

Western Rock Lobster Industry



Risk Management Framework Report

September 2016

Agknowledge®

08 9291 8111

cookes@iinet.net.au

CONTENTS

Western Rock Lobster Council – Strategic Background	2
An Overview of Risk Management.....	4
The Western Rock Lobster Value Chain.....	5
Developing a Risk Management Framework.....	5
Western Rock Lobster Industry Risk Dashboard	7
Recommended Risk Management Policy.....	8
Risk Appetite and Tolerance	9
Risk Management Accountability and Ownership.....	11
Risk Management Process	11
Risk Management Governance	12
Risk Assessment	13
Risk Reference Tables.....	14
Risk Management Strategy and Tactics	18
WRLC STRATEGIC RISK REGISTER	24
Appendix 1 WRLC - Risk Identification Consultation Report Summary	29
Appendix 2 WRLC – Risk Management Strategy and Tactics	40
Appendix 3 WRLC - Risk Review Interviews	41
Appendix 4 WRLC - Risk Review Questionnaire	42

ACRONYMS

AMSA	Australian Marine Safety Authority
DoF	Department of Fisheries
GDP	Gross Domestic Product
GFC	Geraldton Fishermen’s Cooperative
MSC	Marine Stewardship Council
OH&S	Occupational Health and Safety
PFA	Professional Fishermen’s Association
TACC	Total Allowable Commercial Catch
WAFIC	WA Fishing Industry Council
WRLC	Western Rock Lobster Council Inc.

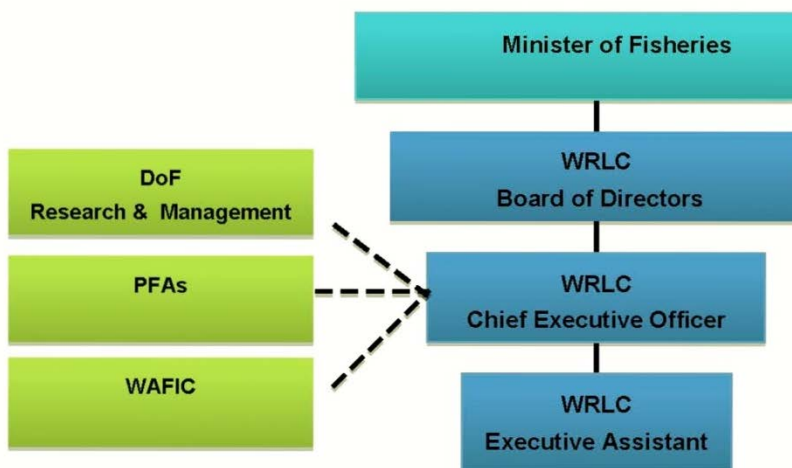
Western Rock Lobster Industry Risk Management Framework

The Western Rock Lobster Council determined in 2016 to engage agribusiness consultancy *Agknowledge*[®] to consult widely across the supply chain and develop a Risk Management Framework against good practice for the Western Rock Lobster Industry. The Industry is seeking to demonstrate responsible leadership and innovation with identification and management of all risks associated with long term management of the fishery. This report provides a summary of the initial consultation process (Page 29) which identified the key risks and informed the building of the Strategic Risk Register (Page 24).

Western Rock Lobster Council – Strategic Background

The Western Rock Lobster Council Inc. (WRLC) is an incorporated non-profit body registered under the Associations Act and was formed to represent commercial licence holders in the Western rock lobster industry. Representation covers a number of different areas including: industry intelligence, advice on rock lobster sustainability, advice and submissions to Government, sourcing funding for industry projects and providing ongoing advice to a number of associated and interested industries.

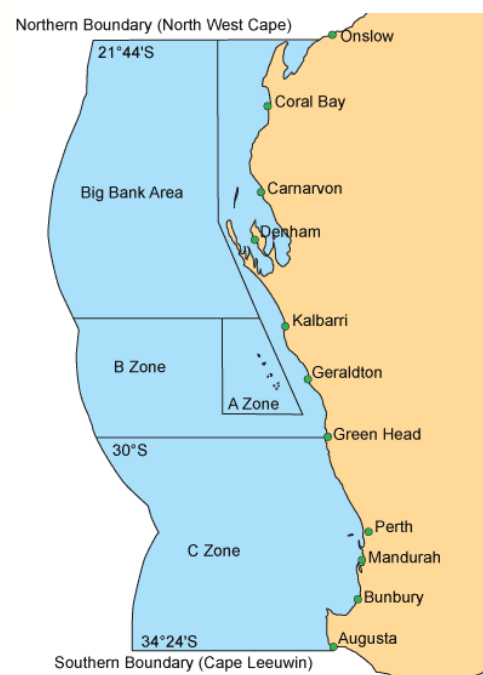
Organisational Structure



The Industry

Rock lobster fishing occurs from Kalbarri in the north to Cape Leeuwin in the south of WA. The industry currently operates approximately 230 vessels and employs several thousand people both directly and indirectly.

In 2000 the rock lobster fishery in Western Australia was the first in the world to be certified by the Marine Stewardship Council (MSC). In April 2015, at the Brussels seafood expo, the WA fishery was officially recognised for leading the world in sustainability certification and received an award for 15 years of continuous certification. Of the fishing sectors in Western Australia, the rock lobster industry is the major income producing sector (around 70%).



The Western rock lobster fishery makes up around 20% of the total of Australian fisheries and produces in excess of 50% of the Australian lobster production, making the fishery the most valuable wild harvest fishery in Australia. The contribution to the Australian economy is significant. The rock lobster catch in 2013/2014 was 5,600 tonnes representing A\$271m in commercial value. The catch for 2014/2015 was 5,943 tonnes representing A\$357m.

The export market consumes in excess of 90% of the total Western Australian production, with the product transported live by air freight.

Recent changes to the commercial rock lobster industry include removal of input controls and a limited season, to a full 12 months quota managed fishery. This has facilitated a flatter catch profile, maximised individual fisher's efficiencies and given the market a consistent and stable supply all year round.

These changes to the management regime have given the industry a significant boost and lifted average beach prices by around 250%, and increased the value of quota by over 500% since the collapse of 2008, improving the bottom line for fishers and also export earnings to Australia.

Vision Statement

The Western Rock Lobster industry will be a confident, viable and well respected industry.

Mission Statement

The WRLC will be the peak industry body representing the views of commercial rock lobster fishers in Western Australia.

We provide the avenue to enable all rock lobster fishers to present any concerns they might have relative to the industry.

We will continue to maintain and grow close working relationships with Government, WAFIC, other peak commercial and amateur fishing bodies to optimise submissions and dialogue with that body for the betterment of all Australians.

Strategic Objectives

Key strategies to underpin the Industry will include:

- Co-management of our industry with Department of Fisheries.
- Secure rights of access to resources.
- Stewardship that results in stock abundance.
- Producing a premium product for world markets.
- Profitability for operators.
- Secure returns for investors.
- High public acceptance.
- Working towards opportunity and security for the next generation of the industry.

The WRLC aims to be the 'go to point of reference' for all rock lobster fishers in the Western fishery.

By careful lobster resource management and good corporate governance principles, the WRLC will by the year 2020 have a healthy balance sheet and a comfortable cash position to assist its members with any help, guidance and where necessary any financial support they may require.

An Overview of Risk Management

Effective risk management is an integral part of the success of any organisation. The Western Rock Lobster Council (WRLC) recognises risk management as a key part of its culture and is seeking to encourage the Western rock lobster industry (Industry) to acknowledge that risks can be embraced, recognised and managed correctly to ensure the strategic objectives of the Industry are met. The optimising of risks will ensure the commercial viability and sustainability of Industry at all times.



Risk management involves managing to achieve an appropriate balance between realising opportunities for gains while minimising losses. It is an integral part of good management practice and an essential element of good governance.

WRLC as the Industry body is taking a holistic approach to risk management, in that the effective identification, communication and treatment of risks are the responsibility of all Industry. Risks must be systematically considered as part of day-to-day decision making.

Investment and leadership of the Marine Stewardship Council (MSC) certification has provided the Industry with a sound platform from which to develop a strong risk management process.



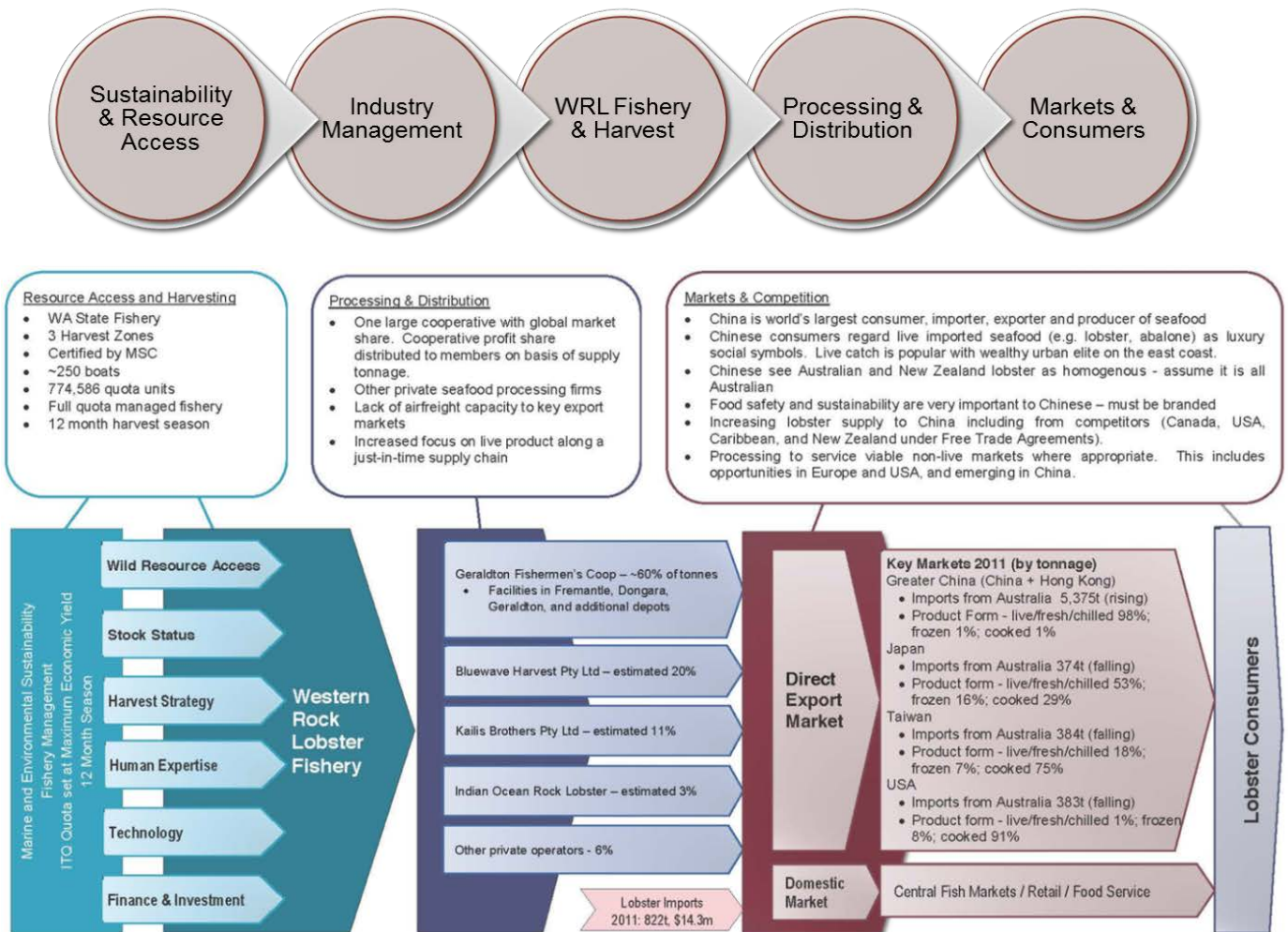
The WRLC's Risk Management Framework will provide the foundations for designing, implementing, monitoring, reviewing and continually improving risk management. The overall objective of the Framework is to instil the appropriate behaviours and processes within the industry to drive consistent and effective application of risk management at an operational and industry level.

WRLC is committed to developing a risk-aware culture, which will form the basis of its holistic, integrated Risk Management Framework. The management and identification of risks will not be isolated to particular personnel, with the key message communicated across the Industry being:

“Risk is everyone’s business.”

