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ECONOMIC AND SOCIAL INDICATORS FOR THE NSW ESTUARY GENERAL FISHERY IN 2020/21

A Report for the Department of
Primary Industries

10 February 2023

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ABBREVIATIONS

ABARES	Australian Bureau of Agriculture and Resource Economics and Science
CPI	Consumer Price Index
DPI	the Department of Primary Industries
fte	full-time equivalent
GOS	Gross Operating Surplus
GVP	Gross Value of Production
GSP	Gross State Product
GRP	Gross Regional Product
NSW	New South Wales
PWI	Personal Wellbeing Index

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GLOSSARY

Active Business: refers to a fisher operating a fishing business which fished at least one day during the relevant period.

Beach Price: refers to the unimproved price received by commercial fishers when landing their catch at the beach, wharf or port (also referred to as wharf price and comparable to farm gate price), and is generally expressed in terms of \$/kg or \$/unit. Processing margins are not included in the beach price as processing operations are assumed to occur further along the value chain. The use of beach prices also removes the effect of transfer pricing by the firm if it is vertically integrated into the value chain.

Boat Business Profit: is defined as *Gross Operating Surplus* less *Depreciation* less *Owner-operator and Unpaid Family Labour*. Boat Business Profit represents a more complete picture of the actual financial status of an individual firm, compared with Gross Operating Surplus, which represents the cash in-cash out situation only.

Boat Cash Income: is defined as *Gross Operating Surplus* less imputed wages for owner- operator and unpaid family labour.

Boat Gross Margin: is defined as *Gross Income* less *Total Boat Variable Costs*. This is a basic measure of profit which assumes that capital has no alternative use and that as fishing activity (days fished) varies there is no change in capital or fixed costs.

Cost of Management: in a commercial fishery management services will generally include biological monitoring and reporting; policy, regulation and legislation development; compliance and enforcement services; licensing services; and research. Approximated by licence fees in this report.

Days Fished: refers to the number of days fished by a fishing business throughout the relevant period.

Depreciation: Depreciation refers to the annual reduction in the value of working capital due to general wear and tear or the reduction in value of an item over time. Note this is a measure of economic depreciation not accounting depreciation¹.

Employment: is a measure of the number of working proprietors, managers, directors and other employees, in terms of the number (total jobs) or full-time equivalent (fte) jobs. One fte is considered to be 37.5 hours for 42 week per year.

Equity: Commercial fishing businesses in New South Wales utilise valuable fishery shares, vessels or vehicles and other working capital. They may hold cash and may also hold debt to finance the business and other liabilities. The total assets held by a business less its total liabilities is the business' equity, which can be expressed in dollar terms or as a percentage of total asset value.

Fishing Business: for the purpose of this report is an economic entity rather than a legal entity and is defined by Fishing Business ID or Authorised Fisher ID.

Gross Operating Surplus (GOS): is defined as *Gross Income* less *Total Boat Cash Costs* and is expressed in current dollar terms. GOS may be used interchangeably with the term *Gross Boat Profit*. A GOS value of zero represents a breakeven position for the business, where *Total Boat Cash Costs (TBCC)* equals *Total Boat Cash Receipts (TBCR)*. If GOS is a negative value the firm is operating at a cash loss and if positive the

¹ Accounting depreciation allocates the cost of an asset over its useful life.

firm is making a cash profit. GOS does not include a value for owner/operator wages, unpaid family work, or depreciation.

Gross Regional Product (GRP) and Gross State Product (GSP): is a measure of the net contribution of an activity to the state/regional economy. Contribution to GSP or GRP is measured as value of output less the cost of goods and services (including imports) used in producing the output. It can also be measured as household income plus other value added (gross operating surplus and all taxes, less subsidies). It represents payments to the primary inputs of production (labour, capital and land).

Gross Value of Production (GVP): refers to the value of the total annual catch for individual fisheries, fishing sectors or the fishing industry as a whole, and is measured in dollar terms. GVP, generally reported on an annual basis, is the quantity of catch for the year multiplied by the average beach price.

Household Income (economic contribution): is a component of Gross State Product (GSP) and Gross Regional Product (GRP) and is a measure of wages and salaries, drawings by owner operators and other payments to labour including overtime payments and income tax, but excluding payroll tax.

Owner-operator and Unpaid Family Labour: in many fishing businesses there is a component of labour that does not draw a direct wage or salary from the business. This will generally include owner/operator labour and often also includes some unpaid family labour. The value of this labour needs to be accounted for which involves imputing a labour cost based on the amount of time and equivalent wages rate. In the above calculations this labour cost can be included simply as another cost so that *Gross Operating Surplus* takes account of this cost. Alternatively, it can be deducted from GOS to give a separate indicator called *Boat Cash Income* in this report. Owner-operator and unpaid family labour is separated into variable labour (fishing and repairs and maintenance) and overhead labour (management and administration).

Profit at Full Equity: is calculated as *Boat Business Profit* plus *leasing of building, equipment & quota transfer* payments less *depreciation* associated with leased capital. Profit at Full Equity represents the profitability of an individual fishing business, assuming the business has full equity in the operation, i.e. there is no outstanding debt associated with the investment in working capital so equity is 100%. Profit at Full Equity is a useful absolute measure of the economic performance of fishing firms.

Rate of Return on Capital: is calculated as *Profit at Full Equity* divided by *Working Capital* multiplied by 100. In this calculation, the value of leased equipment or transferred quota is capitalised and added to *Working Capital* to represent a 'full equity' scenario. This measure is expressed in percentage terms and is calculated for an individual fishing business. It refers to the economic return to the total investment in capital items, and is a useful relative measure of the performance of individual firms. Rate of return to capital is useful to compare the performance of various fishing businesses, and to compare the performance of other types of operators, and with other industries.

Sample Size: unless otherwise specified, is the survey sample size from the 2019/20 base year survey and not the update survey conducted in 2020/21. This is because the 2019/20 survey provided most of the information for the 2020/21 indicators. The 2020/21 survey collected few data points to update the 2019/20 indicators.

Total Boat Cash Costs (TBCC): defined as *Total Boat Variable Costs* plus *Total Boat Fixed Costs*

Total Boat Fixed Costs: are costs that remain fixed regardless of the level of catch or the amount of time spent fishing. As such these costs, measured in current dollar terms, are likely to remain relatively constant from one year to the next. Examples of fixed cost include:

- insurance

- administrative and industry fees
- office & business administration (communication, stationery, accountancy fees)
- interest on loan repayments and overdraft
- leasing.

Gross Income: refers to the cash receipts received by an individual firm and is expressed in dollar terms. *Gross Income* is calculated as catch (kg) multiplied by 'beach price' (\$/kg). Total boat income is the contribution of an individual fishing business to the GVP of a fishing sector or fishery.

Total Variable Cost: are costs which are dependent upon the level of catch or, more commonly, the amount of time spent fishing. As catch or fishing time increases, variable costs also increase. Variable costs are measured in current dollar terms and include the following individual cost items:

- fuel, oil and grease for the boat
- bait
- ice
- provisions
- crew payments
- unscheduled repairs & maintenance.

Working Capital: includes capital items that are required by the fishing business to earn the gross income². It includes boat hull, engine, electronics and other permanent fixtures and tender boats. Other capital items such as motor vehicles, sheds, cold-rooms, and jetty/moorings are included to the extent that they are used in the fishing business.

² Working capital should not be confused with financial capital which is money provided by lenders for a price (interest).

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SUMMARY

This report presents economic and social indicators for the Estuary General fishery for 2020/21. This forms the second consecutive financial year of annual indicators. BDO EconSearch was contracted by the Department of Primary Industries (DPI) to develop an independent economic and social indicator monitoring program to inform stakeholders with published financial, economic and social information about commercial fisheries in New South Wales (NSW). The objective is to inform discussions and decisions about fisheries management and to develop an understanding of the values supported by the industry. This report is complemented by a more detailed report 'Economic and Social Indicators for NSW Commercial Fisheries for 2020/21' (BDO EconSearch 2023) that describes the monitoring program in detail and presents results for all NSW commercial fisheries.

A summary of key indicators is provided in Table S-1. In 2020/21, the Estuary General fishery produced \$22.8m in gross value of production (at beach price) from a catch of 2,761t of species counted by weight and 1,624,000 of species counted by number. The fishery generated -\$4.3m in net economic return. Including flow-on contributions to the broader economy, the fishery supported \$45.2m of gross state product and 480 fte jobs in NSW. A marginal decrease in catch (kg) and price led to a marginal decrease in GDP between 2019/20 and 2020/21.

Table S-1 Summary of key economic indicators for 2020/21

Indicator	2019/20	2020/21
Catch (t)	2,786t	2,761t
Catch ('000)	2,170	1,624
Days Fished	29,756	29,052
Gross Value of Production (beach price) (\$m)	\$23.0m	\$22.8m
Active Businesses	378 businesses	360 businesses
Rate of Return on Total Boat Capital ^b	0.9%	-1.1%
Fisheries fees/Gross Value of Production ^a	5.5%	4.8%
Active Share Value per Active Business ^b	\$188,110	\$224,382
Gross State Product (direct + flow-on) (\$m)	\$40.9m	\$45.2m
Employment (direct + flow-on)	439 fte jobs	480 fte jobs
Net Economic Return (\$m)	-\$3.1m	-\$4.3m
Net Economic Return/Gross Value of Production	-13.4%	-18.8%

^a Active Share Value refers to the value of shares held by active fishers.

^b This has been revised for 2019/20 due to a share valuation revision.

