



Committee Secretary

Senate Rural and Regional Affairs and Transport Legislation Committee

PO Box 6100

Parliament House

Canberra ACT 2600

Australia

Western Australian Fisheries Industry Council submission re: Senate Inquiry into Rural Research and Development Legislation Amendment Bill 2014

Background: *The FRDC has been advised its government funding will be cut by some \$1.2million annually for the next four years – the cuts largely designed to cover the cost of Regional Fisheries Management Organisations (RFMOs) memberships.*

The Western Australian Fishing Industry Council (WAFIC) is the peak industry organisation representing the interests of WA's \$350-\$400 million commercial fishing, pearling and aquaculture industry.

WAFIC has serious concerns over any decrease in funding for the FRDC – in particular in how such cuts may impact on increased competition for finite Research, Development and Extension (RD&E) funds.

WAFIC and the FRDC have a close and cooperative working relationship which has operated to the benefit of both the commercial fishing sector (at state and national and international level) and the broader community that consumes seafood and other marine-related products such as pearls and pharmaceuticals.

This relationship has been founded on the partnership between the Commonwealth Government and industry to equally invest in science for fishing and aquaculture.

When one party unilaterally changes the terms of that partnership without consultation, the partnership will be damaged. It goes to the heart of the partnership, it sets a precedent and it provokes industry doubt regarding the Government's intent to honour what is internationally regarded as a strong and effective funding partnership for rural RD&E.



Research is critical to the commercial fishing, pearling and aquaculture industry of WA. Any decline in this funding will have significant impact on the ability to ensure the industry maintains its enviable reputation for sustainability, to ensure it remains profitable and will affect future development opportunities.

Submission: WAFIC submits that reducing the FRDC funds by some \$1.2million annually over the next four years, in a move largely designed to fund RFMOs, will have serious flow-on effects to RD&E activities within the commercial fishing sector.

In addressing this specific issue some points need to be considered:

- . 1) Why is the FRDC (in effect, if not in actuality) providing funds towards all six of the RFMOs when Australia only carries out fishing operations in two of these regions?
- . 2) Much of the FRDC's RD&E funding is raised through voluntary industry contribution. If the government is seen as reducing its commitment to RD&E by diverting money to fund RFMOs there is a serious risk industry will follow that lead and reduce its voluntary contribution to RD&E activity.
- . 3) There is industry concern that the example of the RFMO decision demonstrates that the responsible Minister may, at some future time, impose further non-RD&E budget impacts on the FRDC budget with no consultation with industry.

The long-term consequences of a de-escalation of focus on and funding for RD&E cannot be overstated. For 2013-14 the FRDC had to terminate the industry tactical research fund that has allowed industry to invest in RD&E that makes meaningful changes to their profit and productivity.

A good example of RD&E investment has been the science that resulted in the WA crab industry developing an innovative crab cake product by harvesting crustacean flesh that was previously discarded because it was too difficult to harvest. To date about 1,000,000 crab cakes have been produced – increasing the profitability of the fishery.

WAFIC predicts that a decrease in RD&E will inevitably limit the reach of supporting marketing initiatives that fall out of such programs. At some point, whether sooner or later, this will impact both domestic and overseas markets for fishing and marine-related products.

WAFIC submits that some of the issues the committee should consider include:

- WAFIC does not support this amended legislation and asks that it does not get the support of Parliament.

- That the precedent will allow the government in future to further unilaterally change the agreed partnership
- The RFMOs are by nature about diplomacy for our near neighbours and not about Australian fisheries and aquaculture
- The \$1.2 million cut will result in more than \$2.5 million in lost RD&E investment as the leverage will also be lost.

WAFIC suggests the Federal Government should consider increasing the proportion of FRDC funding it is prepared to match.

At the moment WA contributes 0.25% of the GVP for RD&E purposes to the FRDC. The Federal Government matches this amount. If the State Government and industry were to increase their contribution (the levied amount of GVP), the Commonwealth should consider increasing its amount of matching funds. Currently the agriculture and forestry sectors can match their investment up to 0.5%.

WAFIC does not believe it unreasonable to expect this model also apply to the FRDC and requests you give this submission your most serious consideration in developing your report to the Parliament.

Yours sincerely,

John Harrison

Chief Executive Officer

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