AUSTRALIAN PRAWN PROMOTION ASSOCIATION LTD

BUSINESS PLAN

INDEX

EXECUTIVE SUMMARY

The prawn industry is an important component of the Australian Fishing Industry. The industry is composed of a production/catching sector, from many distinct prawn fisheries throughout Australian waters, a processing sector and marketing sector.

The product is marketted locally, in Australian capital cities and regional centres and exported overseas. Over the last 10 years international export markets, especially the major prawn market, Japan, have been eroded by the development of cultured prawn product from aquaculture, throughout south east Asia, especially Indonesia, Thailand and China. Lower selling prices have been experienced by the prawn industry year by year, for the last 6 years and profitability of all sectors have been dramatically effected.

All Australian prawn fisheries are at the fully or overexploited stage, but are being strongly managed from State and Commonwealth Authorities for future biological and economical sustainability. Thus increased catches to counteract decreasing prices are not possible.

The Australian Prawn Promotion Association, known as APPA, was formed in 1990, in response to declining price for prawns. It was clearly necessary for the prawning industry to develop a cohesive plan to demonstrate that Australian sea caught prawns are excellent quality with specific attributes in terms of size, flavour and health benefits and to prevent further erosion of the prawn selling price. APPA is an incorporated private company with a board of 6 directors, representative of all sectors of the prawning industry.

APPA since its existence has achieved a membership which represents 70% of the Australian prawn catch, produced a promotional video, commissioned an extensive study of the Japanese market and, associated with Austrade, developed and launched a logo (which emphasizes clean and natural prawns) for the Japanese market.

APPA 's business mission is to further enhance the image of Australian sea caught prawns on world markets by means of innovative sales promotion and publicity activities, to demonstrate to consumers, the superiority and uniqueness of Australian sea caught prawns.

APPA has developed a business plan which lays down the framework by which it will achieve its objectives, which are

- To improve the image of Australian sea caught prawns on export markets by means of strong innovative promotional campaigns.
- To seek and develop new markets for Australian sea caught prawns
- To maximize returns to producers, processors and exporters of Australian sea caught prawns on export markets.

- To communicate to the Australian prawning industry, the latest developments and trends in prawn production, processing presentation and marketing.

- To provide a form for the exchange of innovative ideas between producers, processors and exporters of Australian sea caught prawns.

The business plan incorporates relevant strategies and plans regarding finance and promotion. The key to success, is the setting in place of a levy, collected by various governmental prawn licencing and management authorities, from specific prawn fisheries and prawn exporters. This levy will be used by APPA to run its promotional affairs.

APPA is confident that its activities will more than compensate the prawn industry for levy funds, by prevention of further erosion of established markets and development of new ones and that it will achieve its objectives outlined in this business plan.

1. SITUATION ANALYSIS

1.1. PRAWN INDUSTRY BACKGROUND

1.1.1 Introduction

The prawn industry is an important component of the Australian Fishing Industry (Table 1). Prawn fisheries historically have been valued second to rock lobster, although they were overtaken by abalone during 1992-93 (Table 1). Numerous prawn species are found in Australian waters. The main commercial species are;

Western king	*Penaeus latisulcatus*
Eastern king	*P. plebejus*
Banana	*P. merguiensis*
Brown tiger	*P. esculentus*
Green tiger	*P. semisulcatus*
Red spot king	*P. longistylus*
Greasyback	*Metapenaeus bennettae*
Endeavour	*M. endeavouri*
Eastern school	*M. macleayi*
Western school	*M. dali*
Royal red	*Haliporoides sibogae*

Prawns are widely distributed being found in estuaries on the continental shelf and in some areas on the continental slope. Specific species have distinct habitat preferences.

1.2 HISTORY OF PRAWN FISHING IN AUSTRALIA

Prior to 1947, commercial prawning was confined to estuaries with NSW production averaging 600 tonnes and Queensland 100 tonnes. Low intensity fisheries also existed in WA for western king prawns in Peel Inlet, Mandurah and the Swan River, Perth.

In 1947, large quantities of prawns were taken on ocean grounds by Danish seiners off Newcastle, and the inshore ocean school prawn fishery soon developed along the NSW coast. During the 1950's otter trawling was introduced at night in deeper water, leading to the establishment of the eastern king prawn fishery. Subsequently otter trawling was introduced in Moreton Bay and during the next decade spread along the entire Queensland coast. Following exploratory fishing and government industry survey in 1967, a commercial fishery commenced in the Gulf of Carpentaria. This expanded rapidly over the next few years to become one of Australia's richest fisheries. Fishing was initially concentrated in the eastern sector and later spread west, resulting in the establishment of the valuable Northern Territory Prawn Fishery.

In Western Australia the Shark Bay prawn fishery commenced in 1962, following exploratory fishing and this was followed in 1965 by the Exmouth Gulf Fishery and Nickol Bay in 1967.

In South Australia, exploratory prawn fishing was conducted over many years, but worthwhile catches were not achieved until 1967 in Spencer Gulf. A commercial fishery was soon established, subsequently spreading to St Vincent Gulf and the West Coast.

In Victoria a small commercial prawn fishery operates intermittently in the Gippsland Lakes with an annual production of less than 10 tonnes. Although small quantities of eastern king prawns occassionally appear on the north east coast ,there is no commercial fishery in Tasmania.

1.3 SPECIFIC FISHERY DESCRIPTIONS

1.3.1 Northern Prawn Fishery

The northern prawn fishery (NPF) is under the jurisdiction of the Commonwealth. It is distributed from Cape York in Queensland to Cape Londonderry in Western Australia. The main fishing areas are Weipa, Karumba and Groot Eylandt regions of the Gulf of Carpentaria and the Joseph Bonaparte Gulf. The main ports comprise Cairns, Karumba, Weipa, Darwin and Fremantle. The area is divided into two management zones.

Five commercial species are taken: banana, brown tiger, green tiger, endeavour and western king.

Production for the period 1985-1990 varied between 6 298 and 9 258 tonnes at and average of 8 055 tonnes. and 80.6 million.

When fishing commenced in 1966, 5 trawlers were involved and when production peaked in 1974 at 13 064 tonnes, there were 196 . Trawler numbers grew to 277 in 1980 when a limit of 296 entitlements was imposed and size restrictions established for replacement vessels. In 1985 a voluntary adjustment (buy back) scheme was introduced to reduce the number of trawlers. By June 1990, the number of vessels had been reduced to 215 and by 1 April 1991 , to 174 vessels.

1.3.2 Torres Strait Prawn Fishery

The fishery is managed under OCS jurisdiction as a protected Zone Joint Authority between the Commonwealth and Queensland. It catches around 1 000 tonnes of the same prawn species as the NPF, ie banana, brown tiger, green tiger , endeavour and western king, valued at $15 million in 1991. There were in 1991, 133 prawn vessels and 203 community fishing vessels.

1.3.3 Queensland East Coast Prawn Fishery

The fishery is distributed from Cape York to the New South Wales border. Major areas arè Princess Charlotte Bay, Townsville and Moreton Bay. On northern grounds the main species are bananas, tigers, red spot king and endeavours, whilst in the south, they are eastern kings, brown tigers, eastern schools and greasybacks. A widespread estuarine beam trawl fishery exists taking juveniles of many of the oceanic species, as well as the common inshore species., ie eastern school and greasyback prawns. In addition to prawns, the fishery also targets saucer and mud scallops, and has a valuable by catch of slipper lobsters, sand crabs, squid and whiting. No separate management zones are clearly delineated, thus the fishery encompasses waters out to 200 mile between Cape York and the New South Wales border and includes the Queensland sector of the previous East Coast Prawn Fishery. It co-exists with the Great Barrier Reef Marine Park and is excluded from fishing in some areas of this marine park.

Production between 1985/86 and 1989/90 varied between 6 436 and 10 572 tonnes at an average of 7 868 tonnes and value of $A 81.7 m.

Licence limitation was introduced in 1979 for Queensland territorial waters and in 1984 for Commonwealth waters off Queensland. In 1980 the number of otter trawlers in the fishery was 1 413. This number has been reduced by a restrictive boat replacement policy. In 1990, 942 active licences existed with a further 38 licences relating two vessels under replacement. In the active category were 20 NSW vessels entitled to fish Queensland waters for prawns in rivers and estuaries.

1.3.4 New South Wales Prawn Fisheries

In NSW estuaries fishing is restricted to set pocket, hauling, running nets and otter trawling seasonally. The main species taken are juvenile eastern king, school and greasyback prawns. In inshore ocean waters, eastern school prawn adults are caught, whilst on the shelf, pre-adult and adult eastern king prawns predominate. Major catches are made on ocean grounds between Tweed Heads and the Clarence River. Royal red prawns are trawled on the continental slope between 400 and 600 metres, with the main commercial grounds being off Port Stevens, Sydney, Wollongong and Nowra.

Two major management zones exist for ocean waters, one being part of the South East Trawl Fishery (Barrenjoey Head, south to the Victorian border), managed under Commonwealth jurisdiction, and the other under State jurisdiction (Barrenjoey Heads, north to the Queensland border).
NSW prawn production for the period 1987/88 for 1989/90 varied between 2 428 and 2 893 tonnes with and average of 2 718 tonnes and valued of the order of $A 2.2 m.
In 1989/90 there were 306 licenced prawn fishing vessels able to fish offshore prawn trawling grounds and a further 321 trawlers endorsed to fish in estuaries and inshore ocean waters. The use of trawling, running and pocket nets is also widespread in estuarine waters.

1.3.5 South Australian Prawn Fisheries

The commercial fishery operates in Spencer and St Vincent Gulf areas, as well as the lower west coast. Only one prawn species is taken commercially, the western king prawn.

Three management zones are currently delineated.

Production for the period 1985/86 - 1989/90, varied between 1 393 and 1 984 tonnes with an average product in value of 1 823 and value of $A 20 m.

In 1989/90 there were 53 licence holders being 3 West Coast, 39 Spencer Gulf and 11 St Vincent Gulf.

1.3.6 Western Australia Prawn Fisheries

Commercial prawn trawling occurs in WA, from Mandurah in the south to Joseph Bonaparte Gulf in the north, in a number of estuaries and embayments. Major production areas are Shark Bay, Exmouth Gulf and Nickol Bay. Some trawlers work out of Onslow further north and in the Joseph Bonaparte Gulf area between Broome and the Lacepede Islands. The latter areas are managed by the Commonwealth as the western part of the Northern Prawn Fishery, and catches are mostly landed in Darwin. The Shark Bay , Exmouth and Nickol Bay fisheries are managed as separate entities. The Shark Bay fishery operates predominantly on western king prawns with significant quantities of brown tigers, whilst the Exmouth fishery catches western kings, brown tigers and endeavours, in almost equal quantities. The Nickol Bay fishery is based upon western king prawns and banana prawns.

