

## Tasmanian Salmonid Growers Association Submission Agricultural Competitiveness White Paper

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The Tasmanian Salmonid Growers Association (TSGA) is pleased to provide its perspective and advice to the Minister for Agriculture to inform development of the Agricultural Competitiveness White Paper. This TSGA submission touches on all of the issues identified in the *Agricultural Competitiveness Issues Paper* (Department of the Prime Minister and Cabinet 2014).

While the *Issues Paper* largely refers to land-based agricultural issues (eg. animal and grain farming, drought preparedness, land and water resources), all of the identified issues apply equally to aquatic farming—otherwise known as aquaculture.

The TSGA represents Atlantic salmon and rainbow trout growers who play a significant part in the value and competitiveness of Australian agriculture in domestic and global markets. TSGA member companies account for production of about 45,000 tonnes per annum at a farm gate value of over \$500 million, making Tasmanian farmed salmonids the most valuable fishery in Australia. The industry currently contributes 1,500 direct jobs (mostly in rural communities) and \$150 million to the Tasmanian Gross State Product. It has been granted new marine farming leases which will enable a doubling of production by 2020, and the industry continues its efforts to maintain its excellent reputation in domestic and international markets for world-leading product quality and sustainability.

### The context for international aquaculture trade and competitiveness

Although the Chinese have engaged in aquaculture for the past 2500 years, it is only recently that global aquaculture has become a significant part of aquatic species production for human consumption, as reported by the Food and Agriculture Organization of the United Nations (FAO), shown in Figure 1.

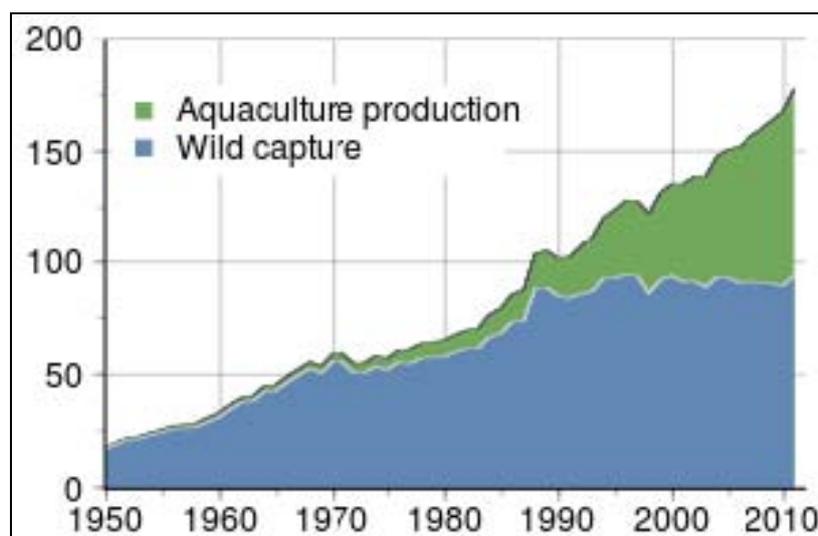


Figure 1. Global harvest of aquatic organisms 1950-2010 (millions of tonnes) (FAO).

The contribution of finfish such as salmonids to global aquaculture production is relevant to the value and competitiveness of the Australian salmonid industry as well as other Australian farmed species. Finfish represent most of the output of global aquaculture production (Figure 2), and Atlantic salmon is the major species among produced salmonids (Figure 3).

