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Commissioner
Australian Marine Fisheries and Aquaculture
Productivity Commission
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Dear Commissioner

ABFA Submission - Draft Report of the Productivity Commission Inquiry into the Regulation of Australian Marine Fisheries and Aquaculture Sectors.

The Australian Barramundi Farmers Association (ABFA) welcomes the opportunity to comment on the recent Draft report produced by the Commission. We also rely on our original submission which provided details around key areas that we felt would benefit from regulatory improvement, i.e.:

- Ensuring and improving border biosecurity to maintain lifestyle, industry and environment (noting that one of the greatest threats to Australian food production and social amenity is through the introduction of pests and disease from overseas).
- Addressing excessive or unnecessary regulatory burden on industry that stifles innovation, long-term investment, employment, development incentive and profitability. Ensuring regulations are science based and seek to protect the environment and encourage a sustainable and profitable industry.
- Enabling truth in labelling legislation so that consumers, including diners, can make informed purchasing decisions as to the origin of the seafood they purchase.

As outlined in our original submission to the Commission *'the ABFA represents members who produce around 6,000t of barramundi annually, valued at \$60M at the farm gate, with operations in all mainland states and the NT utilising a range of production systems; land based ponds, sea cages, flow through systems, and recirculation systems. barramundi is an iconic fish in Australia and is a favourite in the dining sector (approximately 1,500t is produced from wild harvest in Australia and 13,000t is imported). ABFA members have a policy to increase Australian production to 25,000t by 2025, but have identified regulatory issues as one of the major limiters to achieving this growth'*. We note that the information we have relating to production, methods and areas of operation varies from what the Commission has provided in its report and should be amended (see Table 8.1 of the Commission draft).

We note that your ToR focuses on fisheries regulations, but that it also has consideration of other fisheries related environmental legislation that are directly relevant. With that in mind we note your draft findings, recommendations and information requests, and provide the following for your consideration.

DRAFT FINDING 8.1 – Use of Spatial planning.

THE ABFA acknowledge that aquaculture requires access to suitable sites and that spatial planning could potentially assist in the efficient identification of these locations and thereby

provide greater certainty, regulatory predictability, and a more streamlined approval process for investors.

A key concern with this approach is that identified suitable sites may only take into account the physical attributes of an area and fail to incorporate the large range of business, operational and logistic issues that are critical to the success of an aquaculture operation (e.g. other activities in the area, transport, power, water, labour, roads, feed availability, housing, third party regulatory impediments, access to appropriate specialised staff and services such as electrician, vets, mechanics etc).

A further consideration in respect to such spatial planning relates to the type of activities and type of production methodology proposed. For example, aquaculture development in northern Western Australia, through the current development zone, only focusses on sea cages and finfish (which are a valid and proven technology, and an appropriate species target) but it doesn't take into account the range of other aquaculture methods and species that could be developed in the region. This could actually narrow the focus and opportunity for development for alternate species and/or methodologies.

The ABFA have proposed that one of the most efficient ways of identifying suitable sites is to provide planning processes that facilitate the opportunity for existing farms to expand within their current or adjacent areas.

With respect to possible new areas, Industry expertise should be actively engaged and involved.

DRAFT FINDING 8.2 – Aquaculture challenges are predominantly non-regulatory.

The ABFA disagree strongly with your findings and feel that the fact that the two jurisdictions that have put in place proactive aquaculture regulatory frameworks are the major ones that have seen actual significant growth. This is a key indicator that favourable regulation is a major enabler – and poor regulation is an inhibitor to Industry growth. Your findings do not hold true at each jurisdictional level.

We note your comments regarding prawn approvals in Queensland – this is the same for barramundi growth. We also think the Commission should consider the implications for all jurisdictions and aquaculture operations arising from the upcoming establishment of Commonwealth Marine Reserves, and how the issue of assimilative capacity and potential impacts and protection of biodiversity will be managed. As you have noted, the existence of the GBRMP has limited any new aquaculture development – over time will there be similar restrictions to development arising from these new reserves?

We also note that in many instances Fishery Agencies are supportive of development and aquaculture but, the hold ups or impediments come from other agencies, particularly environmental and park/reserves focussed groups. It is this interconnectivity and overlap of regulations, often with conflicting objectives and time frames, that can impact growth.

We support your views that aquaculture producers require access to appropriate chemicals, medicines and vaccines, and that the Australian Pesticides and Veterinary Medicines Authority should expedite methods to provide controlled access to those chemicals.

DRAFT FINDING 8.3 - Separate agencies for regulatory and industry development

The ABFA are unsure how this will resolve the overarching issue around regulatory burden and overlap. There would appear to be little benefit in having a development focussed

organisation seeking to drum up aquaculture business if the overarching and cumulative legislative framework inhibits that development.

Further, such an approach could have a negative impact on Industry, as the proposed developments that are courted by Government Agents may have limited viability and pull resources from existing proven or smaller scale operations.

