



Submission to the Standing Committee on Agriculture and Water Resources: Inquiry into the Australian Aquaculture Sector

RIDLEY CORPORATION

14 May 2021

Ridley Corporation Limited | ABN 33 006 708 765

PO Box 16187, Collins Street West, Melbourne, VIC
8007 Level 4, 565 Bourke Street, Melbourne, VIC 3000
Ph: +61 3 8624 6500 | Fax: +61 3 8624 6505
www.ridley.com.au



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

Re: Parliamentary Committee Inquiry into the Australian aquaculture sector

Dear Mr Wilson,

On behalf of Ridley Corporation Limited (Ridley), I write to provide our submission to the Parliamentary Committee Inquiry into the Australian aquaculture sector.

As a leading manufacturer of aqua feed in Australia, we welcome this inquiry and the opportunity to grow the Australian aquaculture sector by improving regulatory frameworks and supporting the sector's access to capital, investment and innovation.

We have been a supplier of high-quality products to the professional aquaculture industry in Australia for over 20 years. Ridley is the major supplier of aqua feed to the Australian prawn, Barramundi and Yellow Tail King fish aquaculture business. Ridley sources the majority of the feed ingredients from local Australian suppliers. Approximately 50,000 tonnes of feed is produced annual from Ridley's two Aqua feed plants

This provides us with a strong understanding of the issues that the Australian aquaculture sector faces. Informed by this, we have provided our perspective on the current state of the aquaculture sector, and the barriers and opportunities for growth.

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Yours sincerely,

[Redacted signature]

Haydn Slattery
General Manager Aquafeed
Ridley Corporation Limited

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The current state of Australia's aquaculture sector

Global demand for protein - and with it demand for safe, high quality, sustainable seafood - is increasing. Reflecting this, over the past two decades, Australia's aquaculture sector has been steadily growing, driven largely by increased production of salmon, and more recently with increased emphasis on prawns, abalone, oysters and finfish varieties, including barramundi and kingfish.

However, the annual worth of the Australian aquaculture industry has plateaued at just over \$1 billion in recent years.

The effects of COVID-19 are expected to result in the first recorded annual contraction of the global aquaculture sector in approximately 60 years. This has impacted the Australian industry significantly, yet demand-side conditions are expected to improve as the economic and public health shocks of COVID-19 begin to dissipate and consumer confidence returns.

Globally, growth in aquaculture is subject to strong and increasing competition with urban development, tourism and agricultural farming for coastal land. In Australia this competition is further tightened by increasing environmental protection through regulation and social licence scrutiny.

Yet there is enormous potential for expansion of aquaculture production in Australia¹ and with it export receipts, employment opportunities, and investment in regional communities. Land-based aquaculture alone has a small footprint (<3000ha compared to crop agriculture, which required around 22 million ha of land for production in 2016–17 (Agbenyegah *et al.*, 2017).

Ridley has been manufacturing feed for aquaculture for more than 20 years. From our position within the aquaculture supply chain we note four key areas of opportunity to better protect Australian aquaculture and underpin industry growth:

- 1. Improved disease prevention and response:** A biosecurity incident is the single biggest threat to the Australian aquaculture sector.
- 2. Regulation to underpin a sustainable industry.** Current environmental regulation is inconsistent and unreliable. It inhibits the expansion of responsible aquaculture production.
- 3. Australian product differentiation:** The integrity and reputation of Australian product in the global market place needs government support. Global and domestic Australian customers should know that what they are purchasing is Australian product.
- 4. Investment in regional Australia:** Aquaculture and its supply chain are significant contributors to regional Australia, but in order to grow there is a need for strategic and coordinated infrastructure investment.

¹ Aquaculture viability A technical report to the Australian Government from the CSIRO Northern Australia Water Resource Assessment, <https://publications.csiro.au/rpr/download?pid=csiro:EP181756&dsid=DS3>



Opportunities to better protect Australian aquaculture and underpin industry growth

Ridley sees four key areas of opportunity for government to best support the sustainability and growth of Australian aquaculture into the long term.

- 1. Improved disease prevention and response:** A biosecurity incident is the single biggest threat to the Australian aquaculture sector.

As an industry, Australian aquaculture is fortunate to have an enviable biosecurity track record. Yet a continued focus on disease prevention and response is essential to ensure a sustainable and prosperous industry now and into the future.

A series of biosecurity incidents in recent years demonstrate:

- International biosecurity protocols need continued review and strengthening to reduce the risk of the introduction of pests or diseases that can quickly decimate our aquaculture industry.
- Improved coordination and clarity of domestic biosecurity processes will support industry's effective management of domestic biosecurity threats.
- Coordinated and effective response to biosecurity threats require formal arrangements between governments and aquatic industries—so as to share the costs and responsibilities of emergency responses.

The 2016 outbreak of White Spot Syndrome Virus (WSSV) in Queensland's prawn industry demonstrated the devastating impact an introduced disease can have on a local industry but also more broadly on wild crab and prawn populations in Moreton Bay. Recent surveillance results from March 2018 have confirmed the persistence of WSSV infections in wild prawns and crabs in Deception Bay, in northern Moreton Bay.

Management of the outbreak highlighted the need for coordinated and clear processes and responsibilities when managing a biosecurity threat. Despite warnings from the industry, imported commodity prawns containing WSSV were imported into Australia and subsequently used as bait (DAWR, 2017). Illegal behaviour by importers to hide at risk prawns, lack of biosecurity knowledge and rigour, together with inadequate communication led to the incursion. The effectiveness of current control measures at the border are currently under review and have been open to abuse as evidenced through Operation Cattai (DAWR, 2017)

The subsequent tightening of restrictions on the movement of green prawns within Queensland have the purpose of restricting the spread of WSSV into other prawn producing regions.

