



As the COVID-19 related economic crisis deepens for the Inshore sector on a daily basis, the majority of inshore operators have had no option but to remain “tied up” due to lack of viable markets. As per previous submissions, most operators do not have the financial capacity to operate at levels of zero or negative profitability even if just to meet fixed business costs in the short term. This appears to be in some contrast to the larger Whitefish/Prawn vessels, which despite undeniable difficulties apparently continue to fish, at what must be levels that are at least marginally profitable or sufficient to meet the fixed costs associated with operating a fishing enterprise. If not we can only assume that they have a capacity to operate at levels of negative profitability that the Inshore sector does not.

In light of the inability of Inshore operators to meet these fixed costs going forward and bearing in mind recent developments at EU level regarding amending the EMFF we believe that there is now need to introduce a scheme involving EMFF Article 33, temporary cessation of fishing as expediently as possible. We now see no other short term viable solution to stabilise the deepening crisis in the sector. It is now required if many Inshore fishing enterprises are to remain intact in order to return to fishing once markets allow. As per our previous submissions the use of storage aid as a solution for the inshore sector is limited and irrelevant to many operators particularly at this time of year. The majority of the shellfish/potting sector which is currently tied up, targets the likes of lobster, crawfish, razor clams, velvet, green and spider crab exclusively for a live and unprocessed market particularly for the first half of the year after which some potting effort will move to brown crab. The move to and reliance on brown crab primarily for processing in the latter part of year is due to a combination of availability on the ground and quality in terms of meat yield.

This document sets out to outline and quantify some of the typical fixed costs of an Inshore fishing enterprise in order to ascertain a minimum requirement the above mentioned temporary cessation aid would need to deliver. They are based on a typical vessel of LOA less than 10 meters, which would be representative of many vessels in the fleet. If required BIM, should through detailed analysis of the sentinel vessel program which is part of the DCF have similar data on other vessel sizes in the sector. It is important to note that none of the horizontal measure introduced by Government to date can be used to meet these costs and as per previous submission the majority in the Inshore Sector do not have resilience to meet them, or particularly the capacity to increase debt levels to meet them.

Vessel Insurance.

As the primary and most important asset of the business most operators insure vessels for obvious reasons. Insurance is required irrespective of fishing activity. For vessels that have loans or mortgages secured on them insurance is normally a condition on the loan agreement. Inability to renew premiums will cause many operators to inadvertently breach these agreements. Typical basic annual premiums (excluding crew personal injury cover) are around €4000.

Life Insurance/ Mortgage protection insurance/Critical illness Cover

Similar to above, conditions of most business loans/marine Mortgages require these as conditions of the loan agreements. Premiums are typically €1200 per annum

Motor costs

Most Inshore fishing enterprises require a dedicated motor vehicle to operate. The vehicles are used for many purposes in order for the business to operate. The peripheral nature of the many small isolated harbours, operators work from, makes it a necessity in terms of access to the vessel. In contrast to larger vessels, few inshore vessels land directly in close proximity to auction halls/fish factories. The scale of inshore operations combined with the peripheral locations they operate from means many operators must transport fish themselves to the first point of sale. Typically these commercial vehicles would be refrigerated vans/Jeeps/pickup trucks. If vessels remain tied up, limited use of these vehicles is still required to maintain the vessels the primary asset in the business. A vessel tied up must still be checked and maintained on a daily basis. Even if idle these vehicles have fixed costs that must be met including Motor Tax and Insurance. This would typically be around €1200 per annum combined. Many of these vehicles are financed through various forms of credit agreements such as hire purchase agreements, failure to meet even one repayment on these agreements can lead to repossessions. Typical hire purchase payments would amount to €5000 per annum. Many inshore enterprises will not be able to resume fishing without such a vehicle, especially if market constraints require them to travel further to access viable markets.

Rent/Electricity

Many Inshore fishing enterprises require a basic premises often a shed or store to operate. These are used to store/repair fishing equipment but often also to house Freezing cold storage facilities to store bait for potting operators. In many cases these are rented, with rents and insurance of the same being typically €1000 per annum.

Even if not in use there are basic standing charges associated with the electric supply to these premises. Basic standing charges are approximately €70/month. Many potting operators report having purchased bait in bulk in January/February as would be typical. This would usually be done in bulk for cost effectiveness with many operators reporting having invested several thousand euros in bait. They are now faced with the dilemma of whether to dump that bait (at an associated cost) in order to save money by shutting down cold storage, or continue to hold the bait at a typical cost of €200 per month in electricity to avoid having to purchase more bait when they return to fishing.

Where available vessels if tied up require electricity or shore power to maintain them, by running heaters dehumidifiers etc.

Harbour Dues/ Marina Fees.

While many inshore operators operate from small peripheral local authority piers, where harbour dues do not apply some operate from DAFM fisheries/ local authority harbours where fees apply. Fees are typically around €1000 per annum. As vessels are in active and effectively “mothballed” owners are more likely to keep them in securer harbours/marinas etc. (which typically attract fees) rather than more exposed peripheral harbours that are traditionally used this time of year when proximity to fishing grounds is an operational priority.

Communications/phones/broadband.

These play an important role in every inshore fishing enterprise and the associated costs must be met even if vessels are tied up for the business to function even in a very limited capacity. Fixed costs would typically be in the region of €800 per annum

Maintenance Cost / Upkeep.

Even if vessels aren't actively fishing there are significant maintenance and upkeep to keep them sea worthy and in compliance with the U15m Code of Practice. This may include services and hire costs of safety equipment such as life rafts and PFD's. At a very minimum this would approximately amount to €2,000 per annum.