SR626_UK Fleet Financial Performance 2009 Mid Year Review

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ISBN: 978-1-906634-29-2

UK Fleet Financial Performance 2009 Mid-Year Review

SEAFISH

1 Summary

- The fleet is receiving lower prices this year for most fish species
- The mood in the fleet is poor across all segments
- Average fishing income is forecast to be down in all segments
- The reduction in fuel prices from their peak in 2008 has benefited the fleet
- Profit in many segments of the fleet is expected to be lower this year
- Some fleet segments will experience net losses on average in 2009
- Many skippers are dissatisfied with current fisheries management measures

2 Background

Each summer, Seafish produces new profit forecasts for key segments of the UK fishing fleet. A series of interviews is carried out with skippers, vessel agents, producer organisations (POs) and associations. The combination of forecasting and interviewing provides the basis for predicting the expected financial performance of the fleet in the current year.

This report provides a mid year review of seven demersal and nephrops segments operating in the North Sea and the West of Scotland. The report provides a forecast of the economic performance of these segments of the fleet for 2009 and compares this with actual performance in previous years. Included in this report are views and opinions expressed by those interviewed, relating to a range of factors including fisheries management.

3 Survey Methods and Sample

3.1 Interview Methods

Seafish staff conducted around 40 interviews in person and by telephone, principally with skippers and vessel owners (85%) but also with vessel agents, producer organisations and associations (15%). Interviewers used a structured interview which included a number of open questions. Responses to open questions were categorised afterwards for analysis. A copy of the questionnaire is available on request. We used a non-random sampling method to ensure coverage of all key fleet segments.

The sample of interviewees is split between vessels based in: North East Scotland (61%); the West of Scotland (21%), Orkney and Shetland (9%) and

South East Scotland (9%). In terms of species caught, the sample includes nephrops trawl (44%) and whitefish (41%).

3.2 Forecast methods

The Seafish Profit Forecast Model is a static forecast model estimating landings, activity, costs and earnings for one calendar year (2009). The model is adjusted with information on quotas, quota uptake level and segment activity available for the baseline year (2008). Assumptions are made about prices for fuel, fish and days at sea and these prices can be altered within the model to test alternative scenarios.

For the baseline year, MFA provided Seafish with information on the UK fleet. For every segment, the model contains information at vessel level about:

- physical characteristics (length, engine power, VCU etc);
- days at sea spent in every ICES division on a monthly basis during the baseline year; and
- Landings (live weight equivalent and value) for every stock on a monthly basis during the baseline year.

Vessel costs are derived from the average costs and earnings structure which will be published by Seafish for 2007 and adjusted for inflation using the Consumer Price Index.

4 Mood amongst skippers

The general mood in all the surveyed segments of the fleet is very poor. There is little difference between segments of the fleet. Answers to the question “What is the general mood in your segment of the fleet?” are shown in Table 4.1

Very Good	Good	OK	Poor	Very Poor
0%	0%	6%	44%	50%

Table 4.1 Responses to question about general mood in the fleet. Source: Seafish survey

The mood in the fleet is markedly poorer than in previous years, as can be seen in Figure 4.1.

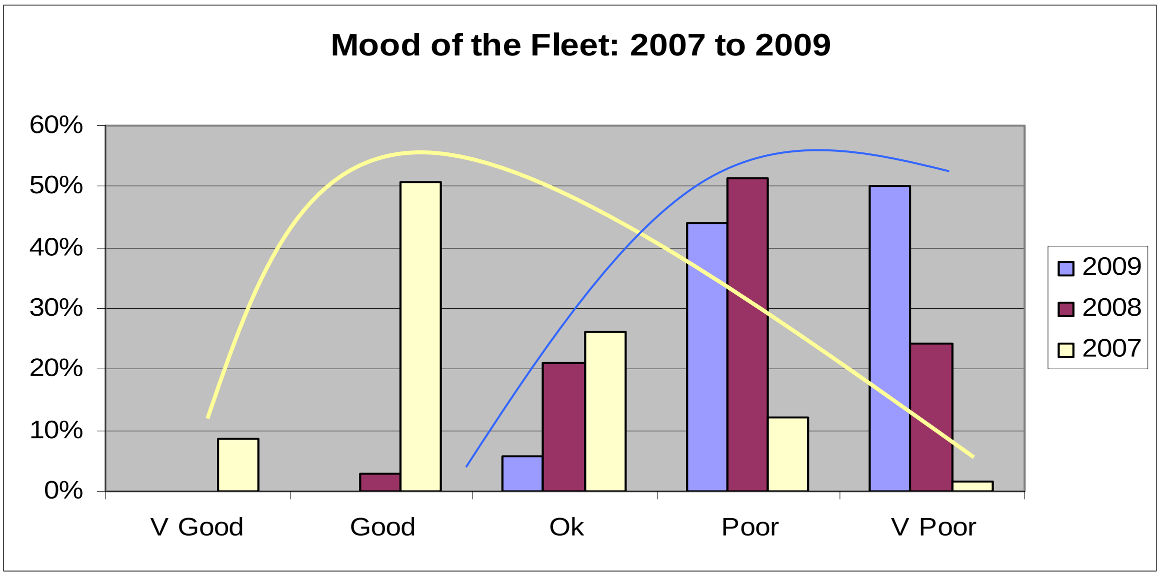

Figure 4.1 Mood of the fleet: comparison 2007 to 2009

4.1 Factors influencing the mood of the fleet

There were very few positive responses from skippers regarding the mood of the fleet. One skipper stated that the 'collapse' in the fuel price during the winter of 2008 had been positive news for the fleet. In contrast to this, many other skippers observed that fuel prices were still comparatively high and are currently rising again. The most commonly stated factors affecting the mood of the fleet were as follows:

- Falling prices for fish – almost 70% of the total sample stated that the falling prices for fish were causing the poor mood in the fleet. There was little differentiation between different segments of the fleet on this issue.
- Quota – just over 70% of skippers of whitefish vessels cited quotas as a factor which is having a negative effect on the mood of the fleet. The feeling is that quotas are costly to lease and are too low given the amount of fish they find on the fishing grounds. This seems to be less of an issue with nephrops skippers.
- Other frequently mentioned factors influencing the mood of the fleet included days at sea restrictions, rising fuel costs and the general increase in rules and regulations which the industry must cope with.

4.2 Future in the industry

Skippers were asked if they still expect to be in the industry in two and five year's time. The general response (86%) from skippers was that they do expect to be in the industry (both in two years and in five years) or that they hope to be in the industry but many of these were qualified positive responses. 12% of all skippers interviewed said that they hope to be in the industry but if profit margins do not increase it will not be possible. 9% of all skippers interviewed stated that they now have a son in the industry to carry on the business. 6% of all skippers interviewed stated that they think they will be but that if decommissioning was offered they would take it.

5 Financial Performance

This section provides an overview of recent fleet financial performance and forecast financial performance. The section describes income, costs and profit.

5.1 Income

Fishing income is a function of sales prices and volume sold, both of which are influenced by several factors. Skippers' experiences of prices this year are reported along with forecasts from the Seafish model.

5.1.1 Fish sales price

Prices achieved by skippers for fish are down in 2009 compared to 2008 for most species. For the purposes of this report, prices have been analysed using official sales figures for the first five months of this year and comparing these with the first five months of 2008. Forecast prices for the whole of 2009 have also been produced using the model.

5.1.1.1 Actual Prices

Actual sales prices for the first five months of 2009 show that sales prices have fallen (Table 5.1) compared to the same period of 2008. Prices for key species such as cod, haddock and nephrops have fallen considerably when compared to the prices achieved last year[1].

