



# CARES Act Relief Advisory Panel

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- Please mute when you aren't talking
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# CARES Act Funding Disaster Relief

## \$300 Million to Support U.S. Fishermen and Seafood Industry

- NOAA Fisheries used multi-year averages of “fishery participants” to estimate total average annual revenues for each state and sector.
- Eligibility for disaster relief from this program requires an economic loss of at least 35% as compared to prior 5-year average.

## Massachusetts will receive approximately \$27.8 Million (4 Sectors)

- Seafood Processing 51.2%
- Commercial Fishing and Aquaculture combined 47.3%
- For-Hire (Party and Charter Boats) 1.5%

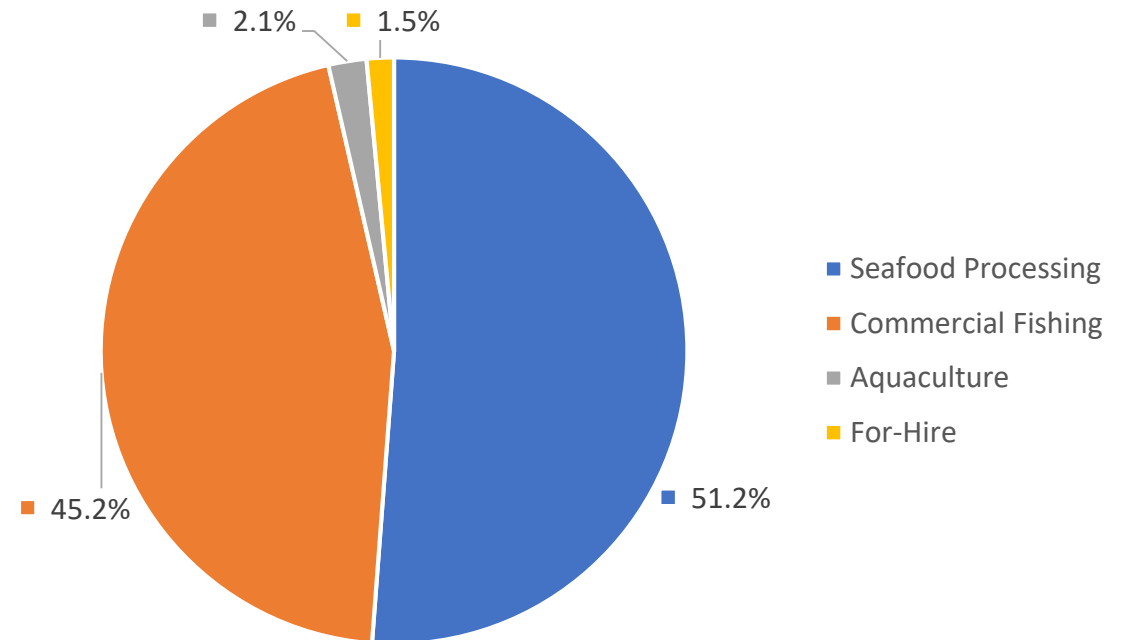




# Value Estimates Among Four Sectors

Sector	Pct of Total	Annual Value (millions)
Wholesale Dealers	51.2%	716
Wild Capture Fisheries	45.2%	630
Aquaculture	2.1%	30
For-Hire (Party/Charter boats)	1.5%	21
<b>Grand Total</b>	<b>100%</b>	<b>1,397</b>

% of Estimated Annual Revenue by Sector - for Massachusetts



Total revenue for these 4 sectors = \$1.4 billion.

If losses across all sectors combined reach 35%, then losses may be \$500 million; the \$28 million won't come close to making the industry "whole".



# High-Level View, Where the Losses Came From

- Other bivalve shellfish down 60%
- Aquaculture lost 80% in April, overall losses around 69%
- Lobster value down over 40%
- Head boats have been completely shutdown, charter boats have had limited opportunities beginning after Memorial Day
- Seafood processing lost restaurant market

COMPARING MARCH - APRIL 2020 TO THE PREVIOUS 5 YEAR AVERAGE			
SPECIES GROUP	Previous 5-year Average Value	2020 Value	% Change Value
SEA SCALLOP	\$55,730,539.53	\$38,644,785.33	-30.66%
GROUND FISH	\$11,056,584.64	\$7,862,477.87	-28.89%
LOBSTER/CRAB	\$5,127,781.16	\$2,969,270.46	-42.09%
OYSTER	\$4,009,609.15	\$1,255,585.79	-68.69%
OTHER FINFISH	\$2,516,837.81	\$1,879,032.17	-25.34%
SOFTSHELL & RAZOR CLAM	\$1,313,647.76	\$716,432.02	-45.46%
QUAHOG	\$479,427.28	\$309,407.20	-35.46%
OTHER BIVALVE	\$358,716.96	\$148,379.36	-58.64%
OTHER INVERT	\$57,243.54	\$27,316.75	-52.28%
SURFLAM/OCEAN QUAHOG*	N/A	N/A	N/A
<b>TOTAL</b>	<b>\$80,650,387.83</b>	<b>\$53,812,686.95</b>	<b>-33.11%</b>

