

Economic Working Group

Meeting 3 – Meeting Minutes

13 September 2017 9:30am – 3:30pm

AFMA, Canberra



Australian Government

Australian Fisheries Management Authority

UNCLASSIFIED

Chair

Nick Rayns / Beth Gibson

Participants

Members: Sean Pascoe; Sarah Jennings; Thomas Kompas; Robert Curtotti

Invited: James Larcombe; James Woodhams; Malcom Haddon;

AFMA observers: Nigel Abery; Sally McCarthy; Abul Bari; George Day; Steve Bolton; Brigid Kerrigan; Don Bromhead; Tod Spencer, Mike Gerner; Sally Weeks; Fiona Hill; Danait Ghebrezgabhier.

Apologies

Members: John Tisdell, James Innes

AFMA observers: Ryan Murphy, Trent Timmiss, Andrew Powell, Brodie MacDonald, Jo Fisher, Mathew Daniel and Nate Meulenberg.

Introduction and welcome

Dr Nick Rayns, Executive Manager Fisheries Management Branch, Australian Fisheries Management Authority (AFMA) opened the meeting of Economic Working Group (EWG) at 9:30 am, noting he would Chair the morning session and Ms Beth Gibson would Chair the afternoon session. The Chair welcomed participants and reminded all that AFMA was making an audio recording of the meeting to facilitate preparing minutes.

The Chair advised that the AFMA Commission had agreed in principle to formalise the EWG and that Mr Ian Cartwright would be the inaugural Chair of EWG for a period of one year. This highlights the importance the Commission gives to economic matters relating to Commonwealth commercial fisheries.

Adoption of Agenda

The EWG agreed to the draft agenda (**Attachment 1**) and no new items added in the agenda.

Declaration of interests

Participants were requested to declare 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 13 September 2017

Participants	Role with AFMA or other organisation	Declared interest September 2017
Dr Sarah Jennings University of Tasmania	Economic member for both the Southern and Eastern Scalefish and Shark Fishery (SESSF) Resource Assessment Group (RAG) and the South East RAG (SERAG). Attends the South East Management Advisory Committee (SEMAC) as invited participant. Occasional research provider with specific conflicts to be declared on case by case basis.	Economics Co-ordinator of the Fisheries Research and Development Corporation (FRDC)'s Human Dimension Research Workshop (possible co-investment in Maximum Economic Yield project – Agenda Item 5). No pecuniary interest
Dr Tom Kompas Australian National University	Economic member for the Northern Prawn Fishery RAG (NPFRAF). Research provider involved particularly in economic research funded through Commonwealth Scientific and Industrial Research Organisation (CSIRO) and FRDC, but this does not create a conflict with the EWG.	No pecuniary interest
Mr Robert Curtotti Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)	Economic member for SquidRAG and SharkRAG.	No pecuniary interest
Dr Sean Pascoe CSIRO	Economic Expert, CSIRO. Economic member for the SPF expert panel. 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.	No pecuniary interest
Dr Malcolm Haddon CSIRO	Principal Research Scientist, CSIRO	No pecuniary interest
James Woodhams ABARES	Scientist, ABARES. Involved in drafting guidelines for Commonwealth Fisheries Harvest Strategy Policy and Bycatch Policy	No pecuniary interest
James Larcombe ABARES	Scientist, ABARES. Involved in drafting guidelines for Commonwealth Fisheries Harvest Strategy Policy	No pecuniary interest

Outcome from the last EWG meeting and progress to date

EWG members discussed the action items of the last EWG meeting and noted progress / status (Table 2).