Source: BDO EconSearch analysis

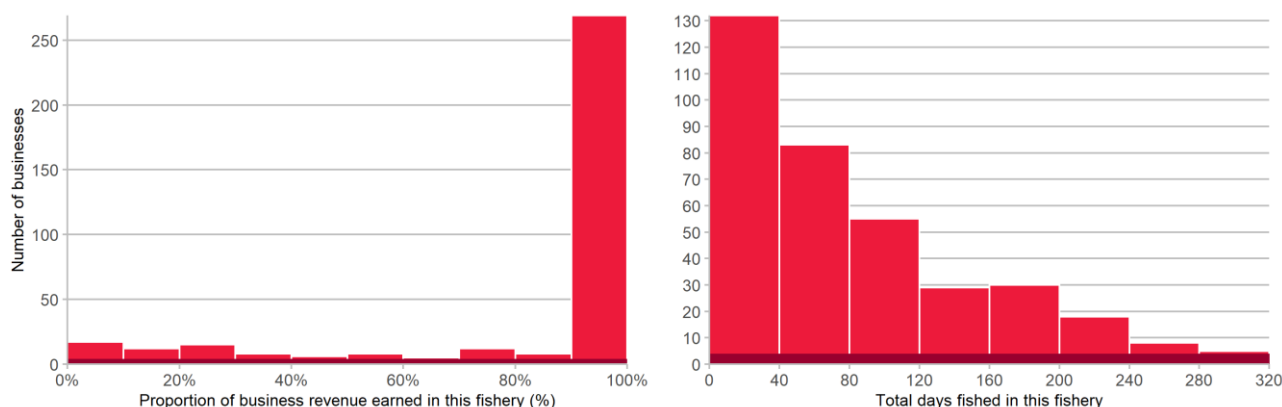
1. INTRODUCTION

This report presents economic and social indicators for the Estuary General fishery for 2020/21. BDO EconSearch was contracted by the Department of Primary Industries (DPI) to develop an independent economic and social indicator monitoring program to inform stakeholders with published financial, economic and social information about commercial fisheries in New South Wales (NSW). The objective is to inform discussions and decisions about fisheries management and to develop an understanding of the values supported by the industry. This report is complemented by a more detailed report ‘Economic and Social Indicators for NSW Commercial Fisheries for 2020/21’ (BDO EconSearch 2022) that describes the monitoring program in detail and presents results for all NSW commercial fisheries.

The Estuary General Fishery is a diverse multi-species multi-method fishery operating throughout New South Wales estuarine systems. It is the most diverse fishery utilising most forms of fishing and gathering by the shareholders in this fishery. It is a share managed fishery with a multitude of endorsements available for the wide range of fishing methods used.

The variation in businesses in the Estuary General fishery in terms of proportion of revenue earned within the Estuary General fishery and total days fished is presented in Figure 1-1. Each visible bar represents at least 5 businesses for confidentiality reasons. The burgundy band along the horizontal axis covers the area between 0 and 4 businesses to ensure confidentiality. The limits of the horizontal axis are set to show non-confidential data only which means there may be businesses with greater days fished than the maximum axis values.

Figure 1-1 Revenue share and days fished of businesses in the Estuary General fishery in 2020/21



Source: 2022 business survey

Data

The indicators are based on confidential surveys of fishing businesses undertaken in 2021 and 2022, and administrative data provided by Department of Primary Industries (DPI). Survey data are confidential and BDO EconSearch will not provide individual data to DPI in any form that is not also appropriate to be published publicly, such as by aggregating responses into groups of at least 5 for any statistic (see BDO EconSearch 2023 for details). All results in this report are calculated from a representative model of the fishery developed from survey data. At a high level, the data collected include:

- Survey data:
 - Itemised costs of fishing, business administration and associated processing
 - Species prices and market destinations
 - Share values

- Quota values
- Working capital values (e.g. vessel, vehicles, buildings and equipment)
- Perceptions of management, lifestyle and wellbeing.
- Department of Primary Industries data:
 - Fisher level fishing activity such as catch by species and effort, including spatial and temporal dimensions
 - Share ownership and trading
 - Licence fees
 - Disposal details
 - Species prices provided by Sydney Fish Market (as a contingency for gaps in survey based prices only).

Method

Indicators were produced through a number of techniques including:

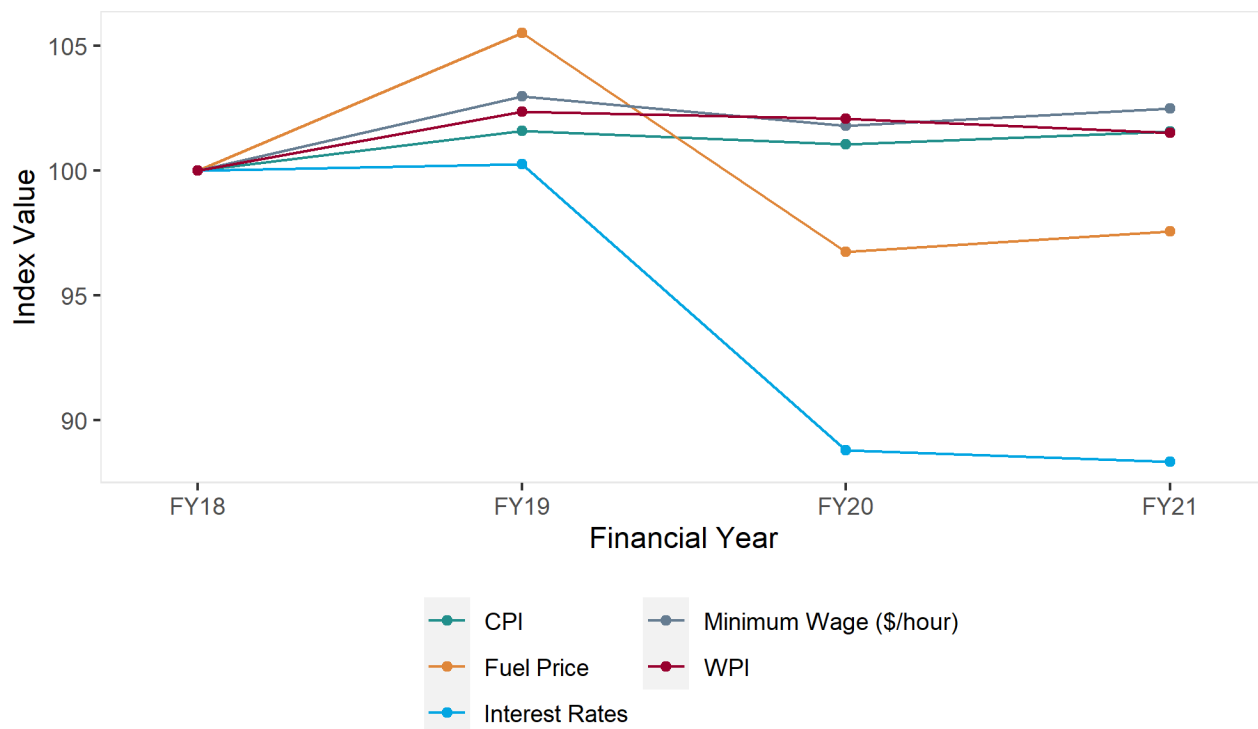
- Business level statistical matching and imputation
- Regional economic contribution analysis (using an input-output model approach)
- Established financial reporting techniques
- Data visualisation.

The 2020/21 economic indicators for the New South Wales commercial fisheries were calculated by updating the 2019/20 indicators using a range of primary and secondary data about 2020/21.

Fisheries monitoring and management data were obtained from NSW Department of Primary Industries for the 2020/21 financial year to adjust the 2019/20 indicators to reflect fishers' fishing and share trading activities in 2020/21. The imputation process involved calculating revenue using updated species prices for 2020/21, then adjusting operating costs and employment for each business based on the difference in fishing effort and revenue between 2019/20 and 2020/21. Businesses that were active in 2020/21 but not 2019/20 were not represented in the base year data so were imputed in the same way as a non-surveyed business were for the 2019/20 indicators (see BDO EconSearch 2023). Further, input prices were adjusted in line with changes in relevant cost indices. Figure 1-2 outlines the trend in each cost index for the past three years. Finally, data on the 2020/21 financial year provided by DPI were used to quantify fishing licence fees and management costs.

A description of the methods used to produce these indicators is presented in 'Economic and Social Indicators for NSW Commercial Fisheries for 2020/21' (BDO EconSearch 2023).

Figure 1-2 Input price indicator^a trends, 2017/18 to 2020/21 financial years



^a CPI = Consumer Price Index, Index Numbers, all groups CPI, Sydney; Minimum Wage (\$/hour) = Fair Work Ombudsman, National Minimal Wage; Fuel Price = Consumer Price Index, Index Numbers, Automotive fuel, Sydney; WPI = Quarterly Index ; Ordinary time hourly rates of pay excluding bonuses; New South Wales; Private and Public; All industries; Interest Rates = Lending rates; Small business; Variable; Overdraft.

Source: BDO EconSearch analysis

Indicators

This report presents indicators in the following categories:

- Economic indicators
 - Business financial indicators
 - Economic contribution indicators
 - Fishery economic indicators
- Social indicators
 - Perceived compliance with fishing rules and regulations
 - Perceptions of fisheries management
 - Satisfaction with fishing
 - Global life satisfaction
 - Satisfaction with future security.

Regions

Indicators for the Estuary General fishery that have a regional dimension use the regions described in the table below.

Table 1-1 Region definitions for indicators

Indicator category	Regions
<ul style="list-style-type: none">- Survey sample summary- Business financial indicators- Economic contribution indicators	<p>Estuary regions:</p> <ul style="list-style-type: none">- Region 1: Upper North Coast- Region 2: Clarence- Region 3: North Coast- Region 4: Central- Region 5: Metropolitan- Region 6: Upper South Coast- Region 7: Lower South Coast

2. SURVEY OF FISHING BUSINESSES

Fishing businesses were invited to participate in surveys which collected various data items that are not held by NSW Department of Primary Industries but are required to calculate economic and social indicators.

Data were collected respecting the confidentiality of fishing businesses and were used by BDO EconSearch to produce the economic and social indicator reports. The data were not distributed outside of BDO EconSearch and may not be provided to NSW Department of Primary Industries without prior permission from the businesses in question.

2.1. Survey of Fishing Businesses, 2019/20

The survey of fishing businesses to collect information on the 2019/20 financial year was undertaken between May and July in 2021. Non-survey data were obtained from NSW Department of Primary Industries for the 2019/20 financial year.