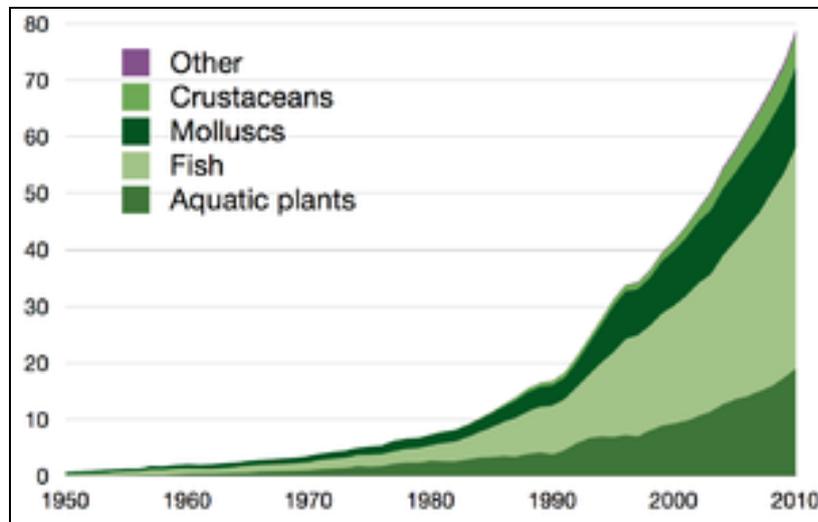


Figure 2. Global aquaculture production 1950-2010 (millions of tonnes) (FAO).

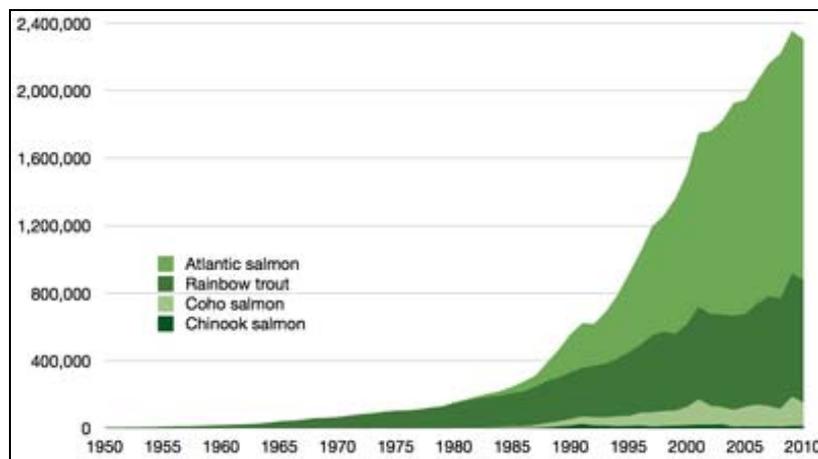


Figure 3. Aquaculture production of all true salmon species 1950-2010 (tonnes) (FAO).

Aquaculture production for human consumption is currently dominated by countries in the Asia-Pacific Region (Figures 4 and 5), particularly China which has led with a 20-fold increase in its production since 1980 (FAO).

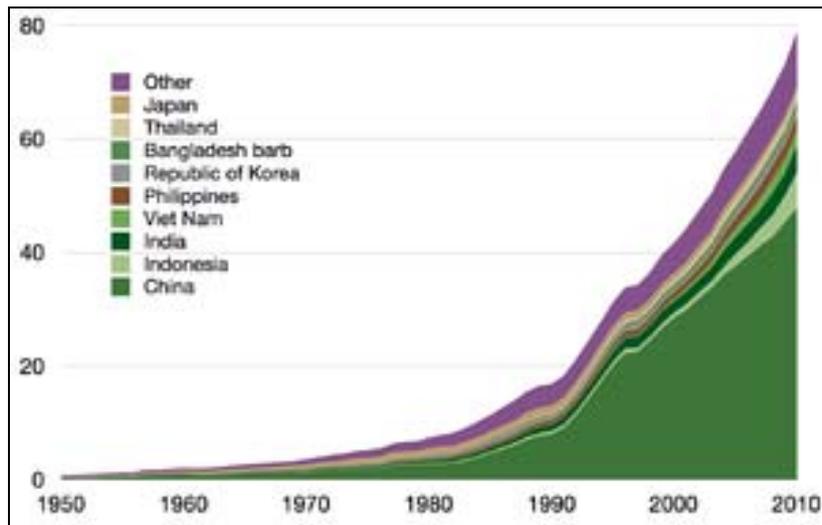


Figure 4. Major aquaculture countries, 1950-2010 (FAO).

