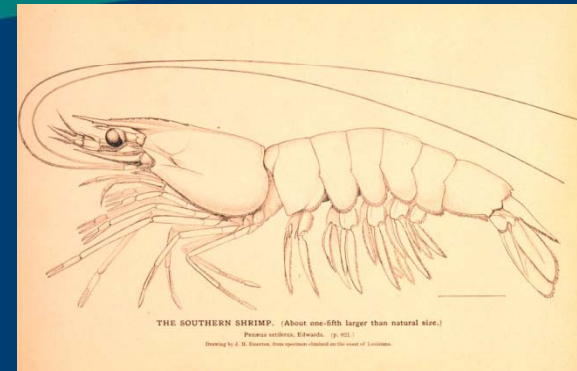


Science, Service, Stewardship



Southeast Fisheries Science Center SAFMC Update – September 2011 Joint Shrimp & Deepwater Shrimp AP

*Economics of the Federal South
Atlantic Shrimp Fisheries*

2009 Results of the Annual Economic Survey of
Federal Gulf and South Atlantic Shrimp
Permit Holders

September, 2011

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Outline

- Background and Objectives
- Survey Design
- Population and Sampling
- Implementation and Response
- 2009 Results



Background

- Few past economic data collections
- In 2007, started economic survey of federal Gulf shrimp fishery
- In 2010, expanded survey to federal South Atlantic shrimp fisheries



Objectives

New survey approach in 2007 in Gulf / 2010 in S. Atlantic:

- Minimalist approach
- Collect “bread and butter” annual economic data
- Standardized across the region
- Regularly and timely
- Mail survey
- Produce an Annual Report for the shrimp industry

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Survey Design – Question Development



Balance sheet (point in time)

Assets

**Vessel
and Gear**
(market value)

Liabilities

Loans
(outstanding amount)

Equity



Cash flow statement (period of time)

Incoming/Receipts

From operations

- Shrimp revenue
- Other commercial fishing revenue

Non-operating

- Government payments

Outgoing/Payments

Variable cost

- Fuel
- Crew (hired)
- Other (supplies)

Fixed cost

- Vessel/gear related
- Overhead
- Loan payments

Net cash flow (+)



Income statement (period of time)

Revenue

From operations

- **Shrimp revenue**
- **Other commercial fishing revenue**

Non-operating

- **Government payments**

Expenditures

From operations

- **Fuel**
- **Crew (hired)**
- **Other (supplies)**
- *Owner's labor*
- **Vessel/gear related**
- *minus new investment*
- **Overhead**
- *Depreciation*

Net revenue from operations (+)

Non-operating

- *Interest payments*

Profit (+)

OMB Control # 0648-0591

Expires 08/31/2012

2009 Annual Economic Survey of Federal Gulf and S. Atlantic Shrimp Permit Holders

Permit owner name: «Primary_Mailing_Recipient» Survey #: 09G-0872-YARE

Vessel name: «vchar_vessel_name» Vessel ID: «vchar_number»

Even if this vessel was **inactive** in 2009 please complete this survey (especially Q7, Q8, and Page 2).

Enter "0" if you did not have any expenses in a category. **Do not leave blank!**

Total 2009 Expenses:

- On this page we would like you to enter the total **financial expenses** (actual dollar payments) you incurred during 2009 for the operation and keeping of the vessel listed above.
- For each question enter the **sum of all 2009 expenses**.
- Please **consult the detailed instructions** if you are unsure about any question.

