

# NATIONAL AQUACULTURE COUNCIL INC.



8<sup>th</sup> June 2007

Mr Bill Henderson  
Regulatory Burden – Primary Sector  
Productivity Commission  
PO Box 80 Belconnen  
ACT 2616

Dear Mr Henderson

## **Re: Review of Regulatory Burden on Business – Primary Sector**

The National Aquaculture Council is the peak body representing the aquaculture industry in Australia. It represents at least 98% of the gross value of production. It is seriously concerned that any further regulation and associated costs will result in serious economic consequences for the industry.

The issues raised in this letter have been identified by industry through various fora.

The NAC hopes that the PC and the recommendations in its review can influence Governments to consider the position of industry in the context of regulatory burdens a ample of which are identified in text below.

### **Chemical Registration – Minor Use Permits**

The NAC is concerned over the time taken for various agencies to evaluate applications for minor use permits submitted to the APVMA. The industry appreciates the need for rigorous process but believes the Government should work with industry in shortening the process and in particular providing exemptions with very harmless products that are considered to have little or no risk or in the context of food contamination (eg salt). Various agencies are involved in evaluating applications and the timeframe for approval is very long. This needs to be shortened particularly given the small quantities of chemicals in use.

### **TRADE AND MARKET ACCESS**

#### ***Seafood Export Consultative Committee (SECC)***

The NAC is keen to see persons with the skills relevant to the aquaculture sector needs on committees such as SECC. These committees have deficiencies in skills that can result in excessive regulatory burdens such as unnecessary residue testing of export products. The NAC has written to AQIS requesting that an experienced aquaculture person with knowledge on the issues concerning industry and considered by SECC as core business be given a position on this committee. This will ensure the interests of the aquaculture industries can better be served. Issues of concern include:

- Residue testing and associated costs to the EU
- Shellfish exports (USA, EU),
- Shellfish Quality Assurance Programme,
- Unacceptable funding strategy for the AQIS export programme
- Inadequate consultation process with key stakeholders.

SECC have advised that since the demise of ASIC there was no other means of appointing positions. The issue has been taken up with SECC administration and the Minister. SECC

have advised that they will appoint a committee to select new members of SECC and hope to have this process finished by the end of March 2007.

### ***National Residue Testing Programme***

The NAC is working closely with AQIS and SARDI to develop a NRS that meets the needs of the EU Directives and industry. This mainly relates to antibiotics. There are serious concerns over the impact this programme could have on the access to EU and other international markets. It is also important that there is a level playing field between imported products and Australian producers.

### ***AQIS Export Programme***

AQIS has recently increased fees covering the export programme. NAC has received comments from industry that the consultation process has been extremely poor and that it must be better developed. Ministerial support has been sought and received on this matter. AQIS have said that the cost of the programme has changed little over the past 4 years and adjustments need to be made. It is appreciated that AQIS has made documentation via the internet as cheap as possible however much more needs to be done if industry is expected to continue to financially support this programme.

The NAC is seriously concerned about the thinking from AQIS that underpins the increase in fees. The capture sector is declining rapidly and therefore there are less operators to spread the cost of the programme across. AQIS has indicated that there was a shortfall of \$194,000 in 2005/06 and would have faced an additional \$580,000 deficit in 2006/07 without the amended fee structure. The Government says it currently funds 40% of the programme. The problem is that there is no clear future funding strategy and the industry is having difficulty in determining what will happen to costs over the next five years. This will also eat into the profitability of producers. Industry believes that Government should completely fund the programme until a realistic budget has been completed giving industry the confidence on costings and future pricing structures. Consideration also needs to be given to further restructuring of the industry and identifying a robust financing strategy that will endure the restructures of the seafood industry in particular the capture sector.

### ***Consultation***

There needs to be improved consultation between industry and AQIS across a range of issues but in particular those that are covered in this letter.

## **GENERAL POLICY ISSUES**

### ***National Invasive Marine Pest Consultative Group (NIMPCG)***

The Government and industry have recently completed *Guidelines for best practice in biofouling management for the Australian aquaculture industry*. It is important that these remain as voluntary guidelines for industry and not imposed as a regulatory burden.

## **AQUATIC ANIMAL HEALTH**

The aquatic animal health sector is one that seriously needs review to improve collaboration and cooperation across Australia.

### ***Animal Welfare***

The industry is watching this process from the National Animal Welfare Strategy very closely to ensure that no unnecessary regulatory and legislative burden is placed on industry. Industry is working well with voluntary guidelines and is keen to maintain this status.

### ***Emergency Animal Disease Response Agreement (EADRA)***

Development of the EADR has been stalled due to the concerns industry has on the cost sharing arrangements on industry. There are also concerns with the inability of industry to be able to obtain compensation for compulsory slaughter. It is necessary for Government to take a pro-active position on this issue and try to work in partnership with industry for a resolution. The aquatic environment is very different to that of the terrestrial in this context and involves many other stakeholder groups that must provide unilateral approval to the outcome (capture, recreational, culture, public).

