



FRDC

FISHERIES RESEARCH &
DEVELOPMENT CORPORATION

FINAL

**An Impact Assessment of
FRDC Investment in
2012.500.20:
Common Language Group**

Agtrans Research

November 2017

FRDC Project No **2016-314**

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**An Impact Assessment of FRDC Investment in 2012.500.20: Common Language Group
Project 2016-134**

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In submitting this report, the researcher has agreed to FRDC publishing this material in its edited form.

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Joshua Fielding, Project Manager, Fisheries Research and Development Corporation

Abbreviations

CG	Custodian Group
CLG	Common Language Group
CRRDC	Council of Research and Development Corporations
FFA	Food Focus Australia
FRDC	Fisheries Research and Development Corporation
NGO	Non-Government Organisation
RD&E	Research, Development and Extension
SSA	Seafood Services Australia

Executive Summary

What the report is about

This report presents the results of an impact assessment of a Fisheries Research and Development Corporation (FRDC) investment in projects that formed a Common Language Group (CLG). The purpose of the investment was to develop agreed positions on a range of topical and contentious issues that existed along the seafood supply chain. Initially the investment was managed by Seafood Services Australia (SSA), and then continued by Food Focus Australia (FFA) after SSA ceased operations in July 2013.

Methodology

The investment in the project was analysed qualitatively within a logical framework that included activities/outputs, outcomes, and impacts. Identified impacts were then categorised into a triple bottom line framework. Principal impacts from those identified were then considered for valuation. Past and future cash flows in 2016/17 \$ terms were discounted to the year 2016/17 using a discount rate of 5% to estimate the investment criteria.

Results/key findings

The major potential impact identified was of a capacity building nature. It is expected that the development of a concise definition of terms will have improved the understanding of different viewpoints of various issues that exist along seafood supply chains.

Investment Criteria

Total funding from all sources for the investment was \$0.61 million (present value terms). As FRDC funding was 100% of total funding, the FRDC investment costs were also \$0.61 million in present value terms. However, none of the benefits identified were valued in monetary terms. Hence, the full set of investment criteria were not estimated or reported as part of the impact assessment.

Conclusions

While the investment did not result in any significant impacts that could be valued, the process was useful in developing a base and representative structure for improving communication between different interest groups in the future. In this regard, the project has built some capacity for building a higher level of consensus and this objective is currently being pursued by FRDC.

Keywords

Impact assessment, Common Language Group, capacity building

Introduction

The Fisheries Research and Development Corporation (FRDC) required a series of impact assessments to be carried out annually on a number of investments in the FRDC research, development and extension (RD&E) portfolio. The assessments were required to meet the following FRDC evaluation reporting requirements:

- Reporting against the FRDC 2015-2020 RD&E Plan and the Evaluation Framework associated with FRDC's Statutory Funding Agreement with the Commonwealth Government.
- Annual Reporting to FRDC stakeholders.
- Reporting to the Council of Rural Research and Development Corporations (CRRDC).

The first series of impact assessments included 20 randomly selected FRDC investments worth a total of approximately \$6.31 million (nominal FRDC investment). The investments were selected from an overall population of 136 FRDC investments worth an estimated \$24.98 million (nominal FRDC investment) where a final deliverable had been submitted in the 2015/16 financial year.

The 20 investments were selected through a stratified, random sampling process such that investments chosen spanned all five FRDC Programs (Environment, Industry, Communities, People and Adoption), represented approximately 25% of the total FRDC RD&E investment in the overall population (in nominal terms) and included a selection of small, medium and large FRDC investments.

Project 2012-500.20: *To establish a forum (Common Language Group) for working with all stakeholders to reach agreement on issues which are contentious in the fishing and aquaculture sectors* was selected as one of the 20 investments and was analysed in this report.

General Method

The impact assessments followed general evaluation guidelines that are now well entrenched within the Australian primary industry research sector including Research and Development Corporations, Cooperative Research Centres, State Departments of Agriculture, and some Universities. The approach includes both qualitative and quantitative descriptions that are in accord with the impact assessment guidelines of the CRRDC (CRRDC, 2014).

The evaluation process involved identifying and briefly describing project objectives, activities and outputs, outcomes, and impacts. The principal economic, environmental and social impacts were then summarised in a triple bottom line framework.

