

Chapter 2

The impact of WSD on industries

2.1 Over the course of the inquiry, the committee received significant evidence detailing the impact of WSD on various fisheries and aquaculture businesses. WSD not only directly impacted prawn farmers, but wild catch and commercial seafood and bait operations, and seafood importers and retailers.

2.2 This chapter considers the general concerns raised during the inquiry about the financial and operational impact of WSD on prawn farmers. The impact on the wild catch sector is also considered, along with the impact on importers. The chapter outlines the financial assistance offered to affected industries, and the ongoing discussions around the development of an aquatic Emergency Animal Disease Response Agreement (EADRA).

General concerns

2.3 The committee heard of the far-reaching consequences of the WSD outbreak, from a number of submitters and witnesses. The evidence showed that a number of stakeholders hold serious concerns for the impacts of WSSV on various industries.

2.4 It was suggested to the committee that the WSD incursion into Australia was a 'highly predictable event'. A WSD incursion had been forecast for a number of years by industry stakeholders, who have made repeated submissions to government to express their concerns about raw prawn importation.¹

2.5 The Australian Recreational Fishing Foundation voiced concern about the potential for white spot to spread to other crustacean species, such as crabs and lobsters. The Foundation argued that the disease poses a significant threat to the recreational fishing community and associated businesses, especially if marine waterways were quarantined.²

2.6 The NTSC raised similar concerns. The NTSC noted that the Northern Territory mud crab industry was 'extremely concerned' over biosecurity risks, given the susceptibility of mud crabs to WSSV and the fact that most seafood product from the Northern Territory was live, fresh or frozen.³

2.7 Dr Richard Smullen of the Ridley Corporation advised the committee of the far-reaching implications of the WSD outbreak. Dr Smullen stated that:

1 Mr Aaron Irving, National Aquaculture Council, *Committee Hansard*, 28 August 2017, p. 5.

2 Australian Recreational Fishing Foundation, *Submission 3*.

3 Northern Territory Seafood Council, *Submission 7*, p. 1.

The Logan white spot infection has not only hit the prawn farmers in the locality; it has severely impacted other farmers throughout Australia and has reverberated through the supply chain, affecting freight companies, consumable and hardware equipment supply companies, seafood wholesalers, retailers and their communities, as well as Ridley as a feed company.⁴

2.8 The Australian Council of Prawn Fisheries (ACPF) argued that the WSD outbreak had caused substantial financial losses in a number of industry sectors, and had undermined consumer confidence and the 'clean green' reputation of Australian prawns. The ACPF also stated that the outbreak 'called into question [the] Government's ability to keep Australian fisheries, farms and the aquatic environment free from exotic foreign disease through the current biosecurity regime'.⁵

Impact on prawn farmers

2.9 The 2016 outbreak of WSD directly impacted seven prawn farms along the Logan River in Queensland. The outbreak resulted in these farms losing all stock, including hatchery and breeding stock, and suffering significant financial losses.

Financial impact

2.10 The committee heard evidence from prawn farmers about the cost of responding to the WSD outbreak, and the costs involved in changing farm infrastructure to implement more stringent biosecurity controls.

2.11 A summary report into the economic impact of the WSD outbreak noted the outbreak created 'complex social and economic impact on farmers, fishers, their communities and supply chain partners'. This complexity would determine the final financial impact of the outbreak. Further, the outbreak occurred at a time when farmers were nearing the seasonal productivity peak for 2016-17.⁶

2.12 The report on the economic impact of the outbreak, by Ridge Partners, was completed shortly after the outbreak. Final data on the economic impact is still being compiled. The Ridge Partners report determined the following financial impacts as a result of the outbreak:

- 2016-17 crop market value lost: \$23.5 million;
- biosecurity infrastructure upgrades to Logan River farms: \$12.6 million; and

4 Dr Richard Smullen, Ridley Corporation, *Committee Hansard*, 27 June 2017, p. 12.

5 Australian Council of Prawn Fisheries, *Submission 14*, p. 5.

6 Ridge Partners, *Summary Overview: Economic Impact of 2016 White Spot Disease Outbreak*, Fisheries Research and Development Corporation, 2017, p. 3.

