

Economic Working Group

Meeting 3 - Minutes

10 September 2020 9:30am – 12pm

Video Conference



Australian Government

Australian Fisheries Management Authority

UNCLASSIFIED

Chair

Mr Scott Spencer

Participants

Members:

Dr Robert Gale (GABRAG Economic Member)

Prof Tom Kompas (NPFRAG Economic Member)

Dr Sarah Jennings (SESSFRAG, SERAG and SEMAC Economic Member)

Dr Julian Morison (SharkRAG Economic Member)

A/Prof Caleb Gardner (SPFRAG Economic Member)

Mr Robert Curtotti (SquidRAG Economic Member)

Mr David Mobsby (TTRAG Economic Member)

Mr Anders Magnusson (Member with recreational fishing expertise)

Dr Sean Pascoe (Member with Commercial fisheries expertise - Not otherwise covered)

Mr Ryan Murphy (Senior Manager Policy Environment, Economics & Research, AFMA)

Invited participants:

Sevaly Sen (AFMA Commission)

David Galeano (Assistant Secretary, ABARES)

Stephanie Black (Program Lead Natural Resource Economics, ABARES)

Sayan Chakrabarty (Dept. of Defence & previous AFMA economist)

Anna Willock (Executive Manager Fisheries, AFMA)

Fiona Hill (Senior Manager, Demersal & Midwater Fisheries, AFMA)

Dan Corrie (Fisheries Manager, AFMA).

Secretariat:

Nigel Abery (Policy Manager, AFMA)

Introduction and welcome

Mr Scott Spencer opened the meeting at 9:00 am with an Acknowledgement of Country where he paid respect to elders past, present and emerging. The Chair welcomed participants and reminded all that AFMA was making an audio recording of the meeting to facilitate preparing minutes. (Note: When the minutes have been completed, the recording will be destroyed.)

Adoption of Agenda

The EWG confirmed the agenda (**Attachment 1**) with no new items added to the agenda.

Declaration of interests

Members declared any conflicts of interest, pecuniary and otherwise, relating to Agenda Items. Conflict of interest declarations are provided below (Table 1).

Table 1. EWG declaration of interest as at 10 September 2020

Participants	Role with AFMA or other organisation & Declared interest Sep 2020
Mr Scott Spencer	Chair AFMA Commission Chair Biosecurity Queensland Ministerial Advisory Committee Director Queensland Regional and Industry Development Authority
Ms Sevaly Sen	Invited Participant AFMA Commission Sydney Fish Market: Adviser FRDC National Priority 1 research subprogram leader PZJA – TRL Working Group member FRDC-Co-Investigator 2019-129 Bass Strait Auto Longline trials. ARC- Coinvestigator Bass Strait Central Zone Scallop Fishery MEY project PIRSA – Member South Australian Marine Scalefish Fishery Independent Advisory Allocation Panel
Dr Sean Pascoe	EWG Member Economic Expert, CSIRO. Team Leader, Marine Resource Economics Team, CSIRO. Involved in drafting Commonwealth Fisheries Harvest Strategy Guidelines. Research provider involved particularly in economic research funded through FRDC.
Dr Sarah Jennings	EWG Member Economic member for the Southern and Eastern Scalefish and Shark Fishery (SESSFRAG), SERAG and the South East Management Advisory Committee (SEMAC). Co-coordinator (Economics) FRDC HDR Subprogram No conflict of interest, pecuniary or other.
Mr Robert Curtotti	EWG Member Economic member for SquidRAG Australian Bureau Agricultural and Resource Economics (ABARES) No pecuniary interest or otherwise in any of the Agenda items. ABARES has a research interest in Australian fisheries and their management.
Mr David Mobsby	Australian Bureau Agricultural and Resource Economics (ABARES) EWG Member Economic member for Tropical Tuna RAG (TTRAG)

