¹ Since the budget for 2015 was presented in July 2014 (Document [MOP-29-06](#)), changes in the Vessel Register have resulted in an upward revision of the budget. Specifically, the number of vessels expected to participate in the AIDCP and covered by the IATTC program has changed by a net increase of six vessels on the authorized vessel register which have triggered an upward adjustment in anticipated expenditures of approximately US\$43,000 in 2015. The figures in this document are based on the revised budget of US\$ 2,987,738 (See Table 2).

The figures in Table 1 are used to calculate the anticipated costs of observer compensation and benefits (updated to \$1,336,980 for 2015; see Table 2) and the observer travel costs (updated to \$98,985 for 2015), which along with the costs of observer supplies and equipment (\$20,400) and observer training (\$25,000), comprise the direct observer costs portion of the requested budget (Table 2). Adding to this the “indirect costs” of the observer program and the “other costs” accounted for, results in the 2015 requested budget amount of US\$ 2,987,738, as reflected in Table 2.

TABLE 2.	MOP-29-06	Adjusted (MOP-30 INF-A)	
	US\$ 17.61/m ³	US\$ 16.00/m ³	US\$ 14.95/m ³
EXPENSES			
A. OBSERVER PROGRAM²			
Direct costs:			
Observer compensation and benefits	1,305,600	1,336,980	1,336,980
Observer travel	102,000	98,985	98,985
Supplies and equipment	20,400	20,400	20,400
Training	10,200	25,000	25,000
Subtotal	1,438,200	1,481,364	1,481,364
Indirect costs:			
IATTC HQ staff: scientific/technical	804,398	804,398	804,398
IATTC field offices	332,958	332,958	332,958
Total observer program	2,575,556	2,618,720	2,618,720
B. OTHER COSTS³			
Captain's seminars	2,500	2,500	2,500
AIDCP meetings	20,000	20,000	20,000
Other AIDCP direct costs	9,956	9,956	9,956
IATTC HQ staff: administrative	336,562	336,562	336,562
Total other costs	369,018	369,018	369,018
Total AIDCP expenses	2,944,575	2,987,738	2,987,738
INCOME			
Vessel assessments	2,230,343	2,214,142	2,053,889
IATTC portion of observer program (30%)	772,667	785,616	785,616
Inactive and sunk vessels (@ US\$ 1.00/m ³) ⁴	4,074	4,074	4,074
Total	3007,084	3,003,832	2,843,579
Net annual surplus / (deficit)	62,509	16,093	(144,159)

Table 3 reflects how the average cost for the national fleets was calculated from the number of vessels in each fleet, the annual average number of trips per vessel (4.61), and the percentage of that fleet’s activity that was covered by the IATTC international observer program. For instance, the total observer compensation anticipated for the Colombian fleet is based upon the premise that half of the 26 trips expected to be made by the 11 vessels (11 vessels multiplied by the 4.61 average number of trips made by each vessel

² Covered 30% by IATTC, 70% by AIDCP

³ Covered 100% by AIDCP

⁴ Assuming that the rate of US\$ 1.00 per cubic meter is approved for all inactive and sunk size class 6 purse seine vessels for 2015

multiplied by the 50% IATTC program coverage) will cost approximately US\$ 70,129 (26 trips times an average of 47.49 days per trip times the daily observer compensation). Likewise, observer travel for these 26 trips will cost approximately US\$ 5,192 (26 trips multiplied by the estimated cost per trip of US\$ 202.18). Once all fleet costs are calculated, they are used to calculate the variable costs related to the requested budget. In this case, total observer compensation costs of US\$ 1,336,980 and total observer travel of US\$ 98,985 (Table 2, Section A, Observer program direct costs). The remaining line items within the budget requested are based upon previous years' expenses and anticipated changes or needs within the program itself, such as the number of observer training courses needed.

