

A Scoping Study on the Australian Abalone Industry

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Australian Government

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OBJECTIVES:

1. To provide an analysis of both the harvest and post harvest sectors of the Australian abalone fishery.
2. To provide an analysis of global production (audit) and markets including position of abalone within overall seafood consumption.
3. To identify those areas in which there are opportunities to enhance the position of wild caught Australian abalone in the world markets.
4. To develop strategic options to deal with the national marketing and promotion issues facing the Australian abalone fishery.

NON-TECHNICAL SUMMARY:

The Australian abalone industry identified a clear need to conduct research into this area to gain knowledge, but also because there has never been such a comprehensive investigation into the Australian abalone industry, its markets, global production, abalone consumption and consumption trends and Australia's position in the market.

The report provides a cursory look at the harvest and post harvest sectors of the industry identifying areas that could reduce the benefit of market opportunities. However, it also offers an in-depth analysis of global production, consumption and consumption trends and the position of abalone within overall seafood consumption.

This was conducted via focus group meetings, one-on-one interviews and a close look at the markets in South East Asia, including Hong Kong, Malaysia, Korea, China, Taiwan, Singapore and Japan.

The report promotes an overhaul of the Australian abalone industry, in particular a closed loop supply chain and a single desk selling and marketing platform. It suggests that industry lacks cohesion with which to better position its product in the market and receive increased returns to all stakeholders.

The report offers strategic options to implement a program of industry development deal with issues relating to marketing and promotion that face the Australian abalone fishery. It provides several options, but avoids prescribing exactly what the thinks the Australian abalone industry needs to do. The only way forward is to get the majority of

stakeholders to agree what should be done to achieve better outcomes.

One of the benefits that flow from this report is that it gives anyone who reads it, a comprehensive insight into the Australian abalone industry and where it is positioned in the global market.

The comparisons between the various species of Australian abalone and others in different forms give the reader a different perspective of Australian product in the market.

The report suggests work is needed to improve the supply of quality abalone, which isn't being achieved yet. It suggests further that the Australian abalone industry is poised on a knife's edge and that a repeat of the SARS virus, or an outbreak of bird flu, could decimate the demand for abalone and cause the industry to suffer enormously.

The report also describes how the market views abalone as a commodity, and how, like other commodities, is extremely susceptible to the vagaries of the market, exchange rate fluctuations, politics.

The manner in which the product is perceived by the consumer is also exposed as being one of the greatest weaknesses facing the industry. The consumer, and a lot of the restaurant trade need to be educated in the difference between Australian species of abalone and those of other countries.

According to the report the Australian abalone industry must develop a set of nationally accredited quality standards and market its products under an overarching brand or logo that unites the Australian abalone industry as one national industry; and identifies the product as being Australian in origin and superior to all other species of abalone.

The report clearly sets out the process by which industry can support a quality standard accreditation system and the development of a logo or brand for Australian abalone.

The first step toward supporting any recommendations is to hold a series of workshops to secure support from industry to invest in developing and improving itself throughout the length of the supply chain.

Outcomes achieved:

Progressing discussions at workshops with a view to developing an implementation plan.

KEYWORDS: Closed loop supply chain, single desk selling and marketing entity, Accredited quality and product integrity standards, logo/brand.

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Also various Australian abalone industry members contributed through one-on-one interviews and focus group meetings held across Australia, in particular, Jim George, Soon Lee, Cindy Yuan, George Chung, Tony Johnston, Melinda Mullen and Kim McShane.

BACKGROUND

This application was developed because representatives from all abalone producing states agreed that the Australian abalone industry needs to enhance its position in the world market through a comprehensive marketing, advertising and promotional campaign, aligned to an industry development plan that will see the industry through the next ten to twenty years.

The genesis for this application was the first abalone convention in Adelaide where the issue of marketing was discussed as one of the challenges facing industry. At the second abalone conference a session on marketing further expanded on the issues facing industry. At this conference the industry indicated that marketing needed to be addressed as a national issue. Subsequent to the second abalone conference in Victoria, the Abalone Council of Australia (ACA) was formed. The council included marketing as a high priority in its work plan.

The ACA was successful in its application to FRDC and secured funding to engage the services of David McKinna et al Pty Ltd to conduct the Scoping Study on the Australian Abalone Industry. His report includes a detailed investigation into abalone in the major markets of China, Taiwan, Hong Kong, Korea, Malaysia, Singapore and Japan.

The report offers suggestions to change the manner in which the Australian abalone industry has operated over the past twenty years or so. It provides options ranging from a single desk selling and marketing platform to a single desk importing entity.