Production for the period 1985/86 to 1989/90 varied between 2 845 and 3 314 tonnes, with and average of 3 023 tonnes, valued at $A 29.6 million.

In 1989/90 there were 57 licensed prawning vessels, as follows:
Shark Bay 27; Exmouth Gulf 16; and Nickol Bay 14. Additionally 17 vessels have licences for the Onslow prawn fishery and a further 33 vessels with endorsements for other sectors of the WA prawn fishery that can fish the area.

1.3.7 North West Slope Trawl Fishery

The fishery is managed by the Commonwealth OCS jurisdiction and operates in deeper water of the continental slope In 1991, 12 vessels took 800 tonnes of deep water crustacea, prawn and scampi, valued at between $A 8 m and $A 10 m.

1.3.8 Kimberly Coast Prawn Fishery

This fishery in 1991 involved 4 vessels, fishing predominantly for western king prawns on the Kimberly coast, north of Broome, between 17°50' S and 17°20' S. These vessels caught 200 tonnes of prawns for a catch value of $A 2 million.

1.4 THE MARKET FOR AUSTRALIAN SEA CAUGHT PRAWNS

The market for Australian sea caught prawns is composed of local, interstate and export destinations.

1.4.1 Local markets

Inshore prawn fisheries in many cases operate in areas which are popular tourist destinations, eg NSW coastal towns, Queensland and Western Australia. This situation provides niche markets for some specific prawn fishermen, processors and/or marketers, as Australians in the recreational or holiday mode are interested in eating quality fresh or fresh frozen prawns. Small prawns are also utilized as angling bait. Some small prawn fishermen, especially those who fish estuaries sell some of their catch from the door.

1.4.2 Interstate Markets and Australian Capital City Markets

The large markets of Melbourne and Sydney, which account for approximately one third of the Australian population, either do not have prawn fisheries nearby, as in the case of Melbourne, or cannot be satisfied by local catches as in the case of Sydney. Thus their prawns come from elsewhere, both within Australia and as imported product. Other major capital cities and others, eg Canberra, Hobart and elsewhere, source their prawns from a variety of sources or do not routinely consume or offer prawns for sale.

1.4.3 Export Markets

Australian sea-caught prawns are caught in pollution free waters, graded, packed and frozen at sea, within minutes of capture, thus assuring maximum freshness and taste. They are also value added and packaged in onshore processing facilities, usually with DPIE export accreditation status.

This involves 'frozen at sea' prawns being reprocessed under close supervision and quality control to customers specifications.

Most of the sea caught prawn catch is exported in the headless or whole form (Table 1). Prawn exports historically have been second to rock lobster in terms of importance to the Australian Fishing Industry, although they were overtaken by abalone during 1992-93 (Table 1). In 1991/92, 9,925 tonnes product wt (11,024 tonnes live weight) were exported , valued at about $143 million and in 1992/93, $949 tonnes product wt (10,562 tonnes live wt), valued at about $155 million. (source: Australian Fisheries Statistics 1993 ABARE) (Table 1). Australian prawn production for 1992-93 is estimated to the $243 m with a forecast for 1993-94 of $260 m.

Japan is Australia's major customer, taking approximately 60% by weight in 1991/92 and approximately 69% by weight in 1992/93. (Table 2). In Japan, over the past 8 years, strong economic growth, increased personal incomes, stable consumer prices, low interest rates and the strength of the Japanese currency against other foreign currencies, has led to increased consumption of seafoods, particularly prawns, which rate highly in the Japanese seafood diet (Table 2). Australia's second largest market for its prawns is Spain.

Spain accounted for whole prawn exports in 1991-92, $A 18 million , a decrease from the $32 million of 1990-01. Preliminary data for 1992-93 indicate a further decline to around $9 million.

Japanese imports and domestic production of shrimps and prawns in metric tonnes is shown below for the years 1985-1991. (Source: FAO Yearbook Fisheries Statistics and Commodities 1991).

Year	Imports(mt)	Domestic production (mt)
1885	183 468	1 849
1986	213 842	1 917
1987	246 638	1 614
1988	258 711	1 309
1989	263 731	621
1990	283 780	1 545
1991	284 913	2 138
1992	285 000	

(Source: Fish Farming International, April 1993)

Period	Total Shrimp Exports to Japan	Imports from Australia
Jan-Dec 1991	284 493 MT	8 084 MT
Jan-Dec 1992	272 761 MT	6 025 MT
Jan-Oct 1992	224 876 MT	N/A
Jan-Oct 1993	246 554 MT	N/A

(Source: Info Fish 2 Dec 1993, 1 Mar 1993)

In the past Australian sea caught prawns have sold at premium prices in Japan because of their size and quality. However, since 1987, Australian exporters have encountered increasing buyer resistance and lower prices due to increasing competition from cultured prawns from South East Asia, especially Indonesia, Taiwan and the Peoples Republic of China.

In 1992, Indonesia provided 65% of prawn exports by volume and 75% by value. In 1991 Indonesia was the major supplier of the Japanese market, followed by Thailand, China and India. Production costs in these counties are considerably lower than in Australia. These countries as well as developing a cultured prawn industry over the past 10 years, have been developing and expanding their sea caught prawn fisheries. It is important to recognize that major structural changes have taken place in world prawn markets with the advent of large volumes of cultured prawns being supplied by developing South East Asian countries, at low prices. These changes include such things as continuity of supply, the ability to supply selected sizes of prawns and forward contracts based upon pond harvesting. Also there has been a breakdown in the traditional market segmentation in Japan.

Australian banana prawns, which are usually caught in large quantities over a relatively short period early in the season (April/May), were the first species to suffer substantial price reductions due to increased competition,, eg in 1989 prices offered by Japanese importers were $A 6.50 per kg, 20-30% below those at the start of the previous season. As a result many Australian exporters held off negotiating sales until prices improved. In recent years, white species of sea caught prawns such as banana prawns have been channelled through the supermarket trade. The supermarket industry has little loyalty to brand or country of origin and has been targetted by cultured prawn producers who have a competitive edge in terms of price, continuity of supply and ability to sign forward contracts. Prices achieved for Australian banana prawns on the Japanese market for the period 17 May 1993 to Aug 1993 ,are shown (Table 3).

One of the major species of prawn cultured throughout South East Asia is the black tiger *Penaeus monodon*. In recent years this species has been making serious inroads into Australia's market for larger tiger, king and endeavour prawns on the Japanese market. Prices achieved for Australian tiger prawn for 1992 and 1993 are shown (Table 4).

Presently the demand for large tiger prawns is strong, relative to that for small tigers and supplies are not matching demand. As a consequence small tiger prawns have been difficult to sell and prices are weak. Conversely, prices for large tiger prawns have been strong. Prawns from aquaculture sources in general tend to be smaller.

1.5 TRENDS AND OUTLOOKS

Australia's prawn fisheries are either over or fully exploited with several fisheries actively attempting to reduce fishing effort by buy-back schemes, closed areas to fishing and reduction of the fishing season. Strong stock recruitment relationships have been established for many fisheries and areas. The role of the environment in prawn stock recruitment relationships is not known nor fully understood. Thus clearly the Australian prawn catch will not expand in the future. Fixed costs of fishing increase continually with time and are difficult to contain, especially insurance, maintenance and licence charges and research levies imposed by government. The fishermen and the industry can only hope to remain profitable by achieving increased prawn prices with time and hope that they keep ahead of both fixed and variable costs so that ultimately the prawn industry achieves a return on its heavy capital investment of boats, plant and equipment.

The advent of aquaculture on the world scene since 1982, (Table 5), has had a major effect upon prawn markets world-wide, which have restructured accordingly. Initially aquaculture prawn producers simply supplied existing sea caught prawn markets, which they undercut with a lower price. Initially often their product was inferior in quality and presentation to sea caught product. This is not the case today, as aquaculture producers mostly present high quality well presented product. They have achieved this and will continue to do so, partly with assistance of FAO, the World Bank and other aid organizations, as often they are developing third world countries. Aquaculture producers today have a competitive edge over sea product as they can harvest their crop to provide a continuity of supply and they can sign forward selling contracts. Aquaculture will continue to produce more product with time. Prawn aquaculture in Australian is presently only small, and supplies usually niche markets in capital cities developed by this emerging new industry. Prawn aquaculture facilities are often adjacent to prawn fisheries as they usually require broodstock from the wild.

World seafood production in past years has kept pace with the growing demand for seafood. Today however we are approaching the limit of sea capture fisheries. Many fisheries are fished at sustainability levels, many are over fished or being influenced by EE2/200 mile zone or pollution or environmental concerns.

World capture fisheries are expected to plateau at 100 million tonnes in the year 2000 ,and after that the gap between supply and demand will have to be fulfilled by aquaculture. World population growth will be the major influence upon the growing gap between supply and demand. If the current global per capita seafood consumption of 19 kg/yr is multiplied by the United Nations population projections through to the year 2025, the following future consumption levels are obtained.

Year	Population (Billions)	Consumption (Million tonnes)
1950	2.5	48
1990	5.3	107
2000	6.3	119
2025	8.5	162

These calculations are based upon current consumption levels. In fact global per capita consumption/production will have to increase by 30% to just allow people in all parts of the world a food supply comparable with the developed nations. Seafood demand in particular will grow as south east Asian economies develop. Seafood consumption per capita is also likely to increase in developed countries with the growing interest world-wide in the relationships between food stuffs and health. Developed countries in particular, suffer from high incidences of coronary and circulatory problems such as heart attacks and strokes. The medical profession considers that it is important to monitor our intake of fats, cholesterol and triglycerides. Seafood products generally contain lower levels of the more harmful fats than meats and a higher level of the healthier poly unsaturated fatty acids. It has been shown that seafood products actively help prevent heart and circulatory disease. This is widely recognised for fish, but requires promotion for shellfish. Prawns contain a form of cholesterol which is not harmful to humans, unlike the cholesterol found in meat and poultry.

Research in the United States and the United Kingdom suggests that increased disposable income was a key driver to increased consumption of seafood. Research has also shown seafood consumption to be a factor of age for both its perceived health benefits and ease of digestibility. Thus an aging population has the capacity to increase demand for seafood. Other trends in seafood consumption indicated for the US and UK are increased consumption with product innovation, especially as seafood is brought into supermarkets for the first time. Also the increase in two income and and single member households in US and UK has driven increased demand for convenience food, including prepared seafood.