Species	Average UK price per tonne 2008	Average UK price per tonne Jan - May 08	Average UK price per tonne Jan - May 09	Change as % of Jan - May 08 price
Anglerfish	2,793	2,669	2,993	12%
Cod	1,686	1,886	1,607	-15%
Haddock	1,125	1,207	1,125	-7%
Hake	1,301	1,151	1,201	4%
Lemon Sole	2,434	3,396	2,410	-29%
Megrims	2,806	2,852	2,516	-12%
Nephrops	2,530	2,702	2,292	-15%
Plaice	1,574	1,177	1,092	-7%
Saithe	573	519	614	18%
Skate/rays	905	1,167	967	-17%
Whiting	920	975	950	-3%

Table 5.1 Summary of UK average prices in 2008 and prices for period January to May 2009. Source MFA.

[1] Cod, haddock and Nephrops can be considered keys species as they account for around 60% of the landing volume in the first five months of 2009.

5.1.1.2 Forecast Prices

Assumptions for the year indicate that all segments of the fleet will experience lower prices per tonne (of all species landed) in 2009 (Table 5.2).

Segment	2005*	2006*	2007*	2008*	2009**	Forecast Change 2008 - 2009
NS WoS over 24m single rig	834	1,489	1,494	1,528	1,460	-5%
NS WoS < 24m, >300kw single rig	1,572	2,208	2,042	2,004	1,891	-6%
NS WoS pair trawl/seine	996	1,345	1,392	1,335	1,294	-3%
NS Nephrops single-rig	1,766	2,237	2,288	2,067	1,732	-19%
NS Nephrops twin-rig	1,806	2,245	2,302	1,918	1,751	-10%
WoS Nephrops single-rig	2,065	2,309	2,332	2,424	2,202	-10%
WoS Nephrops twin-rig	1,738	2,406	2,622	2,256	2,133	-6%

Table 5.2 Average price per tonne for all species, 2005*, 2006*, 2007* and 2008* includes all vessels with over 50 days at sea. **2009 forecast includes all vessels which meet Seafish minimum rules[2].

The forecast figures indicate that the nephrops segments will see the largest reduction in sales prices this year.

5.1.1.3 Skippers' comments on prices

The majority of skippers do not think that management rules are impacting upon fish sales prices in 2009. A minority of skippers (14%) said that they do believe management rules are affecting prices. Skippers who believe that rules do affect prices all said that the days at sea restrictions affect supply trends to the market and thus affect prices. The rationale behind this is that, due to days at sea restrictions, skippers wait until the weather is relatively certain before heading to sea. This means that a large number of vessels go out to sea and return at the same time or within a short period of time. It was stated that the effect of this is that the fish market is supplied in batches rather than having supply spread over time. It was argued that this depresses prices received for fish.

Skippers who did not believe that management rules impacted upon fish selling prices cited a variety of reasons for the fall in fish prices during 2009. The most frequently offered explanation from skippers in nephrops fleets was that the recession is affecting the price they receive. This is due to the contraction of markets into which they sell, particularly those in France, Spain and Italy. The contraction in those markets is leading to a situation where there is over supply in the marketplace and prices are depressed as a result. A comparison of trade statistics for the second quarters of 2008 and 2009 shows that the value of nephrops exported from the UK reduced by 15% in 2009 and the volume of exports reduced by 10%[3].

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[2] The minimum rules for inclusion in the model outputs are designed to exclude vessels with low activity from the calculation of average performance. This rule means that the figures presented are the average for active vessels. For details of minimum rules see Appendix 11.
[3] Seafish, 2009 Q2 Trade Summary

The most frequently offered explanation for falling prices by skippers in whitefish segments was that prices are being driven down by an influx of imported materials from Iceland in particular but also from the Faroe Islands. A number of whitefish skippers also thought that the recession was responsible for the reduced prices which they receive for landed fish.

5.1.2 Volume

Volume of landings is the other factor which, combined with prices, dictates fishing income. During the survey skippers were asked about the ease of finding fish and their quota uptake so far this year. The responses indicated that quotas affect the nephrops segments and whitefish segments differently.

In general, nephrops skippers responded that their quota uptake for the year so far was neither high nor low compared to recent years but was around where they expected it to be. A large minority (42%) of nephrops skippers responded that they are part of a PO, and as such they are not too concerned about quota and quota uptake. Some of these skippers said that they do not think about quota too much, rather they “catch what they catch” and settle with PO at the end of the month. 29% of nephrops skippers stated that their uptake of quota so far this year was ‘low’ or ‘ok’. Only 14% of respondents from the nephrops segments stated that their quota uptake was ‘high’ for the year so far. Around a third of nephrops skippers said that they have leased quota so far this year.

The majority of skippers (60%) in nephrops segments said that the ease with which they find fish is just the same as last year. Of the remainder, 20% said that finding fish was easier and 20% said that finding fish was harder this year. Around half (53%) said that the size of nephrops caught this year was no different to last year with 33% responding that nephrops caught were smaller and only 13% stating that nephrops were larger this year.

The opinions gathered from the whitefish segments, with regard to quotas and catching, contrast with those from nephrops segments. Quotas appear to be of greater concern to skippers in whitefish segments than to those in nephrops segments. In relation to uptake of quota, a large proportion of whitefish skippers see this as a concern. Just over 70% responded that quota uptake is high or that they are ‘already leasing’. Only 20% stated that their quota uptake so far this year is ‘ok’. In contrast with the nephrops segments, 86% of skippers in whitefish segments have already leased quota during 2009.

Half of all respondents in the whitefish segments stated that finding fish has been easier this year compared to last year. Only 14% of respondents stated that it has been harder to find fish. In contrast with the nephrops segments, 36% of whitefish skippers said that the sizes of species landed have been larger this year with the remaining 64% stating that fish sizes have been the same as last year.

5.1.3 Skippers' estimates of income

Skippers were asked to estimate their likely gross earnings for 2009. Many skippers found it difficult to provide an estimate as they thought that this would be dependent on market fluctuations over the remainder of the year. Of those able to provide an estimate, the average expected income for nephrops skippers was £308,000. The responses from the whitefish segments included those from two seiners, three over 24m vessels and six under 24m vessels. The overall average for the whitefish segment was £935,000. Under 24m vessels estimated earnings to be £808,000, over 24m vessels estimated an average of £1,475,000 while seiners estimated average gross earnings of £775,000.

5.1.4 Non-fishing income

Some skippers supplement income earned by fishing with income from other uses of the vessel. This income from non-fishing activities is included in skippers' estimates of gross income. Many of these skippers use their vessel to undertake work for the oil industry to supplement their fishing earnings. In interview many skippers observed that this revenue stream was not as steady or as lucrative as it has previously been. Decreased demand from the oil industry coupled with increased demand from vessels looking for this type of work has made it more difficult for skippers to generate additional income in this manner.

5.1.5 Model forecasts of income

The average 2009 fishing income is forecast by Seafish to be lower than the 2008 declared average in all segments (Table 5.3). The nephrops segments are forecast to experience the greatest reduction in earnings. As shown above (Table 5.1 Summary of UK average prices in 2008 and prices for period January to May 2009. Source MFA.), prices for nephrops are considerably lower in 2009 than in 2008 and this is affecting the gross income of nephrops segments. Amongst the nephrops segments, the greatest reduction in earnings is forecast to be for North Sea single-rig vessels as they are forecast to experience a 24% reduction in earnings.