1. Is the owner also the captain of this vessel? Yes No
2. If owner is captain, is the owner paid a captain's share? Yes No N/A
If Yes, total amount of captain's share: \$ __, ____, ____.00
3. Total amount paid to **HIRED** crew and captain(s) of this vessel: \$ __, ____, ____.00
(Not to Owner! For example: from IRS Form(s) 1099-MISC or equivalent)
4. Total amount paid for the fuel used by this vessel in 2009: \$ __, ____, ____.00
5. a) Estimated average price of fuel in 2009: \$ __. __ per gallon
 b) Total amount of fuel purchased: ____, ____, ____.00 gallons
6. Total amount paid for all **trip related** supplies or expenses (other than fuel): \$ __, ____, ____.00
(For example: ice, groceries, oil and lubricants, freezing, packaging, and cleaning supplies)
7. a) Total amount paid for any vessel maintenance, repair, replacement, new purchase or upgrade (including engine, gear, electronics, etc.) \$ __, ____, ____.00
 b) The answer to Question 7. a) includes (check all that apply):
 Maintenance or regular repairs Major repairs or haul-out New purchase or upgrade
8. Total amount paid for vessel insurance in 2009 (insurance premium): \$ __, ____, ____.00
9. Total loan payments in 2009: \$ __, ____, ____.00
10. Overhead applicable to this vessel; such as dockage, licenses, (share of) rent, utilities, professional services, truck expenses, etc.: \$ __, ____, ____.00
Please Exclude: loan payments, insurance payments, depreciation, and income taxes.
-
11. **Total 2009 Expenses** (the above entries should sum to this value): \$ __, ____, ____.00

OMB Control # 0648-0591

Expires 08/31/2012

Other Important Economic Information (Survey #: «Permit»):

12. Vessel insurance in 2009 (check all that apply): None Hull P&I

If Hull insured, enter coverage level if vessel is lost: \$ __, ____, ____.00
(do not enter monthly or annual insurance premium here, instead → Question 8.)

13. Appraised value of this vessel (if insured) or best estimate of this value (if not insured):

a) Market value of vessel including permits (anytime in 2009): \$ __, ____, ____.00

b) Market value of vessel without permits (anytime in 2009): \$ __, ____, ____.00

c) Original purchase price of vessel: \$ __, ____, ____.00
(estimate original value if gift or self-built)

14. Did you have any loan(s) on your vessel at any time during 2009: Yes No

If Yes: a) Total amount you still owe at **end of 2009**: \$ __, ____, ____.00

b) Please split total loan payment in 2009 (Question 9.) into:

i) Interest paid in 2009: \$ __, ____, ____.00

ii) Principal repaid in 2009: \$ __, ____, ____.00

15. Depreciation of vessel as claimed for tax purposes (2009): \$ __, ____, ____.00

16. During 2009 this vessel was active in (check all that apply):

Shrimp Fishery Other Commercial Fisheries Non-Fishing Income Activities Not Active

17. Total gross revenue from activities **other than shrimp** generated by this vessel in 2009 (from other commercial fishing or non-fishing income activities) (if none enter "0"): \$ __, ____, ____.00

18. Government payments received for this vessel in 2009; for example due to imports and low shrimp prices (tariff money; trade assistance adjustment payments) or hurricanes/disaster relief (if none enter "0"): \$ __, ____, ____.00

I certify that the information contained on this form is accurate and complete to the best of my knowledge:

Signature of person completing report

Date

Printed name of person signing report

(____) Phone number

Please return this completed form in the enclosed prepaid envelope!

[Mail to: NMFS; Miami Lab; P.O. Box 491500; Key Biscayne, FL 33149]

Thank You!

Other Questions (voluntary)

1. Would you like to receive the results (2009 fact sheet) when they becomes available? Yes No
2. Please use the reverse side or a separate piece of paper for any comments. We appreciate any comments.

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Population and Sampling



2009 Population

All Vessel with Federal SE Shrimp Permits:

Valid or renewable permit as of February 2010:

- Gulf of Mexico moratorium shrimp permit (# 1,711)
- S. Atlantic limited access rock shrimp permit (# 112)

Valid (open access) permit at some point in 2009:

- S. Atlantic penaeid shrimp permit (# 624)
- S. Atlantic rock shrimp permit (# 293)

Total Population: ~ 2,112 vessels (some with multiple permits)



2009 Sample

- Treated as single population (~2,112 permitted vessels)
- Stratified by State (TX, LA, MS, AL, FL, GA, SC, NC, Other)
- 33% sample
- Additional sample of limited access rock shrimp permitted vessels; 50% of population

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Implementation and Response Rate