The Fishing Industry Research and Development Council, now replaced by the Fishing Industry Research and Development Corporation, initiated a National Seafood Consumption Study. This was the largest review of the seafood chain ever undertaken in Australia and possibly the world. It found that there is a golden opportunity for the seafood industry to develop the domestic market and in so doing reap benefits to Australia. Prawns are a vital part of the seafood market and clearly have a capacity to increase in importance.

1.6 THE AUSTRALIAN PRAWN PROMOTION ASSOCIATION

1.6.1 Background

The Australian Prawn Promotion Association was formed in 1990 in response to the declining price for sea caught prawns.

1.6.2 Membership

Membership of APPA is open to all sectors of the Australian sea caught prawning industry involved in production and exporting. Specific membership categories are:

> **Individual prawn fishermen** who are exporters (a declaration of active and current exporting status is necessary).
>
> **Prawn Fishing Industry Organizations.** These organizations are not exporters in their own right, eg QCFO, NIFIC, SAFIC, WAFIC, WANTOA, MPFTA.
>
> **Processor exporters.** This category covers processors who do not wish to be members of APPA in their own right and would be represented by an association such as RLPA.
>
> **Individual Companies**. This category covers those exporters who are neither fishermen nor processors.

Members of APPA are required to assist in funding of APPA by both direct and indirect (government levies) contributions.

1.6.3 Management and Administration

APPA is an incorporated private company with a board of 6 Directors, elected by members. The current board of APPA is as follows:

CHAIRMAN	Mr Chris C Peovitis CEO WA Seafood Exporters P/L
Hon Treasurer	Mrs A Jarrett Executive Officer Northern Prawn Fishery (QLD) Trawl Association Inc. Plus Executive Officer NORMAC

DIRECTORS

Dr Con Raptis
A Raptis & Sons

Mr Murray R France
Kailis and France Foods

Mr Allen Hansen
Chairman
QCFO Trawl Committee

Mr Ken Palmer
Managing Director
K G Palmer and Associates

Mr Ross Haldane
Chairman
Spencer Gulf Trawl Fishermen's Association

An Executive Officer, Mr Tony Gibson, is employed on a part time basis. He acts as secretary of APPA and reports to the Chairman.

Due to the locations of the Chairman and the Executive Officer, the head office of APPA is currently located in Perth, Western Australia. The Executive Officer is responsible for day to day administration of APPA, as well as liaison with government, industry and promotion consultants and the co-ordination of fund raising.

APPA proposes that in future it shall prepare an Annual Operational Plan for presentation at its Annual General Meeting. Prior to preparation of this operational plan, APPA shall consult with its members through their prawning bodies, ie WANTOA, (Western Australian Northern Trawlers Owners Association); Spencer Gulf Trawl Fishermen's Association; Queensland Commercial Fishermen's Association Trawl Committee; and Northern Prawn Fishery (Queensland) Trawl Association Inc. The Annual Operational Plan for a financial year shall specify the promotional programs that APPA proposes to carry out during that financial year and give effect to APPA's objectives and vision as outlined in its business plan.

APPA proposes that in future it shall hold an Annual General Meeting each February in Cairns. It is appropriate that the Annual General Meeting be associated with the annual pre-season conference, prior to the opening of the northern prawn fishery. This meeting historically has been found to attract the best representation of the prawning industry from northern Australia. Other industry bodies such as NORMAC (Northern Prawn Fishery Management Advisory Committee) and NFCA (Northern Fishery Companies Association) hold their meetings associated with this annual meeting, which historically has been convened by CSIRO.

APPA proposes that its board should meet at least three times a year, once immediately prior to the Annual General Meeting in Cairns. Other APPA board meetings will be held throughout Australia and will provide opportunities for the APPA board to met directly with its member prawning industry bodies.

APPA proposes to develop its own newsletter for direct mailing to its members. This newsletter will communicate to its members, matters arising from board meetings, promotional activities and other general information. Contributions will be invited and actively sought from personnel from all sectors of the Australian prawning industry.

APPA proposes to implement the promotional activities in its Operational Plan by a process of tendering. A register of individuals and organizations who may wish to tender for APPA promotional activities will be established through initial and regular advertisement in the National press. APPA will establish a tender panel which will review tenders as required and report back to the APPA board. This panel will consist of: the Chairman APPA; the Treasurer; other APPA board members; the APPA Executive Officer; and two representatives of its member associations.

APPA shall keep proper accounts and records of all its transactions and affairs in accordance with accounting principles generally applied in commercial practice and shall do all things necessary to ensure that all payments out of its funds are correctly made and authorized and that adequate control is maintained over the assets of, or in custody of APPA and over the incursion of liabilities by APPA. Payments made by APPA will be authorized by two signatories of either, the Chairman, the Treasurer and the Executive Officer. All three will be routinely aware of each individual transaction.

APPA shall appoint its own auditor, who shall inspect and audit the accounts and records of financial transactions of APPA and records relating to assets of, or in the custody of APPA and shall draw the attention of the Annual General Meeting of APPA to any irregularities disclosed by inspection and audit, that in the opinion of the auditor is of sufficient importance to justify doing so.

Contact details for APPA are:

Address: Australian Prawn Promotion Association
9-11 Hutton Street
OSBORNE PARK WA 6017

telephone 09 444 7724
fax 09 444 8673

1.6.4 Funding

During the establishment period of APPA, members were required to contribute funds directly to the Association. These funds were a membership joining fee of $5000 for a processor or fisheries association and $2000 for others. Members joining later than this establishment period were required to pay a joining fee - indexed if considered appropriate by the Executive.

Approximately 70% of assumed eligible potential members of APPA have joined the Association.

It is proposed that a levy be collected at two levels, primary and secondary. Prawn fishermen are to pay a primary levy, to be collected as part of the boat licence access arrangement of prawn fisheries. It is proposed that this levy be based upon boat length (LLA). It is anticipated that the licencing agency will collect this levy and will be paid a fee for this service or a commission.

Funds from this primary source will be able to be identified on a fishery and per vessel basis. State and federal legislation will be required to be amended for the levy to be put in place. Discussions will be commenced with state and federal licensing authorities as soon as possible, on details of this levy and its collection. These discussions will be initiated by the appropriate APPA prawning industry member, eg WANTOA, QCFO Trawling Committee, etc associated with the APPA board.

Secondary levies will be collected from processors as part of the DPIE export charges system. DPIE will be paid a fee for this service. Minor amendments to the Primary Industries Levies and Charges Collection Act, 1991, may be necessary. DPIE currently collects levies for corporate bodies, such as the Australian Meat and Livestock Corporation, The Australian Pork Corporation and the Australian Wine and Brandy Corporation, for the purpose of product promotion. Thus this procedure is not new in a legislative sense.

Review and amendment to levies can only occur at the annual general meeting and are required to be carried by 66% of members voting at that meeting. Once levies are in place contributions from various sections will be able to be clearly identified. APPA voting rights will then be determined on the basis of contribution to APPA funds.

1.6.5 Achievements of APPA

1 A 11 minute corporate audio-visual has been professionally prepared, which promotes the aims and benefits of joining APPA. It explicitly imparts the need for the sea caught prawn industry to organize and develop a cohesive plan to demonstrate that Australian sea caught prawns are best in the world and prevent further erosion of the prawn selling price which has been caused by the development and expansion of the cultured aquaculture prawn industry.

The video clearly imparts the message that the sea caught prawn industry needs to educate consumers about attributes of Australian sea caught prawns by developing a consumer strategy of taste testing in stores, publicity, advertising in food publications, point of sale material such as posters and videos in stores and promotional activities and that APPA is here to undertake this industry promotional task. This task is difficult for an individual to undertake because of the costs in time and money involved. By supporting APPA an individual remains an independent operator with none of the impositions which come with a statutory marketing authority (an alternative to APPA) which dictates guide lines and regulations for the industry.

2 APPA has prepared for its membership:

- a. information on the Australian prawning industry
- b. information on export products available from Australian sea caught prawn exporters, and
- c. sea-caught prawn promotional material

3 APPA has developed its own logo, reproduced below and shown also on the leaflet advertising APPA (Appendix 1).

4 APPA commissioned a study of Australian sea caught prawns in the Japanese market. This was conducted by ASI INTECH Research Inc and a final report was prepared November 1990. The 6 page summary and conclusions of this study is reproduced (Appendix 2).

5 Following one of the recommendations to develop a logo, APPA has developed a logo, portrayed below. This logo had a major launching in Osaka, Japan, by Austrade associated with the Special Minister of State, the Hon Frank Walker in November.

2. STRATEGIC AUDIT

2.1 SWOT ANALYSIS

2.1.1 Strengths of APPA and the Australian Sea Caught Prawn Fishery

- APPA has been established for 3 years and has achieved a considerable amount in that time. APPA presently represents 70% of Australia's prawn catch.
- APPA has achieved considerable Government support and encouragement since its existence (Austrade, Senate Enquiry into Fisheries Management).
- APPA has established contacts and recognition in most of the areas in which it will operate in the future.
- The Australian sea caught prawn is a natural one and is produced from a sea bed environment, free of pollution.
- The Australian sea caught prawn is recognized as being a high quality product and is well established in the world market.
- The Australian sea caught prawn has the capacity to be a larger more flavoursome healthy natural product than can be produced by aquaculture.
- The fishing sector is well established and managed.
- Prawn fisheries management regimes are based upon the concept of biological and economic sustainability.
- Prawn industry associations are well established, strong and unified.

2.1.2 Weakness of APPA and the Australian Sea Caught Prawn Fishery

- APPA does not speak for the entire prawn industry especially the prawn processing sector.

- APPA has yet to achieve guaranteed support by way of a levy to be collected by Government. When this occurs APPA will be financially secure. The danger is that APPA supporters will become disillusioned in the interim period, prior to introduction of the levy.

- Promotion requires considerable funding. APPA may not achieve sufficient funds to undertake this task effectively.

- Prawn marketing has focussed too much on Japan and become too dependent upon it as a market, becoming a price taker rather than a price setter.

- Prawn fisheries are seasonal, thus continuity of supply of prawns is not assured.

- Yield from prawn fisheries are effected by environmental factors which are not controllable.

- Production costs of sea caught prawns are much higher than those produced by aquaculture in SE Asian Countries. Prawn fishing is energy intensive and fuel costs are thus a major component of prawn production costs.

- Property rights for fishermen, so they may access traditional trawling grounds have yet to be resolved. This has been further complicated by the High Court MABO decision, regarding native land title. MABO legislation has the capacity to reduce prawn production and increase production costs.

