



**FRDC**

FISHERIES RESEARCH &  
DEVELOPMENT CORPORATION

## **FINAL REPORT**

# **Southern Rock Lobster National R D & E Planning and Management**



**Ross Hodge**

**February 2017**

**FRDC Project No: 2010-402**

© Year Fisheries Research and Development Corporation.  
All rights reserved.

ISBN 987-0-9803977-4-1

## Final Report Southern Rock Lobster National R D & E Planning and Management

2010-402

2017

### Ownership of Intellectual property rights

Unless otherwise noted, copyright (and any other intellectual property rights, if any) in this publication is owned by the Fisheries Research and Development Corporation and Southern Rocklobster Limited

This publication (and any information sourced from it) should be attributed to Hodge, R. 2017 Southern Rock Lobster Planning and Management, FRDC Project 2010-402 Final Report

### Creative Commons licence

All material in this publication is licensed under a Creative Commons Attribution 3.0 Australia Licence, save for content supplied by third parties, logos and the Commonwealth Coat of Arms.



Creative Commons Attribution 3.0 Australia Licence is a standard form licence agreement that allows you to copy, distribute, transmit and adapt this publication provided you attribute the work. A summary of the licence terms is available from [creativecommons.org/licenses/by/3.0/au/deed.en](http://creativecommons.org/licenses/by/3.0/au/deed.en). The full licence terms are available from [creativecommons.org/licenses/by/3.0/au/legalcode](http://creativecommons.org/licenses/by/3.0/au/legalcode).

Inquiries regarding the licence and any use of this document should be sent to: [frdc@frdc.gov.au](mailto:frdc@frdc.gov.au).

### Disclaimer

The authors do not warrant that the information in this document is free from errors or omissions. The authors do not accept any form of liability, be it contractual, tortious, or otherwise, for the contents of this document or for any consequences arising from its use or any reliance placed upon it. The information, opinions and advice contained in this document may not relate, or be relevant, to a reader's particular circumstances. Opinions expressed by the authors are the individual opinions expressed by those persons and are not necessarily those of the publisher, research provider or the FRDC.

The Fisheries Research and Development Corporation plans, invests in and manages fisheries research and development throughout Australia. It is a statutory authority within the portfolio of the federal Minister for Agriculture, Fisheries and Forestry, jointly funded by the Australian Government and the fishing industry.

### Researcher Contact Details

Name: Ross Hodge  
Address: PO Box 305  
Hampton VIC 3188  
Phone: 0423 533 133  
Fax:  
Email: [rosshodge@southernrocklobster.com](mailto:rosshodge@southernrocklobster.com)

### FRDC Contact Details

Address: 25 Geils Court  
Deakin ACT 2600  
Phone: 02 6285 0400  
Fax: 02 6285 0499  
Email: [frdc@frdc.com.au](mailto:frdc@frdc.com.au)  
Web: [www.frdc.com.au](http://www.frdc.com.au)

In submitting this report, the researcher has agreed to FRDC publishing this material in its edited form.

# Foreword

In November 2010 Southern Rocklobster limited (SRL), Primary Industries and Resources South Australia (PIRSA), Department of Primary Industries Parks, Water and Environment Tasmania (DPIPWE) and Department of Primary Industries Victoria (DPI-Vic) reached an in principle agreement to establish an Industry Partnership Agreement (IPA) to consolidate activity in relation to the planning and funding of RD&E activity within the Australian Southern Rock Lobster (ASRL) industry. That IPA which recognised the leadership and capacity of SRL to lead the industry sector in the priority setting, development and approval of applications and the monitoring and evaluation of research formed the basis for this project.

The overarching aim of the project was to have a harmonised approach and work as a single industry across the three main Southern Rock Lobster producing jurisdictions in the planning investment and managing of RD&E in the nation's second most valuable fishery. Having an industry structured around 700 small owner operator businesses across these three jurisdictions promoted a need to ensure certainty, transparency and reduce the potential for duplication.

Being a high-value single species fishery predominately selling to one major market (China) many of the priorities for R&D projects were commonly shared across jurisdictions and therefore implementing an agreed strategic RD&E program addressed commonly shared issues. Ultimately the benefits from the individual projects planned for and delivered under this overarching project flow back to the supply chain stakeholders that provide the investment for R&D. At the same time the outputs of the projects also provide assistance for decision making by fisheries managers and direction for researchers in what R&D priorities has been established by the industry and key stakeholders.

Taking a retrospective view of completed projects approved under this program/IPA arrangement including how SRL delivered this 'overarching' project provides valuable guidance for consideration in planning and managing future R&D activities. When "investing other people's money" there is a need and a responsibility to deliver value. Since the project commenced there have been some specific key results that have seen industry already adopt new and innovative ways and technology as well as paving the way for an exciting future through reducing trade and access barriers in the main market for ASRL.

Project 2010-402 was extended in time to provide time to engage consultants to prepare the SRL Strategy 2022. The Strategy 2022 draws together the strategic themes, priorities and actions into one documents that SRL will implement on behalf of its members in the next in the next Southern Rock Lobster RD&E Planning and Management project.

Overall the majority of stakeholders have indicated their satisfaction with the outcomes that have been achieved by SRL delivering this RD&E planning and management project. This is evidenced by the support of each of the three state's peak industry bodies being signatories to the new IPA and endorsing another FRDC funded Southern Rock Lobster RD&E Planning and Management project.

# Contents

<b>Foreword (optional)</b> .....	<b>iii</b>
<b>Acknowledgments</b> .....	<b>v</b>
<b>Abbreviations</b> .....	<b>vi</b>
<b>Executive Summary</b> .....	<b>vii</b>
<b>Introduction</b> .....	<b>1</b>
<b>Objectives</b> .....	<b>3</b>
<b>Method</b> .....	<b>4</b>
<b>Results</b> .....	<b>7</b>
<b>Discussion</b> .....	<b>14</b>
<b>Conclusion</b> .....	<b>16</b>
<b>Implications</b> .....	<b>17</b>
<b>Recommendations</b> .....	<b>18</b>
Further development .....	18
<b>Extension and Adoption</b> .....	<b>19</b>
<b>Appendices</b> .....	<b>20</b>

# Acknowledgments

Southern Rocklobster Limited (SRL) would like to acknowledge the support of both FRDC and the Australian Seafood CRC over the 4 1/2 years' duration of this project. Having R&D investment from these two streams allowed SRL to consider and approve a broader scope of research activities including post harvest/market research initiatives. The regular representation by FRDC and Seafood CRC representatives at SRL Board and RD&E Committee meetings and the support and guidance they provided is greatly appreciated.

The SRL Board of Directors was chaired for most of the duration of this project by Dr Gary Morgan who made an excellent contribution to the Southern Rock Lobster National RD&E program. Prof Colin Buxton replaced succeeded Dr Morgan as XChair in October 2015. Ross Hodge was the SRL Executive Officer (and Principal Investigator) for the total timeframe of the project. During the timeframe this project was delivered the representation on the SRL Board in addition to Dr Gary Morgan was:

Rodney Treloggen	(TRLFA) also SRL Vice Chair (retired from Board 2015 AGM)
John Sansom	(TRLFA)
Roger Rowe	(SARLAC)
Justin Phillips	(SARLAC)
Kim Skeer	(SARLAC) (Retired from Board 2012 AGM)
Dr Caleb Gardner	Independent Director R&D Expertise (appointed mid 2012)
Nick Ruello	Independent Director Marketing Expertise (appointed mid 2012)
Neville Perryman	(TRLFA) appointed 2015 SRL AGM
Markus Nolle	(VRLA) appointed in early 2016 when VRLA re-joined SRL

The RD&E Committee included the SRL Chair and 2 two Directors as well as fisheries management representation from Hilary Revill DPIPW (TAS) and for the first year Mehdi Doroudi and then Annabel Jones from PIRSA provided well considered feedback to the SRL Board on project applications and reports.

SRL would also like to acknowledge the work of the various research organisations that assisted in delivering the R&D projects across the duration of this project. Of particular note are the Institute Marine and Arctic Studies (IMAS) and South Australian Research and Development Institute (SARDI) who have delivered a considerable number of projects. There have also been projects managed by CRC staff as well as one off project's that delivered exceptional outcomes South East Professional Fishermen's Association (Justin Phillips) and Kreab, Gavin Anderson & Co (Michael Morgan).

# Abbreviations

ASRL	Australian Southern Rock Lobster
AOP	Annual Operating Plan
ChAFTA	China Australia Free Trade Agreement
CRC	Australian Seafood Cooperative Research Centre
DPIPWE	Department Primary Industries Parks Water and Environment (TAS)
DPI-Vic	Department Primary Industry Victoria
FRDC	Fisheries Research & Development Corporation
GVP	Gross Value of Production
IMAS	Institute Marine and Arctic Studies at the University of Tasmania
IPA	Industry Partnership Agreement
NZRLIC	New Zealand Rock Lobster Industry Council
PIRSA	Primary Industries and Regions South Australia
R D & E	Research Development & Extension
SARLAC	South Australian Rock Lobster Advisory Council
SARDI	South Australian Research and Development Institute
SRL	Southern Rocklobster Limited
STAG	Seafood Trade Advisory Group
TRLFA	Tasmanian Rock Lobster Fishermen's Association
U-Tas	University of Tasmania
VRLA	Victorian Rock Lobster Association

# Executive Summary

Southern Rocklobster Limited (SRL) provided the services and organisational structure to support and deliver project 2010-402: *Southern Rock Lobster National RD&E Planning and Management*. R&D projects were mostly conducted across the Southern Rock Lobster producing states as well as market research in China and government focused trade and market access in Canberra. SRL being the recognised Southern Rock Lobster national body with its membership consisting of the three state bodies (SARLAC, TRLFA and VRLA) was well placed to deliver this project. The project was delivered with a focus on the annual priorities of the Research, Development and Extension (RD&E) strategic plan 2011-16, and was managed with the support and guidance of an RD&E committee.

SRL has been the body responsible for national industry RD&E in the Southern Rock Lobster fishing sector since 2006 (project 2006-215). In mid 2010 SRL, FRDC, PIRSA, DPIPWE and DPI-Vic reached in principle agreement to establish an Industry Partnership Agreement (IPA) to consolidate activity in relation to the planning and funding of RD&E activity within the Australian Southern Rock Lobster (ASRL) industry across the three jurisdictions that make up the fishery. The IPA was signed off by all parties with the exception of DPI-Vic by November that year and formed the basis of this project. This was mostly due to the Victorian Rock Lobster Association (VRLA) being non-operational at that time.

The IPA established the structure and process for ensuring greater certainty and transparency in relation to the national planning, investment and management of RD&E in ASRL. The main focus of this agreement was to govern the overall relationship between the investors and the end users of RD&E by SRL based on the preference to work as a single industry across the three main producing states.

For the five years preceding the IPA (up until 30 June 2010), SRL and the FRDC had established a Memorandum of Understanding (MOU) to guide partial investment in and management of RD&E and the adoption of research project results. That agreement was supported by project 2006-215 *Southern Rock Lobster industry research and development planning, implementation and extension* and also governed the relationship between SRL and the FRDC, but did not involve state fishery management agencies.

The objectives for project 2010-402 were:

1. Deliver resources and processes that consolidate and coordinate Southern Rocklobster RD&E planning and funding so that overall RD&E outcomes are delivered in an efficient and cost-effective way.
2. Develop a corporate structure, resources and processes for SRL Ltd that ensures:
  - a. a strategic focus on maximizing profitability across the value chain within the limits of sustainability of the resource
  - b. a high level governance at the operational, planning and strategic level and
  - c. effective engagement of all stakeholders in identifying and achieving strategic goals.

The achievement of the project objectives involved the key elements of:

1. Strategic Planning;
2. Operations Management, Administration, and Record Keeping; and
3. Coordination and Communication

In the first six months of the project a Southern Rock Lobster 2011-16 RD&E Strategic Plan was developed with input from a broad range of industry stakeholders. The plan had clearly defined objectives, priority issues and key deliverables and supported with an Annual Operating Plan (AOP). Halfway through the duration of the project, another stakeholder workshop was held to review and update the strategic plan. The Strategic Plan was also subject to annual reviews in 2012, 2013 and 2015 at which the priorities of each objective were reviewed and the AOP updated with the support of the RD&E Committee and the approval of the SRL Board.

The SRL Board of directors provided oversight to all RD&E strategies and a minimum of three face-to-face Board meetings were held each year. The RD&E Committee also met three times face-to-face each year and where scheduling allowed on the day prior to a Board meeting and sometimes as combined meetings. Before each meeting (Board and RD&E Committee) agendas financial reporting and background papers including summaries of all active projects were prepared and circulated. Detailed minutes of all meetings were taken and approved by the relevant committees. A spreadsheet was established to track all R&D projects approved and undertaken across the life of this project.

The SRL Chair and Executive Officer had regular communications and ensured the annual meeting schedule was adhered to, suitable meeting venues arranged, papers circulated in a timely manner and that there was regular dialogue with other Directors, RD&E Committee Members, R&D funding bodies (FRDC & CRC) Researchers, Fishers, Processors/Exporters and Government Agencies. Project 2010-402 also supported publishing several editions of the SRL News which were distributed in hard copy to over 800 stakeholders. A separate Communications and Extension project that was conducted at the same time as project 2010-402 supported the publishing of an additional 4 Editions of the SRL News.

The project has reinforced the IPA concept in that undertook a clearly defined strategic approach to the investment in R&D planning and management and delivered tangible outcomes with direct benefits to industry. Being able to work as a single industry across the main ASRL producing jurisdictions avoided duplication of R&D and ensured outcomes and benefits to a wider group of stakeholders. A list of all the projects undertaken is provided further on in this report and some of the specific outcomes and benefits are discussed in detail.

A total of 17 major projects were commissioned, approved, monitored and evaluated during the course of the project. Total expenditure on these projects was \$4.7 million.

The projects undertaken were in accordance with the identified priorities of the SRL RD&E Strategic Plan, 2011-16 and covered the following areas:

- Market research and trade access,
- Harvest strategies and fisheries management,
- Stock population dynamics and sustainability,
- Extension and communications and
- People development.

It can be hard to directly display the direct impact of RD&E on profitability, however over the course of the IPA and Project 2010-402 GVP has increased from \$154 million to approx \$242 million. There is no doubt that the work done especially input into the recently completed free trade agreements and harvest strategies will provide greater certainty and potential for increasing profits into the future.



The project fully met its Objectives with the mix of R&D projects benefitting all sectors and stakeholders associated with the ASRL supply chain improving profitability of the industry within the limits of resource sustainability.

It is recommended that ASRL R&D should continue to be planned and managed through an IPA arrangement to ensure maximum leverage, value for investment, harmonisation, prioritisation of research needs and transparency in the approval and delivery of projects across all jurisdictions.

With the increased GVP of the fishery exceeding \$200 million for several consecutive years for the first time and the value of capital investment in the industry of between \$2 and \$2.5 billion the level of investment from industry must be a continuing consideration, i.e. there is much to maintain and protect. Being a wild caught, live export trade in a highly regulated environment that has continual environmental and biological challenges to manage, requires investment in well planned R&D projects to ensure a sustainable and prosperous future.

### **Keywords**

**Southern Rock Lobster, *Jasus edwardsii*,**

**R&D strategic planning,**

**Market research,**

**Trade access,**

**Fisheries Management**

# Introduction

Australian Southern Rock Lobster (ASRL) is Australia's second largest wild-catch fishery (by value), below only the Western Rock Lobster fishery. In 2015 the ASRL was worth approx \$250 million at farm gate value and is located in the three southern states of South Australia (1550 tonnes), Tasmania (1050 tonnes) and Victoria (290 tonnes). Each state is responsible for management of the fishery within its jurisdiction under a series of Offshore Constitutional Settlement (OCS) arrangements

Southern Rocklobster Ltd (SRL) has been the responsible national industry research, development and extension (RD&E) body for the Southern Rock Lobster fishing sector since 2006 and coordinates RD&E activities across the three management jurisdictions. In November 2010 SRL, Primary Industries and Resources South Australia (PIRSA), Department of Primary Industries Parks, Water and Environment Tasmania (DPIPWE) and Department of Primary Industries Victoria (DPI-Vic) reached in principle agreement to establish an Industry Partnership Agreement (IPA) with the Fisheries Research and Development Corporation (FRDC) to consolidate activity in relation to the planning and funding of RD&E activity within the Southern Rock Lobster industry. Despite this in-principle agreement, Victoria did not sign the IPA until October 2015, although it was kept informed of SRL's activities throughout the project.

This agreement established the structure and process for ensuring greater certainty and transparency in relation to the planning, investing in and managing of RD&E. It was intended to govern the overall relationship between the investors and the end users of RD&E. It was based on the preference to have a harmonised approach and work as a single industry sector across the three main producing jurisdictions.

The IPA was implemented through a specific project (FRDC 2010-402) which set out the objectives and anticipated outcomes of the IPA. This report addresses the results and achievements of that project.

For the five years preceding the IPA (up until 30 June 2010), SRL and the FRDC had established a Memorandum of Understanding (MOU) to guide partial investment in and managing of R&D and the adoption of R&D results. That agreement also governed the relationship between SRL and the FRDC, but, unlike the IPA implemented under this project, did not involve State management agencies.

At the commencement of this project the industry structure comprised of around 700 small owner operator businesses across three separately managed jurisdictions with little or no capacity to coordinate investment in and manage industry RD&E. In 2008/09 the Gross Value of Production (GVP) for the Southern Rock Lobster Fishery was approaching \$200 million, achieved despite a decline in catch rates across the fishery and at a time when most lobster fisheries in the world experienced sharp contractions in value as a result of the global economic recession.

Since the implementation of the project in 2011, the value of the industry has continued to grow and is now approaching \$250 million per annum (producer or 'farm gate' prices). This has been achieved as production volumes have been wound back as a result of improved management arrangements to ensure stock sustainability and as a greater focus on product integrity and quality has been developed. These two factors have resulted in average unit product value increasing by over 70% between 2010/11 and 2014/15 from \$48 per Kg to \$83 per Kg.

More than 80% of the ASRL catch is exported with the region of China, Hong Kong and Taiwan providing the market for the majority of the exports. A coordinated strategic approach to RD&E for ASRL was vital to continue maximizing profitability across the value chain within the sustainability limits of the resource and to facilitate market diversification.

Two distinct needs were identified in considering a better national RD&E co-ordination for the sector:

1. The strategic issues of RD&E prioritization, funding and the linkages to (and support for) both industry development plans and Government(s) objectives of industry development.; and
2. The operational issues of facilitating effective communication and coordination at all levels (industry/researchers, among researchers, among industry, FRDC/researchers etc).

The new IPA was established to deal with these needs and identified resources that were required for SRL to meet its obligations in the following areas:

1. Establishing and managing an RD&E committee:
2. Engaging independent experts to both Chair and provide expert guidance to the process:
3. Develop strategic and operational plans and projects to deliver these plans:
4. Monitor and report progress: and
5. Ensure effective governance, transparency, financial control and accountability.

The issue of communications and extension of RD&E outputs was recognised as a separate, but complementary, activity in 2012 and was therefore separately funded through the FRDC project 2012-511 *Communications and Extension in the Southern Rock Lobster Fishery*.

Continuing to build industry value is dependent upon a coordinated approach for investment in development across the total industry supply chain. SRL was well established and had a track record of success in implementing the industry strategic plan and leading integration of RD&E work across stakeholders, States, Australia and New Zealand.

This project provided the capacity for SRL to deal with RD&E needs in a strategic and efficient way.

# Objectives

The objectives for this project were:

1. Deliver resources and processes that consolidate and coordinate Southern Rocklobster RD&E planning and funding so that overall RD&E outcomes are delivered in an efficient and cost-effective way.
2. Develop a corporate structure, resources and processes for SRL Ltd that ensures:
  - a. a strategic focus on maximizing profitability across the value chain within the limits of sustainability of the resource
  - b. a high level governance at the operational, planning and strategic level and
  - c. effective engagement of all stakeholders in identifying and achieving strategic goals.

These objectives remained unchanged throughout the project although the strategies used to address the objectives were modified as a result of periodic reviews of the project's 5-year Strategic Plan.

# Method

The purpose of this project was to establish the services and structure that supported effective planning, investment, implementation, management and extension of Southern Rock Lobster RD&E. The structure managed the co-investment by FRDC, the Seafood CRC, SRL and other investors as detailed in the IPA to achieve the outcomes of the Southern Rock Lobster RD&E Strategic Plan. The project invested in RD&E planning, management and reporting while ensuring there was broad stakeholder engagement, transparency of process and good corporate governance.

The project addressed the objectives as follows:

**PROJECT OBJECTIVE 1:** Deliver resources and processes that consolidate and coordinate Southern Rocklobster RD&E planning and funding so that overall RD&E outcomes are delivered in an efficient and cost-effective way

The resources delivered by the project included: (a) an Independent Chair of the Board and of the RD&E committee, (b) the Principal Investigator, (c) establishment of the SRL Board, including independent Directors with specific expertise in RD&E management and in marketing (d) establishment of mechanisms for the involvement of State Departments of Fisheries and research partners in SRL activities and deliberations (e) provision of administrative services/executive officer role, office facilities, communication equipment and industry networks.

## **Strategic Planning Process:**

The consolidation and coordination of RD&E planning was achieved through an annual strategic RD&E planning and investment program process that established priorities and developed annual operational plans to achieve those priority projects. The process was led by a RD&E subcommittee comprising 2 SRL Industry Board members, a State Department manager representative from each of South Australia and Tasmania and the SRL Independent Chair of the RD&E committee. The committee was supported by the Principle Investigator (SRL EO). While Victorian representatives were not included on the RD&E Committee until they signed the IPA in 2015, Victorian industry and Government representatives were invited and often attended the annual strategic planning meetings.

The initial Strategic Plan (2006) had six investment platforms as follows:

1. Market Development and Planning
2. Optimising the harvest
3. Sustainability and environment
4. Viable funding for SRL
5. Human resources and communication
6. Running the business

In July 2011 and as part of this project, a new RD&E Strategic Plan was developed in consultation with industry and Government partners and research stakeholders. This Strategic Plan, which covered the period 2011-15, was then reviewed in 2012, 2013 and 2014 to ensure the new areas of responsibility in the Industry Partnership Agreement were dealt with and that the RD&E strategy remained relevant to the industry's needs.

This process of regular reviews resulted in some modifications to the 2011-15 strategic plan which were documented and the revised strategic pan circulated to all stakeholders

**PROJECT OBJECTIVE 2:** Develop a corporate structure, resources and processes for SRL Ltd that ensures:

- a) a strategic focus on maximizing profitability across the value chain within the limits of

sustainability of the resource

- b) a high level governance at the operational, planning and strategic level; and
- c) effective engagement of all stakeholders in identifying and achieving strategic goals.

The Resources provided to achieve this objective were: Independent Chair/Director RD&E, Executive Officer (Principal Investigator), SRL Board, State Departments of Fisheries, industry contacts and networks, administrative services, office facilities and communication equipment.

**(a) A strategic focus on maximising profitability across the value chain within the limits of the sustainability of the resource:**

This element of the project was achieved by the implementation of a strategic planning framework (detailed above) in partnership with industry and other stakeholders. This included considerable stakeholder engagement to review, on an annual basis, the strategic RD&E plan (including the development of appropriate projects) that supported the objectives and priorities. In addition, and to ensure that this focus was maintained, the RD&E Committee:

- Established direct links to grass roots fishers and processors/exporters through the State networks to develop priorities and projects
- Engaged independent experts as required
- Made the Strategic Goals, Strategic Plan and AOP publicly available and built awareness about the Plans through SRL Newsletters, CRC and FRDC publications and through State based industry associations.
- Monitored all ongoing projects on a regular basis and provided feedback to project investigators and FRDC
- Implemented a process of assessing the outcomes of completed projects to ensure that projects contributed to this focus
- Produced regular project summary progress reports.

**(b) A high level governance at the operational, planning and strategic level:**

A high level of Governance of SRL's operations was maintained throughout the project by:

- Ensuring that a high level governance experience was maintained on the Board
- Adopting a Constitution that specified, among other issues, the role of SRL, reporting requirements, conduct of meetings etc.
- Developing and maintaining a documented Governance Principles document which was adopted by the Board in April 2011 and to which all Board members were required to adhere. These Governance Principles were consistent with ASIC guidelines and covered issues such as conflicts of interest, ethical and responsible decision making, financial reporting and risk management.
- Undergoing an external Performance Review in 2014 by an independent, FRDC appointed reviewer to ensure high standards of Governance were being adhered to.
- Engaging appropriate accounting resource to monitor income and expenses
- Holding an open Annual General Meeting (as required by SRL's Constitution) to present audited accounts and an overview and performance audit of operations
- Providing up to date financial reports and projections to the Board at both the project and organisational level
- Reviewing project outcomes;
- Overseeing reporting to funding agencies
- Undertaking an annual independent audit of finances, and
- Ensuring all other statutory reporting obligations were met.

**(c) Effective engagement of all stakeholders in identifying and achieving strategic goals:**

Effective and continuous engagement of all stakeholders was achieved at both the Board and RD&E Committee level by the following operational activities:

- Establishing direct links to grass roots fishers and processors/exporters through the State networks to develop priorities and projects
- The Executive Officer and/or Chair regularly attending Board and other meetings of State-based industry organisations
- Communicating the Strategic Plan and AOP project outcomes to all stakeholders
- Undertake projects
- Linking back to existing State based industry organisations on project delivery.
- Communicated Project Progress with stakeholders
- Liaison with project managers & report progress to SRL Board
- Preparing Summary Project updates
- Seeking input from stakeholders and research partners in the lead up to the Strategic planning workshop

# Results

**PROJECT OBJECTIVE 1:** Deliver resources and processes that consolidate and coordinate Southern Rocklobster RD&E planning and funding so that overall RD&E outcomes are delivered in an efficient and cost-effective way.

Over the life of Project 2010-402, project implementation was guided by the RD&E Strategic Plan, 2011-15 and its associated annual operational plans. The last major review of the 2011-15 RD&E strategic Plan was undertaken in July 2014 and the objectives were updated to:

***Objective 1: Add Value Along the Supply Chain from Fisher to Customer***

Priority issues to be addressed under this Objective were:

1. Market Development Strategy/Plan and actions to address:
  - *Direct China Market Access*
  - *Diversification of Markets*
  - *Product substitution, traceability, differentiation and branding*
  - *Identifying opportunities for greater marketing co-operation and strategic R&D alliances with New Zealand*
2. Development of market-specific product standards, based on Clean Green Certification
3. Funding of marketing and promotion activities, including generic market promotion in key markets and traceability initiatives to support product branding
4. Development of Emergency Response plans with emphasis on an Emergency Response Plan for toxic algal blooms

***Objective 2: Optimize Fisheries Production***

Priority issues to be addressed under this Objective were:

1. Guidelines for harvest strategies that optimize returns, including third party certification of those strategies and management arrangements. An understanding of harvest strategies on individual enterprises as well as industry averages is important for assessing the impact of management arrangements and decisions.
2. Reduce production costs, for example by investing in electronic data collection
3. Maintaining an oversight of rock lobster propagation and stock enhancement and investing in such research activities as appropriate
4. Understanding stock wide population dynamics
5. Improving security of access to stocks
5. marketing and promotion activities, including generic market promotion in key markets and traceability initiatives to support product branding
6. Development of Emergency Response plans with emphasis on an Emergency Response Plan for toxic algal blooms

***Objective 3: Promote and Support People Development Across All Sectors of The Southern Rock Lobster Industry.***

Priority issues to be addressed under this Objective will be:

1. To improve communications and co-ordination across all SRL processes and stakeholders
2. To identify and deliver training and capacity building needs
3. To undertake extension activities to communicate R&D results and activities (workshops, industry meetings, newsletter, website etc)
4. To identify and address obstacles to recruitment, including collaboration with other primary industry sectors as appropriate

**Attachment 1** provides the most recent version of the RD&E Strategic plan



The following RD&E projects were reviewed and commenced and/or completed:

**N.B.** Links have been included to the final reports or summaries of the completed projects which are available on-line

Funding Organisation Project Number	Project Title	Principle Investigator	Organisation
Seafood CRC 2006-216	Development of supply chain, distribution and communications tools to support entry of Australian Southern Rock Lobster into the super-Premium fine-dining sector in the USA <a href="http://www.seafoodcrc.com/southern-bluefin-tuna/southern-bluefin-tuna-communication-tools-to-support-entry-of-australian-southern-rock-lobster-into-the-usa">www.seafoodcrc.com/southern-bluefin-tuna/southern-bluefin-tuna-communication-tools-to-support-entry-of-australian-southern-rock-lobster-into-the-usa</a>	Roger Edwards	SRL
Seafood CRC 2009-762	Assessing costs & benefits of changing fishing practices in the Southern Rocklobster fishery <a href="https://www.seafoodcrc.com/components/com_virtual-library/view/fulltext/1234">https://www.seafoodcrc.com/components/com_virtual-library/view/fulltext/1234</a>	Tim Emery	IMAS
Seafood CRC 2009-714.20	Bio-economic Business support tools for Southern Rock Lobster <a href="https://www.seafoodcrc.com/southern-bluefin-tuna-of-invertebrate-fisheries-part-2-southern-rocklobster">https://www.seafoodcrc.com/southern-bluefin-tuna-of-invertebrate-fisheries-part-2-southern-rocklobster</a>	Richard McGarvey	SARDI
Seafood CRC 2009-715	Optimising Business structures and fisheries management systems for key fisheries	Tim Ward	SARDI
Seafood CRC 2012-715	Preliminary investigation into alternative markets in Asia for Australian Southern Rock Lobster <a href="https://www.seafoodcrc.com/southern-bluefin-tuna/markets-in-asia-for-australian-southern-rocklobster">https://www.seafoodcrc.com/southern-bluefin-tuna/markets-in-asia-for-australian-southern-rocklobster</a>	Jayne Gallagher	Grey Group
FRDC 2011-250	Assessing functionality and suitability of the Iphone application Deckhand for on-board data collection data capture in Southern Australia Rock Lobster Fisheries <a href="http://frdc.com.au/research/Final_Reports/2011-250">http://frdc.com.au/research/Final_Reports/2011-250</a>	Justin Phillips	SARLAC
Seafood CRC 2011-744	Commercialising translocation of Southern Rock Lobster	Caleb Gardner	IMAS
FRDC 2011-020	Developing cost effective techniques for monitoring puerulus settlement in all conditions <a href="http://frdc.com.au/research/Final_Reports/2011-020">http://frdc.com.au/research/Final_Reports/2011-020</a>	Stewart Frusher	IMAS
FRDC 2011-072	Assessing the feasibility of spatial management in the South Australian Northern Zone fishery <a href="http://frdc.com.au/research/Final_Reports/2011-072">http://frdc.com.au/research/Final_Reports/2011-072</a>	Adrian Linnane	SARDI
Seafood CRC 2012-741 and 2012-741.10	Market Diversification Opportunities for Southern Rock Lobster <a href="https://www.seafoodcrc.com/product-and-market-development/lobster-srl-market-diversification-study-members.html">https://www.seafoodcrc.com/product-and-market-development/lobster-srl-market-diversification-study-members.html</a>	Jayne Gallagher	McKinna & Associates
Seafood CRC 2012-765	Business Case for Clean Green Program <a href="https://www.seafoodcrc.com/southern-bluefin-tuna/framework.html">https://www.seafoodcrc.com/southern-bluefin-tuna/framework.html</a>	Carlyn Sherriff	Rural Directions
Seafood CRC 2012-704	Industry Strategies to Support intergovernmental negotiations concerning the export of Australian Rock Lobster and Abalone to China <a href="https://www.seafoodcrc.com/product-and-market-development/and-market-access-to-the-people-s-republic-of-china">https://www.seafoodcrc.com/product-and-market-development/and-market-access-to-the-people-s-republic-of-china</a>	Jayne Gallagher	Kreab & Gavin Anderson
FRDC 2012-511	Communications and Extension in the Southern Rock Lobster Fishery <a href="http://frdc.com.au/research/Final_Reports/2012-511">http://frdc.com.au/research/Final_Reports/2012-511</a>	Ross Hodge	SRL

Seafood CRC 2013-714 2013-714.10 2013-714.20	Establishing improved trade access and market development for Australia's Abalone and Rock Lobster to China (Seafood Trade Advisory Group)	Jayne Gallagher	
Department Industry Science Regions Tertiary Education- Agrifood Skills Council	Recognition of SRL Clean Green Program through an Endorsed Training Package/Skill-set	Ross Ord	Agrifood Skills Council
Seafood CRC 2013-713	Understanding and reducing the risk of paralytic toxins in Southern Rock Lobster	Tom Madigan	SARDI
FRDC 2013-232	Rocklobster Trans Tasman cooperation workshop	Ross Hodge	SRL
Seafood CRC 2013-749 2013-749.40	Understanding the market positioning opportunities for Southern Rock Lobster in China	Jayne Gallagher	DAUXE
Seafood CRC 2014-702	Informing spatial and temporal management of the South Australian Northern Zone Rock Lobster Fishery	Adrian Linnane	SARDI
FRDC 2014-025	Developing cost effective industry based techniques for monitoring puerulus settlement in all conditions: Phase 2	Stewart Frusher	IMAS
Seafood CRC 2014-726	Measuring condition of lobsters to improve management of harvesting around periods of high transport mortality <a href="https://www.seafoodcrc.com/southern-bluefin-tuna-management-of-harvesting-around-periods-of-high-transport-mortality">https://www.seafoodcrc.com/southern-bluefin-tuna-management-of-harvesting-around-periods-of-high-transport-mortality</a>	Cedric Simon	IMAS
Seafood CRC 2014-725	Dynamic Growth in Translocated Lobsters <a href="http://frdc.com.au/research/Final_Reports/2014-725">http://frdc.com.au/research/Final_Reports/2014-725</a>	Bridget Green	IMAS
ARC Pathways to Market and FRDC 2016-228	Traceability Systems for Wild caught Lobster (Phase 1)	Robin Fieldhouse	SENSE T – UTAS
FRDC 2016-208	Waste to Profit in Urchin Fisheries	John Keane	IMAS

All projects were subjected to ongoing monitoring by SRL's RD&E Committee and, in addition, 5 completed projects were subject to formal presentations by the Project Principle Investigator to the RD&E Committee as to the outcomes achieved. This latter process was implemented to ensure projects were the expected outcomes to support industry development.

The total spend committed to the projects listed above over the past 5-year period was just over \$3.8 million (combined FRDC and CRC funds) with an additional \$900,000 being provided outside of SRL/IPA funds. These figures do not include any of the considerable in-kind contributions from industry to projects and the various contributions made by other stakeholders.

The combined spread of individual project objectives and associated outcomes and benefits aligned with the objectives and priorities of the RD&E Strategic Plan. As identified in the RD&E plan, projects addressed key areas of:

- Market research and trade access,
- Harvest strategies and fisheries management,
- Stock population dynamics and sustainability,
- Extension and communications and
- People development.

Of these, the least progress was made with people development projects (apart from Clean Green Training conducted by SRL) although all other of the key areas were comprehensively addressed.

While all of the projects provided beneficial outcomes for industry there have been some specific key results that have seen industry already adopt new and innovative ways and technology as well as paving the way for an exciting future through reducing trade and access barriers. They are:

- FRDC 2011/250 *Assessing functionality and suitability of the Iphone application Deckhand for on-board data collection data capture in Southern Australia Rock Lobster Fisheries*. The program (software and use of IPAD) has been fully adopted by the SA Rock Lobster Industry and being trialled in Tasmania. In SA the industry has now moved to a fully electronic (paperless) daily reporting of catch and effort. The benefits to industry outweigh the investment by fishers in the trialling and development phase and the 'one off' costs of hardware and software with the quality and timeliness of the data being produced has met expectations.
- Seafood CRC 2011/744 *Commercialising translocation of Southern Rock Lobster* Conducted over two years on a pilot scale that resulted in over 150,000 juvenile lobsters from areas that had been identified as having an over abundance of under size stock and translocating them to enhance areas that were identified as having low stock numbers. At the completion of the research project industry identified the benefits and have since taken control of the program and funding it through a per quota unit contribution. It now continues as an industry managed program.
- Seafood CRC 2012/704 *Industry Strategies to Support intergovernmental negotiations concerning the export of Australian Rock Lobster and Abalone to China* and Seafood CRC 2013/714 and 2013/714.10 and 2013/714.20 *Establishing improved trade access and market development for Australia's Abalone and Rock Lobster to China*.

These projects are all linked and initially resulted from a Market Research and Development Workshop for Lobster Exporters SRL held in Melbourne on 3<sup>rd</sup> April 2012 with the support of the Seafood CRC. The workshop was organised in response to issues regarding border closures by the Chinese Authorities and identified a number of issues stemming from the indirect trade route that had evolved over many years. The outcome was the Rock Lobster and Abalone (experiencing similar issues) sectors working together and jointly take their concerns to Canberra to ensure the issues being faced was understood and profile and importance of our industries was recognised. The initial project (2012/704) saw the formation of the Seafood Trade Advisory Group (STAG) which became very active in advising the key (political) decision makers of the complexities and barriers in the trade of Rock Lobster and Abalone into China. In November 2014 the Chinese and Australian Governments announced a formal agreement on a Free Trade Agreement (ChAFTA) between the countries that would lead to reducing the tariffs on Rock Lobster and Abalone to zero. While the ChAFTA will not deliver instant changes to trade arrangements it is however the key to unlocking the door to resolve these issues and creating a level playing field with countries such as New Zealand and Chile who already enjoy full zero-tariff access to the China market. It will create opportunities for new markets across China, improved supply chain management by exporters, promoting product to end-users and for reducing the risks currently experienced in getting product into that market.

In addition, a number of important advances have been made as part of the project in supporting industry future development through both specific research projects and ongoing SRL activities. These include:

- Further development of the industry 'Clean Green' product standard and recognition of parts of the standard as providing equivalency for a number of Government regulatory requirements. This has resulted in a more general adoption of the Clean Green standard by industry and added demands for training in the standard. It is expected that the more general adoption of the Clean Green standard and its recognition by Government regulatory bodies will not only ease the cost to industry of compliance with Australian Government regulatory requirements but also will provide an important platform for generic promotion of southern rock lobster in its major markets.
- Establishing closer collaborative relations with the New Zealand industry, including undertaking joint projects related to marketing in China. Such collaboration, initiated by SRL, is likely to continue in the future and will result in reduced costs to the Australian industry of undertaking future R&D on issues that are important to both countries. This is likely to include biotoxin research, gear technology and additional joint market research.
- A significant increase in the understanding and knowledge of the southern rock lobster by Government and the public. This has been achieved through a combination of activities including specific projects (especially CRC 2013/714 and 2013/714.10 and 2013/714.20 on trade access issues) as well as regular publications such as the SRL Newsletter and direct contacts with key business groups such as the Australia China Business Council and others. This better understanding of the industry has already resulted in significant advantages for the industry during Free Trade Agreement negotiations with Japan, Korea and China as well now-consistent invitations to speak at major agribusiness forums, such as the 2015 Australia-China Food Summit. This better appreciation of the importance and practices of the industry will provide an important future platform for the industry's 'social licence' in Australia as well as for product appreciation and promotion activities in major markets such as China

One of the important aspects that have been reinforced in planning, approving and implementing successful projects is ensuring there is industry support and involvement as co-investigators where possible from the outset when preparing a R&D proposal. Good results and adoption of outcomes have consistently flowed from projects that have had a high level of industry involvement/inclusion in the planning and delivery processes.

A time extension and additional funding to project 2010-402 was granted by FRDC to develop SRL Strategy 2022. Working with Consultants Ridge Partners (Ewan Colquhoun) the SRL Board worked with key stakeholders including the RD&E committee through number of workshops and planning sessions to develop the Strategy document. SRL Strategy 2022 draws the strategic themes, priorities and actions together into one document that SRL will deliver for its members over the next 5-years. The Strategic Goals of the SRL Strategy 2022 are:

1. Secure access to a sustainable resource, which is harvested efficiently and safely in collaboration with other fishery users.
2. Community engagement with and acceptance of southern rock lobster fisheries and policies
3. Discerning seafood consumers prefer SRL's offer, in Australia and overseas
4. An SRL that is engaged and influential in industry, communities and government
5. Professional people and strong governance

**Attachment 2** A copy of the SRL Strategy 2022

**PROJECT OBJECTIVE 2:** To develop a corporate structure, resources and processes for Southern Rock Lobster Ltd that ensures:

- a) a strategic focus on maximizing profitability across the value chain within the limits of sustainability of the resource
- b) a high level governance at the operational, planning and strategic level and
- c) effective engagement of all stakeholders in identifying and achieving strategic goals.

The focus on maximising profitability across the value chain has resulted in SRL investing in projects that (1) improve and secure market access (2) improve management outcomes and ensure long term sustainability of the stock – this has resulted in a reduction in overall landings as quotas have been set more conservatively (3) support the ‘Clean Green’ product standard to provide consumers with confidence of the quality, safety, provenance and ethical production methods used in the production process and (4) reduce operational costs through initiatives such as streamlining and modernising reporting requirements.

These initiatives have supported the growth in both gross value of the industry and a 70% increase in unit value over the past 5 years. In the 2012/13 year the GVP exceeded \$200 million for the first time and in the 2014/15 year a new GVP high of near to \$250 million is likely to be achieved. This compares with a GVP of \$154 million in 2010/11 when the project began.

While total statistics for 2014/15 have not been compiled the increase in one State (TAS) that was available at the time of preparing this report has indicated a potential GVP growth of 4 - 5% for that year on the 2013/14 when \$228 million GVP was achieved. Anecdotal feedback from fishers indicates that strong beach prices for the current year (2015/16) have continued while it might not translate into another GVP high, it should nonetheless continue the upwards trend.

Unit values have increased significantly during the project period, rising from \$48 per Kg in 2010/11 to \$83 per Kg in 2014/15, an increase of more than 70%. This increase in unit value, together with a modest increase in catch rates as total landings were constrained by quotas, has resulted in significant upward pressure on industry profitability for producers. Exporters have also benefited from this increase in unit price, being able to improve their margins. There remains, however, issues related to operational costs and improved industry productivity that need to be addressed if the profitability gains are not to be eroded in the future.

SRL has adopted a corporate structure that has enabled the project objectives to be achieved and the expected outcomes of improved economic performance of the industry to be realised. This corporate structure, which includes a Board, a separate, expertise-based RD&E committee and an independent Chair of both the Board and R&D Committee, all operating in close liaison with Government, research and industry stakeholders, is formalised in SRL’s Constitution and IPA and operates in accordance with its adopted Governance principles and was guided by the 2011/15 Strategic R&D Plan.

The SRL Executive Officer (project Principal Investigator) provided the operational aspects to achieve this objective with direction from the SRL Board and RD&E Committee. In terms of reporting, monitoring and governance the SRL Board:

1. Engaged with all stakeholders in setting strategic goals for industry development, monitor (annually) progress towards achieving those strategic goals and reviewed annually and modified where required the Strategic RD&E plan that supported the overall strategic goals
2. Ensured a high level governance experience was maintained on the Board and ensured there were appropriate appointments made to replace retiring directors.

3. Engage appropriate accounting resource to monitor income and expenditure
4. Hosted an open annual general meeting where audited accounts were presented as well as an overview and performance audit of SRL's financial operations
5. Provided up to date financial reports and projections at both the project and organisational level
6. Reviewed project outcomes;
7. Oversaw reporting to funding agencies
8. Undertook an annual independent audit of finances, and
9. Ensured all other statutory reporting obligations were met.

**Attachment 3** A copy of an SRL Annual Report

# Discussion

Project 2010-402 *Southern Rock Lobster National RD&E Planning and Management*; ensured that industry investment in R&D was undertaken strategically and aligned with agreed goals, with the industry itself taking a greater role in the prioritisation and approval of research projects. It was a project that required a lot of organisation, consultation, communication and stakeholder involvement to deliver a successful result.

SRL is confident that all of the objectives of this project have each been fully delivered as detailed above. In addition to fully meeting all the objectives, SRL has been able to provide additional support and services that have contributed to increased industry development that would otherwise not have been achieved. These additional achievements make SRL and the Southern Rock Lobster industry, well placed to build on these achievements to ensure a sustainable, profitable and community supported industry in the future.

It is also worthy of noting that at the beginning of the project SRL had appointed a new Chair, Dr Gary Morgan and a new Executive Officer, Ross Hodge. Both of these appointments brought a history of fishing/seafood industry experience to their individual roles. Their experience and ability to build relationships with industry was important for SRL as a previous project had created a fair level of division in the industry and some resentment towards SRL. Their ability to communicate with industry proved to be important in being able to confirm the key role of SRL for a more harmonised approach to R&D and the general development of the industry has been important to the success of this project.

This project has been the core activity of SRL for the past four and a half years and it has enabled the organisation to take on a much broader development and representative role for the Southern Rock Lobster industry in addition to the planning and managing R&D. On behalf of its member organisations SRL had an active role in:

- Trans Tasman Conferences – Presenting papers in 2013 and 2015
- Preparing Submissions for:
  - Parliamentary Review (VIC) into the impact of food safety Regulations
  - National Marine Science Plan
  - Senate Inquiry into the collection and use of funds by R&D Corporations
  - Productivity Commission Inquiry – Marine Fisheries and Aquaculture
- Supporting the FRDC in a number of areas, including the organisation's proposed re-location, FRDC/CRC interactions and national industry representation. Having FRDC present as an observer at each SRL Board meeting greatly enhanced the level of collaboration and dialogue between the two organisations.
- Australian China Agricultural Cooperation Agreement (ACACA) – Successfully applied for a Project to undertake a (ACACA) Mission to China titled *Strengthening the Southern Rock Lobster Supply Chain into China*. The information gathered on this mission and the final report have been valuable in feeding into several R&D projects addressing trade and market barriers.
- Ongoing development and uptake of the Clean Green Program:
  - Has been updated and now recognised as an Equivalent solution to meeting the Australian Maritime Safety Authority's (AMSA) legislative requirements of the National Standard for Commercial Vessels Part E (operations)
  - Successfully applied for funding to conduct more training to increase participation in the program

- Live Export Documentation – being a predominantly live export industry the Clean Green Product standard was used to develop “Recommended Guidelines” documentation for managing live Australian Southern Rock Lobster exports/holding and providing a humane killing procedure. This documentation is made available to exporters to use in shipments of lobster.
- Response to market access issues (China) – trade issues with China have been a constant across the life of this project and understanding and responding to the complexities has been ongoing – it is anticipated that the ChAFTA will provide the opportunity to redress many of the existing trade access issues
- International Delegations – the China Australia free Trade negotiations generated a lot of interest from Asian seafood importers to visit Australia and meet with industry and SRL facilitated a number of meetings in the various states
- Trans Tasman Collaboration – New Zealand Rock Lobster Industry Council (NZRLIC) have regularly attended SRL Board and/or RD&E Committee meetings since 2013. There have also been joint research initiatives and the CEO of the NZRLIC has regularly contributed articles to the SRL News publication which were subsequently distributed electronically to the New Zealand Industry.
- Tri-State Collaboration – one of the key outcomes of SRL’s role in delivering this project has been the structure that SRL provided for regular dialogue between South Australian and Tasmanian industry representatives with Victoria also participating in the past year. While referred to as the Southern Rock Lobster Fishery it is managed by three separate jurisdictions which present a number of challenges regarding efficiency and consistency. This project has ensured an effective process for planning, managing, funding, delivering and monitoring R&D projects as well as responding to other issues that jointly affect the whole of the industry.



# Conclusion

This project has served industry well for the past 4.5-years and will be remembered as a successful stakeholder driven initiative. The project has also resulted in a significant increase in support for SRL and its role in bringing the key stakeholders in the national fishery together for mutual benefit. It has established and provided a successful template which can be built upon in the future, via new mechanisms such as updated 2016 Industry Partnership Agreement, to further improve engagement and coordination of R&D initiatives into the future within the 3 Southern Rock Lobster producing states as well as with other Australian Rock Lobster producing states and New Zealand.

While the template is a flexible one, the basic concept behind it remains the same. That is; industry, government, researchers and funding agencies [all fishery stakeholders or their representatives] moving forward on an agreed and common path will better utilise available R&D funds and know-how to achieve real and beneficial outcomes for the whole-of-industry.

The project has delivered:

- Southern Rock Lobster Industry National R&D priorities established through the development of a new 2011-2016 RD&E Strategic Plan Annual Operating Plan updated regularly.
- R&D priorities set to maximise investment, avoid duplication and achieve the greatest potential return capitalizing on leveraging opportunities wherever possible.
- An annual operating plan for R&D that takes into account the broad industry development opportunities.
- Projects that have delivered tangible outcomes with clear evidence of industry adoption including new and innovative technology.
- Clear messages to researchers about R&D needs and priorities.
- A more efficient process for planning, managing, funding, undertaking and monitoring research projects linked to the national R&D strategy and the opportunity to maximise collaboration between researchers, fisheries managers and fishing industry interests.
- Continuous improvement in the quality and co-ordination of research undertaken in support of a national R&D strategy.
- Planned extension activities around the Strategic Plan delivered annually.
- Greater adoption of R&D results through education as part of industry programs such as Clean Green.
- An identified clear pathway forward for the future of the Southern Rock Lobster Fishery with the development of an Industry Strategic Framework.
- A significant contribution to addressing market access and trade barriers with the country/ies that buy the most volume and pays the premium price for ASRL.
- SRL Strategy 2022 that will position the sector to take best advantage of its options and choices over the next five years.

# Implications

This project has provided the framework to ensure the investment in ASRL R&D delivered outcomes that will provide benefits along the supply chain and for the management of fisheries. The combination of projects addressed key areas of harvest strategies, fisheries management, industry profitability, stock population dynamics and sustainability, market/trade access, extension & communications and people development.

The focus of this project was to ensure that the R&D investment delivered projects that aligned with the objectives and priorities of the RD&E Strategic Plan. All applications were reviewed and where necessary feedback was provided on required changes before being approved and delivered. In some instances, projects were not approved as there was a lack of alignment with the strategic plan and/or the benefits were questionable.

As an industry that has achieved a GVP in excess of \$220 million in 2013/14 year (and approaching \$250 million in 2014/15) and with a capital investment of approx \$2.5 billion over the three Southern Rock Lobster producing states the R&D project investment of some \$4.7 million (including additional \$900,000 of leveraged funds) could be considered as somewhat falling short of what industry truly requires. The R&D expenditure comprises only about 2% of current GVP, significantly less than other Australian agricultural industries and well short of the 5% that is usually considered a minimum figure for supporting industry development.

A percentage increase in R&D expenditure in line with GVP growth will be required if the momentum of industry growth in value is to be maintained. However, the priorities for R&D expenditure will inevitably change as new opportunities and innovations are recognised that can improve industry long term profitability without compromising stock sustainability. It is anticipated that such new opportunities will be increasingly found in harmonising regulations across jurisdictions, fishing gear modifications, managing external drivers such as Bio-toxin events, better supply chain management, the development of new products and packaging and in market promotion and research that builds on the product's current reputation, under-pinned by the 'Clean Green' product standard. These are common issues to all jurisdictions and SRL is best placed to drive the prioritisation and establishment of RD&E priorities and make them into opportunities for industry.

# Recommendations

As this project has provided the overarching planning and management for a number of projects there are always opportunities being identified to build on the outcomes of projects that have been undertaken, it is therefore recommended that consideration be given to:

- Continuing to support the work of the Seafood Trade Advisory Group and SafeFish in market access issues
- Identifying opportunities for joint market research/development and promotional projects with other export sectors
- Encouraging greater involvement of processors/exporters in RD&E planning and management
- Initiating discussions with industry on a better formula for contributing to R&D activities, given the increasing GVP and capitalisation of the industry, and the opportunities provided by ChAFTA and other Free Trade Agreements
- Continuing to build on the reputation of ASRL having recognition as the premium/fine dining lobster in Asia
- Building ongoing collaboration with other Rock Lobster producing states (i.e. other than ASRL) and the relationship with New Zealand including importers in regards to market/trade R&D
- Addressing people development across the industry – identifying and encouraging “young” leaders to become engaged in the future of the industry and identifying the particular skill sets required to take the industry to where it needs to be

The Southern Rock Lobster strategic framework for 2016-21 which is currently being developed will provide additional details on these and other priorities.

## Further development

Being an industry based on a wild caught live export product managed in a highly regulated environment over 3 jurisdictions that has continual ecological and biological challenges (e.g. algal blooms and stock sustainability) will always require appropriate R&D investment. Therefore, ongoing R&D (including market research) that targets the strategically planned goals and priorities of industry should always be the focus of the ASRL industry.

Keeping up with the challenges and also having the capacity and resources to address emerging and/or emergency situations and opportunities can only continue to be managed through a well resourced body to manage not just the R&D but also the general development of industry need to be a serious consideration for all stakeholders in ASRL.

The recent decision by SRL to develop a Strategic Framework for the industry (SRL Strategy 2022 with focussed supporting RD&E) should provide the opportunity for an ongoing proactive approach to industry leadership and direction. The success will be based on the level of resourcing provided to match the aspirations of the industry leaders who identify the direction for continual progress and what needs to be done to achieve those goals. The resourcing would come from industry and government as well as ‘other’ leveraging opportunities.

# Extension and Adoption

The extension and adoption of project outcomes has been achieved throughout this project 2010-402 for projects that have been completed under the SRL/IPA arrangement. Having key decision makers involved from industry, fisheries management authorities and to some extent exporters (through STAG) has ensured a flow of information that has delivered benefits from completed projects.

There are a couple of keys to ongoing successful extension and adoption, being:

1. Maintain the stakeholders that currently contribute to the RD&E planning and management process as they provide a clear conduit back to the key state members bodies, fishery managers, researchers, exporters, etc to promote the adoption of outcomes.
2. Having a means of continuing to communicate the outcomes of R&D projects and other developments back to the grass roots of industry such as has been achieved with the SRL News publication.

From the funds for this project SRL has delivered two editions of the 'SRL News' publication which is distributed in hard copy to about 850 individuals and organisations with interests in the ASRL industry. Each edition of this publication provided articles on projects and associated outcomes as well as other items on general interest to the Rock Lobster industry. It has proved a great resource for communicating and delivering a consistent message to industry. Another 4 editions of the SRL News were also produced and distributed through a Communications and Extension project (2012/511) that SRL delivered during the course of this project.

**Attachment 4** – Copies of SRL News produced for this project

# Appendices

**Attachment 1:** Most recent version of the RD&E Strategic plan

**Attachment 2:** Copy of SRL Strategy 2022

**Attachment 3:** Copy of an SRL Annual Report

**Attachment 4:** – Copies of SRL News produced for this project



**Southern  
Rocklobster**



**LIMITED**

Australian  
**Southern Rocklobster**



*The finest in the world*



**Southern Rock Lobster  
RD&E Strategic Plan 2011-2016 &  
2015/16 RD&E Operational Plan**

Revised June 2015



## FOREWORD

This revision of the five year RD&E Strategic Plan for Southern Rock Lobster Ltd, covering the period 2011-16 benefits from the experiences gained, and the RD&E activities undertaken during the first four years of operation of the Plan. It also provides the bridge between the 2011-16 RD&E Strategy and the yet-to-be-developed 2016-21 RD&E Strategic Plan which will underpin a new Industry Partnership Agreement (IPA) with the Fisheries Research and Development Corporation (FRDC). This revision of the Strategic Plan does not alter the fundamental priorities of R&D investment but rather sets these priorities in a more focused framework so they address more directly the major development issues and research needs of the southern rock lobster in the period to June 30<sup>th</sup> 2016. The Strategic Plan, 2011-16 is designed to ensure that the southern rock lobster industry remains well placed, through targeted research, development and extension investment, to capitalize on emerging trends and markets for luxury seafood products including better understanding the critical relationship between supply, demand and price in key markets.

Limitations of supply will continue over the next five years as stocks are managed to ensure long-term sustainability and additional protection is given to the cool, southern ocean environment from which the product is sourced so that it remains as one of the world's most pristine marine environments. This limitation of supply and expected ongoing high demand poses a number of challenges for the industry, including ensuring the continued high quality of the product is maintained throughout the supply chain. These issues have been identified as priority areas for research and development investment over the period to 2016.

SRL Ltd is pleased to acknowledge the key role that our Government partners play in supporting research and development. In particular, the Fisheries Research and Development Corporation and the Australian Seafood Co-operative Research Centre have been, and continue to be key supporters of both SRL Ltd and the industry in general. To them, our sincere appreciation

**Dr. Gary Morgan, Chairman**



**June 2015**





*The finest in the world*



## Table of Contents

C:\Users\Gary\Documents\Gary\Documents\SRL Ltd\Strategic planning\Strategic\_Plan 2011-16, 2015 revision for new IPA.doc - \_Toc423345310

1. Introduction.....	5
2. Industry outlook 2011-2016 .....	9
3. Strategic Objectives, 2011-2016.....	15
OBJECTIVE 1: ADD VALUE ALONG THE SUPPLY CHAIN FROM FISHER TO CUSTOMER .....	15
Key Performance Indicators: .....	17
OBJECTIVE 2: OPTIMIZE FISHERIES PRODUCTION .....	17
Key Performance Indicators: .....	19
OBJECTIVE 3: PROMOTE AND SUPPORT PEOPLE DEVELOPMENT ACROSS ALL SECTORS OF THE SOUTHERN ROCK LOBSTER INDUSTRY.....	20
Key Performance Indicators: .....	21
4. Extension and industry promotion activities.....	22





*The finest in the world*



Australian promotional activities .....	23
Promotional Activities in overseas markets .....	23
5. Review of Strategic Plan .....	24
6. Delivering the Strategic Plan .....	24
7. Progress to Date and Annual Operating Plan for 2015/16.....	25
Progress to date: .....	25
2015/16 RD&E Operational Plan .....	29
8. Investment in Research and Development .....	34



## 1. Introduction

SRL's Strategic Plan 2011-16, which was first developed in 2011, is the primary framework for SRL's Research, Development and Extension activities and follows on from the previous strategy that was outlined in SRL's 2006-2011 Strategic Plan. In accordance with its commitment to maintain the Strategic Plan as a 'living document', SRL undertakes ongoing consultation with SRL's industry, research and Government partners to ensure the Strategic Plan continues to take into account the environment in which SRL and its partners operate so as to ensure the Strategic Plan continues to provide the guidance for SRL's investment in R, D &E related to the southern rock lobster industry. This consultation has included two strategic planning workshops, attended by all industry stakeholders, which were held in Melbourne in August 2012 and August 2013, the outcomes of which are incorporated into this document. These annual reviews are considered necessary given, among other things, the rapidly changing commercial landscape for southern rock lobsters in its major markets and the implications that these developments have on Research and Development investment.

Southern Rock lobster Ltd (SRL) was established in 2004 by fishers in Tasmania, Victoria and South Australia to co-ordinate industry investment in southern rock lobster research and development as a means to promote the long term growth and development of the industry. In its first 5 years of operation, SRL's overall objective was to translate identified market opportunities into increased returns to industry through targeted R&D investment, collective management of the industry; closer collaboration with our fishers, supply chain leaders and supporting communities as well as a commercial commitment to delivering the best offer to high value consumers.

Specific objectives for the period 2006 through to 2011 that were set by SRL were to:

- Increase the average real beach price of southern rock lobster by \$20/kg by 2011
- Increase supply chain margins shared by fishers and processors by an average real value of \$25/kg by 2011



- Achieve a 15% compound growth in average licence value through to 2011.

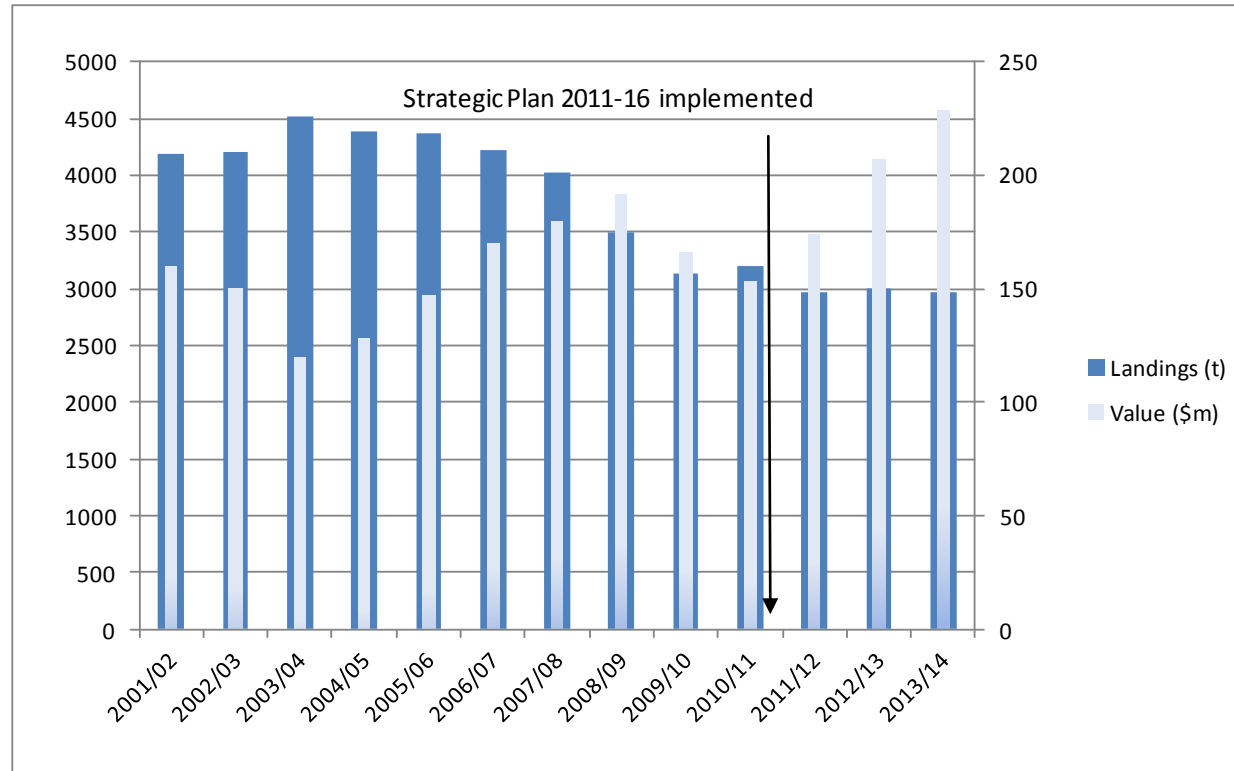
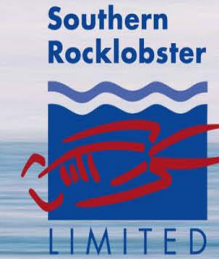
All of these Objectives were fully or partially achieved during the period of the Strategic Plan, with beach prices increasing from \$26.60 in 2004 to \$47.98 in 2011, supply chain margins increasing by 207% to license holders and an estimated 50% to processors and license value increased by 11.4%. This latter figure was below the target of 15% annual growth and was impacted by a reduction in aggregate production quota across the 3 producing States during the period.

Since the beginning of the implementation of the 2004-2011 Strategic Plan, production has declined with increasing management intervention to ensure continued sustainability of the rock lobster stocks while prices and value of the catch has trended upwards (see chart, below). This increase in price is a result of continuing strong demand from China, which now (June 2015) takes about 86% of total production of Australian southern rock lobsters.

Despite the strong Australian dollar, which is now declining from the highs reached in 2012-14, increasing prices have resulted in the value of the catch reaching around \$228 million (producer prices) in 2013/14, the highest on record, despite a 33% reduction in volume since 2003/04 from 4500t to a little under 3000t. It is expected that this growth in value will continue as the benefits of the Australia/China Free Trade Agreement (FTA) which was signed in June 2015 flow through the supply chain.



*The finest in the world*



**Australian southern rock lobster production (t) and value (\$AU millions), 2001/02-2013/14. The production is limited to three States: South Australia (approximately 52%), Tasmania (39%) and Victoria (9%)**



This strategic plan builds on the achievements of SRL to date and maps out the strategy that SRL will follow during the period 2011-2016 to support the further growth in value of the southern rock lobster industry. The strategy presented supports SRL's objectives, as defined in its Constitution, which are:

- to assist the Southern Rock Lobster Fisheries in South Australia, Victoria and Tasmania to value-add and market Southern Rock Lobster in such a way that members' practices and product are recognised as the best in the world;
- to maximise economic and social rewards for its members, communities and Australia; and
- to cooperatively identify and achieve objectives of mutual benefit to its members

In developing this Strategic Plan 2011-2016, extensive industry consultation has been undertaken including a strategic planning workshop held in Adelaide in June 2011 and annual reviews in 2012 and 2013. The outcomes of that workshop, the adjustments made at the annual reviews and prior and subsequent discussions with SRL's members, research institutions, Government agencies and funding agencies are incorporated into this Strategic Plan.

The Strategic Plan is also consistent with, and takes into account, the Industry Partnership Agreement (IPA) finalised in August 2011 between SRL, the Fisheries Research and Development Corporation and industry and State regulatory bodies. The IPA commits SRL to investing in targeted Research, Development and Extension (RD&E) activities in support of the National Fisheries and Aquaculture RD&E Strategy. This commitment is reflected in this Strategic Plan.



## 2. Industry outlook 2011-2016

In 2011/12, of Australia's total rock lobster production of 8,869t, southern rock lobsters (*Jasus edwardsii*) accounted for 2,970t or about one-third of the total, worth approximately \$174 million at producer prices. Of the three States that produce southern rock lobster, South Australia accounted for about 52% of the total with Tasmania producing 39%. The remainder of the catch came mainly from Victoria. The Australian rock lobster industry generally is export-orientated with live export accounting for over 50% of production although, for southern rock lobster, this proportion is much higher at around 80% of production.

Landings had declined in the first part of the century as a result of more conservative management in all jurisdictions to ensure long term sustainability. In 2003-04, southern rock lobster landings were 4,511t (see Figure above) but, by 2011-12, this had declined to 2,970t where it currently remains. By contrast, the value of the landings has increased considerably as a result of strong demand from China and, in 2013/14, reached a record \$228 million despite the significant reduction in the volume of landings.

The outlook for the industry is therefore (a) production volume is unlikely to change significantly since the stock is currently assessed as "sustainable" by the Australian Government's annual stock status reports of Australian fisheries and therefore any increases in annual quota, (Total Allowable Commercial Catch or TACC) appear unlikely. Also commercially viable aquaculture of southern rock lobster appears to be only a remote prospect over the next 5 years although it is likely that other, mainly tropical, rock lobster species will increasingly add to the overall rock lobster supply globally (b) prices will remain strong although competition in major markets may erode some of the price differential that southern rock lobster currently enjoys over its competitors (c) the main markets for southern rock lobster will be increasingly concerned with product safety, quality and provenance.(d) value-added products and better utilisation of processing waste may be developed although live, whole product will continue to dominate.



To move the industry from one of decline in the business cycle, seen in the first decade of the century, to renewed expansion and growth (within an environment where production is limited to environmentally sustainable levels) will require investment in R&D to not only secure the existing markets and but also to explore new markets and provide new opportunities in value-adding and product innovation.

The period 2011-2016 therefore appears to be characterised by positive external influences (see below) that will enable investment in targeted R&D opportunities so that it drives renewed, sustainable growth of the industry. This period may therefore provide an excellent opportunity for renewed growth of the industry - to ignore this opportunity may consign the industry to continued stagnation and decline instead of embarking on a period of reinvigorated growth.

### Key External Drivers

#### *(a) Legislative compliance requirements, marine parks, climate change response etc*

The fishery in all States is managed conservatively and sustainably through catch quotas and other management measures. It is unlikely, within the period 2011-2016, that production quotas will be increased and, in fact, it is more likely that production quotas will be decreased in response to the loss of fishing areas as a result of the creation of marine parks and also possible climate change impacts on stocks. In 2013, this trend is already apparent with catch volumes having declined to 2970t in 2011/12 with further decreases expected as marine parks are fully implemented in South Australia, the major producer. This will also result in a reduced number of operators as licences are bought back by the Government to take account of reduced areas available for fishing.

#### *(b) Exchange rates*

A weaker Australian dollar increases returns to the domestic rock lobster industry since it makes their prices more competitive in international markets. Exchange rates will be impacted by the ability of the Australian economy to transform from a resources-based economy, the duration and



depth of any global economic downturns also by the growth of China, the major market for southern rock lobsters. Current (2015) forecasts for the Australian dollar<sup>1</sup> are for a further weakening to a range of US70-75 cents by the end of 2015 followed by a period of stabilisation then further weakness through to 2016 as China GDP growth rates slow. If realised, these trends, which are essentially unchanged from 2011, will add to producer revenues. Although exchange rate movements are difficult to forecast, these trends are already apparent with the Australian dollar having reached the expected range of US70-75 cents from a high of US110 cents. However, because of the uncertainty surrounding exchange rates and their impacts on the business environment, SRL will continue to monitor these exchange rate movements.

***(c) Domestic and international demand for seafood***

The global demand for seafood is expected to rise at a rate of about 2% per year over the next five years, based on studies undertaken by the UN Food and Agriculture Organisation (FAO) and International Food Policy Research Institute (IFPRI), due to population and economic growth, mainly in developing countries. Domestic demand for seafood is also expected to increase due to continued trends towards healthy eating, population growth, and income growth. The supply of fish will be hampered by stagnating wild caught catches and a slower rate of growth in aquaculture production, resulting in increases in the prices of fish. Based on a study by IFPRI, prices for high-value fin fish and crustaceans are expected to increase by the greatest amount compared with molluscs and low-value finfish.

***(d) Real household disposable income***

Rock lobsters are often considered a luxury item, as they have a high unit value and consumption is therefore influenced by real household disposable incomes. Real disposable incomes are growing rapidly in Australia (although this growth may decline as a result of any global recession)

---

<sup>1</sup> Reserve Bank (near term) and The Economist Intelligence Unit report, May 2015





as well as in China, the major market for southern rock lobsters. Real disposable income in Australia is forecast to grow by 2.8% per annum over the next 5 years<sup>2</sup>, slightly down on the previous 5-year period. By contrast, real disposable income in China is forecast to grow at 8.0-9.9% per annum to the end of 2017<sup>3</sup>. This growth in both markets should support strong continued demand for the product.

***(e) Production costs***

During the period to 2011, production costs increased significantly mainly as a result of higher diesel prices which increased by 108% in the 5 years to 2008. Both fuel prices and other inputs are expected to experience only modest increases to 2016 with oil expected to trade around \$US50-60 per barrel by that time<sup>4</sup>. The exceptions to this trend are likely to be leased quota price, bait and labour which will be subject to increased prices as a result of increased alternative demand. .

***(f) Competition***

With supply constraints, strong demand and high international and domestic prices, lower-cost producers will continue to emerge as competitors both in export and domestic markets. These competitors include South Africa and producers of tropical rock lobster species such as Cuba, Vietnam etc. However, these competitors currently cannot compete on the increasingly important sustainability and environmental credentials with Australian wild caught southern lobsters but can compete on price and also, increasingly, quality. It is therefore important for the southern rock lobster industry to maximise the benefits of its clean and sustainable image through the industry's Clean Green product standard.

---

<sup>2</sup> Australian Bureau of Statistics/OECD, economic outlook, April 2015

<sup>3</sup> Euromonitor International, September 2014

<sup>4</sup> The Economist Intelligence Unit report, March 2010



Competition from aquaculture production may emerge later in the period to 2016, particularly if demand and prices make aquaculture economically feasible. The industry's view on this is that the industry embraces aquaculture so that wild catch and aquaculture present complementary offerings to an enhanced rock lobster product line. This will be achieved in Australia by maintaining an investment in developing aquaculture technology.

New Zealand, with the same species as Australia and with equally stringent production limits will remain the major competitor although the increased forecast product demand should absorb the New Zealand production without impacting significantly on prices for the Australian industry. Now that Australia has signed a Free Trade Agreement with China, any advantage that New Zealand had as a result of their 2011 Free Trade Agreement with China should dissipate.

There is little product differentiation, and so only a limited basis for non-price competition. Australian lobsters have a reputation of being high quality with respect to their taste, and so this assists sales prospects significantly. In addition, many Australian rock lobster fisheries have high environmental and sustainability standards. These latter issues, including traceability, will become more important in all of the industry's markets in the period to 2016

In summary, the outlook for the industry during the period 2011-2016 can be characterised as positive, provided the industry can maintain and build on its reputation for quality and environmental credentials. In the 2012 and 2013 reviews of this Strategic Plan, there were no reasons to alter this outlook since price was maintained (despite a high Australian dollar) although difficulties arose as a result of market access issues into China. If these market access issues can be quickly resolved, the period to 2016 will most likely see:



- Steady or slightly reduced production as a result of management measures to ensure sustainability, limits on areas available for fishing because of the introduction of marine parks and possible climate change impacts on stocks
- Increased demand from both major export and domestic markets
- Increased prices and increased or steady industry revenues, despite reduced volumes, as a result of a favourable exchange rate and increased demand
- Steady or only modest increases in production costs

However, to ensure the southern rock lobster industry responds to this favourable outlook and maximises the opportunities that are presented, the industry will need to:

- Continue to monitor and address the issue of market access into the Chinese market, by far the largest market for Australian southern rock lobster. This will mean maintaining an involvement and support for the Seafood Trade Advisory Group (STAG) which SRL initiated with the Australian Wild Abalone industry in 2011 and building on the opportunities available as part of the new Australia China Free Trade Agreement.
- Maintain and further develop its reputation for sustainability and for high environmental standards, including addressing emerging market demands for product traceability. This will mean providing enhanced support for the industry's Clean Green Product Standard.
- Maximise the value of the limited production by addressing issues such as seasonality of supply and value-adding opportunities
- Consolidate, protect and enhance the brand of Australian southern rock lobsters in both domestic and export markets as a defence against low-cost competitors
- Address industry structural issues (such as barriers to entry, declining number of enterprises, an aging workforce etc) to stimulate growth



### 3. Strategic Objectives, 2011-2016

During the reviews undertaken in August 2012 and August 2013, the key strategic objectives were reviewed to ensure that they remained relevant. As a result of that review, the Objectives were simplified from those in the original Strategic Plan with priority activities under some Objectives being re-ordered in the light of changing stock and market circumstances.

The following therefore outline the new Strategic Objectives agreed to at the August 2013 review. These Strategic Objectives reflect the anticipated industry business environment over the period to 2016 (including the need to focus on improving value, rather than product volume) and other important issues facing the industry such as people development, stock status and emerging environmental issues. These Strategic Objectives will continue to be subject to annual review and guide SRL's activities over the period to 2016. They are, not in any order of priority, as follows:

During the period to 2016, SRL will:

#### **OBJECTIVE 1: ADD VALUE ALONG THE SUPPLY CHAIN FROM FISHER TO CUSTOMER**

Priority issues to be addressed under this Objective will be:

1. Market Development Strategy/Plan and actions to address :
  - *Direct China Market Access*
  - *Diversification of Markets*
  - *Product substitution, traceability, differentiation and branding*



- *Identifying opportunities for greater marketing co-operation and strategic R&D alliances with New Zealand*
- 2. Development of market-specific product standards, based on Clean Green Certification
- 3. Funding of marketing and promotion activities, including generic market promotion in key markets and traceability initiatives to support product branding
- 4. Development of Emergency Response plans with emphasis on an Emergency Response Plan for toxic algal blooms

#### Key Deliverables will be:

1. Market Development and Promotion Strategy/Plan, including funding mechanisms
2. Guidelines and support for direct China market access (projects ongoing)
3. Identification of possible value adding and product differentiation opportunities and markets
4. Identification of alternative markets (long term and short term) and a market diversification strategy to access those markets (projects ongoing)
5. Product standards: Clean Green and Other Certification
  - *Develop an overall strategy, assess business model for self-funding, training needs and scope of certification to ensure program sustainability (project ongoing)*
  - *Procedures for incorporation of third party sustainability certification into overall Clean Green product standard. This could include initial benchmarking of existing management arrangements and stock status against independent assessment criteria*
  - *Assess delivery options, including to other fisheries, and implement amended programme*
5. Emergency Response Plans to manage key industry risks, including toxic algal blooms, supply chain interruptions and others as funds permit (background project for toxic algal blooms ongoing):

The current state of the industry is one where there is a significant and growing, international and domestic market for southern rock lobster markets and, with supply constraints, growth in the value of the industry is likely to come from (a) streamlining and securing supply chains, (b)



adding value to the product and (c) increased product promotion activities including communicating the fishery's quality, safety, sustainability and environmental credentials.

While China is likely to remain by far the most important market for southern rock lobster over the next 5 years, there are long term risks, such as currency risk and market power risk that are significant unless alternative markets (nationally and internationally) are explored and, where appropriate, developed.

**Key Performance Indicators:**

- Change in average license value
- Change in average beach price to producers (revenues)
- Change in profitability and producer margins, measured as return on capital and return as a % of revenue

**OBJECTIVE 2: OPTIMIZE FISHERIES PRODUCTION**

Priority issues to be addressed under this Objective will be:

1. Guidelines for harvest strategies that optimize returns, including third party certification of those strategies and management arrangements. An understanding of harvest strategies on individual enterprises as well as industry averages is important for assessing the impact of management arrangements and decisions.
2. Reduce production costs, for example by investing in electronic data collection
3. Maintaining an oversight of rock lobster propagation and stock enhancement and investing in such research activities as appropriate
4. Understanding stock wide population dynamics



## 5. Improving security of access to stocks

### Key deliverables will be:

1. Bio-economic modelling to identify harvest strategies that maximize profitability within sustainability limits (project ongoing), including benchmarking individual enterprises against industry averages. This work will also include developing a better understanding of supply and demand issues to assist in identifying optimal harvest strategies
2. Projects that result in reduced operational costs and/or greater efficiencies and productivity (project on electronic data recording ongoing)
3. Supporting R&D and maintaining an interest in the development of propagation, ranching and stock enhancement methodologies
4. A better understanding of life history and stock interactions (including recruitment sources and sinks) across the range of southern rock lobsters
5. Assessing and understanding the impacts on rock lobster stocks and industry operations of external influences such as recreational fisher allocation, marine parks, seismic exploration etc.
6. More formal collaboration in R&D between southern rock lobster producing states and between the Australian and New Zealand industries (see also Strategic Objective 1)
7. Development of improved methods of catching, such as refined pot technology, alternative baits etc

While southern rock lobsters are currently harvested in most jurisdictions in accordance with biological seasonality and legislated management arrangements, the management arrangements are usually orientated towards biological sustainability with subsidiary attention only being paid to arrangements that optimize industry profitability and social benefits. In addition, the resulting seasonality in supply is often not matched to market demand, resulting in sub-optimal returns. In addition, the overall relationship between supply, demand and price in key markets is not well understood, resulting in the industry being a 'price-taker'. While recognized as world-class in ensuring biological sustainability, current management arrangements are not subject to external audit or accreditation in any jurisdiction.



There appears to be significant potential, in terms of adding value to the industry, of better matching supply to market demand and of fine-tuning management arrangements to include not only independently certified biological sustainability issues but also a greater focus on managing for better economic and social returns. However, in addressing economic and social returns, it is also imperative that the impacts of management are understood at the individual enterprise level (which they are often currently not) and not just as average impacts across the whole industry. In moving towards such multi-objective management, external influences such as marine parks, oil and other exploration activities and greater allocation of the limited supply to recreational fishers have the ability to disrupt otherwise well-developed harvest and market strategies and therefore, these external influences need to be identified, understood and managed. In the longer term, to implement effective market-orientated harvest strategies, the industry needs to improve its security of access to southern rock lobster stocks so that the impacts of these external influences are minimized.

To achieve these overall objectives, however, will require additional understanding of rock lobster stock dynamics and stock interactions, as well as better co-ordinated and consistent data collection across jurisdictions. This in turn will require more formal collaboration in data collection and R&D between southern rock lobster producers, including New Zealand.

#### **Key Performance Indicators:**

- Trends in license and/or quota value
- Changes in management arrangements to reflect the multiple objectives of biological sustainability, improved industry economic performance and positive social outcomes





### **OBJECTIVE 3: PROMOTE AND SUPPORT PEOPLE DEVELOPMENT ACROSS ALL SECTORS OF THE SOUTHERN ROCK LOBSTER INDUSTRY.**

Priority issues to be addressed under this Objective will be:

1. To improve communications and co-ordination across all SRL processes and stakeholders
2. To identify and deliver training and capacity building needs
3. To undertake extension activities to communicate R&D results and activities (workshops, industry meetings, newsletter, website etc)
4. To identify and address obstacles to recruitment, including collaboration with other primary industry sectors as appropriate

#### ***Key deliverables will be:***

- SRL taking more opportunities to make their activities better known, including greater use of social media, presentations at industry and other meetings etc to encourage potential industry leaders
- Providing information on training and leadership opportunities in the SRL Newsletter and website
- Enhancing industry training activities to include accredited national recognition (project ongoing)
- Inviting potential industry leaders to make presentations to the SRL Board and industry meetings
- Establishing and documenting a career path for existing industry participants and new entrants
- Provision, as funds allow, of opportunities for industry participants to attend conferences, training sessions, industry placements and other activities.

In the period to June 2015, there has been little progress on this objective. As a result, discussions by the SRL Board (following up on similar discussions at the 2013 Strategic Plan review) have focused on tangible actions that could be undertaken during the period to 2016, while



recognizing the difficulties of people development in a regional-based industry that has an ageing group of participants and a shrinking labour force. These actions are included in the priority issues and deliverables above.

The southern rock lobster industry is not unique in facing issues such as a reduced number of license holders, an ageing population of fishers, a reduction in the number of small processing establishments, barriers to entry for new entrants to the fishery and stagnating investment. Accordingly, collaboration with other fishing and primary production industries would assist in addressing the people development priorities outlined above.

SRL Ltd already includes training within its Clean Green product standard and projects are being undertaken to provide formal recognition through nationally accredited standards for this training. Unfortunately, data on the southern rock lobster industry workforce on which to identify priority issues and base responses are not common. Therefore, SRL will coordinate RD&E to document trends, evaluate medium-long term impacts on the industry and develop strategic responses. These strategic responses, outlined above, include accredited training, capability and capacity building, improved communication and strategies to attract people, particularly young people, to the industry. In pursuing these strategic objectives, consideration of how the industry will develop will be critical so that skills and capacity are both matched to existing industry needs and also provide a skills platform for furthering industry development in possibly new ways.

#### **Key Performance Indicators:**

- Industry's knowledge of SRL's activities, including training and leadership opportunities
- Changes in the number of license holders and processing establishments and changes in the number of personnel in each of these categories undertaking accredited training
- Changes in the number of enterprises involved in the southern rock lobster industry in Australia



#### 4. Extension and industry promotion activities

The primary strategic objectives during the period 2011-2016, outlined above, are orientated towards maximising the value of constrained production and thereby to reinvigorate industry growth. A key platform in this is the maintenance and further development of southern rock lobsters reputation for sustainability and for high environmental standards and consolidating, protecting and enhancing the brand of Australian southern rock lobsters in both domestic and export markets.

To achieve this will require SRL undertake extension and promotional activities, particularly promoting the environmental and sustainability credentials of the industry, as an ongoing activity. Southern rock lobster is an export-orientated industry and therefore, SRL's promotion activities will be both in Australia and in major export markets.

In Australia, industry extension and promotion activities will serve two purposes:

- As insurance against external threats such as stock sustainability and animal welfare claims. While the industry already has an excellent track in these issues, FRDC research continues to show that the majority of the Australian community considers Australian fisheries in general as not sustainable. Promotional activities in Australia related to the industry's environmental and sustainability credentials will therefore be part of a long term strategy to continually promote the already existing 'green' credentials of the southern rock lobster industry so that the message reaches a wider audience than just those involved with the fishing industry.
- Limited product promotion to support demand and therefore prices in the local market, particularly in the important pre-Christmas period.

In overseas markets, promotional activities will be limited and will be focussed on generic promotion of the southern rock lobster product and profiling of the industry with regards its sustainability practices, food safety, quality, animal welfare etc. The Clean Green program will support these activities and the promotional activities will be designed to support existing company branding in the various export markets.



### **Australian promotional activities**

To achieve the purposes of SRL's industry extension and promotional activities, SRL has received funding from FRDC to implement a Communications and Extension strategy that includes:

- Supplying promotional editorial content and articles on the industry to relevant consumer print media, including food industry magazines, newspapers, in-flight magazines etc. This will be done by writing specific articles and also through media releases for special events and news
- Preparing a range of handouts, brochures, bumper stickers and banners etc and collate a collection of high resolution images about the southern rock lobster industry for use in promotional activities
- Look for opportunities for cross-promotion with other industries
- Update and maintain the SRL website as the key portal to information about the industry, suppliers etc.
- Develop and distribute a regular SRL Newsletter to all sectors of the industry

### **Promotional Activities in overseas markets**

SRL recognises the importance of product promotion in key overseas markets and has received funding for a joint project with the New Zealand rock lobster industry to undertake market research in China to identify and characterise consumers of southern rock lobsters. This project is ongoing and will provide the necessary background information for targeted generic promotional activities.



## 5. Review of Strategic Plan

This Strategic Plan will be subject to annual review by the Board and AGM by at least 31<sup>st</sup> October in each year, beginning in 2012, including reviewing progress against the KPIs. If required and if agreed to by the Board, the Strategic Plan may be modified to address changes in the business environment or emerging issues.

A more comprehensive review will be undertaken in the last year of the Strategic Planning period (i.e. 2015-16) as background to development of the Strategic Plan 2016-21.

## 6. Delivering the Strategic Plan

To provide the necessary strategic planning expertise, and in accordance with the provisions of the Industry Partnership Agreement, SRL Ltd will establish a RD&E Committee to advise the Board on priority research, development and extension projects, including assessing external projects that seek SRL's support. Development and assessment of projects will be against the priorities and strategic objectives identified in this strategic plan. These priorities and strategic objectives may be modified by the Board as part of the annual reviews of the Strategic Plan (see Section 5 above).

The RD&E Committee will also be responsible for:

- a. Developing a detailed Annual Operating Plan for delivering the outcomes of the Strategic Plan for approval by the Board
- b. Annual review of the Strategic Plan to generate the next year's proposed RD&E investment proposals for approval by the Board



The RD&E Committee will meet each year to consider items (a) and (b) above and will also meet as directed by the Board to consider other matters referred to it.

## 7. Progress to Date and Annual Operating Plan for 2015/16

### Progress to date:

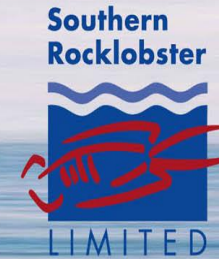
Since the Strategic Plan was initiated, beginning in the 2011-12 financial year, a number of projects have been initiated and completed in support of the Objectives of the RD&E Strategic Plan with funding from FRDC, the Seafood CRC or other funding mechanisms

A summary of these projects is as follows:

Project	Status	Description	Funding	Comments
2010/402	Ongoing. Ends September 2015	Industry Partnership Agreement (IPA) for SRL's core activities	FRDC	Funding for duration of IPA
2012/715	Completed	Preliminary investigation into alternative markets in Asia for Australian Southern Rock Lobster	CRC	Used to develop more detailed study (2012/741)
2012/741	Completed	Market Diversification Opportunities for Southern Rock Lobster	CRC	
2012/765	Completed	Business Case for Clean Green Program	CRC	Provided background for commercialization project for



*The finest in the world*



Project	Status	Description	Funding	Comments
				Clean Green product standard
2012/704	Stage 1 completed. Stage 2 ongoing	Industry Strategies to Support intergovernmental negotiations concerning the export of Australian Rock Lobster and Abalone to China	CRC	Seafood Trade Advisory Group (STAG) formed
2011/250	Completed	Assessing functionality and suitability of the Iphone application Deckhand for on-board data collection data capture in Southern Australia Rock Lobster Fisheries	FRDC	
No code	Completed	Recognition of SRL Clean Green Program through an Endorsed Training Package/Skill-set	DISRTE	SRL discussing opportunities with Minister McFarlane's office to fund training courses. Skill-Set has been Registered on the Agrifood Skills Council Seafood Training Package
2011/744	Completed	Commercializing translocation of Southern Rock Lobster	CRC	
2009/762	Completed	Assessing costs & benefits of changing fishing practices in the Southern Rock lobster fishery	CRC	



*The finest in the world*



Project	Status	Description	Funding	Comments
2011/020	Completed	Developing cost effective techniques for monitoring puerulus settlement in all conditions	FRDC	
2013/232	Completed	Rock lobster Trans Tasman cooperation workshop	FRDC	This project led to the joint Aus/NZ project 2013/749 <i>Understanding the market positioning opportunities for Southern Rock Lobster in China</i>
2011/072	Completed	Assessing the feasibility of spatial management in the South Australian Northern Zone fishery	FRDC	
2009/714.20	Completed	Bio-economic Business support tools for Southern Rock Lobster	FRDC	
2009/715	Completed	Optimizing Business structures and fisheries management systems for key fisheries	CRC	
2012/511	Ongoing	Communications and Extension in the Southern Rock Lobster Fishery	FRDC	
2013/713	Ongoing	Understanding and reducing the risk of paralytic toxins in Southern Rock Lobster	CRC	Variation to include China consumption study approved





*The finest in the world*



Project	Status	Description	Funding	Comments
2014/072	Ongoing	Informing spatial and temporal management of the South Australian Northern Zone Rock Lobster Fishery	CRC	
No code	Not yet started	Developing cost effective industry based techniques for monitoring puerulus settlement in all conditions: Phase 2	FRDC	Contract Negotiations still being finalized, some preliminary work has commenced
No code	Ongoing	Measuring condition of lobsters to improve management of harvesting around periods of high transport mortality	CRC Under UTAS/CRC Agreement	This Project was approved outside of the SRL-IPA and funded through U-TAS's agreement with the CRC
No code	Ongoing	Dynamic Growth in Transported Lobsters	CRC Under UTAS/CRC Agreement	This Project was approved outside of the SRL-IPA and funded through U-TAS's agreement with the CRC
2013/749	Ongoing	Understanding the market positioning opportunities for Southern Rock Lobster in China	CRC	Joint Australia/New Zealand project
No code	Proposal under	Productivity and profitability in the Australian Rock	FRDC	



Project	Status	Description	Funding	Comments
	review by SRL	Lobster fisheries		
No code	Proposal approved by SRL	SafeFish	FRDC	Application Proposal supported by FRDC waiting to finalize contractual arrangements
No code	Proposal under review by SRL	Constraining Total East Coast Catch as Stock Grows		
No code	Proposal under review by SRL	Commercialization of Clean Green Product Standard	FRDC	Proposal concept approved by SRL, full proposal being prepared for FRDC

### 2015/16 RD&E Operational Plan

Taking into account (a) The objectives of this 2011-16 RD&E Strategic Plan and (b) the projects already completed, ongoing or approved (see above), the following is the RD&E Operational Plan proposed for 2015/16.

A key element of the RD&E Operational Plan is to prepare the 2016-21 RD&E Strategic Plan, which builds on this current Plan and which will be prepared in close consultation with industry and SRL's key stakeholders. In addition, attention to the issue of People Development will be a major focus of the 2015/16 RD&E Operational Plan.



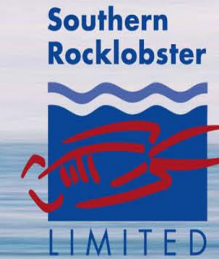
While the previous 4 years have seen a number of projects address Strategic Objectives 1 (*Add Value along the supply chain from Fisher to Customer*) and 2 (*Optimize Fisheries Production*), there has been less emphasis on Objective 3 (*Promote and support People Development across all sectors of the southern rock lobster industry*). There have been a number of reasons for this lack of emphasis on Objective 3, including the lack of any suitable project proposals, although specific training activities have been undertaken related to the Clean Green product standard. As a result, the 2015/16 RD&E Operational Plan will focus on supporting this strategic objective with the SRL Board taking the initiative of identifying people development requirements in the industry and for commissioning projects and actions to address those needs.

The proposed 2015/16 RD&E Operational Plan is therefore as follows:

<b>2015/16 RD&amp;E Operational Plan</b>			
<b>Priority</b>	<b>Operational Objective</b>	<b>Activities</b>	<b>Implementation &amp; funding</b>
1	Prior to March 2016, hold a stakeholder workshop to develop the 2016-2021 RD&E Strategic Plan and the 2016/17 RD&E operational Plan	<ul style="list-style-type: none"> <li>Identify key stakeholders for development of the 2016-21 RD&amp;E Strategic Plan. These stakeholders will include the processing and exporting sector as well as other stakeholders</li> <li>Hold a 2-day workshop with stakeholder participation to develop the 2016-21 RD&amp;E Strategic Plan and 2016/17 Operational Plan.</li> </ul>	SRL Board in collaboration with FRDC to implement. Funding from new IPA



*The finest in the world*

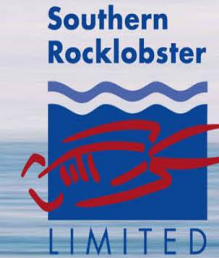


## 2015/16 RD&E Operational Plan

Priority	Operational Objective	Activities	Implementation & funding
2	Complete current ongoing projects	<p>Successfully complete the following projects:</p> <ul style="list-style-type: none"> <li>• 2010/402 - Industry Partnership Agreement (IPA) for SRL's core activities by September 2015</li> <li>• 2012/511 - Communications and Extension in the Southern Rock Lobster Fishery by August 2015</li> <li>• 2013/713 - Understanding and reducing the risk of paralytic toxins in Southern Rock Lobster, by June 2016</li> <li>• 2014/072 - Informing spatial and temporal management of the South Australian Northern Zone Rock Lobster Fishery by September 2015</li> <li>• 2013/749 - Understanding the market positioning opportunities for Southern Rock Lobster in China, by December 2015</li> </ul>	SRL RD&E Committee will monitor progress on each project and make recommendations to the SRL Board. Project funding already approved



*The finest in the world*



### 2015/16 RD&E Operational Plan

Priority	Operational Objective	Activities	Implementation & funding
3	Implement new projects already approved by SRL	Begin implementation of the following approved projects: <ul style="list-style-type: none"> <li>• Developing cost effective industry based techniques for monitoring puerulus settlement in all conditions: Phase 2</li> <li>• Safefish</li> <li>• Commercialization of Clean Green Product Standard</li> </ul>	FRDC and PIs with monitoring by SRL. Funding through IPA with FRDC & other funding sources as appropriate
4	Complete the assessment and review of current project proposals	The assessment of the following project proposals, which have already been submitted to SRL, will be finalised and recommendations made to the SRL Board for their implementation: <ul style="list-style-type: none"> <li>• Productivity and profitability in the Australian Rock Lobster fisheries</li> <li>• Constraining Total East Coast Catch as Stock Grows</li> </ul>	SRL RD&E Committee to make recommendations to SRL Board. Any project funding will be through IPA with FRDC & other funding sources as appropriate



*The finest in the world*



## 2015/16 RD&E Operational Plan

Priority	Operational Objective	Activities	Implementation & funding
5	To develop additional projects to address Strategic Objective 3 of <i>Promote and support People Development across all sectors of the southern rock lobster industry</i>	<p>The SRL Board has approved the following activities for 2015/16:</p> <ul style="list-style-type: none"> <li>• SRL will contact all stakeholders seeking information on people development and training requirements for the industry, along the entire supply chain – to be completed by October 2015</li> <li>• SRL will assemble information on people development options, including travelling scholarships and grants, bursaries, vocational training etc – to be completed by October 2015</li> <li>• Using this information, SRL will prepare a people development strategy and will issue a call for proposals to address the requirements of the strategy prior to December 2015.</li> </ul>	SRL RD&E Committee and SRL Board to implement using SRL funds. Projects resulting from the call for proposals will be funded through IPA with FRDC & other funding sources as appropriate



## 8. Investment in Research and Development

Up to June 2015, SRL Ltd has funded the overwhelming majority of its activities through the FRDC and the Seafood CRC. In accordance with the provisions of the Industry Partnership Agreement (IPA) with the FRDC, the total budgeted RD&E program income (\$AUD) from 2011/12 through to 2014-15 is shown below, together with committed funds for approved R&D projects. Note that, with the ending of the CRC on June 30<sup>th</sup> 2015, no further funding is available through that source for 2015/16 onwards. In addition, the ending of the current IPA in September 2015 and the possibility of some form of additional industry funds for generic marketing and promotion activities in 2015/16 makes the anticipated 2015/16 funding uncertain. Anticipated 2015/16 data is therefore not included in the table below but will be added as these issues are clarified.

Note that the table below also does not include revenues and costs from the SRL Clean Green Programme or R&D projects funded through agencies other than FRDC or CRC.

<b>Industry Contribution to the FRDC:</b>	<b>Balance C/F</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
State Contributions		397,734	389,924	320,000	380,000
Additional Industry Voluntary Contributions		294,900	298,280	250,000	190,000
FRDC Leverage	178,472	298,602	309,746	313,981	309,181
Seafood CRC Leverage	129,527	210,600	210,600	251,100	0
<b>Total Funds Available for Investment</b>	<b>307,999</b>	<b>1,201,837</b>	<b>1,208,550</b>	<b>1,135,081</b>	<b>879,181</b>
Less Committed Funds (FRDC )	(273,172)	(450,034)	(551,040)	(494,020)	(157,925)
Less Committed Funds (SCRC )		(710,518)	(505,825)	(1,047,980)	0
<b>BALANCE OF FUNDS AVAILBLE FOR INVESTMENT</b>	<b>34,827</b>	<b>41,285</b>	<b>151,685</b>	<b>(406,919)</b>	<b>721,256</b>
<b>CUMULATIVE FUNDS AVAILABLE FOR INVESTMENT</b>					<b>\$ 542,133</b>



# SRL STRATEGY 2022



Southern Rocklobster Ltd

PO Box 3450  
NORWOOD, SA 5067

Phone: (08) 8132 0257  
Fax: (08) 8132 0161  
Mobile: 0400 281 904



## FOREWORD

Southern Rock Lobster (*Jasus edwardsii*), sustainably harvested from the cool, clean waters of the Southern Ocean is the finest seafood in the world. Highly regarded by discerning consumers it holds a premium market position, especially in China, and, through this plan, we aim to keep it that way.

SRL Strategy 2022 underpins the recently renewed Industry Partnership Agreement with the Fisheries Research and Development Corporation and provides the context, themes, priorities and actions for its research, development and extension activities over the next five years.

This Plan will ensure that the industry is able to capitalise on the growing market for safe, sustainably sourced and premium seafood products, locally and overseas, thereby maintaining its position as a significant contributor to the local economies of South Australia, Tasmania and Victoria.

Prof. Colin Buxton  
Chairman, Southern Rocklobster Ltd

## ACKNOWLEDGEMENTS

In developing this Strategy 2022 Plan, we acknowledge the input and support provided the Fisheries Research and Development Corporation (FRDC), and Ridge Partners.



## Contents

FOREWORD	2
ACKNOWLEDGEMENTS	2
<b>1. STRATEGY FRAMEWORK</b>	<b>4</b>
STRATEGIC PURPOSE AND INTENT	4
STRATEGIC GOALS	5
GOALS AND STRATEGIES	6
<b>2. INDUSTRY CONTEXT</b>	<b>7</b>
BACKGROUND	7
ISSUES FOR SRL	7
LOBSTER PRODUCTION & TRADE	8
Southern Rock Lobster	9
Market Dynamics	10
Chinese Consumers Online	11
REGULATORY FRAMEWORK	12
ROCK LOBSTER SUPPLY CHAIN	13
INDUSTRY PARTNERSHIP AGREEMENT	14
<b>3. INVESTMENT PROGRAM</b>	<b>15</b>
INVESTMENT COLLABORATION	15
FUNDING THE INVESTMENT	16
INVESTMENT CAPACITY	18
Investment Area 1. Secure Access to a Sustainable Resource, Harvested Efficiently	19
Investment Area 2. Valued by the Community	20
Investment Area 3. Premium Market Position	21
Investment Area 4. An Engaged and Influential SRL	22
Investment Area 5. Professional People and Strong Governance	23
<b>Glossary</b>	<b>24</b>

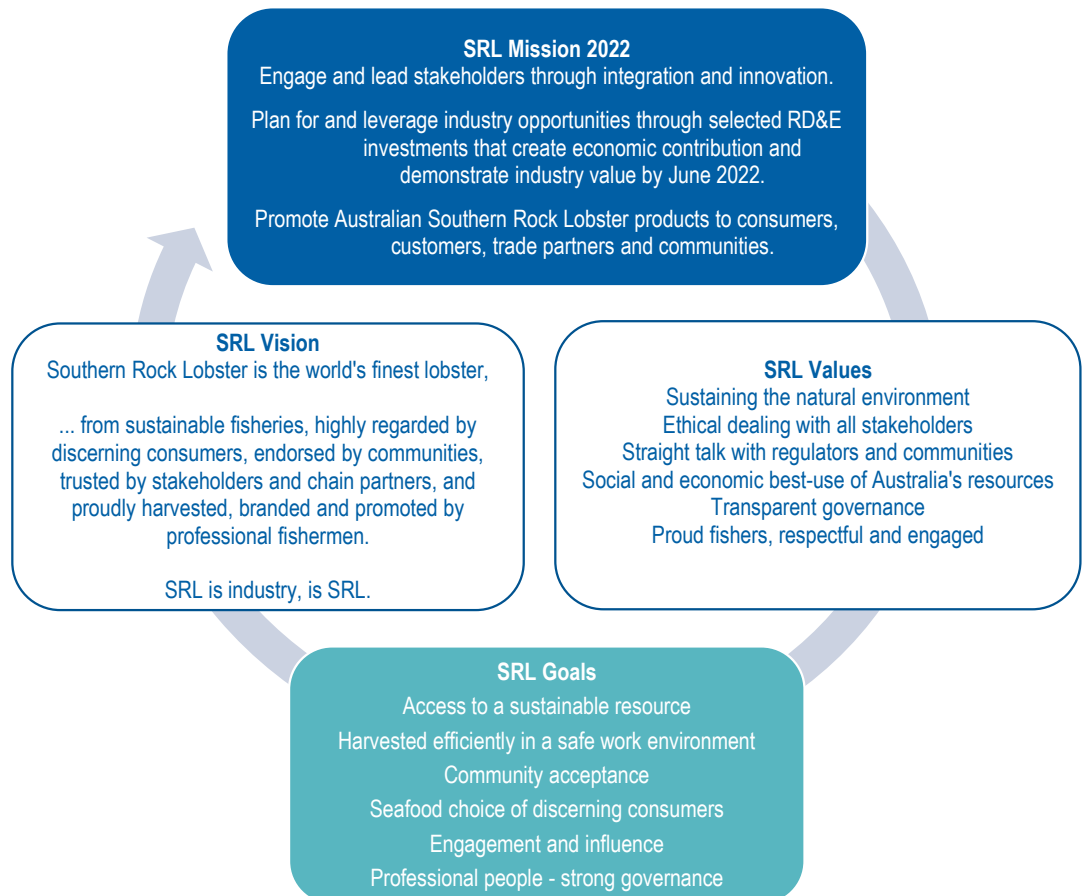
# 1. STRATEGY FRAMEWORK

Southern Rock Lobster fisheries contribute over \$200 million in landed seafood value to the Australian economy each year. Professional fishers across South Australia, Tasmania and Victoria operate licenses, vessels, pots and harvest infrastructure with an estimated capital value of \$2.3billion, landing over 3,000 tonnes of premium lobster seafood.

This Plan aims to position the sector to take best advantage of its options and choices over the next five years.

This Plan draws these strategic themes, priorities and actions together in a document that Southern Rocklobster Ltd (SRL) will implement on behalf of its Members. The Plan also provides SRL with a sound and united platform to leverage its Research, Development and Extension (RD&E) investment via a new Industry Partnership Agreement (IPA) with the Fisheries Research and Development Corporation (FRDC).

## STRATEGIC PURPOSE AND INTENT



SRL has considered the key strategic issues, risks and goals for Southern Rock Lobster (*Jasus edwardsii*) in global and domestic markets, the priorities for sustaining its fisheries, and creating, leveraging and preserving value from the harvest along the

chain to market. SRL is also mindful of the expectations of investors and the community regarding the performance of businesses in the sector and the community.

We have identified our organisational Vision, Mission and Values so that outcomes will be achieved over the next decade.

This Plan draws a clearer focus on realistic action and investment by SRL, especially over the next five years to 2022. The Plan is a living document that will be regularly updated and evaluated with a major review to be undertaken in late 2021.

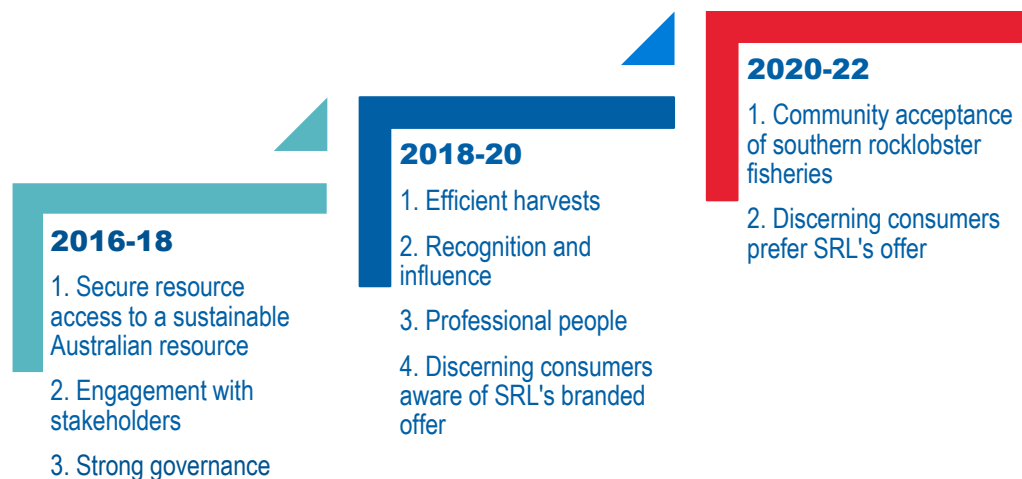
## STRATEGIC GOALS

The Australian Southern Rock Lobster sector is a mature global supplier of premium live and fresh seafood. It has long enjoyed, and continues to benefit from strong market and margin growth, most recently serving emerging Chinese middleclass consumers.

Five strategic goals have been identified by SRL to be achieved over the next five-year planning horizon.

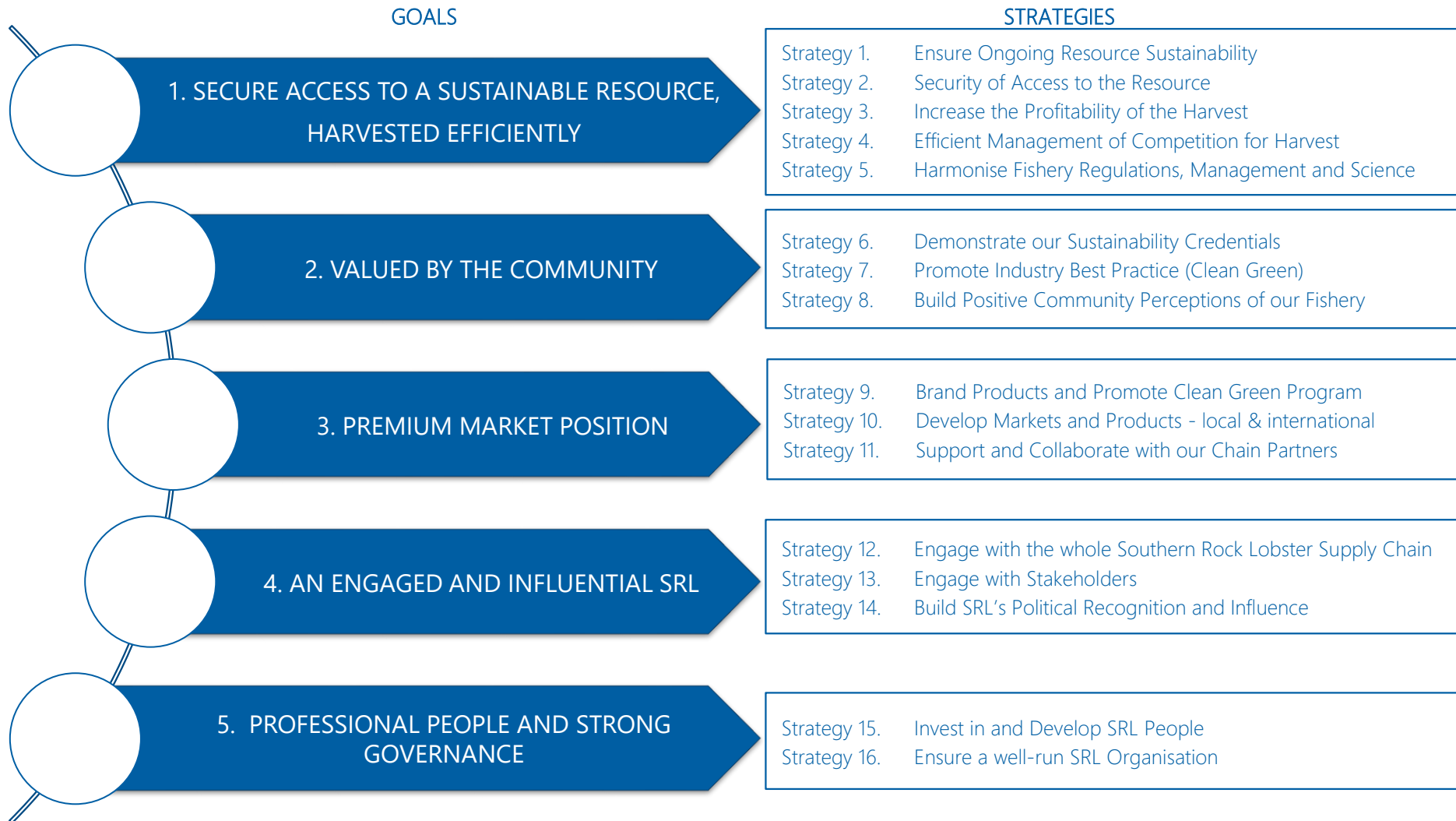
1. Secure access to a sustainable resource, which is harvested efficiently and safely in collaboration with other fishery users
2. Community engagement with and acceptance of southern rock lobster fisheries and policies
3. Discerning seafood consumers prefer SRL's offer, in Australia and overseas
4. An SRL that is engaged and influential in industry, communities and government
5. Professional people and strong governance.

All five goals are important to SRL's delivery of its integrated Strategy 2022. Members intend that their staged investment in and management of these goals will enhance the performance of their fisheries and businesses over the five-year term of this Plan.



## GOALS AND STRATEGIES

SRL is a global supplier of premium Southern Rock Lobster. Our strategic landscape will be framed by the following Goals and Strategies



## 2. INDUSTRY CONTEXT

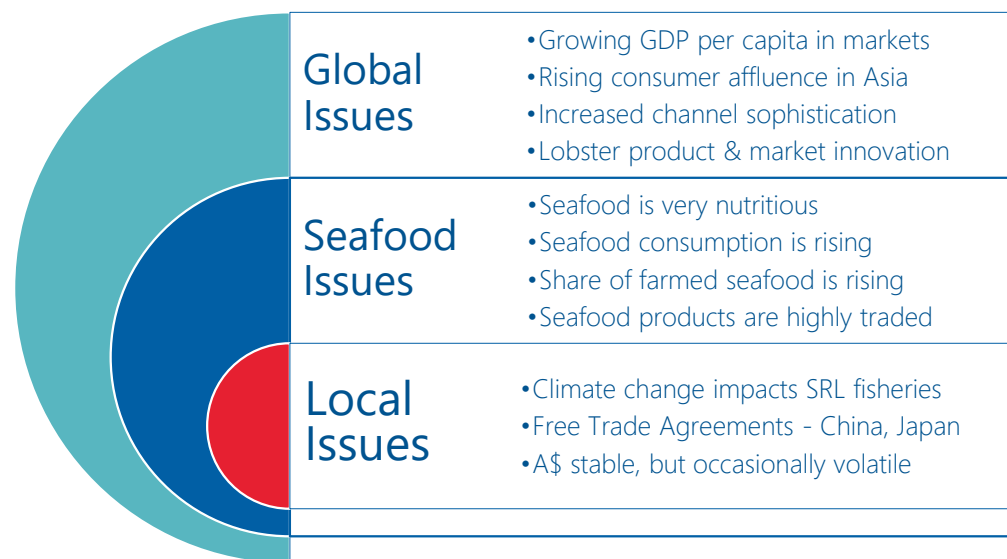
### BACKGROUND

Global population and middle class income growth drive resource demand. By 2030 an extra billion consumers (to 8.3 Bn) will add 30 million metric tonnes (to 186 MMT) to global seafood demand<sup>1</sup>. Today, fishery products are one of the most globally traded animal protein human food commodities<sup>2</sup>, and seafood is the most consumed by volume. While birth rates ultimately drive food demand, it is the evolution of lifestyle shifts to higher value foods, product credence, and health choices for established and aspiring consumers that are central to SRL's 2022 strategy.

This change is most aggressive in Asia and especially greater China, a growing market giant for spiny lobster products, but also includes domestic opportunities linked to the burgeoning tourism market.

### ISSUES FOR SRL

The World Bank 2013 has identified key uncontrollable global trends that will impact seafood industry supply, growth, and sales over the next 14 years to 2030.



SRL has a long track record of strategic thinking and planning. Southern Rock Lobster fishers are sophisticated investors and managers of fishery and seafood businesses, accustomed to competitive harvesting, processing and export of premium seafood.

<sup>1</sup> World Bank, Fish to 2030, World Bank Report #83177-GLB, December 2013

<sup>2</sup> The FAO reported that 38% of all fish produced in the world in 2010 was exported. World Bank, Fish to 2030, December 2013

But there is a concern. Australian Southern Rock Lobster fishers and supply chain partners are largely dependent on the Chinese market – single market exposure poses a risk. SRL partners need to preserve and extend their premium market position in China but at the same time create new market opportunities locally and abroad.

The near-term planning and investment described in this Plan will ensure returns are optimised within SRL's control.

## LOBSTER PRODUCTION & TRADE

American lobster (*Homarus americanus*) from Canada and the USA dominate (53%) global wild catch supply. Scampi (*Nephrops norvegicus*) is the second largest group, sourced in the north-eastern Atlantic Ocean and parts of the Mediterranean Sea.

Global Lobster and Australian SRL Production (FAOStat)										
2014 Rank by tonnes '000		2008	2009	2010	2011	2012	2013	2014	2014 Cum %	Growth %pa 2009-14
1	Canada	59	58	67	67	75	75	93	30%	+10%
2	United States	39	46	55	60	70	71	69	53%	+9%
3	United Kingdom	46	46	41	38	36	31	34	64%	-6%
4	Australia (ABARES)	13.83	12.20	10.14	9.888	9.146	10.333	10.432	67%	-1%
	<b>Southern RL</b>	<b>4.109</b>	<b>3.497</b>	<b>3.140</b>	<b>3.132</b>	<b>2.948</b>	<b>2.955</b>	<b>3.053</b>		<b>-2.6%</b>
	VIC	0.356	0.276	0.274	0.300	0.300	0.307	0.311		+2%
	SA	2.309	1.810	1.554	1.557	1.550	1.552	1.577		0%
	TAS	1.444	1.411	1.312	1.275	1.098	1.096	1.165		-4%
	<b>Western RL</b>	<b>8.961</b>	<b>7.637</b>	<b>5.947</b>	<b>5.247</b>	<b>4.890</b>	<b>6.066</b>	<b>5.857</b>		<b>-4%</b>
	<b>Eastern RL NSW</b>	<b>0.122</b>	<b>0.122</b>	<b>0.122</b>	<b>0.129</b>	<b>0.142</b>	<b>0.138</b>	<b>0.146</b>		<b>+4%</b>
	<b>Tropical RL</b>	<b>0.641</b>	<b>0.946</b>	<b>0.940</b>	<b>1.380</b>	<b>1.166</b>	<b>1.174</b>	<b>1.377</b>		<b>+21%</b>
5	Indonesia	10	6	8	11	14	17	10	71%	+15%
6	Ireland	10	8	8	9	11	9	10	74%	+6%
7	Brazil	7	7	7	7	7	7	7	76%	-1%
8	Bahamas	7	7	10	9	10	6	7	78%	+2%
9	Nigeria	2	3	4	4	4	5	5	80%	+11%
10	Nicaragua	4	4	4	4	4	4	5	81%	+6%
11	Cuba	6	4	5	5	4	5	5	83%	+3%
12	Honduras	4	3	4	4	5	5	5	84%	+8%
13	Mexico	3	2	3	3	3	4	4	86%	+16%
14	France	5	6	6	6	4	4	4	87%	-7%
15	New Zealand	3.390	3.150	3.794	3.539	3.482	3.639	3.652	88%	+3%
	98 other suppliers	26	26	34	34	26	26	23	100%	-0.2%
	<b>Total</b>	<b>255.4</b>	<b>253.0</b>	<b>284.8</b>	<b>285.7</b>	<b>299.1</b>	<b>294.0</b>	<b>307.2</b>	<b>100%</b>	<b>+4%</b>

Spiny rock lobster is the third most commercially significant group. Among the many species harvested, Australia and New Zealand are the only suppliers of Southern Rock Lobster, *Jasus edwardsii*. Together, their contribution of this species amounts to 2.2% of total global lobster supply.

Globally, the supply and trade of farmed lobster (on-growing of wild catch juveniles), continues to expand. In 2014 the FAO<sup>3</sup> recorded annual global farmed lobster supply at a three-year average of around 1,323 tonnes. However, ACIAR<sup>4</sup> confirms 1,500 tonnes production per year from Vietnam (*Panulirus ornatus*), with an additional 200-300 tonnes from Indonesia (*Panulirus homarus*). Australia has been a world leader in spiny lobster aquaculture research. While annual global farmed lobster supply is likely to be around 1,800 tonnes, more growth is expected, particularly now that the life-cycle has been closed and hatchery rearing becomes a reality.

Global Lobster Imports (FAO)									
2014 Rank by Tonnes		2008	2009	2010	2011	2012	2013	2013 Cumm. %	Avg. Growth %pa 2008-13
1	USA	48,957	45,050	52,411	53,202	55,529	56,925	30%	3.4%
2	Canada	15,250	17,836	22,565	27,401	31,671	30,139	45%	15.1%
3	China Greater <sup>5</sup>	13,285	15,449	20,364	20,944	20,206	20,486	56%	9.8%
4	France	15,851	17,240	19,399	17,558	15,661	15,190	64%	-0.4%
5	Italy	16,284	17,474	18,014	17,218	14,210	13,845	71%	-2.8%
6	Spain	18,723	17,052	17,787	17,119	13,880	11,735	77%	-8.5%
7	UK	6,274	5,795	5,538	5,270	5,106	4,857	80%	-5.0%

In 2013, three markets - USA, Canada, and Greater China - together received 56% of lobster imports. Putting aside the large USA - Canada cross-border trade in *Homarus americanus*, China is the standout global growth market. The ongoing rise of China's middle class consumers is also an attractive market for Australia's high quality lobsters.

Two key trends are unfolding in global lobster markets - a move away from frozen to chilled product in response to consumer preferences as well as improved cold chain technologies, and rising demand for higher quality seafood by China's expanding middleclass. SRL's 2022 Strategy can benefit greatly from these trends.

### Southern Rock Lobster

Australia is the largest global producer and exporter of spiny lobster species. Fisheries in the three SRL jurisdictions (SA, TAS, VIC) contribute a relatively stable 30-34% of Australia's commercial lobster harvest. New Zealand is also a large fisher and exporter of *Jasus edwardsii*. Both countries source this species from wild fisheries.

Australian southern rock lobster harvest tonnages have stabilised over the last



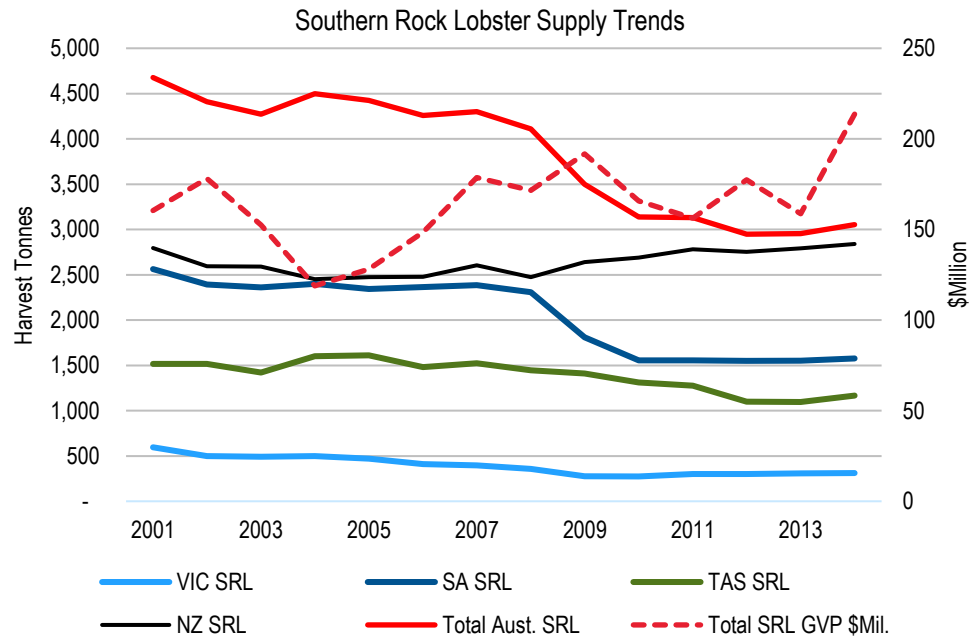
<sup>3</sup> FAOStat database (Table B1, p52) records global average annual lobster aquaculture supply of 1,323 tonnes for 2012-14.

<sup>4</sup> Spiny lobster aquaculture development in Indonesia, Vietnam and Australia, Proceedings 145, ACIAR 2015.

<sup>5</sup> Greater China includes mainland China, Hong Kong and Macau



decade, especially in response to strategies seeking to maximising economic yield. The landed (and market) value of the harvest has surged significantly as demand from middle class consumers in China has risen sharply. China takes more than 93% of Australia's total lobster harvest, and more than 95% of the respective product value.



### Market Dynamics

Recent research<sup>6</sup> concludes that Australian rock lobster (Southern and Western) and New Zealand Southern Rock Lobster are considered by Chinese consumers to be equivalent substitutes. Export prices to China are rising in response to both decreased Australian supply, and increased Chinese demand and household wealth.

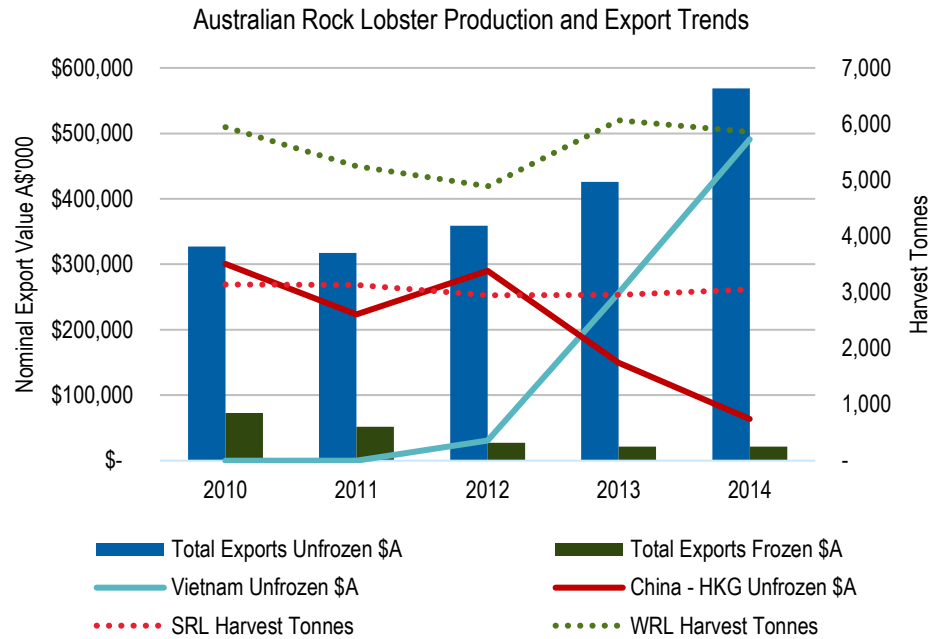
Growth in Chinese lobster demand has been outstripping lobster supply – so while China's landed volumes have increased dramatically, market and beach prices for Australian and New Zealand rock lobster have not fallen. Net \$US revenues for exporters (Australia, NZ, USA, Canada) are therefore increasing as volumes rise. Over the last five years a falling A\$ has had a positive impact for Australian based suppliers.

Overall, the harvest volume of Australian lobster (Southern and Western) has remained reasonably stable, while the market in Greater China has built considerable import momentum. The following chart confirms the strong growth in Australian nominal exported value since 2011, driven by the switch from frozen to non-frozen formats including live, fresh, and chilled products.

The dominant export trade flow to Greater China has been facilitated by a dramatic rise in the so called grey trade via Vietnam. The recent signing of ChAFTA (China-Australia Free Trade Agreement) will formalise Australia's supply channels for lobster to China

<sup>6</sup> An Analysis of the Demand for Western Rock Lobster, 2015, WA Department of Fisheries.

and enable direct exports of Australian lobster products to compete in that market on a similar footing to NZ lobster.



The Australian Southern Rock Lobster sector plans to work closely with its supply chain processors and export partners to differentiate and promote its product offer in primary markets. Opportunity also exists for SRL to collaborate with the Western Rock Lobster sector, and the New Zealand industry to enhance mutual lobster export outcomes.

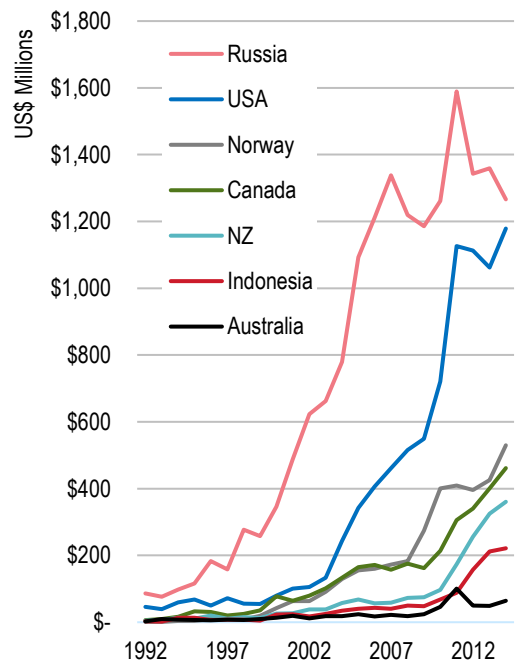
### Chinese Consumers Online

The ongoing rise of Chinese consumer markets (including Hong Kong, Macau and overseas Chinese) is dramatically changing global seafood production and supply.

Australia is the seventh largest seafood supplier to China, by \$US value. All seven suppliers except Russia, are major global producers of lobsters.

China’s imports of American lobsters (*H. americanus*) are rising, but those consumers are also attracted to tropical spiny lobster species. Emergent lobster farmers (eg. Vietnam and Indonesia) are also targeting China’s middle class consumers.

China's Seafood Suppliers (Comtrade 2014)



China has a long tradition of global emigration to Australia, Canada, USA, Singapore and other Chinese communities. In 2015 over 50 million Chinese nationals were studying or working, and living overseas.

In Australia in 2015, 36% of the 292,352 international students enrolled in Australia were from China or Hong Kong<sup>7</sup>.

In 2015, 1.02 million Chinese tourists visited Australia (2<sup>nd</sup> behind NZ) spending \$8.3 billion<sup>8</sup>. Tourism Research Australia notes that in 2015 annual growth in Chinese tourism to Australia was 21%; NZ tourist growth was only 5%.

## REGULATORY FRAMEWORK

Australian Southern Rock Lobster fisheries operate on a single stock across a multi-jurisdictional regulatory environment. The participating jurisdictions include the states of South Australia, Victoria, and Tasmania.

Each jurisdiction maintains its own management regime regulating its fishers and downstream partners. While some regional operating activities require localised solutions, there is potential to reduce duplication of some on-water services. There are clear economic benefits for all fishers if their joint investment in RD&E and market development can be enhanced through collaboration on single projects to address key RD&E challenges and investment areas.

To mitigate the potential risks and costs of duplication in the sector, SRL is working with its Members, fishers and cross jurisdictional regulators to identify areas where operational and harvest scale can be enhanced, and where harmonisation and efficiency can be introduced or extended.

### Lobsters Online to China

[22 Oct 2014 www.fis.com](http://www.fis.com)

Dalian based Chinese seafood giant, Zhangzidao Group has acquired an existing lobster plant in Nova Scotia, Canada. The Chinese investors plan to export between 2,300 to 4,500 tonnes of lobster to China in 2015 through the plant.

[17 Feb 2015 Sinosphere.nytimes](http://Sinosphere.nytimes)

According to the Lobster Council of Canada, shipments to China have almost doubled annually since 2010. Harvested in the wild from pristine waters, Canadian lobsters have become a hit among Chinese consumers whose fears of domestic seafood have created a growing market for crustaceans from countries with stricter environmental controls, like Australia and Canada.

[Food & Beverage Weekly April 2015](#)

Chinese online retailer TaoBao claimed 20,000 Canadian lobsters were sold online in 2013. The air-flown lobsters, weigh around three pounds, and are promoted with "more meat, hard shells and very full bodies"

[4 Sept 2015 www.fis.com](http://www.fis.com)

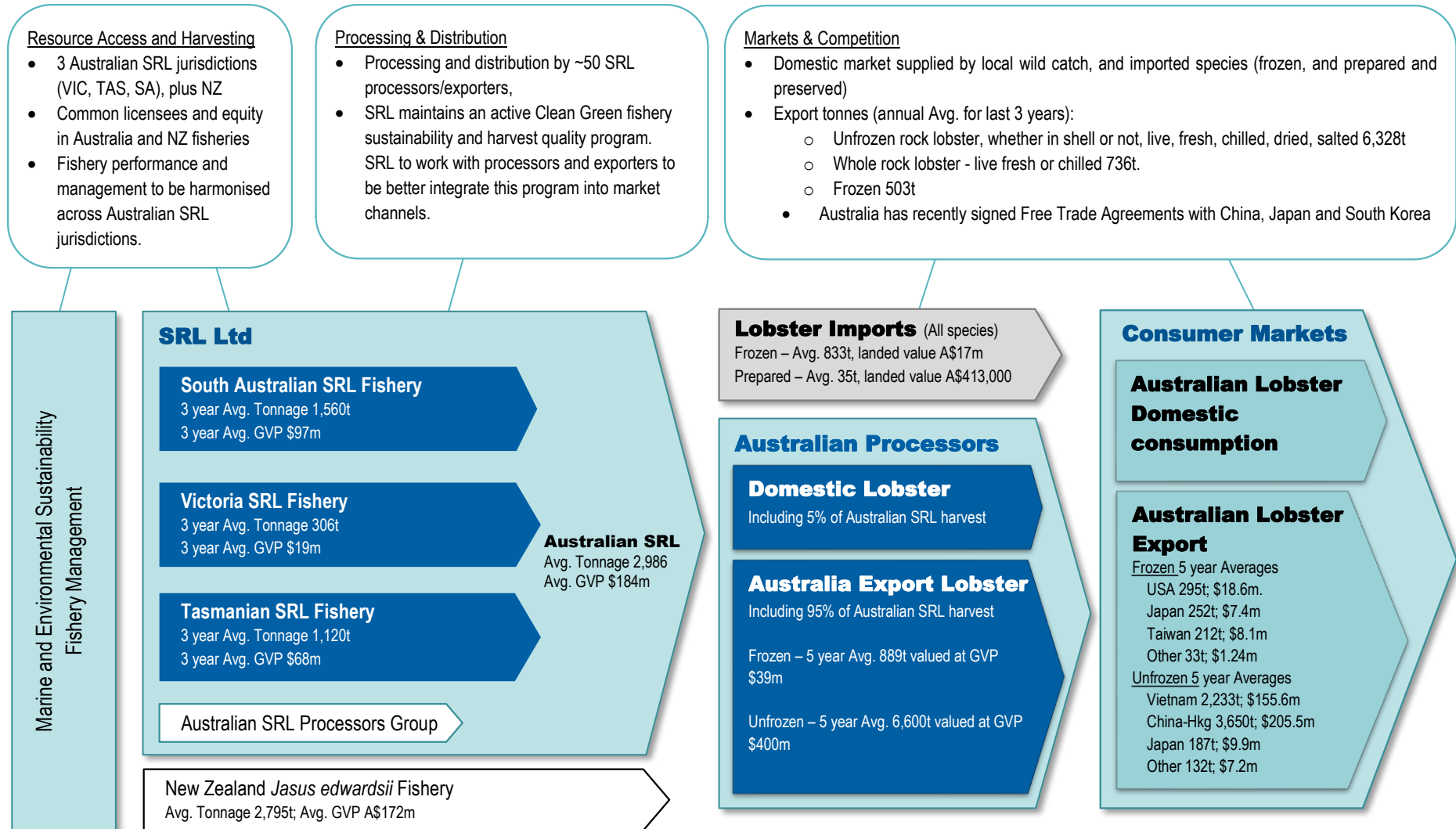
Zoneco (previously Zhangzidao) executives based in Nova Scotia will use the name "Boston lobster" to trade the crustacean in China. The Chinese consumer eats lobster two or three times a year – but will they be able to distinguish a difference between lobster from Atlantic Canada and the US? Zoneco has a promotional campaign including a feel-good video featuring crews who catch and process the lobster caught off Nova Scotia.

<sup>7</sup> Institute of International Education, [www.iie.org](http://www.iie.org). *Project Atlas* was launched by IIE in 2001 as a global forum to monitor international trade in education. It is supported by many global partners including the Australian Government, U.S. Dep't of State, British Council, and China Scholarship Council.

<sup>8</sup> Australian Tourism Snapshot, 31 December 2015 Australian Bureau of Statistics

## ROCK LOBSTER SUPPLY CHAIN

Average figures are based on last 3 years of available data



## INDUSTRY PARTNERSHIP AGREEMENT

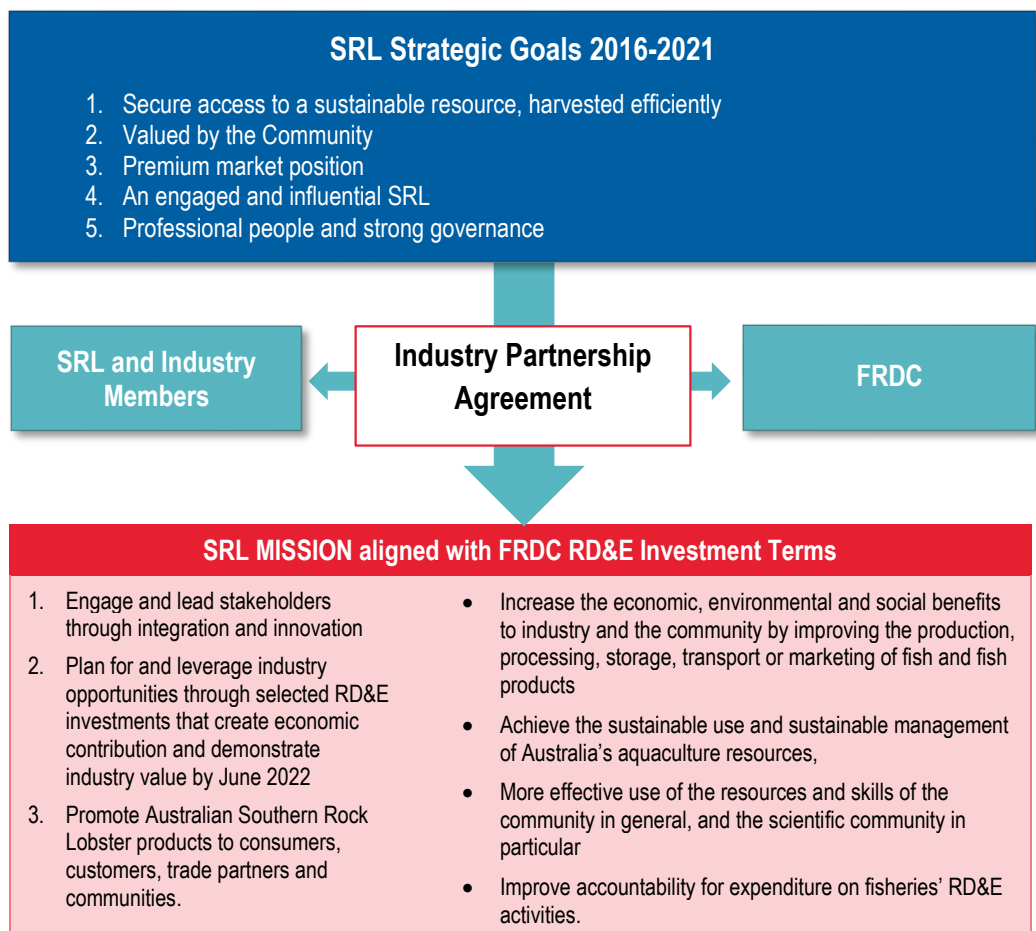
SRL has renewed and realigned its existing IPA arrangement with the FRDC. The IPA which runs from 2015-2020 will improve the flexibility, performance and leverage SRL achieves from its collective precompetitive RD&E investments.

The IPA enables investment in industry projects against agreed industry strategic needs. SRL will assess individual investment options to determine if they are best funded from inside or outside the IPA.

SRL will address and lead national issues on Members' behalf. It will continue to support state organisations, Fishery Managers and collaborators, especially where harmonisation of regulations and data management can achieve economic benefits.

The IPA establishes a customised contractual framework to better align SRL Members' aspirations directly with FRDC's investment tools and leverage.

An IPA is an Industry Partnership Agreement between the FRDC and a sector body to manage the sector's RD&E program or a suite of projects. IPAs have a budget allocation, based on forecast contributions, and FRDC "matching" contributions, (less an 8% FRDC service fee). Under an IPA the FRDC partners with an industry sector to deliver against that sector's RD&E Plan. The obligations of the parties signing an IPA are detailed in the Agreement.

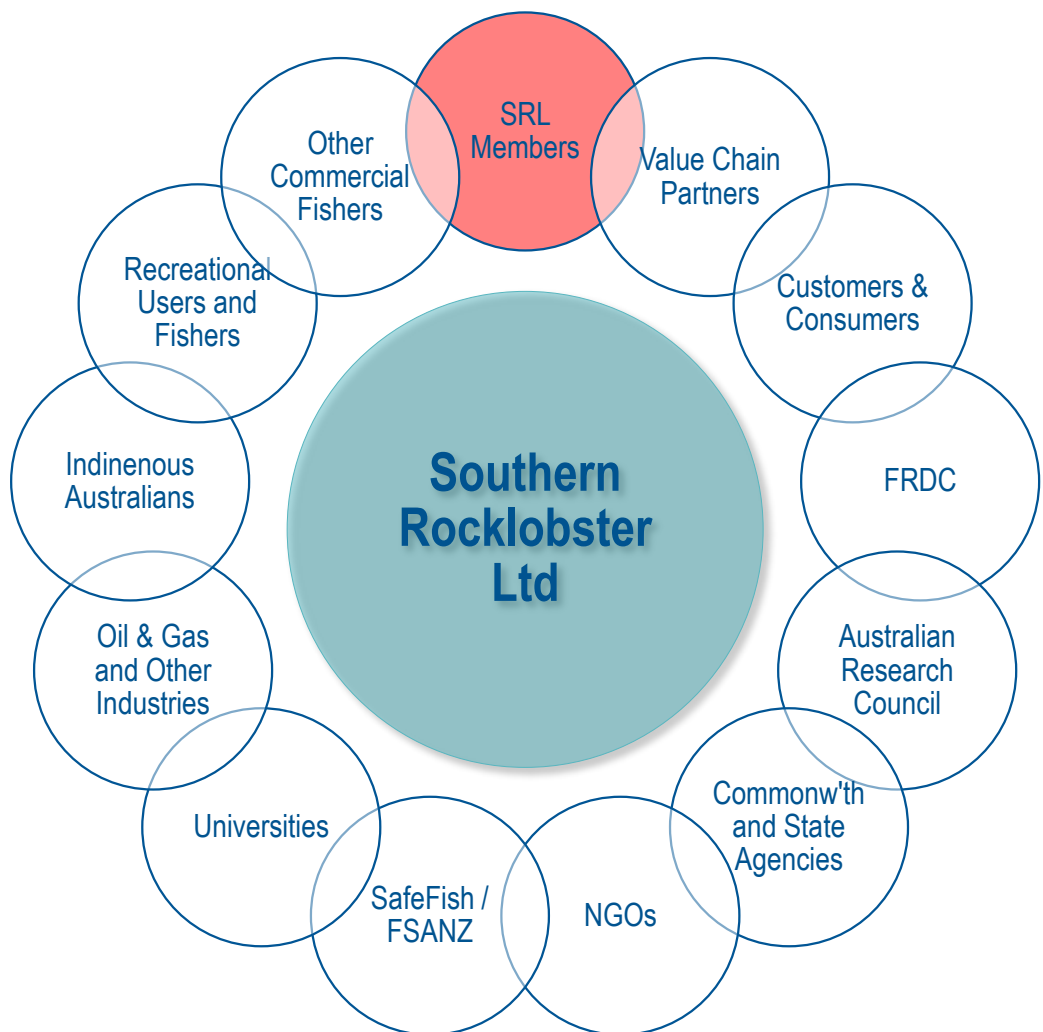


### 3. INVESTMENT PROGRAM

#### INVESTMENT COLLABORATION

SRL works with Members, seafood processors, value chain partners and many stakeholders to establish its Strategic and RD&E priorities and objectives. In turn, these priorities drive the SRL Investment Program for both RD&E and Market Development.

The following figure summarises SRL's partners and collaborators in precompetitive RD&E and market development investments.



RD&E investment and approval is achieved via a collaborative process between SRL and research providers, with priorities developed and agreed at RD&E meetings.

This Strategic / RD&E Plan formalises this approach and embeds it into the IPA Framework. It provides clear direction on priority areas, roles, responsibilities, timelines and expected outputs and outcomes.

## FUNDING THE INVESTMENT

SRL Members contribute funds via their individual states to the FRDC for the funding of RD&E activities. Under the PIRD Act these industry funds are matched by the Commonwealth Government. Members also voluntarily contribute additional funds on an annual basis, which are not matched.

Further leveraging of industry contributions is obtained via Cooperative Research Centres, the Australian Research Council and other federal funding initiatives, as well as through the contributions of research providers and state management agencies.

Under the Industry Partnership Agreement with the FRDC, SRL takes a lead role in the investment of this funding to achieve strategic RD&E objectives. SRL recognises the need to investigate new sources for the conduct of market development and product promotion activities.

SRL's investment strategy emphasises collaboration and partnership with other key players to leverage funding and to ensure that the right people are involved. These partners may include other Australian Rock Lobster Sectors (Western and Eastern Rock Lobster), international sectors (New Zealand Rock Lobster) and downstream processors of Southern Rock Lobster products.

This Plan identifies a number of new challenges and opportunities for SRL and its Members over the next five-year horizon. It proposes a more comprehensive strategy to address RD&E priorities, market development and product promotion.

Additionally, SRL have developed working relationships with a number of research organisations to conduct RD&E for the industry, most of which have also provided leverage opportunities for funding, whether these be cash or in-kind. SRL will continue to maintain relationships with these research providers seeking opportunities to partner in RD&E. Major organisations in this category include the University of Tasmania through the Institute of Marine and Antarctic Studies, the South Australian Research and Development Institute, and the Department of Economic Development, Jobs, Transport and Resources Victoria.

Funds will be sourced from a number of RD&E and Market Development streams:

- ▶ Leveraged RD&E Contributions. Within the IPA terms, funds leveraged through FRDC will be invested in SRL/FRDC approved RD&E Projects, including SRL administration and precompetitive market research. Leverage of SRL funds is also obtained for RD&E through other research funders and research providers (eg. ARC, IMAS, CSIRO, SARDI, DPIVic) for specific projects aligned with this SRL Strategy.

- ▶ Unleveraged RD&E Contributions. Within the IPA terms, SRL may choose to use unleveraged funds to undertake projects not suitable for leverage, such as activities outside the scope of RD&E.
- ▶ Market Development is of special interest. SRL will work with Members and supply chain partners to assess the cost-benefit of raising funds for Market Development activity eg. SRL export brand development, promotion of SRL product in China, export supply chain support. The funding options include voluntary Member or state contributions, sponsorships, and a national market development levy. SRL will determine if and how these matters will be managed within the IPA framework.

The source of funding is summarised in the following table.

The subsequent pages identify the use of these funds across five Investment Areas.



## INVESTMENT CAPACITY

The following table summarises the drivers of investment capacity for SRL. Funding sources include industry contributions to RD&E, and leveraged funds from the Australian government. All funds will be contributed, leveraged, managed and invested under the IPA between SRL and the FRDC.

SRL BASE CASE Nominal A\$ values		Years ending June	Actual 2013	Actual 2014	Estimate 2015	Estimate 2016	1 2017	2 2018	3 2019	4 2020	5 2021
Actual & Forecast Harvest - forecast growth of 0%	SRL	Tonnes	2,955	3,053	3,000	3,000	3,000	3,000	3,000	3,000	3,000
	SA		1,552	1,577	1,550	1,550	1,550	1,550	1,550	1,550	1,550
	TAS		1,096	1,165	1,150	1,150	1,150	1,150	1,150	1,150	1,150
	VIC		307	311	300	300	300	300	300	300	300
Est. Sector GVP - forecast growth @3.0%	Nominal	\$Mill.	158.681	213.656	220.066	226.668	233.468	240.472	247.686	255.116	262.770
Forecast Beach Price	Nominal	A\$/kg	53.70	69.98	73.36	75.56	77.82	80.16	82.56	85.04	87.59
<b>INDUSTRY INVESTMENT CAPACITY</b>											
GVP Rolling 3 Year Average	Nominal	\$Mill.	164.085	183.230	197.468	220.130	226.734	233.536	240.542	247.758	255.191
RD&E Contribution to FRDC @ 0.25% Max.	Nominal	\$'000	410	458	494	550	569	584	601	619	638
Net Industry RD&E Contribution available (less 8%)	Nominal	\$'000	377	421	454	506	521	537	553	570	587
Leveraged FRDC Funds	Nominal	\$'000	377	421	454	506	521	537	553	570	587
<b>Total Leveraged FRDC RD&amp;E Funds Available</b>	<b>Nominal</b>	<b>\$'000</b>	<b>754</b>	<b>843</b>	<b>908</b>	<b>1,013</b>	<b>1,043</b>	<b>1,074</b>	<b>1,106</b>	<b>1,140</b>	<b>1,174</b>

## Investment Area 1. Secure Access to a Sustainable Resource, Harvested Efficiently

Investment Strategies	Risks and Rationale	RD&E Activities
1. <b>Ensure Ongoing Resource Sustainability</b>	<p>The Southern Rock Lobster fishery must be operated sustainably, not only in terms of lobster stocks but also bycatch and the wider ecosystem.</p> <p>There is a risk to reputation and production if stocks are not maintained above scientifically based reference points.</p>	<p><b>Near Term 2017-18</b></p> <ul style="list-style-type: none"> <li>a. Bioeconomic modelling of harvest strategies and other regulations (regional management, size limits, TAC changes, closures etc).</li> <li>b. Improved pot design</li> <li>c. Bait security</li> <li>d. Improve spatial and temporal management</li> </ul>
2. <b>Security of Access to the Resource</b>	<p>As a significant contributor to local and regional economies the fishery needs greater political recognition and security of access to the resource, particularly in relation to competing uses such as conservation (marine parks) and energy security (oil and gas).</p>	<p><b>Mid Term 2019-20</b></p> <ul style="list-style-type: none"> <li>e. Capability to access, test and analyse harvest data</li> </ul>
3. <b>Increase the Profitability of the Harvest</b>	<p>The size of the sustainable harvest can be improved by better matching of size limits and quotas to the biology of the stock, which varies from region to region.</p> <p>Production can also be increased by techniques such as translocation, seeding artificial reefs, aquaculture, new pot design and alternative baits.</p>	<ul style="list-style-type: none"> <li>f. Incorporate current and forecast economic data (supply chain, and market) into harvest strategy</li> <li>g. Sharing of data across harvest, fishery management and chain partners</li> <li>h. Collate and share information (especially harvest and market quality) back to fishers and chain partners</li> <li>i. Model market efficiency management techniques and impacts</li> </ul>
4. <b>Efficient Management of Competition for Harvest</b>	<p>The fleet is composed of hundreds of different fishers who compete for catch. There are opportunities to prevent erosion of profitability of the fishery, for example when fishers waste effort on a location that was fished the day before, or coordinating landings to smooth supply and raise price.</p>	<ul style="list-style-type: none"> <li>j. Respond to opportunities for increasing profitability found through HS analyses</li> <li>k. Field test and deploy efficiency and stock building innovations</li> <li>l. Incorporate economic drivers into catch rate standardisations</li> </ul>
5. <b>Harmonise Fishery Regulations, Management and Science</b>	<p>Our fishery spans multiple jurisdictions and each of these has different zones. These spatial controls can be useful for managing production but they also risk creating inefficiency for vessel movements, supply of product, duplication of management efforts, and enforcement.</p>	<p><b>Long Term 2021-22</b></p> <ul style="list-style-type: none"> <li>m. Respond to any shortcomings in best practice management, including ensuring fisheries meet certification benchmarks (regardless of whether certification is pursued or not)</li> <li>n. Expand on efficiency and stock building innovations</li> <li>o. Trial / implement improved market management techniques.</li> </ul>

## Investment Area 2. Valued by the Community

Investment Strategies	Risks and Rationale	RD&E Activities
<p><b>6. Demonstrate our Sustainability Credentials</b></p>	<p>For the community to accept that the fishery is sustainable it needs to be reviewed and assessed independently against well accepted, standard benchmarks. This includes levels of egg production, response to interactions with marine mammals, and how we respond to environmental events.</p>	<p><b>Near Term 2017-18</b></p> <ul style="list-style-type: none"> <li>a. Map and benchmark Southern Rock Lobster accreditation standards against international competitors</li> <li>b. Develop a food / tourism Industry strategic partnership and alliance strategy</li> <li>c. Product development ideas for 'processed' product that would otherwise not be considered 'premium export grade'</li> <li>d. Traceability (Sense T)</li> <li>e. Increase adoption of Clean Green in the fleet</li> </ul>
<p><b>7. Promote industry Best Practice (Clean Green)</b></p>	<p>The Clean Green program is an important process for training and testing sustainability at the level of the individual operator. The system needs to be independent, robust and promoted if it is to enable and attract community endorsement.</p>	<p><b>Mid Term 2019-20</b></p> <ul style="list-style-type: none"> <li>f. Create tools and social media events to engage communities and learn about SRL fisheries</li> <li>g. Sustainability reporting on an annual basis</li> <li>h. Form strategic alliances and partners in the food and tourism industries</li> <li>i. Sense T phase 2</li> </ul>
<p><b>8. Build positive community perceptions of our fishery</b></p>	<p>SRL needs to develop a communication strategy that promotes our Clean Green industry credentials to a wider stakeholder group if it is to achieve community support and acceptance</p>	<p><b>Long Term 2021-22</b></p> <ul style="list-style-type: none"> <li>j. Support broader seafood industry initiatives that communicate industry's right to fish</li> <li>k. Respond to any shortcomings in best practice management, including ensuring fisheries meet certification benchmarks (regardless of whether certification is pursued or not).</li> </ul>

## Investment Area 3. Premium Market Position

Investment Strategies	Risks and Rationale	RD&E Activities
<p><b>9. Brand Products and promote Clean Green</b></p>	<p>Discerning global consumers are increasingly advocates for sustainable harvesting of wild catch seafood. Certification of the sustainability of its fisheries and products will differentiate SRL's consumer offer and underpin its marketing activities.</p>	<p><i>Near Term 2017-18</i></p> <ul style="list-style-type: none"> <li>a. Quantify and understand how SRL should develop markets in China and elsewhere</li> <li>b. Explore mechanisms to protect the SRL Clean Green brand (and support traceability), eg. secure unique RFID Tags on Lobsters</li> <li>c. Exploit opportunities arising through Free Trade Agreements</li> </ul>
<p><b>10. Develop Markets and Products – local and international</b></p>	<p>The Chinese market is evolving rapidly and SRL must undertake market research if its offer is to be targeted, competitive and responsive to changing market needs. Food safety and quality continues to be important but there is also rapid growth in third party sustainability certification.</p>	<p><i>Mid to Long Term 2019-22</i></p> <ul style="list-style-type: none"> <li>d. Trial / deploy brand protection technologies (in conjunction with WA and /or NZ)</li> <li>e. Establish an Australian Exporters Forum</li> <li>f. Develop market strategies for export and domestic sales</li> <li>g. Building sustainability credentials: <ul style="list-style-type: none"> <li>o free of chemicals, high welfare standards, high confidence in reporting of TEPs (Threatened, Endangered and Protected species) interactions, low ecosystem impacts</li> <li>o supply chain actively managed to ensure authenticity</li> <li>o fishery and seafood health managed and physiology understood and managed to ensure there's a reputation for healthy shipments</li> <li>o ability to anticipate market trends and expectations</li> </ul> </li> <li>h. Further market development.</li> </ul>
<p><b>11. Support and Collaborate with our Chain Partners</b></p>	<p>The ongoing success of Southern Rock Lobster in export markets will rely heavily on supply chain efficiency and collaboration. The bulk of profit margin is created in the fishery, but this will be lost unless SRL collaborates with chain partners to mutually preserve, leverage and deliver this to consumers via chain efficiency, education and in-market promotion.</p> <p>SRL will try to shorten its supply chain to the Chinese middle class consumer by leveraging promotion on the back of the new ChAFTA</p>	

