



Senate Inquiry Submission

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True South Seafood Group CEO

Executive Summary

- True South Seafood (TSS) has been responsible for the harvest of over 2000 tonnes of *Centrostephanus rodgersii* from Tasmanian waters over the last 5 years. The company has the capacity to increase its processing volumes, and commercial divers have given their commitment to increasing annual harvest volumes.
- Profitability is variable throughout the year, resulting in only 3 months of the year (April-June) delivering a positive cash result. The other 9 months operate at break even or losses. Commercial viability is on a 'knife edge' and needs to be reviewed to ensure commercial harvest continues.
- TSS has maintained its commitment to the Centro management program through Covid with less than desirable financial results.
- TSS is investing in brand and market development of Australian uni to increase margins and reduce reliance on subsidies. The company is launching a premium Australian Uni brand in April 2023 that will allow us to compete against the best uni products in the world.
- If water temperatures continue to increase, recruitment of Centro from NSW will continue. Therefore, building a strong force of commercial divers to increase catch effort is the most logical management strategy. TSS efforts to date have pushed the Centro biomass back in the Northeast.
- Essentially, it has been a stalemate in our efforts to push the total biomass back, but we can increase our efforts in all areas if the financial viability is in place. Results from the NE demonstrates the effectiveness of using the commercial diver community as a biomass management tool.

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True South Seafood

Surrounded by the pristine Southern Ocean, True South Seafood operates out of two main locations: in the south of Hobart, Tasmania and Christchurch, New Zealand.

Our divers are an exceptionally tough breed and year-round they brave the icy, unpredictable waters of the Great Southern Ocean. From small boats, they employ free-diving and surface supplied air or 'hookah' to carefully select and harvest only the best abalone, Pāua, and urchins. Their lifetimes of experience and knowledge often passed from generation to generation ensures deep respect for their environment and for the produce they skillfully bring from seafloor to shore.

In Tasmania and New Zealand, our factories contain large seawater holding tanks where all abalone and Pāua are held for a minimum of 5 days. This ensures that the fish are healthy and not stressed before beginning their transportation overseas so that on arrival they are still of the highest quality. Our urchin processing teams have benefitted from ongoing training with master technicians from Japan and are the best at their craft. Delicate, golden roe is extracted from the spikey shell and carefully cleaned and processed using our unique method.

We have made significant investment and inroads into the development of bi-products such as soil conditioners to utilise the waste streams of urchin processing. This is an important factor in the commercial value chain as reducing waste costs will create more margin that can be used to incentivise commercial divers to harvest in critical Abalone and Lobster areas. Further investment is required to commercialise this technology.

True South Seafood is now in the processing of expanding its Urchin processing operations into NSW. With support we can establish a similar sized operation to Tasmania and make a significant contribution to the management of Centro in that state. Strategically, we aim to operate sustainably, and target underutilise species creating ecological upside for priority species.



The Problem

Coastal waters off the coast of Australia are changing rapidly due to increasing ocean temperatures. It is estimated that ocean temperatures off eastern Tasmania have increased by 2°C in the past 100 years, three times the change in global average ocean temperature. This has resulted in southward species range extensions, one of which is the Long spined Sea urchin, *Centrostephanus rodgersii* (*C.rodgersii* or Centro). Centro is endemic to NSW waters, but the increased abundance of Centro has greatly changed reef habitats over more than 1500kms of coastline. Several initiatives have been instigated by the Abalone industry and governments, particularly in Tasmania and Victoria which has included a range of measures aimed at managing the pest. This has included paying bounties to divers for catching urchins. While these initiatives have had some success, recent research by IMAS suggests that this is not enough, and that the urchin biomass has not been decreased to any extent,

now posing a significant threat to the ecological integrity of temperate reefs and the economic productivity of associated Aboriginal/cultural, recreational, and commercial fisheries. More than \$100M of annual abalone production alone is at risk. Effective management of pest species requires an integrated and coherent strategy. As part of that strategy well-targeted efforts can generate a significant economic return for fisheries, tourism, and related coast industries and their dependent coastal communities, as well as promote the recovery of economically important species such as abalone while improving the long-term resilience of marine habitats in the face of climate change.

True South Seafood has been working with divers to learn how to process and market urchin products for human consumption and for fertiliser among other things). As such, investment has been made in equipment, knowledge and know how. The urchin season is short (April to June and October/November each year) which means that the investment is not working efficiently with significant facility down time). Furthermore, people (some 80 jobs) must be stood down at the end of each season, causing issues with retention of skilled committed workforce, needed to underpin sustainable business and market development investment efforts.



Subsidy management program

The Northeast harvest areas have been targeted by commercial divers due to the viability of operating close to home base, the subsidy program and in the greatest catch rate areas (reducing operating costs). This has seen a positive impact on pushing the Centro biomass back in these areas. Removing the subsidy program will cause the contraction of fishing effort to the NE because of the cost of operation. The Southeast areas are not viable for commercial divers to harvest due to the increased operating costs with travel distance and reduced catch rates. We expect divers to continue to operate under the lowest cost and highest catch model, with processors' financial viability determined by roe yields. Unfortunately, this will result in urchin abundance increase and barren expansion in valuable abalone habitat in the SE. Processors operate on small margins (10-15%) on product from the NE, with lower catch rates and yields the viability of processing SE product is not commercially favourable.

True South Seafood has the capacity to increase its processing capacity, and commercial divers have given their commitment to increase annual catches if the commercial viability is favourable. The results in the NE speak for themselves and demonstrates that expanding this program to include the entire east coast will yield better results managing the biomass.

Recommended Funding Allocations

- 1) Subsidise take all harvests from ecologically important abalone areas in Tasmania - \$500,000/annum (5 years)
- 2) Urchin waste program investment - \$500,000
- 3) Infrastructure support grants for NSW processing establishment and upgrade - \$5,000,000
- 4) NSW harvest subsidy targeting reduced recruitment from the largest biomass in Australia - \$500,000/annum (5 years)