Implementation

- | | |
|--------------|--------------------------------------|
| March | – Mailed selection letter |
| | – Mailed survey package #1 |
| April 30 | – Deadline for returning survey |
| April-August | – Data entry and clarification calls |
| | – Send backs |
| May | – Mailed survey package #2 |
| | – Reminder calls |
| July | – Mail survey package #3 |
| September | – End survey implementation phase |
| Oct.-Nov. | – Acquired revenue data |



Response Rate

- Vessels with SA shrimp permits: 733

- Sampled vessels: 282
 - No Contact 32
 - Ineligible 33

- Returned surveys: 217
 - Incomplete/Problems 17

- Surveys in Analysis: 200

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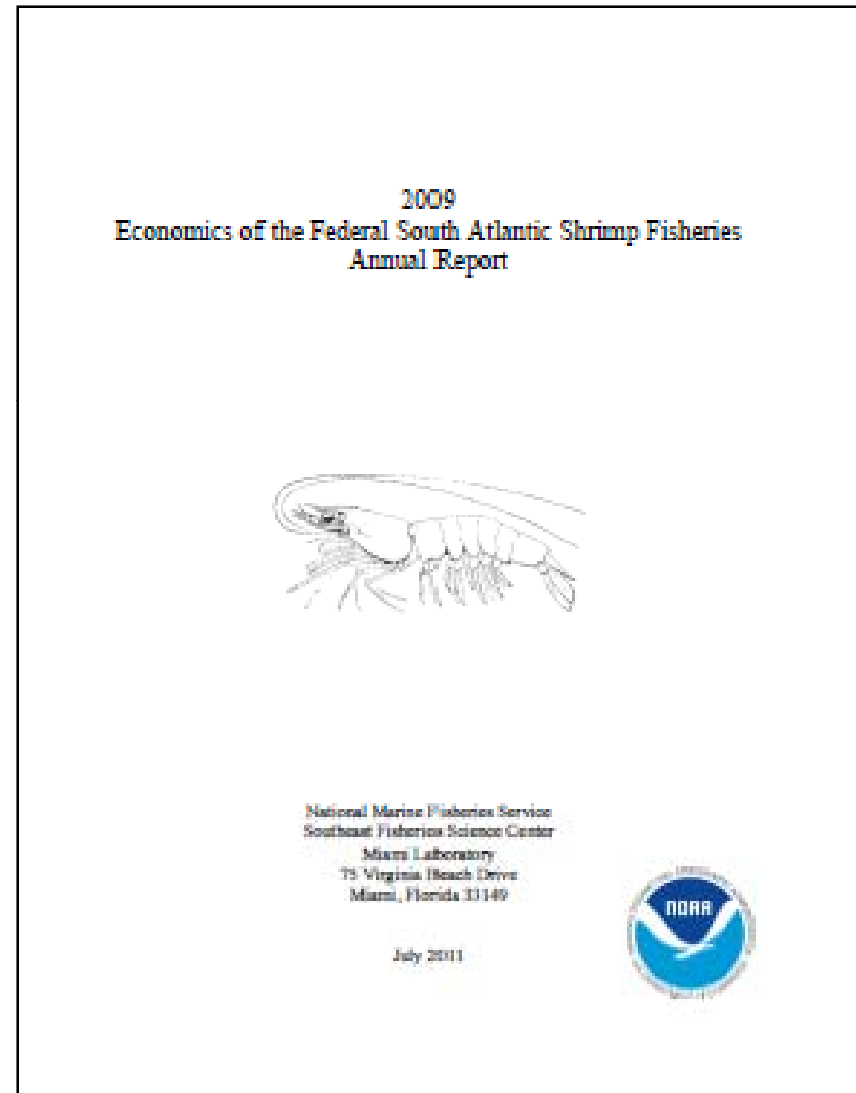
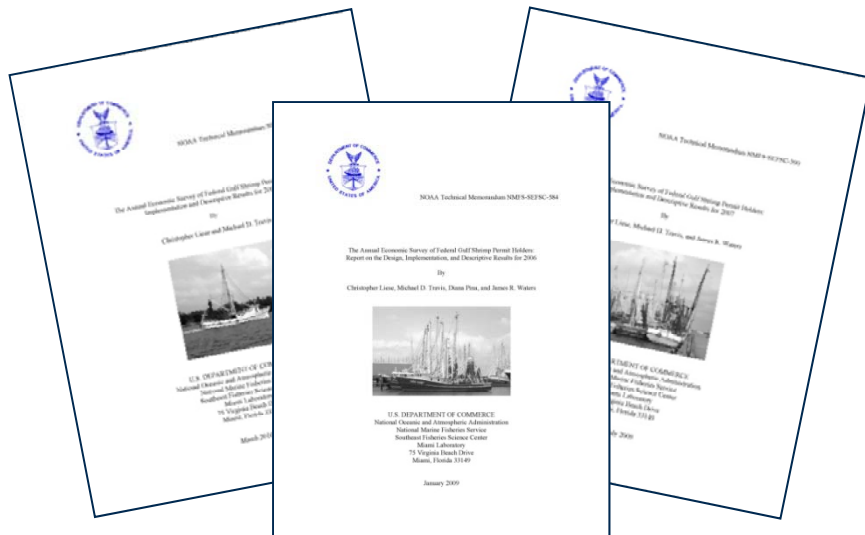
2009 Results