While necessary, these domestic restrictions are now tighter than restrictions on the importation of green prawns from known WSSV effected areas internationally.

Biosecurity Queensland, through their implementation of valid control measures (cooking and/or gamma irradiation), and DAWR by upholding the current import regime, means importers are able

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to access Australian markets with raw prawns whilst domestic producers are held to account to a higher standard.

The importation of green prawns represents an on-going risk to Australia's own industry and natural prawn population. The restriction of imported uncooked seafood to Australia would provide biosecurity protection similar to that provided to the poultry and livestock industries.

2. Regulation to underpin a sustainable industry. Current environmental regulation is inconsistent and unreliable. It inhibits the expansion of responsible aquaculture production.

The Australian aquaculture industry recognises its future depends on a healthy natural environment. Aquaculture producers understand the responsibility they have to minimise the environmental impact of production.

However, to allow the industry to grow:

- Clear and consistent regulation of farm expansion and new farm applications, plus clear timeframes for processing, are essential.
- Industry needs support to develop practical solutions for effluent and nutrition management.

Research has indicated that 1.2 million ha of Australia's northern coastline is suitable for marine pond-based aquaculture. However new farm approvals and farm expansions in Queensland in the past two decades have been extremely limited. This is despite evidence that prawn farms in particular are keen to expand with new farms.

Although the land may be suitable for pond aquaculture, the zoning of adjacent waterways, such as the Great Barrier Reef Marine Park, and other marine reserves, as well as associated environmental management regulations, has made it difficult to gain approval to develop aquaculture enterprises in some areas.²

Aquaculture in Australia is a science-based industry and as such, any assessment should be appropriately science based and appropriate to specific aquaculture environments. We note there have been over 40 independent peer reviewed papers that state that aquaculture has no impact on the GBR and any output from the farm is assimilated in the receiving environment. The existing regulations are limiting opportunity to expand on the mainland.

A clear inhibitor to industry growth is a fear of the application process – and, if our interaction with prawn farms is a guide – having applications approved by the Great Barrier Reef Marine Park Authority (GBRMPA).

² Aquaculture viability A technical report to the Australian Government from the CSIRO Northern Australia Water Resource Assessment



A clear process, and commitment to assessment in specified timeframes for both expansions and new farm submissions, would assist industry in the planning and pre-investment necessary to scale up the supply chain to match increased production.

Identification of areas where aquaculture applications are likely to be approved would target the investment required prior to making an application. While application and assessment of proposals would still be required, there would be a level of expectation of approval based on the strategic assessment process with assessment confined to fine-tuning conditions to protect local and regional environmental values.

Collaboration between government, industry and other stakeholders to design practical solutions that balance out competing interests is necessary to see this situation change, and the industry reach its potential.

- 3. Australian product differentiation:** The integrity and reputation of Australian product in the global market place needs government support. Global and domestic Australian customers should know what they are purchasing is Australian product.

To continue to grow, Australian aquaculture will need to build sustainable and profitable export markets, and given the higher cost of production, will be targeting premium markets, leveraging the attributes associated with the brand of Australia.

To enable that growth:

- Australia's rigour and reputation around quality, safety, and sustainability need to be maintained by industry, and supported by government
- Country of Origin Labelling should be strengthened, beyond the retail and into the food service sector

The challenge of differentiating Australian barramundi both in the domestic and international market is an example of the challenges industry faces.

Currently other white fleshed fish farmed outside of Australia is being called barramundi – both in global markets and the domestic food service sector.

Domestic consumers associate and expect that the barramundi they buy at the supermarket or order off the menu is Australian. Expansion of mandatory Country of Origin Labelling to food service providers would deliver a powerful economic stimulus while generating important social outcomes around integrity of seafood labelling.

In export markets, the indigenous Australian name of barramundi (fish with big scales) has significant marketing advantage and in represents the unique attribute of provenance, and the quality, safety and sustainability that Australian barramundi production meets. Ridley supports the need to protect the use of the name Barramundi. Truth-in-labelling is a matter of consumer protection.



4. Investment in regional Australia: Aquaculture and its supply chain are significant contributors to regional Australia, but in order to grow there is a need for strategic and coordinated infrastructure investment.

Governments of all levels have demonstrated a will to invest in the regions, yet persistent barriers to implementation have hindered positive outcomes. These barriers have included investment being undertaken in an *ad hoc* manner, a lack of coordination between governments on regional priorities, and regional development strategies not being backed by expedited planning and environmental reforms.³

As identified in the National Farmers Federations Regionalisation Agenda, the focus of regional development must be on industries that already have a foothold in the regions or have the potential to have a competitive advantage in being located in regional and rural Australia.

Strategic investment in regional infrastructure would support the growth and sustainability of Australia aquaculture.

The remoteness of many aquaculture farmers means supply chain costs and investment of scale are a challenge.

Investment in off-farm infrastructure is essential. This includes sector-specific infrastructure such as cold chain facilities in regional areas to more general infrastructure such as improved telecommunications. Additionally, space base infrastructure systems such as, improved roads and transport systems to allow environment protected, cost effective delivery of products are essential while taking note of social infrastructure in regional and rural areas like schools and hospitals.

³Regionalisation Agenda, February 2021, National Farmers Federation, https://nff.org.au/wp-content/uploads/2021/02/NFF_A4_Regionalisation-Agenda_2021_V7-compressed_1.pdf