2.1.3 Opportunities for APPA and the Australian Sea Caught Prawn Fishery

- To become a model for seafood promotion in Australia and of Australian product.
- To become a vehicle for consideration and dealing with issues of concern to the Australian prawning industry.
- To speak on behalf of the Australian prawning industry.
- To focus upon and expand marketing to the developing SE Asian countries, Korea, China, Taiwan and Hong Kong, who are prepared to pay good prices for high quality large prawns as well as Japan (the world's largest prawn market).
- To improve product presentation and packaging.
- To focus promotional material on the fact that sea caught prawns are a natural more flavoursome higher quality product which comes from pollution free waters, in contrast to aquaculture prawns.
- To target the Australian domestic market, which has the capacity to consume more prawns. Presently Australia imports prawns to the value of approximately $100 m.

2.1.4 Threats to APPA and the Australian Sea Caught Prawn Fishery

- The Australian bureaucracy either will delay or be unable to initiate collection of a promotional levy from fishermen.
- Australian prawn fisheries management will reduce the length of fishing seasons and/or deny access to some areas on conservation grounds, reducing the prawn catch and/or increasing costs.
- Environmental concerns re the effects of trawling will deny access to some prawning grounds.
- Increased fuel prices will dramatically increase production costs.
- MABO considerations will deny access to some traditional grounds.
- Continued production of quality, low priced prawns from aquaculture with guaranteed continuity of supply will continue to undermine established markets.
- The Australian currency will increase in value as the Australian economy recovers from recession, against the currencies of countries to which Australian prawns are marketed, making them more expensive and reducing returns.
- The Japanese economy will not continue to grow.

2.2 BUSINESS MISSION

The Australian Prawn Promotion Association Ltd aims to further enhance the image of Australian sea caught prawns on world markets by means of innovative sales promotion and publicity activities, to demonstrate to consumers, the superiority and uniqueness of Australian sea caught prawns.

2.2.1 Basis for Business Mission

APPA will seek out and develop new markets, improve the image of Australian sea caught prawns, maximize returns to the prawning industry, keep the industry informed on latest developments and trends in the Australian prawning industry, provide a forum for communicating ideas and speak on behalf of the Australian prawning industry;

2.2.2 Sustainable Competitive Advantage

APPA will be successful as it represents a diverse geographically, but strong unified industry. APPA has a good understanding of the world prawn market and production system and understands what is necessary to promote high quality Australian sea caught prawns. APPA has the support of government in Australia in pursuit of its business mission.

3 OBJECTIVES OF APPA

3.1 MAJOR OBJECTIVES

- To improve the image of Australian sea caught prawns on export markets by means of strong innovative promotional campaigns.
- To seek and develop new markets for Australian sea caught prawns
- To maximize returns to producers, processors and exporters of Australian sea caught prawns on export markets.
- To communicate to the Australian prawning industry, the latest developments and trends in prawn production, processing presentation and marketing.
- To provide a form for the exchange of innovative ideas between producers, processors and exporters of Australian sea caught prawns.

3.2 LONGER TERM OBJECTIVE

- To initiate a quality seal of approval or prawn mark, for Australian sea caught export prawns for the exclusive use of APPA members under a strict code of practice.

4. RELEVANT STRATEGIES

4.1 FINANCE

APPA aims to convince the prawning industry and Government, of the necessity for there to be put in place a levy per kilogram of prawns produced and/or exported, for promotion. Funds will also be collected by way of membership and joining fees for the Association. It is believed that APPA's activities will both prevent further erosion of returns to fishermen, because of competition with aquacultural prawns and increase returns to fishermen and exporters. This will more than compensate producers and exporters for funds given in the way of levies.

It is proposed that levies be collected by the relevant governmental management authorities, both Commonwealth and State, responsible for management of respective prawn fisheries. Such authorities routinely collect licence fees from producers and in some cases voluntary and compulsory contributions to prawn fishery buy back schemes. It is proposed that the Fisheries Research and Development Corporation (FRDC) collect levies on behalf of APPA.

Once APPA has its funding base secure and guaranteed, APPA will be able to plan specific promotional and marketing programs. Financial assistance is available from the Federal Government is a variety of forms. Assistance is by way of grant or loan and is often on an industry dollar for governmental dollar basis.

Some Governmental based assistance schemes and their details are as follows:

4.1.1 Fisheries Research and Development Corporation (FRDC)

FRDC offers competitive research grants to the fishing industry. FRDC has a priority research area in market research and product development, especially pertaining to value adding. FRDC receives 0.25% of its funding, in total of the order of $10 m, by way of a research levy from fishermen on a state by state and Commonwealth managed fishery basis. Funds historically from this source have been returned to the prawn fishery in terms of production research, eg stock assessment. It is now appropriate for some of these funds to be allocated to the marketing end of the fishery.

4.1.2 Austrade

Austrade administer four schemes which could assist APPA achieve its objective. These are:

4.1.2.1 International Trade Enhancement Scheme (ITES)

This scheme provides discretionary marketing support finance by way of loan to enhance net foreign exchange earnings of existing activities, or activities which involve new markets, new products or services.

4.1.2.2 Innovative Agricultural Marketing Program (IAMP)

This program provides discretionary marketing and capital finance by way of loan to support innovative agricultural products. It includes value added forestry, fishery and agricultural products, such as processed food, timber products, textiles and services.

4.1.2.3 Export Marketing Development Grants (EMDG)

This is an open access grant scheme for the purpose of providing incentives for the development of export markets. It is based on the recovery of costs incurred.

4.1.2.4 International Business Development Scheme (IBDS)

4.1.3 The Export Finance Insurance Commission (EFIC)

FFIC is able to assist in export market development.

4.1.4 Department of Industry Insurance Commission (DITARD)

DITARD administers its own industry research and development scheme. It has the priority area of value adding food and has also targetted Australian marine industries collectively, as having capacity for further export potential.

4.1.5 Other Finance Schemes

State and Federal Governments have other schemes which encourage export development. The possibility exists for groups of companies to band together as joint action groups to these ends, eg Tassie Farm Foods.

State and federal personnel are available and keen to assist industries which speak with a strong collective unified voice. Appendix 3 compares some of the federally based schemes.

4.2 APPA - FRDC OPERATIONAL FRAMEWORK

4.2.1 Division 1 - Promotional Plans and Annual Operational Plans

4.2.1.1 Promotional Plan

1 Under the PIERD Acts 19-24 the FRDC provides the Minister with a R&D Plan.

2 Consistent with this requirement APPA shall prepare, in written form, a Promotion Plan (a rolling five year Business Plan) for each successive period.

3 APPA's Promotion Plan is to include;
  - (i) a statement of APPA's objectives and priorities for the period to which the plan is expressed to relate; and
  - (ii) an outline of the strategies that APPA intends to adopt in order to achieve those objectives.

4 The Promotion Plan is to be submitted through FRDC to the Minister for approval no later than 2 months, or shorter periods as the Minister, in special circumstances allows, before the intended day of commencement of the period to which the plan relates.

5 Where the Minister is of the opinion that the Promotion Plan should be revised in some respect, the Minister may give the FRDC a written notice;
  - (a) requesting APPA make such a revision
  - (b) setting out the reasons for the request.

6 Where APPA receives such a request through the FRDC, it must:
  - (a) consider the request and the statement of reasons;
  - (b) make such revision of the Promotion Plan it considers appropriate;
  - (c) submit the plan, as so revised, through the FRDC to the Minister for approval.

7 Where the Minister approves a Promotion Plan, the FRDC is no later than one month after the day on which it is approved by the Minister, to notify APPA of the Minister's approval.

8 A Promotional Plan does not come into operation until:
  - (a) the day on which it is approved by the Minister; or
  - (b) the day of commencement of the period to which it relates;

whichever is the later.

4.2.1.2 Variation of Promotional Plans

1. APPA must:
   (a) as soon as practicable after 30 June next following the day on which its Promotion Plan comes into operation; and
   (b) as soon as practicable after each subsequent 30 June occurring before the day of expiration of the plan:

   review the plan and consider whether a variation of it is necessary.

2 APPA may, at any other time, review its Promotion Plan, (whether or not the plan has come into operation) and consider whether a review of it is necessary.

3 Where the Minister gives FRDC a notice requesting that APPA vary its R&D plan and setting out the reasons for making the request, it must consider, having regard to the reasons, whether the requested variation of the plan is appropriate.

4 Where APPA considers that::
   (a) a variation of its Promotion Plan is necessary; or
   (b) a variation of its Promotional Plan, requested by the Minister, is appropriate;

   it may vary the Plan with the Minister's approval.

5 When requesting the Minister's approval for a variation of the plan, APPA must, unless the variation was requested by the Minister, provide the Minister with:
   (a) a statement of its reasons for making the request; and
   (b) such other information as the Minister requests.

6 The Minister may, after considering the request (together with the material (if any) provided under subsection (5):
   (a) approve the requested variation; or
   (b) reject the requested variation.

7 Where the Minister approves a requested variation, the FRDC is, no later than one month after the day on which it is approved by the Minister, to provide a copy of the varied plan, as approved by the Minister, to APPA.

8 If the Minister rejects the requested variation he or she must give the FRDC his or her written reasons for doing so.

4.2.1.3 Approval for varied R&D plans to run for 4 years from next 1 July.

1 Where the FRDC requests the Minister's approval for a variation of the APPA Promotional Plan, and that plan is in force, the FRDC may also request the Minister's approval for the plan as varied to be in force until the end of 4 years ,beginning on the next 1 July after the day on which the variation takes effect.

2 When making a request under subsection (1), the FRDC must provide the Minister with:

(a) a statement of its reasons for making the request; and
(b) such other information as the Minister requests.

3 Where:

(a) a request is made under subsection (1);
(b) the Minister approves a variation of the plan under subsection 21 (6); and
(c) the Minister is satisfied that it is appropriate for the request under subsection (1) to be granted;

the Minister may, by notice in writing given to the FRDC, give his or her approval for the plan as varied, to be in force until the end of 4 years beginning on the next 1 July after the day on which the variation takes affect.

4.2.1.4 When variations of Promotion Plans take effect

1 Where the Minister approves a variation of a Promotion Plan, the variation takes effect on:

(a) if the Minister also gives his or her approval under section 22 for the plan as varied to be in force as mentioned in that section - the day specified by the Minister in giving the approval of the variation; or
(b) in any other case - the day of approval of the variation.

2 If the operation of a Promotion Plan (being a plan that has come into force) takes effect on the day of the Minister's approval of the variation, the plan as varied continues in force on and after that day, as if the Minister had originally approved the Plan as varied.