DRAFT RECOMMENDATION 9.1 – Don’t extend mandatory CoOL to seafood sold for immediate consumption.

The ABFA strongly disagrees with the Commission’s findings on this matter and believe they have had a narrow focus in coming to this recommendation, placing too much weight on food safety and an inadequate consideration of current legislative requirements, consumer values, and community return. Specific comments to some of the Reports statements and conclusions is provided in Attachment 1 and should be incorporated in developing the final report. In addition, we feel that your attention on the downstream sector ignores the impacts that not having mandatory CoOL through to the dining sector has on the Australian production sectors and the community and consumers at large.

This is particularly important when dealing with iconic species that consumers relate to as being Australian (e.g. barramundi, flathead, prawns) and for which they pay a premium. Not labelling seafood as to its origin is therefore misleading to the consumers by exemption. We believe a voluntary scheme (which is what we have now) will have limited traction in the food service sector as they will see little benefit in highlighting that the seafood on their menu isn’t Australian produced.

We find the Commission’s recommendation particularly confusing, as the Federal Government has recently pushed through legislative changes (not voluntary adoption) to the retail labelling of origin of product, as if decision up to eating your meal is important but, at the time of consumption in the food service sector it isn’t? As stated by the Federal Government¹:

Australia's food labels are getting clearer. From July 1 (2016) the Australian Government is introducing new food labels to make it clearer where the products you buy are produced, grown, made or packed. Easy to understand labels will tell you at a glance where a product comes from, so you can make a clear and informed decision.

These regulations state that all packaged or unpackaged food (including fish and shellfish) must carry a statement identifying either the country where the food was made, produced or grown; or manufactured or packaged, or a mix of local and imported ingredients.

The issue of Country of Origin labelling (CoOL) of seafood has been covered in numerous other recent reports and reviews². These have provided consistent bipartisan

¹ <http://www.foodlabels.industry.gov.au/>

² Blewitt et al 2011. - Labelling Logic. Review of Food Labelling Law and Policy, Joint Select Committee on Northern Australia, 2015: Opportunities for expanding the aquaculture industry in Northern Australia.
Senate Standing Committees on Rural and Regional Affairs and Transport 2014 - Current requirements for labelling of seafood and seafood products
Joint Select Committee on Northern Australia 2016 - Inquiry into Opportunities for Expanding Aquaculture in Northern Australia

recommendations that CoOL through to the dining sector should be implemented, particularly as the market failure arising from self-regulation has obviously failed.

As noted in our previous submission to the Commission, we strongly believe that accurate seafood labelling, which provides information about the country of origin of a product, and allows consumers and retailers to make informed choices about buying local or imported products, will achieve the best of both worlds - real market based pricing for local product and access to lower priced imports for millions of consumers.

The benefits to consumers of mandating price differential by origin can be seen in the Supermarket sector, where origin labelling has been legislated since 2006. This shows that consumers are subject to around \$20/kg price differential between Australian produced barramundi and the same species from an overseas origin. This opportunity should also be afforded to consumers when they dine out.

The ABFA believe you are incorrect in your assessment of this matter and should amend the recommendation to one that states that Government should devise a mandatory scheme for CoOL all the way through to the food service sector. This can be achieved simply by removing the current exemption that is in place. We understand the complexity for Government to make this change, which places this in the too hard basket, but we believe that if this is Government lead and supported by industry and the food service sector, workable and cost effective solutions to this matter can be developed.

DRAFT RECOMMENDATION 10.1 - Operational decisions delegated to fishery authorities.

The ABFA believe that authority for aquaculture should lie with a well-informed, sustainable, development focused, science based, decision making organisation. In most instances that will be the relevant fishery authority.

For this to operate effectively we believe that aquaculture regulation should operate at an acceptable level of risk (not zero risk) based on species, production system, management practices, site location and the condition of the environment.

INFORMATION REQUEST 7.2 - Improve management of the impact of pest native species.

The ABFA believe that there must be a strong focus on ensuring that strong biosecurity protocols are in place at all jurisdictional levels.

We note the risk from native species and support improved protocols being implemented, but believe that a much greater focus must be in place to stop the entry of non-native pests and diseases into Australia. This requires a greater emphasis on border security, associated testing, and application of up to date and innovative risk based methods.

GENERAL COMMENTS

You cannot assess the impacts of regulation on aquaculture without considering the full range of impacting (and often conflicting) legislation. The ABFA maintains a belief that aspects of regulation and management are impeding productivity improvement and investment in the sector.

We note and agree with the Commission's views that Aquaculture requirements are more stringent than for most other coastal developments or agriculture sectors, with much of this arising from the fact that aquaculture discharge is more readily measurable, being from defined points versus the diffuse sources of pollution relating to sediments, nutrients and

chemicals from development and some other agriculture activities which are less easily measured. A risk based and science based approach to regulations would help address this.

