



NATIONAL SEAFOOD INDUSTRY ALLIANCE

PO Box 9022 Deakin ACT 2600 T: 02 90041101 E: [REDACTED]

National Seafood Industry Alliance The Development of Northern Australia

Submission March 2014

MEMBERS OF NATIONAL SEAFOOD INDUSTRY ALLIANCE



INTRODUCTION

The National Seafood Industry Alliance (NSIA) on behalf of its members welcomes the opportunity to provide input into the Australian Parliament's Northern Australia Committee undertaking an inquiry into the development of Northern Australia.

The NSIA was established in 2009 to provide representation of our industries at the Federal level on four key priorities:

- Resource access (including the Commonwealth Government's marine planning processes and the impact of climate change and policy on industry);
- Research, development and extension;
- Promoting industry; and
- Federal cost imposts.

BACKGROUND

The Australian seafood industry is a major primary industry and a significant employer, particularly in regional Australia. In 2010-11, the firsthand value of fisheries production was \$2.26 billion (wild-harvest \$1.31 billion and aquaculture \$0.948 billion), with a total harvest of 234,000 tonnes. The value of exports totalled \$1.2 billion and imports \$1.5 billion.

Current issues and challenges facing the Australian seafood industry that must be addressed include under-development of both wild harvest resources and aquaculture, leading in turn to serious future food security challenges for Australia. (Already, more than 70% of total seafood consumed by Australians is imported.)

Participants in the Australian seafood industry are facing the same challenges as other small to medium-sized businesses in primary industry and manufacturing. In particular, they have been impacted by the high Australian dollar, and the prohibitively high cost of production. This can no longer be absorbed and export markets are becoming no longer viable. International buyers are sourcing cheaper substitutes. Therefore Australian suppliers are losing those markets, or holding them at reduced margins. Increased competition on the domestic market from relatively cheaper imports is eroding market share at home.

Notwithstanding Australia's world recognised, scientifically proven advances in fisheries resource and environmental management, regulatory burden and costs constrain the operations of wild harvest and development of aquaculture, placing Australian seafood producers at a distinct disadvantage globally. Contrary to what is spoken by Governments a culture of regulation and compliance dominates Government at all levels rather than development and growth with regards to the seafood industry

The industry operates in a hostile physical environment, with both its harvesting operations and infrastructure (often sited at the interface of land and ocean) vulnerable to natural disasters such as floods and cyclones (and, in the case of land-based aquaculture, even bushfires).

It attracts hardy and resilient individuals but their hardiness and resilience have been tested in recent years.

It should be noted that the feedback provided is with respect to Northern Australia and that the suggestions are relevant to the whole Australian seafood industry.

POTENTIAL FOR NORTHERN AUSTRALIA

Northern Australia has great potential for further development within both wild catch fisheries and aquaculture. The wild catch sector has experienced rapid growth since 2005 (Figure 1) and this growth continues today. Further development of seafood industry in the North is primarily dependent on investment in infrastructure, reduction of red tap, developing a workforce and maintenance of the fuel-tax rebate.