The Western Rock Lobster Value Chain

Risk in the industry should not be considered a barrier to achieving outcomes, rather an opportunity to be embraced and optimised. In order to achieve the WRLC's key objectives, risk will be outlined along the Industry Value Chain:



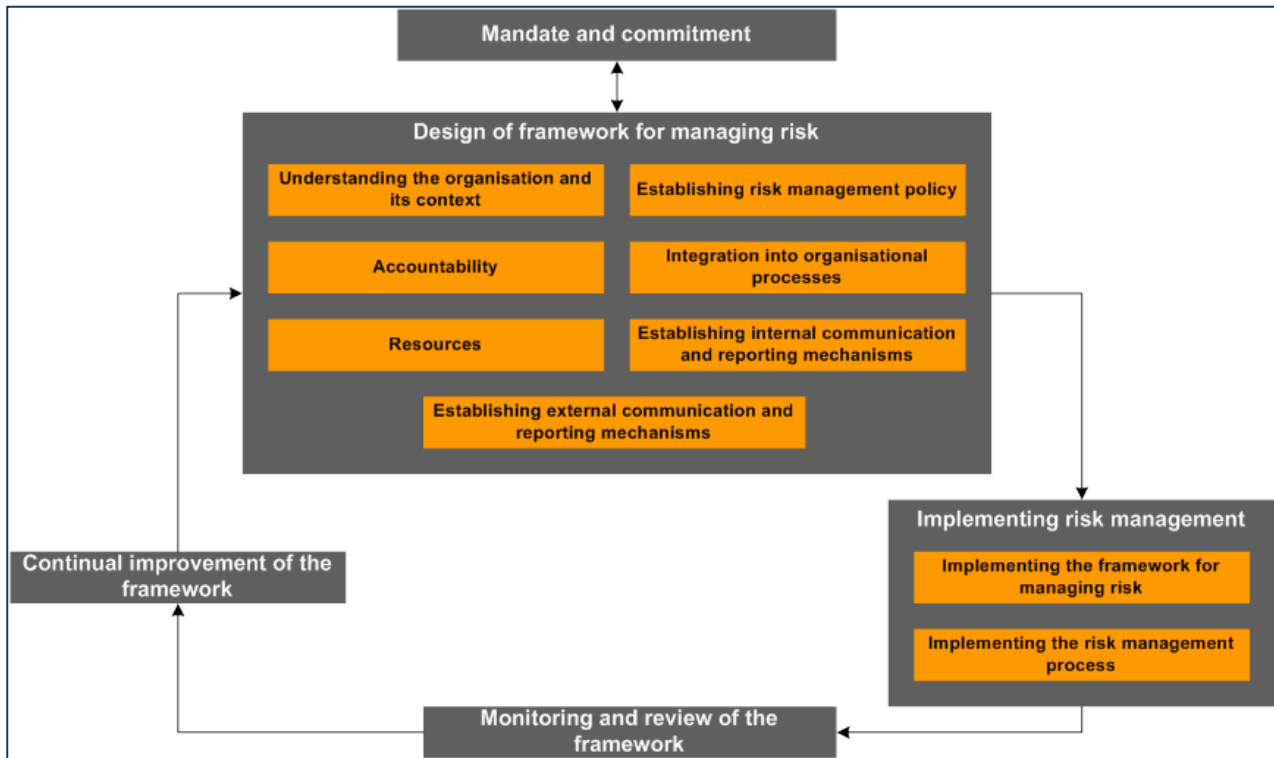
Developing a Risk Management Framework for the Western Rock Lobster Industry

Risk should be seen as a key tool in empowering the Industry to make well-informed and commercially sound business decisions. Risk will only have a potentially negative impact if it is mismanaged, misunderstood, poorly controlled or not identified or communicated correctly.

By adopting the Risk Management Framework in an effective manner throughout the Industry, the benefits of effective embedding of risk aware behaviours and the continuous application and development of the Framework will assist in:

- ✓ Improving stakeholder relationships through proper consultation and communications.
- ✓ Improving decision making capability and reliability.
- ✓ Improving commercial confidence and reputation.
- ✓ Protecting the health and safety of all stakeholders.
- ✓ Providing the basis for continuous improvement of processes through innovation.
- ✓ Improving business resilience.
- ✓ Achieving greater accountability and industry performance.
- ✓ Improving the effectiveness of WRLC's corporate governance structure.

Risk Management Framework



Description:

Mandate and commitment

- This component of the framework is about gaining the commitment of WRLC (management) to the risk management framework, resourcing the effort, and assigning accountability and responsibility.

Design of framework for managing risk

- **Understanding the organisation and its context.** Understand the internal and external context of the organisation including regulatory, economic, technology, market factors, organisational structure, strategies and policies, and culture.
- **Establishing risk management policy.** State the objectives for risk management for the organisation including links to objectives and policies, how performance will be measured and reported, and reviewing and improving the risk management framework.
- **Accountability.** Identifying risk owners and who is accountable for the framework.
- **Integration into organisational processes.** Industry-wide plan to incorporate risk management in all processes.
- **Resources.** Allocation of appropriate resources to risk management.
- **Establishing internal communication and reporting mechanisms.** Establish internal reporting and communication mechanisms to support transparent management of risks including: communicating the framework, internal reporting on framework performance, and consultation processes for internal stakeholders.
- **Establishing external communication and reporting mechanisms.** Develop a plan for how WRLC will communicate with external stakeholders including engaging with external stakeholders, reporting to meet regulatory compliance, and building confidence in the organisation and its approach to risk.

Western Rock Lobster Industry Risk Dashboard

The information contained in this report outlines the development of a Risk Management Framework that will underpin its future development and use.

Once the underlying Risk Reference Tables (p15-18) have been accepted by the Board, the working documents will involve an annual review of the Risk Register (p24-29), and it is recommended the proposed Risk Dashboard (below) will be updated and presented bi-annually (March and September) at WRLC Board meetings.

RISK DASHBOARD: (note the Risk Dashboard is the Executive Summary of the Risk Register p24-29)

#	Risk	Likelihood	Consequence	Level of Risk	Highest Consequence	Key Controls	Bi-annual change
1.	China as the sole outlet for Western Rock Lobster.	4	4	16	Industry Performance	A	GFC investment in in-country facilities taking shape. FTA emerging. China continues at 6% growth. ↓
2.	Loss of the right to fish.	3	4	12	Access resources	A	In house activities are in order. Significant gap with conservation movement. →
3.	Breakdown in the Chain of Custody.	3	4	12	Stewardship of resource	E	MSC renewal imminent. Solid relationship with DoF. Industry cohesion required. ↑
4.	Significant year to year reduction in puerulus monitoring.	2	5	10	Stewardship of resource	E	Significantly improved DoF rigour and input. Weight of Evidence modelling strengthening. Good outlook. Rogers Review imminent. ↑
5.	Lack of political support at State and Federal levels.	3	3	9	Access resources	A	Good relationship with WA Minister's office, but be aware of 2017 election. Federal sphere not clear. →
6.	A significant OH&S event occurs.	3	3	9	OH&S Incidents	A	Change of culture and training required. ↑
7.	Capital costs for Quota and Pot leases escalate and drive a number of fishers from the industry.	3	3	9	Stewardship of resource	I	Raised as a significant risk and issue across the industry. Countered by the increase in asset value a positive. Needs attention. ↓
8.	Insufficient funding to run the Industry. Both the Industry body and DoF.	3	3	9	Industry performance	I	Current position is sound for the DoF, however for the WRLC a significantly underfunded risk. ↓
9.	Reduced confidence in the WRLC.	2	3	6	Industry performance	A	Current corporate changes, communications inside the industry are positive. Relationship with WAFIC is a concern. →
10.	Aquaculture production of lobster takes off. e.g. abalone.	1	3	3	Industry performance	A	Not a relevant risk at this time – watching brief, or managed investment? →

NOTE:

Likelihood and Consequence are rated 1-5.

Level of Risk is calculated by multiplying Likelihood x Consequence.

Key Controls:

Excellent - control has been fully implemented.

Adequate - control is not fully implemented but there is a plan of action.

Inadequate - Control has not been identified.

Recommended Risk Management Policy

For Risk Management to become part of the Industry's culture, it is recommended that the following policy is adopted by the WRLC. Supported by the Framework and processes the goal is the effective management of uncertainty. Through the risk management process, the WRLC can deliver better business outcomes and meet corporate governance requirements. The approach is consistent, integrated and applicable across the whole of Industry.

To realise the risk management goal, WRLC will allocate the resources necessary to implement this policy and will:

- Identify, understand and evaluate internal and external threats and opportunities.
- Define, implement and take responsibility for effective management action that actually changes the risk outcome.
- Ensure that we have an appropriate risk management framework, procedures and approaches to risk, aligned to our business strategy and which evolves as our business develops.
- Maintain and review an industry organisational structure that ensures responsibility and accountability for risk management throughout all levels of the industry.
- Acknowledge good risk management behaviours and correct those behaviours that do not actively contribute to good risk management.
- Ensure that all our personnel have the skills and motivation to fulfil their obligations within the risk management framework.
- Communicate material risk information through an efficient and effective reporting process.

The effective implementation and maintenance of this policy will enable more informed business decisions and add value to the industry by providing stakeholders with assurance that risk is mitigated to an acceptable level.

Key Recommendations from the MSC Benefit Analysis – *Agknowledge* 2015

In 2015 *Agknowledge* conducted a Benefit Cost Analysis of the Western Rock Lobster Industry investment into MSC Accreditation. Following are the Key Recommendations from this analysis which provided significant guidance towards establishment of, and inclusion in the Risk Management Framework.

KEY RECOMMENDATIONS:

1. WRLC invests in MSC re-certification for 2017-21.
2. Maintain representation at the MSC Stakeholder Council, and the Association of Sustainable Fisheries.
3. Negotiate a joint marketing and communications strategy with MSC.
4. Make members aware of the potential discount on lending margins.
5. Optimise the R&D investment in the industry.
6. Foster a discussion on animal welfare.
7. Work collaboratively to optimise a long term market in China.
8. Develop a premium 'Australian Lobster' brand.
9. Develop a *Western Rock Lobster Festival* with affordable product across WA to create awareness and domestic support.
10. WRLC to look at alternate industry funding by creating a short term collection from harvesters, to create an industry future fund.

Risk Appetite and Tolerance

One of the key ingredients in having a positive and proactive risk culture is having a well-defined organisational risk appetite which in turn drives behaviours and outcomes.

At its simplest, risk appetite can be defined as the amount of risk, on a broad level, that an organisation is willing to seek or accept in the pursuit of value. Or in other words, the total impact of risk an organisation is prepared to accept in the pursuit of its strategic objectives.

WRLC understands the diversity of the Industry carries a degree of risk, which may need to be accepted in order to achieve the strategic and operational objectives. It also understands that risk is not necessarily bad however unidentified, incorrectly assessed and poorly managed risk can impact the Industry negatively. As such, WRLC commits to the proper identification, assessment and management of risk through a robust framework so that all risks are managed and controlled effectively in order for Industry to meet its goals.

To determine risk appetite the following criteria has been applied:

Levels of Risk Appetite

Zero	No tolerance for risk in this area and no appetite for any breaches of controls or standards.
Low	Some tolerance of low risks in this area however no appetite for substantive risks at any time.
Moderate	Medium levels of risk are tolerated subject to there being a full understanding of the potential benefits and risks, and the controls are fully in place and effective.
High	Higher levels of risk are tolerated subject to there being a full understanding of the potential benefits and risks, the required authorisation is obtained and the controls are fully in place and effective.

As a general rule, the Industry has a ‘**low**’ to ‘**moderate**’ risk tolerance subject to a full understanding of the potential benefits and risks, and effective controls being fully in place. There is some appetite for ‘**high**’ risks within the Industry currently related to the marketplace and industry cohesion. The following table provides a high level synopsis of varying levels of risk appetite determined during the consultation process within the Industry.

Synopsis of Risk Appetite Levels across the Western Rock Lobster Industry

Zero Tolerance	Low Tolerance	Moderate Tolerance	High Tolerance
Health and Safety	Reputation and Image	Financial Risks	Local awareness
Fraud and Corruption	Environment	Partnering arrangements	Market positioning
Misconduct	Importance of science	Market Leadership	Processor capability
Wilful Breaches of Confidentiality	Lack of Transparency in Reports	Operational Efficiency	Financial security
Government relationships	Animal welfare	Communications	Industry independence

Risk Appetite Discussion

The Industry will not tolerate unsafe or unhealthy work practices. The **safety and health** of Industry fishermen, processors and their employees, contractors, consultants and third parties is paramount. The WRLC has ‘zero’ tolerance for consent, connivance or neglect that jeopardises the health or safety of Industry fishermen, processors and their employees, contractors, consultants and third parties. The Industry expects zero or a reducing injury and incidence rate from the parties it partners with, supported by adequate controls to manage those risks.

