



Maxima Opportunity on behalf of:

Aarli Mayi Aquaculture Project

**Submission to: Inquiry into opportunities for expanding the
Aquaculture Industry in Northern Australia.**

Aarli Mayi Aquaculture Project

The Aarli Mayi Aquaculture Project is a traditional owner project that is seeking to secure a production licence and lease in the Kimberley Aquaculture Development Zone. (Aarli Mayi is Bardi Language for Seafood)

The Aarli Mayi Aquaculture Project is a Joint Venture between the three traditional owners of the region on which the Kimberley Aquaculture Development Zone is situated, and Maxima Opportunity.

Appendix 1 is the Aarli Mayi Aquaculture Project Concept Paper.

The concept paper was developed as a result of extended informal consult between the traditional owners and Mr. John Hutton - Managing Director of MaximaOpportunity Ltd. The concept paper received strong support from individuals and families within traditional owner communities of the Kimberley region.

Following the encouraging response to the Concept Paper Mr Hutton started a formal consultation process with traditional owners. The concept paper, together with a proposal to form a Joint Venture Agreement was formally presented to the Named Applicants in the Mayala Native Title Claim, The Dambimangari Prescribed Body Corporate and The Bardi Jawi Prescribed Body Corporate.

Following the formal presentations to each group letters of in principal support for the project were provided and Maxima Opportunity was invited to join as a JV partner in the project. Maxima Opportunity was authorised to prepare a registration of interest and application for an allocation in the KADZ.

Appendix 2 is the letter to Fisheries WA registering an interest for a 15,000 tonne allocation in the Zone on behalf of the Aarli Mayi Aquaculture Project.

A project working group has been established. The working group has representation from each of the traditional owner groups and has met on a number of occasions to move the project forward. The working group members and PBC's are currently in the

process of formalising the corporate entity and corporate governance structure that will ultimately hold the production licence and lease in the KADZ.

The basis of the agreement between the four JV partners is a 25% shareholding for each of the traditional owner groups the Mayala, the Dambimangari and Bardi Jawi with the remaining 25% shareholding for Maxima Opportunity. Therefore the corporate entity that will hold the production licence and lease in the KADZ will be a 75% traditional owner business. This will enable the entity to qualify as a Supply Nation Entity.

The Aarli Mayi project has widespread community support and the traditional owners see this project as a way to create financial independence for future generations of Aboriginal people. Developing real, long term careers and employment opportunities on country. One of the objectives of the Aarli Project is to become the employer of choice for traditional owners in the Kimberley region.

Challenges

The WA State Government's Department of Fisheries has been proactive in working with industry and the State Environmental Protection Authority to secure environmental approvals for 20,000 tonnes of finfish production in the KADZ. Despite the environmental pre approvals there are still many challenges that confront proponents seeking to utilise any allocation in the zone.

The greatest challenge for any business starting a project in the KADZ is the lack of pre and post farm gate infrastructure.

The methodology and fish husbandry techniques for growing finfish in the Kimberley are well established. Barramundi in particular grow well in the waters of KADZ.

Cage design, cage anchoring systems, feeding systems and cage cleaning technology are well established for Barramundi production in the Kimberley.

Maxima Opportunity have a great deal of experience operating in the region. A related entity of Maxima Opportunity, Maxima Pearling Company operates a Pearling business in Cone Bay. The company has quota in the wild pearl shell fishery, has significant pearl leases in Cone Bay and has a licenced pearl hatchery on Turtle Island in Cone Bay.

While operating the pearling business, Maxima Pearling staff started feasibility trials on the growing Barramundi on the site in Cone Bay. The Barramundi feasibility trials grew into the business that is now known as Marine Produce Australia. The Hutton Family are still significant shareholders in Marine Produce Australia and provide Marine Produce Australia access to marine and land based infrastructure in Cone Bay.

The biggest challenge for operators in the KADZ will be the lack of pre and post farm gate infrastructure. Marine Produce Australia currently produces around 1000 tonnes of Barramundi for the domestic market. It utilises Derby wharf as its land base for food storage, and as a transport and logistics hub to get the fish to market, fish food to the farm and ice for the harvest out to the farm.