Table 2. Actions from the last EWG meeting

Action items from first meeting – December 2015	Progress/Status
Action 2: EWG to develop a list of questions and issues on what further advice could be sought from AFMA and/or Resource Assessment Groups (RAGs)	Ongoing work in progress
Action 3: AFMA to consider whether other fisheries should collect similar economic data to the Northern Prawn Fishery (NPF) (such as price, revenue, costs). Investigate whether the NPF economic data template could be shared with other fisheries.	Ongoing work in progress. Commenced providing price data from Sydney Fish Market to SESSF and Eastern Tuna and Billfish Fishery (ETBF) to respective managers to present at their RAG meetings. Note: NPF is in the process of developing draft economic indicators for the fishery. The AFMA Commission suggested that EWG comment on the draft NPF indicators. Expected that the NPF draft indicators will be an agenda item at the next EWG meeting.
Action 9: AFMA to investigate using the EWG recommended performance measures in the future.	Work in progress. Review of performance indicators is an Agenda Item for discussion at this meeting.
Action 10: Support research into reasons for uncaught total allowable catches (TACs).	In progress. A research project by Fishwell Consulting and others has been approved by FRDC and is underway.
Action 13: AFMA to investigate the feasibility of incorporating price elasticity and consumer impacts into models.	Ongoing Considered an issue for the NPF RAG.
Action 15: EWG will consider AFMA's specific economic data needs and discuss these at the next meeting	Ongoing work in progress
Action items from the second meeting – February 2017	Progress/Status
Action 1: AFMA will further review and amend proposed key performance indicators (KPIs) for EWG consideration out of session before they are adopted for the purposes of AFMA's Annual Report	Ongoing work in progress. AFMA has been reviewing proposed amendments and new KPIs and prepared a shorter version of the discussion paper for further discussion and suggestion at his meeting (Agenda Item 6).
Action 2: AFMA will continue to work with EWG as it develops the cost benefit analysis (CBA) for individual accountability for discards.	Ongoing work in progress. Preliminary analysis completed and a draft report prepared. Addressing internal comments. In consultation with Archipelago about cost data of e-monitoring options to refine the analysis. This is an item of this meeting to report progress. (Agenda Item 7).

Action 3: AFMA will consider EWG advice as it further develops proposals to use economic incentives to improve compliance with management arrangements.	Ongoing work in progress. Included in the draft work plan of EWG
Action 4: AFMA will continue to work with the EWG in developing measures to improve transparency and efficiency in the quota market.	Ongoing work in progress. Included in the draft work plan of EWG
Action 5: AFMA will consider the feasibility of providing the economic information on fisheries to the RAGs on a regular basis.	Ongoing provision of data. Commenced providing economic data to the Tropical Tuna RAG (TTRAG) and will cover other RAGs.

Agenda item 3: Actions

Action 1: AFMA Management to circulate the draft NPF indicators paper to the EWG members in confidence for consideration and comments at its next meeting.

Action 2: AFMA to consider incorporating behavioural economics issues into EWG work program, organise a presentation from Behavioural Economics Team of the Australian Government (BETA) and explore opportunities for BETA and AFMA to work together in the future.

EWG status and EWG work program 2017-18 & 2018-19

AFMA reported that the Commission agreed in principle to formalising the EWG and that Mr Ian Cartwright would be the inaugural chair for the first year. The EWG were informed of the proposed structure and terms of reference, including that the EWG will play a role in major and cross fishery economic issues as well as providing advice on an important issue in a particular fishery when requested by the Commission and/or AFMA Management.

The draft EWG terms of reference (ToR) and work program need to be finalised by the EWG at its first meeting. The Chair asked for EWG feedback on the draft ToR and noted that the appointment of the EWG members will be through a process similar to the RAG appointment process and that there may be direct appointments in the first instance.

Agenda item 4: Actions

Action 3: EWG to review and comment on the draft ToR of the formalised EWG and proposed EWG work program within two weeks of receiving the draft documents.

Action 4: AFMA Management will update the draft EWG work program to include scoping and developing a project proposal for an Economic Risk Assessment during 2017-18 & 2018-19.

Action 5: EWG to consider inviting external fisheries economists, to participate as observers in future EWG meetings, as a mechanism to build capacity and facilitate succession.

Multispecies maximum economic yield (MEY)

EWG noted that the Commonwealth Fisheries Harvest Strategy Policy Guidelines are still being finalised, however it is likely the Guidelines will provide some degree of freedom in terms of how to implement multispecies MEY. While a substantial volume of work has been done both in the field of economic and biological sciences, more work is needed to make the Guidelines operationally useable for the wide range of Commonwealth managed fisheries.

The Commonwealth Research Advisory Committee (ComRAC) has identified multispecies MEY as a high priority research area and a scoping proposal has been prepared. This scoping brief is summarised in the agenda paper. Comment from EWG members is sought prior to ComRAC consideration of the proposal at its next meeting on 19 October.

James Larcombe's presentation – Harvest Strategy Guidelines

Mr James Larcombe of ABARES presented on the Harvest Strategy Policy Guidelines project currently being coordinated by ABARES, in collaboration with AFMA, CSIRO and a number of relevant experts. He highlighted key elements of the policy as relevant to the considerations of the EWG, including pursuit of MEY at the fishery level, defining and identifying key commercial stocks as distinct from other commercial stocks (aka byproduct).