4.2.1.5 Consultation

Before preparing or varying a Promotion Plan, or making a request under subsection 22 (1) APPA must consult, and have regard to the views expressed by:

(a) each of its members; and
(b) such other persons or organisations as it considers appropriate.

4.2.1.6 Annual Operational Plans

1 APPA must, for each financial year during which a R&D plan is in force, prepare, in written form, an Annual Operational Plan that is expressed to relate to that financial year.

2 The Annual Operational Plan is to:

- (a) specify the broad groupings of activities that APPA proposes to fund, wholly or partly, during the financial year;
- (b) describe how and to what extent, funding these activities will;
  - (i) give effect to the Promotion Plan in force during that financial year ;
  - (ii) in particular, pursue the strategies outlined in the Promotion Plan and help to achieve the objectives described in the Promotion Plan;
- (c) provide an estimate of;
  - (i) the total amounts likely to be spent by APPA in respect of each broad grouping of promotion activities APPA proposes to fund during the financial year;
  - (ii) the total of the amounts likely to be spent by APPA under section 33, other than paragraph 33 (1) (a), during the financial year;
  - (iii) the total of the amounts referred to in subparagraphs (i) and (ii); and
  - (iv) the total of the amounts that are likely to be paid to APPA during the financial year (other than the amounts paid under section 30 or 30A)

3 A reference in this section to promotion activities that APPA proposes to fund, includes a reference to promotion activities that APPA is prepared, subject to its examination of specific proposals, to fund.

4.2.1.7 Approval of Annual Operational Plans

(1) An Annual Operational Plan of APPA is to be submitted through the FRDC to the Minister for approval no later than 2 months, or such shorter period as the Minister in special circumstances allows, before the intended day of commencement of the period to which the plan relates.

(2) Where the minster is of the opinion that APPA's Operational Plan, submitted under subsection (1), (2). or (4) for his or her approval is inconsistent with the provisions of a Promotion Plan of APPA, being a Promotion Plan that relates to a period overlapping with the period of the Annual Operational Plan, the Minister may give to APPA his or her written notice;

- (a) requesting APPA to revise the Annual Operational Plan; and
- (b) setting out the reasons for the request.

(3) Where APPA receives such a request, it must;
- (a) consider the request and the statement of reasons;
- (b) make such revision of the Annual Operational Plan as it considers appropriate; and
- (c) submit the plan as so revised, to the Minister for approval.

(4) Where APPA considers that variation of an Annual Operational Plan of the Association that is in force is necessary, it may submit such variation to the Minister for approval.

(6) Where;
- (a) a proposed variation of a Promotion Plan of APPA is to be submitted to the Minister for approval; and
- (b) the Promotion Plan relates to a period that overlaps with that of an Annual Operational Plan of APPA; and
- (c) APPA is of the opinion that the Annual Operational Plan would be inconsistent with the provisions of the Promotion Plan as varied.

APPA must, when submitting the variation of the Promotion Plan for approval, also submit for the Minister's approval such variation of the Annual Operational Plan as it considers appropriate.

(7) Where:
- (a) an Annual Operational Plan is submitted to the Minister for approval under subsection (1), (2) or (4) ; or
- (b) a variation of an Annual Operational Plan is submitted to the Minister approval under subsection (5) or (6);

a copy of the Plan or the variation of the Plan (as the case may be) is at the same time also to be provided to the members.

(8) Where:
- (a) an Annual Operational Plan is submitted to the Minister for approval under subsection (1), (2) or (4); or

- (b) a variation of an Annual Operational Plan is submitted to the Minister for approval under subsection (5) or (6), the Minister must approve the Plan or the variation of the Plan (as the case may be),unless the Minister is of the opinion that it is inconsistent with the provisions of a Promotional Plan that relates to a period that overlaps with that of the Annual Operational Plan.

(9) Where the Minister approves an Annual Operational Plan or the variation of the plan (as the case may be), APPA is, no later than one month after the day on which it is approved by the Minister, to notify each of its members of the Minister's approval.

(10) Where the Minister approves a variation of an Annual Operational Plan, after the plan has come into operation, the plan as so varied continues in force from the date of approval, as if it had originally been approved by the Minister as so varied.

4.2.1.8 Compliance with Promotion Plans and Annual Operational Plans

To the extent that it is practicable to do so, APPA must ensure that, at any time;

(a) the performance of its functions; and

(b) the exercise of its powers;

are consistent with, and designed to give effect to, any Promotional Plan, and any Annual Operational Plan, prepared by it and in force at the time.

4.2.2 Division 2 - Accountability

4.2.2.1 Annual Report

(1) APPA shall provide for inclusion in the FRDC's Annual Report, an APPA Annual Report which must include;
   - (a) particulars of;
     - (i) the promotion activities that it co-ordinated or funded, wholly or partly, during the period;
     - (ii) the amount that it spent during the period in relation to each of those activities;
     - (iii) the amount that it spent during the period in relation to each of those during the period in relation to each of these activities;
     - (iii) revisions of its Promotion Plan or Annual Operational Plan approved by the Minister during the period;
     - (iv) the entering into of agreements under sections 13 and 14 during the period and its activities during the period in relation to agreements entered into under that section during or prior to the period;
     - (v) its activities during the period in relation to applying for patents for inventions, commercially exploiting patented inventions and granting licences under patented inventions;
     - (vi) any activities relating to the formation of a company;
     - (viii) significant acquisitions and dispositions of real property by it during the period; and
   - (b) an assessment of the extent to which its operations during the period have;
     - (i) achieved its objectives as stated in its Promotion Plan;
     - (ii) implemented the Annual Operational Plan applicable to the period; and
   - (c) an assessment of the extent to which APPA has, during the period, contributed to the attainment of the objects of this act as set out in section 3.

4.2.2.2 Accountablity to members

The Chairperson of APPA must, as soon as practicable after APPA's Annual Report has been submitted through the FRDC to the Minister, provide copies of the Report to each of its members, and make arrangements with each of those members to attend APPA's annual conference, or a meeting of the APPA executive, for the purpose of enabling;

- (a) the Annual Report to be considered; and
- (b) the Chairperson to deliver an address in relation to:
  - (i) APPA;s activities in the period to which the report relates;
  - (ii) APPA's intended activities in the financial year following the end of the period; and
- (c) the Chairperson to be questioned in relation to these activities.

4.2.3 Division 3 - Finance

1 Moneys paid from the fund to APPA are to be applied by APPA to fund programs relating to:

- (a) improving the image of Australian sea-caught prawns on export markets by means of innovative promotion campaigns;
- (b) seeking out and developing export markets for Australian sea-caught prawns;
- (c) maximising returns to producers, processors and exporters for Australian sea-caught prawns on export markets;
- (d) communicating to the Australian prawning industry the latest development and trends in prawn production, processing, presentation and marketing;
- (e) providing a forum for the exchange of innovative ideas between producers, processors and exporters of Australian sea-caught prawns; and
- (f) introducing a quality seal of approval or prawn mark for Australian sea-caught export prawns for the exclusive use by APPA members under a strict code of practice.

2 APPA is to ensure that, in respect of each financial year, an audit is carried out by a registered company auditor of expenditure by APPA during that year of moneys paid from the Fund.

3 APPA is to provide to the FRDC a copy of the report of the auditor of the audit referred to in subsection 2 within two weeks from the end of the financial year in respect of which the report is prepared.

4.2.3.1 Expenditure of money of APPA

1 APPA's money may be spent only:

(a) for the purpose of funding Promotion activities included in the broad grouping of promotion activities specified in an Annual Operational Plan prepared by APPA and in force when payments are made;

(b) in payment or discharge of the expenses and liabilities incurred by APPA in the performance of its functions or the exercise of its powers; and

(c) in making any other payments that APPA is authorised or required to make under these guidelines.

4.2.4 Division 4 - Management

4.2.4.1 Project Approval

1 APPA shall submit promotion proposals to the FRDC Board for approval. Such proposals shall result from tendering of commissioning in line with the FRDC policy on Supplier Section. (Attached)

2 The FRDC Board shall evaluate proposals against the approved Annual Operational Plan and approve or query proposals.

4.2.4.2 Project Contracts

The FRDC shall arrange and manage promotion contracts. This will include monitoring milestone achievements and financial statements. (In practice the FRDC would take advice from APPA as is the case with FRDC sub-programs).

4.2.4.3 Project Evaluation

The FRDC shall provide to APPA six monthly financial statements.

4.2.4.4 Accountability

APPA shall ensure that the FRDC is advised of its consultation with its stakeholders.

4.3 PROMOTION

APPA already has had a proposal from one of Australia's largest advertising companies which tells APPA the most effective way to promote Australian prawns, both within Australia and overseas. Their strategy is aimed at prawn buyers as well as prawn consumers and involves talking to importers, wholesalers and those in food services, through

- incentive programs
- sales aids, such as posters and videos
- trade promotions

They believe that it is necessary to create a brand or image for Australian sea caught prawns like the wool mark.

APPA wants consumers to consciously choose Australian sea caught prawns by educating consumers about the attributes of Australian sea caught prawns by:

- developing a consumer strategy
- taste tests in stores
- publicity
- advertising in food publications
- point of sale material, such as posters in stores and other food outlets
- promotional activities.

APPA is ready to initiate these measures once its funding base is guaranteed and secure. Funds are urgently required. The prawning industry cannot withstand further erosion of its returns by losing its markets to aquaculture prawns.

Australians are a nation of sport watchers and sport provides opportunity by way of advertising and promotion.
Sponsorship is a possibility. Opportunity exists to enhance the advertising free ride which the Australian Tourism Commission advertisements featuring Paul Hogan and his 'throw another shrimp on the barbie' provides. Opportunities are there to link promotion within Australia and overseas, with other Australian products, such as wine, cheese and tourism. Qantas, the national airline carrier, could be approached to feature Australian prawns as a regular and essential part of its menu, as could Australian international hotels and casinos. The promotional opportunities are endless. All that is required is funding to commence the process. The need is now. If long delays occur, many of our markets may be lost forever to aquaculture prawns.

5 PROPOSED ACTION PLANS

Whilst Japan is to be the primary market for development of APPA sea caught prawns strategy, other markets will also be developed in conjunction, eg USA and Spain.

Austrade in association with APPA has already developed and launched in Japan, an appropriate logo for Australian sea caught prawns. APPA has undertaken a study of the Japanese market. The Japanese market must be made aware of the difference between Australian sea caught prawns and cultured prawns. Japanese customers as a consequence will need to be convinced of the benefits of the price differential between Australian sea caught prawns and their competitors. Within the Japanese market it will be necessary to target the trade. Japanese importers, Japanese wholesalers, other Japanese involved in the food service industry and the Japanese consumer.