Participants	Role with AFMA or other organisation & Declared interest Sep 2020
Dr Caleb Gardner	EWG Member Member SPFRAG Director Sustainable Marine Research Collaboration Agreement (UTAS-Tasmanian Government) Director Southern Rock Lobster Ltd.
Dr Thomas Kompas	Australian National University EWG Member Economic member for the Northern Prawn Fishery RAG (NPF-RAG). Occasional research provider Nothing to declare
Dr Robert Gale	EWG Member Economic member for the Great Australian Bight Fishery RAG (GABRAG). Independent Reviewer, SA EPA 2018 State of the Environment Report (Yet to be released).
Dr Julian Morison	EWG Member Economic member for SharkRAG Economics member for Scallop Fishery RAG Director, Kuti Co Pty Ltd – SA Pipi quota holder Director, BDO Advisory (SA) Pty Ltd Member, SA Snapper Management Advisory Committee (PIRSA) Member, Human Dimensions Research subprogram (FRDC) Principal & coinvestigator on several FRDC research projects
Mr Anders Magnusson	EWG Member Senior Economist BDO EconSearch
Mr David Galeano	Invited Participant – ABARES
Ms Stephanie Black	Invited Participant – ABARES
Dr Sayan Chakrabarty	Invited participant, Dept of Defence
Ms Anna Willock	Executive Manager Fisheries
Mr Ryan Murphy	Senior Manager, AFMA
Dr Nigel Aberly	Policy Manager, AFMA
Ms Fiona Hill	Senior Manager, AFMA
Mr Daniel Corrie	Manager, AFMA

Agenda Item #3. Economic Working Group Terms of Reference discussion.

The Chair introduced the paper on the updated EWG Terms of Reference (TOR). Members noted that the TOR was similar to the previous TOR with minor amendments after it was reviewed by the new AFMA Commission.

EWG members noted the EWG TOR.

Agenda Item #4. Actions arising from the last EWG meeting and progress to date

EWG members noted progress/status of the action items of the last meeting of the EWG, held on 15-16 April 2019 (**Error! Reference source not found.**).

Table 2. Actions arising from the EWG meeting held on 15-16 April 2019.

Action items	Progress/Status
<p>1. The EWG agreed with the NPFI proposal with minor amendments and recommended that the MAC and RAG review the triggers annually to see if any of the criteria are individually breached, noting that the RAG routinely reviews effort levels and utilisation to assess performance over time.</p>	<p>There is a plan for NPFI to consider the indicators report in September 2020, finalise the report and provide to NORMAC on 1 October 2020 for update and then to next NPRAG in November 2020 to look at outcomes.</p>
<p>2. a. The EWG recommended that AFMA continue to collaborate with ABARES on economic indicators, including using unpublished ABARES data. b. The EWG recommended that as a part of an economic data needs process, a standard economic data reporting template be developed in collaboration with fisheries managers and RAGs. AFMA to develop economic data/indicators reporting template for fisheries. c. The EWG will develop and refine indicators.</p>	<p>2. a. ABARES and AFMA continue to collaborate on the economic issues including economic data and indicators. Senior Management from ABARES have also been invited to attend the current EWG meeting. 2. b. AFMA Management in collaboration with RAG economic Members developed economic data reporting template/packages, which were presented to some AFMA RAGs. Work</p>