The survey involved collecting data from fishing businesses for the 2019/20 financial year. Data were collected on species prices and markets, operating costs, processing activity, employment (including unpaid), endorsement values/leasing costs, capital value and depreciation, and social and demographic information. The survey used a questionnaire that was developed in collaboration with NSW Department of Primary Industries and with industry representatives. Businesses were asked to include only the amounts that were attributable to their NSW fishing business. If exact figures were not available (e.g. from a tax return), then they were asked to provide careful estimates.

The survey captured responses from 29.6% of fishing businesses that were active in 2019/20. A business is considered active if it fished at least one day during 2019/20. Regional response rates ranged from 42.9% (Region 1: Upper North Coast) to 22.9% (Region 3: North Coast) (Table 2-1).

Table 2-1 Survey sample from 2021 in the Estuary General fishery

Fishing Region	Active Businesses	Sample Size	%
Region 1: Upper North Coast	35	15	42.9%
Region 2: Clarence	66	22	33.3%
Region 3: North Coast	83	19	22.9%
Region 4: Central	151	47	31.1%
Region 5: Metropolitan	33	11	33.3%
Region 6: Upper South Coast	29	11	37.9%
Region 7: Lower South Coast	14	5	35.7%
Whole Fishery	378	112	29.6%

Source: BDO EconSearch analysis

2.2. Survey of Fishing Businesses, 2020/21

The purpose of the 2020/21 survey was to provide key business level data points to update the 2019/20 indicators (which were based on a more comprehensive survey) to the 2020/21 financial year without overburdening fishers with a lengthy survey. This survey collected brief information about species prices and markets, and few social indicators. In comparison, the comprehensive 2019/20 survey also collected detailed information on working capital, itemised expenditures, employment, debt and equity, and more social indicators. It targeted those fishers who agreed in the 2019/20 survey to also participate in the 2020/21 survey and was undertaken between July and August 2022. Due to the reduced number and complexity of the required data items, the target sample size in the update survey was smaller than that in the base year survey.

The survey captured responses from 24.4% of fishing businesses that were active in 2020/21. A business is considered active if it fished at least one day during 2020/21. Regional response rates ranged from 46.2% (Region 7: Lower South Coast) to 19.2% (Region 2: Clarence) (Table 2-1).

Table 2-1 Survey sample from 2022 in the Estuary General fishery

Fishing Region	Active Businesses	Sample Size	%
Region 1: Upper North Coast	36	12	33.3%
Region 2: Clarence	78	15	19.2%
Region 3: North Coast	77	17	22.1%
Region 4: Central	137	36	26.3%
Region 5: Metropolitan	33	10	30.3%
Region 6: Upper South Coast	32	13	40.6%
Region 7: Lower South Coast	13	6	46.2%
Whole Fishery	360	88	24.4%

Source: BDO EconSearch analysis

3. CATCH, VALUE, PRICES AND MARKETS

Catch, price, value and market destinations are shown in Table 3-1 or the species where the survey provided at least 5 observations (to maintain confidentiality), these prices were used to calculate indicators. The price shown for *other species* is not a specific price but an average price of all the species included within the other species grouping. The Estuary General fishery produced 2,761t of species counted by weight and 1,624,000 of species counted by number of catch and \$22.8m in GVP (at beach price).

In 2020/21, the average price was \$7.92/kg and \$0.55/unit, an increase from \$7.77/kg and a decrease from \$0.62/unit in 2019/20. Sea Mullet and Pipi increased in average price between 2019/20 and 2020/21 (\$2.85/kg to \$3.00/kg for Sea Mullet and from \$21.71/kg to \$24.26/kg for Pipi), whereas School Prawn saw a decrease from \$11.51/kg to \$9.56/kg over the same period (BDO EconSearch 2022).

Market destinations by catch include NSW (89.3%), Interstate (9.9%), and Direct overseas (0.7%). The proportion of catch exported overseas was higher in 2020/21 (3.1%) than in 2019/20 (0.8%), which is likely due to the relaxing of trade barriers after the impact of COVID-19 and associated boarder restrictions and closures (BDO EconSearch 2022).

Table 3-1 Catch, GVP and markets for Estuary General fishery in 2020/21

Species	Catch	Price	Unit	GVP (\$m)	Market Destination (%)			
					NSW	Interstate	Direct overseas	Total overseas ^a
School Prawn	392,230	\$9.56	Kg	3.7	100.0%	0.0%	0.0%	0.0%
Sea Mullet	1,059,697	\$3.00	Kg	3.2	71.2%	23.5%	5.3%	14.3%
Pipi	128,785	\$24.26	Kg	3.1	100.0%	0.0%	0.0%	0.0%
Mud Crab	90,518	\$27.21	Kg	2.5	88.9%	11.1%	0.0%	6.1%
Yellowfin Bream	180,252	\$11.90	Kg	2.1	84.6%	15.4%	0.0%	0.0%
Sand Whiting	80,893	\$16.25	Kg	1.3	92.1%	7.9%	0.0%	0.0%
Dusky Flathead	114,398	\$10.90	Kg	1.2	91.6%	8.4%	0.0%	0.0%
Blue Swimmer Crab	76,403	\$15.10	Kg	1.2	100.0%	0.0%	0.0%	0.0%
Mulloway	52,672	\$9.58	Kg	0.5	97.7%	2.3%	0.0%	0.0%
Luderick	222,253	\$2.18	Kg	0.5	82.1%	17.9%	0.0%	0.0%
Beachworms (Polychaete Worms)	329,265	\$1.36	Number	0.4	100.0%	0.0%	0.0%	0.0%
Common Silverbiddy	38,652	\$6.34	Kg	0.2	76.9%	23.1%	0.0%	0.0%
Tailor	13,921	\$9.63	Kg	0.1	63.3%	36.7%	0.0%	0.0%
Silver Trevally	10,064	\$9.25	Kg	0.1	74.4%	25.6%	0.0%	0.0%
European Carp	1,223	\$2.04	Kg	0.0	100.0%	0.0%	0.0%	0.0%
Other species	299,197	\$6.82	Kg	2.0	79.7%	20.2%	0.1%	5.1%
Other species	1,294,603	\$0.34	Number	0.4	85.9%	14.1%	0.0%	0.0%
Fishery Total	2,761,158	\$7.92	Kg	22.8	89.3%	9.9%	0.7%	3.1%
Fishery Total	1,623,868	\$0.55	Number					

^a This estimate is made by fishing businesses. It is their understanding of total exports by all businesses (e.g. themselves and seafood processors).

Source: BDO EconSearch analysis

4. FINANCIAL INDICATORS

This section presents a series of tables that describe the average financial performance of businesses in the Estuary General fishery in 2020/21. Sample sizes outlined in these tables are from the 2019/20 survey, on which the update to 2020/21 indicators was based. The average business refers to the average activity within the Estuary General fishery of businesses that access the fishery, which means that a 'business' as represented in the financial indicators table may actually be just the proportion of the business attributable to the Estuary General fishery. For example, a business that is active in both the Estuary General fishery and another fishery will have their business activity (employment, expenditure, capital values, etc.) proportionally split between the financial indicators tables of the two fisheries.

Following the financial indicators tables, the value of assets, liabilities and equity of fishing businesses that accessed the Estuary General fishery in 2020/21 is summarised.

4.1. Financial Performance

Financial indicators are presented in Table 4-1 to Table 4-6 that follow using various groupings:

- **Whole fishery:** provides an understanding of the average performance across the whole fishery.
- **Profitability quartiles:** provides an understanding of the performance of the average business in each profitability quartile (defined by return on investment). This allows comparison of business characteristics at different levels of profitability.
- **Activity level quartiles:** provides an understanding of the performance of the average businesses in each activity level quartile (by days fished). This allows comparison of the business characteristics of businesses with different levels of activity.
- **Fishing regions:** provides an understanding of the performance of the average businesses in each fishing region. This allows comparison of the business characteristics and performance of businesses active in each region. Business activity is proportionally split between regions in the same way it is split between fisheries.
- **Fishery specialisation:** provides an understanding of the performance of businesses that are specialised in this fishery compared to those that earn more of their revenue in other fisheries. This allows comparison of the business characteristics of businesses with different levels of fishery specialisation.
- **Species specialisation:** provides an understanding of the performance of the average businesses that target particular species. This allows the financials of these groups of businesses to be understood separately. Each species group includes only businesses that earned over half of their revenue in this fishery from that species, and over half of their total business revenue from that species. Only surveyed businesses are included in each species group. The average proportion of revenue earned from the species is included in the table to show how specialised each group is. This experimental approach presents the financial performance of businesses that tend to target each identified species. While it does not present the performance of the specific activities that target those species, it can be used as a better proxy than the fishery average. More comprehensive data collection would be required to present information for more species with greater specificity.