“Industry needs to keep OH&S on the radar and develop industry standards/best practice and new training programs for young people and develop a benchmark code of practice. Industry mustn’t be complacent as it is tarred with a reputation of being dangerous. Where there is risk, there is always opportunity.”

Source: Respondent quote – Agknowledge Risk Survey June 2016

From a **financial** perspective, WRLC has ‘zero’ tolerance for fraud, corruption or acts or decisions that put the financial stability of the organisation or Industry at risk. As such, WRLC expects to have adequate controls in place to manage those financial risks.

From a **reputation and image** perspective, the Industry has a ‘low’ appetite except in looking to achieve ‘Market Leadership and Innovation’ where the appetite is ‘moderate’. All WRL Industry members, staff, suppliers and partners are expected to operate in an ethical, accountable and responsible manner to meet this objective. In particular, it is imperative that the Industry maintains a positive reputation and image in order to ensure its continuing licence to operate is maintained.

The Industry recognises that activities in relation to the **environment** may have to assume a low, rather than zero level of downside risk to achieve objectives, especially when the challenging circumstances of nature and the ocean are present.

The environment in which we operate can be extremely unpredictable. From an **operational efficiency** perspective, the Industry expects the application of continuously improving best practice harvesting and processing methodology, and has a ‘moderate’ appetite driven by the need for maximum economic yield.

Geraldton Fishermen's Co-operative is committed to a Quality Management System designed for continuous improvement and continually strives to understand and meet the needs of the customer. GFC's processing facilities are all AQIS Registered Processing Establishments and are approved to export to all markets, including the EU. All products are processed to the highest standards according to the principles of HACCP and Good Manufacturing Practice.

Geraldton Fishermen's Co-operative is fully committed to the receipt, handling, storage and dispatch of safe, sustainable high quality seafood. Only live lobsters are received from fishermen/shareholders. Each member vessel has Approved Supplier status and is audited regularly for adherence to GMP. Only lobsters from a Marine Stewardship Council certified fishery are received in accordance with GFC's MSC Chain of Custody certification. All products comply with the FSANZ Food Standards Code and full traceability of all products is maintained.

Source: www.brolos.com.au/brolos-corporate/management-systems.html

From a **compliance** perspective, WRLC has ‘zero’ tolerance for fraud, misconduct or wilful breaches of confidentiality, and a ‘low’ tolerance for errors, inaccuracies or lack of transparency in our reports to government and stakeholders that might impact our compliance. WRLC recognises that in the drive to adopt best practices, innovate and embrace disruption and new entrants into the sector, regulatory barriers and hurdles will be appropriately challenged. As such, a ‘moderate’ risk profile will be adopted in these areas.

Risk Management Accountability and Ownership

Risk Management needs to be integrated into strategic planning and operational management responsibilities. Every member of the Industry has a role and responsibility in risk management to be vigilant in the identification and treatment of risks and is invited and encouraged to participate in this process. This responsibility extends from the Minister, WRLC and Processors to the Industry individual's requirements to operate in a safe, healthy and effective workplace.

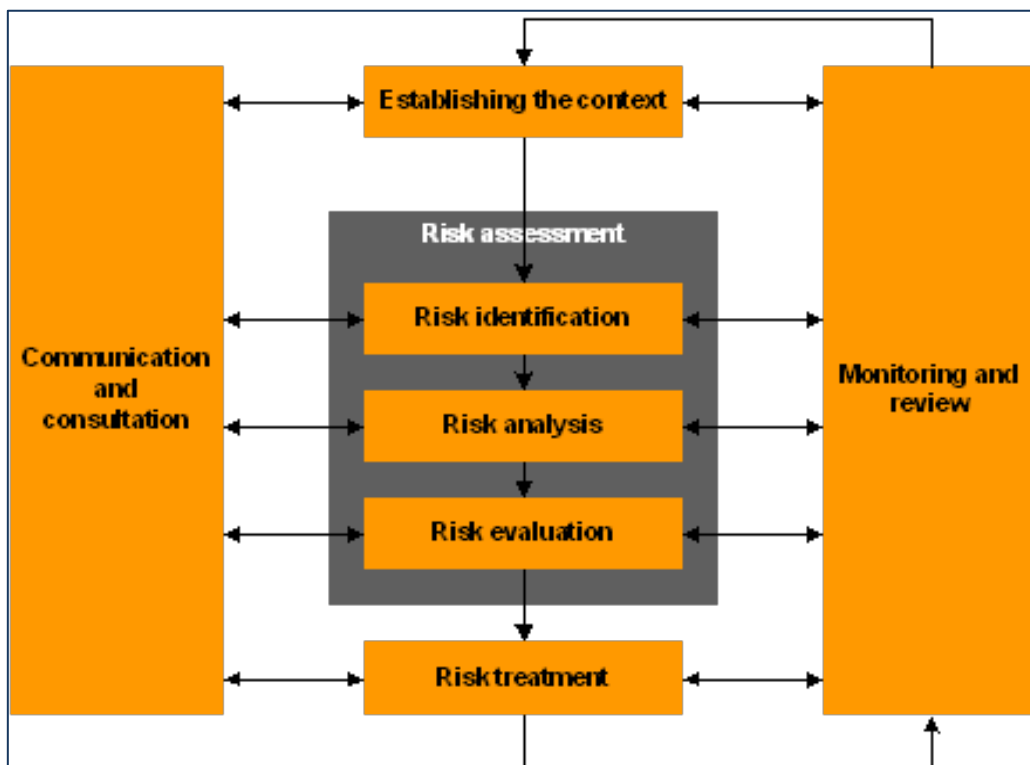
WRLC expects all members of the Industry to be disciplined, determined and accountable for the actions taken to manage risk. It is expected that Industry fishermen, processors and their employees, all contractors, consultants, and third parties will:

- ✓ Behave in a manner that reflects the Industry risk management culture.
- ✓ Recognise and manage risks which are important to the Industry.
- ✓ Be proactive in identifying, communicating and acting to manage risk.
- ✓ Participate in formal risk processes where required.
- ✓ Acknowledge ownership of risks and accountability for implementation, monitoring and improvement of controls and integrate risk management activities in day-to-day functions.
- ✓ Recognise risk aware behaviour and be proactive correcting inadequate risk management practices.
- ✓ Reporting or escalating risk issues to relevant levels of Industry management for assurance and governance purposes.

In order to embed these principals into the Industry, the WRLC will need to consider how best to attribute the responsibility for the identification assessment, and control of risk issues and relevant performance of these key functions throughout the industry.

Risk Management Process

The WRLC's risk management process is designed to ensure that risk management decisions are based on a robust approach, assessments are conducted in a consistent manner and a common language is used and understood throughout the Industry.



The main elements of the risk management process illustrated above are as follows:

- **Establish the context.** Establish the external, internal and risk management context in which the rest of the process will take place. Criteria against which risk will be evaluated should be established.
- **Communicate and consult.** Communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process.
- **Identify risks.** Identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of the Industry's objectives.
- **Analyse risks.** Identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk. This analysis should consider the range of potential consequences and how these could occur.
- **Evaluate risks.** Compare estimated levels of risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities.
- **Treat risks.** Develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs.
- **Monitor and review.** Monitor the effectiveness of all steps of the risk management process. This is important for continuous improvement. Risks and the effectiveness of treatment measures need to be monitored to ensure changing circumstances do not alter priorities.

Risk Management Governance

Demonstrated Board and Executive leadership support and a robust governance structure are essential components of WRLC's Risk Management Framework. The risk governance structure ensures that the Board and Executive are actively engaged and drive a risk management based culture.

The WRLC Board will take responsibility for determining and providing a focus on the risk management activities and development. The key objectives of the Board include:

- Ensuring appropriate risk management strategy, processes and procedures are operating effectively throughout the organisation and industry.
- Defining and recommending the risk appetite as represented in risk assessment criteria.
- Reviewing the control assurance program as defined in the various Risk Management Plans including identification of common areas of concern that may require Industry wide responses.
- Reviewing the Industry's project risk assessment and profile as necessary.

The Board maintains a level of awareness and accountability for the risks across the organisation and industry and reinforces risk management as part of the Industry culture.

A Risk Management Update will be conducted at least twice a year.

WRLC's Risk Management Framework will adopt the risk management processes in accordance with *AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines* and the Western Australian Government *Risk Management Guidelines*, RiskCover, Third Edition January 2014.

Risk Assessment

WRLC’s risk assessment system will cascade from the strategic plan through to operational and project plans and integrated into key performance indicators and Industry performance plans. Political, economic, stakeholder and regulatory legislative factors are considered when assessing strategic risks while corporate objectives and organisational structures are considered for operational and corporate risk analysis.

Three levels of risk are considered for the Industry namely:

1. **Strategic risks:** Strategic risks are considered ‘high level’ and are associated with *achieving corporate objectives and threats to long term sustainability of the industry*. These risks are often as a result of changes to government policy or varying economic conditions and may be outside the direct control of WRLC. These high level risks are continually updated and controls revisited by the Board. Additionally, a Strategic risk assessment will be conducted annually at an Executive Management level and integrated with WRLC’s strategic planning process through the Strategic Plan.
2. **Operational risks:** Operational risks impact the Industry as a whole and are associated with threats to the overall business plan and business functions. Operational Risks are to be considered in the Strategic Risk Assessment by the Board and Executive Management.
3. **Project risks:** All projects have a life cycle from conception through to planning, contracting, design, delivery and require risk identification and management to ensure successful completion. High level project risks are to be identified and analysed for each project. These may not necessarily be a part of the overall Risk Framework.



Risk Reference Tables

The Risk Reference Tables are a guide to evaluating, measuring and reporting risks within the Industry along with organising risks into likelihood, consequence, existing controls and risk criteria.

The following tables have been developed during the Risk Consultation process and are subject to Board and Industry acceptance.

Risk Identification

The risk identification process undertaken by *Agknowledge*® through the Industry Consultation process has generated a comprehensive list of threats and opportunities based on events that might enhance, accelerate, prevent, or delay the achievement of objectives.

Identified Industry Risk

1. Aquaculture is coming
 2. Chain of custody risk
 3. Competitors
 4. Confidence in WRLC
 5. Consumer risk on access
 6. Disenfranchised members
 7. Failure to promote in schools
 8. Funding to run the industry
 9. Insufficient funding for DoF
 10. Lack of community support
 11. Lack vision on conservation groups
 12. Lose MSC accreditation
 13. Loss of right to fish
 14. Marketing risk – one market
 15. Occupational health and safety
 16. Political risk
 17. Recruitment failure
-

Risk Analysis Criteria

Risks are analysed based on assessments of the consequences chosen to characterise the risk, the existing mitigation in place, their effectiveness and the likelihood of those consequences arising.

Consequences Assessment

The realistic worst-case impact of the risk event should be assessed when analysing consequences. The choice of how to mitigate the risk (if at all) should be made once impacts are reviewed so that the risk aligns with the industry context.

Risk Consequence Matrix

Level	Rank	OH&S Incidents	Stewardship of resource	Access to resources Reputation and Image	Industry performance
1	Insignificant	Minor incident or near miss report but no sign of injury or illness.	The DoF 'Weight of Evidence' model monitoring biomass, egg, and puerulus values and tracked against catch rates has a 10% year to year variance.	Isolated individual's issue-based complaint. No media, news coverage or government correspondence.	Up to 10% variance against key performance indicators or objectives.
2	Minor	Injury or illness requiring first aid treatment only.	The DoF 'Weight of Evidence' model monitoring biomass, egg, and puerulus values and tracked against catch rates has a 10-20% year to year reduction.	Local community impacts or issue-based concerns. Some local or industry media, and or news coverage or government correspondence.	10-20% variance against key performance indicators or objectives.
3	Moderate	Medical treatment required, rehabilitation or lost time injury or illness.	The DoF 'Weight of Evidence' model monitoring biomass, egg, and puerulus values and tracked against catch rates has a 20-30% year to year reduction.	Widespread community impacts and concerns publically expressed. Reduced confidence by community and stakeholders. State media and or news coverage. Ministerial correspondence.	20-30% variance against key performance indicators or objectives.
4	Major	Substantial injury, temporary disability or life threatening injury or illness.	The DoF 'Weight of Evidence' model monitoring biomass, egg, and puerulus values and tracked against catch rates has a 30-50% year to year reduction.	Widespread, considerable and prolonged community impact and dissatisfaction publically and repeatedly expressed. Criticism and loss of confidence and trust by community and stakeholders in the industry, processes and capabilities. Industry and /or organisation's integrity in question. Significant national and state media attention.	30-50% variance against key performance indicators or objectives.
5	Catastrophic	Loss of life. Permanent disability. Potential criminal liability charge.	The DoF 'Weight of Evidence' model monitoring biomass, egg, and puerulus values and tracked against catch rates greater than 50% year to year reduction.	Widespread, persistent and ongoing adverse community condemnation with substantial irrecoverable industry 'brand' damage. Wholesale loss of confidence/trust in the Industry's capabilities and intentions. Ministerial intervention at Board level. Widespread national/international media coverage.	Greater than 50% variance against key performance indicators or objectives.

