Agricultural Competitiveness White Paper Submission - IP610
National Aquaculture Council
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National Aquaculture Council Inc.

ABN 96 912 231 582

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Agricultural Competitiveness Task Force
Dept. of Prime Minister and Cabinet
PO Box 6500
CANBERRA ACT 2006

By email – Agricultural.Competitiveness@pmc.gov.au

Dear Sir / Madam,

Re: National Aquaculture Council's submission to the Agricultural Competitiveness Issues Paper 2014.

The National Aquaculture Council (NAC) is the peak body of the Australian aquaculture industry. NAC's role is to provide advocacy and a representative role at the national level, liaising with Government in the development of policies, regulations and programs affecting the sustainability, prosperity, and growth of the industry. Aquaculture is a significant and growing part of the Australian seafood industry, with an annual GVP of some $1.1 billion, which is some 46% of the total GVP of the seafood industry. Aquaculture is one of the fastest growing primary industries worldwide. As with many other farming sectors, aquaculture also provides significant employment opportunities (approximately 4,000 direct FTE), largely in rural areas.

We are aware that the Issues Paper states that "The White Paper will not consider industry competitiveness issues associated with the fisheries sector (inter alia)", but after discussion in various forums, including Government Departmental staff, we respectfully submit that aquaculture, or "fish farming", is simply agriculture carried out in an aquatic environment. As such it shares many of the issues affecting competitiveness of terrestrial agriculture in Australia. Several of the comments submitted below relate to a mixture of Issues as listed in the Paper. I have flagged the relationship to provide context, and a summary of key points appears at the end of this document.

1) ***Reducing Red tape - Risk-averse culture*** *(Relates to Issues 4, 6, & 7)*

Australian primary industries have a reputation for producing high quality, safe produce; using sustainable farming practices which are generally at the forefront of contemporary world best-practice; working under a robust regulatory and compliance framework set by various government agencies. Over the past few years this drive has created an overly risk-averse culture amongst government regulators at all three levels, producing some unintended consequences that unnecessarily fetter industry development. Much of this regulatory burden is associated with concerns over the potential or perceived harm to "the environment". The term "precautionary principle" has been extensively misused in recent times, the user forgetting the caveats to its use (highlighted below), which were included when the Precautionary Principle was first defined at the Rio Summit in 1992, namely:

> "In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

For the Australian aquaculture industry (as for many other industry sectors) the unilateral application of a highly risk-averse approach disadvantages Australian primary producers compared to those from other countries who export produce to Australia. For the Australian aquaculture industry, demonstrable examples can be found in government policy and regulation covering:-

- Environmental assessment of applications for new development
- Permit/Licence compliance conditions for discharge of any substance from an aquaculture operation (often significantly more stringent than for other Australian industry sectors and/or overseas aquaculture operations)
- Access to aquavet therapeutants (we welcome Government election commitment to reform agricultural and veterinary chemical legislation, particularly chemicals for Minor Use).

We welcome the Government's Election commitment to reducing ineffective regulation and recommend a critical review of the risk-averse culture which has permeated many government agencies. The current government handbrake on aquaculture means that Australia is missing out on the opportunity to develop this highly efficient farming system well suited to produce wholesome seafood.

2) Governments' role in managing biosecurity risk (Relates to Issues 7 & 8)

For all animal production industries managing biosecurity risk is essential. However, governments' role in managing biosecurity risk, both pre-border and post-border, is another area significantly affecting competitiveness of the Australian aquaculture industry. The competitiveness issues in this area may be broadly divided into:-

I. *Reliance on offshore assessment of biosecurity risk*

Regarding pre-border evaluation of imported products we understand the imperative to acknowledge the role of overseas Competent Authorities in carrying out Import Risk Assessments, and we understand that offshore assessment of biosecurity risk is attractive to govt and is being considered wherever possible. However on many past occasions industry has been concerned about Australia's reliance on statements of safety by overseas Competent Authorities; we believe that trust in the calibre of testing and the integrity of the political process is not justified in some cases.

II. Recognising regional differentiation

The evaluation of risk from imported product does also transcend into consideration of the imported product within Australia. It is very important to consider regional differentiation when evaluating biosecurity risk from imported product; Australia is far from a homogenous environment, and exotic organisms will have different likelihood of establishment and differing impact if established. (In the past at least there has been pressure applied by the Commonwealth Government to State Governments to disallow restrictions on the import of a seafood product into that State for biosecurity reasons.) We understand that it is the sovereign right of the Australian Government as well as State & Territory Governments to set aside OIE "regional parity" requirements if it chooses to do so for biosecurity reasons. There is a view that Australia's current negotiations at these forums leans too far towards "political correctness", to the detriment of Australian industry. We would appreciate the Australian Government taking a more "pro Australia" stand in such matters so as to enhance the competitiveness of Australian aquaculture.

III. Balancing the needs of international trade and domestic biosecurity,

We recognise the importance of export markets for Australian primary producers, including aquaculture, but we note that there exists a division between producers focused mainly on the domestic market and producers focused mainly on export markets, and that sometimes these groups have countervailing interests with respect to trade negotiations. It is difficult for producers focused on the domestic market, which tend to be among the smaller industry sectors, not to believe that trade negotiations tend to favour the larger sectors, and that in most cases "trade considerations trump biosecurity considerations". (This also seems to be at odds with the consideration given to "environmental risk" when international trade is not involved.)