5.1 For the trade it is proposed to:

- Develop within the trade an interest in Australian sea caught prawns.
- Emphasize the high quality of Australian sea caught prawns.
- Justify the cost of Australian prawns to the trade.
- Maintain a clear distinction between Australian prawns and their competitors.

5.2 For the Consumer, housewives, chefs and small restaurant owners it is proposed to :

- develop a high quality 'clean green' high quality image for Australian sea caught prawns.
- raise consumer awareness of the Australian prawn brand using the recently released logo.
- encourage consumers to choose the Australian clean green high quality product in place of cultured prawns.

5.3 Promotional Activities for the Trade

- Trade product display.
- Trade launch by the Minister for Primary Industry, Hon. Simon Crean and/or the Minister for Trade, Senator Peter Cook.
- Austrade seminar/promotion.
- Advertising in the trade media.
- Trade incentives.
- Sales aids, including posters, stickers, leaflets, and sales kits.

5.4 Promotional Activities for the Consumer

- In-store taste sampling and demonstrations.
- Point of sale materials.
- Direct mail to households.
- Advertising in the consumer media.
- Consumer mail-in quiz campaigns.

5.5 BUDGET OUTLINE

3 separate budgets are outlined for such a program.

See Appendix 4

5.6 PROGRAM EVALUATION

It is the intention of APPA to evaluate its activities in the Japanese market. The following evaluation procedures will be undertaken:

1 Interviews with trade figures in Japan to establish their response to the APPA promotional activities:

   - Importers
   - Wholesalers
   - Retailers
   - Food services
   - The travel sector.

2 Questionnaire surveys to

   - Housewives
   - Chefs
   - Small restaurant owners

These will be used to establish the consumer response to APPA activities.

5.7 OTHER MARKET ACTIVITES

As previously discussed, whilst Japan is the primary market for APPA sea caught prawns, other markets will be developed by promotion simultaneously and subsequently, in light of experiences with the Japanese markets. These markets are the local Australian market, USA, Europe (especially Spain) and elsewhere in South East Asia, eg Korea, Taiwan, Hong Kong and China.

TABLE 1

EXPORTS

Summary of Australian exports of crustaceans and molluscs

	1991-92			1992-93		
	t	$'000	Conversion factor to live weight	t	$'000	Conversion factor to live weight
Rock lobster						
Whole						
(Fresh,chilled or frozen)	9 022	255 188		10 261	268 605	
Cooked	758	19708		1 228	32 552	
Tails						
(Fresh, chilled or frozen)	2 083	98 905		1 789	73 922	
Other	383	5 626		321	8 884	
Total	12 246	379 427		13 599	383 963	
Prawns						
Headless	1 166	18 623	1 889	2 090	39 320	334
Whole	8 554	122 290	8 725	6 675	113 780	6 809
Other	205	2 084	410	184	1 920	348
Total	9 925	142 997	11 024	8 949	154 920	10 562
Abalone						
Fresh , chilled or frozen	1 034	38 349		1 285	60 934	
Canned	2 138	91 249		1 747	107 158	
Total	3 172	129 599		3 032	168 072	
Scallops						
Fresh, chillled frozen	2 956	43 574		5 177	77 734	
Other	107	1 369		98	1 401	
Total	3 064	44 943		5 275	79 134	
Other	2 422	29 848		3 384	39 539	
Total crustaceans and molluscs	30 830	726 813		34 239	825 649	

(Source: Fisheries Statistics 1993)

TABLE 2

EXPORTS

Australian exports of crustaceans, by destination

	1990-91		1991-92		1992-93	
	t	**$'000**	**t**	**$'000**	**t**	**$'000**
Prawns						
Headless						
Hong Kong	23	179	14	165	97	1 206
Japan	1 519	24 854	1 003	16 372	1 798	35 706
Spain	39	344	39	489	87	973
Other	536	7 332	110	1 597	108	1 435
Total	2 118	32 708	1 166	18 623	2 090	39 320
Whole						
Hong Kong	200	2 107	170	1 789	366	4 550
Italy	163	1 945	146	1 845	20	265
Japan	5 576	99 161	4 934	83 676	4 387	87 292
Spain	3 046	32 849	1 680	18 068	771	8 821
Taiwan	72	1 061	21	421	20	301
United States	38	511	49	509	14	324
other	1 185	11 301	1 554	15 981	1 097	12 229
Total	10 282	148 935	8 554	122 290	6 675	113 780
Other						
Japan	13	83	14	336	16	90
Singapore	46	467	22	164	11	149
Sweden	25	239	34	329	8	80
Other	83	827	135	1 255	149	1 501
Total	166	1 617	205	2 084	184	1 820
Total Prawns	**12 565**	**183 261**	**9 925**	**142 997**	**8 949**	**154 920**

(Source: Australian Fisheries Statistics 1993)

TABLE 3

Australian Bananas - Shrimp Market Report
Importer/Fishery wholesale prices - yen, 2 kg, frozen on board

Date of spot price	grade 13-15	16-20	21-25	26-30	31-35	36-40
17 May 93	4 900	4 200	3 600	3 100	2 675	2 450
24 May 93	4 900	4 150	3 600	3 100	2 675	2 450
31 May 93	4 900	4 150	3 600	3 100	2 675	2 450
7 June 93	4 900	4 100	3 600	3 100	2 650	2 375
14 June 93	4 900	4 100	3 600	3 100	2 650	2 375
21 June 93	4 700	4 050	3 500	3 050	2 625	2 300
28 June 93	4 700	4 050	3 500	3 050	2 625	2 300
5 July 93	4 700	4 000	3 400	3 000	2 625	2 300
12 July 93	4 700	4 000	3 400	3 000	2 625	2 300
19 July 93	4 700	4 000	3 400	3 000	2 625	2 300
27 July 93	4 650	3 750	3 250	2 850	2 550	
2 Aug 93	4 650	3 750	3 250	2 850	2 550	
9 Aug 93	4 650	3 750	3 150	2 750	2 550	
23 Aug 93	4 650	3 750	3 150	2 750	2 550	
30 Aug 93	4 650	3 750	3 150	2 750	2 550	
6 Sept 93	4 650	3 750	3 150	2 750	2 550	
13 Sept 93	4 650	3 750	3 150	2 750	2 550	
20 Sept 93	4 650	3 750	3 150	2 750	2 550	
28 Sept 93	4 650	3 750	3 150	2 750	2 550	
4 Oct 93	4 650	3 750	3 150	2 750	2 550	
12 Oct 93	4 650	3 750	3 150	2 750	2 550	
18 Oct 93	4 650	3 750	3 150	2 750	2 550	
25 Oct 93	4 650	3 750	3 200	2 750	2 550	
1 Nov 93	4 750	4 000	3 350	3 000	2 600	
8 Nov 93	4 800	4 050	3 350	3 000	2 600	
15 Nov 93	4 800	4 050	3 350	3 000	2 600	
22 Nov 93	4 800	4 050	3 350	3 000	2 600	
29 Nov 93	4 800	4 050	3 350	3 000	2 600	
6 Dec 93	4 800	4 050	3 350	3 000	2 600	
13 Dec 93	4 800	4 050	3 350	3 000	2 600	
20 Dec 93	4 800	4 050	3 350	3 000	2 600	

(SMR prices are CIF
To get the price Australian exporters receive:
- 2 to get a per kilogram price
- 1.11 to taake off 11% corresponding to the commission in port costs, freight, ets
- Y/US $ exchange rate).

TABLE 4

HEAD-ON yen per block, wholesale from Austrralia, Tiger 1.5 kg blk

Date	Grade (pc/blk) 4/6	6/8	8/12	13/15	16/20	21/25
15 Jan 92	4 250	3 250	3 200	2 350	1 900	1 900
31 Jan 92				2 400	1 900	1 900
15 Feb 92			3 200	2 300	1 900	1 900
2 Mar 92	3 900	3 150	3 100	2 200	1 900	1 900
16 Mar 92	3 950	3 200	3 150	2 200	1 900	1 900
1 April 92	4 000	3 250	3 200	2 200	1 900	1 900
15 April 92				2 450	2 400	2 400
2 May 92				2 450	2 400	2 350
16 May 92				2 500	2 450	2 350
1 Jun 92	4 200	3 250	3 400	2 450	2 450	2 450
16 Jun 92	4 200	3 250	3 400	2 450	2 400	2 400
1 Jul 92	4 250	3 250	3 300	2 400	2 300	2 350
15 Jul 92	4 250	3 250	3 300	2 400	2 300	2 350
1 Aug 92	4 300	3 250	3 350	2 450	2 300	2 300
15 Aug 92	4 350	3 250	3 350	2 450	2 300	2 300
1 Sept 92	4 200	3 200	3 200	2 300	2 250	2 200
15 Sept 92	4 200	3 200	3 200	2 300	2 250	2 200
1 Oct 92	4 200	3 200	3 200	2 300	2 200	2 200
15 Oct 92	4 600	3 600	3 500	2 800	2 500	2 500
2 Nov 92	4 600	3 600	3 500	2 800	2 500	2 500
16 Nov 92	4 400	3 550	3 450	2 800	2 500	2 500
1 Dec 92	4 300	3 500	3 400	2 800	2 500	2 500
15 Dec 92	4 250	3 450	3 400	2 800	2 500	2 500
18 Jan 93	4 200	3 200	3 200	2 800	2 500	2 600
2 Feb 93	4 250	3 300	3 300	2 900	2 650	2 600
15 Feb 92	4 250	3 300	3 300	2 900	2 650	2 600
1 Mar 93	4 300	3 300	3 300	3 000	2 650	2 600
15 Mar 93	4 300	3 300	3 300	3 000	2 650	2 600
2 April 93	4 400	3 500	3 400	3 200	2 900	2 900
16 April 93	4 500	3 500	3 400	3 150	2 900	2 900
3 May 93	4 550	3 550	3 400	3 150	2 950	2 900
15 May 93	4 400	3 500	3 400	3 200	3 000	3 000
31 May 93	4 400	3 550	3 400	3 200	3 000	3 000
15 Jun 93	4 500	3 700	3 400	3 200	2 850	2 850
1 Jul 93	4 450	3 600	3 300	3 000	2 750	2 750
15 Jul 93	4 450	3 800	3 400	3 050	2 750	2 750
2 Aug 93	4 400	3 800	3 400	3 000	2 750	2 750
16 Aug 93	4 450	3 900	3 400	3 000	2 750	2 700
3 Sept 93	4 400	3 900	3 450	3 100	2 700	2 750
16 Sept 93	4 400	3 850	3 350	2 950	2 600	2 600
1 Oct 93	4 400	3 900	3 400	2 950	2 600	2 600
15 Oct 93	4 400	3 800	3 300	2 900	2 500	2 500
1 Nov 93	4 400	3 800	3 350	2 950	2 500	2 500
16 Nov 93	4 300	3 650	3 250	3 000	2 600	2 600
2 Dec 93	4 300	3 650	3 250	3 050	2 700	2 700
16 Dec 93	4 350	3 650	3 250	3 050	2 750	2 700

(Source INFO FISH)

TABLE 5

World Cultured Shrimp Production, by Region and Country (in tonnes)

REGION/COUNTRY	1982	1986	1990(P)
China	7079	79054	100000
Taiwan	9575	51003	75000
Indonesia	11313	41000	60000
Philippines*	4100	29040	40000
India	15000	20000	30000
Thailand*	10371	18296	35000
Bangladesh*	N/A	14658	24000
Japan*	2025	2184	2600
Other Asia	266	1386	6890
Total Asia	59729	256621	373490
Total Latin America	24225	52121	113000
Other	2	12	3500
WORLD TOTAL	83956	308754	489990

P Projected; N/A Data Not Available

* *Where country shrimp data not available for 1986, previous years data has been used.*

Source: "Aquaculture: A Review of Recent Experience", OECD, Paris 1989, p. 311, 312.