Likelihood Assessment

The qualitative descriptors of likelihood are designed to answer the question of how likely the described risk event is to cause the consequences at the level. The likelihood and consequence ratings for Strategic and Operational Risks must be considered *with* Key Controls in place (Residual Risk - *the threat that remains after all efforts to identify and eliminate risk have been made. There are four basic ways of dealing with risk: reduce it, avoid it, accept it or transfer it.*)

Risk Likelihood Matrix

Level	Descriptor	Comment
1	Rare	Less than once in 5 years, or at all.
2	Unlikely	Controls and consideration provide confidence.
3	Moderate	Lack of diligence and external input.
4	Likely	Compliance and monitoring will break at some stage.
5	Almost certain	History and events suggest this will happen, when is the question.

Risk Measurement Criteria

This process combines consequence, likelihood and the performance measurement for applied risk controls to provide a *risk assessment rating* which can be used as a foundation for prioritisation based on WRLC risk tolerance. The Table reflects the Risk Measurement Criteria adopted by WRLC.

Risk Measurement Criteria Matrix

Level of Risk	Criteria for Management of Risk		Responsibility/Risk Ownership	Review period
1 - 3	Low	Individual responsibility	Industry and individual participants	12 months
4 - 7	Minor	Acceptable with adequate controls	Executive oversight	12 months
8 - 9	Moderate	Only acceptable with adequate controls	Executive and Board oversight	6-12 months
10 - 15	High	Not acceptable without consultation	Executive and Board oversight	3-6 months
16+	Extreme	Not acceptable – intervention necessary	Board intervention and oversight	3-6 months

Control Assessment and Risk Treatment

Risk Treatment involves developing a range of options for mitigating the risk, assessing those options, and then preparing and implementing action plans. Typical options are detailed below.

Control Assessment Criteria

Controls are the appropriate response to the assessed risk (a procedure, system, activity, policy or process) that reduces the likelihood and/or consequences of that risk. The following list describes options to be considered for developing an appropriate response:

- **Avoid or Eliminate:** Decide not to proceed with the activity that introduced the unacceptable risk, choose a more acceptable activity that meets business objectives or choose a less risky approach or process.
- **Reduce:** Implement a strategy to reduce the likelihood or consequence of the risk to an acceptable level, where elimination is considered to be excessive in terms of time or expense.
- **Share or Transfer:** Implement a strategy which ensures that another party bears the cost (insurance) or conducts the work on the organisation’s behalf (contracting). *The third-party accepting the risk should be aware of and agree to accept this obligation.*
- **Retain or Accept:** Make an informed decision that the risk rating is at an acceptable level or that the cost of the mitigation outweighs the benefit. This option may also be relevant in situations where a residual risk remains after other treatment options have been put in place. No further action is taken to treat the risk, however, ongoing monitoring is recommended.

Control Status and Effectiveness

A control is implemented, planned or identified as a *potential further action* as a result of the risk review process. All controls utilised should be relevant, documented, effective and current.

Control Status Matrix

	Status	Description
E	Excellent (Implemented)	Control has been fully implemented and there is documentation evidencing the use of the control.
A	Adequate (Planned)	The control is not fully implemented but there is a documented plan of action which specifies tasks, responsibilities and completion date.
I	Inadequate (Action Required)	Control has not been identified or documented and should be considered to improve on/impact the assessed risk.

Risk Register

The risk register will enable the WRLC to document, manage, monitor, review and update strategic, corporate and project risk information. Risk register reporting allows management to monitor and review risks in alignment with the strategic plan.

2016 – WRLC Initial Risk Identification and Assessment

The risk identification process has generated a comprehensive list of threats and opportunities based on events that might enhance, accelerate, prevent, or delay the achievement of objectives. The 'start up' list has been generated from the Industry Consultation process and individual interviews.

Identified Industry Risk	Risk Likelihood	Risk Consequence	Overall Risk
Marketing risk – one market	4.0	4.5	18.5
Lack vision on conservation groups	3.4	3.6	12.4
Loss of right to fish	2.7	4.7	12.3
Competitors	3.3	3.3	11.5
Chain of custody risk	3.0	3.5	11.4
Occupational health and safety	2.9	3.2	10.8
Recruitment failure	2.4	4.2	10.4
Political risk	2.7	3.6	10.2
Consumer risk on access	3.4	2.8	10.2
Lack of community support	3.0	3.3	10.1
Insufficient funding for DoF	2.7	3.2	9.1
Funding to run the industry	2.7	3.1	9.0
Aquaculture is coming	2.6	2.7	7.8
Confidence in WRLC	2.2	2.9	6.5
Failure to promote in schools	2.5	2.3	6.5
Disenfranchised members	2.4	2.4	6.1
Lose MSC accreditation	1.7	3.2	5.8

Risk Management Strategy and Tactics

Based on the stakeholder contributions the seven (7) key areas that the WRLC could investigate to further address to reduce the risks, include the following:

1. **Work in collaboration with industry and government to understand and mitigate the risk of reliance on a single market.**
2. **Invest, manage and cultivate a strong social licence to operate the industry.**
3. **Invest in a total industry responsibility to actively manage the chain of custody.**
4. **Develop a high standard of occupational health and safety in the industry.**
5. **Industry to actively manage the TACC.**
6. **Collaborate and invest in targeted research for future security and productivity.**
7. **Develop the WRLC as a key policy and governing body for the industry.**

The listing below is the combined views of all interviewed stakeholders and their thoughts on possible solutions or opportunities for the respective identified risks to the industry:

1. **Work in collaboration with industry and government to understand and mitigate the risk of reliance on a single market.**

- **Marketing risk – one market (19)** (*identified risk and rating*)
 - **Competitors (12)**
 - **Aquaculture is coming (8)**
- a. Access the Chinese market through legal channels
 - Fast-track the Free Trade Agreement with Chinese and Australian authorities to improve trade relations and market access.
 - Promote MSC certification and build up the brand of the spiny western rock lobster as a luxury premium product over and above lobster from other countries.
 - Encourage industry to establish marketing channels that enable the product to go directly into China. It will also help to deliver a better quality product as it will not spend as much time in transit.
 - b. Diversify markets for Western rock lobster
 - Investigate alternative markets including those countries with Chinese populations.
 - Re-establish original markets in Japan, Korean and the United States.
 - Explore new market lines for product diversity - i.e. freezing, horn meat, leg meat etc.
 - Develop a greater presence in the local market.
 - Seek specialised markets for larger crays.
 - c. Encourage the involvement of the processing sector
 - Establish a sub-committee that is representative of processors under the WRLC Board to agree on common interests and allow the WRLC to make direct representation to the Minister in regards to any issues.
 - Ensure that the processing sector is represented on or through the WRLC.

- d. Address industry concerns within the processing sector
- Investigate the feasibility of more facilities in coastal areas for fishermen to deliver product straight to.
 - Investigate the allocation of airspace and how it can be better managed to ensure that the WA rock lobster industry is not devalued.
 - Determine if there are other options to access airspace to deliver product at short notice.

2. Invest, manage and cultivate a strong social licence to operate the industry.

- **Loss of right to fish (12)**
 - **Lack vision on conservation groups (12)**
 - **Lack of community support (10)**
 - **Political risk (10)**
 - **Consumer risk on access (10)**
 - **Failure to promote in schools (7)**
- a. Engage with non-government organisations (NGOs)
- Develop and maintain relationships with NGOs (conservation and animal welfare groups).
 - Find a credible group/s to work closely with.
 - Ensure it is the role of a WAFIC or WRLC employee (i.e. Chief Executive Officer) to develop and maintain relationships with NGOs.
 - Invite NGOs to sit in on discussions where there are common interests i.e. marine parks.
 - Invite NGOs to attend annual management meetings to voice their concerns about the industry.
 - Further discuss and investigate restoring funding for a position for the Conservation Council in WA.
 - Promote MSC certification.
- b. Demonstrate industry's social licence to operate
- Continue to promote how industry is dealing with whale entanglement, bycatch and management of access to marine parks.
 - Develop a promotional and educational campaign to manage social licence.
 - Ensure best practice in dealing with sensitive issues through awareness and gear modifications.
 - Promote value of industry to the State in terms of GDP, employment, rural communities etc.
 - Ensure the community have access to purchase western rock lobster.
 - Maintain a presence at community events to promote the industry and raise awareness.
 - Work with a local celebrity to raise community profile.
 - Promote MSC certification – the Western rock lobster was the first fishery in the world to be certified and it reinforces that it is a responsible and sustainable industry.
 - Develop a close working relationship with MSC to raise community awareness and change the perception of the industry.

- Gauge the interest from industry to go carbon neutral to offset carbon emissions from boats etc.
- Ensure industry maintains a good working relationship with the government, relevant ministers and members of parliament along with the Department of Fisheries.

c. Promote the Western rock lobster industry and raise awareness

- Develop a promotional and educational campaign that utilises a number of platforms.
- Engage with consumers and industry via social media.
- Work with MSC to promote industry through support statements, promotional film clips, social media etc.
- Ensure the industry is represented at seafood and community events.
- Research the idea of a specific lobster festival.
- Work in with the school curriculum to educate children and promote the WA fishing industry in general in the classroom.
- Compile brochures to distribute at events that promote the industry.
- Engage an ambassador to promote the Western rock lobster in both the Asian and domestic market.

d. Service the local market

- Build community support through supplying the local market and ensuring the industry continues to have social licence to operate.
- Investigate the feasibility of setting aside quota and selling at a discounted price.
- Alternatively look at options to continuously supply the local market by supplying seconds at a lower price.
- Utilise the MSC branding to promote the sustainability of the industry.
- Supply the local market to reduce the incentive for recreational fishers to sell into the market and get consumers to buy it through legitimate channels.

3. Invest in total industry responsibility to actively manage the chain of custody.

- **Chain of custody risk (11)**
- **Lose MSC accreditation (6)**

a. Promote the ongoing certification of MSC

- Maintain and continue to fund MSC certification.
- Brand Western rock lobster with MSC and promote it as a premium product from the best managed fishery in the world.
- Promote MSC certification in the Chinese market and build up the brand of the spiny rock lobster as a luxury premium product over and above lobster from other countries.
- Utilise the MSC branding in the domestic market to promote that the industry is responsible and sustainable.
- Reinforce industry has the imprimatur of MSC when dealing with NGOs.
- Develop a close working relationship with MSC to raise community awareness and change the perception of the industry.
- Develop a communications plan to utilise various platforms to communicate MSC activities and good news stories with industry and the community.
- Utilise MSC representatives to engage with the catching sector through attending management meetings and getting on board boats.

- b. Address the risks with exporting a live product
 - Develop an industry code of practice for handling rock lobster that will help meet the requirements of animal welfare and protects the quality.
 - Develop an animal welfare plan around crisis management.
 - Establish a key industry spokesperson who is briefed with a pre-constructed message to address any concerns raised.
 - Undertake further research to determine if industry is exporting lobster in the best possible way.
 - Encourage direct access to the Chinese market in order to deliver a quality product and reduce the risk of exposure and mortalities.
- c. Promote best handling practices of the Western rock lobster
 - Develop an industry code of practice for handling rock lobster that will ensure the quality is maintained throughout the supply chain including in the market place. The same document will also help industry meet the requirements of animal welfare.
 - Produce a summarised form of the industry code of practice as a brochure that can be distributed, in both English and Chinese, in the market place and at events.
 - Liaise with the Southern Rock Lobster industry in regards to their brochures and develop a similar promotional tool.
 - Develop training workshops to raise awareness and educate the food sector (chefs/ retail) that will cover storage, handling and preparation.
 - Organise an international educational study tour to determine if any further improvements can be made within industry.
- d. Protect the quality of the Western rock lobster
 - Reduce the amount of time the product spends in transit.
 - Encourage all vessels to adopt the industry code of practice to protect the quality and image of the industry.
 - Investigate the feasibility of more facilities in coastal areas for fishermen to deliver product straight to.
 - Promote sustainable wild catch.
 - Lobby government to introduce legislation for food labelling for the Australian seafood industry.
 - Investigate opportunities to provide financial incentives to pay for quality and penalise poor quality and to encourage responsible fishing.