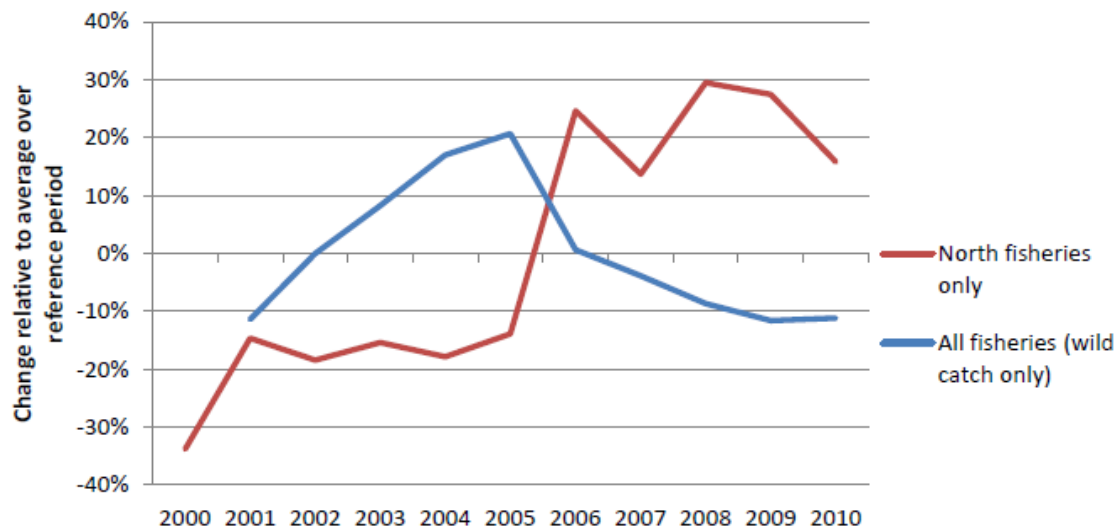


Figure 1 Change in catch for all Australian wild fisheries and fisheries in the North Marine Region relative to the average over the same period, 2000-10¹

While it may be considered that all major fisheries in Australia have been discovered, that should not prevent active exploration of new opportunities, either in exploring for new fisheries or exploring new markets for existing fisheries. What is referred to in the mining industry as “prospectivity” can also be applied to the seafood industry.

Prospectivity in the fishing sector can apply in a range of circumstances, such as: the potential to harvest the same species, using the same rights in new fishing grounds; the potential to develop new species (particularly with the emergence of new markets and/or higher prices); and the potential to harvest existing species using new techniques in new areas.

While the majority of the world’s major commercial fishing opportunities have been developed, new fisheries continue to emerge both in Australia and internationally. Evidence for fisheries prospectivity can come from a range of sources, including previous commercial exploration, fishery-independent surveys, previous foreign fishing activity and comparisons of similar seabed features holding commercially valuable fish stocks elsewhere. There are opportunities to increase supply of blue swimmer crabs in the Developing Pilbara Blue Swimmer Crab Fishery; tropical snappers and mackerel from Northern Australia.

Recommendation: **A commitment to the Northern Australian seafood industry to look for opportunities to expand fisheries and-or markets through broader adoption of exploratory and developmental fishing frameworks.**

¹ ABARES June 2012 North Marine Region Commonwealth Reserves Network: social and economic assessment of the impacts on commercial and charter fishing
National Seafood Industry Alliance
The Development of Northern Australia Submission February 2014

ENHANCEMENT OF TRADE

The vast majority of Australia's seafood exports have traditionally been destined for selected Asian markets in Japan, Hong Kong, and China. However increasingly difficult trading conditions have caused considerable export market disruption. Strengthening and expanding the legitimate trade platform is a priority of Australian seafood exporters.

Darwin is uniquely placed to become Australia's gateway to Asia and a significant upgrade in the current Port facilities at Darwin is required for this to be achieved.

Progressing Free Trade Agreements must be a priority with trading partners including Japan, China and Korea. These agreements recognise the importance of equitable access for products exported from, and imported to, Australia.

The Australian seafood industry needs access to better market intelligence, enhanced business relationship networks, and active participation in trade negotiations. The NSIA seeks continued and increased funding for programs and organisations that are assisting the seafood industry to promote seafood trade into the Asian region e.g. the Export Market Development Grants

Recommendation: Progress Free Trade Agreements with provisions for seafood with Japan, China and Korea.

Recommendation: Programs and organisations that are assisting the seafood industry to promote seafood trade into the Asian region.

Recommendation: Upgrade Darwin Port facilities to facilitate a gateway to Asia through Northern Australia.

REGULATORY ENVIRONMENT

AQUACULTURE

While aquaculture in southern waters has increased in value (thanks largely to increased production of salmonids in Tasmania), it speaks volumes for the state of the aquaculture industry in tropical waters that no new prawn farm has been approved or built in Australia in the past 13 years.

Major obstacles to the development of Australian aquaculture are red and green tape, and convoluted legislation emanating from overlapping agencies which often have conflicting aims. The current legislation in most States does not define clear pathways, parameters and actionable timeframes for sustainable aquaculture growth. While safeguarding the marine environment is vitally important, aquaculture proposals should not be blocked by environmental criteria that are simply unreasonable.

Harmonisation of aquaculture policy and regulatory requirements across States and Territories is needed, as a precursor to an improved legislative and policy environment that encourages aquaculture development.

Aquaculture holds the potential for considerable further growth, and NSIA believes Commonwealth and State Governments should work together to facilitate growth of Australian aquaculture.

Recommendation: Improve the legislative and policy environment to encourage development of aquaculture.

Recommendation: Clear direction is provided on how development is to progress for aquaculture adjacent to marine parks.

IMPOSTS

There are many federal regulatory imposts on industry, including the costs of fisheries management, environmental conservation, taxation, industrial relations, workforce requirements, maritime safety, export controls and food labelling. These have direct and indirect impacts on industry's competitiveness, efficiency and profitability.

As part of the development of a dedicated fisheries policy, overlapping legislation and regulations applied to the seafood industry by government agencies should be examined. Wherever feasible, government requirements and associated costs should be streamlined to improve industry efficiency. This is particularly important at a time when the high Australian dollar is making competing overseas products comparatively cheaper, both on export and domestic markets. NSIA seeks a review of the current regulatory requirements to reduce burden and cost imposts.

Recommendation: A review of the current regulatory requirements to reduce burden and cost imposts.

Recommendation: Investigate use of capital investment incentives to encourage upgrading of more efficient engines and systems.

Recommendation: Increase the tax free threshold for operators/employees in remote areas

Recommendation: Subsidise freight, packaging and unloading cost for low value products.

Recommendation: Introduce a set of exemptions for drought years that reduces licence fees and annual red tape.

SEAFOOD LABELLING

The Northern Territory is the only jurisdiction in Australia that has removed the current loophole in seafood labelling by extending country of origin laws for seafood to the food service sector.

NSIA has developed a clear policy for the mandatory labelling of seafood to ensure that consumers are able to make informed choices about their seafood. Country of origin labelling will foster consumer confidence and provide impetus for the growth prospects of the seafood industry in the north. The current absence of effective labelling requirements for cooked seafood compromises consumer choice and undermines the Australian industry.

Recommendation: Remove the current loophole in Country of Origin Labelling by extending country of origin laws for seafood to the food service sector.

FUEL LEVY REBATE

Northern Western Australian fishers fish as far away as anyone from the mainland of Australia, over 500nm from a Port. Fuel is a substantial expense in these operations.

Fuel is a major input to most fisheries businesses. For example, fuel accounted for around 26 per cent (in 2009–10) of average total cash costs in the Northern Prawn Fishery, and around 14 per cent (in 2008–09) in the Eastern Tuna and Billfish Fishery (ABARES 2010, 2012a).

The price paid for fuel by fishers has been volatile in recent years. This has caused substantial uncertainty about costs for many fishers, placing additional pressure on the profitability of many fisheries operators.

Maintenance of the fuel levy rebate is vitally important to profitability and continued viability in the seafood industry, particularly the wild-harvest sector.

This rebate was never a subsidy but, rather, simple recognition of the fact that a tax intended primarily to fund provision of road infrastructure should not be levied on a non-road user like the fishing fleet.

Recommendation: Maintenance of the fuel levy rebate.

IMPEDIMENTS

INFRASTRUCTURE

Substantial investment is needed in Northern Australia to increase efficiencies including the transport of product to market and undertaking maintenance of vessels. Within the Northern Territory upgrades are required to the Darwin Port and Nhulunbuy Port with respect to access for fishing vessels, unloading facilities and re-fuelling facilities. Refit facilities are needed in particular around the Broome and Darwin region

Recommendation: Prioritise investment in upgrading port facilities in Broome, Darwin and Nhulunbuy to facilitate more efficient access for unloading and re-supply of fishing operations.

Recommendation: Prioritise investment in all weather roads within regional Northern Australia.

Recommendation: Build facilities to allow refit of vessels to occur in Northern Australia within the Western Australian and Northern Territory region.

MARINE RESERVE NETWORKS

NSIA supports the current review on the management plans for the Commonwealth Marine Reserve Network. The declaration of the North-West, North and Coral Sea regions has resulted in 1,482,763km² being declared as some form of marine park.