- decommissioning farms for 18 months and establishing a care and maintenance program: \$11.9 million.⁷

2.13 Overall, the report determined an estimated total loss of \$49.5 million to prawn farms, in addition to the potential permanent loss of 122 jobs.⁸

2.14 Mr Daniel Rossmann of DS Farms advised the committee that the estimated total cost of new disease vector controls on his prawn farm's 17 ponds and inlet channels, would be in excess of \$1 million. Mr Rossmann stated that the farm ponds would require plastic lining, crab fencing and bird netting, in addition to water treatment requiring ozone equipment and filtration systems. Mr Rossmann advised that these steps were required to farm prawns once more. He warned that even with those measures, a further WSD outbreak could end the farm's operations.⁹

2.15 Mr Rossman further submitted that, following detection of white spot on his Logan River prawn farm, he received advice that only those ponds testing positive for white spot would be chlorinated, allowing uninfected ponds to be harvested. However, those ponds ready for harvesting were also chlorinated, resulting in a reduction of production from an expected 200 tonnes to 2 tonnes.¹⁰

Operational impact

2.16 Evidence was received by the committee from prawn farmers regarding the timeframes involved in recommencing farming and trade. Mr Stephen Parker, Managing Director, Prawn Park, advised that:

We are standing down for this year [2017], and I think that that is a good idea, because we are going to give nature and the environment a chance to sort some of this out themselves. Therefore, just on the calendar side of things, by this time next year let's assume and hope—I am a fairly bullish person—that the northern farms have a great crop and everything works out well this year. They then will have a second go by next year. We will have two winters behind us here. Lower water temperatures, hopefully, might help. And then, in August 2018, those of us who have the money to put the infrastructure together to change the way we farm—obviously water treatment and biosecurity are the things we believe are necessary to do, to upgrade the farms to a certain extent—can go in again and hopefully, again being bullish, get through. Then by February or March of 2019 we would have our next crop.

7 Ridge Partners, *Summary Overview: Economic Impact of 2016 White Spot Disease Outbreak*, Fisheries Research and Development Corporation, 2017, pp. 6-8.

8 Ridge Partners, *Summary Overview: Economic Impact of 2016 White Spot Disease Outbreak*, Fisheries Research and Development Corporation, 2017, p. 9.

9 Mr Daniel Rossmann, DS Farms, *Committee Hansard*, 27 June 2017, p. 4.

10 DS Farms Pty Ltd, *Submission 5*, p.1.

Therefore, you have three possible seasons and crops in this industry between now and then. That would coincide with the two-year Biosecurity Queensland timing regarding February and March of the last positives that have been found, and assuming there are none found in between. Then: perfect—it is okay. I personally believe that if anything happens to the detriment of that, or one of the farms up north [Queensland] goes, then the industry is finished; it is gone, all over. That is where we stand. That is the reality of it. That is the commercial end result.¹¹

2.17 These timeframes were supported by evidence from QDAF. Its officers stated that to meet OIE requirements for proof of freedom from the disease, it would be two years before Australia could be declared free from WSD. Dr Jim Thompson, Chief Biosecurity Officer, QDAF, explained that:

For Australia to prove freedom from white spot, we are saying that from the last detection we need two years of testing to say that we cannot find it. That does not mean farms cannot get back into production. The risk we run is if farms go back into production and white spot re-occurs—and it may be that all bets are off at that point, but those decisions have to be made.¹²

2.18 In reports about the WSD outbreak, it was noted that better biosecurity outcomes would occur if the prawn farms infected with white spot remained fallow until the 2018 season. This would allow more time for eradication of the disease and for modifications to farms to achieve better biosecurity outcomes. However, as noted in Chapter 1, remaining fallow would only be possible with government financial assistance.¹³

Impact on commercial operators

2.19 The committee heard evidence from commercial seafood operators in the Logan River and Moreton Bay areas who were directly impacted by the WSD outbreak, and by the movement control orders that were put in place after the outbreak.