Segment	Average 2005 declared fishing income	Average 2006 declared fishing income	Average 2007 declared fishing income	Average 2008 declared fishing income	Average 2009 forecast fishing income	Percent Change from 2008 to 2009
NS WoS over 24m single rig	1,062,000	1,218,000	1,000,000	1,295,000	1,283,000	-1%
NS WoS < 24m, >300kw single rig	596,000	578,000	600,000	650,000	635,000	-2%
NS WoS pair trawl/seine	579,000	621,000	592,000	667,000	641,000	-4%
NS Nephrops single-rig	346,000	284,000	304,000	240,000	207,000	-16%
NS Nephrops twin-rig	475,000	480,000	476,000	466,000	375,000	-24%
WoS Nephrops single-rig	292,000	140,000	151,000	146,000	140,000	-4%
WoS Nephrops twin-rig	292,000	235,000	297,000	286,000	248,000	-16%

Table 5.3 Comparison of average declared fishing income (for vessels fishing over 50 days) in 2005, 2006, 2007 and 2008 with the average Seafish forecast fishing income for 2009

The forecasts of income (Table 5.3) are based on volumes caught by each vessel in 2008 as a proportion of the UK quota, and on each vessel's prices in relation to average prices (Table 5.1). Assumed annual average prices in the model have been adjusted to reflect average UK prices for the first five months of 2009.

The average forecast price per species for each of the segments indicates that different segments, on average, achieve different prices for the same species (Table 5.4). Previous Seafish reports have highlighted these differences[4]. In some instances, the price variation between segments for the same species is quite high. Further research is required to explain these variations which could be for a number of reasons such as quality, size of fish or routes to market.

[4] See for example Curtis, and H C, Anton, S. 'Fleet Financial Performance 2007 Mid-Year Review' 2007. or Metz, S. 'Fleet Financial Performance 2008 Mid-Year Review' 2008.

Species	NS WoS over 24m single rig	NS WoS < 24m, >300kw single rig	NS WoS pair trawl/seine	NS Nephrops single-rig	NS Nephrops twin-rig	WoS Nephrops single-rig	WoS Nephrops twin-rig
Anglerfish	3,096	3,232	3,093	3,172	3,199	2,814	2,559
Cod	1,739	1,677	1,822	1,627	1,700	1,590	1,599
Haddock	1,283	1,032	1,058	1,019	617	906	1,473
Hake	1,549	934	1,474	1,601	1,068	626	761
Lemon Sole	2,205	1,806	2,129	1,643	1,627	1,373	1,247
Megrims	2,354	2,683	2,566	2,441	2,230	2,086	1,573
Nephrops	4,011	2,286	2,090	2,025	2,087	2,243	2,312
Plaice	1,112	1,010	856	653	980	546	833
Saithe	679	623	700	540	597	414	457
Skate/rays	963	811	1,443	991	472	824	356
Whiting	1,070	853	1,074	767	714	673	656

Table 5.4 Forecast 2009 prices per tonne for main species for all segments

5.2 Costs

The total costs which fishing vessels accrue are made up of a number of costs including fuel costs, quota costs, crew costs and days at sea costs. These are discussed below.

5.2.1 Fuel

The average quayside price of a litre of fuel has been lower to date in 2009 than in 2008 (Table 5.5). Fuel prices were a major concern for the catching sector in 2008 as prices escalated in the early months of 2008 before peaking in July at 56.8p per litre (duty free). Since July 2008 the price of fuel has reduced with the price falling to 28p per litre in February and March 2009. Since March 2009, fuel prices have started to increase again and by July 2009 had reached 35p per litre (Figure 5.1). The average for the year so far is 30.9 p per litre (duty free).

	2005	2006	2007	2008	2009*
Average fuel price for UK (pence per litre)	26.7	30.2	30.4	45.5	30.9

Table 5.5 Monthly average duty free fuel price (pence per litre). *2009 is the average price from January to July.

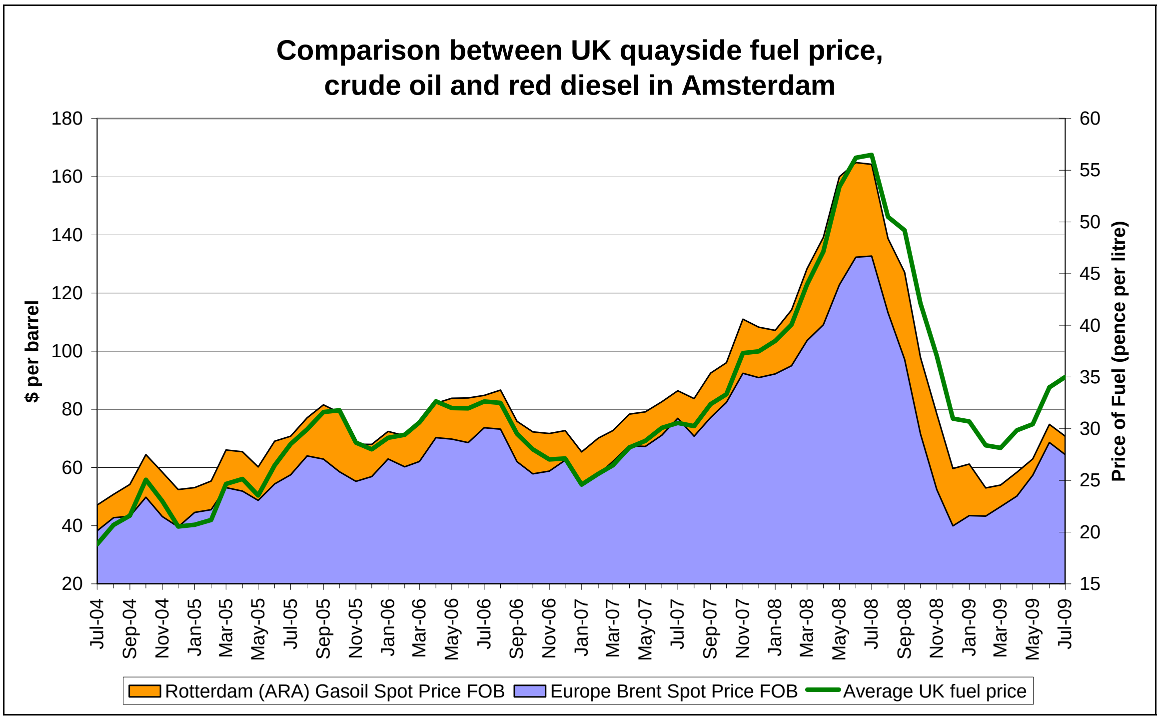

Figure 5.1 Average duty-free fuel price from 3 British ports (pence per litre), crude price per barrel and conventional gasoline price per barrel (US$)

The majority of skippers have not changed their fishing patterns in 2009 due to fuel prices. Nephrops skippers are the least likely to have changed their fishing patterns due to fuel prices with only 14% doing so in 2009. In contrast, 50% of whitefish skippers said that they have changed their fishing patterns. Some of the actions taken to reduce the impact of higher fuel prices include:

- Working with gear which reduces drag
- Scaling equipment down, e.g. smaller trawler doors, to reduce drag
- Generally considering fuel usage in day to day work and taking care not to be wasteful

Many skippers commented on the fact that fuel prices are beginning to increase again. This is causing concern as prices for fish are currently too low to sustain paying high prices for fuel.

5.2.2 Quota leasing and purchasing costs

Leasing quota is another cost for fishermen which many feel is increasing. Most skippers interviewed in whitefish segments have already leased quota this year. The amount spent on quota by skippers in whitefish segments ranges from £10,000 to £175,000. Skippers said that the cost of leasing cod quota has fluctuated between £800 per tonne and £1,100 per tonne this year. Many skippers stated that leasing cod is becoming unprofitable as the market price they are paid for cod is currently in the region of £1,500 per tonne for head on gutted material.