Derby Wharf has very limited access (approximately 4 hours per day) due to the high tidal movement. This means that larger vessels required to service the barramundi farm only have enough water to come alongside the wharf for 4 hours per day. To scale up the operations beyond 1000 tonnes for any operator will require reliable and continuous access to a land based logistics facility from the water.

Marine Produce Australia are in the process of scaling up production from 1000 tonne per annum to a forecast harvest of 5000-7000 tonnes per annum over the coming years. MPA currently has the majority of the storage capacity at the Derby wharf which is already at its capacity. Forecast growth of MPA will require additional land side infrastructure in the region. Other proponents coming into the KADZ will also require landside and marine infrastructure to develop production and logistics capability.

An alternative site for land side and marine infrastructure is required if the KADZ is going to reach its potential production of 20,000 tonnes.

Derby is approximately 55 nautical miles from the KADZ site in Cone Bay. An alternative is to locate facilities on the Dampier Peninsula. There is currently no infrastructure on the Dampier Peninsula to service large scale aquaculture production. However some potential sites on the Peninsula are less than 25 nautical miles from the site of the KADZ. The closer the infrastructure to the farm site the more efficient the operation and the lower the costs of production.

Development of infrastructure on the Dampier Peninsula is one option that needs to be considered for Government investment to facilitate the growth of aquaculture in the Kimberley.

The first step is to undertake an infrastructure needs analysis based on a 20,000 tonne production of finfish in the KADZ. The analysis would require assessing what infrastructure would need to be upgraded and a suitable location to support a 20,000 tonne production facility.

To put a 20,000 tonne fin fish production facility into perspective.

It would require approximately 30,000 tonnes of fin fish food to be transported to the Kimberley and then out to the zone by boat.

This works out at roughly 600 tonnes per week or 2 three trailer road trains per day. The existing road infrastructure up the Dampier Peninsula is not sealed and there is not marina or wharfing facility on the Peninsula.

In addition to the transport of fish food there is the requirement to efficiently harvest the fish and get the highly perishable product to markets. This would not be possible given the current infrastructure.

A skilled labour force is also a significant challenge in the Kimberley. There needs to be a significant investment in training and skills development to meet the needs of the industry. It is possible to use the Tasmanian Salmon industry as a benchmark to forecast labour requirements for a 20,000 tonne production facility in the Kimberley. At full production of at least 20,000 tonne in a vertically integrated business in the Kimberley is likely to require more than 2,000 staff to effectively support the industry.

Telecommunications and electronic data transfer to and from the KADZ is currently very poor and the infrastructure needs analysis should consider the need for access to telecommunications at reasonable prices.

The ability to commercialise new innovation

Aquaculture production is basic husbandry and achieving large scale, profitable commercial production is a relatively straight forward process if the right infrastructure is available.

The major factor affecting profitability of production is economies of scale and spreading the fixed costs of production across a greater volume of production. This has not been possible in the Kimberley for the reasons outlined above relating to infrastructure.

However, having stated that it is a simple process, there is no doubt that there is potential to substantially increasing productivity and efficiency of production. The adoption of technology to automate handling and harvesting, utilising selective breeding programs to select for traits that improve survival and growth and continuous improvement of pelletised diets for different life stages and seasonality can all improve productivity and profitability in an aquaculture venture.

Barramundi production in Australia is in its infancy, relative to other large scale aquaculture industries, more mature aquaculture industries such as prawn and salmonoid production have very successfully used selective breeding, diet composition, automation and new technology to improve survival, growth rates, improve flesh quality and reduce environmental impacts.

To be competitive in the global market and overcome some of the challenges associated with the remote location, businesses will require ongoing support and research and development investment to continuously improve production efficiency and productivity. It is likely that the productivity gains through R&D investment in a relatively young industry like Barramundi would provide far greater productivity gains /\$ than investment in more mature industries where many of the efficiency gain from selective breeding have already been realised.

Develop new aquaculture projects and products

The focus and foundation of the Aarli Mayi Project is fin fish in the KADZ. However the overall long term vision is a Traditional Owner Branded Kimberley Seafood Basket. The Kimberley Seafood Basket is a mix of aquaculture production and wild harvest fisheries. Majority is aquaculture and includes edible oyster culture, tropical abalone, tropical rock lobster, fresh water prawn species and other fin fish species.