NOAA FISHERIES SERVICE



2009 Annual Report:

www.sefsc.noaa.gov/shrimpecon.jsp



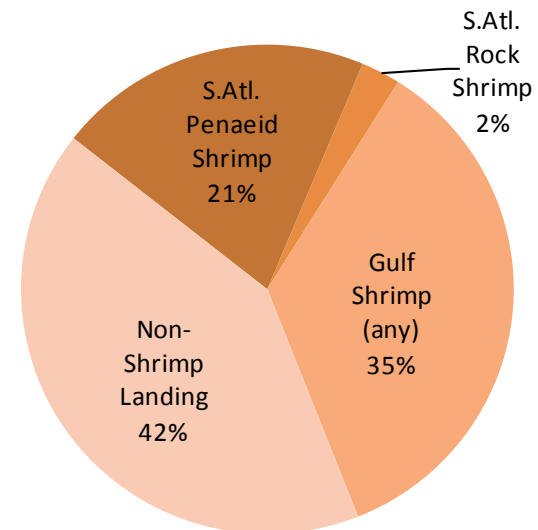


South Atlantic Shrimp Fisheries

	Total Landings (lbs)	Total Revenue (\$)
Penaeid Shrimp	16,092,004	30,046,152
Rock Shrimp	4,040,094	2,860,696
Total	20,132,098	32,906,848

	Vessels without Federal Permit	Federally- Permitted
Penaeid Shrimp	23%	77%
Rock Shrimp	0%	100%
Total	21%	79%

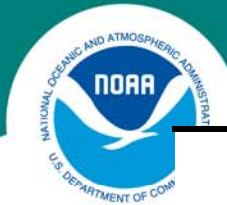
	Vessels with SA shrimp permits
Number of Vessels	733
SA Penaeid Shrimp	23,053,291
SA Rock Shrimp	2,860,696
Gulf Shrimp (any)	38,821,097
Non-Shrimp Landings	46,084,337





“Fleet” defined by Permit Ownership

- Vessels holding a penaeid shrimp permit (SPA)
- Vessels holding a limited access rock shrimp permit (RSLA)
- Vessels holding an open access Carolina zone rock shrimp permit (RSCZ)



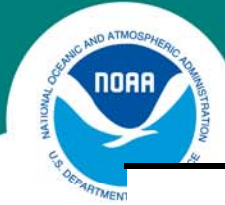
Vessel Characteristics

	Permitted Fleet		
	<u>SPA</u>	<u>RSLA</u>	<u>RSCZ</u>
# of Observations	190	40	46
Length (feet)	62	78	61
Gross tons	86	136	84
Horse power	458	633	545
Year built	1982	1992	1984
Hull material - Steel (%)	38%	90%	39%
Refrigeration - Freezer (%)	41%	93%	33%
State of Owner - North Carolina (%)	23%	25%	26%
State of Owner - South Carolina (%)	9%	0%	9%
State of Owner - Georgia (%)	14%	3%	4%
State of Owner - Florida (%)	33%	20%	33%
State of Owner - Gulf of Mexico Region (%)	18%	48%	17%
State of Owner - Northeast Region (%)	3%	5%	11%
Permit - SPA (%)	100%	90%	87%
Permit - RSLA (%)	19%	100%	0%
Permit - RSCZ (%)	21%	0%	100%
Permit - SPGM (%)	54%	95%	48%