Leasing of quota is less common in the nephrops segments where only around one third of skippers have leased quota so far this year. Of those that have leased quota, the majority have leased quota on whitefish species such as cod, haddock and monkfish. As noted above, quota uptake in the nephrops segments appears to be less of a concern for skippers as it is for those in the whitefish segments.

Purchasing quota units is not done as frequently as leasing quota. In the survey, only two respondents from the sample had purchased quota this year. Strictly speaking, the purchase of quota is an investment in an asset although the cost of that capital may be a business cost year on year if interest payments are incurred.

5.2.3 Days at sea costs

The average number of days at sea for vessels is forecast to reduce in the majority of segments in 2009 due to lower allocations by the government (Table 5.6). With the exception of the North Sea whitefish trawl segments, all other segments are forecast to reduce the number of days spent at sea. Several costs for vessels are driven by the number of days spent at sea.

The cost of buying days at sea appears to affect whitefish segments to a greater extent than nephrops segments. Only 20% of nephrops skippers have purchased days at sea this year compared to 64% of whitefish skippers in the sample. Just over half of the skippers interviewed stated that days at sea restrictions affect the way they work. Skippers stated that days at sea restrictions mean they will avoid taking chances with the weather and only fish in good weather, may fish in different areas and generally be conscious about wasting the days at sea that they do have. Others said that it puts more pressure on the business and affects annual planning. One skipper stated that days at sea restrictions do not affect the way he works; it simply costs him more to go to work.

Segment	2005	2006	2007	2008	2009*	Percentage change 2008 to 2009
NS WoS over 24m single rig	243	247	237	231	235	2%
NS WoS < 24m, >300kw single rig	190	183	193	195	197	1%
NS WoS pair trawl/seine	189	180	175	167	163	-2%
NS Nephrops single-rig	175	152	160	128	120	-6%
NS Nephrops twin-rig	208	187	189	197	186	-6%
WoS Nephrops single-rig	161	158	165	157	155	-1%
WoS Nephrops twin-rig	192	185	181	190	188	-1%

Table 5.6 Average days at sea for vessels fishing over 50 days in 2005, to 2008 with *average forecast days at sea for 2009.
Source: MFA. Forecast and computations: Seafish.

5.2.4 Crew share

The majority of skippers across both nephrops and whitefish segments expect crew share to fall this year. Some skippers commented that it was difficult to provide their crew with a fair reward for the work undertaken whilst others observed that falling crew shares make the industry less attractive for new entrants. The expectation of lower crew share is likely based on an expectation of reduced earnings, although a lower fuel price should benefit crew.

5.3 Profit

The tables below (Table 5.7 to Table 5.13) present a time series of income, key costs and profit. The forecasts for 2009 are based on two scenarios: Scenario F1 uses a forecast average fuel price of 30 pence per litre of fuel while Scenario F2 forecasts using an estimate of 35 pence per litre of fuel. Net profit forecasts are included in this table but it should be noted that due to the difficulty of estimating rates of interest paid by fishermen, it is more difficult to accurately forecast net profits than operating profits.

	2005 Average £	2006 Average £	2007 Average £	2009* F1 Average £	2009* F2 Average £
Total earnings (fishing and non-fishing)	1,019,500	1,317,200	1,273,700	1,318,000	1,318,000
Fishing expenses					
Fuel and oil	212,200	330,600	309,800	253,000	295,000
Crew share	230,300	367,100	284,300	342,000	323,000
Total fishing expenses	650,600	965,800	911,100	900,000	923,000
Total vessel owner expenses	197,300	188,200	257,000	299,000	299,000
Profit (before deducting depreciation and interest)	167,500	163,300	99,500	119,000	95,000
Operating Profit as percent of total earnings	16%	12%	8%	9%	7%
Net Profit	46,800	110,400	20,700	33,000	10,000
Net profit as a percent of total earnings	5%	8%	2%	3%	1%

Table 5.7 Financial performance for NS and WoS demersal trawl >24m single-rig vessels for 2005, 2006 and 2007 (based on Seafish survey) and *mid year forecast for 2009, assuming an annual fuel price of 30 pence per litre (Scenario F1) and 35 pence per litre (Scenario F2).

	2005 Average £	2006 Average £	2007 Average £	2009* F1 Average £	2009* F2 Average £
Total earnings (fishing and non-fishing)	460,600	541,800	713,700	661,000	661,000
Fishing expenses					
Fuel and oil	74,700	80,300	146,900	95,000	111,000
Crew share	126,900	131,800	192,300	208,000	201,000
Total fishing expenses	297,500	289,900	483,300	407,000	416,000
Total vessel owner expenses	98,100	136,200	151,600	184,000	184,000
Profit (before deducting depreciation and interest)	62,400	115,700	78,800	71,000	62,000
Operating Profit as percent of total earnings	14%	21%	11%	11%	9%
Net Profit	25,200	89,600	63,800	37,000	28,000
Net profit as a percent of total earnings	5%	17%	9%	6%	4%

Table 5.8 Financial performance for NS and WoS demersal trawl <24m >300kw single-rig vessels for 2005, 2006 and 2007 (based on Seafish survey) and *mid year forecast for 2009, assuming an annual fuel price of 30 pence per litre (Scenario F1) and 35 pence per litre (Scenario F2).

	2005 Average £	2006 Average £	2007 Average £	2009* F1 Average £	2009* F2 Average £
Total earnings (fishing and non-fishing)	542,500	627,000	667,600	666,000	666,000
Fishing expenses					
Fuel and oil	69,800	83,500	87,800	88,000	103,000
Crew share	144,800	147,900	200,300	194,000	187,000
Total fishing expenses	353,900	346,800	447,700	429,000	437,000
Total vessel owner expenses	105,300	123,700	152,700	172,000	172,000
Profit (before deducting depreciation and interest)	83,200	147,500	67,200	65,000	57,000
Operating Profit as percent of total earnings	15%	24%	10%	10%	9%
Net Profit	36,200	95,500	34,600	30,000	22,000
Net profit as a percent of total earnings	7%	15%	5%	5%	3%

Table 5.9 Financial performance for NS and WoS pair trawl/seine vessels for 2005, 2006 and 2007 (based on Seafish survey) and *mid year forecast for 2009, assuming an annual fuel price of 30 pence per litre (Scenario F1) and 35 pence per litre (Scenario F2).

	2005 Average £	2006 Average £	2007 Average £	2009* F1 Average £	2009* F2 Average £
Total earnings (fishing and non-fishing)	246,400	279,500	167,200	212,000	212,000
Fishing expenses					
Fuel and oil	39,300	39,500	24,300	44,000	52,000
Crew share	67,500	66,500	49,100	55,000	52,000
Total fishing expenses	158,400	164,500	102,200	145,000	149,000
Total vessel owner expenses	50,500	62,200	46,500	58,000	58,000
Profit (before deducting depreciation and interest)	42,700	52,900	18,500	10,000	5,000
Operating Profit as percent of total earnings	17%	19%	11%	5%	2%
Net Profit	19,100	47,700	10,700	5,000	1,000
Net profit as a percent of total earnings	8%	17%	6%	2%	0%

Table 5.10 Financial performance for NS Nephrops single-rig vessels for 2005, 2006 and 2007 (based on Seafish survey) and *mid year forecast for 2009, assuming an annual fuel price of 30 pence per litre (Scenario F1) and 35 pence per litre (Scenario F2).