Table 4-1 Financial performance of the average business in the Estuary General fishery in 2019/20 and 2020/21

Indicator	2019/20		2020/21	
	Value per active business	%	Value per active business	%
Fishing Businesses				
Active Businesses	378		360	
Sample Size	112		112	
Fishing Activity				
Days Fished	79		81	
Catch (kg)	7,371		7,670	
Catch (no.)	5,740		4,511	
Prop. of Revenue Earned in this Fishery	84.0%		84.5%	
Employment				
Total Jobs	1.4		1.5	
FTE Jobs	0.6		0.6	
(1) Gross Income	\$60,808		\$63,227	
Variable Costs				
Bait/Ice	\$2,489	5%	\$3,516	6%
Fuel	\$8,546	17%	\$10,358	17%
Labour - paid	\$3,999	8%	\$5,336	9%
(2) Labour - unpaid	\$12,660	24%	\$16,538	27%
Other	\$396	1%	\$413	1%
Provisions	\$482	1%	\$474	1%
Repairs & Maintenance	\$6,833	13%	\$6,878	11%
(3) Total Variable Cost	\$35,406	68%	\$43,513	72%
Fixed Costs				
Insurance	\$1,403	3%	\$1,387	2%
(4) Interest	\$696	1%	\$629	1%
(5) Labour - unpaid	\$4,156	8%	\$5,300	9%
(6) Leasing of building, equipment & quota transfers	\$192		\$191	
Legal & Accounting	\$1,279	2%	\$1,339	2%
Licence fee	\$3,305	6%	\$2,954	5%
Office & Admin	\$1,866	4%	\$1,954	3%
Other	\$1	0%	\$0	0%
Other licence fees	\$832		\$835	
Slipping & Mooring	\$593	1%	\$560	1%
Telephone etc.	\$1,804	3%	\$1,806	3%
Travel	\$191	0%	\$209	0%
(7) Total Fixed Cost	\$16,317	32%	\$17,163	28%
(8) Total Boat Cash Costs (3+7)	\$51,723	100%	\$60,677	100%
Profitability				
Boat Gross Margin (1-3)	\$25,402		\$19,714	
(9) Total Unpaid Labour (2+5)	\$16,816		\$21,838	
Gross Operating Surplus (1-8+9)	\$25,902		\$24,388	
(10) Boat Cash Income (1-8)	\$9,085		\$2,550	
(11) Depreciation	\$7,429		\$7,412	
(12) Boat Business Profit (10-11)	\$1,656		-\$4,862	
(13) Profit at Full Equity (12+4+6)	\$2,869		-\$3,692	
Boat Capital				
(14) Fishing Gear and Equipment	\$104,766		\$104,266	
Licence Value ^a	\$188,110		\$224,382	
(15) Total Working Capital	\$292,876		\$328,648	
Rate of Return				
Rate of Return on Fishing Gear and Equipment (13/14*100)	2.5%		-3.2%	
Rate of Return on Total Working Capital (13/15*100) ^a	0.9%		-1.1%	

^a This has been revised for 2019/20 due to a share valuation revision.

Source: BDO EconSearch analysis

Table 4-2 Financial performance in the Estuary General fishery in 2020/21, average business in each profitability quartile

Indicator	Return on Investment Quartile			
	Q1	Q2	Q3	Q4
Fishing Businesses				
Active Businesses	90	90	90	90
Sample Size	13	26	37	36
Fishing Activity				
Days Fished	30	69	96	128
Catch (kg)	3,009	4,443	7,432	15,796
Catch (no.)	449	1,514	14,056	2,025
Prop. of Revenue Earned in this Fishery	94.5%	82.3%	75.5%	85.6%
Employment				
Total Jobs	2.2	1.3	1.1	1.4
FTE Jobs	0.7	0.6	0.6	0.7
(1) Gross Income	\$21,256	\$39,156	\$65,787	\$126,709
Variable Costs				
Bait/Ice	\$6,859	\$2,525	\$2,211	\$2,471
Fuel	\$17,678	\$7,992	\$7,537	\$8,225
Labour - paid	\$10,872	\$3,937	\$4,876	\$1,661
(2) Labour - unpaid	\$24,427	\$12,305	\$13,255	\$18,633
Other	\$316	\$388	\$438	\$510
Provisions	\$452	\$858	\$236	\$351
Repairs & Maintenance	\$9,882	\$6,560	\$5,271	\$5,796
(3) Total Variable Cost	\$70,485	\$34,565	\$33,825	\$37,647
Fixed Costs				
Insurance	\$1,794	\$1,551	\$1,044	\$1,157
(4) Interest	\$356	\$456	\$1,054	\$650
(5) Labour - unpaid	\$8,290	\$4,971	\$3,896	\$4,043
(6) Leasing of building, equipment & quota transfers	\$174	\$26	\$291	\$273
Legal & Accounting	\$1,124	\$1,554	\$1,420	\$1,260
Licence fee	\$2,134	\$2,905	\$2,935	\$3,841
Office & Admin	\$2,498	\$2,780	\$1,193	\$1,344
Other	\$0	\$1	\$0	\$0
Other licence fees	\$811	\$1,005	\$770	\$754
Slipping & Mooring	\$1,295	\$370	\$240	\$335
Telephone etc.	\$3,108	\$1,402	\$1,237	\$1,475
Travel	\$118	\$310	\$221	\$186
(7) Total Fixed Cost	\$21,702	\$17,330	\$14,301	\$15,320
(8) Total Boat Cash Costs (3+7)	\$92,188	\$51,895	\$48,126	\$52,967
Profitability				
Boat Gross Margin (1-3)	-\$49,229	\$4,591	\$31,963	\$89,061
(9) Total Unpaid Labour (2+5)	\$32,717	\$17,275	\$17,151	\$22,676
Gross Operating Surplus (1-8+9)	-\$38,215	\$4,536	\$34,812	\$96,417
(10) Boat Cash Income (1-8)	-\$70,931	-\$12,739	\$17,662	\$73,741
(11) Depreciation	\$10,909	\$6,572	\$6,203	\$5,965
(12) Boat Business Profit (10-11)	-\$81,840	-\$19,311	\$11,458	\$67,776
(13) Profit at Full Equity (12+4+6)	-\$80,637	-\$17,964	\$12,719	\$68,646
Boat Capital				
(14) Fishing Gear and Equipment	\$129,989	\$106,718	\$98,091	\$82,265
Licence Value	\$82,287	\$259,110	\$285,239	\$270,891
(15) Total Working Capital	\$212,276	\$365,828	\$383,331	\$353,157
Rate of Return				
Rate of Return on Fishing Gear and Equipment (13/14*100)	-54.9%	-14.4%	12.4%	79.2%
Rate of Return on Total Working Capital (13/15*100)	-35.2%	-4.7%	3.3%	19.2%

Source: BDO EconSearch analysis

Table 4-3 Financial performance in the Estuary General fishery in 2020/21, average business in each days fished quartile

Indicator	Days Fished Quartile			
	Q1	Q2	Q3	Q4
Fishing Businesses				
Active Businesses	90	90	90	90
Sample Size	13	30	38	31
Fishing Activity				
Days Fished	8	40	86	189
Catch (kg)	1,541	4,177	11,002	13,960
Catch (no.)	102	1,327	2,205	14,410
Prop. of Revenue Earned in this Fishery	77.3%	80.6%	83.5%	96.4%
Employment				
Total Jobs	1.3	1.5	1.6	1.5
FTE Jobs	0.4	0.4	0.6	1.1
(1) Gross Income	\$11,290	\$34,569	\$78,373	\$128,676
Variable Costs				
Bait/Ice	\$1,848	\$3,804	\$5,310	\$3,104
Fuel	\$3,034	\$8,920	\$13,252	\$16,226
Labour - paid	\$1,011	\$3,991	\$4,612	\$11,732
(2) Labour - unpaid	\$5,066	\$11,100	\$16,831	\$27,213
Other	\$210	\$358	\$418	\$666
Provisions	\$86	\$658	\$443	\$709
Repairs & Maintenance	\$6,786	\$7,172	\$6,235	\$7,317
(3) Total Variable Cost	\$18,041	\$36,003	\$47,102	\$66,967
Fixed Costs				
Insurance	\$1,250	\$1,548	\$1,261	\$1,488
(4) Interest	\$173	\$279	\$1,336	\$727
(5) Labour - unpaid	\$3,663	\$2,930	\$5,727	\$8,879
(6) Leasing of building, equipment & quota transfers	\$73	\$35	\$449	\$208
Legal & Accounting	\$1,033	\$1,596	\$1,434	\$1,295
Licence fee	\$1,424	\$2,432	\$3,573	\$4,386
Office & Admin	\$2,055	\$1,769	\$1,641	\$2,351
Other	\$1	\$0	\$0	\$0
Other licence fees	\$573	\$743	\$902	\$1,123
Slipping & Mooring	\$935	\$613	\$475	\$216
Telephone etc.	\$2,512	\$1,232	\$1,612	\$1,867
Travel	\$75	\$162	\$289	\$310
(7) Total Fixed Cost	\$13,768	\$13,337	\$18,698	\$22,851
(8) Total Boat Cash Costs (3+7)	\$31,809	\$49,340	\$65,801	\$89,818
Profitability				
Boat Gross Margin (1-3)	-\$6,751	-\$1,434	\$31,271	\$61,709
(9) Total Unpaid Labour (2+5)	\$8,730	\$14,030	\$22,558	\$36,092
Gross Operating Surplus (1-8+9)	-\$11,790	-\$740	\$35,131	\$74,950
(10) Boat Cash Income (1-8)	-\$20,519	-\$14,770	\$12,573	\$38,858
(11) Depreciation	\$5,446	\$6,951	\$8,722	\$8,530
(12) Boat Business Profit (10-11)	-\$25,965	-\$21,721	\$3,850	\$30,328
(13) Profit at Full Equity (12+4+6)	-\$25,046	-\$20,906	\$5,509	\$31,615
Boat Capital				
(14) Fishing Gear and Equipment	\$80,049	\$104,659	\$113,309	\$119,047
Licence Value	\$73,900	\$168,575	\$237,396	\$417,656
(15) Total Working Capital	\$153,949	\$273,234	\$350,704	\$536,704
Rate of Return				
Rate of Return on Fishing Gear and Equipment (13/14*100)	-26.4%	-18.1%	4.6%	24.3%
Rate of Return on Total Working Capital (13/15*100)	-14.8%	-7.4%	1.5%	5.8%

Source: BDO EconSearch analysis

Table 4-4 Financial performance in the Estuary General fishery in 2020/21, average business in each region

