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To Whom It May Concern,

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

Mainstream Aquaculture Group (MAQ) welcome the opportunity to make a submission to the Standing Committee on Agriculture and Water Resources as part of its inquiry into the Australian Aquaculture Sector. By way of brief background, MAQ is a vertically integrated producer and supplier of Barramundi. The company is one of the largest suppliers of Barramundi table fish products in Australia under the Infinity Blue Barramundi brands and is the global market leader in the supply of juvenile fish (seed stock) to the Barramundi aquaculture industry. MAQ exports into 27 countries across five continents, supporting over one third of global aquaculture production of the species. MAQ operates four farms in Australia (two in Queensland and two in Victoria) including the world's largest aquaculture production facility of its type (a recirculation aquaculture facility in Melbourne), as well as the world's largest Barramundi hatchery.

Mainstream can present compelling evidence to suggest Barramundi has the potential to become the world's leading premium white fish through sustainable aquaculture production. The species has the potential to capture market share that equates to 3 million tonne per year of production worth over A\$30 billion. Australia's Barramundi industry alone has the ability to exceed A\$1 billion in gross value of production by 2030, in the process conferring many benefits to regional and remote areas of Australia, and in particular northern Australia. Furthermore, MAQ as a major participant in the sector with a sophisticated business model, strong governance, and ample funding, welcomes the opportunity to be held accountable to delivering a substantial proportion of this growth opportunity.

This submission outlines only key issues that are most critical to MAQ and is not an exhaustive list. MAQ is confident the issues raised demonstrate application across the Barramundi sector and more broadly, the entire aquaculture industry in Australia. MAQ has outlined below two matters:

- The first is preventing an immediate \$70 million investment by the company in far north Queensland.
- The second would provide MAQ the confidence to pursue a more aggressive growth strategy.

Environmental Regulation

MAQ can provide a litany of examples in being stymied executing its growth plans through complex, inconsistent and overlapping regulatory frameworks. Aquaculture legislation is vague and implemented across multiple agencies with different objectives, each with a narrow focus. As a proponent, MAQ has limited recourse against decisions that demonstrate profound economic, environmental and social implications. Complexity and the ability for government agencies to act with impunity invariably causes substantial costly delays and/or lost investment opportunities. MAQ has experienced these effects directly in relation to both Greenfield and Brownfield projects in far north Queensland. We welcome the opportunity to discuss specific examples that illustrate the key issues.

Existing environmental regulations are not balanced against the objective to protect the Great Barrier Reef. Aquaculture operators are unfairly penalised by sediment and nutrient emission standards that

relate to the cumulative impacts of all agriculture and industry on the Great Barrier Reef catchment area. These standards do not appear to be science based and are applied without a comprehensive understanding of aquaculture practices and impacts. By way of example, there is credible research demonstrating that most nutrients from aquaculture are completely assimilated in the receiving environment, far away from the reef, with no adverse impact on the environment. Aquaculture is an easy target for regulation given it operates with point source discharge that can be monitored. Ironically, the data downstream of aquaculture operations is not used in regulation, which is the data that indicates environmental impact. Meanwhile, large non-point source polluters such as cropping and pastoral operators are not regulated the same manner. This situation has restricted the growth of aquaculture and promoted the expansion of higher polluting industries in far north Queensland.

MAQ has unsuccessfully proposed that nutrient and sediment load allowances be based on the management of residual load after environmental assimilation. Consistent regulatory standards should be applied to all sectors operating in the region that impact nutrient load in the Great Barrier Reef catchment. Aquaculture, which contributes less than 1% of total nutrient load in the Great Barrier Reef catchment, is not identified as a risk within the Scientific Consensus Statements that informed the current Reef Regulations. An evidence based streamlined scientific approach to environmental regulation in partnership with proponents such as MAQ would lead to far superior environmental, social and economic outcomes.

Country of Origin Labelling

The market for Barramundi in Australia is estimated to be around 25,000 tonnes per year with 60% of Barramundi consumed in Australia imported from Asia, selling for around half the cost of Australian product. The problem the industry confronts is that consumers understandably think all Barramundi is Australian with its Aboriginal name and longstanding position as our iconic 'national fish'.

MAQ differentiates its Australian farmed Barramundi on quality, safety, and sustainability, yet one of our biggest challenges to achieving growth profitably is the difficulty Australian consumer's face in differentiating our product from cheap imported alternatives. The costs associated with labour, transport, energy, and environmental management far exceed those of our Asian competitors. Unfortunately, we consistently see Barramundi imports profiting from consumer expectations that Barramundi is an iconic Australian fish. Truth in labelling has been wildly stretched within the supply chain. Examples of this can be easily provided.

MAQ, together with other Australian seafood producers, have called for Country of Origin Labelling legislation be expanded to include the mandatory labelling of seafood sold in food service. This change would transform the Australian seafood industry and deliver a powerful economic stimulus in many regions, while generating important social outcomes around integrity of seafood labelling.

Labelling of seafood requires a unique approach. While nearly all domestic consumption of other major food service proteins such as beef, lamb and chicken is of Australian origin, close to seventy percent of domestic seafood consumption, or \$3.5 billion worth, is imported. Australian seafood consumers are not aware of this and the situation causes an elevated risk of inappropriate pricing unfairly transferring value in the supply chain, substitution via imports, and reputational damage to Australian producers.

Numerous surveys indicate consumers are prepared to pay a premium for Australian seafood and participants in the supply chain have taken this opportunity to price imported product as if it was

Australian. Market investigations prove that a significant proportion of imported Barramundi is sold under false pretences, either because Australian consumers assume Barramundi is an iconic Australian fish, or because unscrupulous distributors source cheap imported Barramundi and represent the product as Australian.

Furthermore, the issue of substitution would be better resolved is labelling laws allowed for a distinction between genetic/geographical strains of the same species. Barramundi are a species called *Lates calcarifer*. The Australian Barramundi strains are distinct and different to *Lates calcarifer* strains in South East Asia. In Asia, this fish is commonly referred to as Asian Seabass. Under Australian law, when imported to Australia it must be sold as Barramundi, not Asian Seabass.

The economic damage caused by this situation for just one sector (Australian farmed Barramundi) within the broader seafood industry is significant. Expansion of mandatory Country of Origin Labelling of seafood to food service could support:

- Near term growth in economic value add of A\$100M for the Australian farmed Barramundi sector.
- An additional 250 direct and 1,000 indirect near term jobs providing stable local employment in regional areas.

Notably, Barramundi is less than 5% of the total Australian seafood sector. If we extrapolate this gain across the Australian seafood landscape, these proposed reforms present as a massive opportunity to transform the Australian seafood industry by generating A\$2 billion in economic value and 20,000 full time jobs.

Market share of Australian Barramundi has increased significantly in recent years, underpinned by the introduction of mandatory Country of Origin Labelling Laws in the retail sector. Once this happened, consumers gravitated towards the Australian product, which typically sells at twice the price of the imported alternative. A natural extension would be the application of these labelling laws to the entire supply chain, including the food service sector.

We welcome the opportunity to participate in this inquiry on behalf of such a critical industry. Using efficient and sustainable technology for primary food production has significant merit and should be supported in Australia. Barramundi aquaculture has potential to positively transform communities in which it is established in the form of significant direct and indirect social, environmental and economic benefits.

Please refer to www.mainstreamaquaculture.com for background information on MAQ, its key people, and why we believe MAQ is well placed contributing towards this inquiry into the Australian Aquaculture Sector.

Please do not hesitate to contact me if you require further information.

Kind Regards

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Group Managing Director & Chief Executive Officer