Commonwealth
Fisheries
Association

Agricultural Competiveness Task Force
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To Whom It May Concern,

COMMONWEALTH FISHERIES ASSOCIATION'S SUBMISSION TO THE AGRICULTURAL COMPETITIVENESS ISSUES PAPER 2014

The Commonwealth Fisheries Association (CFA) is the peak body representing the collective fishing rights, responsibilities and interests of a diverse commercial fishing industry in Commonwealth regulated fisheries.

Commonwealth wild harvest fisheries are among the best managed and environmentally sustainable fisheries in the world and CFA's members are committed to managing fisheries for Australia's food security, community well-being and healthy marine eco-systems. The Commonwealth seafood industry is vital to the economy of rural and regional Australia, with direct employment in fisheries production and processing, and a substantial downstream employment supporting industries including the transportation, storage, wholesaling and retailing sectors, and the catering and tourism industries.

The Agricultural Competitiveness Issues Paper is testament to this Government's commitment to recognise the agriculture sector as one of the five pillars of the Australian economy, focusing on strengthening farm profitability and revitalising rural communities. However the CFA notes that the terms of reference for the white paper will not consider industry competiveness issues associated with the fisheries sector.

The Scope of the Agricultural Competitiveness Issues Paper is consistent with the objectives of the Australian seafood producing industry to create a stronger and more competitive fishing sector, achieving fairer returns, investing in skills, training, education and human capital; research and development; and critical infrastructure and enhancing exports and access to new markets. When reviewing the key issues identified in the issues paper it was immediately apparent that many of the issues are the same as competitiveness issues for the seafood industry. We therefore believe there is value in highlighting the key issues for the Taskforce's consideration.

Food security in Australia
Approximately 43,000 tonnes of seafood valued at $308 million was produced from Commonwealth fisheries in 2011-2012[1]. The majority of the Commonwealth's seafood product is sold in high end domestic and export markets. Seafood is a healthy source of protein, and yet Commonwealth fisheries struggle to meet the demands of the domestic market, with approximately 70% of seafood being imported. In addition to this, the Commonwealth's access and food security has been jeopardised by the previous Labor Government's move to lock up waters under their proposed Marine Bioregional Planning processes. The CFA applauds the Coalition Government's initiative of reviewing the Marine Bioregional Process to ensure the community and overseas markets have access to responsibly harvested, fresh seafood.

The importance of maintaining the integrity of Statutory Fishing Fights (SFR's), in order to access seafood for domestic and international markets is widely agreed. Any provision in the fisheries legislation for cancellation of SFR's must only be for extreme breaches. Other provisions on suspension and financial penalties should be used as much as possible, before cancellation is ever considered thus ensuring the security of food is maintained.

Community Acceptance
The greatest challenge facing the Commonwealth fishing industry is gaining community acceptance and recognition for the value and service the fishing industry provides. Demonstrating sustainable credentials of the fishing industry to the community is industry's responsibility, however it is recognised that Government can and should play a key role in endorsing industry's reputation for good management practices and safe food production.

Improving market returns, enhancing agricultural exports and new market access
To improve returns for both domestic and exported seafood products, Commonwealth harvested seafood needs to meet all national and international benchmarks when it comes to quality. Australia's key export market is Asia, and the establishment of free trade agreements is essential to improving returns and opening up new markets. CFA commends the Government on the recent signing of the Japan Free Trade Agreement resulting in unprecedented access to what has traditionally been a key export market.

Access to finance
Access to finance is reliant on seafood producers being able to demonstrate a sound business case for investment. Attracting private business capital for investment to access a public resource creates an additional challenge for fishers. . Subject to how fishing rights are defined and because of the definition of these "rights" assigned to the seafood many some lending institutions have been reluctant to lend against those rights.

It is very important that any changes to the legislation do not erode the 'property rights' status and/or value of SFR's. SFR's are widely used in Commonwealth fisheries as collateral for borrowing from financial institutions for funding capital equipment and purchasing additional fishing rights, including quota.

The competitiveness and effectiveness of regulations within the Australian agriculture (fishing) sector
Increased investment will be boosted by a number of 'red tape busters' that will reduce the regulatory burden on Commonwealth fishers and downstream processors, including (but not limited to);

[1] ABARES, *Australian Fisheries Statistics 2012*

1. Streamlining of regulatory audits under the Food Safety and Export (administered by Australian Quarantine Inspection Service AQIS);
2. Harmonising regulations and implementing more effective outcomes across agencies (Streamlining the *Environment Protection and Biodiversity Conservation Act 1999* and *Fisheries Management Act 1991*, to recognise AFMA as the accrediting agency to reduce duplication. This is consistent with the terrestrial accreditation in the EPBC Act); and,
3. Adoption of mechanisms for mutual recognition of commercial regulatory audits to reduce costs and inefficiencies of multiple audits (between AQIS, State Governments and supermarkets).

The reduction and streamlining of regulatory frameworks must be a balanced to ensure that industry and Government expectations are met whilst reducing regulatory barriers. An overburdened regulatory operating environment can retard competitiveness of the Commonwealth fishing sector.