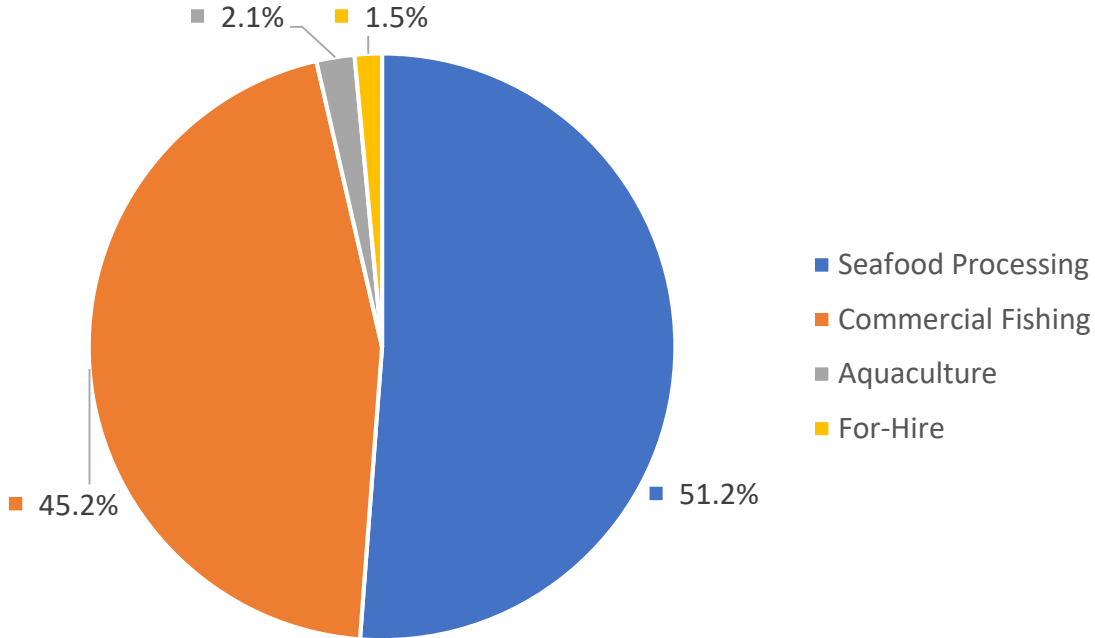
Data Source: SAFIS Dealer Reports, May 21, 2020  
 \*Fisheries Statistics Project does not yet have access to 2020 data for this group





# Funds Available by Sector (If parsed consistent with value of each sector)

% of Estimated Annual Revenue by Sector -  
for Massachusetts



### Sector

- Seafood Processing: \$14.2M
- Commercial Fishing: \$12.5M
- Aquaculture: \$583K
- For-Hire Industry: \$416K

**Challenge:** If the losses varied among sectors should the funds be distributed to account for differential losses? How do we ultimately split the pie?



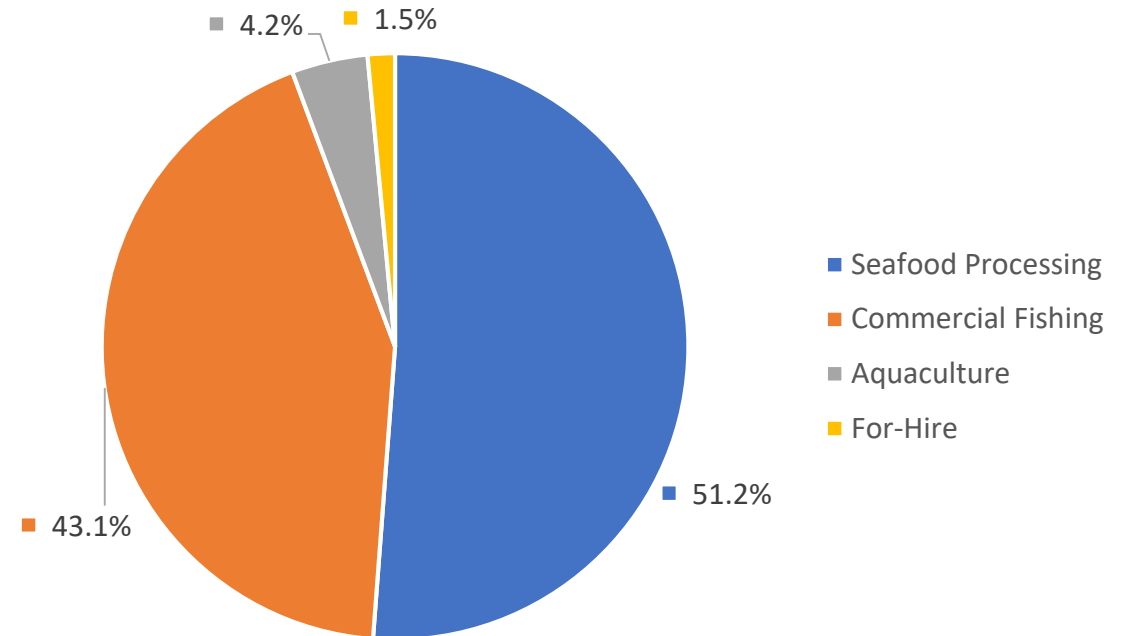
# Revised Sector Allocation Proposal

## Sector

- Seafood Processing: \$14,051,376
- Commercial Fishing: \$11,828,404
- Aquaculture: \$1,152,652
- For-Hire Industry: \*\$728,075