Some, but not all, of the impacts identified were then valued in monetary terms. Where impact valuation was exercised, the impact assessment uses Cost-Benefit Analysis as its principal tool. The decision not to value certain impacts was due either to a shortage of necessary evidence/data, a high degree of uncertainty surrounding the potential impact, or the likely low relative significance of the impact compared to those that were valued. The impacts valued are therefore deemed to represent the principal benefits delivered by the project. However, as not all impacts were valued, the investment criteria reported for individual investments potentially represent an underestimate of the performance of that investment.

Background and Rationale

Background

It had been observed that some differences were apparent among different industry stakeholders regarding definitions of various fishing sustainability issues. These differences had led to a level of confusion among industry stakeholders and, potentially, a negative perception of the Australian seafood industry.

Not all stakeholders agreed on all aspects of what constitutes 'sustainable seafood'. Contentious issues included:

- The credibility of information, both from the scientific community and elsewhere.
- The need for clear information on sourcing responsibly, both domestically and internationally.
- Misinformation on stock status.
- Terms requiring a clearer understanding e.g. fully fished, overfished.

Rationale

To reduce confusion and improve communication along the seafood supply chain from fishers to wholesalers, retailers and consumers, a Common Language Group (CLG) was developed and became active in the year ending June 2013. It was hypothesised that the level of confusion and number of contentious issues could be reduced by the development of agreed positions on a range of topical issues that could be communicated via an agreed Common Language to all seafood stakeholders, including seafood consumers.

Project Details

Summary

Project Codes: 2012-500 and 2012-500.20

Title: *To establish a forum (Common Language Group) for working with all stakeholders to reach agreement on issues which are contentious in the fishing and aquaculture sectors*

Research Organisation: Seafood Services Australia and Food Focus Australia

Principal Investigators:

- Seafood Services Australia 2012-2013
- Michelle Christoe, Managing Director, Food Focus Australia 2013-2016

Objectives

The overall aim of the investment was to create and communicate a common understanding of issues associated with the use of Australian aquatic ecosystems and resources. Specific objectives were:

1. To maintain the CLG and facilitate the resolution of issues that are contentious in the fishing and aquaculture sector.
2. To develop consensus positions on key issues affecting the industry through the CLG.
3. To publish and extend agreed CLG outputs including issues papers, fact sheets, website updates and media releases.

Logical Framework

Table 1 provides a description of the investment in a logical framework developed for the evaluation.