	<p>on this action has slowed following the departure of AFMA's economist.</p> <p>2. c. The EWG developed a number of economic KPIs out of session. A paper about those KPIs is being presented at the current EWG meeting for advice.</p>
<p>3. AFMA Management work with ABARES and fishery RAGs/MACs on developing and reporting on relevant demand driven economic data that help illustrate economic factors which may influence fisher targeting behaviour.</p>	<p>3. AFMA and ABARES have had discussions about reporting more detailed information about markets and operating costs to assist in understanding fisher behaviour.</p>
<p>4. a. AFMA to commission an analysis to estimate MEY in the Bass Strait Scallop Central Zone Scallop fishery. The outcome will be used by AFMA to inform TAC setting. Analysis to be completed by 31 May 2019. b. To support the MEY analysis, AFMA management to seek beach price and quantity sold weekly for as far back as possible (or whatever is available) from processors. c. AFMA Management to request from fishers their operating costs (e.g. operating cost per unit of effort) and how it changes through the season to support ground-truthing of information relating to costs. d. AFMA Management to undertake an analysis of the holdings/licences held by Bass Strait Scallop SFR holders in other fisheries (State and Commonwealth).</p>	<p>4. a,b,c AFMA has commissioned work to collect economic data to support better setting of TACs to achieve MEY in the BSCZSF. Julian Morison to provide update to this EWG meeting. 4. d. AFMA will wait for the results of the project (4. a, b & c) before reviewing the need to undertake this work.</p>
<p>5. AFMA Management to trial the EWG recommended quota price cleaning/filtering method and other methods and report findings back to the EWG for further advice.</p>	<p>5. AFMA trialled the quota price cleaning methods recommended by the EWG. Results to be presented back to the EWG at this meeting.</p>

6.
Dr Sarah Jennings would report back to the SEMAC on BCA of individual accountability for discards. Dr Sarah Jennings encouraged AFMA to discuss likely changes in industry behaviour with industry when conducting BCA in the future.

SEMAC and SERAG have both closed it off.
It was recommended that AFMA should talk to industry when doing BCA such as this in the future to make sure assumptions about how fisher/ fleet behaviour might change are ground-truthed.
AFMA has decided not to pursue this again until the cost for e-monitoring that is suitable for monitoring discards is significantly reduced.

Agenda Item #5. Development of Key Performance Indicators (KPIs) to monitor economic performance of AFMA's fisheries.

Nigel Abery provided a brief background about the development of the KPIs and thanked the EWG members who contributed to the development of the KPI methodology out of session.

The EWG members noted that it is difficult to come up with KPIs that provide the right information for all of AFMA's fisheries due to data constraints and different contexts/circumstances across fisheries.

The EWG noted that different KPIs provide different information about performance and may be useful for different purposes.

The EWG recommended that the suite of KPIs would benefit from being described in a conceptual framework. The conceptual framework should indicate what each KPI or KPI group can be used to inform the Commission of performance against AFMA's objectives.

The EWG agreed that the KPI list could be shortened and recommended that the following KPIs are removed:

- Economic Size
- Economic Risk
- Economic Rate of Return

The EWG recommended that a time series of results be used as trends would be more informative than a single point in time.

The EWG recommended that the KPIs should be reported with informed commentary to contextualise the results.

ACTION: AFMA Management to finalise the agreed KPIs and develop a paper for EWG review and Commission approval. The paper will need to provide guidance relating to the timing of reporting and use of economic KPIs by for AFMA performance reporting.

Agenda Item #6. Economic performance of the Bass Strait Scallop Fishery – TAC setting to better achieve MEY / price elasticity

There has been debate within ScallopRAG & ScallopMAC about what level the BSCZSF TAC should be set to achieve MEY in the fishery. Some stakeholders believe that the TAC should be set higher to allow for the development of markets while others believe that if the TAC is set higher the price of scallops will drop significantly and result in negative net economic returns in the fishery.

In April 2019, AFMA's Economic Working Group (EWG) recommended that AFMA collect and integrate more economic information into the TAC setting process. The EWG recommended an analysis estimating maximum economic yield (MEY). However, available data were insufficient and finer scale beach price information was needed to support an analysis that would enable estimation of MEY or a proxy for MEY.

ScallopRAG and ScallopMAC supported collecting economic data to inform the MEY analysis. In their 2019 meetings, both ScallopRAG and ScallopMAC agreed that the *Economic data collection for the scallop fishery* project should occur as soon as practical.

Julian Morrison provided a background to the project and presented a summary of the results (draft) about the collection and analysis of economic data to support the MEY calculation.