\*This value is 1.5% of available + \$316K from DMF admin funds

% of Estimated Annual Revenue by Sector -  
for Massachusetts



Original values did not include administrative allowance of 2%. DMF recommends shifting most of DMF's share to the for-hire industry, and realigning the combined commercial/aquaculture percentage to more closely align with each sector's current losses (~68% aquaculture loss, ~33% all commercial fisheries loss)



# Who would be eligible for relief?

- Commercial fishing businesses, charter/for-hire fishing businesses, aquaculture businesses, and seafood wholesalers and processors.
- All eligible recipients must have suffered a 35% loss caused by Covid-19 relative to previous years.
- Businesses and persons may apply for these new funds BUT the net benefits of all the various CARES relief funds they receive shall not total more than their normal revenues.

**Challenge:** How will 35% loss and other net CARES benefits be validated? Self-reported?

## Timing matters!

- Many of our commercial fisheries are seasonal and may not have yet realized a requisite 35% loss. But may by year's end. NMFS will not allow the agencies to pay out relief based on projected losses.





# Seafood Dealer and Processing Sector:

Seafood dealers move seafood products from fishermen to end users. They were severely impacted by the loss of restaurant trade as 70 % of all seafood is sold in restaurants and other food service companies.

- 361 permitted business in Massachusetts (permits issued jointly by DPH & DMF) are permitted as wholesale dealers. Does not include wholesale truckers, retail stores, or retail boats.
- Each business applies annually on a DMF application for specific seafood processing activities.
- Many wholesale dealers and processors buy and process fish & shellfish from within Massachusetts, from out-of-state, and/or from international sources.
- Data supplied to DMF does not reveal the scale of the business (employees, revenues, etc.).
- 2/3 of wholesale dealers are “primary buyers” (may buy direct from commercial fishermen).
- 1/3 are not primary buyers, but process seafood purchased from other wholesalers.

Challenges: Can we establish a minimum threshold for eligibility?  
Can we scale payment to some metric of activity?  
Should we establish a ceiling (maximum payment)?





# Commercial Fishing occurs on many species

## Species with >\$3 million Ex-Vessel Value in 2019\*

Species	Ex-Vessel Value
Sea scallop	\$397,097,791
American lobster	\$93,122,838
Eastern oyster	\$30,140,622
Haddock	\$18,258,987
Atlantic surf clam	\$16,616,040
Ocean quahog	\$8,233,267
Jonah crab	\$8,137,653
Monkfish	\$8,100,894
Northern shortfin squid ( <i>Illex</i> )	\$7,200,085
Soft shell clam	\$6,542,633
Acadian redfish	\$6,151,012
Northern quahog	\$5,492,526
Bluefin tuna	\$5,282,704
Pollock	\$4,945,496
Atlantic cod	\$4,540,043
Longfin squid ( <i>Loligo</i> )	\$4,505,408
White hake	\$3,978,752
Channeled whelk	\$3,759,914
American plaice (dab)	\$3,353,202
Winter flounder	\$3,132,192
Striped bass	\$3,116,800

\*Deep-sea red crab is also in this list, but the data are confidential.  
Source: ACCSP Data Warehouse, 4/17/20.

- Commercial fishermen report all sales of fish & shellfish to DMF or NMFS.
- Seafood dealers also report their purchases of seafood from fishermen to DMF or NMFS.
- Sea scallop fishery dominates commercial fishing revenues in MA, and accounts for a majority (58%) of fishing revenues.
- Lobster is a distant second (14%) and Eastern oyster comes in third (5%).