4. Develop a high standard of occupational health and safety in the industry.

- **Occupational health and safety (11)**

- a. Promote and raise awareness of occupational, health and safety
 - Develop industry standards / code of practice for safety to protect the reputation of the industry and the brand.
 - Implement training programs to cover fatigue management, first aid, deckhand training, induction etc.
 - Investigate the feasibility of mandatory drug and alcohol testing within the industry.
 - Determine if training to some degree is a requirement under the Australian Maritime Safety Authority (AMSA) and if so promote it. Otherwise enforce and make training mandatory for everyone on board a fishing vessel.

- Introduce an industry award for fishermen to aspire to and to reward responsible behaviour.

5. Industry to actively manage the TACC.

- **Recruitment failure (10)**

- a. Re-address the quota management system

- Relaxation of the compliance to enable harvesters to have a period of time to replace any quota they may have exceeded.
- Investigate alternative automatic quota management systems.
- Determine the feasibility and possibility for the WRL industry to purchase the quota system and run it under licence to the government.

- b. Investigate an increase in quota

- Determine if it is feasible to increase quota and maintain stocks at a sustainable level.
- Explore options to establish secondary markets including the local market at a lower price to protect the premium market in China.
- Investigate opportunities to attract and retain youth in the industry through extra quota allocation at a reduced price.

- c. Establish a pot register around transfers

- Investigate registry systems used by other industries.
- Determine the feasibility and possibility for industry to purchase the software to run its own registry system.

- d. Investigate viable leasing options and encourage the involvement of investors

- Further investigate leasing options to make it a more equitable system where the risk is shared between fishermen and investor.
- Determine how the lease price is set.
- Determine if it is appropriate to put a ceiling on lease quota or a restriction on amount each vessel can carry.
- Formulate a policy on leasing.
- Work with investors to protect the long term sustainability of the industry.
- Ensure that investors are represented through the WRLC.

6. Collaborate and invest in targeted research for future security and productivity.

- **Funding to run the industry (9)**

- **Insufficient funding for Department of Fisheries (9)**

- a. Seek other funding for research

- Look for alternative funding sources.
- Ensure industry maintains a good working relationship with the government and the Department of Fisheries.
- Increase industry contribution through the industry levy

- b. Invest in industry owned research

- Fund industry research to ensure independence and reduce reliance on government.
- Invest in stock assessment sights to give industry a better understanding of the science.

- c. Undertake further research
 - Determine the best way to freeze rock lobster to better preserve the quality.
 - Conduct research in regards to seismic surveys and the consequences for the rock lobster industry.
 - Investigate if there is another indicator of stock levels other than puerulus counts?
 - Undertake a Maximum Economic Yield study to determine the benefits.
 - Organise an international educational study tour to determine if any further improvements can be made within industry.
- d. Be aware of climate change
 - Further research to gain a better understanding of the impact of climate change.
 - Ensure that stock levels and water temperature continue to be closely monitored.
 - Continue to be conservative in setting the Total Allowable Catch.

7. Develop the WRLC as a key policy and governing body for the industry.

- **Disenfranchised members (7)**
- **Confidence in WRLC (6)**
- a. Secure property rights for fishermen
 - Liaise with government to strengthen property rights.
 - Push for state legislation to be brought into line with commonwealth legislation similar to the tuna industry.
 - Alternatively engage a consultant to develop industry's own property rights model to put to the government and the Department of Fisheries.
- b. Change the structure of the WRLC
 - Engage the services of independent and professional directors/chair.
 - Ensure that the WRLC is representative of the whole of the Western rock lobster industry.
 - Focus on both short and long-term strategy and risk.
 - Provide leadership / professional development opportunities for board members and future leaders.
 - Reassess the structure of the PFAs.
 - Further investigate the catch differentiation between zones.
- c. Establish a policy on foreign investment
 - Liaise with government and monitor restrictions on large companies investing in the industry through the introduction of new legislation or the reinforcement of the government's foreign investment policy.
- d. Consult with other sectors of the rock lobster industry in Australia
 - Determine areas of common interest that the industries can unite to work together:
 - Southern Rock Lobster industry – direct access into China
 - Southern Rock Lobster industry – have developed “Recommended Guidelines” for Managing Live Australian Southern Rock Lobster
 - Tasmanian Rock Lobster industry – compiled a book to educate children with the Tasmania Fishing Industry Council.

WRLC STRATEGIC RISK REGISTER

	Risk Event	Causes	WRLC Strategic Objective	Key Outcome	Consequence / Impacts	Consequence category	Likelihood	Consequence	Level Of Risk	Control Status	Key Controls Management Strategies and Tactics	Manager - Action Responsibility
1.	<p>China as the sole outlet for Western Rock Lobster blocks entry, reduces beach price to <\$50/kg, or FTA falls over.</p> <p>Competitors replace some of the key market.</p>	<p>Diplomatic issues over sovereignty. Economic status collapses.</p> <p>Stronger efforts from international competitors.</p> <p>Lack of cohesion in Australian market.</p>	Sound industry performance	Profitability for operators and secure returns for investors.	<p>China is a significant and growing market and should the beach price drop below \$50/kg significant pressure will be applied to capital and quota access cost, which has followed the beach price upwards but with a time lag – the same would occur on the downward journey.</p> <p>No issue with selling stock – price is the concern.</p>	Industry Performance Access resources	4	4	16	A	<ul style="list-style-type: none"> • Work in collaboration with industry and government to understand and mitigate the risk of reliance on a single market. • Recognise the strength, scale and growth of the Chinese market. • Work with the FTA to improve trade relations and market access. Enable product to go directly into China. • Develop a greater presence in the local market. • Promote MSC certification and build up the brand of the Western rock lobster as a luxury premium product. • Investigate alternative markets including those countries with Chinese populations. • Explore new market lines for product diversity - i.e. freezing, horn meat, leg meat etc. • Investigate the feasibility of more facilities in coastal areas for fishermen to deliver product straight to. • Investigate the allocation of airspace and how it can be better managed to ensure that the WA rock lobster industry is not devalued. 	<p>Industry and processors</p> <p>Strong integration with Board</p> <p>Ongoing monitoring</p>
2.	<p>Loss of the right to fish.</p> <p>Lack vision on conservation groups.</p>	<p>Lack of community support.</p> <p>Consumer risk on access.</p> <p>Failure to promote in schools.</p> <p>Conservation and green movement actively anti-fishing.</p>	Managed stewardship of resources	Secure rights of access to resources through high public acceptance.	<p>Range of issues including reduction of share of allocation to recreational fishing.</p> <p>Reduced access to some fishing areas, especially marine parks.</p> <p>Community demands fairer allocation or pricing/taxing.</p>	Stewardship of resource Access resources	3	4	12	A	<ul style="list-style-type: none"> • Invest, manage, demonstrate and cultivate a strong social licence to operate the industry. • Engage with non-government organisations (NGOs). • Continue to promote how industry is dealing with whale entanglement, bycatch and access to marine parks. • Promote value of industry to the State in terms of GDP, employment, rural communities etc. • Maintain a presence at community events to promote the industry and raise awareness. • Develop a promotional and educational campaign that utilises a number of platforms. • Develop a closer working relationship with MSC to raise community awareness. • Supply the local market to reduce the incentive for recreational fishers to sell into the market. 	Executive and Board

	Risk Event	Causes	WRLC Strategic Objective	Key Outcome	Consequence / Impacts	Consequence category	Likelihood	Consequence	Level Of Risk	Control Status	Key Controls Management Strategies and Tactics	Manager - Action Responsibility
3.	Breakdown in the Chain of Custody.	<p>Failure to maintain MSC. Inability to manage compliance matters.</p> <p>Breakdown in relationship with DoF.</p> <p>Significant event with lobster in transit to market or in market.</p>	Sound industry performance	Producing a premium product for world markets.	<p>Reputation damage and market looks to alternate supply (less quality but 'safe').</p> <p>Additional cost to implement compliance to meet government requirements.</p> <p>International demands for additional compliance.</p> <p>Other WA Fisheries reliant on WRL Industry leadership in MSC accreditation are jeopardised.</p>	Stewardship of resource Access resources Industry performance	3	4	12	E	<ul style="list-style-type: none"> Invest in total industry responsibility to actively manage the chain of custody. Maintain and continue to fund MSC certification, and brand Western rock lobster as a premium product and the best managed fishery in the world. Develop a communications plan to utilise various platforms to communicate good news stories with industry and the community. Develop an industry code of practice for handling rock lobster that will help meet the requirements of animal welfare and protects the quality. Develop an animal welfare plan around crisis management. Undertake further research to determine if industry is exporting lobster in the best possible way. Develop training workshops to raise awareness and educate the food sector. Encourage all vessels to adopt the industry code of practice to protect the quality and image of the industry. Investigate the feasibility of more facilities in coastal areas for fishermen to deliver product. Lobby government to introduce legislation for food labelling for the Australian seafood industry. 	Board, Executive, Processors and DoF
4.	Greater than 50% year to year reduction in puerulus monitoring.	<p>Climate impact.</p> <p>Lack of rigour in monitoring.</p> <p>Controls on TACC values released.</p>	Continued access to resources.	Stewardship resulting in stock abundance.	<p>Long term reduction in harvestable stock. Driving significant reduction in quota and harvest to option to close the fishery for a period, indefinitely.</p>	Stewardship of resource	2	5	10	E	<ul style="list-style-type: none"> Industry to actively manage the TACC. Implement the Rogers Review outcomes. Determine if it is feasible to increase the quota and maintain stocks at a sustainable level. 	Board, Executive and DoF

	Risk Event	Causes	WRLC Strategic Objective	Key Outcome	Consequence / Impacts	Consequence category	Likelihood	Consequence	Level Of Risk	Control Status	Key Controls Management Strategies and Tactics	Manager - Action Responsibility
5.	Lack of political support at State and Federal levels.	Significant event, poorly managed. Blatant demonstration of wealth.	Managed stewardship of resources.	Secure rights of access to resources through high public acceptance.	Range of issues including reduction of share of allocation to recreational fishing. Not amenable to collaborative decision making.	Stewardship of resource Access resources	3	3	9	A	<ul style="list-style-type: none"> Invest, manage and cultivate a strong social licence to operate the industry. Ensure industry maintains a good working relationship with the government of the day, relevant ministers and members of parliament along with the Department of Fisheries. Promote the Western rock lobster industry and raise awareness. Look at options to continuously supply the local market by supplying seconds at a lower price. 	Executive and Board
6.	A significant OH&S event occurs. Could be a death or a boat disappearance Permanent disability. Potential criminal liability charge.	Lack of due processes. Insufficient training. Poor culture in some sectors.	Zero OH&S Incidents	Zero issues in OH&S across Industry fishermen, processors and their employees, contractors, consultants, and third parties.	Media spotlight turned on the industry. Loss of political and social support. Blame and demand for consequence aimed at WRLC.	OH&S Incidents Industry performance	3	3	9	A	<ul style="list-style-type: none"> Develop a high standard of occupational health and safety in the industry. Promote and raise awareness of occupational, health and safety. Develop industry standards / code of practice for safety reasons and to protect the reputation of the industry and the brand. Implement training programs to cover fatigue management, first aid, deckhand training, induction etc. Investigate the feasibility of mandatory drug and alcohol testing within the industry. Determine if training is a requirement under AMSA and if so promote it. Otherwise enforce and make training mandatory for everyone on board a fishing vessel. Introduce an industry award for fishermen to aspire to and to reward responsible behaviour. 	