2.20 The Ridge Partners report examined the economic impact of the movement control order between Caloundra and the NSW border on commercial wild catch fisheries. The fisheries industries within the movement control order include, among other things, bloodworms, yabbies and mud crabs. Ridge Partners estimated the cost to the gross value of production as \$20.5 million.¹⁴

11 Mr Stephen Parker, Prawn Park, *Committee Hansard*, 27 June 2017, p. 10.

12 Dr Jim Thompson, Queensland Department of Agriculture and Fisheries, *Committee Hansard*, 27 June 2017, p. 26.

13 Dr Len Stephens, *Final Report: Prawn White Spot Disease Response Plan*, Fisheries and Research Development Corporation, March 2017, pp. 6, 20-21.

14 Ridge Partners, *Summary Overview: Economic Impact of 2016 White Spot Disease Outbreak*, Fisheries Research and Development Corporation, 2017, p. 10.

2.21 The National Seafood Industry Alliance (NSIA) stated that the detection of white spot in November 2016 had resulted in 'an immediate loss of livelihoods of several commercial fishers operating in the Logan River'.¹⁵

2.22 Mr Eric Perez of QSIA advised that the commercial fishing industry was 'seriously impacted' by the WSD outbreak, with a loss of bait and live crustacean markets in Queensland and other jurisdictions. Mr Perez argued on behalf of the industry that during the response efforts to WSD it felt 'abandoned in the process', and that it was 'not getting help from any level of government'.¹⁶

2.23 As with the prawn farmers, it was argued by QSIA that when the outbreak occurred, fishers were nearing the peak of the 2016-17 season and looking to achieve optimum demand and prices for their product. Mr Perez noted that as of June 2017, 291 businesses had been impacted by the WSD outbreak and the movement control orders put in place. Mr Perez stated that:

They are businesses across the crustacean fishery—so, crab, bugs, prawns and bloodworm, as well as beachworm—that have been impacted by this. And it is the change to our markets that we are not getting compensated for. There is a change to how we have to do business.¹⁷

2.24 Ms Nicole Dymock of East Coast Live Bait Wholesalers advised that WSD had 'effectively destroyed' the bloodworm businesses in the Moreton Bay area. Local bloodworm diggers were out of work or on heavily reduced incomes, with movement control orders preventing the sale of bloodworms to more lucrative areas outside the control area. The bloodworm diggers were suffering significant financial hardship and stress. Ms Dymock supported measures to stop the spread of WSD, but argued for a level playing field for affected businesses.¹⁸

2.25 Mr Ian Hamilton, an independent seafood retailer from south-east Queensland, argued that there had been a significant, negative impact on consumer confidence in the wild catch sector because of white spot. Mr Hamilton stated that some consumers had ceased buying prawns that were both farmed and wild-caught, due to a lack of confidence in the product. With the presence of the disease and the restricted areas in which locally-caught product could be sold, Mr Hamilton advised

15 Mr Johnathon Davey, National Seafood Industry Alliance, *Committee Hansard*, 28 August 2017, p. 1.

16 Mr Eric Perez, Queensland Seafood Industry Association, *Committee Hansard*, 27 June 2017, pp. 30-31.

17 Queensland Seafood Industry Association, *Submission 15*, p. 19; Mr Eric Perez, Queensland Seafood Industry Association, *Committee Hansard*, 27 June 2017, p. 30.