It was acknowledged that derivation of MEY at the fishery level (e.g. across multiple key commercial stocks) is very challenging, even for relatively data rich fisheries and while targets for stocks in multi-stock fisheries may be academically estimable, the interactions between stocks, and the interactions between stocks and the environment create significant challenges. There can also be significant challenges in operationalising targets in fisheries. The draft guidelines currently propose a hierarchy of approaches to target setting across key commercial stocks, ranging from 'optimised bio-economic modelling' for stocks where resources and data support such analyses, to 'expert opinion' for relatively resource and data poor stocks and/or fisheries.

The Department of Agriculture and Water Resources (DAWR) currently plan to host a targeted consultation workshop in late November 2017 to discuss both the draft Harvest Strategy Policy Guidelines and draft Bycatch Policy Guidelines. There is time to consider feedback from EWG during that targeted consultation period.

The Chair noted that the EWG can play an important role in identifying economic data needs to implement multispecies MEY and provide expert comment on the draft Guidelines for the updated draft Harvest Strategy Policy.

Sean Pascoe's presentation – Multispecies Guidelines

Dr Sean Pascoe presented on *MEY in multispecies fisheries* covering types of multispecies fisheries, the meaning of MEY in multispecies fisheries, the outcomes of recent studies and highlighted current modelling work in progress to derive this target reference points (TRP) for species in the SESSF, the most complex multispecies fishery.

Dr Pascoe noted that the current SESSF project is nearly finished. However, the work to date is not sufficient to estimate TRPs. There is a need to build a greatly improved bio-economic model by integrating available species assessment models. This is estimated to be a two year

project, and may need up to three years to incorporate demand models of key species to include price responses.

Other important points discussed were:

- Modelling an alternative future scenario with new management rules
- F_{MEY} (fisheries MEY) as a target reference point may be more useful to operationalise than the B_{MEY}/B_{MSY} (biomass MEY/biomass maximum sustainable yield) ratio
- Current research on multispecies MEY is SESSF focussed. Less complex multispecies fisheries should also be considered
- SESSF is a very complex multispecies fishery, so current SESSF modelling can be used to address other less complex multispecies fisheries relatively easily
- CSIRO should aim to bring biological and economic issues of multispecies fisheries together as a package in the ComRAC research proposal currently under consideration
- EWG should play a key role to provide input into the ComRAC proposals aiming to achieve practical solutions to operationalise multispecies MEY estimation
- EWG should consider a full range of fisheries in future meetings.

Agenda item 5: Actions

Action 6: AFMA Management to circulate the latest ComRAC high priority scoping paper on multispecies MEY to EWG for comment by 29 September 2017 so they can be considered at the next AFMA Research Committee (ARC) and ComRAC meetings.

Action 7: DAWR to include EWG in their targeted consultation workshop on the draft Harvest Strategy Policy Guidelines, which is scheduled for November 2017.

Action 8: Given that multispecies MEY research is a work in progress, the EWG needs to remain involved in the project's development and seek a member on the project Steering Committee of the proposed project currently under ComRAC consideration.

Action 9: As part of its feedback on the project scope of the multispecies MEY currently under ComRAC consideration, the EWG considered that the current emphasis of multispecies MEY research on the SESSF needs to be expanded to include less complex multispecies fisheries.

Action 10: A case study to estimate price elasticity of SESSF fishery, as a separate piece of work in parallel with the current MEY study, will be scoped by AFMA with inputs from EWG members.

1.1 AFMA's Key Performance Indicator review

AFMA is reviewing the current economic KPIs to improve its reporting of economic performance. AFMA is required to publicly report on its performance against its legislative economic objectives – *maximising the net economic returns to the Australian community from the management of Australian fisheries*" (Fisheries Administration Act 1991 6(c), Fisheries Management Act 1991 3(c)).

AFMA publishes its management performance through a set of economic KPIs, along with other biological indicators in the AFMA Annual Report and the DWR Portfolio Budget Statement (PBS).

AFMA presented the revised draft KPIs for discussion by the EWG members. AFMA advised the EWG that once a final set of KPIs had been recommended, AFMA would test the KPIs to confirm data availability and measurability. AFMA will then present the recommended KPIs and testing results to the AFMA Commission for consideration. Following that extensive consultation will be undertaken with MACs and RAGs before amended and new KPIs are used to report AFMA's management performance to Annual Report and DAWR PBS.