	Risk Event	Causes	WRLC Strategic Objective	Key Outcome	Consequence / Impacts	Consequence category	Likelihood	Consequence	Level Of Risk	Control Status	Key Controls Management Strategies and Tactics	Manager - Action Responsibility
7.	<p>Capital cost for quota and pot lease escalate and drive a number of fishers from the industry.</p> <p>Foreign capital purchases a significant proportion of the quota.</p>	<p>Separation of ownership from operation.</p> <p>Lack of capital, succession plans and opportunity to capitalise.</p>	Continued access to resources.	Secure realisation of asset management for the industry longevity.	<p>Continued reduction in number of fishers, with increase in 'unit' size.</p> <p>Little opportunity for new entrants into the industry.</p>	Stewardship of resource	3	3	9	I	<ul style="list-style-type: none"> Investigate opportunities to attract and retain youth in the industry. Establish a pot register around transfers. Investigate registry systems used by other industries. Determine the feasibility and possibility for industry to purchase the software to run own registry system. Investigate viable leasing options and encourage the involvement of investors. Further investigate leasing options to make it a more equitable system where the risk is shared between fishermen and investors. Determine how the lease price is set. Determine if it is appropriate to put a ceiling on lease quota or a restriction on amount each vessel can carry. Ensure that investors are represented through the WRLC. 	Board, Executive
8.	<p>Insufficient funding to run the Industry.</p> <p>Insufficient funding for DoF.</p>	<p>Irreconcilable differences between WAFIC and WRLC.</p> <p>The fishery is closed or stock greatly reduced due to low numbers and no levies generated.</p>	Industry performance	<p>Co-management of our industry with Department of Fisheries.</p> <p>Independence of funding for the WRLC to drive industry activity.</p>	<p>Ineffective services from DoF.</p> <p>Potential loss of independence of industry compliance.</p> <p>The industry is totally reliant on the processors for funding.</p> <p>The anti- harvest movement would become active.</p>	Stewardship of resource Access resources Industry performance	3	3	9	I	<ul style="list-style-type: none"> Seek alternative funding sources for research. Ensure industry maintains a good working relationship with the government and the Department of Fisheries. Increase industry contribution through the industry levy. Collaborate and invest in targeted research for future security and productivity. Fund industry research to ensure it is independent and to reduce reliance on the government. Determine the best way to freeze rock lobster to better preserve the quality. Undertake a Maximum Economic Yield study to determine the benefits. Further research to gain a better understanding of the impact of climate change. Ensure that stock levels and water temperature continue to be closely monitored. Continue to be conservative in setting the Total Allowable Catch. 	Board, Executive

	Risk Event	Causes	WRLC Strategic Objective	Key Outcome	Consequence / Impacts	Consequence category	Likelihood	Consequence	Level Of Risk	Control Status	Key Controls Management Strategies and Tactics	Manager - Action Responsibility
9.	<p>Reduced confidence in the WRLC.</p> <p>Dis - enfranchised members.</p> <p>Breakaway group looking to separately manage fishing area.</p>	<p>Not addressing specific needs of the Abrolhos Fishers.</p> <p>Not engaging sufficiently with industry.</p> <p>Poor decision making.</p> <p>Beach price drops 25%.</p>	Sound industry performance.	<p>Develop the WRLC as a key policy and governing body for the industry.</p> <p>Industry confidence in the role and achievements of the WRLC.</p> <p>Harmony in the membership.</p> <p>Clear policies and evidence based decision making.</p>	<p>Fracture of WRLC with a northern and southern divide and lack of cohesion.</p> <p>Other bodies will divide the industry without clarity.</p>	Industry performance	2	3	6	A	<ul style="list-style-type: none"> • Ensure that the WRLC is representative of the whole of the Western rock lobster industry. • Liaise with government to strengthen property rights. • Push for state legislation to be bought into line with commonwealth legislation. • Modernise the structure of the WRLC. • Focus on both short and long-term strategy and risk. • Provide leadership / professional development opportunities for future leaders. • Reassess the structure of the PFAs. • Investigate the catch differentiation between zones. • Establish a policy on foreign investment. • Consult with other sectors of the rock lobster industry in Australia to determine areas of common interest. 	Board, Executive and PFA
10.	<p>Aquaculture production of lobster takes off.</p>	International effort in science and investment provides alternative source of lobster.	Sound industry performance	Profitability for operators and secure returns for investors.	Product replacement into China market.	Industry Performance Access resources	1	3	3	A	<ul style="list-style-type: none"> • Watching brief, and aware of activity through commercial sector, universities. 	Executive and industry

APPENDIX 1

WRLC - Risk Identification Consultation Report Summary

Industry consultation

The WRLC contracted *Agknowledge*® to undertake a review of procedures and a supply chain consultation to develop a health check of WRLC to build a risk management framework against good practice. WRLC is on a journey to increase the value of its risk management activities to enable high quality decision-making based on a solid understanding of risks and consequences across all parts of the industry value chain.

The industry is seeking to demonstrate that responsible leadership and innovation, and the identification and management of all risks associated with long term management of the fishery, will need to have a strong market and customer focus whilst engaging with all levels of government.

Objectives for the consultation included:

- consulting widely with the value supply chain and especially the harvest and post-harvest sectors of the Western rock lobster fishery to determine the key risks for the industry.
- identify the key principles that ensure strong stakeholder support and long-term commitment, by incorporating the outcomes to ensure that there is a bottom up approach to engagement with industry.

In March 2016 an internal workshop was conducted to identify the key risk framework, consider matters from the MSC Review and plan the consultation process.

Following the March Risk Management Review workshop, a questionnaire and potential list of interviewees were developed to represent the Western Rock Lobster Industry. (See Appendix 3 and 4).

In April/May 2016, 28 people from across the industry were interviewed to provide their feedback and information to assist in compiling a status or 'health check' of the Western rock lobster industry, which in turn can be used to build on the risk management framework.

The participants consisted of a range of industry stakeholders including harvesters, processors, researchers, industry representatives, retail / sales sector and numerous other roles, including representatives from the media, government, recreational industry, finance, conservation and MSC as well as other rock lobster fisheries in both Australia and New Zealand.

Additional one on one interviews were conducted with individuals across the supply chain to supplement the information gathered. A total of 47 individuals were interviewed.

A presentation of the consultation findings was made to the Western Rock Lobster Industry Annual Management Meetings held in Fremantle and Geraldton in June 2016.

An interim discussion was held with the WRLC Board at the June meeting.

Terms of Reference

In order to achieve the scope and objective of the review, the following key elements were considered:

1. Risk strategy and appetite

The extent to which risk management is used to enable the achievement of project outcomes, business plans and strategic objectives, at a high level.

Considering the extent to which risk management is proactive versus reactive.

2. Risk governance

Reviewing the structures through which WRLC directs, manages and reports its risk management activities, including policies, procedures, and relevant committees, and a future Risk Management Framework to ensure independence and clear accountability.

Considering the extent to which there is a common language around risk management to drive effective actions and decisions.

Considering the adequacy of risk and control optimisation activities and the link between the key risk information and existing assurance activities.

3. Risk assessment and measurement

Considering the activities in place that allow WRLC to identify, assess and quantify known and emerging risks, at a strategic, operational and project level, including structures to ensure continuous risk identification and analysis.

4. Risk management and monitoring

Reviewing Western rock lobster industry's consistent approach to either manage, mitigate, or accept the identified risk.

5. Risk reporting and insights

Considering the reporting of risk and related information to provide insight into the strengths and weaknesses of risk management activity.

6. Data and technology

Considering the use of risk management tools, databases and systems that support risk management activities.

7. Risk culture

Considering the knowledge, understanding and risk management competency across the organisation, including the values and behaviours present to embed risk management into decision-making and the operating philosophy.

8. MSC Re-certification review recommendations

Follow up and integrate where appropriate the key recommendations from the *Agknowledge* Benefit Cost Analysis of MSC for the Western Rock Lobster Industry.

Western Rock Lobster Council – Risk Review interviews Summary

Based on industry feedback, the Western rock lobster industry is facing a number of risks and in order to ensure the industry continues to have access to the resource and maintain social licence to operate there are some changes to industry that could be considered to help address the risks.

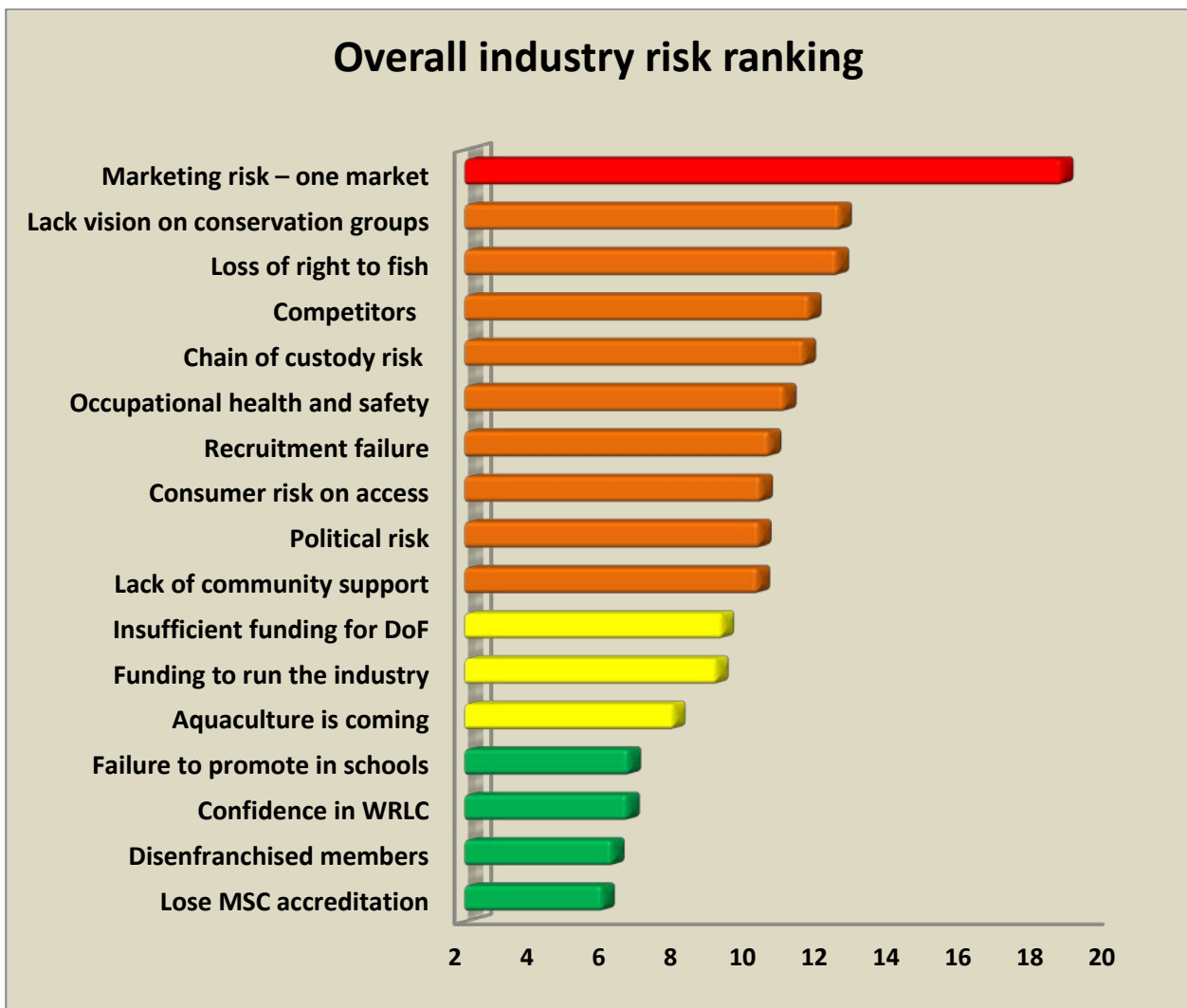
The key question asked the Respondent to consider the Industry as a whole and outline:

- *What do you believe is the single biggest risk facing the rock lobster industry today?*
- *What do you think is the potential cause of this risk?*
- *What is the potential consequence of the risk?*
- *How can the industry move to overcome or better manage that potential risk?*

For each of the identified potential risks, respondents rated both the risk likelihood and risk consequence.

Risk Likelihood	Rare	Unlikely	Moderate	Likely	Almost certain
Risk Consequence	Low	Minor	Moderate	High	Extreme
Score	1	2	3	4	5

The resulting overall ranking of risks (*valued by the average multiplier of likelihood and consequence*) for the Western rock lobster industry as identified by the wide range of industry respondents is shown in the table below.



Discussion

Focus on China

The single biggest risk perceived to be facing the Western rock lobster industry today is the single market risk and the reliance on the Chinese market. Concern is based around the dominance and risks associated with trade issues, government intervention or a disease outbreak that could see the market collapse. This market is further undermined by the product entering through the 'grey trade' which contributes to uncertainty.

Industry believes it would be impossible to find another market overnight that would pay the same premium price for Western rock lobster which would result in a reduction in the beach price, economic grief for fishermen and investors which will have flow on effects for the whole of industry and the Western Australian economy. There was also concern raised about the potential impact the rock lobster industry could have on the export of other fishing products through selling their product through the grey trade and if China moved to close its borders.

“If the industry was united (which they aren’t), they could unilaterally say that they refuse to ship through the unofficial pathways to market. They would take a price hit in the short term but in the longer term the stability of the market would pay dividends and it is within their capability.”

To address this risk, respondents would like to see industry explore alternative markets including the domestic market, markets for frozen product as well as other international markets. While the Chinese market pays a premium price, respondents believe it is important to protect this market and look at options to allow for additional quota to target other markets but at a lower price to maintain supply and acceptance in those markets.

“Industry could increase the quota to allow 7 million kg to be caught so that they have 1 million kg to play around with and supply secondary markets at a cheaper price. It would allow them to have back up markets, if other markets did crash.”