# Commercial Fisheries Data Source

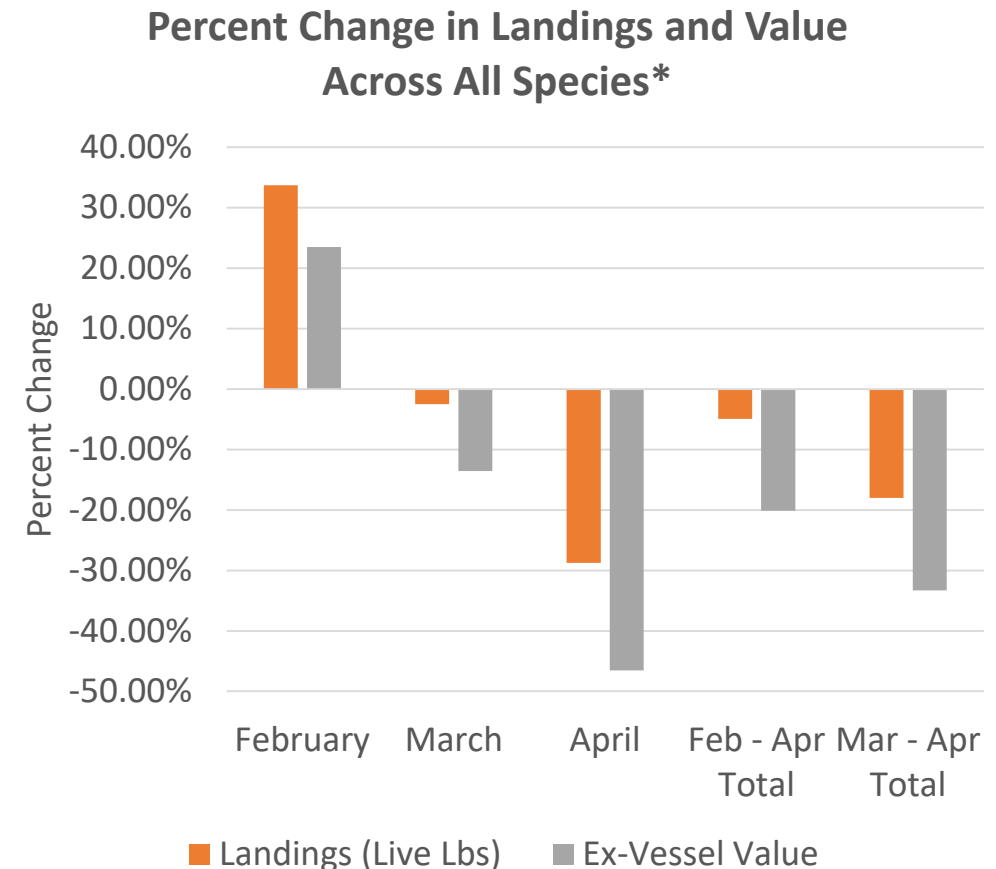
## SAFIS Dealer Data

- Dealers electronically report all transactions with commercial fishermen on a weekly basis.
- Data include landing date, fisherman name, vessel, species, quantity, price per unit of measure, landing port.
- Data are held strictly confidential and only released in aggregate.
- Data includes aquaculture transactions.
- All presented data were pulled on 5/21/2020.



# 2020 Commercial Landings vs 5-Year Average

- February 2020 showed an increase across all species, and likely should not be used in any analyses.
- Ex-vessel value is the revenues paid to fishermen by dealers at first sale.
- The total decrease in value for March + April is ~\$27 million.
- The previous 5-year average includes landings from ~1,300 active harvesters\*. This number increases dramatically in subsequent months.
- Data are preliminary and will be updated to include May by mid-June.



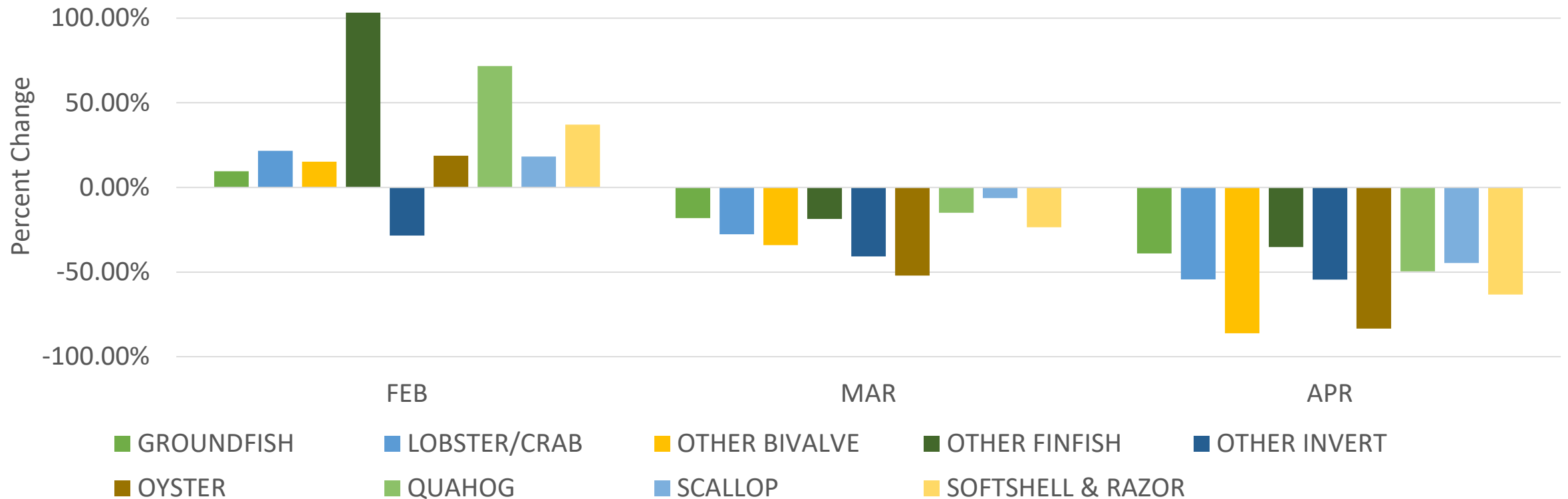
\*Atlantic Surf Clams are not included as 2020 landings are not yet available to the Fisheries Statistics Project.