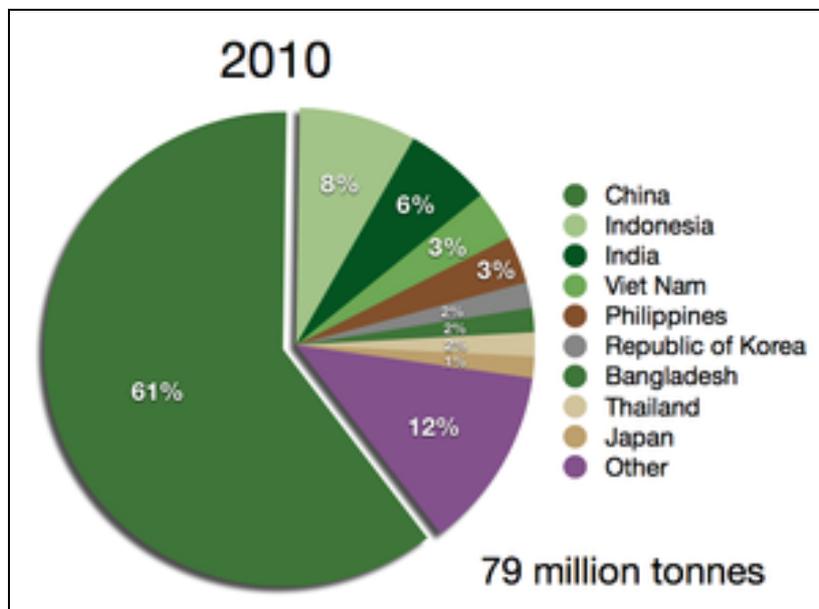


Figure 5. Share of aquaculture among major producing countries, 2010 (FAO).

China, for example, has supported the growth of its aquaculture industry as a significant component of its national Gross Domestic Product (GDP). Support has occurred through literally hundreds of eminent research institutions (210 fisheries research institutes in 1999), and has more recently included insurance initiatives for aquaculture enterprises exposed to poor growing conditions or climatic events—where a comparison can be made to drought relief for land-based farming. Clearly, China has made a very large research and development investment in its aquaculture industry; an investment which has supported its position as the world leader in production.

## **Australian context**

Australia is a net importer of aquatic species (both wild caught and farmed) for domestic human consumption. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimates that Australia imports 72 percent of its seafood (ABARES 2012). However, Australian aquaculture production is increasing at a rapid pace consistent with the global trend.

Under the *Environment and Biodiversity Conservation Act 1999* (EPBC Act), wild capture fisheries with products for export, and all government-managed fisheries require assessment to ensure that these wild capture fisheries are managed in an ecologically sustainable way. In the context of the EPBC Act and the *Fisheries Management Act 1991* (FM Act), ‘fisheries’ has a meaning which is generally interpreted to be relevant to the wild capture sector. Aquaculture is not specifically mentioned in the EPBC or FM Acts.

Nonetheless, many of the major producers in the Australian aquaculture sector have achieved voluntary, independent certification of sustainability. This is the case for TSGA member companies.

Australia has thus earned a global reputation for achieving a very high standard of fisheries management to ensure ecological sustainability, with substantial support and commitment from the aquaculture and commercial fishing industries. However, these high standards are not guaranteed in the fish products imported to Australia.

Importantly, aquaculture activities are not limited to the marine environment. Fresh water hatcheries typically raise juvenile stock prior to transfer to highly controlled and managed marine farms, and have far more in common with land-based farming activities rather than wild capture fishing activities.