Developing new aquaculture projects and aquaculture products in Western Australia has been retarded by a number of factors including the environmental planning regulatory regime and environmental approvals processes, the lack of multi-purpose hatchery facilities appropriate to the bio region and species that could product a wide range of potential culture species in the various bioregions in Western Australia.

The works undertaken by the WA Department of Fisheries to develop aquaculture development zones with environmental pre approval through the Environment Protection Authority is a significant step forward for the industry.

There is significant scope for additional Aquaculture Development Zones across Australia's North West. There is potential to extend the principals of the KADZ (for fin fish) across a range of sites in the north west to include aquaculture development zones for other species.

Seek out new markets

It is my understanding that approximately 2/3rds of Australian seafood consumption is imported. Meaning that there is significant scope for import replacement in the domestic market if the price and quality is competitive.

One of the major obstacles to import replacement is the lack of Country of Origin labelling in the food service sector. The way the market currently operates in the food service sector there is no requirement to identify country of origin beyond the back door of a food service establishment.

This equates to consumers not being provided the opportunity to make informed decisions on the country of origin of the seafood they consume out of the home.

This is especially relevant with a species like Barramundi where a very high percentage of domestic consumption is out of home. Majority of consumers believing that because it is called Barramundi that it is produced in Australia. .

It is my understanding that in the Northern Territory, the Territory Government has mandated country of origin labelling of seafood through to the consumer in food service outlets. As a result there has been a significant shift towards consumption of Australian produced seafood. Particularly in the case of Barramundi where most consumers believe that because it is called Barramundi it can only be produced in Australia.

The Aarli Mayi Aquaculture project's market research to date has identified that there is a significant opportunity to develop a traditional owner branded range of seafood products in the domestic market.

The Aarli Mayi marketing strategy will focus on the traditional owner providence and investment in the business. The strategy will utilise product providence stories and traditional owner brand heroes to promote the product and create a premium in the market place.

To date there has been strong interest from International Seafood traders in the Aarli Mayi concept, particularly from the Chinese and European markets. An Australian traditional owner branded product would not only be a strong marketing tool in the domestic market but also internationally.

The project proponents believe that there is also a significant opportunity to add value to the Kimberley tourism industry through food based tourism. The Kimberley Region

could be become recognised internationally for high quality seafood produced locally. This could complement the existing recognition of Broome for its history as the pearling capital of the world.

In summary

The Aarli Mayi Aquaculture project will enable the vision of the Kimberley Saltwater Country people – (the Mayala Dambimangari and Bardi Jawi Traditional custodians of the land and saltwater on whose country the Kimberley Aquaculture Development Zone KADZ and service industries will be situated.)

Kimberley Saltwater People want aquaculture, they endorse the concept and commit to the Project's success.

The Aarli Mayi Project and its proponents believe a 15,000 tonne KADZ Finfish licence will provide the foundation for an independent commercial future, healthy communities and responsibility for healthy saltwater country.

Critical to the project's success is the development of adequate infrastructure to support the zones 20,000 production potential as well as the traditional owners being supported to develop the skills, knowledge and training to successfully develop the industry.

Appendix 1

aarli mayiTM

aquaculture project



a saltwater asset for saltwater peopleTM

Our Vision

The Aarli Mayi Project is enabling the vision of the Kimberley Saltwater Country people – the Dambimangari, Mayala, and Bardi Jawi Traditional custodians of the land and saltwater on whose country the Kimberley Aquaculture Development Zone (KADZ) and service industries will be situated.

Kimberley Saltwater people want aquaculture, they wish to endorse the concept and commit to the Project's success.

The Aarli Mayi Project and its proponents believe a 15,000 tonne KADZ finfish licence will provide the foundation for an independent commercial future, healthy communities and responsibility for healthy saltwater country.