The cost recovery system for fisheries management is consistent with the Department of Finance guidelines, and has the advantages of being accountable and bringing discipline to both industry and government. More cost efficient services provide for a more competitive industry. However, the total administration and decision-making chain needs to be more cost-effective, noting that where possible;

1. The duplication in regulation between various Acts should be reviewed and eliminated;
2. Utilisation of technologies where appropriate and cost-effective;
3. Contestability of AFMA services (eg observers), and the ability for co-management opportunities to increase efficiencies both in terms of costs and service delivery should be investigated
4. Genuine progression at rationalising the large number of fishery jurisdictions in Australia should occur

For the fishing industry to remain competitive nationally and internationally it is essential that it remain economically and financially viable. To ensure the AFMA and Government decisions are taking into account industry economics and to ensure maintenance of a viable, adaptable, primary industry sector, it is important to retain focus on the economic efficiency of the industry within a legislative framework.

The contribution of agriculture (seafood) to regional centres and communities

Seafood industry operations, including processing, are predominately located in regional locations and make a significant contribution to the economies of many coastal towns. The commercial wild-catch fishery is Australia’s sixth most valuable food-based primary industry and employs around 11,600 people (7300 directly and 4300 indirectly) [2].

The Australian fishing industry experiences many unique challenges that vary around Australia including;

- Global demand for Australian seafood and the inability to keep up supply;
- Changes in abundance and distribution patterns for species within ecosystems due to climate change, which in turn affects supply; and,
- Seafood supply chain efficiency and viability.

The fishing industry operates in a business environment made more complex due to its dependence on access to a publicly owned and managed natural resource. These complexities flow right through to fisheries managers, business operators and government regulatory authorities, and the management of the interests on behalf of the fishery users requires constant attention.

[2] ABARES, *Agricultural Commodity Statistics 2011*

There are significant concerns in the near term that many commercial fishing people will be forced to walk away from the industry as an increasing gap emerges between long term global seafood trends and the reality of the current operating environment where rising production costs, a consistently high dollar and competition with imports erode profit margins[3].

There has seen a reduction in the onshore facilities that support the seafood producers (and had the potential to compound with the previous Labor Governments Marine Parks proposals) over the years. The continuing closures of seafood processing facilities (and the processing sector more generally) are removing a key link in the value chain that allowed for lower value seafood products transformed into higher value produce with greater profit. Without a robust food processing sector seafood producers remain vulnerable to easing commodity prices and domestic price wars.

Employment

One of the key issues for the seafood industry over the last decade has been attracting and retaining suitably qualified and experienced employees when faced with the competition of attractive salaries offered in the mining industry. The qualities that make a good employee in the seafood industry are those that other employers in regional/rural industries are also seeking.

Addressing these issues, including the provision of the right training in the right locations, will assist industry to develop clear career pathways and contribute to a growth in jobs. There are economic benefits of having incentives for investment and jobs creation in regional seafood communities, and will see employees retained.

Promotion of these career pathways will require greater collaboration between individual enterprises, seafood industry representative organisations and the government. With this comes a need for better career pathways advisors within the education system, with access to current and relevant information on the range of career opportunities available within the seafood industry.

Efficiency and competitive agriculture (seafood) value chain

There is a noticeable global trend in the increased seafood consumption, reflective of modern, health-conscious consumers[4]. The modern consumer pays more attention to the food they eat and how it is produced or harvested, and also value sustainably harvested seafood. Little opportunity exists to increase the volume from wild-catch fisheries, due to the closely linked inflexibility in fisheries management arrangements. To meet the demand for the world's hunger for seafood, global aquaculture will need to grow 70 per cent to 90 million tonnes by 2030[5].

The commercial sector must increase its access to new and maintain existing of markets. Developing new niche export markets and the ability to demonstrate the values placed on Australian seafood (e.g. food safety and environmental sustainability) will become increasingly important. This is especially so in premium markets that can accommodate production costs much higher than in competing countries.

With this there is a need to improve the connectedness along the supply chain from harvest to the consumer. Innovative processing and manufacturing and a high level of sustainability accreditation provides for the differentiation of Australian product and adds value. This needs Governmental support.

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[3] Agrifood Skills Australia, *Environmental Scan of the Agrifood Industry – Mind the Gap, 2013*

[4] FRDC, *Working together: the National Fishing and Aquaculture RD & E Strategy, 2010*

[5] FRDC, *Working together: the National Fishing and Aquaculture RD & E Strategy, 2010*

The Research, Development & Extension (RD&E) contributions from the seafood industry is managed directly through the Fisheries Research and Development Corporation (FRDC). The recent Productivity Commission review of RDC's was supportive of the performance of the FRDC and recommended it remain as a stand-alone RDC. Industry too is supportive of this finding and would recommend that the Government contribution to FRDC should be increased.

Summary of key points for consideration by the Task Force

1. Reduce ineffective regulation and duplication of regulation between various Commonwealth Acts, such as the EPBC Act and FM Act;
2. Cost recovery system for fisheries management is consistent with the Department of Finance guidelines, providing for a more competitive industry through cost efficient service provision;
3. Maintain Government investment in infrastructure and services in regional and rural centres and communities, where there is significant seafood harvesting and/or production and downstream supply chain operations;
4. Financial support for training initiatives, related to the seafood wild catch and processing sectors for regional centres and communities to encourage recruitment and retention of employees;
5. Maintain the level of access and further strengthen the SFR's;
6. Increased the RD&E Government contribution to FRDC; and,
7. Publically uphold industry's reputation for world's best practices and food safety where demonstrated.

If you wish to discuss the CFA submission further, or seek clarification please call.

Yours Sincerely,

R Vajto

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Executive Officer