# 2020 Commercial Landings vs 5-Year Average

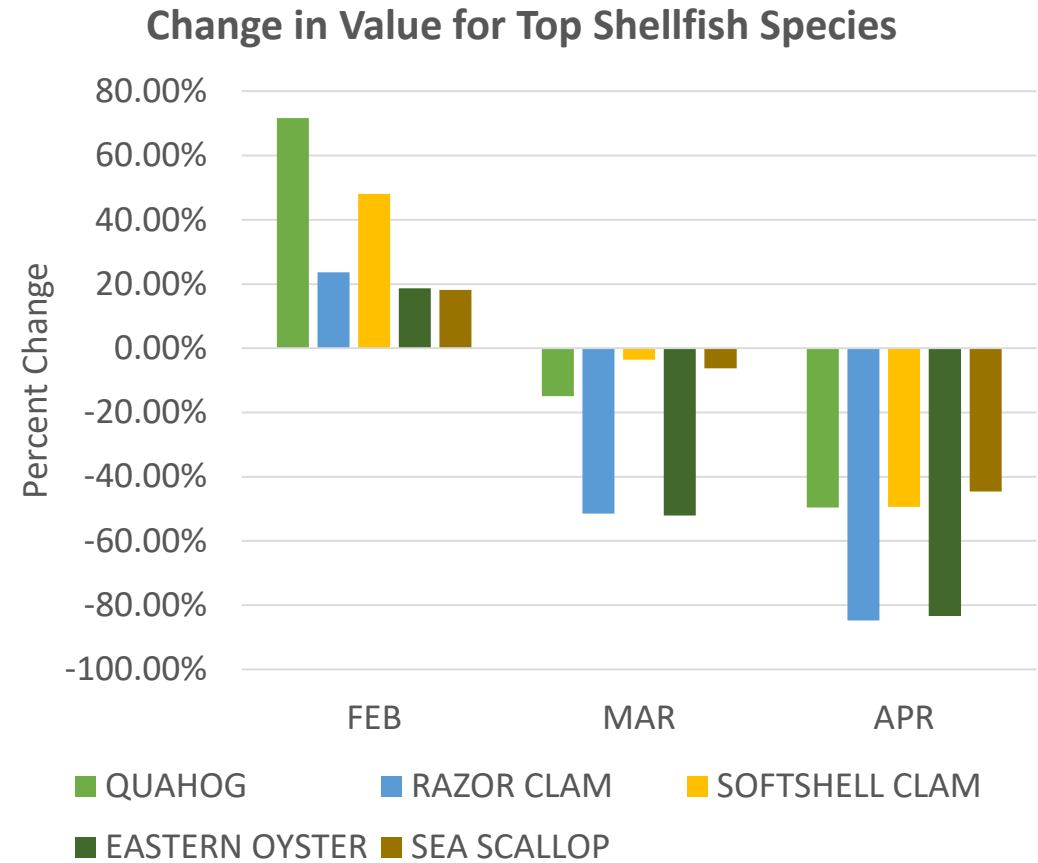
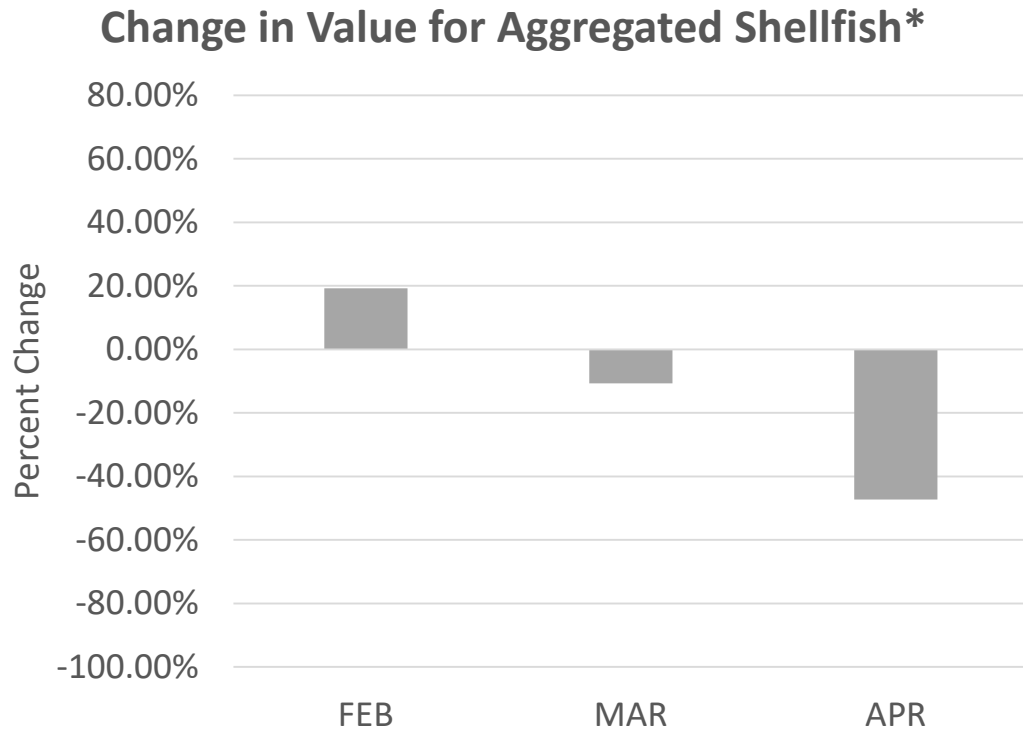
## Change in Ex-Vessel Value across Species Groups\*