The Marine Reserve Network impacts negatively on investment decisions and prospective fishing. For further information: MRAG, an independent fisheries consulting
National Seafood Industry Alliance

company, prepared a report “Fisheries ‘prospectivity’ and implications for MPA planning” for the South West industry stakeholders group in July 2011².

A study by Ernst and Young found that the implementation of the Marine Reserves Network may impact on the cost structure of the industry and introduce production inefficiencies and compliance costs (due to area access restrictions as well as restrictions on the type of gear that fishers can use)³.

Further this study highlighted that businesses which are required to downsize their operations may experience higher average costs due to the absence of economies of scale in their operations.

By limiting Australia’s capacity to meet domestic seafood requirements through implementation of a large network of marine reserves we are effectively exporting responsibility for the sustainable management of the world’s fish stocks to countries with a far inferior record for sustainable fisheries management.

It will be essential that the review of the Commonwealth Marine Reserve Network is considered in the context of Northern Australia’s development and future food resource requirements to ensure development of national policies and regulations which address priority needs for our nation.

Recommendation: **Plans for development of industry within Northern Australia must take into account the potential impacts of the current Federal marine reserve network and State/Territory marine parks and wherever possible minimise the impacts of these parks on fishing operations to ensure continued supply of seafood.**

BIOSECURITY

Without adequate biosecurity in place, there will be no growth potential for Northern Australian resources. A number of recent examples of potential invasive species (mussels) found on vessel (barges) operating in the energy industry in the north-west is of particular concern. Whilst there are resources being directed at monitoring this by the WA government more is needed to reduce the risk associated with the high volume of shipping activity in the area.

Recommendation: **Ensure adequate biosecurity is in place to protect is protect Australia resources.**

CONDITIONS FOR PRIVATE INVESTMENT AND INNOVATION

SECURE RESOURCE ACCESS

Security of resource access (access both to areas and species) is of fundamental importance to the development of Northern Australia’s seafood industry. The

² MRAG Asia Pacific 2011. Fisheries ‘prospectivity’ and implications for MPA planning Prepared for the South West industry stakeholders group

³ Ernst & Young 2012. Review of ABARES’ Social and Economic Assessment of the Proposed Commonwealth Marine Reserves Network
National Seafood Industry Alliance

development of resource sharing frameworks should be a priority for the Northern Development. The Northern Territory Government is currently finalising its Resource Sharing Framework. The framework provides a strategic, transparent and consistent approach to guide government decision making on sharing the NT's fisheries resources in accordance with the objects of the *Fisheries Act*.

NSIA believes the only way to prevent situations occurring which negatively impact the industry's resource access in future is to elevate the importance of fisheries legislation – relative to competing demands from environmental and other interests – to ensure the needs of the seafood industry and seafood consumers in relation to resource access are met.

Factors impinging on access to seafood include displacement of fishing operations by port development, offshore oil and gas exploration and marine reserves. There is also a plethora of anecdotal evidence from fishers on the impact of seismic survey type activity has on fish catches including stock disbursement and in some cases severe impact on fish flesh quality.

Recommendation: **Resource sharing frameworks and guidelines for compensatory measures or the reallocation of resources (either permanently or temporarily) are introduced across the Northern Australia.**

Recommendation: **Research to ascertain impact on fish and fish stocks from other activities in and on the water e.g. seismic surveys.**

Recommendation: **The development of a process where proponents of energy sourcing activities are charged a fee by the federal government to fund the necessary consultation mechanisms for the fishing industry to gather intelligence on the impact of planned activities**

ECONOMIC AND SOCIAL INFRASTRUCTURE

There is currently an acknowledged lack of comprehensive and adequate data on Australia's fifth largest food producing primary industry – including value generated in sales and income impacts and number of jobs it supports.

The Australian fishing industry provides a number of social and economic benefits to Australian communities including:

- Export income (\$1.2B in fisheries products exported in 2009/10⁴);
- Healthy, high quality and sustainably sourced seafood (Seafood is the fifth most valuable protein source for Australians)⁵
- Contribution to Australia's future food security (Fisheries are Australia's fifth largest food producing primary industry⁶; and,
- Cost effective monitoring of the marine environment.

