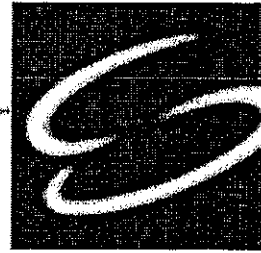




**Stronger
REGIONS**

A Stronger Australia



Sustainable Regions Programme

Expression of Interest - Form

1. Contact Details

Name of Organisation: KEECHEE AUSTRALIA PTY LTD - ABN 74 107 557 120

Nominated Contact: Title Mr / Mrs / Ms / Other _____ Dr _____ (please specify)

First Name: Clive

Last Name: Keenan

Position: Chairman

Phone: (07) 4159 5522 Fax: (07) 4154 7327 Mobile: 0402 482 588

Email: portunus@netspace.net.au

Street Address: 5 Newman Street

Town/Suburb: Burnett Heads

State: Queensland Postcode: 4670

Postal Address (if different from above): PO Box 9046, Burnett Heads, Qld, 4670

2. Type of Organisation

Keechee Australia Pty Ltd is a newly established private company that was registered in January 2004. The founding Directors of the company, Mr John Cheetham and Dr Clive Keenan have extensive experience and knowledge of both crab meat production and soft shell crab aquaculture. Mr Cheetham designed, built and operated commercial crab de-meating machines in New Zealand and also produced the world's first commercial crops of aquacultured soft-shell crabs on a Logan River prawn farm from 2001 to 2003. Dr Keenan's experience with crab meat production was gained during a two year contract as



Director of Aquaculture Development for Phillips Foods Inc., the world's largest producer of pasteurised crab meat. He was a Principal Research Scientist with QDPI for 14 years and was the Project Leader responsible for the first experimental production of soft-shell crabs at QDPI's Bribie Island Aquaculture Research Centre. This project was recognised nationally in 2001, gaining a Jaguar Award for Excellence for Innovation in Produce.

Several news items about the Directors' involvement in soft-shell crab aquaculture have been digitised and can be viewed on the attached CD.

3. Description of proposal

Introduction

Soft-shell crabs are a seafood delicacy - tender mouthfuls of whole edible crab that can be cooked in a variety of recipes. They are easy to eat, easy to prepare and have a sweet, delicate taste.

The species used to produce the largest quantity of softshell crab is *Callinectes sapidus*, commonly known as blue crabs in the U.S.A. They are very similar in both biology and morphology to Australian blue-swimmer crabs known locally in Queensland as sand crabs (*Portunus pelagicus*). Mangrove crabs (*Scylla* spp.) are also used to produce soft-shell crab in Vietnam and Thailand and are becoming increasingly available on the world's markets.

A soft-shell crab is produced by harvesting the crab immediately after shedding its hard outer shell while moulting, or growing to a larger size. Soft-shell crabs are sold in a variety of sizes, but are generally much smaller than legal sized crabs in Australia. In the USA, the world's largest crab market, fresh softshell crabs are seasonally available from May to September. Frozen and extended-life vacuum packaged products are also produced. In a wide variety of American and Asian markets the product commands high prices.

Given the different fishery regulations in Australia, softshell crab production must be aquaculture based using hatchery-reared juveniles. Hatchery and pond rearing technology to produce high survival and large numbers of blue-swimmer crablets (*P. pelagicus*) is now at a commercially viable level. This Queensland developed, new technology provides a sound basis for the commercialisation of soft-shell aquaculture. Soft-shell crab production is a potentially profitable industry for coastal areas of regional Queensland, with the opportunity to produce a new, valuable seafood product for both local consumer and export markets.

Project Description

KeeChee Australia Pty Ltd is a seafood production company formed with the dual purposes of processing fishery-caught crab into crab meat and conducting aquaculture production of soft-shell crabs; both unique and high-value products. With the recent severe downturn in the Burnett regions' fishery, resulting from implementation of the East Coast Trawl Plan, TAC quotas on spanner crabs, and the reduction of line fishing in the Great Barrier Reef Marine Park, many licensed fishers with crab endorsements are turning to the crab fishery to sustain their livelihood. There has been a significant increase in the number of crabbers in this region and more product, from a number of fished crab species, is available.