A. SUMMARY AND CONCLUSIONS

Basic Market Conditions

The market size in 1989 for prawns in Japan was 310,722 tons or 383,157 million yen at CIF importer or domestic ex-factory prices. In terms of growth, these figures represent a nominal growth over the previous year of 1% in quantity and negative growth of -5% in value.

Imports represent 85% of the total market for prawns in Japan. The primary import sources are Indonesia, with a 19% market share in terms of volume, Thailand with 14.7% and China with 14.1%.

Importantly, imports of cultured prawns have quickly outstripped sea-caught prawns in terms of market share in Japan. Whereas sea-caught prawns have posted an average annual growth rate of 2% since 1986, cultured prawns have shown growth of 14%. In 1986 sea-caught prawns held 60% of the import market in terms of volume, while cultured prawns held 40%. In 1989 the respective ratio was 52:48.

There are three basic reasons for the rapid growth in market share for imported cultured prawns:

- They are significantly lower priced
- They provide stable supply and standard sizes
- They have improved steadily in quality

Against an anticipated future scenario of steady market growth on the order of 2-4% per annum, cultured prawns are expected to make further substantial inroads on the market share of sea-caught prawns.

Australian Prawn Position

In 1989 Australian imports of sea-caught prawns accounted for 8,553 tons and valued at 16.7 billion yen in CIF importer prices. These figures represent a negative growth rate over the previous year of -7.7% in volume and -5.4% in value.

The breakdown of consumption by sector for Australian sea-caught prawns is as follows.

Retail Sector	30%
Institutional Food Service	70% (*)

(*) Virtually all of the consumption in the institutional food service sector occurs in mid- to high-class restaurants.

Another important consumption characteristic is the continuing preference for Australian sea-caught prawns in the Kansai region as compared to the Kanto region.

Trade Perceptions

- Overall, the retail and wholesale trade perceives Australian sea-caught prawns to be high quality. Although relatively expensive, it is perceived as appropriate for its niche: IFS restuarants that prefer Tiger prawns with head (but not Banana prawns).

- Overall, the product packaging is positively perceived, although complaints were voiced regarding the bulk size and the necessity for repacking.

- Perceptions were primarily positive for taste and texture, although comments were made to the effect that cultured prawns were approaching in both categories.

- The trade was split on the issue of external product appearance in terms of prawn type: tiger prawns were perceived as attractive, while banana prawns were often perceived as visually unattractive.

- Australia is overwhelmingly perceived as natural and un-polluted, and this perception is strongly attached to Australian sea-caught prawns, and represents a key marketing point.

- One strong negative perception running through the trade evalutions was the spotty supply of Australian prawns, which makes it difficult for wholesalers to provide dependable supply to their customers.

- Also of critical importance was an often-stated decrease in motivation to handle Australian sea-caught prawns by the trade. The reasons cited for this decline included the high price relative to cultured prawns, the increasing quality of cultured prawns, and the distinct lack of marketing and promotional support on behalf of Australian prawns.

Key Issues To Be Addressed

- Although Australian prawns are generally perceived as high in quality, the Australian prawn industry has not sufficiently demonstrated to the trade or the consuming market why the high price is justified in the face of lower-priced imports of increasing quality.

- Assuming no significant improvement in its supply cost position, the Australian prawn industry must take immediate and aggressive steps to increase trade motivation to handle Australian prawns and market acceptance for purchase of a **premium** product.

- By all accounts, cultured prawns are increasing in quality while decreasing in price. Without pre-emptive efforts on behalf of Australian prawns, market share in terms of volume and value are almost certain to continue to decrease.

- Not surprisingly, the Japanese retail and wholesale trade in this industry in conservative in its assessment of its self-interest and the potential for innovative marketing moves such as the use of a logo to demarcate Australian sea-caught prawns as being unique, and "different."

- However, until the Australian prawn industry can convincingly demonstrate that its product is superior in terms of quality or--crucially--perceived consumer acceptance, the Japanese trade will inevitably say that Australian prawns are overpriced, etc. because they are being compared to lower-priced cultured imports.

- Thus the burden of proof is on the Australian prawn industry to show the trade and consuming market how and why its product is superior and justifies higher prices.

- In order to accomplish this crucial task, the Australian prawn industry will need to undertake aggressive, innovative and consistent promotional and marketing activities in Japan.

- One suggestion is to establish a permanent office or representative in Japan with a strong mandate to build the image of Australian sea-caught prawns and to build good relationships with the trade for the purpose of better communication. On this point, it is particularly important that the Australian prawn industry speaks with "one voice" in order to convince the market of its high quality and superior image that is "different" from other types of prawns.

- In keeping with this suggestion, it will be important to undertake aggressive promotional and marketing activities. These would include advertising, trade seminars, promotional trips for trade representatives to visit Australian facilities and public relations efforts in trade journals and the large number of mass-circulation magazines devoted to food and lifestyle.

- Although the retail sector is not expected to be a major source of immediate growth for Australian prawns, the retail sector does provide access to consumers who order prawns at high class restaurants--a major consumption point for Australian prawns. Thus in-store displays and tastings provide an excellent source of educating the consuming public to the virtues of the product.

- Furthermore, although the trade currently resists or fails to understand the potential of "branding" a commodity product such as prawns with a logo, there is potential for building "brand" awareness of the product through aggressive use of a logo--especially at upscale supermarkets and high class restaurants. If the Australian prawn industry can demonstrate through consumer nomination of its product that there is consumer demand, the trade will be much more likely to accept its usage.

- Lastly, there is substantial cause to point to the urgency of the situation. The market share of Australian sea-caught prawns has suffered considerable erosion as a result of the lower cost position and increasing quality of imported cultured prawns. The market gives every indication of continuing in this direction, unless aggressive and innovative actions are taken on behalf of Australian sea-caught prawns.

APPENDIX 4

BUDGET OUTLINE

ITEM	BUDGET (A)	BUDGET (B)	BUDGET (C)
Trade Advertising	Y 25 968 000 (42 Inserts)	Y19 826 000 (32 Inserts)	Y 13 506 000 (30 Inserts)
Consumer Advertising	Y 57 428 000 (44 Inserts)	Y 30 754 000 (42 Inserts	Y 20 388 000 (33 Inserts)
Incentive Activities for the Trade	Y 8 000 000	Y 6 000 000	Y 4 000 000
Direct Mail (Trade Only)	Y 1 000 000	Y 700 000	Y 500 000
In-Store Taste Sampling For Consumers	Tokyo/Osaka (30 Locations) (4 Weeks) Y 25 430 000	Tokyo/Osaka (20 Locations) (4 Weeks) Y 17 050 000	Tokyo Only (15 Locations) (4 Weeks) Y 12 860 000
Mail-In Quiz Campaign For Consumers	Y 5 000 000	Y 3 000 000	Y 2 000 000
P R Activities	Y 7 000 000	Y 5 000 000	Y 3 000 000
Sales Aids (Product Leaflets, Intro Kits for Salesmen etc.)	Y 3 000 000	Y 2 000 000	Y 1 000 000
Point-Of Sale Materials (Posters Price Cards, Leaflets,etc)	Y 5 000 000	Y 5 000 000	Y 3 000 000
Spare Funds	Y 5 000 000	Y 5 000 000	Y 3 000 000
SUB TOTAL	Y 142 826 000	Y 92 330 000	Y 60 254 000
Agency Fee (17.5%)	Y 25 208 789	Y 16 296 245	Y 10 634 831
TOTAL	Y 168 034 789	Y 108 626 245	Y 70 888 831
TOTAL $A	$ 2 333 816	$ 1 508 697	$ 984 567

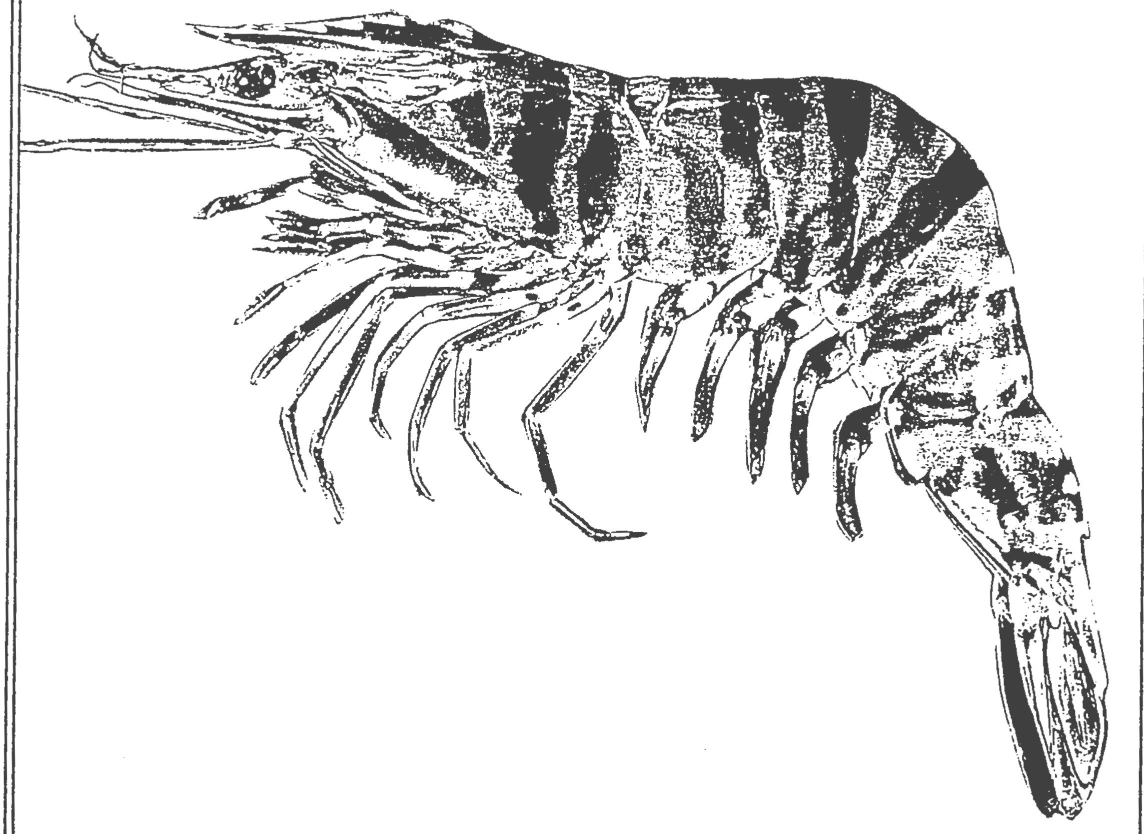
N.B. Costs based on average exchange rate $A 1 = Y 72