It further states that there is no control, or real management over supply from harvest through to market and that industry should seriously consider a closed loop supply chain in order to guarantee supply to market.

The report also criticises the lack of a uniform quality assurance standard, or program

that is accredited to ensure that Australian abalone processors produce consistent quality abalone.

There is a need now to develop such mechanisms or systems that will raise the bar for all processors to provide consistent high quality products for the market. In order to do so, industry must support the idea of implementing a program of industry development that would be funded by industry through a levy system.

This will require a majority of support from each State industry members and for their respective State governments to administer to the collection of such a levy.

NEED

Although Australian abalone currently enjoys a relatively strong position in the market through steady demand for its product, its position may be improved through a program of industry development funded by industry through a levy system.

Industry development will occur through strategies that will help to capitalize on Australia's position as a provider of quality abalone. Australia currently produces about 50% of the world's supply, and needs to improve the whole of chain system in order to set the industry up for the next twenty years.

OBJECTIVES:

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METHODS

The methodology adopted to compile a comprehensive report on the most extensive investigation into the Australian abalone industry, the market and its products was conducted using the following:

Analysis of the Australian abalone fishery –

1. A desktop research compiled and studied a range of reports that have been covered in the industry; and

2. Consultation with key industry stakeholders was undertaken through a combination of one-on-one interviews and focus groups covering each sector of the industry, including harvesters, owners, processors and value adders, marketers, exporters, major customers and associations.

The next phase was conducted through a comprehensive review/audit of both global abalone production and consumption, covering both wild caught and aquaculture abalone. The review focused on the following aspects:

1. Australian abalone production and exports;
2. Global abalone production and markets; and
3. Global abalone consumption and future consumption trends.

The third phase of the scoping study were to conduct a strategic analysis by collating the information collected and identify the issues that need to be addressed in an industry strategy.

The fourth and final stage involved the identification and development of various strategic options for industry to consider. These options will address the opportunities and challenges involved in further industry development.

RESULTS/DISCUSSION

The report is the most comprehensive investigation into global production (including aquaculture abalone), consumption and consumption trends, ever conducted in the history of the Australian abalone industry.

The report provides a valuable insight into what the market perceives as higher value and varies its demands accordingly. The report highlights the very thin edge that Australian abalone is balancing on, given its position as a major supplier and its position within the different markets (i.e. Japan, Singapore, Hong Kong, China etc).

The report contains six recommendations that, if adopted, suggests will improve Australian abalone in the market leading to an increase in returns to all stakeholders.

BENEFITS AND ADOPTION

The sector that will benefit from the adoption of some or all of the recommendations in the report is the Australian abalone industry, including quota owners, processors, divers, deckies and licence holders.

However, should the Australian abalone industry adopt some or most of the recommendations in the report, there will still be an improvement in its position in the market. This improvement may be by increased market penetration, or simply realising its full potential by reaching a price ceiling, in excess of what is currently experienced.

It is anticipated that Australian abalone will gain higher recognition for its quality, above that which the current market leader (Calmex) enjoys resulting in increased returns to all stakeholders.

The benefits will accrue to Australian abalone industry members directly, but indirectly, the Australian community and economy will benefit through improved prices received for the product, leading to a slightly better balance of trade figures (higher exports) and through the money multiplier effect through the regional, state and national economies.

FURTHER DEVELOPMENT

In order to further develop and improve the Australian abalone industry, a series of workshops will be held where all participants can hear, first hand, the recommendations of the report from the author, and to debate the pros and cons of accepting or rejecting any or all of the recommendations.

It is anticipated that after each workshop, the relevant State organisation will consider the most appropriate recommendation(s) and vote to accept or reject supporting any of them. If the State organisations support the adoption of any of the recommendations, an industry levy will be imposed to collect sufficient funds with which to progress any of the recommendations.

PLANNED OUTCOMES

The planned outcomes from this project will be to implement a program of industry development funded by industry members through a levy system to ensure sufficient resources are available to carry out the objectives of the development plan, and the promotional campaign.

The benefits of such outcomes will be translated into increased returns to all stakeholders through the enhancement of Australian abalone in the market, and an industry that will continue to improve using world's best practices and leading edge technology.

CONCLUSION

The project results include the report and more specifically the recommendations contained in the report. The report covered all the objectives which the project set out to achieve, including the comprehensive analysis of the harvest and post-harvest sectors of the Australian abalone fishery, an analysis of global production (audit) and markets including position of abalone within overall seafood consumption, the identification of those areas in which there are opportunities to enhance the position of wild caught Australian abalone in the world markets and the development of strategic options to deal with the national marketing and promotion issues facing the Australian abalone fishery.