AFMA invited discussion/comments from the EWG members and other participants noting that the selected economic indicators should principally and practically reflect AFMA's management performance. The important points emerging from the discussion were:

- ABARES estimates gross value of production (GVP) regularly, however due to confidentiality issues, the ratio of GVP to AFMA management cost cannot be published for all fisheries
- Ratio of net economic return (NER) to estimated NER at MEY is a very good indicator, however estimation of NER at MEY is very challenging
- Measuring fleet capacity utilisation needs to be built up from boat level and then aggregated to be a meaningful indicator
- Capacity utilisation as a performance indicator for quota managed fisheries is also important as it will reflect excess capacity
- While reporting an indicator as a measure of performance, interpretation of the indicator is necessary for clearer understanding.

After detailed deliberations the EWG agreed the following actions:

Agenda item 6: Actions

Action 11: In the process of amending AFMA's current economic KPIs by fishery, consider removing the word 'Maximum' from the phrase "*a) Maximise the number of key commercial stocks with harvest strategy targets based on maximum economic yield or the best available proxy*" of the current economic indicators.

Action 12: The EWG commented on the draft KPIs and suggested the following changes to be made by AFMA

- prioritise 'ratio of lease to transfer price of quota' and 'ratio of NER to estimated NER at MEY' subject to data availability as additional indicators;
- continue to review and amend 'quota values' to read 'trend in transfer value of quota'
- continue to review and amend 'ratio of fisheries GVP to AFMA management cost' to read 'ratio of per cent change in fisheries GVP to per cent change in AFMA management cost';
- further review 'fleet capacity utilisation' and 'average NER per boat (productivity only)'; and
- do not continue with 'latency' and 'ratio of asset value to gross earnings'.

1.2 Cost Benefit Analysis of individual accountability for discards of quota species.

AFMA provided an update to the EWG on recent work it had undertaken on a preliminary cost benefit analysis (CBA) to inform discussion on cost effective options to use electronic monitoring (e-monitoring) to account for discards against individuals' quota for the ETBF and the Gillnet, Hook and Trap (GHAT) fisheries.

AFMA is currently addressing the comments from the fisheries managers. The data on discards from log books as well as e-monitoring system are being analysed to understand the nature of issues, including patterns of discarding behaviour in each of the fisheries being considered. AFMA is also consulting with Archipelago Asia Pacific to verify the estimated incremental costs used in the analysis to make the results robust.

Agenda item 7: Actions

Action 13: AFMA will review the Fishwell Consulting study on patterns of discards, if available, to identify and consider any relevant information that might be useful for the CBA.

Economic Working Group 13 September 2017 Meeting Agenda

Objective:

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

Date	13 September 2017
Time	9:30 am – 3:30 pm
Location	Aquarium L6, AFMA Canberra
Chair	Nick Rayns/ Beth Gibson
Expected attendees	Members: Sean Pascoe; Sarah Jennings; Thomas Kompas; Robert Curtotti Invited: James Larcombe; James Woodhams; Malcom Haddon; AFMA: Nigel Abery; Sally McCarthy; Abul Bari; George Day; Steve Bolton; Brigid Kerrigan; Don Bromhead; Tod Spencer, Mike Gerner; Sally Weeks; Fiona Hill; Danait Ghebregabhier

Agenda item	Speaker	Times
1. Welcome	Dr Nick Rayns Beth Gibson	9:30 am
2. Declaration of conflict of interest	All	9:40 am
3. Outcomes from the last EWG (summary of action items) and progress to date	Nigel Abery	9:50 am
4. EWG status and EWG work program 2017-18 & 2018-19	Nigel Abery	10:20 am
Tea Break		10:30 am
5. Multi-species MEY – What we expect to achieve	Nigel Abery	10:45 am
Update on draft Harvest Strategy multi-species MEY guidelines	James Larcombe James Woodhams	11:00
Multi-species MEY – To date research outcome, what practical advice can we provide AFMA on implementing it, what are the information gaps and the costs to fill any research gaps.	Dr Sean Pascoe	11:10 am
Multi-species MEY – Discussion & advice	All	11:30 am

Agenda item	Speaker	Times
Lunch		12:30 noon
6. AFMA Key Performance Indicator review – progress to date	Abul Bari	1:15 pm
KPI – Discussion and resolution	All	1:30 pm
7. Cost Benefit Analysis of individual accountability for discards of quota species – progress to date	Abul Bari	2:00 pm
CBA of discards accountability – Discussion and resolution	All	2:15 pm
8. Review and confirm actions and resolutions	Beth Gibson	2:45 pm
9. Other Business	Beth Gibson	3:15 pm
Close		3:30 pm

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