Table 1: Logical Framework for Projects 2012.500 and 2012.500.20

Activities and Outputs	<ul style="list-style-type: none"> • The original project (2012-500) was contracted with Seafood Services Australia (SSA). When SSA ceased to trade in July 2013 after the first year of the project (2012-2013), the project was continued seamlessly by Food Focus Australia (FFA) under project 2012-500.20. • A Custodian Group (CG) was formed to identify issues and to oversee the activities of the various working groups that were established to address specific topics. • Dr Meryl Williams, former Director-General of the World Fish Center, was appointed Chairperson of the CG. • The CG was representative of all sectors of the seafood industry including fishers (commercial, recreational, and indigenous), aquaculture, research, fisheries managers, various participants along the supply chain, consumers and environmental Non-Government Organisations (NGOs). • The scope of the CLG included both wild catch fisheries and aquaculture; the CLG chose to initially address the topic of the environmental sustainability of commercial wild-caught seafood. • The CLG identified issues requiring a common understanding, such as sustainability, responsible fishing, seafood traceability, marine protected areas, fisheries stock status reports, eco-labelling, fish names, pollution, and fishing methods etc.
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	<ul style="list-style-type: none"> • Early in the project, the CG developed working groups; FFA facilitated the activities of the CLG, the working groups and face to face meetings. • The CG met face to face and by teleconference throughout the project. • An Issues Paper was prepared on the elements of sustainable seafood for wild catch fisheries. • A consensus was formed on the factors that defined sustainable seafood; these factors were the impact on: retained species (both target and by product), bycatch species, threatened, endangered and protected species, aquatic habitats, and ecosystems (including indigenous cultural links) and foodwebs. • However, some specific issues needed more work to gain consensus including the definition of an overfished stock, methods for protection of fisheries habitat, priority fishing methods that require monitoring, and acceptable levels of bycatch. • The Issues Paper proceeded through several drafts with feedback from the CLG members and external input from the wider community. The paper was entitled: ‘Defining Sustainable Australian Seafood - Wild Capture Fisheries’ and was made available for public comment. • The CLG held an Open Forum and conducted a public survey process. • The project established a dedicated web site but this has now been superseded by information on FRDC’s website. See: http://frdc.com.au/knowledge/common_language/Pages/default.aspx • The Issues Paper on sustainable seafood has not yet been finalised (Joshua Fielding, pers. comm., June 2017). Draft 3 was the final draft produced under Project 2012-500.20 and is available at: http://frdc.com.au/knowledge/Documents/CLG/CL-Sustainable-Wild-Caught-Seafood.pdf • The final overarching definition of sustainable wild caught seafood in common language terms is: “Environmentally sustainable wild caught seafood comes from fisheries that are managed so that: <ul style="list-style-type: none"> ○ The fish stocks are maintained at levels of abundance that protect their reproductive capacity in perpetuity. ○ Fishing activity avoids unacceptable impacts on other species, habitat and indigenous cultural activities. ○ The integrity of the supporting habitat and ecosystems is maintained over time”
Outcomes	<ul style="list-style-type: none"> • The project was successful in assembling and facilitating all seafood interests to openly discuss key sustainability issues. • Some limited improvement was generated in the understanding and appreciation of Australian wild caught fishing activities by different stakeholders. • Outcomes included some increased transparency of the views and language used by separate groups and some contribution to a reduced level of confusion with the use of consistent definitions and factual and responsible arguments. • The CG of the CLG succeeded in agreeing on the elements of sustainable seafood. • However, there was no consensus reached within the wider industry framework on the understanding of sustainability in general terms and, in the main, the different views of fishers and NGOs remain unchanged. • Potentially only a marginal change (if any) has occurred in consumer confidence regarding seafood sustainability and, potentially, no change in demand for seafood. • A range of issues were identified and highlighted for consideration in the future including responsible sourcing, towed gears, illegal or unreported and

	<p>unregulated fishing, discards, a Responsible Fishing Scheme, Marine Protected Areas, and the elements of sustainable aquaculture.</p> <ul style="list-style-type: none"> • There has been no formal continuation of Project 2012-500.20 by FRDC. However, FRDC has now taken on the secretariat role and is investigating a potential future for the CLG and CG. The Chair of the CG has resigned since the completion of 2012-500.20 (Joshua Fielding, pers. comm., June 2017). • An initiative such as the CLG can help to inform the public on fishing and aquaculture related issues. However, the CLG project and process the FRDC undertook received very little buy-in from the FRDC's key stakeholder groups, with the NGOs being the most interested and active participants in the process (Joshua Fielding, pers. comm., June 2017).
Impacts	<ul style="list-style-type: none"> • Some level of improved understanding of the different perceptions of the Australian seafood sector and its supply chain may have some impact on the wider community's perceptions of the industry and result in the maintenance of access to resources through the industry's licence to operate.

Project Investment

Nominal Investment

Table 2 shows the annual investment for the projects funded by FRDC.

Table 2: Annual Investment in Projects 2012.500 and 2012.500.20 (nominal \$)

Year ended 30 June	FRDC (\$)	OTHER (\$)	TOTAL (\$)
2013	296,830	0	296,830
2014	50,000	0	50,000
2015	97,371	0	97,371
2016	5,000	0	5,000
Total	449,201	0	449,201

Program Management Costs

For the FRDC investment, the cost of managing the FRDC funding was added to the FRDC contribution for the project via a management cost multiplier (1.115). This multiplier was estimated based on the share of 'employee benefits' and 'supplier' expenses in total FRDC expenditure reported in the FRDC's Cash Flow Statement (FRDC, 2016). This multiplier then was applied to the nominal investment by FRDC shown in Table 2.

Real Investment and Extension Costs

For purposes of the investment analysis, the investment costs of all parties were expressed in 2016/17 \$ terms using the Implicit Price Deflator for Gross Domestic Product (ABS, 2016). No additional costs of extension were included as the project was focused on engaging with stakeholders including the wider community.

Impacts

The impacts from the improvements delivered by the investment were considered only marginal. Table 3 provides a summary of the types of impacts expanded from that listed in Table 1 and then categorised into economic, environmental and social impacts.

Table 3: Triple Bottom Line Categories of Impacts from the Common Language Group Investment

Economic	<ul style="list-style-type: none"> Some level of improved understanding of the different perceptions of the Australian seafood sector and its supply chain has been delivered. This may have some impact on the wider community’s perceptions of the industry and result in support for the maintenance of access to resources through a contribution to maintaining the industry’s licence to operate.
Environmental	<ul style="list-style-type: none"> If the identification of several sustainability issues potentially leads to their further examination, in turn, this may lead to positive environmental outcomes and impacts.
Social	<ul style="list-style-type: none"> Potential exists for a reduced level of conflict between different community sectors driven by some improved understanding of the definitions and views of different interest groups.

Public versus Private Impacts

Potentially, the project could have led to both private and public impacts through strengthening of the industry’s licence to operate as well as a more sustainable seafood supply chain. However, neither of these impacts are considered significant to date.

Distribution of Private Impacts

The beneficiaries of any private sector impacts would have been the various businesses operating within the seafood supply chains, through both the potential maintenance of their social licence and a potential market demand impact.

Impacts on other Australian Industries

It is assumed that project impacts will be confined to the Australian seafood industry.

Impacts Overseas

No benefits to overseas interests are expected. However, potentially, any improved confidence in the sustainability of the Australian seafood industry could be expected to have some impact on the levels of seafood imports.

Match with National Priorities

The Australian Government's Science and Research Priorities and Rural Research, Development and Extension (RD&E) priorities are reproduced in Table 4. Potentially, the project may have contributed marginally to Rural RD&E Priority 3 and to Science and Research Priority 1.

Table 4: Australian Government Research Priorities

Australian Government	
Rural RD&E Priorities (est. 2015)	Science and Research Priorities (est. 2015)
<ol style="list-style-type: none">1. Advanced technology2. Biosecurity3. Soil, water and managing natural resources4. Adoption of R&D	<ol style="list-style-type: none">1. Food2. Soil and Water3. Transport4. Cybersecurity5. Energy and Resources6. Manufacturing7. Environmental Change8. Health

Sources: DAWR (2015) and OCS (2016)

Valuation of Impacts

Impacts Valued

The project did not produce any quantifiable impacts so no quantitative evaluation processes were applied to estimate benefits.

Impacts not Valued

The impacts identified in Table 3 were not valued for the following reasons (Table 5):

Table 5: Reasons for Not Valuing Impacts

Impact/Potential Impact	Reason why Impact Not Valued
Some level of improved understanding of the different perceptions of the Australian seafood sector and its supply chain may have some impact on the wider community's perceptions of the industry and result in support for the maintenance of access to resources through the industry's licence to operate.	A lack of evidence that any such improvements in understanding has translated into increased community support for the seafood social licence.
If the identification of several sustainability issues potentially leads to their further examination, in turn, this may lead to positive environmental outcomes and impacts.	Uncertainty that such future examination will occur and that outputs may lead to environmental impacts.
Potential for a reduced level of conflict between different community sectors driven by some improved understanding of the definitions and views of different interest groups.	The difficulty of placing a financial value on any reduction in conflict.

Results

All past costs were discounted to 2016/17 using a discount rate of 5%. All analyses ran for the length of the project investment period plus 30 years from the last year of investment in Project 2012-500.20 (2015/16)

Investment Criteria

Tables 6 and 7 show the investment criteria estimated for different periods of benefits and costs for the total investment and FRDC investment respectively. Note that, as no benefits were valued, the investment criteria reporting is restricted to the Present Value of Costs.

In the interests of consistency with other project analyses and reporting, the Present Value of Costs was reported for the length of the investment period plus for different periods up to 30 years from the last year of investment (2015/16).

Table 6: Investment Criteria for Total Investment in Projects 2012.500 and 2012.500.20

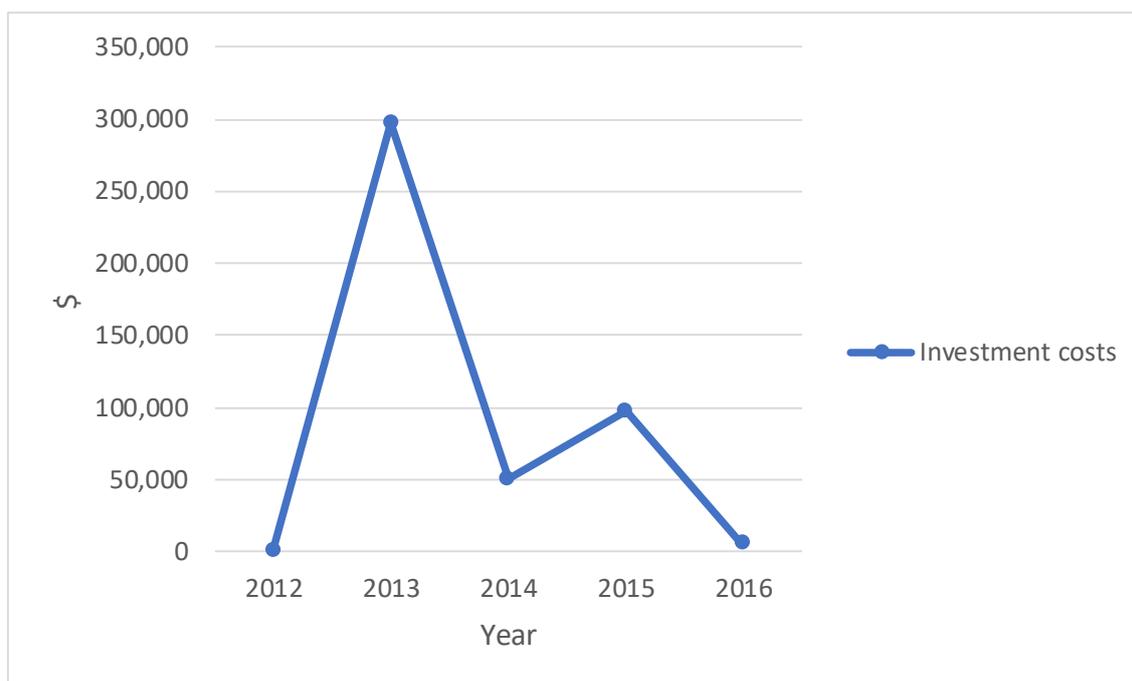
Investment criteria	Number of years from year of last investment						
	0	5	10	15	20	25	30
Present value of costs (\$m)	0.61	0.61	0.61	0.61	0.61	0.61	0.61

Table 7: Investment Criteria for FRDC Investment in Projects 2012.500 and 2012.500.20

Investment criteria	Number of years from year of last investment						
	0	5	10	15	20	25	30
Present value of costs (\$m)	0.61	0.61	0.61	0.61	0.61	0.61	0.61

The annual undiscounted cost cash flows for the total investment for the duration of investment period are shown in Figure 1.

Figure 1: Annual Cash Flow of Undiscounted Total Costs



Conclusions

Total funding for the investment over the three years totalled \$0.61 million in present value terms. As FRDC funding was 100% of total funding, the FRDC investment costs were also \$0.61 million in present value terms. While the investment did not result in any significant impacts that could be valued, the process was useful in developing a base and representative structure for improving communication between different interest groups in the future. In this regard, the project has built some capacity for building a higher level of consensus and this objective is currently being pursued by FRDC.

Glossary of Economic Terms

Cost-benefit analysis:	A conceptual framework for the economic evaluation of projects and programs in the public sector. It differs from a financial appraisal or evaluation in that it considers all gains (benefits) and losses (costs), regardless of to whom they accrue.
Benefit-cost ratio:	The ratio of the present value of investment benefits to the present value of investment costs.
Discounting:	The process of relating the costs and benefits of an investment to a base year using a stated discount rate.
Internal rate of return:	The discount rate at which an investment has a net present value of zero, i.e. where present value of benefits = present value of costs.
Investment criteria:	Measures of the economic worth of an investment such as Net Present Value, Benefit-Cost Ratio, and Internal Rate of Return.
Modified internal rate of return:	The internal rate of return of an investment that is modified so that the cash inflows from an investment are re-invested at the rate of the cost of capital (the re-investment rate).
Net present value:	The discounted value of the benefits of an investment less the discounted value of the costs, i.e. present value of benefits - present value of costs.
Present value of benefits:	The discounted value of benefits.
Present value of costs:	The discounted value of investment costs.

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