18 Ms Nicole Dymock, East Coast Live Bait Wholesalers, *Committee Hansard*, 27 June 2017, p. 31.

that the wild catch sector had to accept prices that were the lowest he had seen in 37 years in the retail industry.¹⁹

2.26 Mr Lionel Riesenweber, a crabber on the Logan River, advised the committee that due to WSD, he was unable to access the Logan River at the most profitable time of the year, from the start of December 2016 to 15 March 2017. While product could be sold within the movement control area, Mr Riesenweber advised that the product was receiving below-average prices because it was coming from the Logan River region.²⁰

2.27 Following the lifting of the import suspension in July 2017, the Moreton Bay seafood industry argued for a 'level playing field' with importers. Local operators were unable to sell their products outside of movement control areas, despite the import of overseas product recommencing from early July. Retailers argued that if the testing processes at the border were adequate for importers, they should also be adequate for the movement of local product.²¹

2.28 Dr Ben Diggles argued that the movement control orders put in place by some jurisdictions after the WSD outbreak, particularly Western Australia and South Australia, 'highlighted a remarkable inconsistency in what is considered an Appropriate Level of Protection (ALOP) by state governments in Australia, compared to federal governments current [pre-import suspension] position on imported prawn products'. Dr Diggles stated:

Having stricter controls requiring cooking of Australian prawns moved domestically from WSSV positive regions, yet still allowing uncooked imported prawns entry at the border from WSSV positive regions is an extraordinary situation that highlights exactly where the real risks lie.²²

Impact on seafood importers and retailers

Importers

2.29 The Seafood Importers Association of Australasia (SIAA) argued that the debate around the efficacy of border biosecurity controls after the outbreak was 'extremely producer-centric' and unbalanced. The SIAA stated that prawn aquaculture amounted to approximately 30 farms, whereas there were 40 000 foodservice

19 Mr Ian Hamilton, Private capacity, *Committee Hansard*, 27 June 2017, p. 33.

20 Mr Lionel Riesenweber, Private capacity, *Committee Hansard*, 27 June 2017, pp. 32-33.

21 Kylie Knight, 'Moreton Bay seafood industry pleads for "level playing field" in white spot disease regulations', *Courier-Mail*, 19 July 2017, <http://www.couriermail.com.au/questnews/moreton/moreton-bay-seafood-industry-pleads-for-level-playing-field-in-white-spot-disease-regulations/news-story/64500c4e9ba96638ef9b1a9715e3775f> (accessed 19 July 2017).

22 Dr Ben Diggles, *Field observations and assessment of the response to an outbreak of White Spot Disease (WSD) in Black Tiger Prawns (Penaeus monodon) farmed on the Logan River in November 2016*, Fisheries and Research Development Corporation, 21 February 2017, p. 47.

businesses depending on imported prawns, with importers supplying 75 per cent or more of the seafood consumed in Australia.²³

2.30 SIAA submitted that the import suspension resulted in the loss of several thousand tonnes of seafood product that would otherwise have been sold in Australia. The six-month suspension was estimated by SIAA to cost \$383 million to Australian businesses, with consequent price rises for consumers.²⁴

2.31 SIAA highlighted the long, successful record of seafood importation into Australia with its members providing a sufficient and constant supply of seafood to Australia. It noted, moreover, the difficult conditions under which its members operated, being in 'foreign countries, in foreign cultures and under foreign laws'. SIAA questioned:

why the major biosecurity firewalls should not be more focussed on the farms, or in the immediate vicinity of farms, rather than applying conditions that add considerable costs to, restrict, and frequently disrupt, these tens of thousands of Australian businesses, mostly located thousands of kilometres from the nearest prawn farm.

It should be understood that Australian importers, wholesalers and foodservice outlets have all been victims of this biosecurity event, with many individual enterprises suffering financial losses measured in tens of thousands of dollars. Many people in these sectors have lost their jobs as a result. Although some importers have been implicated in breaches of biosecurity regulations, the vast majority of these businesses were not at fault. It should also be noted that when biosecurity costs are imposed on importers, those costs are being imposed on the Australian community.²⁵

2.32 GSDA emphasised the need to support importers with a good record of compliance with biosecurity measures. GSDA stated that:

Responsible importers who have continually shown to be importing seafood with a good record of compliance from certified overseas processors should qualify for recognition of their standing through lower levels of inspection. Department resources could then be more heavily weighted to importers who do not have this track record to ensure that less experienced importers are complying with required standards.²⁶