Balance Sheet

(in USD unless otherwise noted)	Permitted Fleet		
	<u>SPA</u>	<u>RSLA</u>	<u>RSCZ</u>
# of Observations	190	40	46
Assets - Market value of vessel	162,455	379,925	166,267
<i>Original value of vessel (purchase price)</i>	204,734	428,527	207,668
<i>Implicit value of fishing permit(s)</i>	89,633	216,175	139,166
Liabilities - Loan on vessel	32,462	86,478	31,212
<i>% of vessels with loan</i>	24%	55%	17%
Equity - Owner's equity in vessel	129,993	293,447	135,055
<i>Insurance coverage (% of vessels / % of assets)</i>	34% / 59%	80% / 75%	41% / 58%



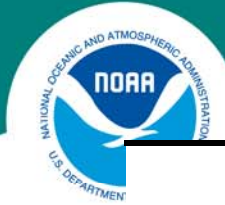
Vessel Operation

	Permitted Fleet		
	<u>SPA</u>	<u>RSLA</u>	<u>RSCZ</u>
# of Observations	190	40	46
Owner-operator (%)	49%	28%	59%
Actively shrimping - Atlantic - Penaeid shrimp (%)	46%	40%	24%
Actively shrimping - Atlantic - Rock shrimp (%)	5%	25%	0%
Actively shrimping - Gulf - Any shrimp (%)	34%	60%	33%
Shrimp landed - Atlantic - Penaeid shrimp (pounds)	11,442	18,797	5,234
Shrimp landed - Atlantic - Rock shrimp (pounds)	3,807	18,084	0
Shrimp landed - Gulf - Any shrimp (pounds)	34,063	77,351	33,838
Price / lbs - Atlantic - Penaeid shrimp	3.07	3.20	3.22
Price / lbs - Atlantic - Rock shrimp	1.18	1.18	-
Price / lbs - Gulf - Any shrimp	2.50	2.56	2.48
Price /lbs - Overall	2.53	2.45	2.58
Annual fuel use (gallons)	26,533	55,116	27,706
Fuel price per gallon	2.11	2.12	2.12



Cash Flow Statement

(in USD unless otherwise noted)	Permitted Fleet		
	<u>SPA</u>	<u>RSLA</u>	<u>RSCZ</u>
# of Observations	190	40	46
Inflow - Total	201,307	416,359	242,865
Shrimp landings - Atlantic - Penaeid shrimp	35,142	60,061	16,873
Shrimp landings - Atlantic - Rock shrimp	4,498	21,366	0
Shrimp landings - Gulf - Any shrimp	85,089	197,956	84,007
Non-shrimp landings	73,376	131,767	138,206
Government payments received (shrimp related)	3,201	5,209	3,779
Outflow - Total	186,463	370,257	217,405
Fuel	55,951	116,881	58,815
Other supplies	19,018	29,365	20,607
Crew & captain (hired)	59,265	114,877	82,354
Regular maintenance (vessel and gear)	17,594	29,876	22,342
Major repair and haul-out	9,264	16,614	7,678
Insurance	6,861	19,103	7,714
Overhead (excluding loan payments)	8,754	18,508	8,733
Interest payments made (on vessel loans)	2,320	6,487	2,041
Principal payments made (on vessel loans)	5,057	15,996	3,558
New investments and upgrades (in vessel)	2,380	2,551	3,563
Net Cash Flow	14,844	46,101	25,460