IV. Balancing management of the biosecurity risk with regulatory burden.

For managing biosecurity risk within Australia it is also important to balance the policy and regulatory requirements necessary to manage a biosecurity risk, with excessive regulatory burden of measures imposed to manage the risk. For aquaculture, this comes to the fore in the context of invasive marine species (IMS), which are most often translocated in ballast water and/or biofouling. Exotic IMS can pose a threat to aquaculture and this industry does have a role in mitigating that risk, but when regulatory measures intended to manage the risk posed by biofouling on ocean-going vessels is considered applicable to relatively static aquaculture structures (as has been proposed in recent history) the unintended consequence is excessive regulatory burden.

V. Cost sharing in government programs

A further factor affecting competitiveness of aquaculture in Australia is the inequity in sharing costs for the management of IMS. The National Marine Pest Strategy currently being developed refers to the Australian Government's Cost Recovery Guidelines of 2005, which state inter alia:-

- First and fore-mostly 'impactors/risk creators' should be identified and made to pay (cost recovery charges) through appropriate mechanisms, according to their relative respective contribution to the issue.....
- if no impactors/risk creators can be identified or effectively charged, only then should 'beneficiaries' be identified and sought to contribute through appropriate mechanisms.....
- if no specific groups of impactors/risk creators or beneficiaries can be identified or effectively be charged, then either government should pay or the service should not be provided.

It is the highlighted words which appear to us to represent a highly inequitable approach; IMS are not "spontaneously created" by aquaculture operations, rather they are translocated from distant locations by other factors, such as ballast water and biofouling. In the event of costs incurred in managing an IMS incursion demonstrably not introduced by aquaculture, the aquaculture industry should be viewed neither as "risk creator" nor as "beneficiary", but rather as "victim" being impacted by events not of its own making and should not have to pay any cost recovery charges. This is magnified by the aquatic, and in particular marine, environments having no clear borders and therefore once contaminated there is little hope of stopping the spread.

3) Generic issues

There are some other generic issues affecting competitiveness of the Australian aquaculture industry, which are probably common to several other primary production sectors.

I. Aquaculture development plans (Relates to Issue 1)

Planning for aquaculture development and subsequent regulation is State & Territory based, with varying requirements. Whilst it is understood that regional jurisdictions will retain planning and regulatory powers, it would be useful to take a strategic planning approach for future aquaculture development, including the identification and zoning of suitable aquaculture sites.

There are no policy or regulatory frameworks for aquaculture development in offshore (Commonwealth) waters. We welcome the Government's declared intention to progress this matter, but note that this has been an outstanding issue for more than ten years.

II. Community acceptance (Relates to Issue 2)

One of the greatest challenges to emerge in recent times for aquaculture (as well as fisheries) is "Community Acceptance" of our farming operations and business practices. Whilst demonstrating sustainability credentials to the community is clearly an industry responsibility, we believe Government also has a role in upholding industry's reputation for good practices and product safety where this has been demonstrated. Part of the problem lies in the fact that environmental groups can make misleading statements against which there appears to be no process to hold them accountable (such as laws dealing with making misleading statements to consumers), nor an appetite by government to make them accountable.

III. Infrastructure and services in rural areas (Relates to Issues 5 & 6)

Decline of infrastructure and services in rural areas is a real handicap to industry development, and we would encourage at least maintenance of Government investment in key areas.

IV. RD& E funding (Relates to Issue 6)

Research Development & Extension is an essential requisite for the development of the aquaculture industry. Aquaculture (and fisheries) has had a long and an enduring relationship with the Fisheries Research & Development Corporation, with increasing industry contribution to the FRDC process via Industry Partnership Agreements (IPAs) that can direct funding to specific industry RD&E priorities. IPA's have the effect of alleviating the call on Government contributions which are traditionally aimed at a mixture of generic industry development RD&E programs which share a significant public good component (eg. areas such as environmental management, human capital development, disease diagnostics). Project proposals with mixed public-good and industry development content submitted under non-IPA programs are subject to competitive evaluation within a defined total budget. In recent years there has developed an increasing blur between public good & industry good RD&E, with increasing demands made by Government to direct non-IPA funding to projects largely addressing only a limited set of Government priorities which are not helpful to industry development per se.

We therefore suggest that either the Government contribution to FRDC should be increased, or Government priorities should be modified to more closely align with requirements for generic industry development.

Summary of key points for consideration by the Taskforce

1) Reduce ineffective regulation (recommend a critical review of the risk-averse culture which has permeated many government agencies).

2) Government's role in managing biosecurity risk

   i. Be less reliant on statements of safety by overseas Competent Authorities

   ii. Give greater consideration to regional differentiation within Australia when evaluating biosecurity risk from imported product. Set aside OIE "regional parity" requirements where necessary; take a more "pro Australia" stand.

   iii. Recognise the distinction between producers focused mainly on the domestic market and producers focused mainly on export markets; ensure that "trade considerations don't trump biosecurity considerations".

   iv. Balance the policy and regulatory requirements necessary to manage a biosecurity risk, with excessive regulatory burden of measures imposed to manage the risk.

   v. Consider the inequity, perhaps inadvertently created, of the Australian Government's Cost Recovery Guidelines of 2005 when applied to cost-recovery related to Invasive Marine Species. Recognise the difference between "risk creator", "beneficiary", and "victim".

3) Generic issues

   i. Encourage development of a strategic national planning approach for future aquaculture development. Develop policy and regulatory frameworks for aquaculture development in offshore (Commonwealth) waters.

   ii. Publically uphold industry's reputation for good practices and product safety where this has been demonstrated.

   iii. Maintain Government investment in infrastructure and services in rural areas, particularly where there is a significant aquaculture industry.

   iv. Maintain RD&E funding for FRDC

Please contact the writer for any matters requiring clarification or elaboration.

Yours Faithfully

Pheroze Jungalwalla

Chair - National Aquaculture Council