Retailers

2.33 In a submission to the inquiry, the Restaurant and Catering Industry Association (RCA) called for a balance between biosecurity needs and the interests of the tourism and hospitality industry. RCA raised concerns about the import

23 Seafood Importers Association of Australasia Inc., *Submission 13*, p. 2.

24 Seafood Importers Association of Australasia Inc., *Submission 13*, p. 10.

25 Seafood Importers Association of Australasia Inc., *Submission 13*, p. 2.

26 Global Seafood Distributors Australia Pty Ltd, *Submission 11*, p. 4.

suspension of January 2017, as it had resulted in 'chronic shortages of supply and unsustainable price increases'. Regarding the suspension, RCA also stated the need for 'greater advice, coordination and communication with importers regarding the timing and results of quarantine and testing'.²⁷

2.34 The RCA detailed the economic impact of the import suspension on the tourism and hospitality sector, based on increased costs and reduced sales. The RCA stated that it:

remains deeply concerned about the significant economic effects on café and restaurant businesses which are already experiencing over 100% increases in the price of prawns which, if absorbed as expected, will result in a decrease in the average restaurant's net profit of 25.1%.²⁸

Assistance to farmers

2.35 Both the Queensland and federal governments have provided funding for WSD response measures, and financial compensation for the affected farmers.

Queensland Government funding

2.36 QDAF advised that the WSD outbreak in the Logan River area led to the 'largest aquatic disease response in Queensland'. Between 1 December 2016 and 14 April 2017, approximately 160 QDAF staff were deployed to work on the WSD response, with the Queensland Government providing \$17.6 million in 2016-17 for the operational response.²⁹

2.37 The funding in 2016-17 was provided to:

- treat infected properties to eradicate WSSV from prawn production systems;
- undertake bird mitigation to minimise the spread of the disease;
- undertake WSSV surveillance in the wild environment along the east coast of Queensland, to inform decisions around the likelihood of eradication; and
- complete a comprehensive communication strategy to inform about the response and actions people should take to comply with regulations.³⁰

27 Restaurant & Catering Industry Association, *Submission 6*, p. 1.

28 Restaurant & Catering Industry Association, *Submission 6*, p. 1.

29 Queensland Parliament Agriculture and Environment Committee, Minister for Agriculture and Fisheries and Minister for Rural Economic Development, Response to Government Question on Notice No. 6, 28 June 2017.

A breakdown on the allocation of this funding can be found within the Queensland Department of Agriculture and Fisheries, answer to question taken on notice, 27 June 2017 (received 27 July 2017).

30 Queensland Parliament Agriculture and Environment Committee, Minister for Agriculture and Fisheries and Minister for Rural Economic Development, Response to Government Question on Notice No. 6, 28 June 2017.

2.38 A further \$9 million over the 2017-18 and 2018-19 financial years has been made available to conduct proof of freedom surveillance and other activities aimed at recommencing production on farms.³¹

2.39 On 21 July 2017, the Queensland Minister for Agriculture and Fisheries, the Hon Bill Byrne MP, announced the availability of \$20 million to go towards low interest loans for prawn farmers in the Logan and Albert River catchment areas. This was in addition to \$10 million already available in low interest loans.³²

2.40 The loans, administered by the Queensland Rural and Industry Development Authority, are aimed to help 'affected farmers get back on their feet by providing the means for them to implement systems and practices that will help their aquaculture enterprises to recover'. The White Spot Disease Concessional Loans are available for up to \$3 million, on a loan term of up to 20 years, with no fees or charges and low interest rates.³³

2.41 It was also hoped that the concessional loan scheme would help prawn farmers to improve biosecurity controls, diversify their farming with other marine species, and improve productivity and viability.³⁴

2.42 With regards to cost sharing, Mr Byrne stated that he 'refused to countenance cost-sharing because the Commonwealth engaged in a litany of cover-ups and secrecy on what its agents knew about positive samples of white spot in retail prawns'.³⁵

Commercial fishers

2.43 In December 2016, Minister Byrne ruled out compensation for prawn farmers and commercial fishers who operated in the Logan River. While QSIA had requested financial assistance for prawn trawler operators affected by movement control orders, the Minister stated that the control orders were a response to a biosecurity incident.