Indicator	Region						
	Central	Clarence	Lower South Coast	Metropolitan	North Coast	Upper North Coast	Upper South Coast
Fishing Businesses							
Active Businesses	137	78	13	33	77	36	32
Sample Size	47	22	5	11	19	15	11
Fishing Activity							
Days Fished	88	51	50	52	74	71	79
Catch (kg)	8,442	7,744	7,097	2,714	4,919	4,545	8,636
Catch (no.)	899	15	73	36,456	2,802	1,020	1,346
Prop. of Revenue Earned in this Region	83.5%	61.8%	75.4%	55.1%	85.5%	66.4%	74.2%
Employment							
Total Jobs	1.4	1.1	1.6	0.9	1.6	1.1	1.6
FTE Jobs	0.6	0.4	0.4	0.5	0.7	0.5	0.5
(1) Gross Income	\$73,574	\$41,078	\$61,092	\$33,523	\$52,039	\$41,397	\$65,011
Variable Costs							
Bait/Ice	\$3,620	\$2,030	\$1,845	\$1,795	\$4,859	\$2,360	\$2,165
Fuel	\$9,567	\$12,428	\$6,435	\$5,351	\$8,987	\$8,745	\$5,678
Labour - paid	\$8,770	\$2,968	\$987	\$3,338	\$3,135	\$3,138	\$337
(2) Labour - unpaid	\$18,620	\$9,624	\$9,833	\$12,844	\$16,811	\$10,533	\$12,280
Other	\$402	\$311	\$358	\$299	\$324	\$317	\$580
Provisions	\$528	\$297	\$377	\$249	\$401	\$448	\$470
Repairs & Maintenance	\$6,943	\$5,885	\$7,830	\$5,793	\$6,549	\$4,975	\$5,404
(3) Total Variable Cost	\$48,450	\$33,543	\$27,666	\$29,668	\$41,066	\$30,516	\$26,914
Fixed Costs							
Insurance	\$1,319	\$841	\$1,305	\$1,105	\$1,419	\$1,578	\$1,065
(4) Interest	\$653	\$463	\$197	\$1,198	\$346	\$458	\$489
(5) Labour - unpaid	\$6,451	\$2,333	\$1,848	\$2,955	\$5,721	\$3,832	\$4,441
(6) Leasing of building, equipment & quota transfers	\$194	\$97	\$0	\$306	\$64	\$141	\$453
Legal & Accounting	\$1,354	\$1,170	\$1,277	\$944	\$1,254	\$863	\$937
Licence fee	\$3,102	\$2,646	\$2,707	\$1,519	\$2,145	\$2,243	\$3,147
Office & Admin	\$2,049	\$1,118	\$1,322	\$855	\$2,271	\$1,697	\$1,690
Other	\$0	\$1	\$0	\$0	\$0	\$0	\$0
Other licence fees	\$941	\$517	\$821	\$513	\$716	\$658	\$782
Slipping & Mooring	\$425	\$488	\$606	\$641	\$593	\$498	\$482
Telephone etc.	\$1,796	\$1,274	\$1,468	\$1,149	\$1,938	\$1,263	\$1,675
Travel	\$174	\$308	\$147	\$237	\$157	\$45	\$126
(7) Total Fixed Cost	\$18,458	\$11,254	\$11,699	\$11,422	\$16,625	\$13,275	\$15,286
(8) Total Boat Cash Costs (3+7)	\$66,908	\$44,797	\$39,365	\$41,090	\$57,691	\$43,791	\$42,199
Profitability							
Boat Gross Margin (1-3)	\$25,124	\$7,535	\$33,426	\$3,855	\$10,972	\$10,881	\$38,098
(9) Total Unpaid Labour (2+5)	\$25,071	\$11,957	\$11,681	\$15,799	\$22,532	\$14,365	\$16,721
Gross Operating Surplus (1-8+9)	\$31,737	\$8,238	\$33,408	\$8,232	\$16,880	\$11,970	\$39,533
(10) Boat Cash Income (1-8)	\$6,666	-\$3,719	\$21,727	-\$7,567	-\$5,653	-\$2,394	\$22,812
(11) Depreciation	\$6,677	\$5,222	\$7,795	\$4,521	\$7,671	\$7,429	\$7,430
(12) Boat Business Profit (10-11)	-\$11	-\$8,941	\$13,933	-\$12,088	-\$13,324	-\$9,823	\$15,382
(13) Profit at Full Equity (12+4+6)	\$1,218	-\$8,173	\$14,390	-\$10,730	-\$12,311	-\$8,930	\$16,383
Boat Capital							
(14) Fishing Gear and Equipment	\$100,939	\$68,305	\$122,054	\$53,710	\$111,996	\$87,532	\$101,418
Licence Value	\$219,441	\$154,328	\$147,164	\$116,674	\$266,284	\$175,896	\$189,903
(15) Total Working Capital	\$320,380	\$222,633	\$269,218	\$170,384	\$378,281	\$263,428	\$291,321
Rate of Return							
Rate of Return on Fishing Gear and Equipment (13/14*100)	1.1%	-11.0%	11.3%	-18.9%	-9.8%	-9.3%	14.7%
Rate of Return on Total Working Capital (13/15*100)	0.4%	-3.6%	5.2%	-6.2%	-3.1%	-3.3%	5.4%

Source: BDO EconSearch analysis

Table 4-5 Financial performance in the Estuary General fishery in 2020/21, average business in each fishery specialisation group

Indicator	Share of Revenue earned in Fishery	
	High Revenue Share	Low Revenue Share
Fishing Businesses		
Active Businesses	259	101
Sample Size	55	57
Fishing Activity		
Days Fished	84	73
Catch (kg)	7,260	8,722
Catch (no.)	6,234	92
Prop. of Revenue Earned in this Fishery	100.0%	44.6%
Employment		
Total Jobs	1.6	1.1
FTE Jobs	0.7	0.5
(1) Gross Income	\$62,561	\$64,934
Variable Costs		
Bait/Ice	\$3,432	\$3,734
Fuel	\$9,123	\$13,525
Labour - paid	\$4,542	\$7,374
(2) Labour - unpaid	\$20,262	\$8,624
Other	\$476	\$252
Provisions	\$503	\$400
Repairs & Maintenance	\$7,729	\$4,693
(3) Total Variable Cost	\$46,067	\$38,601
Fixed Costs		
Insurance	\$1,624	\$779
(4) Interest	\$658	\$555
(5) Labour - unpaid	\$6,111	\$3,219
(6) Leasing of building, equipment & quota transfers	\$168	\$249
Legal & Accounting	\$1,619	\$622
Licence fee	\$2,493	\$4,134
Office & Admin	\$2,340	\$964
Other	\$0	\$1
Other licence fees	\$978	\$469
Slipping & Mooring	\$568	\$540
Telephone etc.	\$2,225	\$731
Travel	\$182	\$279
(7) Total Fixed Cost	\$18,965	\$12,545
(8) Total Boat Cash Costs (3+7)	\$65,031	\$51,146
Profitability		
Boat Gross Margin (1-3)	\$16,495	\$26,333
(9) Total Unpaid Labour (2+5)	\$26,373	\$11,843
Gross Operating Surplus (1-8+9)	\$23,903	\$25,632
(10) Boat Cash Income (1-8)	-\$2,470	\$13,788
(11) Depreciation	\$8,401	\$4,877
(12) Boat Business Profit (10-11)	-\$10,871	\$8,911
(13) Profit at Full Equity (12+4+6)	-\$9,540	\$9,669
Boat Capital		
(14) Fishing Gear and Equipment	\$117,229	\$71,023
Licence Value	\$219,812	\$236,100
(15) Total Working Capital	\$337,042	\$307,123
Rate of Return		
Rate of Return on Fishing Gear and Equipment (13/14*100)	-7.3%	12.9%
Rate of Return on Total Working Capital (13/15*100)	-2.7%	3.1%

Source: BDO EconSearch analysis

Table 4-6 Financial performance in the Estuary General fishery in 2020/21, average business in each species specialisation group

Indicator	Species				
	Mud Crab	Pipi	School Prawn	Sea Mullet	All other species
Fishing Businesses					
Active Businesses	9 ^a	6 ^a	8 ^a	6 ^a	355 ^a
Sample Size	9	6	8	6	106
Fishing Activity					
Days Fished	118	91	82	73	81
Catch (kg)	4,530	7,514	8,452	21,277	7,715
Catch (no.)		1,450			4,574
Prop. of Revenue Earned in this Fishery	73.0%	74.7%	81.0%	58.3%	79.7%
Prop. of Revenue Earned by this Species	79.8%	92.5%	82.2%	68.5%	94.8%
Employment					
Total Jobs	0.8	1.5	2.1	1.2	1.4
FTE Jobs	0.5	1.0	0.7	0.3	0.6
(1) Gross Income	\$60,892	\$142,570	\$78,088	\$56,584	\$62,765
Variable Costs					
Bait/Ice	\$2,816	\$2,803	\$12,888	\$2,026	\$3,511
Fuel	\$10,378	\$9,625	\$28,394	\$19,352	\$10,367
Labour - paid	\$0	\$25,006	\$3,889	\$0	\$5,122
(2) Labour - unpaid	\$17,642	\$12,836	\$26,714	\$10,561	\$16,562
Other	\$444	\$393	\$245	\$536	\$411
Provisions	\$309	\$871	\$0	\$387	\$469
Repairs & Maintenance	\$5,851	\$8,667	\$7,457	\$4,922	\$6,877
(3) Total Variable Cost	\$37,439	\$60,201	\$79,588	\$37,784	\$43,318
Fixed Costs					
Insurance	\$997	\$4,707	\$738	\$647	\$1,338
(4) Interest	\$583	\$2,589	\$0	\$0	\$612
(5) Labour - unpaid	\$2,360	\$4,534	\$3,905	\$2,030	\$5,370
(6) Leasing of building, equipment & quota transfers	\$0	\$0	\$559	\$0	\$181
Legal & Accounting	\$1,436	\$1,919	\$892	\$1,106	\$1,337
Licence fee	\$3,841	\$6,273	\$3,315	\$3,260	\$2,955
Office & Admin	\$2,140	\$6,803	\$3,723	\$1,448	\$1,911
Other	\$0	\$0	\$0	\$0	\$0
Other licence fees	\$778	\$1,177	\$945	\$984	\$825
Slipping & Mooring	\$11	\$3,459	\$57	\$804	\$524
Telephone etc.	\$911	\$1,310	\$1,843	\$1,875	\$1,816
Travel	\$677	\$547	\$102	\$906	\$206
(7) Total Fixed Cost	\$13,735	\$33,318	\$16,078	\$13,060	\$17,074
(8) Total Boat Cash Costs (3+7)	\$51,175	\$93,519	\$95,667	\$50,844	\$60,392
Profitability					
Boat Gross Margin (1-3)	\$23,453	\$82,369	-\$1,500	\$18,800	\$19,447
(9) Total Unpaid Labour (2+5)	\$20,002	\$17,370	\$30,620	\$12,591	\$21,932
Gross Operating Surplus (1-8+9)	\$29,719	\$66,422	\$13,041	\$18,332	\$24,304
(10) Boat Cash Income (1-8)	\$9,718	\$49,052	-\$17,579	\$5,741	\$2,372
Depreciation	\$6,263	\$11,448	\$6,456	\$27,678	\$7,423
(12) Boat Business Profit (10-11)	\$3,454	\$37,604	-\$24,035	-\$21,937	-\$5,050
(13) Profit at Full Equity (12+4+6)	\$4,122	\$41,877	-\$23,019	-\$21,805	-\$3,892
Boat Capital					
(14) Fishing Gear and Equipment	\$77,364	\$143,058	\$203,358	\$181,104	\$104,443
Licence Value	\$469,134	\$326,490	\$147,632	\$123,388	\$224,565
(15) Total Working Capital	\$546,498	\$469,547	\$350,989	\$304,492	\$329,008
Rate of Return					
Rate of Return on Fishing Gear and Equipment (13/14*100)	5.2%	23.7%	-10.3%	-11.9%	-3.4%
Rate of Return on Total Working Capital (13/15*100)	0.8%	8.3%	-6.2%	-7.1%	-1.1%

^a These species specific indicators include survey participants only, all other activity is presented in 'All other species'.

