NORTHERN TERRITORY
Seafood Council

11 October 2016

Australian Marine Fisheries and Aquaculture
Productivity Commission
GPO Box 1428
Canberra ACT 2601
fisheries.inquiry@pc.gov.au

Dear Sir/Madam

Re: INQUIRY INTO MARINE FISHERIES AND AQUACULTURE

As the peak body for the wild catch, aquaculture and trader/processor seafood sectors in the Northern Territory, the NT Seafood Council welcomes the opportunity to provide feedback and further information in relation to the Productivity Commission Draft Report – Marine Fisheries and Aquaculture. We wish to provide further clarification to assist the Productivity Commission to make an informed recommendation on Country of Origin Labelling (CoOL) for seafood sold on the food service sector and suggest revisions to recommendation 9.1 and 9.2.

For many years the NT Seafood Council has advocated that the food service sector provide the same seafood origin transparency as the retail sector has provided since 2006 and that packaged seafood manufacturers will need to provide this year. We do not believe that the recommendations of the Australian Government commissioned Blewitt Review have been addressed.

Attached for your reference is a recently released document, titled *Country of Origin Labelling for seafood – Time to tell the truth* that provides an Australian seafood industry's viewpoint on the topic. Below are points to specifically address the Productivity Commission's draft assessment.

1. **CoOL provides information on consumer values, not food safety.** The Blewitt Review (2011) identified that Country of Origin (CoO) is a consumer value, not a food safety issue, and that other legislation addresses food safety.

2. **The Australian Government set a precedent when it mandated CoOL be provided for seafood sold at retail and in packaged format.** CoOL addressed consumer demand for information that the vendor did not provide voluntarily. NT Seafood Council has requested that the Australian food service sector provide CoO clarity as it is not offered transparently or voluntarily in the market. NT Seafood Council was particularly alarmed by the Productivity's Commission's suggestion that *"If such (CoO) information is valued by consumers it is in the interests of industry to provide it"*. If product source information, as mandated that seafood suppliers provide, had been consistently passed on by retailers and by packaged food manufacturers, CoOL would not have been mandated in 2006 and in 2016.

3. **The market has failed to pass on seafood origin information despite it being provided by the industry.** In 2011 the Blewitt Review did not find sufficient evidence to extend CoOL to the food service sector noting it would be an exception to the exemption for restaurants to provide CoO. However, all other unlabelled fresh centre plate proteins

on restaurant menus are Australian. Seafood is an exception. The Blewitt Review recommended that *"consumer values issues* (such as CoO) *should be self-regulatory but subject to more prescriptive forms of intervention in cases of market failure or the ineffectiveness of self-regulatory schemes"*. In 2015 over 50% of consumers still assumed that the seafood they are buying is Australian even when the CoO was not identified on the menu. Self-regulated CoOL has not worked in the food service sector.

4. **The market is conflicted and opts not to volunteer CoO for seafood.** Margins are greater when cheaper imported product is sold unlabelled where the operator can advantage from the public assumption that it is Australian. The Blewitt Review recognised that there are mutual benefits to buyer and seller when the CoO is positive but that government intervention is required when the benefits are non-reciprocal. That is, when the CoO has negative connotations, and it is in the seller's interest to withhold the information, the Blewitt Review recommended intervention. The example menu below from a Sydney menu demonstrates origin labelling in positive situations. It also demonstrates the ambiguity over origin and the uncertainty around real value. If the unlabelled seafood is in fact of cheaper, imported origin you would expect those savings to be passed on. Comments about the likely origin of the seafood are made to the right in the table below.

Mains:

Local Flathead Fillets	$36	
Local Snapper Fillets	$39	
Tasmanian Salmon Fillet	$38	Australian provenance
Fresh Barramundi Fillet	$39	Over 50% chance of being imported
Local John Dory Fillet	$46	
King George Whiting Fillet	$46	Australian species
Tuna Steak	$42	Depending on what species of tuna this is, it may be Australian or imported
Whole Baby Snapper	$38	May be Australian, possibly from New Zealand
Whole Flounder	$36	May be Australian, possibly from New Zealand

5. **Growth in the seafood market category requires transparency that is not provided by the food service sector.** Trust, transparency and freshness are the three things important to consumers when buying seafood. After freshness, the leading preference is that the seafood is Australian and/or local. Actual purchase is also driven by price. Seafood is offered at a frequency that is at least equal to red meat on Australian menus. However 50% of Australians are buying under false pretences. If the seafood supply chain cannot build trust through transparency the market is eroded for everyone. It is in the long term interest of the food service sector to be transparent.