31 Queensland Parliament Agriculture and Environment Committee, Minister for Agriculture and Fisheries and Minister for Rural Economic Development, Response to Government Question on Notice No. 6, 28 June 2017.

32 Queensland Parliament Agriculture and Environment Committee, Minister for Agriculture and Fisheries and Minister for Rural Economic Development, Response to Government Question on Notice No. 6, 28 June 2017.

33 The Hon Bill Byrne MP, Minister for Agriculture and Fisheries and Minister for Rural Economic Development, 'Up to \$3 million available for prawn farmers affected by White Spot', *Media Release*, 21 July 2017.

34 The Hon Bill Byrne MP, Minister for Agriculture and Fisheries and Minister for Rural Economic Development, 'Up to \$3 million available for prawn farmers affected by White Spot', *Media Release*, 21 July 2017.

35 The Hon Bill Byrne MP, Minister for Agriculture and Fisheries and Rural Economic Development, 'Queenslanders deserve better from Commonwealth on white spot', *Media Release*, 5 May 2017.

The Minister advised that 'there is no compensation mechanism in legislation and we are not operating under a national deed' that would provide financial assistance.³⁶

2.44 The Queensland Minister later advised, in June 2017, that commercial fishers in the Moreton Bay area could seek financial assistance from the state government, through the Primary Industry Productivity Enhancement Scheme program.³⁷

Commonwealth funding

2.45 As detailed in the committee's interim report, the Commonwealth has provided financial assistance in response to the WSD outbreak. Funding has included:

- \$1.74 million to assist Queensland and the industry respond to the outbreak, including up to \$400 000 in direct support to farmers;
- \$221 000 to the APFA to improve WSD management within the industry; and
- \$220 000 to QSIA to engage biosecurity liaison officers and implement biosecurity programs, to better prepare the wild harvest industry.³⁸

2.46 The Hon Barnaby Joyce MP, Minister for Agriculture and Water Resources, also advised that affected farmers may be eligible for the Farm Household Allowance and Rural Financial Counselling Services.³⁹

2.47 In March 2017, Minister Joyce contacted QSIA to seek advice on how the Commonwealth could assist the Association. In June 2017, the Minister again asked QSIA for suggestions on what financial support would assist the organisation.⁴⁰

2.48 Following a Commonwealth funding announcement in May 2017, the Queensland Government noted its concern that, prior to that point, it had provided the majority of the resources and finance required to address the WSD outbreak. While it welcomed the additional Commonwealth funding, the Queensland Government

36 The Hon Bill Byrne MP, Minister for Agriculture and Fisheries and Minister for Rural Economic Development, 'Assistance for prawn farmers hit by White Spot Disease', *Media Release*, 12 December 2016.

37 Queensland Parliament Agriculture and Environment Committee, Minister for Agriculture and Fisheries and Minister for Rural Economic Development, Response to Government Question on Notice No. 6, 28 June 2017.

38 The Hon Barnaby Joyce MP, Deputy Prime Minister and Minister for Agriculture and Water Resources, 'Emergency assistance for prawn disease response', *Media Release*, 26 January 2017.

39 The Hon Barnaby Joyce MP, Deputy Prime Minister and Minister for Agriculture and Water Resources, 'Australia suspends raw prawn imports', *Media Release*, 6 January 2017.