Our Mission

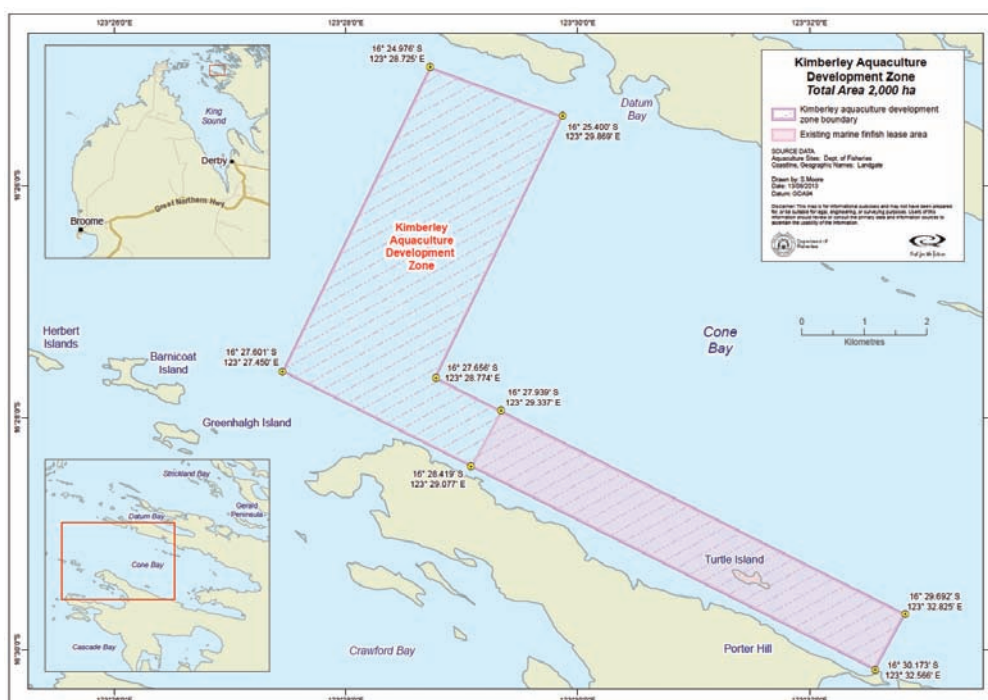
An Aquaculture industry on Saltwater Country is culturally significant – it follows a direct and evolutionary path from the traditional fish traps into a modern industry servicing global market demand for seafood.

Three proud and strong cultures will define a new level of cooperation for economic and social advancement. The education in and responsible application of modern science and technology to a culturally and traditionally based industry will ensure healthy country, healthy people and healthy feeling. The Aarli name is derived from the Saltwater people name for seafood and will become the umbrella brand for all product post-farm gate.

Our Mandate

- The key representative organisations have supported the State Government's KADZ initiative.
- Senior Saltwater Country lore men gave their support and now seek the support and approval for the 15,000 tonne licence.
- They have authorised the Aarli Mayi Project proponents to apply for the aquaculture licence of 15,000 tonnes.
- They have instructed the Aarli Mayi Project proponents to research, plan and to develop an industry framework and the Aarli Mayi business plan.
- Aarli Mayi will assemble the expertise and facilitate investment to develop an aquaculture industry within Bardi Jawi, Mayala and Dambimangari Saltwater Country.

KADZ Map





Our actions are aligned with government policy

- Kimberley Development Commission Strategic Plan 2013-18
 - “Support the development of capacity and capability within the Region to enable greater self-determination” and under its Aboriginal participation strategies, will -
 - “Work with leaders to identify and deliver practical solutions that will increase Aboriginal Participation”
 - “Leverage Aboriginal Participation from regional investment initiatives”
 - “Define models that overcome systemic (upstream) limitations to Aboriginal Participation”
- The Western Australian State Government’s Fishing and Aquaculture Policy.
- The Australian Federal Government Fishing and Aquaculture Policy.
 - “Aquaculture can provide significant investment and sustained employment opportunities, particularly for rural and regional economies, including Aboriginal and Torres Strait Islander communities”
- Federal Government’s Fisheries Research and Development Council (FRDC)
 - “Aboriginal and Torres Strait Islander people’s cultural fisheries are recognised as a definitive sector within each level of the fishing and seafood industry”.
- Federal Government Indigenous Economic Development Strategy 2011-2018
 - “Support entrepreneurship and the growth of the Aboriginal business sector.”
 - “Assist individuals and communities to achieve financial security and independence by increasing their ability to identify, build and make the most of economic assets.”
- Throughout the process of strategy development, Aarli Mayi will continue to engage, consult, inform and gain the support of the Western Australian Aboriginal Advisory Council (WAAAC) and work in support of the State Government’s Aboriginal economic participation initiatives.