⁴ ABARES (2011). Australian fisheries statistics 2010.

⁵ http://adl.brs.gov.au/data/warehouse/pe_abares99010609/AC11.2_June_REPORT_11b.pdf.

⁶ *Ibid*, p15

LABOUR

A flexible approach to industrial relations in the wild-harvest and aquaculture industries to enhance productivity and competitiveness, and recognition of the necessity for 457 visa employees to be engaged in some sectors of the seafood industry is needed.

An available and appropriately skilled workforce is vital to underpinning a viable and economically sustainable fishing industry. There are recognised significant labour and skills shortages in the fishing industry – especially in Northern Australia – that impact industry productivity and output. For the fishing industry, overseas workers will always be required in the make-up of the workforce. Availability of overseas crew to fill the crew complement also means Australians also retain their employment. The retention of the 457 visa and extension of the guest worker schemes to the professional fishing industry are vital to our seafood-producing industries.

Recommendation: Introduce a flexible approach to industrial relations in the wild-harvest and aquaculture industries to enhance productivity and competitiveness, and recognition of the necessity for 457 visa employees to be engaged in some sectors of the seafood industry is needed.

Recommendation: Subsidise employment costs when targeting lower value higher volume species.

Recommendation: Development of standards regarding pay that encourage stable employment and allow workers to invest in the local property market.

Recommendation: Increase the length of time which holidaying backpackers can work in remote/regional areas within Northern Australia.

Recommendation: Investigate a seasonal workers program to be expanded to include South East Asian countries.

Recommendation: Find ways to increase the inclusiveness and opportunities for indigenous Australians to be part of the growth and development opportunities

VALUE

Reported GVP figures for Australia's fishing industry are likely to under-represent the true value of Australia's commercial fishing industry, as Gross Value of Production (GVP) calculations fail to capture value-adding activities, as well as contributions from associated fishing industry activities (e.g. onshore processing, repairs and maintenance, retail and restaurant sales). A 2009 World Bank study found that around 80% of the total value of wild catch seafood production is created during activities throughout the

processing and supply chain activities⁷. This observation is further supported by Table 1 below, which shows combined profits of seafood processing and fish wholesaling businesses to exceed the primary fishing sector⁸.

Table 1. Revenues and profits of the Australian seafood industry (2011/12)

	Revenue	Profit
Ocean fishing and seafood farming	\$2.2 billion	\$211.1 million
Seafood processing	\$1.4 billion	\$151.1 million
Fish wholesaling	\$4.1 billion	\$65.0 million

GVP figures also fail to capture the value of under-utilised fisheries. It is noteworthy that there are a number of underdeveloped fisheries in Northern Australia including but not limited to the Northern Territory’s Timor Reef, Demersal, Offshore Net and Line, Trempang fisheries and Western Tuna and Billfish Fisheries and Western Australia’s northern demersal scalefish fishery, deep-water trawl, fish trawl and northern shark fishery.

Australia’s fishing industry is a significant source of regional employment. Whilst ABARES estimates indicate the commercial fishing industry employs around 11,431 Australians⁹, the Fisheries Research and Development Corporation (FRDC) assert that these estimates significantly under report employment in the fishing sector as some fishing activities are attributed to other industries such as transport and generalized food processing¹⁰. Alternative data sources (e.g. fishing vessel and licence data information) are also incompatible with ABARES employment data where available. Given these factors FRDC estimate that commercial fishing employment is between 100,000 and 110,000¹¹. In a recent study of the workforce ABARES concede that current datasets fail to reliably indicate how many jobs, and in which location, are generated (directly and indirectly) by the seafood industry across Australia¹².

⁷ World Bank Report: The Sunken Billions: Economic justification for fisheries reform (2009). Available at

<http://siteresources.worldbank.org/EXTARD/Resources/336681-1224775570533/SunkenBillionsFinal.pdf>

⁸ IBISWORLD Industry Report (2011) Seafood processing in Australia, IBISWorld (2012) Ocean Fishing and Seafood Farming in Australia. IBISWorld (2011) Fish Wholesaling in Australia

⁹ ABARES (2011). Australian fisheries statistics 2010.