	2005 Average £	2006 Average £	2007 Average £	2009* F1 Average £	2009* F2 Average £
Total earnings (fishing and non-fishing)	404,400	447,700	527,300	381,000	381,000
Fishing expenses					
Fuel and oil	65,300	69,200	89,400	71,000	83,000
Crew share	101,900	106,500	143,400	109,000	103,000
Total fishing expenses	246,200	250,300	322,200	249,000	255,000
Total vessel owner expenses	70,800	80,900	115,700	85,000	85,000
Profit (before deducting depreciation and interest)	87,500	116,500	89,500	47,000	41,000
Operating Profit as percent of total earnings	22%	26%	17%	12%	11%
Net Profit	47,400	70,200	67,900	-3,000	-10,000
Net profit as a percent of total earnings	12%	16%	13%	-1%	-3%

Table 5.11 Financial performance for NS Nephrops twin-rig vessels for 2005, 2006 and 2007 (based on Seafish survey) and *mid year forecast for 2009, assuming an annual fuel price of 30 pence per litre (Scenario F1) and 35 pence per litre (Scenario F2).

	2005 Average £	2006 Average £	2007 Average £	2009* F1 Average £	2009* F2 Average £
Total earnings (fishing and non-fishing)	105,000	131,100	157,400	142,000	142,000
Fishing expenses					
Fuel and oil	16,300	17,100	21,000	20,000	24,000
Crew share	32,900	30,200	48,900	38,000	36,000
Total fishing expenses	66,200	80,900	93,100	96,000	97,000
Total vessel owner expenses	26,700	46,200	42,400	55,000	55,000
Profit (before deducting depreciation and interest)	23,100	4,000	21,800	-9,000	-11,000
Operating Profit as percent of total earnings	22%	3%	14%	-6%	-8%
Net Profit	12,900	3,100	13,000	-10,000	-12,000
Net profit as a percent of total earnings	12%	2%	8%	-7%	-8%

Table 5.12 Financial performance for WoS Nephrops single-rig vessels for 2005, 2006 and 2007 (based on Seafish survey) and *mid year forecast for 2009, assuming an annual fuel price of 30 pence per litre (Scenario F1) and 35 pence per litre (Scenario F2).

	2005 Average £	2006 Average £	2007 Average £	2009* F1 Average £	2009* F2 Average £
Total earnings (fishing and non-fishing)	213,500	269,100	294,200	253,000	253,000
Fishing expenses					
Fuel and oil	31,200	37,200	59,600	33,000	38,000
Crew share	53,900	61,000	81,400	78,000	76,000
Total fishing expenses	117,400	138,600	196,400	158,000	161,000
Total vessel owner expenses	48,800	59,600	73,600	75,000	75,000
Profit (before deducting depreciation and interest)	43,400	70,900	24,200	20,000	17,000
Operating Profit as percent of total earnings	20%	26%	8%	8%	7%
Net Profit	21,100	50,900	11,900	7,000	4,000
Net profit as a percent of total earnings	10%	19%	4%	3%	2%

Table 5.13 Financial performance for WoS Nephrops twin-rig vessels for 2005, 2006 and 2007 (based on Seafish survey) and *mid year forecast for 2009, assuming an annual fuel price of 30 pence per litre (Scenario F1) and 35 pence per litre (Scenario F2).

The tables above all represent average performance in the various fleet segments. A segment of the fleet may be profitable on average, but within each segment there will be varying performance and profits will not be spread evenly throughout. For example, the top performing quartile of the over 24m segment may make profits in the region of £231,000 on average (using Scenario F1). The worst performing quartile of this segment will however make an average profit of £15,000. Table 5.14 provides the average forecast performance of the top and bottom quartiles of each segment for both fuel price scenarios.

	Scenario F1: fuel price is 30 pence per litre		Scenario F2: fuel price is 35 pence per litre	
	Top 25% Average	Bottom 25% Average	Top 25% Average	Bottom 25% Average
NS WoS over 24m single-rig	231,000	15,000	199,000	-3,000
NS WoS < 24m, >300kW single-rig	163,000	19,000	151,000	14,000
NS WoS pair trawl/seine	97,000	28,000	86,000	24,000
NS Nephrops single-rig	43,000	-4,000	37,000	-6,000
NS Nephrops twin-rig	87,000	20,000	78,000	16,000
WoS Nephrops single-rig	-9,000	-7,000	-11,000	-9,000
WoS Nephrops twin-rig	40,000	8,000	37,000	6,000

Table 5.14 Forecast average operating profits of top and bottom quartiles (profits before interest and depreciation)

6 Investment

6.1 New Equipment

Skippers were asked about capital investments they have made in this business year to date.

The majority of skippers who participated in the survey have already invested in new equipment in 2009. In the nephrops segments 53% of skippers made capital investments in equipment while in the whitefish segments this figure was 64%. The majority of investment was in equipment such as: new nets; new gear; plotters and radars; and new doors. One skipper had replaced an engine and another skipper had purchased a new boat. In many cases however, purchase of new gear is treated as an in-year cost, rather than as investment in a fixed asset.

6.2 Borrowing outstanding on vessels

The amount of borrowing outstanding on vessels varies greatly. In the nephrops segments the range of borrowing is from £900,000 to zero. In the whitefish segments this range is from £2,000,000 to zero. The average level of borrowing in the nephrops segments is £155,000 compared to £410,000 in the whitefish segments.

6.3 Cost of borrowing

The fall in interest rates has reduced the cost of borrowing for skippers according to responses during the survey. The majority of skippers who participated in the survey had borrowing outstanding on their vessel or other business loans. Falling interest rates have meant reduced interest payments for many skippers. With reduced prices for fish and falling profit in many segments, lower costs of borrowing are welcomed. Interest payments in the nephrops segments ranged from £0 - £30,000 while in the whitefish segments the range was £0 - £70,000. The amount of interest paid by skippers varies with the amount borrowed.

7 Business Issues

7.1 Fisheries Management

The general opinion across all segments of the fleet in this survey is that the current fisheries management rules are not working effectively for the industry. Specific aspects of the management rules are discussed below but overall there is a high degree of dissatisfaction in the industry with the way that the fisheries are currently managed. There is an appreciation in the fleet of the difficulty and complexity of fisheries management however there is also discontent with the manner in which the whole situation is managed. Many skippers stated that they feel that the rules constantly restrict their activities and introduce increased costs and bureaucracy but offer nothing in the way of rewards or benefits for the fleet.

7.1.1 Registration of Buyers and Sellers (RBS)

The RBS rules are seen as a positive development by the majority of industry. When asked about their perception of ‘blackfish’, the response was almost unanimous that the landing of blackfish no longer occurs. One skipper commented that: “the Registration of Buyers and Sellers was the best thing to happen to the industry”. Another skipper stated that “if I had to go back to blackfish I would stop”. Only one survey participant dissented from the majority response, stating that blackfish still exists but not to the same extent as before and adding that: “There will always be a problem with blackfish when you have low quotas for abundant species”.

7.1.2 Quotas

The industry has strong opinions about quotas and the short and long term effects that quotas have on fishing operations. Quotas seem to be a greater issue for whitefish skippers than for skippers who target nephrops. Many whitefish skippers commented that quota levels for cod are too low and that the quotas did not appear to match the fish that they see when fishing. Many skippers stated that the science used to calculate quotas does not match the reality that they experience. This is perhaps an inevitable perception when quotas are set with the aim of increasing rather than just maintaining the stock size. Some skippers said that as species change their feeding grounds, so too should scientists adapt or change their stock measurement methods to different areas.

The quota system has a number of side effects on the industry alongside the intended effect of limiting catch. A number of skippers said that shortage of quota has introduced a new function to their role as skipper. This is because their time spent onshore must now be spent leasing or bartering for available quota for the next trip. It was also argued that quotas encourage discards as quotas are out of line with the fish on the ground. Many skippers commented on the issue of discarding stating that it is disheartening for the industry and not good for conservation. Survey participants also stated that quotas can lead to a practice known as 'high-grading'. This involves keeping the best of the catch and discarding the rest in order to maximise the value achieved by landings at market. This 'high-grading' has in turn adversely affected the markets for sizes of fish according to one skipper.

