



Mr Rick Wilson MP
Chair - House Standing Committee on Agriculture and Water Resources
PO Box 6021
Parliament House
CANBERRA ACT 2600

14 May 2021

Dear Mr Wilson and the House Standing Committee on Agriculture and Water Resources

AUSTRALIAN AQUACULTURE SECTOR

The Aquaculture Council of Western Australia (ACWA) is the peak industry body representing the aquaculture industry in Western Australia (WA) and welcomes the federal government's inquiry into the Australian aquaculture sector. Notwithstanding many of the opportunities, issues and challenges for aquaculture fall under state jurisdiction, ACWA views the potential for growth, development, and innovation in aquaculture in Australia (and particularly in Western Australia) as deserving of secure and coordinated support and commitment across all levels of government.

As you will be aware, WA is currently benefiting from unprecedented levels of private and public investment into aquaculture, almost all of which is benefiting regional communities such as Albany in your own electorate of O'Connor. It is an imperative that government and industry work together to address the risks and barriers faced by industry and to ensure growth and development is responsible, framed by robust and appropriate government policy, and properly supported within the community.

ACWA would like to propose this inquiry considers the following issues and opportunities for the aquaculture industry at a federal level:

Aquaculture in Commonwealth waters

ACWA supports aquaculture development at scale and sees the availability of suitable sites for large scale aquaculture development as a potential issue in WA. The WA Department of Primary Industries and Regional Development (DPIRD) has identified the pursuit of legislative changes to enable aquaculture in Commonwealth waters as a priority in its Aquaculture Development Plan¹. ACWA strongly supports this initiative and intends to continue working with DPIRD on appropriate fisheries resource allocation policy

¹ https://www.fish.wa.gov.au/Documents/Aquaculture/aquaculture_development_plan_2020.pdf

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(that should be based on principles of sustainability, fairness and equity, and optimum utilisation) to clear the way for significant aquaculture developments in WA.

Ausindustry R&D Tax Incentive

Aquaculture is estimated to be the fastest growing food producing sector in the world², however it remains a relatively young industry globally, and is at extremely early stages of development in WA. A high degree of R&D is required for aquaculture start-ups and through the formative years of new ventures. Aquaculture also has relatively high capital requirements and relatively long production times as compared with major agricultural sectors. The Ausindustry R&D Tax Incentive has been critically important in the development of Australia's largest aquaculture industries and must be maintained (and potentially improved) so that new and emerging sectors can continue to develop and accumulate valuable knowledge that will underpin a strong and diverse aquaculture industry into the future.

Tariffs and trade agreements

Australian seafood exports to China were valued at \$356million in 2017. Australian abalone was amongst the leading Australian premium seafood exports to China, with exports worth \$61 million that year³. The China–Australia Free Trade Agreement (ChAFTA) creates a huge opportunity for Australian seafood in the Chinese market as seen in New Zealand where China's imports of seafood have grown five-fold (to \$525 million) since the ChNZTA came into effect. The benefits gained under ChAFTA should be protected to encourage further growth in Australian aquaculture exports and foster future industry development. Opportunities for aquaculture should also be considered in the Australia-UK and Australia-EU Free Trade Agreements.

Market diversification and development and the Export Market Development Grant (EMDG)

Whilst the Chinese market remains an important opportunity, the seafood industry has seen the ramifications of over-reliance on a single export market recently, and it is vital the whole industry works to develop new and diverse export markets now and into the future. The UN projects global population will reach 9.7 billion by 2050⁴ with growing middle classes and changing food habits presenting a challenge to produce ever-increasing volumes of protein. This is an enormous opportunity for Australia with proximity to Asian markets and resources to respond to global demand with sustainably produced seafood via aquaculture. Ongoing market analysis, identification, development, and maintenance is critical to the success of the Australian aquaculture industry specifically, and to Australia's economic diversification generally. The EMDG plays a pivotal role in this and must be maintained and potentially improved.

Early-Stage Innovation Company (ESIC) investor tax benefits

Many aquaculture prospects including seaweed are at inception stage in WA but have very large commercial potential. Early-stage investment is critical to ensure the potential in aquaculture can be properly realised.

² <http://www.fao.org/aquaculture/en/>

³ <https://www.dfat.gov.au/trade/agreements/in-force/chafta/fact-sheets/Pages/chafta-fact-sheet-agriculture-and-processed-food>

⁴ <https://www.un.org/en/global-issues/population>

ESIC investor tax benefits are an effective way of encouraging early-stage or 'angel' investors for aquaculture ventures and must be maintained and potentially improved.

Fisheries Research and Development Commission (FRDC) funding mechanisms

At present, the majority of FRDC funds are tied via Industry Partnership Agreements or based on return-on-investment calculations of GVP. Direct commonwealth funding for aquaculture research through the FRDC would facilitate increased FRDC investment in aquaculture projects and initiatives and assist industry development accordingly.

Country of Origin Labelling (CoOL) for seafood sold at food service outlets⁵

Australian legislation requires CoOL on seafood at every point of sale except when it is listed on menus. Australia imports 70% of the seafood we eat, so there remains a clear requirement for foreign seafood products within the domestic market. However, for Australian aquaculture (and commercial fishing) industries to benefit from consumer choice regarding provenance in the premium setting of hospitality and tourism, food service outlets including restaurants, pubs, clubs, and takeaway providers must be required to adhere to the same requirements for labelling as other points of sale.

Indigenous empowerment opportunities

The focus of aquaculture operations in regional areas presents substantial opportunity for Aboriginal participation, particularly in Northern Australia. The Indigenous Land and Sea Council (ILSC) has very limited funds to assist Aboriginal investment in aquaculture projects. Greater investment in ILSC programs to support aquaculture investment would make a significant difference to Aboriginal participation and benefit the aquaculture industry as a result.

Agvet chemicals

ACWA did not have the resources to respond to the scope of the recent Agvet Chemicals Review due to the complexity of the issues associated with Agvet chemical use and the breadth of potential impacts for different sectors of the aquaculture industry. 2 key issues of concern surrounding Agvet chemicals are:

- access to veterinary medicines and expertise; and
- protection of aquaculture environments and water quality.

AgVet chemicals are essential to support animal health and productivity in aquaculture enterprises and there is an immediate demand for Agvet chemicals to assist in disease control, biosecurity sanitation procedures and disease prevention programs. There is also a demand for specialised veterinary expertise in aquatic animal health to assist in directing aquaculture stock health management. WA has not yet joined

⁵ <https://seafoodindustryaustralia.com.au/our-priorities/country-of-origin-labelling-in-foodservice/>

the national registration scheme for veterinarians and at present there are very few registered Agvet medicines available for use in aquaculture.

All aquaculture relies upon water resources and the suitability of marine and freshwater systems to support healthy and productive aquatic organisms. Industry marketing campaigns seek to promote pristine waters to invoke higher value in aquaculture products. Collectively, Agvet chemicals pose substantial and under-appreciated risks to the expansion of the aquaculture industry in the form of water pollution from agriculture and wastewater, contaminants in aquafeeds, and threats to social licence for the industry from its own direct use of Agvet chemicals and their subsequent release to the environment.

These are complex and potentially conflicting issues and ACWA supports ongoing review and improvement in the Agvet regulatory framework well into the future.

State-based issues and concerns

Further to the range of federal issues and opportunities outlined above, ACWA would like to draw the Committee's attention to matters affecting the aquaculture industry at a state level. In some of the following areas there may be potential for Commonwealth initiatives and/or interstate coordination, collaboration, and knowledge or skills sharing.

- Policy and regulation: With WA's aquaculture industry being at such early stages of development but growing rapidly, the suite of relevant government policy and the regulatory environment in general is at risk of lagging behind industry requirements. ACWA believes there is enormous scope for WA to draw on experience and knowledge in New South Wales, South Australia, and Tasmania (where industry is already well established) to ensure government can keep pace and frame industry development appropriately with robust policy and appropriate legislation.
- Tenure: Issues around aquaculture tenure in WA and the inability of operators to transfer aquaculture leases or classify leases as assets are a major barrier to aquaculture investment.
- Freight: WA is at a significant competitive disadvantage in east coast markets from the dual perspective of freight time (impacting freshness of product) and cost. By the time regionally produced WA product reaches the east coast it is often 2-3 days older and \$2-\$3/kg more expensive than produce of east coast origin.
- Services and infrastructure: WA's extensive coastline offers great potential for aquaculture development that is, in many places, hampered by the lack of services and infrastructure. As with other industries, the ongoing development of Northern Australia will unlock enormous potential for growth and development in aquaculture.
- Regional workforce and skills shortages: WA needs to develop a suitably qualified and experienced workforce to support a rapidly growing industry (including appropriate expertise in government),

and also offer that workforce appropriate incentives where the work available is in remote regional areas.

- WASQAP: The WA Shellfish Quality Assurance Program (WASQAP) determines key requirements for environmental and shellfish monitoring that need to be met prior to the harvest of shellfish for human consumption in WA in line with the Australian Shellfish Quality Assurance Program (ASQAP). WASQAP is of critical importance to the development of shellfish aquaculture in WA and requires secure, ongoing resourcing. ACWA supports DPIRD assuming the role of Shellfish Control Authority (currently the Department of Health) to improve implementation of the WASQAP in close collaboration with industry.
- Social license: Recent high-profile coverage (*Seaspiracy* and *Toxic: The Rotting Underbelly of the Tasmanian Salmon Industry*) requires a coordinated response based on science and a solid regulatory framework to guard against negative public perception of aquaculture and the seafood industry broadly. Social license occurs on a local, state, and national level and requires collaboration between government and industry, and across state boundaries to ensure aquaculture is broadly accepted as a fundamental part of Australia's sustainable future.

The above summary is a brief indication of the range and complexity of issues and opportunities facing aquaculture in Australia. ACWA would welcome the opportunity to meet with you directly over the course of this inquiry to expand on any points raised, and to facilitate any further engagement with industry participants in WA.

Kind regards,



Jude Tyzack
ACWA Executive Officer