TABLE 3.						
	1		2		3	4
Fleet	Number of vessels ⁵	IATTC coverage	Number of trips	Trip duration (days)	Observer compensation (US\$)	Observer travel (US\$)
		%	4.61	47.49	57.50	202.18
COL	11	50	26		70,129	5,192
ECU	65	66.7	202		552,809	40,928
EUR	4	50	9		25,501	1,888
GTM	1	100	5		12,751	944
MEX	43	50	100		274,141	20,296
NIC	6	50	14		38,252	2,832
PAN	14	50	33		89,255	6,608
PER	3	100	14		38,252	2,832
SLV	4	100	19		51,003	3,776
USA	4	100	19		51,003	3,776
VEN	21	50	49		133,883	9,912
Total	176		490		1,336,980	98,985

- **Column 2:** Number of vessels (Column 1) x average number of trips per vessel (4.61) x % coverage by IATTC program (50%, 66.7%, 100%);
- **Column 3:** Number of trips (Column 2) x average trip duration (47.49 days) x daily observer compensation (US\$ 57.50).
- **Column 4:** Number of trips (Column 2) x average cost of observer travel per trip (US\$ 202.18)

3. CALCULATING THE VESSEL ASSESSMENT RATE BASED ON AN APPROVED BUDGET NUMBER (OPTION 5.5.2 FROM MOP-29-06)

The total well volume of the vessels participating in the AIDCP is used as a proxy for estimating the amount of funding that will be provided to the AIDCP program from the vessel assessment contributions. The AIDCP anticipates that national programs may cover up to 50% of trips taken by size class 6 vessels. Where a national program does provide 50% of the observer coverage in a given year, their program then receives 50% of the vessel assessment revenues from vessels flying their flag. If the percent coverage by the national program is less than 50%, then the percent of the contributions that program receives is adjusted accordingly. What this means is that the vessel assessment rate needs to be set at a level such that the projected AIDCP direct and indirect IATTC budget costs will be covered by the remaining amount of assessments that will be retained by the IATTC. Table 4 demonstrates that between the seven national programs, a total of 93,783 of the 232,166 cubic meters of the assessments for those fleets will be paid to

⁵ The number of vessels is taken from the size 6 active purse seine authorized vessel register, any vessel that has made a prepayment for 2015 and excludes any vessel making a single trip not to exceed 90 days.

the national programs, and revenue from the remaining 138,384 cubic meters are left to cover the IATTC projected program costs.

TABLE 4.					
Fleet	Number of vessels	Well volume (m ³)	IATTC coverage (%)	Allocation by program (m ³)	
				IATTC	National
COL	11	13,779	50	6,890	6,890
ECU	65	77,358	66.7	51,598	25,760
EUR	4	10,116	50	5,058	5,058
GTM	1	1,475	100	1,475	-
MEX	43	55,549	50	27,775	27,775
NIC	6	8,478	50	4,239	4,239
PAN	14	20,206	50	10,103	10,103
PER	3	1,869	100	1,869	-
SLV	4	7,892	100	7,892	-
USA	4	7,527	100	7,527	-
VEN	21	27,916	50	13,958	13,958
Total	176	232,166		138,384	93,783

The vessel assessment rate is then calculated by subtracting the 30% of observer costs to be accounted for by the IATTC contributions (US\$ 785,616, Table 2), and the projected inactive vessel income (US\$ 4,074) from the total budget request of US\$ 2,987,738, resulting in a net remainder amount of US\$ 2,198,048 to be covered by the portion of the vessel assessments retained. Dividing this remainder by the 138,384 m³ of well volume indicates that , a vessel assessment rate of US\$ 16.00/m³ would be sufficient to cover the projected costs in 2015 (Table 5). Because the budget number is a projection based upon what has happened in the past, it may be that actual expenses will differ from the budgeted amount and either a deficit or surplus may occur which would then be accounted for in the following year's budget calculation.

TABLE 5.					
Fleet	Number of vessels	Well volume (m ³)	Assessment (@ US\$ 16/m ³)	Allocation by program (US\$ ³)	
				IATTC	National
COL	11	13,779	220,464	110,232	110,232
ECU	65	77,358	1,237,734	825,569	412,166
EUR	4	10,116	161,856	80,928	80,928
GTM	1	1,475	23,600	23,600	-
MEX	43	55,549	888,790	444,395	444,395
NIC	6	8,478	135,648	67,824	67,824
PAN	14	20,206	323,296	161,648	161,648
PER	3	1,869	29,907	29,907	-
SLV	4	7,892	126,272	126,272	-
USA	4	7,527	120,438	120,438	-
VEN	21	27,916	446,656	223,328	223,328
Total	176	232,166	3,714,662	2,214,142	1,500,521