¹⁰ FRDC (2005) Investing for tomorrow’s fish: the FRDC’s research and development plan, 2005 to 2010. Fisheries Research and Development Corporation, Canberra.

¹¹ FRDC (2010) Working together: The National Fishing and Aquaculture RD&E Strategy 2010, Fisheries

Research and Development Corporation, Canberra, for the Strategy Working Group.

¹² Curtotti, R, Hormis, M & McGill, K (2012), The Australian seafood industry: Workforce information and stakeholder responses, Australian Bureau of Agricultural and Resource Economics and Sciences, Research report 12.1, Canberra, January.

SOCIAL LICENCE

Direct action from Government is needed to restore public faith in the quality of fisheries management in Australia. Actively defending and promoting the sustainability of Australian fisheries is critical to restore public faith in fisheries management.

Community concerns over the environmental impacts and sustainability of seafood production in Australia are likely to have been heightened by negative campaigns and Government decisions that fuel these negative perceptions (i.e. by Government taking action based on perceptions rather than science results in the verification that the perception is fact.)

We recognise a market failure in communicating to the Australian community. The development of a standard for Australian fisheries, based on relevant FAO guidelines would be an additional tool to assist in promoting and demonstrating the sustainability of the industry. Further, the use of independent or 'third party' certification systems (and eco-labelling) to support seafood sustainability is popular with industry, governments and consumers in many jurisdictions and countries. NSIA suggests government has a clear role in relation to providing support and resources to industry to directly assist, resource and facilitate Australian seafood producers through market measures such as a FAO compliant 'Australian Standard' and third party eco-certification.

NSIA is seeking funding to be made available to ensure the seafood industry can promote it's sustainability through recognised market measures and conduct an active campaign to promote the high standards of fisheries management in Australia.

Recommendation: **Funding to be made available to ensure the seafood industry can promote it's sustainability through recognised market measures and conduct an active campaign to promote the high standards of fisheries management in Australia.**

Recommendation: **Support and resources be provided to industry to directly assist, resource and facilitate Australian seafood producers through market measures such as a FAO compliant 'Australian Standard' and third party eco-certification.**

Food Security

Ensuring security of food resources is critically important in the face of growing populations. Australia's *National Strategic Rural Research and Development Investment Plan* focuses primary industries R&D to assist the global effort to double rural sector output over the next 30 years, and the Government has made international commitment to sustainable intensification of marine food production¹³. The Commonwealth Government has also released a consultation paper relating to the development of a National Food Plan to ensure Australians retain access to a sustainable, globally competitive, and resilient supply of nutritious and affordable food.

¹³ October 2011. Perth Declaration on Food Security Principles, adopted by Heads of Government of 53 Commonwealth nations.

The National Health and Medical Research Council Draft Australian Dietary Guidelines incorporating the Australian Guide to Healthy Eating (Dec 2011) highlight the need for Australians to increase consumption of seafood to meet health and nutrition needs¹⁴. Even though Australia's fisheries are small on an international scale, further reducing Australia's fishery production through the introduction of very large scale marine reserves presents obvious issues. Future projections indicate that Australia will be unable to meet future seafood demand from the combined total of current wild catch production, aquaculture and seafood imports¹⁵. Thus it will be essential for Australia to continue to achieve sustainable production growth through careful management and development of our wild fisheries and aquaculture resources to ensure our national requirements continue to be met.

Recommendation: Recognition of the role the seafood industry in Australia's food security.

Conclusion

In the last decade, the focus of fisheries management has been firmly fixed on sustainability. With the sustainability of seafood production now well established it is time to turn to developing the Australian seafood industry. NSIA is seeking a partnership between government and industry that focuses strongly on seafood industry profitability, access to resources, encouragement of aquaculture and a reduction of costs. Recommendations required for the development of the seafood industry in Northern Australia are relevant for the whole of Australia.

¹⁴ Draft Australian Dietary Guidelines incorporating the Australian Guide to Healthy Eating (currently open for public consultation).

<http://consultations.nhmrc.gov.au/files/consultations/n55draftaustraliandietaryguidelinesconsultation111212.pdf>

¹⁵ Ridge Partners 2010. Overview of the Australian Fishing and Aquaculture Industry: Present and Future.