Source: BDO EconSearch analysis

Fishing activity

The average business that accessed the Estuary General fishery in 2020/21 employed 0.6 fte jobs and fished on 81 days of the year, an increase from 79 days of fishing on average in 2019/20 (Table 4-1).

Revenue and costs

Average gross income was \$63,227 and average total variable costs was \$43,513, producing an average boat gross margin of \$19,714. Average total fixed costs was \$17,163 which produces an average gross operating surplus of \$24,388, a decrease from \$25,902 in 2019/20 (Table 4-1).

Profitability

Average boat business profit, which accounts for depreciation and unpaid labour, was -\$4,862 in 2020/21. Average profit at full equity, which excludes any leasing and interest costs, was -\$3,692. Dividing profit at full equity by the value of capital produces a return on investment of -3.2% (down from 2.5% in 2019/20) including the capital value of fishing gear and equipment only, or -1.1% (down from 0.9%) when also including the capital value of fishery shares or licences (Table 4-1).

4.2. Assets, Liabilities and Equity

Commercial fishing businesses in New South Wales utilise valuable fishery shares, vessels or vehicles and other working capital. They may hold cash and may also hold debt to finance the business and other liabilities. The total assets held by a business less its total liabilities is the business' equity, which can be expressed in dollar terms or as a percentage of total asset value. Table 4-7 presents a simple average of the equity of all surveyed businesses that access the Estuary General fishery. The averages are based on business asset and debt data collected in the 2019/20 survey and have been redistributed to the fisheries each survey business was active in during 2020/21. The average is of whole businesses and includes the share values for all fisheries that they access, unlike the financial indicator tables above which present averages of proportions of businesses that access the fishery.

Table 4-7 Assets, liabilities and equity in the Estuary General fishery in 2020/21

	Value
Assets	
Share value	\$523,331
Working capital	\$240,154
Other assets	\$270,948
Total assets	\$1,034,433
Liabilities	
Total liabilities	\$100,386
Equity	
Total equity	\$934,048
Equity / Total assets	90.3%

Source: BDO EconSearch analysis

5. ECONOMIC CONTRIBUTION

Estimates of the economic contribution of the Estuary General fishery to the NSW and regional economies in 2020/21 are outlined in this section.

Economic contribution analysis is a descriptive analysis that traces the gross economic activity of the fishery as dollars of expenditure cycle through the regional and state economies. The analysis utilised the detailed industry specific data reported above in combination with other regional/state data that describe the linkages that exist within the regional economies.

Contribution or impact?

An *economic contribution analysis* (presented in this report) can be thought of as a *footprint* or *snapshot* analysis of economic activity. It is distinctly different to an *economic impact analysis*, which can be thought of as an analysis of a *change* in economic activity (not the subject of this report). An *economic impact analysis* is an appropriate approach for evaluating a *change* where an industry is generating new revenues that would otherwise not occur, keeping revenues in the region that would otherwise be lost, or being subject to changes that result in existing revenues being lost.

Direct and flow-on effects

The following types of activity are presented in this report as *direct* economic contribution:

- the landed beach value of production
- the sustaining capital expenditure of fishing businesses
- the margin value of local seafood processing.

Each of these activities generates flow-on effects to other sectors through purchases of inputs and the employment of labour. These effects have been estimated using input-output analysis (BDO EconSearch 2022).

Economic contribution indicators

Economic contributions have been specified in terms of the following indicators.

- Value of output (direct only and equivalent to gross value of production or GVP)
- Employment (fte and total jobs)
- Household income
- Gross regional (and state) product.

5.1. Economic Contribution to New South Wales

The estimated economic contribution of the Estuary General fishery to New South Wales in 2020/21 is presented in Table 5-1.

Direct contribution measures fishing and downstream activities (i.e. processing and capital expenditure). Flow-on contribution measures the economic effects in other sectors of the economy (retail and wholesale trade, manufacturing, etc.) generated by fishing and processing activities, that is, the multiplier effects. Flow-on effects are disaggregated by industry with the top 10 industries shown separately in the table. Capital expenditures are assumed to be the same as depreciation (i.e. sustaining the capital stock) which may or may not be the case in a given year but is a reasonable assumption in the long-run. Economic contribution of capital expenditure should, therefore, be interpreted as a long-run average.

Table 5-1 Economic contribution to New South Wales of the Estuary General fishery in 2020/21

Sector	Output (\$m)	Gross State Product (\$m)	Household Income (\$m)	Employment (fte)	Employment (total)
Direct					
Fishing	22.8	12.7	8.8	227	536
CAPEX	0.8	0.4	0.3	5	5
Processing	15.8	4.2	1.7	27	25
Total Direct	39.4	17.3	10.8	259	566
Flow-on					
Personal & Other Services		1.7	1.6	27	28
Retail Trade		2.0	1.4	27	32
Professional, Scientific & Technical Services		2.2	2.1	19	17
Food & Beverage Services		0.8	0.7	15	19
Admin Support Services		1.1	1.1	15	16
Wholesale Trade		1.7	1.2	15	13
Health & Community Services		1.1	1.1	14	16
Aquaculture		1.1	0.5	12	11
Education & Training		0.9	0.9	10	11
Road Transport		0.6	0.6	6	5
Other Sectors		14.7	5.0	61	62
Total Flow-ons		27.9	16.2	222	230
Total Contribution		45.2	27.0	480	796

Source: BDO EconSearch analysis

Value of Output

The value of output at beach price (also known as GVP) generated directly in the Estuary General fishery in 2020/21 was \$22.8m (Table 5-1).

Employment

The Estuary General fishery directly contributed an estimated 227 fte jobs in 2020/21 while associated seafood processing of catch and capital expenditure by fishing businesses supported additional employment of around 32 fte jobs (Table 5-1).

Flow-on business activity was estimated to support a further 222 fte jobs in 2020/21 state-wide. These jobs were concentrated in the Personal & Other Services, Retail Trade, and Professional, Scientific & Technical Services sectors. The total employment contribution to New South Wales was estimated to be 480 fte jobs in 2020/21 (Table 5-1), an increase from 439 in 2019/20 (BDO EconSearch 2022).

Household Income

Estimated household income of \$8.8m was earned in 2020/21 in the Estuary General fishery (wages of employees and estimated drawings by owner/operators) while associated seafood processing of catch and capital expenditure by fishing businesses generated an estimated additional \$2.0m in household income.

Flow-on business activity was estimated to support a further \$16.2m of household income in 2020/21 state-wide. The estimated total household income contribution in New South Wales was \$27.0m in 2020/21 (Table 5-1), an increase from \$23.6m in 2019/20 (BDO EconSearch 2022).

Contribution to GSP

Contribution to GSP is measured as value of output less the cost of goods and services (including imports but excluding wages) used in producing the output. Estimated GSP of \$12.7m was produced in 2020/21 by the Estuary General fishery while associated seafood processing of catch and capital expenditure by fishing businesses generated an estimated additional \$4.6m in GSP.

Flow-on business activity was estimated to support a further \$27.9m of GSP in 2020/21 state-wide. The estimated total GSP contribution in New South Wales was \$45.2m in 2020/21 (Table 5-1), an increase from \$40.9m in 2019/20 (BDO EconSearch 2022).

5.2. Economic Contribution to Regions of New South Wales

Table 5-2 presents the estimated economic contribution of the Estuary General fishery to regions of New South Wales in 2020/21. Direct activity includes fishing, capital and seafood processing activity. In terms of fte employment including all flow-on effects, the largest contributions of the Estuary General fishery were to Central (139 fte jobs) and Metropolitan (123 fte jobs).