\*Atlantic Surf Clams are not included as 2020 landings are not yet available to the Fisheries Statistics Project.



# 2020 Commercial Landings vs 5-Year Average - Shellfish

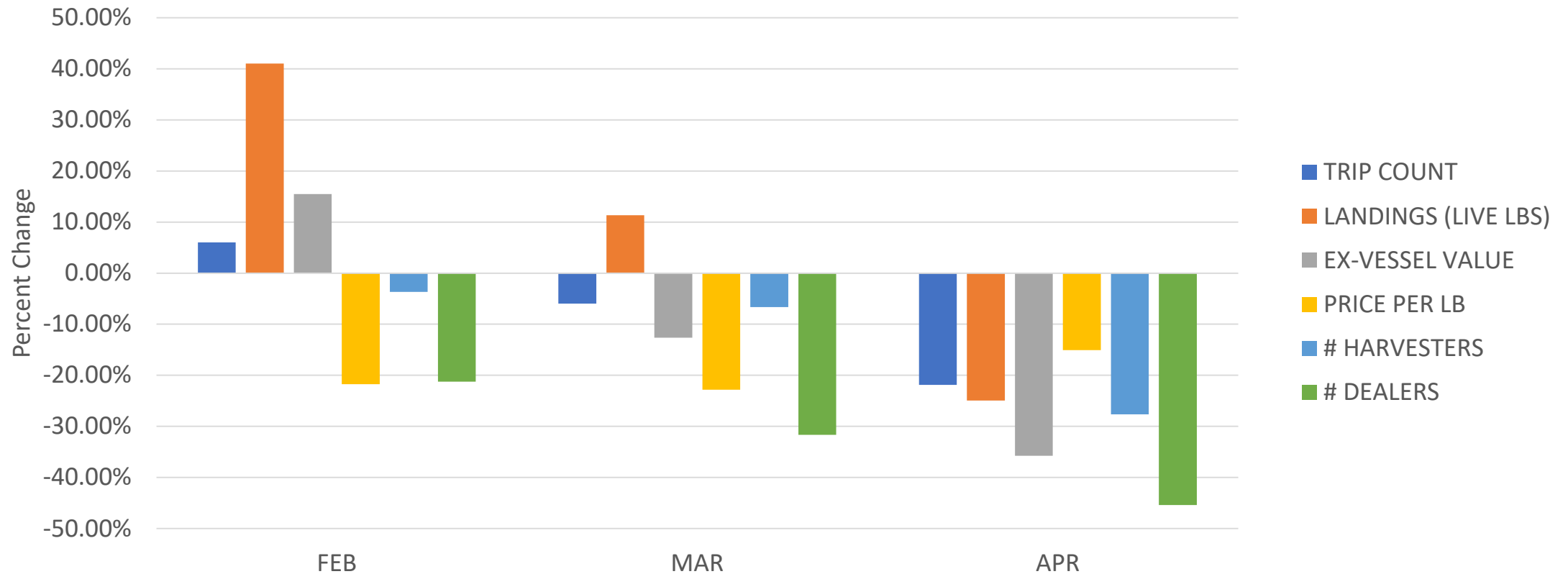


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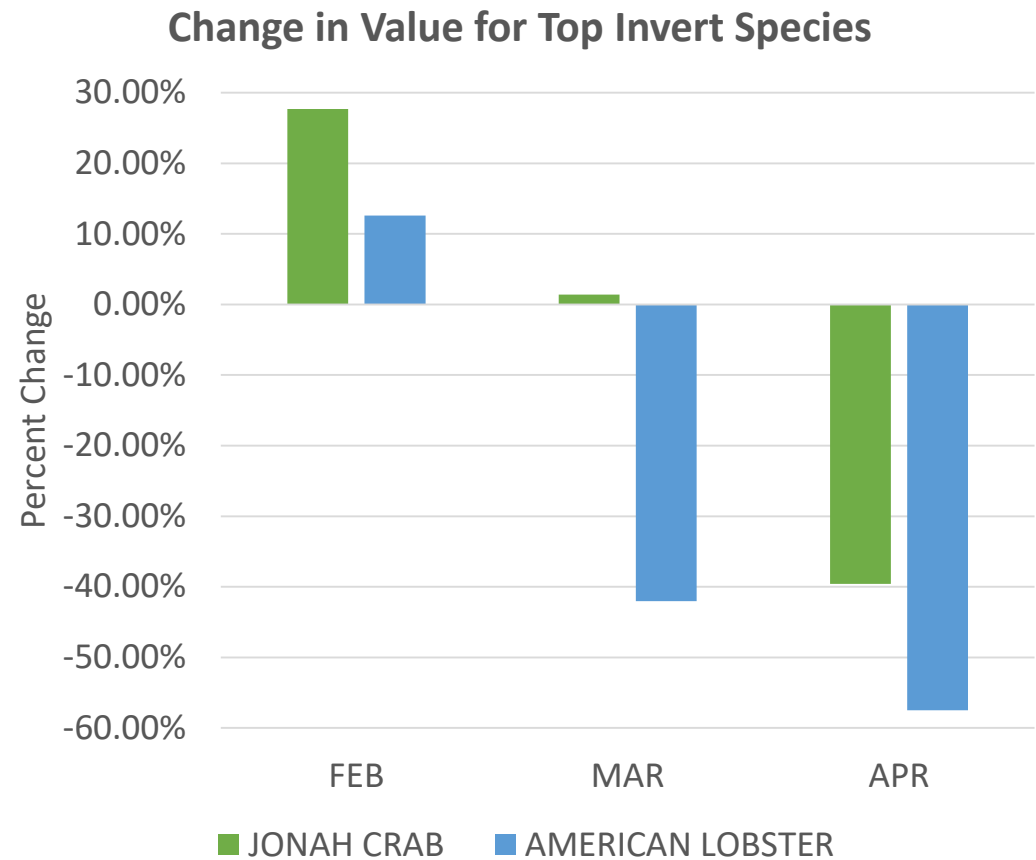
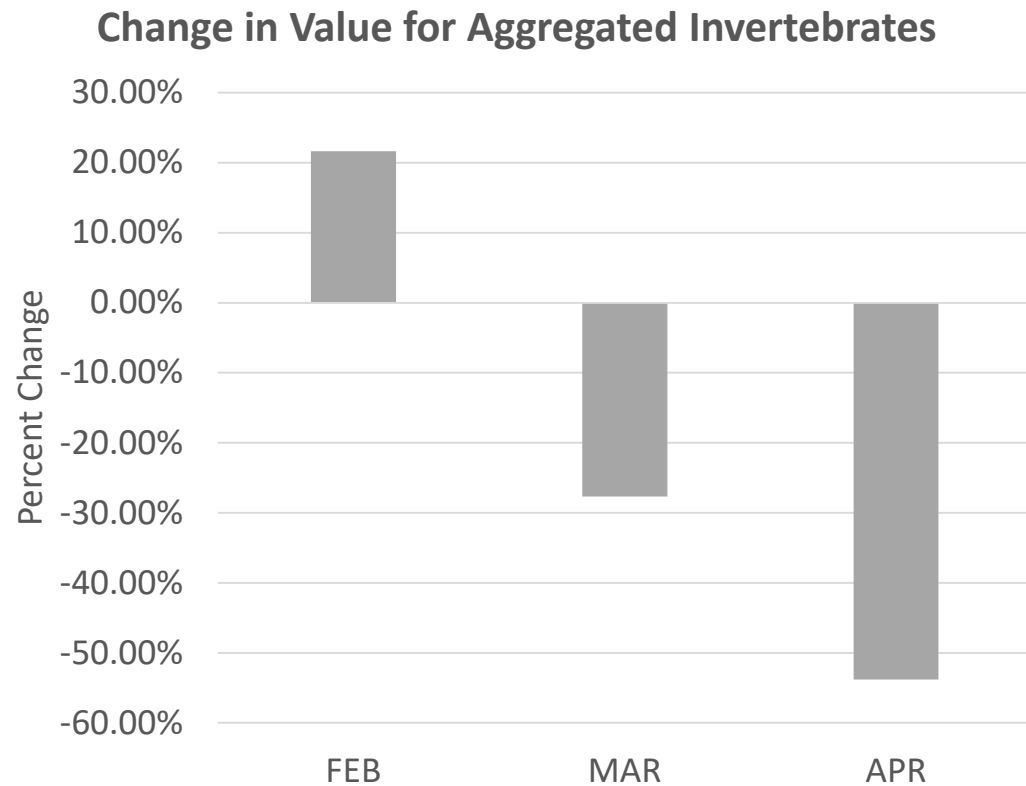


# 2020 Commercial Landings vs 5-Year Average - Groundfish

Change in Various Metrics for Aggregated Groundfish



# 2020 Commercial Landings vs 5-Year Average - Inverts





# Commercial Fishing Relief Payout Challenges:

- Shall we set funds aside for future losses by fishery or pay out the maximum NOW based on recent losses? (We are not allowed to payout funds based on anticipated losses.)
- Can we establish a minimum threshold for eligibility? A minimum number of trips or landings revenues for a given fishery to be a determining factor for eligibility?
- Should we scale payment to some metric of activity (number of trips? landings? ) or pay each eligible business within a sector the same amount?
- If we scale, should we establish a ceiling (maximum payment)?
- For fishermen who may have received unemployment compensation that may have exceeded their normal income, should they be ineligible?