40 *Committee Hansard*, 27 June 2017, pp. 35-36.

argued that the funding should have been provided earlier, and should not be considered as part of a cost-sharing arrangement.⁴¹

2.49 On 15 August 2017, Minister Joyce announced that contracts were being finalised for a \$20 million assistance package for six Logan River prawn farms. The financial assistance would be used to reimburse costs for the initial response to the WSD outbreak, including destroyed stock, and the costs for a missed season of production. As part of the funding, up to \$4 million would be repaid by a levy on prawn farmers, once production had resumed.⁴²

2.50 DAWR confirmed to the committee that, as of early September 2017, agreements under the \$20 million assistance package had been provided to all prawn farmers on the Logan River. Five agreements had been signed and payments had commenced to those prawn farmers.⁴³

Aquatic EADRA

2.51 An Emergency Animal Disease Response Agreement (EADRA) is a contractual agreement between the Commonwealth, state and territory governments, and livestock industry groups, to prepare and respond to 66 categorised emergency animal diseases. All parties under the EADRA enter into a cost-sharing arrangement, with contributions 'commensurate with their respective resource base and status as a beneficiary of the response'. Animal Health Australia (AHA) manages the EADRA.⁴⁴

2.52 The committee understands that while there is currently no EADRA for aquatic industries, AHA has been progressing development of an aquatic EADRA since October 2014.⁴⁵ A draft aquatic EADRA was due to be completed in 2018. However, it was brought forward to the end of 2017. DAWR submitted that this was:

in part due to the number of recent aquatic disease outbreaks and increasing need for certainty for governments and aquatic animal industries, making

41 The Hon Bill Byrne MP, Minister for Agriculture and Fisheries and Rural Economic Development, 'Queenslanders deserve better from Commonwealth on white spot', *Media Release*, 5 May 2017.

42 The Hon Barnaby Joyce MP, Deputy Prime Minister and Minister for Agriculture and Water Resources, 'Logan River prawn farmers reel in federal financial support', *Media Release*, 15 August 2017.

43 Ms Lyn O'Connell, Department of Agriculture and Water Resources, *Committee Hansard*, 11 September 2017, pp. 1-2.

44 Animal Health Australia, *EAD Response Agreement*, 31 July 2017, <https://www.animalhealthaustralia.com.au/what-we-do/emergency-animal-disease/ead-response-agreement/> (accessed 7 September 2017).

45 Animal Health Australia, *Development of an Aquatic Emergency Animal Disease Response Agreement*, 29 June 2017, <https://www.animalhealthaustralia.com.au/what-we-do/emergency-animal-disease/development-emergency-aquatic-animal-disease-response-arrangements/> (accessed 4 August 2017).

the Aquatic Deed project a national priority. All levels of government, all major aquaculture sectors and some fisheries sectors are involved in developing the Aquatic Deed.⁴⁶

2.53 According to AHA, the draft aquatic EADRA proposes a 'three thirds' cost sharing approach, with one third paid by the Commonwealth, one third by states and territories (in aggregate) and one third by affected industries. As part of the development of the agreement, an Aquatic Deed Working Group has been looking at options for apportionment of the costs among affected industries.⁴⁷

2.54 As it currently stands, and in the absence of an aquatic EADRA, DAWR has stated that in managing aquatic animal diseases, 'reimbursement of costs for lost stock will not be available to affected parties'.⁴⁸

Concerns with the aquatic EADRA

2.55 QDAF advised the committee that 'the deed is very difficult to get to a point of finalisation because some of the industries we work with are smaller industries and they are concerned about the risks that might be there if they sign up to a deed'.⁴⁹

2.56 The point was also made that unless an industry scheme were operating where industry contributed to compensation, there would be no coverage for farmer's costs such as loss of revenue and loss of stock.⁵⁰

2.57 A number of other submissions raised issues with an aquatic EADRA in relation to the wild caught sector.

2.58 In its submission to the inquiry, QSIA argued that it was 'impossible' for the fishing industry to develop an aquatic EADRA, due to the 'variation in species, jurisdictions and geographical spread' of aquaculture industries.⁵¹

46 Department of Agriculture and Water Resources, response to written questions on notice, 28 August 2017 (received 11 September 2017).

47 Animal Health Australia, *Development of an Aquatic Deed – project update: June 2017*, p. 2, <https://www.animalhealthaustralia.com.au/wp-content/uploads/Aquatic-Deed-update-for-stakeholders-June-2017.pdf> (accessed 7 September 2017).