Table 5-2 Economic contribution to regions of New South Wales of the Estuary General fishery in 2020/21

Region	Output (\$m)	Gross Regional Product (\$m)	Household Income (\$m)	Employment (fte)	Employment (total)
Direct					
Upper North Coast	1.6	0.8	0.6	18	39
Clarence	3.3	1.4	1.1	32	86
North Coast	4.2	2.0	1.7	54	123
Central	10.3	6.4	4.5	89	191
Metropolitan	17.0	4.8	2.3	42	55
Upper South Coast	2.1	1.4	0.5	18	51
Lower South Coast	0.8	0.5	0.2	5	21
New South Wales	39.4	17.3	10.8	259	566
Flow-On					
Upper North Coast		0.9	0.6	9	9
Clarence		1.9	1.2	17	18
North Coast		2.7	1.6	24	26
Central		6.0	3.5	49	53
Metropolitan		11.0	5.8	80	83
Upper South Coast		0.8	0.5	8	8
Lower South Coast		0.3	0.2	3	3
New South Wales		27.9	16.2	222	230
Total					
Upper North Coast		1.7	1.2	27	49
Clarence		3.3	2.2	49	104
North Coast		4.8	3.3	78	149
Central		12.4	7.9	139	244
Metropolitan		15.8	8.1	123	138
Upper South Coast		2.3	1.0	25	59
Lower South Coast		0.8	0.4	8	24
New South Wales		45.2	27.0	480	796

Source: BDO EconSearch analysis

6. NET ECONOMIC RETURN

Net economic return is the long-run profit from a fishery after all costs have been met, including fuel, crew costs, repairs, the opportunity cost of family and owner labour, fishery management costs, depreciation and the opportunity cost of capital (excluding endorsement) (Bath et al. 2018). These unit costs or long-term costs all need to be covered if the fishing business is to remain viable in the fishery. The cost of fisheries management is included as a cash cost to fishing businesses through licence fees, though this likely underestimates the cost of fisheries management as this cost is not fully recovered from businesses. The opportunity cost of capital is equivalent to what the fisher's investment could have earned in the next most similar alternative use considering risk and skills required. What remains after the value of these inputs (labour, capital, materials and services) has been netted out is the net economic return.

Commercial fishing operations in Australia are not risk free. Returns can be impacted both positively and negatively by factors such as natural events, changes in market conditions, disease, and management regulations. Determining the opportunity cost of capital involves an assessment of the degree of financial risk involved in the activity. For a risk-free operation, an appropriate opportunity cost of capital might be the long-term real rate of return on government bonds. The greater the risks involved, the greater is the necessary return on capital to justify the investment in that particular activity. For this analysis an opportunity cost of capital of 10 per cent has been used with sensitivity analysis at 7 and 15 per cent. The lower-bound is consistent with ABARES Australian fisheries economic indicator reporting for commonwealth managed fisheries (Bath et al. 2018). Commonwealth managed fisheries are generally larger and characterised by larger businesses with less overall variation than state managed inshore fisheries. This is why the 7 per cent used by ABARES is used as a lower-bound in this analysis. The upper-bound of 15 per cent represents a reasonable estimate for what an investor might expect when buying into a commercial fishery in New South Wales, given the variability and risk involved in this type of fishing business.

The net economic return results are presented in Table 6-1. Assuming an opportunity cost of capital of 10 per cent, net economic return generated in the Estuary General fishery was estimated to be -\$4.29m in 2020/21, a slight decrease from -\$3.07m in 2019/20 (BDO EconSearch 2022).

Table 6-1 Net Economic Return of the Estuary General fishery in 2020/21

	Value (\$m)
Gross Value of Production	22.76
Less Labour Costs	8.79
Less Materials & Services	11.83
Less Depreciation	2.67
Less Opportunity Cost of Capital (10%)	3.75
Net Economic Return	-4.29

Source: BDO EconSearch analysis

The sensitivity analysis in Table 6-2 shows that, with the varying assumptions about opportunity cost of capital, net economic return was likely in the range of -\$6.16m to -\$3.16m.

Table 6-2 Sensitivity of Net Economic Return

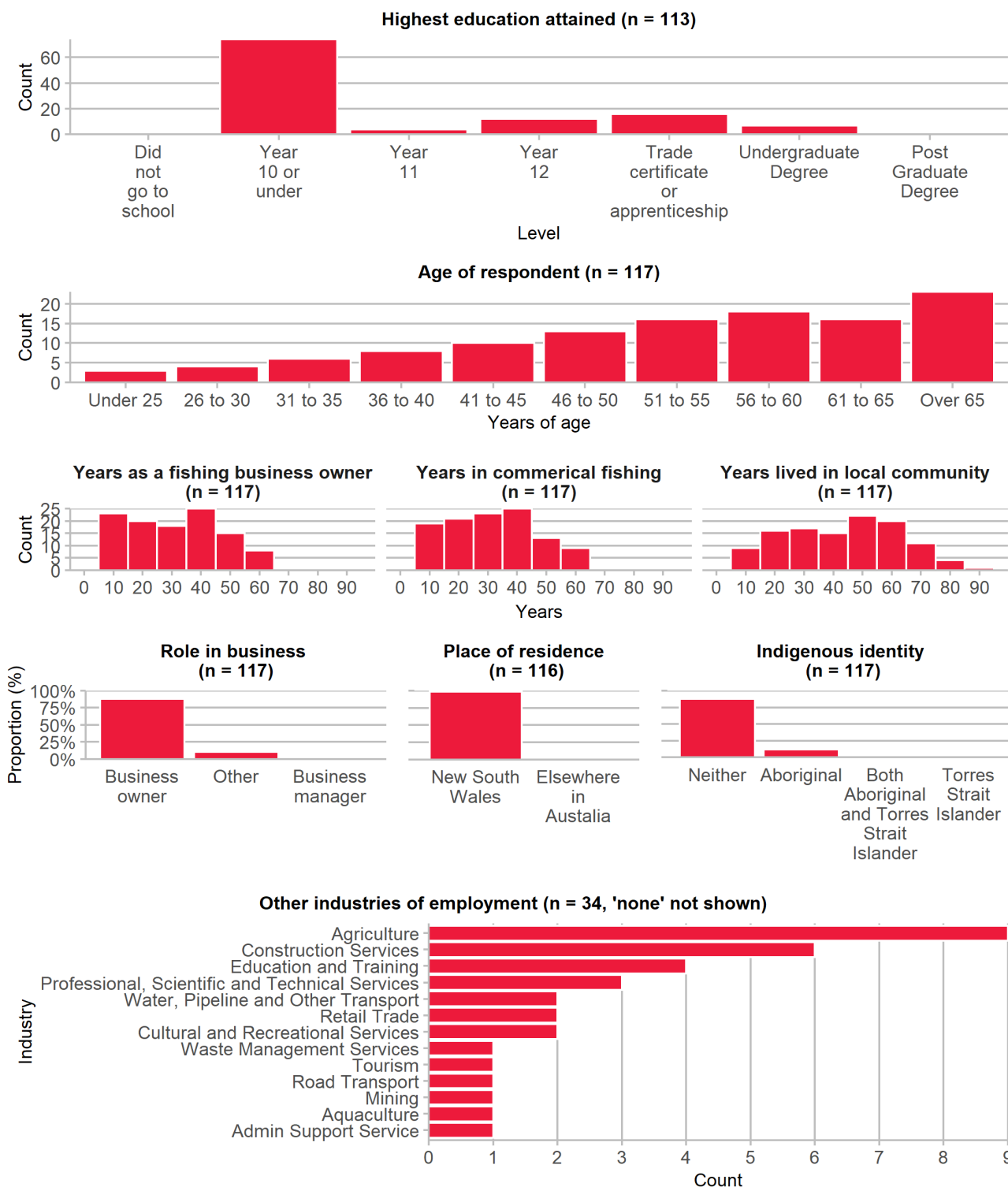
Opportunity Cost of Capital (%)	7%	10%	15%
Less Opportunity Cost of Capital (\$m)	2.63	3.75	5.63
Net Economic Return (\$m)	-3.16	-4.29	-6.16

Source: BDO EconSearch analysis

7. DEMOGRAPHICS

Figure 7-1 presents a demographic profile of fishers who accessed the Abalone fishery in 2019/20. These indicators are calculated from unweighted 2019/20 survey data and have not been expanded to the fishery level. An updated demographic profile of fishers was not captured in the 2020/21 update.

Figure 7-1 Demographic profile of the Estuary General fishery in 2019/20



Source: 2021 business survey

8. SOCIAL INDICATORS

Fishers may derive non-financial benefits or costs from the Estuary General fishery and may contribute to the community in different ways. A comprehensive set of social indicators, including community contribution and personal wellbeing, was captured in the 2019/20 survey and can be found in the indicator reports from that year (BDO EconSearch 2022).

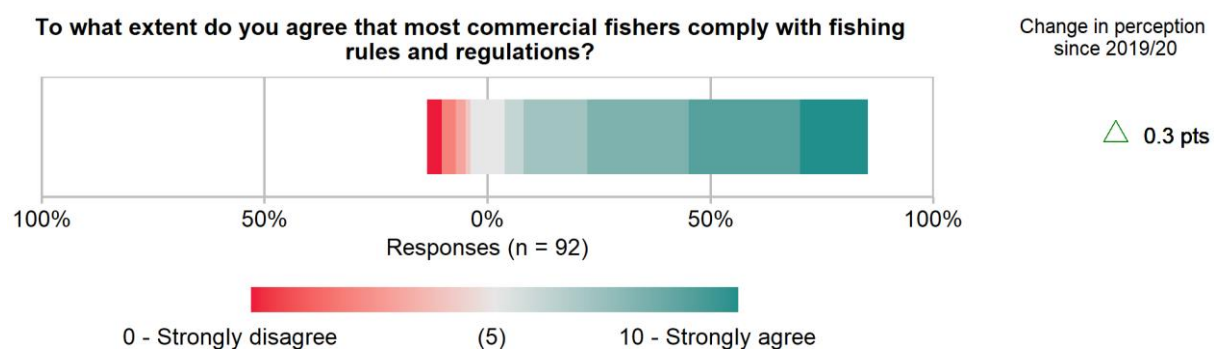
The 2020/21 survey collected updated observations for a selected subset of social indicators. The indicators were selected due to their importance as a standalone indicator and the utility of tracking annual changes. Questions were asked on a point scale of 0 to 10, the annual change is then presented as the change from the average point of the previous year to the average point of the current year. The results for each fishery are calculated from the unweighted sub-sample of fishers who accessed each fishery during 2020/21. This section presents a series of social indicators including:

- Perceived compliance with fishing rules and regulations
- Perceptions of fisheries management
- Satisfaction with fishing
- Global life satisfaction
- Satisfaction with future security.

8.1. Perceived Compliance with Fishing Rules and Regulations

Figure 8-1 presents fishers' perceptions of fisher compliance with fishing rules and regulations. There was near unanimous agreement that most commercial fishers comply with fishing rules and regulations. Since 2019/20, this indicator has increased by 0.3 points. This indicates that fishers feel that the fishery as a whole operates responsibly, which suggests a positive outlook for the sustainability of the fishery.