The fast tracking of the Free Trade Agreement between the Australian and Chinese governments was also raised as being imperative to ensure that the product goes directly into China through legal channels. It was also acknowledged steps are being taken by the Geraldton Fishermen’s Cooperative (GFC) who have established infrastructure to sell live lobster directly into China through legal channels.

“The Western rock lobster industry does not currently consult with the conservation sector. The capacity of the Conservation Council has been reduced with the removal of funding for a position in WA. The lack of inclusion of the conservation sector could reduce industry’s social licence to operate and they could lose access to marine parks. Industry should restore funding for a position based at the Conservation Council in WA if they want to liaise and consult with the conservation sector.”

Ensuring a Licence to Operate

Lack of consultation with non-government organisations (NGOs) including conservation groups has also been identified as a major risk for the Western rock lobster industry given the current lack of engagement. Both the Australian Marine Conservation Society and the Conservation Council were reluctant to be involved in the questionnaire and requested that funding be reinstated for a position based at the Conservation Council of WA to provide liaison and proper consultation with the conservation sector.

Respondents believe it is fundamental for industry to develop and maintain relationships with such groups for community acceptability and support, to also ensure they have ongoing access to the resource and social licence to operate. There are also opportunities for NGOs to be invited to sit in on discussions where there are common interests. MSC is also viewed as a great defence tool.

“Community acceptability and support around the whale entanglement issue and shipping a live product (animal welfare). These are rapidly emerging sectors which are having more influence on natural resource management and the bar on what is acceptable. The bar of the wider community is shifting and it poses a threat to most fishing in the medium to long term.”

Within the harvesting sector there were several concerns that respondents identified in overregulation, social licence to operate, high lease prices, an increase in quota and their continued viability. Other risks that were raised during interviews included lack of property rights, lack of OH&S awareness and training, whale mitigation, loss of confidence in the quota reporting system, underutilisation of stock, lack of succession planning and attraction for new / young people to enter the industry due to high lease prices (and reduced margins).

“Industry needs to build alliances with natural allies and be more proactive in building community support. Relationships with members of federal and state parliament are also important as it will be a political decision made by the people in Perth because that is where the power is held, not in local towns.”

Social licence to operate is very important to ensure that fishermen can continue to access the resource as without community acceptance or consent, respondents believe they could see quota restrictions and a reduction in the amount of the days they are allowed to fish, which would see many fishermen put out of business. The whale mitigation, bycatch and access to marine park issues are closely linked to social licence and the need for industry to promote how they are dealing with the issue and build up rapport with the community whilst ensuring best practice through awareness and fishing gear modifications. Opportunities noted included a presence at fishing festivals, working with local celebrities to gain support and working more closely with MSC to raise community awareness and change the perception of the industry.

The lack of property rights and the risk that fishermen could lose their asset or see a reduction in the value of their asset was also identified as a risk for the industry. Respondents proposed that the state legislation should be brought into line with the commonwealth legislation, similar to the tuna industry, to strengthen their property rights and provide long-term security as at the moment it is only a piece of paper and the renewal of their licences is at the discretion of the minister of the day.

Occupational health and safety as well as the lack of awareness and training within the industry is also seen as a risk. Respondents would like to see industry standards or a code of practice developed as well as training programs implemented to cover fatigue management, drug and alcohol testing, first aid, deckhand training etc. According to one respondent, it is a requirement under the Australian Maritime Safety Authority (AMSA) and they are going to start auditing boats soon. There is also concern that the rock lobster industry is still viewed by some as a lifestyle by fishermen, not a business and that perhaps industry needs to assist them to become better business managers through formal training, rewarding responsible behaviour through providing financial incentives for quality and penalise poor quality or introduce an industry award for fishermen to aspire to. The Geraldton Fisherman's Co-operative (GFC) has an annual quality award which has run since 1999. Daily Beach prices (over 9 grades with seconds at \$20) are on the Brolos.com.au website and SMS to all members.

“Industry needs to keep OH&S on the radar and develop industry standards/best practice and new training programs for young people and develop a benchmark code of practice. Industry mustn’t be complacent as it is tarred with a reputation of being dangerous. Where there is risk, there is always opportunity.”

Ownership, quotas and profitability

Fishermen are also concerned about the impact of a potential increase in the quota in that it could result in lower returns and they are in agreement that the quota needs to be kept at a sustainable level for maximum economic gain. Whereas according to one respondent, with an increase in abundance over time it has altered the size distribution of lobsters in the fishery and there are now larger lobsters which are worth less money than smaller grades of lobster.

“We have started to reap the benefits in the northern area and we are seeing more kilograms per pot lifts which means less trips to sea for higher yields – this is the key to quota. Industry need to continue to set quota at a conservative rate so fishermen fish for prices not yield and to ensure that there is always stock in reserve.”

There also appears to be a loss in confidence amongst fishermen in regards to the current quota reporting system which is overseen by the Department of Fisheries. Fishermen claim that they are forgoing some quota to ensure they don’t get fined and go over quota because if they do – their boats are stopped from heading out to fish until the paperwork is cleared. Potential changes to remedy the situation as suggested by respondents include the relaxation of compliance to give harvesters a period of time to replace any quota they may have exceeded and the introduction of an automatic quota transfer system similar to New Zealand.

High quota lease prices and the lack of lease quota available are also big risks for fishermen resulting in the squeezing of profit margins and also making the industry less attractive to young people starting up in the industry. There is a lot of competitiveness for lease quota and especially so with the involvement of all processors who are looking to secure throughput through leasing out the quota.

“If I had leased out my pots I would have made just as much as what I have with fishing because the price is ridiculously high. The margin is getting less for actual fishermen (investor getting \$60/kg and fishermen getting \$70) and the investor is sitting pretty.”

In order to make it a more equitable system and to see the risk shared between fishermen and the investor the current system requires further investigation. Suggestions include reviewing lease quota and determining how the price is set and perhaps putting a ceiling on lease quota or a restriction on the amount each vessel can carry.

Throughout the interviews there were many concerns raised about the market dominance of the Geraldton Fishermen’s Co-operative (GFC) throughout the supply chain. However, GFC is the largest processor by virtue of the fact that it achieves and pays to Co-op members the highest prices. It has grown from less than 20% to 64% of industry share. This growth has been because other processors have left the industry and is built on the back of continued investment by GFC in research, facilities and techniques for the goal of being the best producer of lobster to the world.

Export and Quality

The lack of airspace for export product was also raised as a risk which may put the quality of lobster at risk because if industry can't get the product out live 1-3 days after being caught it is downgraded and loses its value. Increased airspace to allow delivery of the product at short notice and with a fair allocation of airspace to all processors, would help alleviate some of the risk.

Exporting a live product also comes with its risks, in regards to animal welfare, with one respondent believing industry needs to develop a crisis management plan and undertake further research to ensure they are conducting export in the best way possible. This plan needs to be readily available to back up a story if industry is criticised for treating lobsters inhumanely. The current entry point for the product to get to China leaves the live lobster exposed for longer and brings with it the risk of mortalities.

Further compromising the quality of the lobster is the amount of time that it spends in transit once it is caught and before it is delivered to a facility, as it can be deemed unsuitable for live export which can inadvertently result in loss of value to the industry. Management options suggested to help overcome this risk include more infrastructure in place in outer-lying areas for the product to be delivered straight to factories, and GFC operates refrigerated recirculating seawater trucks to maintain quality.

Foreign investment was also raised as a risk for industry, particularly after recent moves by the Chinese to invest in Kailis. This risk could be reduced by imposing restrictions on large companies, which could be addressed through legislation implemented by the Foreign Investment Review Board or the reinstatement of the government's foreign investment policy.

Within the local market, the Western rock lobster is viewed as a luxury item due to the high retail price it demands (which is driven by the Chinese market) and the lack of product available. Local lobster runs the risk of disappearing off the menu altogether and local product is being replaced with an inferior imported product which is cheaper, which we are already seeing in some restaurant and retail chains. Western rock lobster is a community resource which commercial fishermen only have the licence to fish, which is at the hands of the community who have the power to sway the government in their decisions.

Industry should investigate a broader strategy to develop a greater presence in the local market to gain community support and reinforce the industry's social licence to operate and access to the resource. Ideas from respondents to address the consumer risk around pricing and availability include an allocation of quota to supply the local market, or by supplying seconds at a discounted price, which will also assist with market diversity and community perceptions. However, one respondent believes it would be a minefield to implement additional quota in terms of how it would be distributed.

"Spread market penetration into the domestic market - it is a deliberate strategy that the industry needs to look at and sell a certain amount at a discounted price for social licence reasons. Industry may be able to look to increase the quota so they don't sell less but maintain the current Chinese market and spread the risk."

The black market for rock lobsters is another risk and it was identified that the professional sector can reduce the incentive for recreational fishers to supply the local market by better servicing the market and getting people to buy product through legitimate channels.

Domestic Matters

The risks to industry as outlined by respondents include political risks and volatility, lack of support for MSC, aquaculture and the concern that the Western Rock Lobster Council (WRLC) is not

independent or representative of industry. The belief is that the WRLC requires a change in the structure to become more independent and take a more strategic approach.

Lack of industry support for MSC and the loss of industry certification are risks that require industry to maintain MSC and promote the value of the program as world's best practice based from a management perspective. It also further assists with social licence to operate and access to the resource through building community support and acceptance. This can be further addressed through promotion of the industry and education programs within the school system that raise awareness that the industry is sustainable. MSC also offers an opportunity for industry to brand the Western rock lobster and promote it as a premium product and the best sustainably managed fishery in the world, over and above lower priced lobster from other competing countries.

“Currently the product goes through the grey trade which does not recognise the value of MSC. There is no knock on effect to the consumer that the product is sustainable and environmentally friendly. But there is a lot of growth potential in China and Asia and there is currently eight MSC staff in China and that will be the focus in the future.”

Within the research sector, concern was raised about the lack of funding available. Over time, funding levels across Australia have slowly been decreasing, which could in turn affect the ability of industry to meet MSC certification and impact on the fishery's social licence to operate. Respondents believe that industry needs to look at alternative funding sources with a greater contribution from industry through the industry levy which would ensure it is independent and take away their reliance on the Department of Fisheries and avoid any upheaval in funding arrangements should there be a change in government.

“Industry should fund their own research to ensure it is independent and allow them to legitimately challenge the government on any figures. They are too reliant on the Department of Fisheries to do it and for government to fund it. If the government cut their quota in half, there is no way to counter that because there is a lack of industry owned research.”

Climate change is another risk for the Western rock lobster industry in terms of the effect it could have on stock levels in the future and lead to recruitment uncertainty or failure which could impact on the quota. The most recent summer resulted in the warmest ocean temperatures recorded and research shows that warm water can affect the larval stages of lobsters. Further research was suggested by respondents to gain a better understanding of the impact of climate change otherwise it is a case of industry continuing to closely monitor stocks and ensure that the Total Allowable Catch is adjusted accordingly.

Within the sales/retail sector, the risks include a lack of product awareness and a lack of education about handling Western rock lobster which could be addressed through workshops to educate the food sector including chefs, retailers and consumers. It was proposed that they cover how to handle, store, and defrost lobsters and how to prepare them to ensure that a quality product is ultimately delivered on the plate.

“It is important that they know how the Western rock lobster is different to other species to ensure that they appreciate how to use it – it will be a better end result for the industry and will ensure a quality product. Industry needs to develop a workshop first and then launch it into different sectors including the retail sector so that they can then tell people buying it over the counter how to treat it.”

Other risks include biosecurity risks, environmental and biological risks which are largely out of the control of industry but can be somewhat addressed through further research and monitoring.

A suggestion to help address environmental issues and reinforce social licence to operate is to use the Austral Fisheries example which has moved to become carbon neutral, planting trees to offset their carbon emissions which would be viewed as a positive move in the eyes of the public.

Strengths and Challenges

The strengths of the Western rock lobster industry that may help it overcome some of the potential risks as stated by the respondents include MSC certification and the sustainability of the industry, the premium product it produces, the quota system, the management of the fishery by the Department of Fisheries and the voice that the industry provides fishermen to go to the minister. Other strengths of the industry that were noted include its sustainability, mature supply chain, iconic status, reputation, long history and high value.