The EWG discussed the sensitivities and complexities of setting of an MEY in a fishery where the economic incentives of participation were quite diverse and the applicability of the gross margin model used in the South Australian Pipi fishery.

Agenda Item #7. Quota Price Cleaning/Filtering

Nigel Abery introduced the paper describing the background, the importance of having good data and the issues associated with the trialled cleaning methods. Nigel Abery described some of the methods developed by ABARES that had been used to clean water rights price data and which may be able to be applied to AFMA quota price data.

The EWG noted the issues associated with cleaning data, particularly where the number of trades is very low and where declared values were either low or nil.

The EWG recommended that rarely traded quota SFRs may need to be summarised at an annual average level or greater until sufficient data is available to aggregate.

The EWG noted that the issues with quota price data may impact KPIs that utilise this data.

The EWG noted that AFMA will continue to explore options to clean the quota price data and explore options to work with ABARES to achieve this.

Action: AFMA to continue to explore options to clean the quota price data.

Agenda Item #8. Other Business

The Chair asked the participants if there were any other issues that they wanted to raise.

Three issues were raised:

Economic Risk Assessment

The Chair noted that the ANAO was interested to know if AFMA utilised economic risk assessments.

The members noted that the EWG had previously received a paper about the development of economic risk assessment project and that it was difficult to define / get agreement on the scope of what such a risk assessment would cover, how risks would be assessed and what if any response AFMA could do to respond to those risks.

Fisheries Economics Research Updates to the EWG

Members noted that the EWG would be a good forum to provide an update on recent fisheries economics research across the different jurisdictions and agencies.

The EWG recommended that a standing item be added to the agenda 'fisheries economics research update' and that relevant presentations may be made by members on relevant research.

Fisheries Resource Sharing

David Galeano (ABARES) noted the work on a fisheries resource sharing policy by the Department of Agriculture, Water and Environment and suggested that the EWG may be able to provide economic advice on fisheries resource sharing at a future meeting.

Next meeting: To be advised

Attachment A

Economic Working Group Meeting #3 Paper 1 10 Sept 2020 - Draft Agenda

Objective:

Assist AFMA to pursue its objective: maximising the net economic returns to the Australian community from the management of Australian fisheries.

Date	10 September 2020
Time	9:00 am – 12:00 noon
Location	Teams online meeting
Chair	Mr Scott Spencer
Expected attendees	Members: Sarah Jennings, Robert Curtotti, Julian Morison, Caleb Gardner, Thomas Kompas, Robert Gale, David Mobsby, Sean Pascoe, Anders Magnusson AFMA member: Ryan Murphy Invited participants: Sevaly Sen; David Galeano; Sayan Chakrabarty, Anna Willock, Fiona Hill, Dan Corrie. Secretariat: Nigel Abery Apologies:

Agenda item	Speaker	Time and Action
1. Welcome, apologies and acceptance of agenda	Chair, Scott Spencer	9:00 am (5 min) For Noting
2. Declaration of conflict of interest	All	9:05 am (5 min) For Noting
3. Economic Working Group Terms of Reference discussion.	Chair	9:15 am (10 min) For Noting
4. Actions arising from previous meeting	Nigel	9:25 am (5min) For Noting
5. Development of KPIs to monitor economic performance of AFMA's fisheries.	Nigel to introduce / each contributor their respective KPI	9:30 am (1 hour) For Advice

Agenda item	Speaker	Time and Action
6. Economic performance of the Bass Strait Scallop Fishery – TAC setting to better achieve MEY / price elasticity –	Julian Morison	10:30 am (20 min) For Noting and/or advice
7. Quota Price Cleaning/Filtering	Nigel + ABARES	10:50 pm (20 min) For Advice
8. Other Business - - TBA	Chair	11:10 pm (50 min) For Advice or Noting
9. Close of meeting	Chair	12:00 noon

Note: AFMA will make a sound recording of the meeting for administrative purposes.