The Aarli Mayi Project enables industry and infrastructure on our lands

- There are significant programs and existing underutilized assets within all three traditional owner country. These include Land & Sea Rangers, aquaculture licences and infrastructure, education facilities, local pearling and aquaculture business and operating knowledge and a physical environment that is naturally suited.
- The Ardyaloon community operates a hatchery and this facility will likely play an important role in the growing out of fingerlings and other aquaculture industry support activities.
- Ardyaloon has engaged with Aarli Mayi and supports the development of a Business Case around building the on-shore aquaculture industry facilities at Ardyaloon.

The Aarli Mayi Project will develop the capacity and capability of our Saltwater people

- The 15,000 tonne aquaculture licence is the enabling asset for economic development, and an empowering asset for the local community.
- Aquaculture will create multiplier outcomes on a number of economic, education and employment fronts and will assist in the reduction of disadvantage.
- The Aarli Mayi aquaculture initiative is a move to economic and community self determination and – based on the principal of mutual responsibility – will look to work in partnership with private enterprise and government partners to enable the vision.
- Operations will be culturally supportive and will assist in the maintenance of Native Title rights and obligations.
- An Owner Group will hold the license and engage with best-in-class aquaculture operators, business, marketing and funding parties to propel the Aarli Mayi brand into Australian and global markets.



25 November 2014

Steve Nel
Manager, Aquaculture
Department of Fisheries WA
Locked Bag 39
Cloisters Square
WA 6850

Dear Mr Nel

Registration of Interest in Kimberley Aquaculture Development Zone

Aarli Mayi Aquaculture Project

Kimberley Saltwater People wish to formally register their interest in production leases & licences in the Kimberley Aquaculture Development Zone (KADZ).

The three traditional owner groups, the Dambimangari, Mayala, and Bardi Jawi, have agreed to come together, consolidate their separate interests in the KADZ to form the Project.

The Aarli Mayi Aquaculture Project will enable the vision of the Kimberley Saltwater Country people by providing the foundation for an independent commercial future, healthy communities, and responsibility for healthy saltwater country.

Kimberley Saltwater people want aquaculture, they have endorsed the Aarli Mayi Aquaculture Project concept and are committed to its success.

Maxima The Opportunity Group has been mandated to submit this Registration of Interest in the KADZ on behalf of the three traditional owners of the land and sea. The Aarli Mayi Aquaculture Project will seek to secure a minimum 15,000 tonne production license in the Kimberley Aquaculture Development Zone.

An Aquaculture industry on Saltwater Country is culturally significant and follows a direct and evolutionary path from the traditional fish traps into a modern industry servicing global market demand for seafood.

The Aarli Mayi Aquaculture Project, along with the development and ongoing operation of required infrastructure, will create many business and employment opportunities for the local communities, serving to reduce long term social disadvantage in the region.

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The Aarli Mayi Aquaculture Project development team brings together a unique combination of skills that will ensure the success of the project. The achievements to date in bringing together the three traditional owner groups into a single project demonstrates the trust and strength of the relationships and knowledge of the team in the region.

Skills within the team include expertise in Indigenous cultural knowledge, aquaculture, marine biology, environment management, global advertising, marketing and branding, supply chain logistics, transport, remote area asset management, education and training, business development and finance.

In closing the Aarli Mayi Aquaculture Project is a move to traditional owner economic self determination while ensuring the maintenance of traditional owner values, Native Title rights and obligations.

It is an exciting project that will see the Kimberley Aquaculture Development Zone reach its potential as a driver of economic prosperity and employment opportunities in the Kimberley region.

The Aarli Mayi Aquaculture Project is transformative in scope and is aligned with and fulfils several of the objectives of the Kimberley Regional Development Commissions Blueprint for the Kimberley, particularly in the areas of food production aimed at an international market and Aboriginal participation and engagement in the economic growth of the region.

Yours Sincerely

John Hutton
Managing Director
MaximaOpportunity Pty Ltd
On behalf of and with authority from

Mayala Native Title Applicants
Dambimangari Proscribed Body Corporate
Bardi Jawi Proscribed Body Corporate