

Measuring economic depreciation in fisheries

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Abstract

Australia has a policy of achieving maximum economic yield (MEY) in Commonwealth fisheries, with many States also interested in the MEY target. Bioeconomic models are being developed for estimating MEY for several fisheries, supported by economic surveys of the fisheries. While most cost components can be derived directly from the survey information, capital values are incorporated into the models usually through the opportunity cost of capital and depreciation, both imputed values. Information on the former can be derived from capital markets. Depreciation measures, however, are often distorted by accounting practices and taxation regulations rather than actual capital consumption. In this paper, we estimate the actual rate of economic depreciation in Australian fisheries, and find it is substantially lower than values usually used in most bioeconomic analyses.