The problem of quota being held by non-boat owners was also mentioned as being a problem for the fleet. One skipper said that he believed the rule should be: "No boat, no quota" whilst another commented that "Slipper skippers and speculators are profiting from regulation".

7.1.3 Days at Sea

Days at sea restrictions do not appear to provide the fleet with as many problems as quotas. Some skippers noted that days at sea restrictions affect the patterns of fishing by the fleet which may affect prices (described above). Some nephrops skippers also stated their concerns that the number of fishing days allocated to them will be cut next year. Other skippers said that the days at sea restrictions simply introduce a new cost to the business as they buy the extra days that they require.

A number of skippers commented on the relationship between days at sea restrictions and quotas. It was argued that the current system, with both effort and volume restrictions, was ineffective and encouraged practices such as discarding. Many skippers think that effort restrictions should remain in place but that quota restrictions should not. It was argued that these changes would allow skippers to land their catch without having to discard large proportions of it. It was also argued that this would help fisheries management as a more accurate understanding of the volumes caught could be developed.

7.1.4 Other fisheries management issues:

The fact that fisheries management rules change so frequently continues to make business planning and longer term financial projections very difficult for skippers. This difficulty in planning affects the ability to gauge the viability of potential long term investments and to attract the required investment. Fisheries management rules are overly complicated and should be simplified

Real time closures (RTCs): although one skipper commented that they may be effective, many skippers noted that as they leave an area due to a RTC, they will see vessels of different nationalities moving into the area.
Many skippers think that the process of creating fisheries management rules is driven by politics rather than being driven by conservation or sustainability requirements.

7.2 Crew Retention

The overall situation with crew retention is mixed. 24% of surveyed skippers said that crew retention is ‘good’, 46% said that it is ‘ok’ and 30% said that crew retention is ‘poor’. There is a split between the nephrops and whitefish segments with regards to crew retention. Just less than 50% of nephrops skippers stated that crew retention is poor in comparison to only 14% of whitefish skippers.

There are a number of factors which impact on crew retention. Skippers stating that crew retention was good or ok tended to have steady crews that had worked on the vessel for a number of years. Other skippers commented that it was difficult to get good local workers and that they employed foreign crew. The difficulties in paying crew members a ‘decent wage’ coupled with competition from the oil industry were other explanations offered for the difficulty in retaining crew members.

7.3 Other Issues

Skippers were invited to raise any other points they thought the government should be aware of. Often these included issues already discussed in the course of the survey such as quotas, days at sea restrictions, RTCs etc. These other issues included:

- A desire to see a long term fisheries management plan put in place allowing the industry to plan ahead.
- A necessity for better communication between fishermen and scientists. It was argued that doing this may get the right management systems in place.
- Concern over the number of vessels switching to fishing for nephrops
- A general feeling that the current system of fisheries management is not working.

Appendix 1: NS and WoS over 24m single rig demersal costs and earnings table. Forecast for 2009 assuming annual average fuel price of 35 pence per litre.

NS & WOS Over 24m Demersal Trawl		
	Average (£)	**As % of average sales**
Fishing income	1,283,000	100.0%
Non-fishing income	35,000	2.7%
Total Earnings	**1,318,000**	**102.7%**
Expenses		
Fishing Expenses		
Commission	68,000	5.3%
Harbour Dues	55,000	4.3%
Subscriptions & Levies	6,000	0.5%
Shore labour	10,000	0.8%
Fuel & Oil	295,000	23.0%
Boxes	14,000	1.1%
Ice	16,000	1.2%
Crew Travel	7,000	0.5%
Food & Stores	23,000	1.8%
Quota Leasing	80,000	6.2%
Days Purchasing	14,000	1.1%
Other Expenses	13,000	1.0%
Crew Share	323,000	25.2%
Total Fishing Expenses	**923,000**	**71.9%**
Vessel Owner Expenses		
Insurance	57,000	4.4%
Repairs	101,000	7.9%
Gear	90,000	7.0%
Hire & Maintenance	14,000	1.1%
Other Vessel Owner Expenses	38,000	3.0%
Total Vessel Owner Expenses	**299,000**	**23.3%**
Total Expenses	**1,222,000**	**95.2%**
Profit (before deducting depreciation and interest)	**95,000**	**7.4%**
Depreciation	50,000	3.9%
Interest	36,000	2.8%
Net Profit	**10,000**	**0.8%**

Scenario: 35p per litre, Final 2008 quota uptake, 45% crew share

Appendix 2: NS and WoS under 24m>300kW single-rig demersal costs and earnings table. Forecast for 2009 assuming annual average fuel price of 35 pence per litre.

NS & WOS Under 24m Over 300kW Demersal Trawl	Average (£)	As % of average sales
Fishing income	635,000	100.0%
Non-fishing income	26,000	4.1%
Total Earnings	**661,000**	**104.1%**
Expenses		
Fishing Expenses		
Commission	23,000	3.6%
Harbour Dues	17,000	2.7%
Subscriptions & Levies	2,000	0.3%
Shore labour	1,000	0.2%
Fuel & Oil	111,000	17.5%
Boxes	9,000	1.4%
Ice	9,000	1.4%
Crew Travel	0	0.0%
Food & Stores	18,000	2.8%
Quota Leasing	18,000	2.8%
Days Purchasing	6,000	0.9%
Other Expenses	0	0.0%
Crew Share	201,000	31.7%
Total Fishing Expenses	**416,000**	**65.5%**
Vessel Owner Expenses		
Insurance	38,000	6.0%
Repairs	80,000	12.6%
Gear	30,000	4.7%
Hire & Maintenance	14,000	2.2%
Other Vessel Owner Expenses	22,000	3.5%
Total Vessel Owner Expenses	**184,000**	**29.0%**
Total Expenses	**600,000**	**94.5%**
Profit (before deducting depreciation and interest)	**62,000**	**9.8%**
Depreciation	23,000	3.6%
Interest	11,000	1.7%
Net Profit	**28,000**	**4.4%**

Scenario: 35p per litre, Final 2008 quota uptake, 45% crew share

Appendix 3: NS WoS pair trawl/seine (any size) costs and earnings table. Forecast for 2009 assuming annual average fuel price of 35 pence per litre.

NS & WOS Pair Trawl/Seine	Average (£)	As % of average sales
Fishing income	641,000	100.0%
Non-fishing income	24,000	3.7%
Total Earnings	**666,000**	**103.9%**
Expenses		
Fishing Expenses		
Commission	32,000	5.0%
Harbour Dues	21,000	3.3%
Subscriptions & Levies	7,000	1.1%
Shore labour	7,000	1.1%
Fuel & Oil	103,000	16.1%
Boxes	13,000	2.0%
Ice	13,000	2.0%
Crew Travel	0	0.0%
Food & Stores	14,000	2.2%
Quota Leasing	21,000	3.3%
Days Purchasing	7,000	1.1%
Other Expenses	11,000	1.7%
Crew Share	187,000	29.2%
Total Fishing Expenses	**437,000**	**68.2%**
Vessel Owner Expenses		
Insurance	30,000	4.7%
Repairs	89,000	13.9%
Gear	26,000	4.1%
Hire & Maintenance	11,000	1.7%
Other Vessel Owner Expenses	16,000	2.5%
Total Vessel Owner Expenses	**172,000**	**26.8%**
Total Expenses	**609,000**	**95.0%**
Profit (before deducting depreciation and interest)	**57,000**	**8.9%**
Depreciation	19,000	3.0%
Interest	16,000	2.5%
Net Profit	**22,000**	**3.4%**

Scenario: 35p per litre, Final 2008 quota uptake, 45% crew share

Appendix 4: NS Nephrops single-rig costs and earnings table. Forecast for 2009 assuming annual average fuel price of 35 pence per litre.