## ***National Pollution Inventory***

The NAC has recently learnt that the aquaculture industry will continue to be exempted from the NPI process but that this will be reviewed at a later stage. The industry is strongly opposed to inclusion of the industry in the NPI and this is supported by letters from politicians as per the attachments.

The comments below follow broad consultation with the aquaculture industry and some government agencies across Australia.

Below is the NAC submission to the NPI review process so that you can appreciate industry's concerns.

### ***Consultation***

At no stage has the industry been consulted in understanding the implications of transfers especially the costs. It is very clear that those responsible for the documentation have absolutely no idea how the various production systems operate in their respective sectors and environments and associated cost structure in measuring transfers and other parameters.

Not only have NPI miscalculated the cost structure but it has no understanding of the variability within the industry and this is also reflected in their quoted figure of around 60 aquaculture licences that will be affected by this process.

It has been made clear by the NPI panel members at the public meetings that there is no onus on the NPI to demonstrate why the aquaculture industry should not be exempt. In fact it is up to industry to demonstrate why it should be excluded. This letter provides that rationale. It should also be remembered that through the Aquaculture Industry Action Agenda and the Prime Ministers Science Engineering and Innovation Council on aquaculture there was an imperative to reduce the regulative burden and red tape that was imposed on the aquaculture industry. The industry is one of the most regulated in Australia and this has been identified as a serious financial impost on producers and also a deterrent to investment in the industry.

The Federal and State Governments and industry produced the *Best Practice Framework of Regulatory Arrangements for Aquaculture in Australia (Primary Industries Ministerial Council) February 2005* that highlighted the need to refine reporting processes and reduce the cost to industry.

The Productivity Commission in their inquiry into the Australian aquaculture industry also emphasized the need to reduce red tape and reporting burdens on the industry.

The comment by members of the NPI road show that prawn farms in Australia are similar to sewerage farms is nothing short of showing a complete lack of understanding of Australian prawn farming production technology and aquaculture in general. To actually put these types of references to print without qualifying such statements demonstrates the level of arrogance by this group and their lack of credibility. No distinction is made between Australian practices and those of some international counterparts.

It is clear there will be significant duplication in industry having to report to various agencies as well as the NPI. Industry is of the view that access to any data must be through the relevant state agency to which industry must report and comply concerning appropriate agreed key environmental indicators as per their licences.

There is a strong view from industry that it would not be too long before the list was expanded to incorporate other parameters that need to be measured. Such creep is being observed in other sectors.

It is a pity that the TAP of this process has used one or two submissions from the 2005 review to push the inclusion of aquaculture in the NPI. These submissions have demonstrated their lack of

understanding of the industry and consequently the process has adopted misinformation on which to base its decision of inclusion.

### ***Data Interpretation***

People accessing data will not be able to understand the context in which it is provided. This will lead to certain groups using their own interpretation that in turn could easily misrepresent the industry and its sustainable approach to production of seafood.

The industry is seriously concerned that the Government is now going back on its commitment of reducing the impost of these bureaucratic processes on industry and does not fit with the spirit and intent of the Action Agenda and its key outcomes.

The industry has in good faith and in partnership with Government developed an EMS based reporting process to State agencies based on the Fisheries Research and Development Corporation ESD framework for aquaculture. This is a cost effective mechanism to industry and Government.

### ***Transfers***

Estimating and reporting transfers is a complicated and expensive exercise when dealing with an aquatic environment as there are numerous influences concerning seasonal change and natural organic and inorganic loadings in the various aquatic systems. It must be understood that nitrogen and phosphorous reactions in salt and freshwater environments are quite different.

It is clear to the industry that there is lack of any science or risk assessment that underpins decisions and this is completely unprofessional given the circumstances. Decisions to include aquaculture have been based on anecdotal information and an attitude from the NPI of "why not include it?"

### ***Compliance***

There is limited detail available from those jurisdictions that will be responsible for enforcement costs or processes. To believe you have an understanding of impacts on industry without taking this into consideration is ludicrous. What is even more unbelievable is the expectation that local jurisdictions will enforce compliance at the rates calculated. A number of the State jurisdictions consulted have indicated that they have no intention of following through on this duplicated process.

At the public forums the panel has argued that:

- *this information will lead to better Government decisions.* As it applies to aquaculture, particularly the prawn and finfish sectors, this is nonsense and is not demonstrated.
- *the public have a right to know.* Again without understanding the circumstances, knowing the context in which data is collected and how it should be interpreted, this information will be meaningless to the public.

The industry has developed other public reporting processes. These are done in conjunction with State and Federal jurisdictions. Compliance with the EPBC guidelines for aquaculture through the Department of Environment and Heritage is a case in point.

The NAC is still putting together the cost structure of some of these burdens that are now being imposed on industry so that a better understanding of how profitability has been eroded is demonstrated. I am not sure when this will be available but I will endeavour to provide it as soon as it comes to hand.

Yours sincerely,

Simon Bennison  
Chief Executive Officer