Figure 8-1 Perceptions of fisher compliance in the Estuary General fishery, 2020/21^a



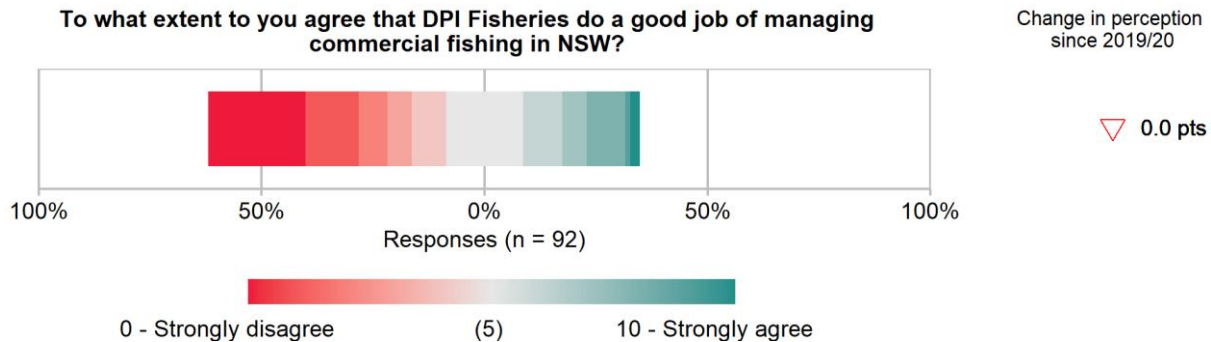
^a The change between the 2019/20 and 2020/21 surveys is calculated between licence holders who participated in both surveys and is quantified in points out of 10. For example, a change in average from 5 to 6 is stated as a change of 1.0 pts.

Source: 2022 business survey

8.2. Perceptions of Fisheries Management

Figure 8-2 presents the perceptions of Estuary General fishers in 2020/21 on whether DPI does a good job of managing commercial fishing in NSW. Over half of fishers at least somewhat disagreed that DPI does a good job. Since 2019/20 this indicator saw almost no change with a decrease of less than 0.0 points.

Figure 8-2 Perception of fishery management in the Estuary General fishery, 2020/21^a



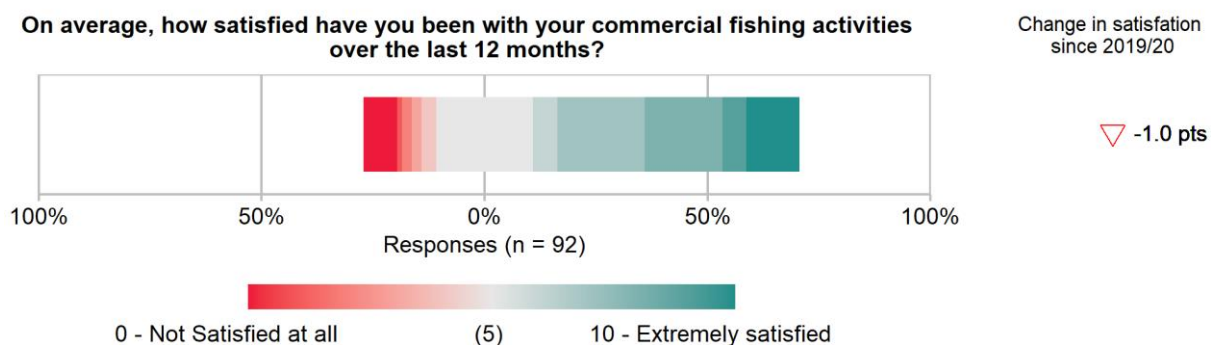
^a The change between the 2019/20 and 2020/21 surveys is calculated between licence holders who participated in both surveys and is quantified in points out of 10. For example, a change in average from 5 to 6 is stated as a change of 1.0 pts.

Source: 2022 business survey

8.3. Satisfaction with Fishing

Figure 8-3 presents the satisfaction levels amongst Estuary General fishers in 2020/21 regarding their commercial fishing activities over the last 12 months. A higher satisfaction with fishers' recent fishing activities indicates a level of confidence in the future of the fishing industry. Around three quarters of fishers indicated that they were satisfied, or completely satisfied, with their commercial fishing activities over the last 12 months, though more indicated that they were at least somewhat dissatisfied. Since 2019/20 average satisfaction has declined marginally by 1.0 point.

Figure 8-3 Fishing satisfaction in the Estuary General fishery, 2020/21^a



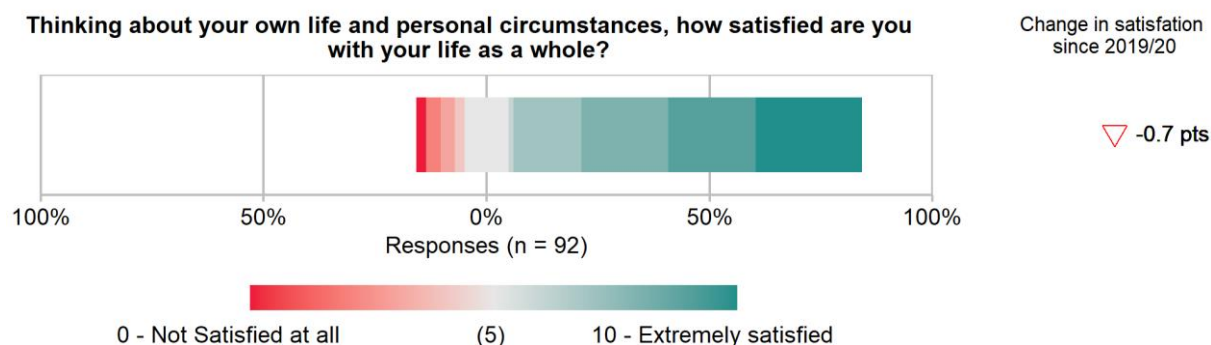
^a The change between the 2019/20 and 2020/21 surveys is calculated between licence holders who participated in both surveys and is quantified in points out of 10. For example, a change in average from 5 to 6 is stated as a change of 1.0 pts.

Source: 2022 business survey

8.4. Global Life Satisfaction

Figure 8-4 shows the whole of life satisfaction levels of fishers in the Estuary General fishery in 2020/21 as well as the change in average satisfaction since 2019/20. Higher life satisfaction levels amongst fishers are associated with general economic prosperity and indicate fair market access and stability. Almost all Estuary General fishers are more satisfied than not with their life as a whole. However, since 2019/20 this indicator declined overall by 0.7 points.

Figure 8-4 Life satisfaction in the Estuary General fishery, 2020/21^a



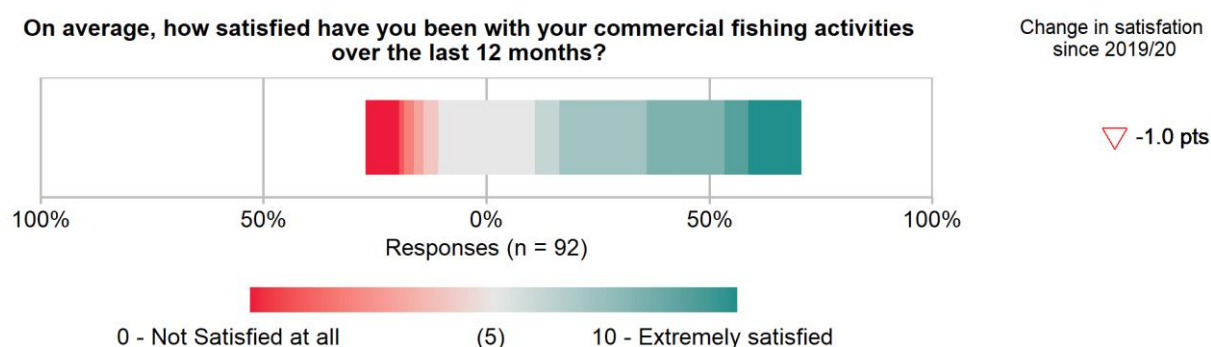
^a The change between the 2019/20 and 2020/21 surveys is calculated between licence holders who participated in both surveys and is quantified in points out of 10. For example, a change in average from 5 to 6 is stated as a change of 1.0 pts.

Source: 2022 business survey

8.5. Satisfaction with Future Security

Figure 8-5 presents the satisfaction levels of Estuary General fishers in 2020/21 regarding future security and the change in this average satisfaction level since 2019/20. A higher satisfaction with one's future security indicates a state of comfort and positive outlook on future prospects. Over half of Estuary General fishers are satisfied with their future security, a little less than their satisfaction with life as a whole. Since 2019/20 this indicator has declined overall by 1.0 point.

Figure 8-5 Satisfaction with future security in the Estuary General fishery, 2020/21^a



^a The change between the 2019/20 and 2020/21 surveys is calculated between licence holders who participated in both surveys and is quantified in points out of 10. For example, a change in average from 5 to 6 is stated as a change of 1.0 pts.

Source: 2022 business survey

REFERENCES

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Disclaimer

The assignment is a consulting engagement as outlined in the 'Framework for Assurance Engagements', issued by the Auditing and Assurances Standards Board, Section 17. Consulting engagements employ an assurance practitioner's technical skills, education, observations, experiences and knowledge of the consulting process. The consulting process is an analytical process that typically involves some combination of activities relating to: objective-setting, fact-finding, definition of problems or opportunities, evaluation of alternatives, development of recommendations including actions, communication of results, and sometimes implementation and follow-up.

The nature and scope of work has been determined by agreement between BDO and the Client. This consulting engagement does not meet the definition of an assurance engagement as defined in the 'Framework for Assurance Engagements', issued by the Auditing and Assurances Standards Board, Section 10.

Except as otherwise noted in this report, we have not performed any testing on the information provided to confirm its completeness and accuracy. Accordingly, we do not express such an audit opinion and readers of the report should draw their own conclusions from the results of the review, based on the scope, agreed-upon procedures carried out and findings.



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