NS Nephrops Single-rig	Average (£)	As % of average sales
Fishing income	207,000	100.0%
Non-fishing income	6,000	2.9%
Total Earnings	**212,000**	**102.4%**
Expenses		
Fishing Expenses		
Commission	13,000	6.3%
Harbour Dues	8,000	3.9%
Subscriptions & Levies	4,000	1.9%
Shore labour	0	0.0%
Fuel & Oil	52,000	25.1%
Boxes	4,000	1.9%
Ice	4,000	1.9%
Crew Travel	0	0.0%
Food & Stores	9,000	4.3%
Quota Leasing	0	0.0%
Days Purchasing	1,000	0.5%
Other Expenses	2,000	1.0%
Crew Share	52,000	25.1%
Total Fishing Expenses	**149,000**	**72.0%**
Vessel Owner Expenses		
Insurance	12,000	5.8%
Repairs	21,000	10.1%
Gear	10,000	4.8%
Hire & Maintenance	8,000	3.9%
Other Vessel Owner Expenses	8,000	3.9%
Total Vessel Owner Expenses	**58,000**	**28.0%**
Total Expenses	**207,000**	**100.0%**
Profit (before deducting depreciation and interest)	**5,000**	**2.4%**
Depreciation	3,000	1.4%
Interest	2,000	1.0%
Net Profit	**1,000**	**0.5%**

Scenario: 35p per litre, Final 2008 quota uptake, 45% crew share

Appendix 5: NS Nephrops twin rig costs and earnings table. Forecast for 2009 assuming annual average fuel price of 35 pence per litre.

NS Nephrops Twin-rig	Average (£)	As % of average sales
Fishing income	375,000	100.0%
Non-fishing income	6,000	1.6%
Total Earnings	**381,000**	**101.6%**
Expenses		
Fishing Expenses		
Commission	18,000	4.8%
Harbour Dues	9,000	2.4%
Subscriptions & Levies	6,000	1.6%
Shore labour	1,000	0.3%
Fuel & Oil	83,000	22.1%
Boxes	6,000	1.6%
Ice	7,000	1.9%
Crew Travel	0	0.0%
Food & Stores	13,000	3.5%
Quota Leasing	3,000	0.8%
Days Purchasing	5,000	1.3%
Other Expenses	1,000	0.3%
Crew Share	103,000	27.5%
Total Fishing Expenses	**255,000**	**68.0%**
Vessel Owner Expenses		
Insurance	18,000	4.8%
Repairs	35,000	9.3%
Gear	13,000	3.5%
Hire & Maintenance	6,000	1.6%
Other Vessel Owner Expenses	13,000	3.5%
Total Vessel Owner Expenses	**85,000**	**22.7%**
	340,000	**90.7%**
Profit (before deducting depreciation and interest)	**41,000**	**10.9%**
Depreciation	30,000	8.0%
Interest	21,000	5.6%
Net Profit	**-10,000**	**-2.7%**

Scenario: 35p per litre, Final 2008 quota uptake, 45% crew share

Appendix 6: WoS Nephrops single-rig costs and earnings table. Forecast for 2009 assuming annual average fuel price of 35 pence per litre.

WoS Nephrops Single-rig	Average (£)	As % of average sales
Fishing income	140,000	100.0%
Non-fishing income	1,000	0.7%
Total Earnings	**142,000**	**101.4%**
Expenses		
Fishing Expenses		
Commission	8,000	5.7%
Harbour Dues	6,000	4.3%
Subscriptions & Levies	3,000	2.1%
Shore labour	0	0.0%
Fuel & Oil	24,000	17.1%
Boxes	2,000	1.4%
Ice	2,000	1.4%
Crew Travel	1,000	0.7%
Food & Stores	10,000	7.1%
Quota Leasing	0	0.0%
Days Purchasing	1,000	0.7%
Other Expenses	5,000	3.6%
Crew Share	36,000	25.7%
Total Fishing Expenses	**98,000**	**70.0%**
Vessel Owner Expenses		
Insurance	7,000	5.0%
Repairs	19,000	13.6%
Gear	11,000	7.9%
Hire & Maintenance	9,000	6.4%
Other Vessel Owner Expenses	10,000	7.1%
Total Vessel Owner Expenses	**55,000**	**39.3%**
Total Expenses	**153,000**	**109.3%**
Profit (before deducting depreciation and interest)	**-11,000**	**-7.9%**
Depreciation	1,000	0.7%
Interest	0	0.0%
Net Profit	**-12,000**	**-8.6%**

Scenario: 35p per litre, Final 2008 quota uptake, 45% crew share

Appendix 7: WoS Nephrops twin-rig costs and earnings table. Forecast for 2009 assuming annual average fuel price of 35 pence per litre.

WoS Nephrops Twin-rig	Average (£)	As % of average sales
Fishing income	247,000	100.0%
Non-fishing income	6,000	2.4%
Total Earnings	**253,000**	**102.4%**
Expenses		
Fishing Expenses		
Commission	10,000	4.0%
Harbour Dues	6,000	2.4%
Subscriptions & Levies	3,000	1.2%
Shore labour	1,000	0.4%
Fuel & Oil	38,000	15.4%
Boxes	5,000	2.0%
Ice	4,000	1.6%
Crew Travel	0	0.0%
Food & Stores	8,000	3.2%
Quota Leasing	1,000	0.4%
Days Purchasing	1,000	0.4%
Other Expenses	7,000	2.8%
Crew Share	75,000	30.4%
Total Fishing Expenses	**161,000**	**65.2%**
Vessel Owner Expenses		
Insurance	11,000	4.5%
Repairs	31,000	12.6%
Gear	10,000	4.0%
Hire & Maintenance	13,000	5.3%
Other Vessel Owner Expenses	11,000	4.5%
Total Vessel Owner Expenses	**75,000**	**30.4%**
Total Expenses	**236,000**	**95.5%**
Profit (before deducting depreciation and interest)	**17,000**	**6.9%**
Depreciation	7,000	2.8%
Interest	6,000	2.4%
Net Profit	**4,000**	**1.6%**

Scenario: 35p per litre, Final 2008 quota uptake, 45% crew share

Appendix 8: 2009 vessels performance forecasts for the average of the top 25% and bottom 25% for each segment – assuming a fuel price at 35 pence per litre and quota uptake equivalent to 2008

NS & WOS Over 24m Demersal Trawl			
NS & WOS Over 24m Demersal Trawl - average, top and bottom quartiles performance			
	Top Quartile average (£)	Segment average (£)	Bottom Quartile
Total earnings (fishing and non-fishing)	**2,095,000**	**1,318,000**	**746,000**
Fishing expenses			
Fuel and oil	410,000	295,000	230,000
Crew share	539,000	323,000	154,000
Total fishing expenses	**1,437,000**	**923,000**	**558,000**
Total vessel owner expenses	459,000	299,000	191,000
Operational Profit	**199,000**	**95,000**	**-3,000**
Net Profit	**64,000**	**10,000**	**-53,000**

Table A8.1: 2009 vessel performance forecast for the average of the top 25% and bottom 25% for NS and WoS over 24m single rig vessels, assuming an annual average fuel price of 35 pence per litre.