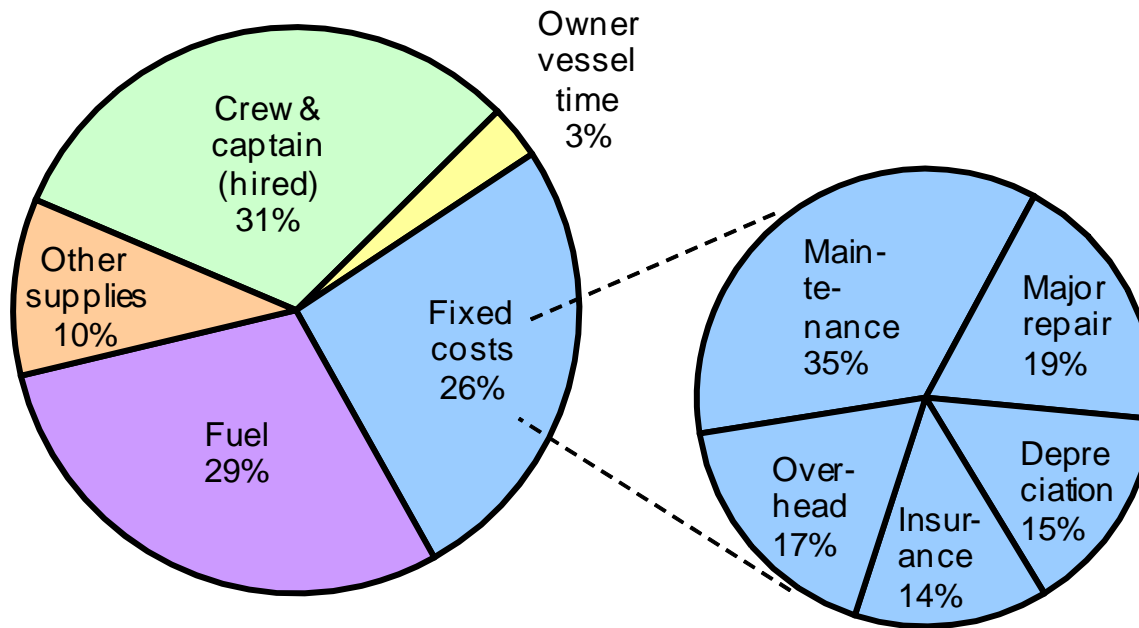


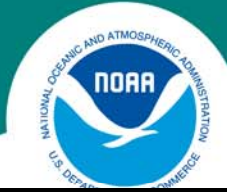
Operating Expenses as % of Total

	Permitted Fleet		
	<u>SPA</u>	<u>RSLA</u>	<u>RSCZ</u>
# of Observations	190	40	46
Expenses	\$ 190,009	\$ 365,912	\$ 222,608
<u>Variable costs - Non-Labor</u>	<u>39.5%</u>	<u>40.0%</u>	<u>35.7%</u>
Fuel	29.4%	31.9%	26.4%
Other supplies	10.0%	8.0%	9.3%
<u>Variable costs - Labor</u>	<u>34.3%</u>	<u>33.3%</u>	<u>39.8%</u>
Crew & captain (hired)	31.2%	31.4%	37.0%
Owner's vessel time	3.1%	1.9%	2.8%
<u>Fixed costs</u>	<u>26.2%</u>	<u>26.7%</u>	<u>24.5%</u>
Regular maintenance (vessel and gear)	9.3%	8.2%	10.0%
Major repair and haul-out	4.9%	4.5%	3.4%
Depreciation	3.9%	3.7%	3.6%
Insurance	3.6%	5.2%	3.5%
Overhead (excluding loan payments)	4.6%	5.1%	3.9%