BUDGET (OPTION C)

ITEM	Amount $A
Trade Promotion - Japan as per previous page	$984 567
Travel	12 000
Administration	5 000
Research in markets other than Japan	5 000
Information to APPA members	2 000
Secretarial, postage, etc	2 000
TOTAL	$1 010 567

AN INDUSTRY PROPOSAL

Promoting Australian Sea Caught Export Prawns



April 1994

A PROPOSAL TO INTRODUCE A COMPULSORY LEVY TO FUND THE EXPORT PROMOTION OF AUSTRALIAN SEA CAUGHT PRAWNS

Introduction

The prawn industry is an important component of the Australian fishing industry. The industry is composed of a production/catching sector from many distinct prawn fisheries throughout Australian waters.

A processing sector and marketing sector

The product is marketed locally in Australian capital cities and regional centres, and exported overseas. Over the past ten years international export markets, especially Australia's major prawn export market, Japan, have been seriously affected by the supply of cultured prawn products from South East Asia especially Indonesia, China and Thailand. Dramatic price fluctuations have been experienced by the prawn industry year after year for the last six years and profitability for all sectors has been effected.

All Australian prawn fisheries are at the fully or over exploited stage and are being strongly managed by State and Commonwealth authorities for future biological and economical sustainability. Thus increased catches to counteract decreasing prices are not likely.

The prawn industry, through the Australian Prawn Promotion Association (APPA), has formed the view that it is necessary for the industry to develop a cohesive plan to demonstrate that Australian sea caught prawns, are of excellent quality with specific attributes in terms of size, flavour and health benefits with a specific aim of enhancing the prawn selling price. The industry has proposed that a levy be introduced to provide funds to develop a strategy to promote Australian sea caught prawns on world markets by means of innovative sales promotion and publicity activities, to demonstrate to consumers the superior quality and uniqueness of Australian sea caught prawns.

After extensive consultation with the industry over a number of years, industry has advised Government that it has decided the only way it can raise sufficient funds in a reliable manner, is for the Government to introduce a compulsory levy. This levy should be aimed at those who will be most likely to benefit from the price benefits resulting from promotion of Australian sea caught prawns overseas.

Why a compulsory levy?

Both the industry and the Government has discussed why a levy should be compulsory rather than voluntary. Experience by APPA over the past couple of years has demonstrated that it is unable to raise sufficient funds to launch a significant promotional effort without the introduction of a compulsory levy. While the level of industry support for this activity is high, this has not been reflected in sufficient supporters voluntarily providing funds. There is an equity argument that means that many people are not prepared to contribute if others will be able to "free ride" on the benefits. It is considered that the percentage of "free riders" would be high. This experience in raising funds is not unique to prawns and in recognition of the problem, the Government has raised in the order of thirty (30) compulsory industry levies in different primary producing industries to provide funds for promotion and other similar activities.

Demonstration of industry support

Before the Government would consider introducing a compulsory levy it is important that the industry can demonstrate that there has been a very high level of industry consultation, and that there is a high level of support for the proposal. This support would not only have to be demonstrated when the levy is introduced, but would also need to be maintained as the levies are collected and distributed over future years. This demonstration of support must be from those who are going to contribute to the levy.

To whom would the levy apply?

It is proposed that two types of levy be introduced.

A. A levy on exported prawns

Levy would be collected from registered prawn exporters and would be based on the weight of prawns that are exported each year. No levy would be payable by exporters who export less than 5 tonnes of prawns each year. Prawn exporters who export more than 5 tonnes per year would be levied at an initial rate of 2 cents per kilo of all prawns exported each year. The levy would be assessed in arrears and collected quarterly. The legislation introduced would allow scope for this charge to be increased in future by specifying an upper limit of 10 cents per kilo, but the Government would need to be convinced that an increase had the support of the industry before it would agree to approve the necessary legislation allowing an increase.

B. Export registered boats

A levy would be collected from all boats that are registered with the Department of Primary Industries and Energy as an export establishment and who fish for prawns. The initial recommended levies would be as follows.

Vessel Length	Rate Per Year
0 - 9.9m	$ 50.00 per vessel
10 - 14.9m	$100.00 per vessel
15 - 18m	$200.00 per vessel
Over 18m	$500.00 per vessel

These levies would be paid annually and would fall due on 30 June each year.

The legislation would specify an upper limit of 150% of the initial rates, but this levy could be increased from the initial levels to this upper limit only if the increase had the support of the industry.

Does the levy apply to Aquaculture prawns?

No. The species of prawns to be defined in the legislation will not include those species currently produced by aquaculture in Australia. If the aquaculture species change, amendments will be made to ensure aquaculture prawns are excluded from the levy.

The species of prawns which will be levied include :

Grooved tiger prawn	*Penaeus semisulcatus*
Brown tiger prawn	*Penaeus esculentus*
White Banana prawn	*Penaeus merguiensis*
Red-legged (or Indian) banana prawn	*Penaeus indicus*
Western king prawn	*Penaeus latisulcatus*
Red spot king prawn	*Penaeus longistylus*
Blue endeavour prawn	*Metapenaeus endeavouri*
Red endeavour prawn	*Metapenaeus ensis*
Velvet scampi	*Metanephrops velutinus*
Australiensis scampi	*Metanephrops australiensis*
Boschi's scampi	*Metanephrops boschmai*

Who will collect the levy?

The collection of the levy will be authorised by legislation passed by the Commonwealth Government. The Levies Unit of the Department of Primary Industries and Energy would have the responsibility of overseeing the collection process. However, in order to reduce collection costs, APPA has agreed that it will act as the collection agency. This means that APPA will contract with the Levies Unit to

- inform relevant persons that levies are due, issue levy notices and collect levies
- keep appropriate records for audit purposes and provide information to the Levies Unit
- pay the levy to the Government

However there will be limits to what APPA is able to do. For example the Levies Unit in DPIE would be the body responsible for taking action for non-payment etc., if warranted.

The contractual arrangements with the Levies Unit would ensure that adequate safeguards were incorporated if APPA were dealing with information that could be considered 'commercial - in confidence'.

Who would manage the money?

In deciding how the money collected would be managed, both APPA and the Government want to keep management costs to a minimum so that most of the money will be spent on prawn promotion. However we need to make sure that the arrangements introduced not only ensure that everyone is accountable but the process to ensure accountability is easily visible to everyone. The Fisheries Research and Development Corporation (FRDC) has offered to assist the prawn industry, by allowing its arrangements to be used to ensure that this accountability is visible. In addition FRDC will be able to assist the prawn industry because of the knowledge and networks they have established. This means that the management of the monies collected would be the ultimate responsibility of the FRDC, reporting to the Minister, but APPA would be responsible for advising the FRDC on the expenditure plans and being responsible for the management of the prawn promotion program.

In practice this would mean that APPA would

- develop a 5 year strategic plan
- develop an Annual Operating Plan (AOP), specifying how the promotional funds would be expended
- would consult with levy payers on this plan
- would provide advice to the FRDC Board
- would manage the promotion program.

The FRDC through its Board would be

- responsible for agreeing to the APPA strategic and AOPs, and or amending as appropriate, if it thought such amendments were warranted,
- seeking the Minister's agreement to the plans
- investing and managing the levies money in a separate trust fund until it was required to fund aspects of the promotion program
- responsible for ensuring that APPA followed established procedures in terms of accountability
- report to the National Fishing Industry Council (NFIC) on its operations.

All levy payers will have the opportunity through APPA meetings to contribute to the formulation of the promotional programs and decisions on the levy rates. Membership of APPA will not be a prerequisite for participating in these discussions.

Would all the money raised be used for the prawn promotion program (PPP)?

The money could only be spent on items relevant to the prawn promotion program. This would include

- programs which are part of the approved strategic and Annual Operating plans- this may include trade fairs, publicity campaign etc.
- costs incurred by APPA in collecting the levies
- costs incurred by FRDC in managing the Prawn Promotion Program account.

Both APPA and FRDC has undertaken to ensure that the costs for the latter two items are kept to a minimum. FRDC will not be able to use the money for purposes unrelated to the PPP.

When will this all happen?

All parties are working towards ensuring that the necessary legislative changes are ready for introduction in the Spring sitting of Parliament, ie. around September 1994. However it is not possible to predict when the legislation will be passed by Parliament. Presently, most pieces of legislation are required to be introduced in one sitting and then passed by the subsequent sitting. This may mean that the actual legislation for this collection and disbursement of levies may not be passed by Parliament until early 1995. This means in practice that the levy would be introduced and the first levies payable sometime between the 1st of January 1995 and the 30th of June 1995.

How do I have my say?

APPA has the responsibility of ensuring consultation with industry on this proposal. If you have any comments or questions on the proposal, please contact APPA. Their names and phone numbers are listed at the end of this brochure. APPA has the responsibility to provide the Government with information that reflects all industry views on the proposal. Please feel free to raise with APPA any concerns you have with this proposal or any suggested changes you feel should be made. APPA and the Government will be happy to hear your proposals and will consider your suggestions in the final proposal that will be put to the Minister for Resources, the Honourable David Beddall, MP.

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* **See following page for the name and addresses of APPA contacts.**

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