



Joint Select Committee on Northern Australia.

Inquiry into expanding the Aquaculture Industry in Northern Australia

Submission by Clipper Pearls Pty Ltd, Broome W.A

Clipper Pearls Pty Ltd has been involved in aquaculture in the Kimberley region of northern WA for over 25 years, and as a producer of arguably Australia's finest South Sea Pearls, we understand better than most, the monumental challenges that face our industry on a daily basis. These include the impacts associated with the volatile weather patterns that the northern third of Australia experience annually, along with the delicate market influences that impact on the demand and supply of luxury goods as opposed to most other aquaculture derived products that specifically provide a food source for the consumer.

In collating this submission, we would like to acknowledge in particular the submissions provided to the Joint Select Committee by the Shire of Broome, and the Aquaculture Council of WA whom have provided information that will be supported by Clipper Pearls Pty Ltd or that specifically relate to our area of operation or that have addressed concerns to the Committee that align with our submission.

Clipper Pearls Pty Ltd finds itself in a quite unique position when it comes to outlining its reasoning for making a submission. Over the past, and extremely challenging 4 years, and still a major issue today, the Company has faced unprecedented pressure from the Oil & Gas industry who've tried relentlessly to exercise its corporate and political powers to single handedly impact on the future viability of not only our pearling business, but also the entire WA pearling industry itself. Whilst its our utmost intention to avoid rhetoric in our submission, we would like the Committee to be aware that such external pressures from competing aquatic resource stakeholders, and whose regulators work on different access rights and approval processes, significantly contribute to an underlying and realistic impact on those key points we are trying to address in the Committee's Terms of Reference – namely commercialisation, new ventures, and new markets.

1. Ability to commercialise new innovation:

The ACWA makes valid points regarding the benefits to commercialisation of aquaculture species, and what infrastructure might be required to achieve such opportunities. In particular they make reference to, as does the Shire of Broome in their submission, the flow on affect of such expansion and innovation through the supply chain processes, something commonly referred to "Value Stream Mapping" or "Positive Outcome Mapping". These supply chains are critical to any development in the north, irrespective of the type of industries that struggle to exist. When one industry struggles to exist, the domino affect is

catastrophic throughout the supply chain – evidenced clearly by the downturn in the mining industry in WA.

Additionally, whilst such aquaculture facilities referred to in the ACWA submission do exist, their output is virtually non-existent. The training facilities are almost devoid of students, and the Broome Tropical Aquaculture Park (PTAP) is predominantly vacant and undeveloped with absolutely no indication that support exists to encourage future tenants of some of the failing or decrepit facilities to want to invest in aquaculture ventures (startup or pre-existing) within the precinct.

In short, there is NO ability to commercialise aquaculture in northern WA in any meaningful way if the mindset of the state and federal governments don't change immediately. Irrespective of the granting of a new Aquaculture Development Zone in Cone Bay, private (and delisted public companies) are left to flounder on their own under the weight of monumental environmental approval processes, exorbitant lease and licensing fees (pearling for example), massive transport logistical challenges, and employment expertise shortfalls – put simply the granting of the Zone is really a case of the 'cart before the horse' scenario. The availability of sound knowledge and expertise required for development of any reasonable business model pertaining to aquaculture are still well within their infancy stages, so this needs to be thoroughly work-shopped first rather than granting use zones and leaving entrepreneurs to fend for themselves.

Another basic privilege difficult to access is stock insurance. There are very few companies available to offer insurance on aquaculture species, and those that do (or might) make the ability to access claims very difficult. Most insurers offer total or first loss cover only policies, and the deductibles are so large, as too are the premiums, that companies would risk major cash-flow shortages purely to insure their stock below true market value (or well below investment value).

When we as a company refer to the term 'commercialisation', we specifically look at taking our generated IP (through genetics and other key scientific projects), and patented applications, out to the broader aquaculture industries both nationally and internationally. Unfortunately the 'route to commercialisation' isn't a simple process, and other than trying to source Australian Government grants, or tax initiatives through R&D tax concessions, there are very few avenues available in the Northern Australia region that offer support to cater for such technological achievements. With that in mind, it would be fair to say that there is little to no incentive to commercialise new innovation. Furthermore we agree with the ACWA's submission regarding the lack of commercial potential without actual tangible projects, which almost renders such IP innovation as 'worthless' before it even has the opportunity to transition from trade secret to exposure in the public domain.

2. Develop new aquaculture projects and products:

From our experience, the one key issue impacting on the future development of aquaculture relates to political perception and confusion surrounding multi-usage opportunities. In WA alone, there has been no less than 3 different Fisheries Ministers in the last 4 years, and interestingly, the portfolios they share, generally are those industries that are competing for exclusive or partial exclusivity of the marine resources. Take for instance recent Ministers who have Mining, Oil & Gas and Fisheries portfolios. It will be impossible for the marine aquaculture industry to undertake new project development when most of the available water leases are under increased offshore exploration pressure, or equally the environmental offsets surrounding the development of marine parks that seem to be selected without appropriate stakeholder consultation.

Our experience shows that the only true way to promote new projects will be to have a national unified approach to aquaculture development, and for the Australian Government to realise that we already import around 80-85% of our seafood, and unless we do something very quickly, that number is likely to climb closer to 100%.

3. Seek out new markets:

ASIA, ASIA, ASIA! There is strong evidence that Australia has profound potential to capture this market. It is apparent by the sheer volume of increased interest from Asian investment in the agriculture and to some extent, seafood industries over the past 3 years. In fact, some companies diversified in aquaculture production overseas are seriously considering divesting in Australia and looking to more affordable production locations in Asia for mainly economic and market exposure reasons. Australia's wild or natural products are in huge demand in China, in particular by the emerging social middle class, and yet we don't seem to be able to get export approval easily, nor be in a position to quickly capitalise on these supply/demand opportunities. One would agree that the best approach is to showcase what limited Australian Aquaculture products we currently produce on the world stage, either by inviting delegates to visit such events as Seafood Directions or other national seafood shows, or better still, take our products overseas to gain greater international exposure.

The only way such markets can be captured is to provide a source of funding to help market and promote our products. On most occasions private business funds marketing, but predominantly domestically rather than internationally. The Chamber of Commerce in Industry in WA does promote travel opportunities to investigate new markets, but these are usually on a broader business base rather than targeting one industry. Aquaculture generally has always been the little brother to the wild caught fisheries, but with the increased political pressure placed on Australia's minority held governments surrounding the development of marine parks and expansion of oil & gas exploration, it seems that the next few years are really the only opportunity we collectively have to promote the establishment of a new and expanding hub of aquaculture businesses, and minds, in northern Australia.