NS & WOS Under 24m Over 300kW Demersal Trawl			
NS & WOS Under 24m Over 300kW Demersal Trawl - average, top and bottom quartiles			
	Top Quartile	Segment	Bottom
Total earnings (fishing and non-fishing)	**1,195,000**	**661,000**	**280,000**
Fishing expenses			
Fuel and oil	155,000	111,000	63,000
Crew share	381,000	201,000	81,000
Total fishing expenses	**729,000**	**416,000**	**181,000**
Total vessel owner expenses	314,000	184,000	85,000
Operational Profit	**151,000**	**62,000**	**14,000**
Net Profit	**93,000**	**28,000**	**-2,000**

Table A8.2: 2009 vessel performance forecast for the average of the top 25% and bottom 25% for NS and WoS under 24m over 300 kW demersal trawl vessels, assuming an annual average fuel price of 35 pence per litre.

NS & WOS Pair Trawl/Seine			
NS & WOS Pair Trawl/Seine - average, top and bottom quartiles performance			
	Top Quartile	Segment	Bottom
Total earnings (fishing and non-fishing)	**1,036,000**	**666,000**	**282,000**
Fishing expenses			
Fuel and oil	139,000	103,000	54,000
Crew share	288,000	187,000	79,000
Total fishing expenses	**684,000**	**437,000**	**185,000**
Total vessel owner expenses	266,000	172,000	73,000
Operational Profit	**86,000**	**57,000**	**24,000**
Net Profit	**32,000**	**22,000**	**7,000**

Table A8.3: 2009 vessel performance forecast for the average of the top 25% and bottom 25% for NS * WoS pair trawl/seine vessels, assuming an annual average fuel price of 35 pence per litre.

NS Nephrops Single-rig			
NS Nephrops Single-rig - average, top and bottom quartiles performance			
	Top Quartile	Segment	Bottom
Total earnings (fishing and non-fishing)	**442,000**	**212,000**	**87,000**
Fishing expenses			
Fuel and oil	76,000	52,000	28,000
Crew share	123,000	52,000	18,000
Total fishing expenses	**292,000**	**149,000**	**65,000**
Total vessel owner expenses	113,000	58,000	29,000
Operational Profit	**37,000**	**5,000**	**-6,000**
Net Profit	**28,000**	**1,000**	**-9,000**

Table A8.4: 2009 vessel performance forecast for the average of the top 25% and bottom 25% for NS Nephrops single-rig vessels, assuming an annual average fuel price of 35 pence per litre.

NS Nephrops Twin-rig			
NS Nephrops Twin-rig - average, top and bottom quartiles performance			
	Top Quartile	Segment	Bottom
Total earnings (fishing and non-fishing)	**606,000**	**381,000**	**217,000**
Fishing expenses			
Fuel and oil	110,000	83,000	61,000
Crew share	172,000	103,000	53,000
Total fishing expenses	**396,000**	**255,000**	**151,000**
Total vessel owner expenses	132,000	85,000	50,000
Operational Profit	**78,000**	**41,000**	**16,000**
Net Profit	**0**	**-10,000**	**-14,000**

Table A8.5: 2009 vessel performance forecast for the average of the top 25% and bottom 25% for NS Nephrops twin-rig vessels, assuming an annual average fuel price of 35 pence per litre.

WoS Nephrops Single-rig WoS Nephrops Single-rig - average, top and bottom quartiles performance			
	Top Quartile	Segment	Bottom
Total earnings (fishing and non-fishing)	**246,000**	**142,000**	**69,000**
Fishing expenses			
Fuel and oil	29,000	24,000	17,000
Crew share	68,000	36,000	15,000
Total fishing expenses	**163,000**	**98,000**	**50,000**
Total vessel owner expenses	94,000	55,000	27,000
Operational Profit	**-11,000**	**-11,000**	**-9,000**
Net Profit	**-13,000**	**-12,000**	**-9,000**

Table A8.6: 2009 vessel performance forecast for the average of the top 25% and bottom 25% for WoS Nephrops single-rig vessels, assuming an annual average fuel price of 35 pence per litre.

WoS Nephrops Twin-rig WoS Nephrops Twin-rig - average, top and bottom quartiles performance			
	Top Quartile	Segment	Bottom
Total earnings (fishing and non-fishing)	**417,000**	**253,000**	**161,000**
Fishing expenses			
Fuel and oil	45,000	38,000	32,000
Crew share	130,000	75,000	45,000
Total fishing expenses	**258,000**	**161,000**	**106,000**
Total vessel owner expenses	123,000	75,000	49,000
Operational Profit	**37,000**	**17,000**	**6,000**
Net Profit	**15,000**	**4,000**	**-3,000**

Table A8.7: 2009 vessel performance forecast for the average of the top 25% and bottom 25% for WoS Nephrops twin-rig vessels, assuming an annual average fuel price of 35 pence per litre.

Appendix 9: Total volume and value of all species for each segment

	Total volume of all species (tonnes)				
	2005	2006	2007	2,008	2009*
NS and WoS over 24m single-rig	35,224	29,444	25,738	24,110	24,965
NS and WoS under 24m, >300kW single-rig	6,138	5,704	6,801	7,134	7,388
NS and WoS pair trawl/seine (any length)	24,787	22,176	19,792	18,992	18,749
NS Nephrops single-rig	17,239	16,133	5,837	5,506	5,165
NS Nephrops twin-rig	11,737	11,109	23,754	21,886	20,766
WoS Nephrops single-rig	6,466	7,294	8,343	6,661	6,575
WoS Nephrops twin-rig	2,819	2,325	2,719	3,514	3,446

Table A9.1: Comparison of total volume of all species caught (tonnes) by vessels fishing over 50 days in each segment in 2005, 2006, 2007, 2008 with the forecast total volume of all species caught (tonnes) by vessels included in our 2009* forecast

	Total value of all species (£'000)				
	2005	2006	2007	2008	2009*
NS and WoS over 24m single-rig	29,379	43,851	38,279	36,828	36,453
NS and WoS under 24m, >300kW single-rig	9,646	11,569	13,643	14,297	13,972
NS and WoS pair trawl/seine (any length)	24,681	29,829	27,859	25,347	24,257
NS Nephrops single-rig	30,452	36,089	12,407	10,560	8,944
NS Nephrops twin-rig	21,199	24,936	57,515	45,228	36,357
WoS Nephrops single-rig	13,355	16,845	18,557	15,025	14,474
WoS Nephrops twin-rig	4,899	5,640	6,640	8,518	7,349

Table A9.2: Comparison of total value of all species caught by vessels fishing over 50 days in each segment in 2005, 2006, 2007 and 2008 with the forecast total value of all species caught by vessels included in our 2009* forecast.

Appendix 10: Number of vessels included in analysis

	Number of vessels included in analysis				
	2005	2006	2007	2008	2009*
NS and WoS over 24m single-rig	37	36	34	31	31
NS and WoS under 24m, >300kW single-rig	22	20	23	22	22
NS and WoS pair trawl/seine (any length)	48	48	45	45	45
NS Nephrops single-rig	130	127	130	73	73
NS Nephrops twin-rig	55	52	53	102	102
WoS Nephrops single-rig	130	120	120	108	108
WoS Nephrops twin-rig	25	24	22	32	32

Table A10: Number of vessels fishing over 50 days in each segment in 2005, 2006, 2007 and 2008 with the forecast total number of vessels included in our 2009* forecast

Appendix 11: Minimum rules that vessels must meet to be included in the calculations of segment average performance

	Min. days at sea	Min. earnings per year (£)	Min. earnings per day (£)
NS and WoS over 24m single-rig	100	200,000	2,000
NS and WoS under 24m, >300kW single-rig	80	96,000	1,200
NS and WoS pair trawl/seine (any length)	80	112,000	1,400
NS Nephrops single-rig	60	42,000	700
NS Nephrops twin-rig	80	80,000	1,000
WoS Nephrops single-rig	70	21,000	300
WoS Nephrops twin-rig	80	56,000	700

Table A11: Minimum rules that vessels must meet to be included in the calculations of segment average performance