In Queensland, crab meat processing is a small "backyard" industry usually conducted by the wives and family of the fishers, producing an undifferentiated product with a limited shelf life, sold on the local market. On the other hand, crab meat production in the USA is a huge industry, with consumption in the order of US\$500 million annually. A primary reason for the growth of this massive industry in the USA is the development and introduction of pasteurisation techniques in the early 1960's for crabmeat, which extends the shelf life of cooked crab meat from less than 12 days, to over 12 months, with little perceptible loss in quality. These products are not being produced in Australia at present.

KeeChee Australia Pty Ltd has established processing facilities on a site at the Bundaberg Port to produce gourmet-quality crab meat products. Using proprietary de-meating techniques and equipment (manufactured in Bundaberg to KeeChee's design), the company will conduct R&D to extend the shelf life of crab meat, enabling efficient and safe distribution of these products into interstate and, in the long term, international markets. Initially, all products will be sold to interstate markets, primarily Sydney and Melbourne, with predicted sales of at least \$1,000,000 annually. This will involve an initial investment in facilities, plant and equipment of \$300,000 creating 15 fish-processing jobs, benefiting the region's significant unemployment situation in the seafood processing sector.

The longer-term and ultimate goal for the company is the sustainable aquaculture of soft shell blue-swimmer crabs. With assistance from the Department of State Development and Innovation, an application for an aquaculture licence is on track to develop a soft-shell crab aquaculture farm on a site to be leased from the Bundaberg Port Authority, which is adjacent to the established processing facility (see attached letters of support). A Business Plan is being formulated and once the aquaculture licence is granted an Information Memorandum for the Issue of Shares will be used to seek project funding from investors. If all goes well with these procedures, the first ponds could be stocked and ready for production by late 2004. Eventually, 20 ha of land will be leased and 14.5 ha of ponds built, with a total investment value of \$5 million. However, the project is not wholly dependent on the successful raising of capital through the issue of shares. Profits and returned capital from the crab-meat processing business and from initial production from a staged development of aquaculture will be reinvested to develop the farm at a slower rate, if it is not possible to raise the required capital.

The proposed site is amenable to the development of an associated tourist facility which could include aquaculture education and restaurant facilities. When in full production this project will generate at least \$6 million annually in local, interstate and international sales and will require processing, packaging and distribution facilities, creating at least 50 full time jobs on the farm, 40 fish-processing jobs and another 25 in the proposed associated tourist facilities. The Burnett Shire Council is supportive of these aspects of the project and the sustainable benefits to the local community and a letter of support is attached.

4. Funding details

Please see the attached spreadsheet for a summary budget for the project.

How much are you seeking from Sustainable Regions?

\$500,000

What is your funding contribution to the project?

\$5,000,000

Have you identified any other potential avenues of funding and have you sought or received funds for the project?

Yes, there are several other potential avenues for funding specific aspects of the Research and Development required by the project. These include several federally funded schemes such as from AFFA through the New Industry Development Program (NIDP), the newly established National Aquaculture Council and AusIndustry schemes e.g. COMET for a crab feed development project. Several State Government industry development schemes may also be applicable e.g. QIDS to conduct pilot product trials for modified atmosphere packaging (MAP). An application has been made to the FRDC through Seafood Services Australia to conduct research in conjunction with the Centre for Food Technology to adapt the USA pasteurisation techniques to the local situation and materials.

5. What is the level of support for your project in the region?

Although our project is relatively new, it has received enthusiastic support which has enabled us to make good headway in rapidly developing our business. Letters of support will be provided from the Bundaberg Office of the Department of State Development and Innovation, Bundaberg Port Authority and the Mayor of the Burnett Shire Council.

6. Is the information you have provided commercial-in-confidence? YES

Can information be provided to a third party as part of the assessment process? YES, if kept confidential by the third party.

Full Name: Dr Clive Phillip Keenan

Signature: