



The Senate Rural and Regional Affairs and Transport References Committee

Senate Inquiry into the Fisheries Quota System

SUBMISSION from
Abalone Council Australia Ltd
ACN: 108 092 271

November 2022

Attention: Committee Secretary

Senate Standing Committees on Rural and Regional Affairs and Transport

PO Box 6100

Parliament House

Canberra ACT 2600

Introduction

On 7 December 2020, the Senate moved that the following matter be referred to the Rural and Regional Affairs and Transport References Committee for inquiry and report by 24 June 2021.

On 13 May 2021, the Senate granted an extension of time to report until 20 October 2021.

Abalone Council Australia Ltd (ACA) has prepared this submission for consideration by the Senate Standing Committees on Rural and Regional Affairs and Transport.

Who are we?

Abalone Council Australia Ltd was established in 2004 as the peak national body representing the wild-caught abalone industry in Australia.

For general information about ACA and its activities please go to: www.abalonecouncil.com.au

The primary function of *Abalone Council Australia Ltd* is to oversee and manage nationwide investment in abalone related R&D focusing on investment in the following:

1. Fishery resource and environmental sustainability
2. Product development, supply chain innovation and market management
3. Socio-economic sustainability

ACA Secretariat, Abalone Council Australia Ltd, PO Box 8006, Carrum Downs, Victoria, 3201:

ACA and the Fisheries Research and Development Corporation (FRDC www.frdc.com.au) have established an *Industry Partnership Agreement* (IPA) to ensure investment in abalone-related research and development supports and underpins the needs of the Australian wild-caught abalone industry.

ACA is an Approved Body under the Commonwealth Government Export Market Development Grants Scheme (EMDG): <https://www.austrade.gov.au/australian/export/export-grants>

ACA is a member of Seafood Industry Australia: www.seafoodindustryaustralia.com.au

ACA is a founding member of the Seafood Trade Advisory Group: www.seafoodtradeadvisory.com

ACA is a founding member of SafeFish: www.safefish.com.au

Our Core Business

Abalone is commercially harvested from approximately 25,000 kilometres of coastline between Shark Bay in Western Australia down and along the south coast of Australia (including Tasmania) and then north to Port Stephens in NSW. There are approximately 850 abalone license holding entities and 40 abalone processing/export companies spread across the five States spanning the entire southern coastline of Australia. Australian abalone businesses will harvest about 2,200 tonnes (wet live weight) in 2022 generating approximately \$150 Million of industry GVP.

Four commercial species of abalone are harvested across 22 fishery zones – Blacklip (*Haliotis rubra*), Brownlip (*Haliotis conicopora*), Greenlip (*Haliotis laevis*), and Roe's (*Haliotis roei*).



The industry pioneered the establishment of an export market for Australian abalone products in Asian countries in the mid 1960's and through perseverance, resilience and innovation became global supply leaders by 1970. Australia remained the dominant supplier of wild abalone for over three decades until the nascent abalone aquaculture sector expanded rapidly during the late nineties and early 2000's.

Increasing global aquaculture supply has moved Australia from a dominant market player producing almost 50% of global production in 2001 to a much smaller player producing little more than 1.5% of the world's abalone (wild and aquaculture combined) in 2022.

Australia's wild abalone supply chain offers overseas and domestic consumers premium products in a range of formats. Fresh live, chilled, frozen, canned, and processed ready-to-eat pouches are optimised for specific markets based on species, market preference and availability.

R&D Investment

The main function of ACA is to co-ordinate the planning, implementation, and reporting of national abalone related R&D projects. The Fisheries Research and Development (FRDC) collects R&D levies at 0.25% of fishery GVP across all major fisheries and then matches the industry contribution dollar for dollar. This process currently results in funding of about \$600,000 per annum available for R&D investment in national abalone related projects.

ACA has a R&D Strategic Plan which is updated every 5 years. The ACA commissions and/or approves R&D projects that address the R&D objectives listed within the current 2018 – 2023 ACA Strategic Plan:

https://www.abalonecouncil.com.au/public/69/files/ACA%20STRATEGIC%20PLAN%202018-2023%20Final%2020180910_.pdf

ACA's investment in RD&E is intended to strengthen Industry's capability to capture opportunities and meet emerging challenges, increase seafood consumption, employ fishery and human resources more effectively, and build a strong and collaborative industry culture.

Further leveraging of industry contributions is obtained via Cooperative Research Centres (CRC's), the Australian Research Council, Department of Agriculture and Water Resources and other federal funding initiatives, as well as through the contributions of research providers and State management agencies. In addition, ACA works closely with a number of research providers to conduct RD&E for the industry, most of which have also provided leverage opportunities for funding, whether these be cash or in-kind. Major organisations in this category include the University of Tasmania through the Institute of Marine and Antarctic Studies (IMAS), the South Australian Research and Development Institute (SARDI), NSW, Victorian and Western Australian Fisheries and Research Agencies.

For a complete listing of ACA IPA funded abalone R&D projects, please go to <https://www.abalonecouncil.com.au/research-development/abalone-related-research-projects/>

Collaborations and Partnerships

In addition to its main function as an industry R&D Advisory body, ACA also advocates on national issues impacting the following state-based abalone organisations:

Tasmanian Abalone Council www.tasabalone.com.au
Abalone Council Victoria www.abalonecouncilvictoria.com.au
Abalone Industry Association of Western Australia www.abalonewa.com.au
Abalone Association of New South Wales www.aansw.com.au
Abalone Industry Association of South Australia

ACA also works closely with the Abalone Association of Australasia (AAA) which is the peak body representing Australian and New Zealand abalone processors.

ACA has established the abalone export marketing group Australian Wild Abalone AWA®: www.australianwildabalone.com

ACA is a founding member of the Seafood Trade Advisory Group and SafeFish.

ACA also engages with many additional industry groups and forums including but not limited to: Seafood Export Consultative Committee (SECC): <https://www.agriculture.gov.au/biosecurity-trade/policy/partnerships/consultative-committees/SECC> and International Freight Assistance Mechanism IFAM: <https://www.austrade.gov.au/news/news/international-freight-assistance-mechanism>

Comments in relation to the Senate Inquiry into the Fisheries Quota System

ACA Secretariat, Abalone Council Australia Ltd, PO Box 8006, Carrum Downs, Victoria, 3201:

The Inquiry is seeking comment on the following:

The fisheries quota system and examining whether the current 'managed microeconomic system' established around a set of individual transferable quotas results in good fishing practice, with particular reference to:

- *good fishing practice that is ecologically sustainable with an economic dynamic that produces good community outcomes;*
- *how the current quota system affects community fishers;*
- *whether the current system disempowers small fishers and benefits large interest groups;*
- *the enforceability of ecological value on the current system, and the current system's relationship to the health of the fisheries;*
- *whether the current system results in good fishing practice that is ecologically sustainable and economically dynamic, and produces good community outcomes; and*
- *any other related matters.*

Fishery management

There are five commercial abalone fisheries in Australia based in Tasmania, NSW, Victoria, South Australia and Western Australia. Each of these fisheries is managed under relevant state laws and regulations and administered by the relevant State Fisheries Authority.

In all states, the management of the fishery resource is a collaborative arrangement between industry and Government. Each jurisdiction has a fishery data collection system and a fishery performance assessment and management process. Indeed, most of the state abalone fisheries have adopted formal *Harvest Strategies* which are used to adjust and fine-tune fishing effort to ensure sustainability.

Information regarding the status of abalone stocks may be found within the 2020 Status of Australian Fish Stocks (SAFS) report at www.fish.gov.au

The Western Australian abalone fishery has Marine Stewardship Council Certification (MSC): www.msc.org

Family-owned businesses in coastal communities

Commercial abalone harvesting and processing businesses are predominantly family owned and are located across a range of coastal communities spanning from Western Australia all the way along the south coast of the continent to northern NSW and including Tasmania, South Australia and Victoria.

The well-known "abalone" communities include the following coastal towns:

Augusta, Albany, Esperance, Streaky Bay, Port Lincoln, Victor Harbour, Port Macdonnell, Port Fairy, Portland, Warrnambool, Port Campbell, Apollo Bay, Robe, Mt Gambier, Marrawah, Couta Rocks, Stanley, St Helens, Bicheno, Coles Bay, Swansea, Triabunna, Eaglehawk Neck, Dover, Southport, Marlo, Mallacoota, Eden, Merimbula, Tathra, Narooma and Pambula.

Abalone fishing and processing entities provide substantial and important economic stimuli across southern Australia but more particularly in the regional and coastal towns such as those listed above. As seafood products move through the supply chain to final consumption (domestic or export), additional value is created through processing and value-adding, beyond

the direct economic impacts derived from GVP alone.

Apart from direct employment in the catching, processing and retailing of wild-caught abalone, people are employed in businesses that support the wild-caught fishing industry, such as fuel suppliers, transport and air-freight services, packaging, repairs and maintenance, boat building, marine broking, safety, regulation, policing and enforcement, equipment manufacturers and suppliers and in the finance and marine insurance industries.

In addition, the wild caught abalone industry is a major Australian export industry bringing valuable export dollars into Australia from overseas and helping with the nations "Balance of Trade".

The contribution of the wild caught fishing industry to local and regional economies is substantial, with important economic and social benefits arising within regional communities, such as direct employment and income, as well as flow-on activities of employment, broader lifestyle and health benefits.

Abalone ITQ owners

Ownership of access rights to each state abalone fishery is based on a system of Individual transferable Quotas (ITQ's). Rights and obligations associated with the ITQ's vary from state to state.

In all five states, ITQs provide a percentage of the TACC for that fishery to the ITQ holder. That is, an ITQ unit is not a fixed weight of abalone – rather, it is a fixed proportion of the TACC which may vary from season to season depending on the performance and subsequent management of the fishery.

Abalone ITQ's are held by a diverse range of owner entities – from individuals, to partnerships, trusts, superannuation funds and corporations. There is a minor degree of foreign ownership of Australian abalone ITQ's although the precise quantum is unknown.

The vast majority of Australian abalone ITQ's are owned by Australian individuals and family companies throughout Australia.

Australian abalone ITQ owners pay a range of licence renewal fees and/or royalties to state governments on an annual basis. Most also pay Stamp Duty upon ownership transfer of ITQ's.

Australian abalone ITQ owners pay harvesting fees to commercial abalone divers to harvest their abalone and supply them to a licensed abalone processing facility.

Australian abalone ITQ owners pay various Commonwealth taxes including personal income tax and/or company taxes based on profits and/or distributions generated from their abalone related income streams. For those ITQ owners who purchased ITQ's after Capital gains tax was introduced in 1985, they will also pay this tax following the sale of ITQ's.

There are a broad range of ITQ ownership profiles within Australia's abalone sector from very small holdings to large holdings and everything in between. Operating efficiencies and economies of scale are critical to attracting investment into the wild-caught fishing industry and the seafood processing sector.

For example, investment into fishing vessels, holding tanks for live fish, pumps and aeration

facilities, loading and unloading infrastructure, safety equipment, transport vehicles, refrigeration, processing and packing facilities, marketing and sales and employees.

Within the Australian wild caught abalone industry, small-scale fishers have benefited from investment, particularly in seafood processing infrastructure, by the larger seafood entities that have consolidated ITQs over a period of time.

In most ITQ managed fisheries in Australia, investment is highly dependent on operating efficiencies and resource supply security, which in turn has required certain threshold levels of ITQ ownership by wild-caught seafood companies. Examples of well-established, long-term, fully integrated abalone businesses with significant scale and investment underpinned by ITQ consolidation include Western Abalone in Port Lincoln, Mallacoota Abalone Limited in Eastern Victoria and Tasmania Seafoods in Victoria and Tasmania.

Concluding Statement

In response to the Inquiry Terms of Reference, Abalone Council Australia Ltd, on behalf of Australian abalone stakeholders is highly supportive of ITQ managed fisheries and believes that abalone ITQ's have significantly benefited the Australia economy in general and more specifically the coastal fishing communities and their associated "micro-economies" around southern Australia.

Abalone ITQ owners have a long-established history as responsible custodians of their access rights and wherever and whenever possible, are actively engaged with their state-based abalone bodies in responsible and collaborative fishery management. There are challenges within each fishery but by and large, abalone stakeholders are widely acknowledged as being very passionate and committed to the long-term sustainability of the wild abalone resource.

Abalone Council Australia is a strong supporter of fishery based ITQ's as the preferred ownership structure and strongly believes that the current system results in good fishing practices that are ecologically sustainable and economically dynamic, as well as producing good community outcomes, particularly for coastal and regional communities along Australia's southern coastline.

Abalone Council Australia believes that more broadly, ITQ managed fisheries have allowed Australia to become a world-leader in fisheries management and sustainability. Furthermore, ITQ managed fisheries have achieved and maintained many key objectives including:

- Greatly improved sustainability of Australia's wild fisheries;
- Significantly improved the total economic benefits flowing from Australia's wild fisheries;
- Demonstrably improved safety and reduced fatalities within the wild caught fishing sector;
- Improved seafood quality, higher value products and improved seafood supply to markets;
- Supplying premium seafood to lucrative domestic and export markets

Dean Lisson Chief Executive Officer

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