We support the concept of a one stop aquaculture approval process (for greenfield and expansion) lead by the fisheries agencies and that utilises a realistic environmental risk assessment process to guide decision-making based on the species, production system, site location, management practices and the condition of the local environment (such as the quality and assimilative capacity of the receiving waters). We strongly agree that the use of offsets should not result in aquaculture operators being responsible for rectifying the adverse impacts of the land management practices of other land holders.

We respectfully request the Commissioner to review some of the draft recommendations and findings that we have highlighted above and incorporate the considerations raised by the ABFA in developing their final report.

Please feel free to contact me if you require any further information or clarification. We would welcome the opportunity.

Yours sincerely,

Chris Calogeras

Executive Officer

Australian Barramundi Farmers Association

Attachment 1 ABFA Response to Commissions Statements Relating to Recommendation 9.1

The ABFA believe the Commission should reconsider the content and conclusion in its section relating to Recommendation 9.1 as we believe them to be incorrect. Specifically, we offer the following:

Commissions Statements/Conclusions	ABFA Response
<p>The rationale argued for mandatory country of origin labelling for seafood sold for immediate consumption would be to address potentially misleading country of origin information and/or for food safety reasons — to the extent consumers use the country of origin as an indicator of food safety.</p> <p>However, these concerns are dealt with under existing legislation.</p>	<p>This is incorrect.</p> <p>The concerns are not adequately dealt with under existing legislation. The rationale for mandatory CoOL for seafood for immediate consumption is exactly the same as for seafood sold at a retail store. Mandatory CoOL law applies to retail sales specifically because the concerns are not adequately dealt with under any other existing legislation. If it were, there would have been no need for mandatory CoOL of seafood in retail.</p>
<p>Consumers are already protected from incorrect labelling of seafood under consumer protection legislation.</p> <p>For example, consumer protection legislation is in place to protect consumers from false or misleading information as to the origin of the seafood.</p>	<p>This is incorrect.</p> <p>If no labelling is provided, then no effective protection is provided by consumer protection legislation in cases when omission is by <u>misleading</u>.</p> <p>For example, in the case of <i>Lates calcarifer</i> (called Barramundi in Australia and a number of names overseas – mainly Asian Sea Bass), not labelling its country of origin is misleading as the vast majority of consumers believe ‘Barramundi’ to be an Australian product, not an imported product (89% via Colmar Brunton Omnibus Survey 2014).</p> <p>This is a clear case of failure of the existing consumer protection legislation.</p>
<p>The starting presumption from proponents of mandatory labelling is that there is a preference for locally caught seafood. However, if this were the case, food outlets should have an incentive to provide information on product origin (so long as the cost of labelling does not exceed the potential for higher profits with higher priced local product).</p>	<p>This is a false assumption.</p> <p>There is no obvious food service sector profit incentive to provide information on imported product origin, quite the reverse in fact. Higher profit margins will be available from buying less expensive imported product and not labelling its origin, thereby allowing consumers to assume it is Australian product and selling it at a premium price as if it were that Australian product (e.g. barramundi has a \$20/kg price differential in the retail</p>

Commissions Statements/Conclusions	ABFA Response
	<p>sector between Australian and imported product where labelling is mandatory).</p> <p>By omission of origin, the food service sector can make additional profits at the expense of the consumer and Australian producers.</p>
<p>There are also practical impediments to implementing country of origin labelling for ready-to-eat seafood. Food service businesses need to be able to change menus in response to quality, seasonality and availability of different seafood products and would need to identify the proportion of local and imported content in seafood dishes offered every time menus change.</p>	<p>This is not an impediment.</p> <p>Identification of origin of produce bought by food outlets is a simple matter and can be readily resolved.</p> <p>Further, if venues are changing the menu anyway to cover the other matters identified by the Commission, then it is a simple matter to also change the Country of Origin.</p>
<p>The symbols and bar charts for country of origin labelling for packaged and fresh food that will become mandatory in 2018 could be difficult to replicate on menus and menu boards</p>	<p>The assumption is wrong.</p> <p>The assumption that the same symbols and bar charts applied to fresh food must also be applied to seafood on menus is incorrect.</p> <p>The call is to label origin of seafood in food outlets (as per the retail sectors), not the weighted average of all ingredients in a dish, so the symbols and bars should not need to apply to menus.</p>
<p>Because of the practical difficulties, including the costs associated with menu changes and the possible impacts of mandatory labelling on product sourcing, the Australian and New Zealand Food Standards Code specifically exempts all food — not just seafood — for immediate consumption, sold in restaurants, takeaways, hotels, clubs, hospitals and canteens from country of origin labelling</p>	<p>The argument is incorrect</p> <p>There are clear practical difficulties in applying mandatory labelling to all of the ingredients used in menu items and that is the reason for the current blanket exemption.</p> <p>The same practical difficulties do not apply if the exemption is removed for seafood, as this food type already has all the necessary information as to country of origin in place through to the dining venue. The only step required is to transfer that information to the diners.</p>