# For-Hire Sector: Charter and Party (“head”) Boats

For-hire sector provides platforms for private anglers to access fishing grounds and provides gear, bait and expertise. They attract many out-of-state clients and are a key part of the waterfront tourist economy.

Impacts: Governor’s orders prevented for-hire fishing until after May 24<sup>th</sup> and the 10-person limit has further constrained the head boats because they cannot operate profitably.

Charter Boat operators continue to see cancelled bookings from:

- Clients with less disposable income;
- Clients unable to book hotel rooms due the ongoing closure of that industry except to essential workers;
- In-state and out-of-state clients who seek to minimize risk of infection by being on board a vessel in tight quarters;
- Out-of-state clients facing a 14-day self quarantine advisory for interstate travel.

Moreover, some individual captains may be cancelling their trips to minimize their personal exposure and risk from becoming infected by a client.





# For-hire Sector: Charter and Party (“head”) Boats

Over 800 permits are sold to applicants and the only requirements are a registered (or documented) vessel and USCG licensed captain.

For-hire vessels in 2 classes appear to be active:

- 37 “Head boats” capable of taking more than 10 and up to 100 anglers.  
Note: the typical cost per angler is \$65.
- 768 Charter boats (AKA “Six-packs”) taking 6 or fewer clients.  
Note: the typical fee for a charter is \$550 for a 4-hour trip and \$1,100 for an 8-hour trip.

DMF does not have a comprehensive accounting of trips conducted, clients and revenues. However, each charter business is asked to respond to annual questionnaires about scale of activity: number of trips taken in previous year and number forecasted for the upcoming year. Other data sources include VTRs, MRIP intercepts, and advertising.

## Challenges:

- Can we establish a minimum threshold for eligibility? Should a minimum number of reported trips be required to receive funds?
- Should we scale payment to some metric of activity (number of trips) or pay each eligible business within a sector the same amount?
- If we scale, should we establish a ceiling (maximum payment)?



# Aquaculture (Farm-Raised Shellfish) Sector:

Massachusetts aquaculturists raise almost exclusively shellfish: Eastern oysters, northern quahog, and bay scallops. Oysters account for 97 % of all aquaculture revenues.

A minority of aquaculturists are also permitted wholesale dealers with DPH approved facilities and walk-in coolers allowing them to sell to other wholesalers, retailers, restaurants or the public. Unless the grower is also a wholesale dealer, direct sale of shellfish to the public is not allowed.

## Impacts:

- Loss of restaurant trade has had an enormous financial impact on shellfish farmers. Overall, sales by harvesters to wholesale dealers have fallen by over 80% in April (the first full month of restaurant closures).
- Very few consumers are willing to buy – or are capable of shucking – oysters for home consumption.
- Much of the crop slated to be sold this year will continue to grow and become less marketable and compete with next year's crop. Markets are glutted now and will become further glutted next year as well.
- Without funds to purchase seed shellfish this year, some farmers may go out of business.

There are 391 permitted aquaculturists in Massachusetts. Each permit holder submits monthly detailed records of product sold and annually report seed purchases reflecting incoming size of crop. Moreover, wholesale dealers also report shellfish purchased and prices paid to the harvesters.



# Aquaculture (Farm-Raised Shellfish) Sector:

## Challenges:

- Can we establish a minimum threshold for eligibility? Should a minimum amount of sales in recent years be required to receive funds?
- Should we scale payment to some metric of activity (annual sales) or pay each eligible business within the sector the same amount?
- If we scale, should we establish a ceiling (maximum payment)?
- Is it possible to use CARES funds or other funds to purchase this year's crop from growers and re-purpose those living shellfish to seed publicly available beds and allow others and the coastal ecosystem to benefit? Sea Grant and East Coast Shellfish Growers are developing such a program, and are sending a questionnaire to all growers.





# Multiple Sector Issues

## Challenges:

- Should applicants be allowed to receive funds from more than 1 sector?
  - Example 1: A wholesale dealer that also owns commercial fishing vessel(s)
  - Example 2: A shellfish grower that is also a wholesale dealer
  - Example 3: A charter boat permit holder who is also a commercial fisherman
- If someone can apply to receive funds in more than 1 sector, how will the value of funds received from 1 sector impact the amount that can be received from another sector? Are they separate businesses?





# Next Steps:

- Invite industry and other stakeholders to join the Sector-Specific Working Groups – each chaired by a DMF senior staff member.
- Task the Working Groups with drafting :
  - Recommendations for eligibility limitations
  - Any scaling factors to increase payment based on scale of business
  - Recommendations whether payment maximum or minimum should be considered
  - Establish an application period for each sector or fishery to apply
- Compile the overall recommendation for submittal to ASMFC and NMFS