The challenges that were identified that will hinder the capacity of industry to deal with risk include the reliance on one market in China, the grey trade, lack of diversity in markets, lack of air space for lobster into China and the lack of support and product for the domestic market. Other challenges outlined by respondents include the control that GFC has (or monopoly as some respondents perceive), the lack of processors, lack of factories for fishermen to deliver straight to and the lack of collaboration amongst processors. Further challenges include the lack of involvement of those outside of the catching sector, poor communication and the public perception of fishermen. Within the management sector there were criticisms about the structure of the Western Rock Lobster Council, the lack of leadership and cohesion, lack of strategic vision, lack of unity and ability to make decisions. One respondent believes that the industry's dependence on government agencies for critical decisions, science and management advice is a perceived weakness.

Suggested changes that could help the industry better cope with the potential identified risks include better servicing the local market, encouraging exports to go through legal channels, an increase in quota allocation to reduce spikes and to target alternative markets and further promote the industry and raise awareness through education and communication. Other feedback was that the structure of the WRLC should change and for industry to become self-funded and take on more responsibility for themselves.

“Industry could invest more money into the science behind the fishery to reduce their dependence on government agencies for science and management advice which is used to make critical decisions. They need to be self-sufficient and not at the whim of government departments as the major decisions are out of the control of industry.”

It was also suggested that industry could fund a mechanism that will encourage private sector investment in the processing sector and develop forward pricing opportunities for fishermen, similar to the grains industry. Another contentious issue that respondents would also like to see reviewed is the structure around how the lease prices are derived and to formulate a policy on leasing.

MSC Review

Following the review for the renewal of MSC certification in 2015, the WRLC had further questions on some of the issues raised. The best ways to communicate MSC activities and issues to the industry, as suggested by the respondents, include face-to-face industry workshops and/or management meetings in local towns that enable the different sectors of the industry to talk about MSC. A communications plan that utilises a number of strategies to engage different sectors will also help communicate MSC activities through the media, the community, social media, industry publications and MSC communication platforms. Good news stories and support statements for the

actions of the industry can further promote the benefits of MSC to industry and the community. The utilisation of MSC representatives on the ground both attending management meetings and getting on board boats can also help promote MSC. There is also an opportunity to brand Western rock lobster with MSC certification to further promote the sustainability of the fishery.

It is an imperative that animal welfare is an issue that the industry has an internal discussion on to understand the issue and implications, according to the respondents. At the moment it is “out of mind – out of sight” but as one respondent pointed out “live lobster is no different to live cattle”, it is a live product that is being exported which brings with it a risk, and industry needs to be very aware of the significant pressures coming from animal welfare groups as at the end of the day, it could mean the end of live lobster exports. With the utilisation of social media today where the word and pictures spread quickly, it can leave the industry quite exposed through misinformation that the public are quick to react to.

“If you put fishermen in a room with NGOs, they will have a better appreciation of the risks they will face if they don’t deal with issues instead of talking about it amongst themselves.”

Feedback was that industry should listen to animal welfare groups and therefore it was suggested that industry develop a closer working relationship with NGOs and develop a documented policy in the handling of animal welfare issues should they arise which would enable them to be proactive rather than reactive.

“Industry leaders (WRLC and WAFIC) have an obligation to take the issue seriously and talk directly with NGOs and develop ongoing relationships that will build trust and demonstrate commitment.”

There is also an opportunity for industry to document a code of practice for handling rock lobster that will help meet the requirements of animal welfare and ensure that industry is on the front foot. This could be further developed into brochures, similar to the Southern Rock Lobster industry, that promote how to look after the lobster in terms of handling and transport throughout the supply chain, in both English and Chinese. A communication strategy and public education campaign will assist in further promoting the Western rock lobster industry and how they are dealing with issues such as whale mitigation and other bycatch.

Programs to create awareness, domestic support and recognition for the industry were viewed as necessary by the majority of respondents as they believe that it is based around getting community support whilst maintaining the resource access and social licence to fish.

“We need to maintain access, industry is not focused on the domestic market but access is and the community is.”

On the other hand there were a number of respondents who didn’t support investment in programs to create awareness, domestic support and recognition for the industry as they believe it would be a waste of money as there is not much product that is sold into the local market.

Industry and Community Engagement

Suggestions for additional activities that the WRLC could consider undertaking with funds raised through an industry levy include educational programs, awareness/promotional campaigns, involvement in events, the development of brochures, industry workshops/training, leadership development, research and more.

Education about the fishing sector through the school curriculum was suggested to help spread the message, promote that the fishing industry is sustainable and responsible and promote it as a career path. An awareness/promotional campaign to further raise the profile of the industry and

gain community support was also supported. This could include engaging an ambassador to promote the product in both the Asian and domestic market; utilising MSC to leverage position; promotion of the Western rock lobster as a brand and self-promotion of industry through the utilisation of social media and promotional movie clips.

Industry involvement in seafood and community events will also assist to create awareness, support and recognition for the rock lobster industry. This could be through representation at International Trade Shows, community based events, the Fremantle Seafood Festival or a specific lobster festival.

Industry training/workshops and an international educational study tour were also high on the agenda for respondents, along with leadership development to build capacity within the industry. It is noted that GFC already conducts regular meetings with members at their ports and organises study tours overseas. Areas of training outlined include OH&S, best practices for handling lobster, deckhand training, drug and alcohol awareness, business support, fisheries compliance and whale mitigation strategies and mechanisms. The investigation into the feasibility of the adoption of a drug and alcohol program was also proposed.

Ideas based around research include industry investing in stock assessment sites which will give them a better understanding of the science and ensure they are working with the Department of Fisheries on a level playing field. It would also allow industry to have the ability to debate a potential reduction or increase in the quota based on puerulus counts. Another idea was for industry to purchase its own software to own the registry system based around pot transfers.

The present board structure of the WRLC and process is perceived as not appearing to achieve an industry wide representative board that acts in the best interests of the industry overall. The majority of the respondents criticised that the board is not independent and is only representative of fishermen who have a vested interest and that it is too focused on operational issues.

Changes suggested that will see the board become more representative of the whole of industry include the inclusion of other sectors of the industry – finance, processors, science, marketing, investors and community representatives to ensure that their views are also considered in the decision making process. It was also strongly recommended that the board needed to engage independent and professional board members to enable the WRLC to take a longer term perspective and focus on strategy and risk. However, concern was raised about the effectiveness of independent directors if they lack industry knowledge and understanding.

Appendix 2 WRLC – Risk Management Strategy and Tactics

Based on the stakeholder contributions to the questionnaire, respondents concluded the areas that the Western Rock Lobster Council could investigate to further address to reduce the risks, include the following:

1. Work in collaboration with industry to understand and investigate all market opportunities to mitigate the risk of reliance on a single market.
2. Invest, manage and cultivate a strong social licence to operate the industry.
3. Invest in a total industry responsibility to actively manage the chain of custody.
4. Develop a high standard of occupational health and safety in the industry.
5. Industry to actively manage the TACC.
6. Collaborate and invest in targeted research for future security and productivity.
7. Develop the WRLC as a key policy and governing body for the industry.

The Risk Profile determined by potential Risk Management priority



Appendix 3 WRLC - Risk Review Interviews

Name	Supply Chain sector	
John	Abbot	Harvester
Geoff	Adams	Rabobank
Peter	Bailey	Harvester
Clay	Bass	Harvester
Heather	Brayford	Department of Fisheries
Colin	Buxton	Southern Rock Lobster Ltd Chair
Nick	Caputi	Research – Department of Fisheries
David	Carter	Harvester – Austral Fisheries
Josh	Coates	NGO – Australian Marine Conservation Society
Kym	Coffey	Industry – Paspaley Pearls
Kim	Colero	Chair - WRLC
Alex	Fotiou	Processing – Blue Wave Processing
Robbie	Glass	Harvester
Nathan	Harrison	Department of Fisheries
Greg	Hart	Trader – Wild Oceans
Wayne	Hoskins	Geraldton Fishermen's Co-operative
Marc	Jurinovich	Harvester
Nicholas	Kailis	Kailis Bros
Michael	Kelly	Department of Fisheries Compliance
Peter	Klinken	WA Chief Scientist
Bazil	Lenzo	Harvester
Terry	Lissiman	Harvester
David	Lock	Mareterram
Neil	Loneragan	Scientist – Murdoch University
Louis	Lynch	Retail – Seafresh
Peter	Manifis	Chef
Brett	McCallum	Industry – Consultant
Ross	McGregor	Processor/ Investor/ Exporter/ Sales
John	McMath	CEO - WRLC
Daniel	Mercer	Media – The West
Clint	Moss	Harvester
Terry	Mouchemore	Harvester/ Industry – Pres Geraldton PFA
Jim	Penn	WA Fisheries and Marine Research Laboratories
Paul	Pollard	CBA Bank
Peter	Rogers	Industry Consultant
Andrew	Rowland	Recreational – RecFishWest CEO
John	Sansom	Advocate – Tasmania Rock Lobster Council
Stuart	Smith	Public Policy
Nick	Sofoulis	Harvester - WRLC
Richard	Stevens	Industry Consultant
Colin	Suckling	Harvester/ Industry – WRLC
Daryl	Sykes	New Zealand Rock Lobster Industry Council
Josh	Testar	Harvester
Matt	Watson	MSC
Trevor	Whittington	Office of Minister of Fisheries
Linda	Williams	Harvester/ Industry – WRLC
Chris	Williams	Harvester

Appendix 4 WRLC - Risk Review Questionnaire

- The **Western Rock Lobster Council (WRLC)** is on a journey to increase the value of its risk management activities to enable high quality decision-making based on a solid understanding of risks and consequences across all parts of the industry value chain.
- **Agknowledge** has been contracted to consult with the industry supply chain to develop a health check of the industry and build a risk management framework against good practice.
- As a third party we collect the information and then present it in a report that identifies ‘themes’ and ‘issues’ but not the people who expressed them. Your identity will remain confidential but your comments will enable WRLC to develop the risk profile and priorities.
- **Definition if required** - Risk is defined as the effect of uncertainty on the ability of an organisation to meet its objectives. And Risk management is the range of activities that an organisation intentionally undertakes to understand and reduce these effects.

1. Can you please indicate which sector of the Western Rock Lobster Industry you participate in:

Harvester	Processor	Industry	Researcher	Sales/Retail	Other (specify)

2. In thinking about the WRL Industry as a whole can you please outline:

- What do you believe is the single biggest risk facing the rock lobster industry today?
- What do you think is the potential cause of this risk?
- What is the potential consequence of the risk?
- How can the industry move to overcome or better manage that potential risk?

a. Risk event	b. Potential cause	c. Potential consequence	d. Management option
1.			
2.			

3. Now thinking about your specific sector – Q1: _____

- What is your main concern that is threatening your role or operation in the industry today?
- What impact could that have on your operation in the industry?
- What practices have you adopted to address this risk?

a. Concern (Risk event)	b. Impact (Potential consequence)	c. Practices (Management option)
1.		
2.		

4. What do you see as the risks involved with other sectors of the industry – and do you have any thoughts about reducing or managing the problem?

Sector	Risk event	Potential management option
Harvester		
Processor		
Industry		
Researcher		
Sales/Retail		

5. For each of the following identified potential risks, can you please provide a score for both the **risk likelihood** and **risk consequence**: (take interviewee through one by one with both questions)

Risk Likelihood	Rare	Unlikely	Moderate	Likely	Almost certain
Risk Consequence	Low	Minor	Moderate	High	Extreme
Score	1	2	3	4	5
Potential Risk	Likelihood 1-5		Consequence 1-5		Multiple Complete later
a. Chain of custody risk					
b. Loss of Property rights – right to fish					
c. Recruitment failure					
d. Lack of community engagement & acceptance					
e. Consumer risk around pricing and availability					
f. Political risk					
g. Confidence in WRLC					
h. Lose MSC accreditation					
i. Disenfranchised members					
j. Funding to conduct industry business					
k. Occupational health and safety					
l. Insufficient funding for DoF					
m. Lack of vision on conservation groups					
n. Marketing risk – one product, one market.					
o. Aquaculture is coming					
p. Competitors					
q. Failure to promote the industry in schools					

6. What are the strengths that the WRL industry has that will help it overcome some of the potential risks we have discussed?

7. What are the weaknesses of the industry that will hinder its capacity to deal with risk?

8. How could the industry change to better cope with potential risks?

9. The WRLC would like your view on a some issues raised during the review of the MSC in 2015:

- a. The industry agreed to continue with renewal of the MSC certification. Can you please suggest the best ways to communicate MSC activities and issues to the industry?
- b. Should the industry have an internal discussion on animal welfare to understand the issues and implications?
- c. Would you support investment in programs to create awareness, domestic support and recognition for the industry?
- d. Can you suggest any additional activities the Council could consider undertaking with funds raised through an industry levy (once in effect in 2017)?
- e. Do you consider the present board structure and process achieves an industry wide representative board which acts in the best interests of the industry overall?

Finally provide an opportunity for any additional comments.