## **Government support for development of the Australian fishing industry**

In Australia, government support to promote the fishing industry included the *Primary Industries Research and Development Act 1989* which enabled the establishment of the Fisheries Research and Development Corporation (FRDC) in 1991. The FRDC continues to be responsible to the Minister for Agriculture.

At the time the FRDC was established the fishing industry was dominated by wild capture fisheries. This was occurring during the early years of marine farming in Tasmania, and before significant aquaculture production occurred in Australia. The FRDC’s focus was initially on wild capture fisheries, rather than aquaculture—a trend that continues to the present day. Indeed, in scientific and management literature, the term ‘fisheries’ rigorously refers to wild capture fishing activities, and its use is distinguished from the term ‘aquaculture’.

Importantly for the development of the aquaculture industry (as well as the wild capture fishing industry), government support through the FRDC is capped for industry research and development (R&D) at 0.25 percent of the average gross value of Australian fisheries production (AGVP). It is notable that the other agriculture Research and Development Corporations (eg Dairy Australia, Australian Wool Innovation) enable funding of industry R&D up to 0.5 percent of AGVP.

The R&D needs for aquaculture are rapidly outpacing the government support available to meet industry growth and competitiveness requirements. Government support through the FRDC for Australia's aquaculture competitiveness is limited to the 0.25 percent cap on AGVP, even though the TSGA's R&D needs are far exceeding this level of expenditure to remain competitive. As other aquaculture sectors grow, similar constraints will emerge.

In contrast to the other land-based agricultural Research and Development Corporations, government R&D investment from the FRDC is also provided for the 'public good' (Indigenous sector, recreational sector and public good aspects of the wild capture fisheries and aquaculture sector). The public good investment is set at 0.5 percent of the AGVP of the fishing industry.

The public good components of the FRDC's investments in R&D are becoming more dependent on the value of aquaculture production as it overtakes the value of wild capture fisheries in Australia. However, it is arguably the case that the TSGA (and perhaps other aquaculture sectors) do not achieve collateral value from the significant funds which are directed to R&D for the public good. There are no flow-through benefits for aquaculture growers for the economic, environmental or social aspects of their operations.

### **Opportunities for enhancing competitiveness**

The TSGA sees a number of opportunities that should be explored for the Agricultural Competitiveness White Paper:

- The agricultural opportunities for the national economy and rural communities should give appropriate weight to the continued growth of aquaculture production in Australia and the region.
- The existing government funding model for investing in aquaculture R&D through the FRDC should be re-considered to keep pace with the growing needs of the aquaculture industry. The 0.25 percent AGVP limit on R&D support is inadequate for the growth and competitiveness of the industry. It does not meet existing and future R&D priorities that would be otherwise funded through a land-based agricultural Research and Development Corporation. The disparity between FRDC support for aquaculture R&D at 0.25 percent of AGVP should be addressed with respect to the government's investment of 0.5 percent of AGVP for land-based agriculture.

- The FRDC should increase its focus beyond wild capture fisheries to acknowledge the growth and dominance of aquaculture as the future of aquatic species production in Australia as well as in the global markets in which we compete. Perhaps the 'F' in FRDC does not reflect the growing importance of aquaculture to the economy and competitiveness in trade. Greater understanding and support for aquaculture is needed in FRDC partnerships with industry, and in decision making processes.
- Australian aquaculture has earned an enviable reputation for quality and food security that gives the industry a distinct competitive edge in domestic supply of fish for human consumption and global competitiveness. The salmonid industry is a shining example of this competitive advantage which should be supported through adequate investments in R&D. Continuing investment is required for R&D in: fish health; vaccine development; animal feeding and husbandry practices; value-adding in processing; management of threatened, endangered and protected species interactions; biosecurity; environmental assessments; management of impacts; and other industry initiatives.

The TSGA supports the Minister's Agricultural Competitiveness White Paper and welcomes opportunities to further contribute to its development.