48 Marty McCarthy, 'White spot outbreak a 'wake-up call' for Australia's biosecurity system, as prawn farmers claim imports are to blame', *ABC Rural*, 23 December 2016, <http://www.abc.net.au/news/rural/2016-12-23/qld-prawn-farmers-blame-white-spot-outbreak-on-imported-prawns/8144876> (accessed 19 July 2017).

49 Dr Jim Thompson, Queensland Department of Agriculture and Fisheries, *Committee Hansard*, 27 June 2017, p. 25.

50 Dr Elizabeth Woods, Queensland Department of Agriculture and Fisheries, *Committee Hansard*, 27 June 2017, p. 18.

51 Queensland Seafood Industry Association, *Submission 15*, p. 28.

2.59 Mr Eric Perez of QSIA argued that an EADRA would not assist the wild harvest seafood sector in Queensland. He noted that farmers, such as prawn farmers, have tenure over their land, whereas the wild harvest sector does not own the sea waters where fishing occurs, having instead a right to fish in a particular area. This made it difficult to repair the aquatic environment and receive compensation in the event of a disease incursion. Mr Perez argued that the industry contribution system under an EADRA would therefore not be suitable for the wild harvest sector.⁵²

2.60 A similar view was put forward by Mr Johnathon Davey of the NSIA. He raised concerns about how appropriate an aquatic EADRA would be for the wild catch sector. Mr Davey stated that:

the deed is not applicable or acceptable to wild catch unless it can be demonstrated that there is value and benefit in providing for lost opportunity to fish and by providing compensation for reduced catches in subsequent years due to disease incursion, noting that eradication and containment is limited in the open aquatic environment.⁵³

2.61 However some submitters, such as the APFC, argued that it was in its best interest to ensure that the wild catch prawn industry was represented in discussions about the aquatic EADRA. This would allow the benefits and risks to the wild catch sector to be fully explored. At the same time, the APFC suggested that as the wild catch industry does not have any control over the environment, it should not have to contribute financially in responding to disease outbreaks out of its control.⁵⁴

2.62 The NAC has participated in the development of the aquatic EADRA and acknowledged the benefits of it, including cost sharing, financial compensation, and response management. However, the NAC raised similar concerns to other submitters, arguing that development of the aquatic EADRA was a challenging process as the terrestrial context does not readily apply to the aquatic context.⁵⁵

2.63 Mr Aaron Irving of the NAC urged caution over considering an aquatic EADRA as a biosecurity platform. Mr Irving noted that any parties to the aquatic EADRA would hope that its provisions would not be triggered, due to the 'successful functioning of our biosecurity system pre-border, at the border and inside Australia'.⁵⁶

2.64 Dr Len Stephens noted in his March 2017 report that there would be many benefits to the industry in developing an EADRA, including the assistance of expert

52 Mr Eric Perez, Queensland Seafood Industry Association, *Committee Hansard*, 27 June 2017, p. 32.

53 Mr Johnathon Davey, National Seafood Industry Alliance, *Committee Hansard*, 28 August 2017, p. 2.

54 Australian Council of Prawn Fisheries, *Submission 14*, pp. 19-20; Ms Annie Jarrett, Australian Council of Prawn Fisheries, *Committee Hansard*, 10 April 2017, p. 28.

55 National Aquaculture Council, *Submission 17*, p. 16.

56 Mr Aaron Irving, National Aquaculture Council, *Committee Hansard*, 28 August 2017, p. 3.

biosecurity groups and participation in the management of Australia's biosecurity system. However, in relation to immediate disease response funding, any cost sharing agreement would be 'limited by the small size of the prawn farming industry'. An aquaculture EADRA would be difficult to implement, given the industries are small, with a large potential for loss from disease. Dr Stephens therefore argued that it would be consistent with EADRA principles to cap the maximum industry repayment amount.⁵⁷

57 Dr Len Stephens, *Final Report: Prawn White Spot Disease Response Plan*, Fisheries and Research Development Corporation, March 2017, pp. 7, 25, 27.