6. **Advising against any government intervention stalls any progress that the seafood industry and food service sector can make to mutually address the issue.** NT Seafood Council acknowledges that the National Seafood Industry Alliance has made progress working with the food service sector to identify common goals and a workable CoOL system. NT Seafood Council is of the firm view that conversations will only continue with the food service sector if there is government intervention acting as facilitator.

For the reasons that CoO is a consumer value that the market is currently failing to pass on voluntarily, but that is mandated elsewhere, we suggest that the Productivity Commission recommendations be amended to read as follows:

REVISED RECOMMENDATION 9.1

> *Governments devise a mandatory system of Country of Origin information suitable for seafood for immediate consumption.*

This should be done in consultation with the Australian seafood industry, seafood importers, supply chain and food service sectors; following a cost benefit analysis and be completed in line with the Australian Government's review of packaged seafood labelling changes scheduled for 2018.

REVISED RECOMMENDATION 9.2

> *The Australian Fish Names standard be mandated. Further development of the Standard by Fisheries Research and Development Corporation should continue to reflect the needs of industry and the preferences of consumers.*

Please do not hesitate to contact us for further information. Attached also in brief is some feedback on other themes in the draft report.

Yours sincerely

Rob Fish
Chairman

Attachment – additional feedback on Draft Report

Measuring Value
Social and economic data is needed about the value of the professional seafood industry throughout the supply chain (services, food tourism, restaurants, iconic species, health). Robust data is needed to measure value for the entire community before allocating or reallocating resources.

The value of access to fisheries is multifaceted, incorporating economic, social and cultural benefits. Allocation of access where there is competition for fisheries resources should seek to maximise this value – need to consider sustainability issues.

Other improvements include making regulatory standards for protected species clearer, greater delegation of operational decision making to fishery managers and strengthening cost recovery arrangements – as long as this also applies to all sectors that have an impact on protected species.

Indigenous customary fishing
Needs to be not only recognised, but measured and managed for sustainability.

Land and marine developments
No mention of impacts from changes to river flows (dams, barrages, climate), mining, farming and increased tourism and boat use on riverbanks etc.

Harvest strategies
Do not enable fishers to adapt quickly to climate or other changes as a result of species movement.

Management arrangements – wild catch fisheries
As recreational and Indigenous customary fishing have traditionally been undertaken close to shore, only the states and Northern Territory presently regulate these forms of fishing. All jurisdictions regulate commercial fishing – there is little effective regulation of recreational fishers, bag limits do not keep up with increasing participants.

Fisheries Regulations
There is longstanding concern that Indigenous customary fishing is insufficiently recognised in states' fishery management regimes, an issue that should be taken out of the too-hard basket – it is well 'recognised' in the NT, just not measured or managed.

That decisions on where fishing can occur and by whom are being made in an arbitrary way in several jurisdictions, with significant impacts on current user – what jurisdictions is the report referring to? Is this process heading towards a National 'grab' for control as per safety harmonisation (AMSA and WHS)? Need clarity on cost recovery and other ramifications.

Land and marine developments
Also include changes to river flows (damming, mining diversions), mining, farming, tourism (impacts e.g. boat wash causing riverbank erosion, increased access and visitor numbers in fragile environments).

Harvest strategy policies
Harvest strategies are generally focussed on single species or few species with limitations on areas (generally State/Territory) - there is little ability for fishers to adapt quickly to climate change or other changes by moving fishing area or species.

Determining allocations between fishers
Although South Australia, Western Australia, New South Wales and the Northern Territory have allocation policies, decision-making is not supported by the regular collection of representative information on the demand, catch and value of recreational and Indigenous customary fishing – nor of the value to the community of the commercial sector to associated businesses such as those provided direct goods and services to the fleet or those dependent on seafood (food tourism, iconic species, restaurant meals etc.).

The 'value' obtained from fisheries resources can have different facets and forms. For example, value could be economic (revenue from fishing and flow on activities), social (recreational enjoyment, community cohesion) or cultural. Many of these sources of value are hard to measure – needs to include health.

Valuing access to the fishing sectors

The value of marginal access by commercial fishers can be estimated through the costs of producing and purchasing fish, and the price of fish sold in markets – does not include value adding and downstream value to tourism, restaurants and industries servicing the commercial sector.