Operating Expenses – SPA permitted fleet



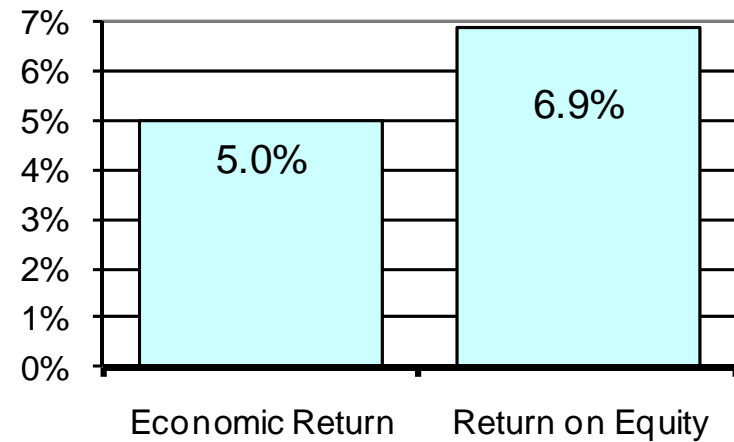
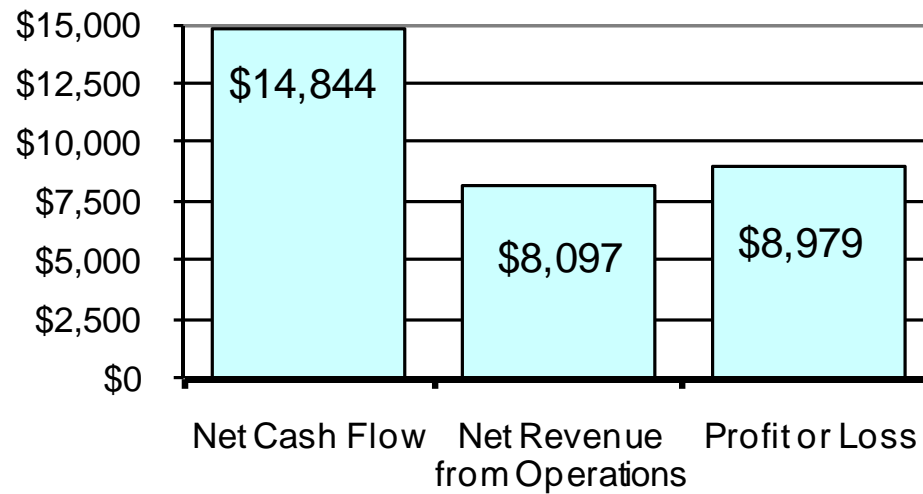


Income Statement

(in USD unless otherwise noted)	Permitted Fleet		
	<u>SPA</u>	<u>RSLA</u>	<u>RSCZ</u>
# of Observations	190	40	46
Operating Activities			
Revenue (from commercial fishing)	\$198,106	\$411,150	\$239,086
Expenses	(\$190,009)	(\$365,912)	(\$222,608)
Net Revenue from Operations	\$8,097	\$45,238	\$16,478
Non-Operating Activities			
Interest payments made (on vessel loans)	(\$2,320)	(\$6,487)	(\$2,041)
Government payments received (shrimp related)	\$3,201	\$5,209	\$3,779
Net Revenue (before taxes) - "Profit or Loss"	\$8,979	\$43,960	\$18,217



Financial Performance - SPA permitted fleet





Other possible "Fleet" definitions

- A: Vessels holding a penaeid shrimp permit (SPA)
- B: Vessels holding a limited access rock shrimp permit (RSLA)
- C: Vessels reporting penaeid shrimp landings in the South Atlantic in 2009
(**active** SPA)
- D: Vessels reporting rock shrimp landings in the South Atlantic in 2009
(**active** RSLA)
- E: Vessels, for which penaeid shrimp revenue exceeded 50% of total revenue ("**predominantly S. Atlantic penaeid shrimpers**")

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Conclusion and Outlook



*Financial Results for Average Vessel
by Fleets in 2009 (thousand dollars)*

	# of Obs.	Assets	Equity	Net Cash Flow	Net Rev. from Operations	Profit / Loss	Economic Return	Return on Equity
A: SPA-permitted fleet	190	162	130	15	8	9	5%	7%
B: RSLA-permitted fleet	40	380	293	46	45	44	12%	15%
C: Active SA penaeid shrimp fleet	88	121	98	13	6	5	5%	6%
D: Active SA rock shrimp fleet	10	324	221	(4)	(10)	(15)	(3%)	(7%)
E: Predominantly SA penaeid fleet	63	62	59	(5)	(13)	(12)	(21%)	(20%)

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Questions?

2009
**Economics of the Federal South Atlantic Shrimp Fisheries
Annual Report**



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Southeast Fisheries Science Center
Miami Laboratory
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July 2011