## Investment Area 4. An Engaged and Influential SRL

Investment Strategies	Risks and Rationale	RD&E Activities
<p><b>12. Engage with the whole Southern Rock Lobster Supply Chain</b></p>	<p>SRL's purpose is to represent and lead the fishery across all three states – SA, TAS and VIC. In order to be effective in this role we need to communicate more effectively especially to the fishing community – we need to be able to clearly communicate and listen to our stakeholders. A challenge ahead is broadening this communication beyond people directly involved in fishing.</p>	<p><b>Near Term 2017-18</b></p> <ul style="list-style-type: none"> <li>a. Develop a communication and stakeholder engagement strategy</li> <li>b. Survey stakeholder perceptions</li> <li>c. Facilitate joint market development and participation with downstream processing export and distribution partners</li> <li>d. Support STAG (Seafood Trade Advisory Group)</li> <li>e. Frequent release of SRL news items</li> <li>f. SRL participation in state rock lobster fishery member meetings</li> </ul>
<p><b>13. Engage with stakeholders</b></p>	<p>Many issues facing the Australian <i>Jasus edwardsii</i> fishery also involve stakeholders that may be:</p> <ul style="list-style-type: none"> <li>• local, regional, or national in scope,</li> <li>• private businesses, not-for-profit organisations, or industries,</li> <li>• NGOs, public organisations or agencies.</li> </ul> <p>They require professional engagement by SRL.</p>	<p><b>Mid Term 2019-20</b></p> <ul style="list-style-type: none"> <li>g. More active participation in political debate over issues that affect the sector</li> <li>h. Further development and promotion of Clean Green</li> <li>i. Potential commercialisation of Clean Green</li> <li>j. Engagement with the new peak body, Seafood Industry Australia</li> </ul>
<p><b>14. Build SRL's Political Recognition and Influence</b></p>	<p>Many external governance and political issues facing the Australian <i>Jasus edwardsii</i> fishery are national in scope and require measured and sustained political responses and interaction.</p> <p>Examples include interaction with oil and gas producers, and trade negotiations. SRL requires political capacity, recognition and influence to be effective in this role.</p>	<ul style="list-style-type: none"> <li>k. Identify sources of funds and collaborators to join with SRL on joint issues</li> <li>l. SRL to play an active role in national issues that are beyond the fishery, such as vessel seaworthiness standards and accreditation, and seafood handling standards</li> </ul> <p><b>Long Term 2021-22</b></p> <p>nil.</p>

## Investment Area 5. Professional People and Strong Governance

Investment Strategies	Risks and Rationale	RD&E Activities
15. Invest in and Develop SRL People	<p>SRL's ability to lead and prosecute its preferred future requires a strong team of experienced and active professional fishers and managers, working together in a professional organisational framework.</p> <p>The organisation needs to continually communicate with Members, stakeholders, fishery communities, agencies and other third parties to identify develop and refresh both its people and its governance structure for this critical task.</p>	<p><b>Near Term 2017-18</b></p> <ul style="list-style-type: none"> <li>a. SRL to identify list of candidates for career and professional development programs, including Australian Rural Leadership Program, National Seafood Industry Leadership Program etc</li> <li>b. SRL Executive Officer to do AICD course</li> <li>c. Investigate ways of building better on-line access to all SRL Intellectual Property assets &amp; artifacts - virtual 'knowledge-base' for SRL activities</li> <li>d. Supporting and representation at Trans-Tasman Rock Lobster Conference and the International Rock Lobster Conference</li> <li>e. SRL attendance at peak body AGMs and other meetings</li> <li>f. Foster trans-Tasman relationships</li> <li>g. Mentoring</li> <li>h. Succession planning</li> <li>i. Sponsoring participation in SRL activities</li> </ul>
16. Ensure a well-run SRL Organisation	<p>SRL represents a large group of stakeholders who jointly benefit from the contribution of public funds.</p> <p>SRL has a responsibility to Members, stakeholders and the Community to ensure that the organisation is well-run and efficient, and its performance is optimising economic and community returns.</p> <p>The development of structured collaboration with processors is a fundamental step to achieve these outcomes.</p>	<p><b>Mid Term 2019-20</b></p> <ul style="list-style-type: none"> <li>j. Establish formal relationship with seafood processing sector</li> <li>k. Confirm processor representation on SRL Board</li> </ul> <p><b>Long Term 2021-22</b></p> <p>nil.</p>

## Glossary

ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ACIAR	Australian Centre for International Agricultural Research
AGM	Annual General Meeting
AICD	Australian Institute of Company Directors
ARC	Australian Research Council
ChAFTA	China-Australia Free Trade Agreement
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DPIVic	Department of Primary Industries, Victoria
FRDC	Fisheries Research and Development Corporation
FTA	Free Trade Agreement
IMAS	Institute for Marine and Antarctic Studies, a centre within the University of Tasmania
IP	Intellectual Property
IPA	Industry Partnership Agreement between SRL Ltd and the FRDC
MMT	Million metric tonnes
NGO	Non-Government Organisation
RFID	Radio Frequency Identification
SARDI	South Australian Research and Development Institute
SARLAC	South Australian Rock Lobster Advisory Council
SRL	Southern Rocklobster Ltd
STAG	Seafood Trade Advisory Group
TEPs	Threatened, Endangered and Protected species
TRLFA	Tasmanian Rocklobster Fishermen's Association
VRLA	Victorian Rock Lobster Association



# Southern Rocklobster Limited Annual Report



## For the Year 2014 – 2015



Clean Green Training Attendees South Australian Northern Zone  
October 2014

*Australian Southern Rock Lobster*  
*'The Finest In the World'*



## Chairman's Report

The 2014/15 year has been a time of significant development and change for both SRL and the southern rock lobster industry. The industry continued to grow in value substantially and is now approaching \$300 million annualized GVP, making it the most valuable wild capture fishing industry in Australia. This has been achieved by continued strong demand in the China market, aided by the weakening of the Australian dollar, resulting in positive business conditions during the year.

However, along with this continued industry growth comes major challenges. Catch volumes remain static as a result of resource management protocols, costs of production are rising significantly and the increasing reliance of a single product into one market exposes the industry to medium-long term risks.

SRL therefore embarked on a number of initiatives, guided by our 5 year Strategic Plan, to address these challenges to the industry. With the China market being of such importance to the industry, a number of these initiatives were focused on understanding that market better as well as addressing issues that are of emerging importance for the maintenance of southern rock lobster's premium position in that market.

A ground-breaking partnership with the New Zealand rock lobster exporting sector commenced, aimed at undertaking market research in China to better understand Chinese consumers and the factors that influence their purchasing decisions. This is the first time that the two industries have collaborated on such a research project and opens the doors for possible future collaboration.

Product traceability and safety remained high priority emerging issues and during the year, projects were undertaken on better understanding and managing the impacts of naturally occurring toxic algal blooms. Funding has also been sought for developing a product traceability system that will enable the provenance of product to be guaranteed.

SRL's Clean Green product standard stands at the centre of a number of these strategic initiatives since it provides the important, third-party-certified guarantees of product quality, safety and environmentally and socially responsible industry practices that supports the premium position in the market. During the year, the Australian Maritime Safety Authority (AMSA) officially recognized the Clean Green standard as meeting AMSA's national requirements for vessel safety management systems, the only industry standard that has been so recognized. Clean Green certified fishers are therefore exempted from the relevant AMSA surveys, resulting in cost savings to those fishers. This has led to an increased demand for Clean Green training and it is expected that within the next 12 months, 100% of fishers in South Australia and significant numbers in Victoria and Tasmania will be Clean Green certified.

All of SRL's R&D activities and administration require funding and, as foreshadowed at the 2014 AGM, two important changes to funding arrangements occurred during the year. The Fisheries Cooperative Research Centre (CRC) ceased operations on June 30<sup>th</sup> 2015 (although some ongoing projects were novated to the FRDC) and work commenced on the drafting of a new Industry Partnership Agreement (IPA) with FRDC.

The latter is in its final stages of agreement and reflects the excellent work done by SRL's Board Committee (Directors Justin Phillips, Nick Ruello and Caleb Gardner) that was established to examine SRL's future role and its interactions with FRDC. The Board subsequently endorsed the recommendations of the committee that SRL should move towards being an Industry Service Organization, should broaden its role to represent its members on issues of national importance to the industry and should broaden and deepen its engagement with the processing and exporting

sector. These changes are reflected in the draft IPA with FRDC who continue to be a valuable partner in supporting SRL.

The next steps for the SRL Board, in collaboration with industry partners, is to examine how SRL's newly defined role can best be delivered in terms of linkages, management structure and funding. It is my personal view that industry organizations such as SRL should not be forever reliant for its core operations on public institutions but should be supported directly from, and be responsible to, industry despite the practical difficulties of achieving this.

Closely related to SRL's new role is the issue of funding industry marketing and promotion. The premium market position that southern rock lobster enjoys in its primary market, China, is increasingly being recognized as being under threat as the price premium between our product and competitors narrows. Despite this, and despite the ongoing collaborative market research activities being undertaken with the New Zealand industry, our industry is currently not investing any funds in generic marketing and promotion activities to maintain this premium market position.

Undertaking and funding generic marketing and promotion raises a number of issues and questions that SRL and its industry partners need to consider. Among these are (a) how does SRL involve itself in ongoing generic marketing and promotion given that this activity is often unsuitable for project-based funding? (b) Who pays and what is the basis for industry funds contributions (c) what is the appropriate apportionment of industry funds on R&D and generic product promotion? (d) What is the role of FRDC in this area? (e) Can existing collaborative market research activities with New Zealand and others be built on and extended to generic marketing and product promotion?

The proposed more formal engagement of the processing and exporting sector will greatly assist to answering some of these issues.

Over the past 12 months, SRL has built a solid platform for addressing the challenges faced by the industry over the next few years and I am confident that SRL will continue to serve and add value to the Australian southern rock lobster industry. In achieving this, I remain hopeful that it will be done, once again, with the full involvement of the Victorian industry in SRL activities.

However, it will be the responsibility of a new Chairman with fresh ideas to lead SRL in addressing these challenges since, after 5 years as Chairman I will be stepping down on October 31st.

In doing so, I would like to thank the SRL Directors for their enthusiasm, passion and commitment in achieving so much, our industry partners in South Australia and Tasmania for supporting us and also FRDC for its unwavering and continued support to SRL.

My best wishes.

A handwritten signature in blue ink, appearing to be 'G. Morgan', written in a cursive style.

**Dr. Gary Morgan**

## **The Year 2014-15 in Review**

### **SRL BOARD OF DIRECTORS**

There were no changes to representation on the SRL Board from the 2013-14 year with representation of Directors, being:

Mr Justin Phillips (SARLAC – Member Association)

Mr Roger (SARLAC – Member Organisation)

Mr John Sansom (TRLFA – Member Organisation)

Mr Rodney Treloggen (TRLFA – Member Organisation)

Mr Caleb Gardner (Independent Director Research & Development Expertise – IMAS)

Mr Nick Ruello (Independent Director Marketing Expertise – Ruello and Associates)

Dr Gary Morgan has continued in the role of Independent Chairman of SRL as has Mr Ross Hodge in the position of SRL's Executive Officer.

In addition to the 2014 AGM held Thursday 30 October, the Board has met four times in (July 2014, October 2014, February 2015 & June 2015\*) for face-to-face meetings and another two meetings were held via teleconference. At the invitation of the SRL Board, the Executive Officer of the New Zealand rock lobster council attended SRL Board meetings on 30 November 2014 and 26 February 2015 as an observer.

The 'Board Committee' appointed by the Board of Directors in the previous year provided options for the future role and functions for SRL. The Board are still to finalise their considerations on the work done by the Board Committee and decide on the implementation steps for achieving their recommendation(s).

Dr Gary Morgan advised the Directors in February that he would not be seeking to extend his current term as the Chair of the SRL Board and RD&E Committee. The Board agreed on a process for recruiting a new Chairman and several applications were received in response to the 'Scope of Consultancy' document and interviews were conducted by the Directors. Professor Colin Buxton was appointed to the role of Chair SRL Board and RD&E Committee and will take up the position on November 1 2015.

\* The June 2015 meeting was brought forward from July when it would have normally been held due to the SRL EO travelling overseas.

### **RESEARCH, DEVELOPMENT & EXTENSION (RD&E) COMMITTEE**

In the past year the representation on the RD&E Committee has been:

Professor Caleb Gardner (Independent Director RD & E Expertise)

Justin Phillips (SARLAC)

Dr Annabel Jones (SARDI)

Hilary Revill (DPIPWE-TAS).

Dr Gary Morgan was Chair of the RD&E Committee and SRL's Executive Officer Mr Ross Hodge provided administrative support.

During the past year the RD&E Committee met four times (7 July, 13 November 26 February and 23 June\*) and also held one meeting via teleconference. RD&E committee meetings were attended by observers from the Industry's key funding bodies Fisheries Research & Development Corporation (FRDC) and the Australian Seafood Cooperative Research Centre (CRC).

The RD&E Committee continued its key role to review RD&E applications, provide feedback and make recommendations to the SRL Board on projects proposals, monitor ongoing research projects

and to assess the outcomes of completed projects. These activities are guided by the objectives of the Southern Rock Lobster RD&E 2011 – 2016 Strategic Plan. At each meeting updates are provided on progress of active projects and comments are provided on draft and final reports. During the past year the RD&E Committee agreed that it would be beneficial to review completed projects to determine how the outputs had been received and were being adopted. Presentations on the outcomes of the following completed projects:

**Justin Phillips** – Assessing functionality and suitability of the iPhone application Deckhand for on-board collection data capture in the Southern Rock Lobster Fishery

**Caleb Gardner** – Commercialising Translocation of Southern Rock Lobsters

**Stewart Frusher** – Developing Cost Effective Techniques for Monitoring Puerulus Settlement

**Tim Ward** – Optimising Business Structures and Fisheries Management Systems for Key Fisheries

\* The June 2015 meeting was brought forward from July when it would have normally been held.

### **SRL STRATEGIC PLANNING**

Following the review and considerable updating of the Southern Rock Lobster RD&E Strategic Plan 2011-2016 undertaken in the previous year, only the Annual Operating Plan component of the strategy document was reviewed and updated in 2014-15 year. The next full review and update of the Strategic Plan is scheduled to be undertaken in early 2016. The core objectives of the 2011-2016 Strategic Plan are:

- 1. Add Value along the Supply Chain from Fisher to Customer**
- 2. Optimize Fisheries Production**
- 3. Promote and Support People Development Across all Sectors of the Southern Rocklobster Industry**

### **RD&E PROJECTS**

In the past year a number of R&D project applications were reviewed by the RD&E Committee. The applications were assessed against their relevance to SRL's Strategic Plan, their technical merit and cost. A number were sent back to the applicant with comment for further development, some were rejected and several were approved. The following were sent to the SRL Board with a recommendation for approval and were subsequently approved by the Board:

#### **Applicant – SARDI**

- SafeFish

#### **Applicant U-TAS**

- Constraining East Coast Catch as Stock Grow (with conditions)

#### **Applicant – U-TAS**

- Developing cost effective industry based techniques for monitoring puerulus settlement:  
Phase 2

In Year 2014-15 year there was a total of \$483,699 of investment in R&D Projects approved by the RD&E Committee.

Compared to the previous year the level of project applications for consideration and recommendation by the RD&E Committee was down in number. The upside of this, is that in the coming year SRL will be in a position with the R&D funds available to identify projects consistent with the Objectives and Priorities of the RD&E Strategic plan and request expressions of interest from suitable research providers.

The work of the RD&E Committee has contributed significantly to the core role of SRL and delivering its commitments to the industry partnership agreement (IPA) with the FRDC and the State's (SA and TAS) fishery management agencies to establish arrangements for the implementation of a Southern Rock Lobster Research, Development and Extension program.

### **AUSTRALIAN SEAFOOD COOPERATIVE RESEARCH CENTRE (CRC)**

After commencing in 2007 the Australian Seafood CRC ceased operation on 30 June 2015. The Seafood CRC as with all industry CRC bodies established by the Commonwealth Government have a set life span to operate, usually 7-years. This timeline may be extended which, for the Seafood CRC, resulted in an additional 12 month extension from 30 June 2014 till 2015 which provided the opportunity to commence additional projects and utilise uncommitted funds.

The Seafood CRC has been an interesting experience for the Southern Rock Lobster Industry and provided the opportunity to undertake projects that may not have normally been funded under the scope of FRDC research program, particularly in the area of market analysis.

While there have been a number of successful projects undertaken with CRC funding such as Commercialising the Translocation of Southern Rock Lobsters and research into fields such Spatial Management, Bio-economics and Optimising Business Structures, one that has delivered a lasting legacy was a project titled: *Industry Strategies to Support intergovernmental negotiations concerning the export of Australian Rock Lobster and Abalone to China*. This project enabled the Rock Lobster and Abalone industries to work collaboratively on issues relating to trade with China and the formation of the Seafood Trade Advisory Group (STAG) which developed a high profile in Canberra with key politicians and their advisors. The second stage of this project enabled STAG to have a considerable input into the Australian Government's negotiations for a free trade agreement with China.

Along with the many successes of CRC-funded projects, there were a small number that did not deliver tangible benefits to the industry. The most important failure was the project designed to assess alternative markets for southern rock lobsters, which was, and remains, a key strategic issue for the industry.

When the Seafood CRC closed there were still several active projects: *Understanding and reducing the risk of paralytic toxins in Southern Rock Lobster* and *Understanding the market positioning opportunities for Southern Rock Lobster in China*, this resulted in the management of and the funds to complete them being novated to Fisheries Research and Development Corporation (FRDC).

### **CHINA – AUSTRALIA FREE TRADE AGREEMENT (ChAFTA)**

The announcement that an agreement had been reached on a China – Australia Free Trade Agreement (ChAFTA) on the 18<sup>th</sup> of November was much welcomed by the Australian Seafood Industry and particularly by SRL and the producers and exporters of Southern Rock Lobster. It is important to note that what took place in Canberra on 18 November was formal agreement by China and Australia of the contents of the ChAFTA. It was therefore the critical last step in the finalisation of lengthy negotiations to enter into a Free Trade Agreement between the two countries.

SRL has been working with the Abalone Council of Australia (ACA) over the past few years on a dedicated project, funded through the Seafood Cooperative Research Centre (CRC) to address market access issues for rock lobster and abalone. By establishing a dedicated cross-sectoral group, the Seafood Trade Advisory Group (STAG), we ensured that the profile and importance of our

industry in trade negotiations was recognised by the Australian trade negotiating team and, as a result, specific attention was paid to our industry in the negotiating process.

The result has been a major success for rock lobster exporters with excellent outcomes for our industry in not only the ChAFTA but also in Free Trade Agreements being concluded in the past year with Japan and South Korea.

### **INDUSTRY PARTNERSHIP AGREEMENT**

The current Industry Partnership Agreement (IPA) that sets out the arrangements between FRDC, SRL, PIRSA and DPIPWE-Tas for a Southern Rock Lobster, Research, Development and Extension program expires before the end of 2015. There has been meetings and considerable consultation throughout 2015 between FRDC and SRL on the drafting of a new IPA to set out the future arrangements for SRL to continue the RD&E activities in the Southern Rock Lobster fishery. A final draft of the document had been sent to the FRDC towards the end of this reporting period and it was anticipated there would be a sign off early in the 2015-2016 year.

### **COMMUNICATIONS AND EXTENSION**

In the past year SRL produced two editions of the SRL News publication which is printed in hard copy and distributed to all Rock Lobster License holders in South Australia, Tasmania, Victorian and New South Wales as well as key Politicians and their advisors, Government Agencies, Researchers and Associations/Organisations with a generally interest in the Rock Lobster Industry. Over the past two years the NZRLIC CEO Daryl Sykes has been providing articles for the publication and he has also been receiving the document electronically and distributing to his industry.

In addition to the Fact Sheets that had been produced in the previous year another document titled *Interesting Facts about Southern Rock Lobster* was added to the series during the past year. Rather than address a specific theme like the other Fact Sheets this document provides a series of (35) short statements highlighting Southern Rock Lobster as a wonderful species of crustacean, its breeding cycle, the industry it sustainably supports, management of the fishery, research and the excellent cuisine it is so highly regarded for. This Fact Sheet brings to a total of seven that have been produced for informing and educating the public on the Southern Rock Lobster industry. The documents have been displayed at a number of public events that the Rock Lobster industry has been associated with and have attracted a lot of interest.

The Communications and Extension program has been funded through an FRDC project for the past two years which finished towards the end of this reporting period. SRL will now need to consider how to provide ongoing communications with industry.

### **2015 TRANS – TASMAN ROCK LOBSTER INDUSTRY CONFERENCE**

In April 28-30 the Western Rock Lobster Council and the Geraldton Fishermen's Co-operative hosted the Ninth Trans-Tasman Rock Lobster Industry Conference (also called the Rocklobster Congress) in Fremantle WA. The Theme for the 2015 Congress was '*Adapt to Thrive*'. Three SRL Directors attended the Congress as well as the Executive Officer who also prepared and presented a paper at the conference on SRL's Clean Green program, titled: *Clean Green, Industry Leadership, Self-Regulation and More.....*

The opening address for the Congress given by FRDC's Executive Director Dr Patrick Hone was titled *Australian Rock Lobster Research, Development and Extension – What Can We Learn To Help Your*

*Business Thrive*. Dr Hone's address set the agenda for a very engaging speaker program which was grouped in themes of:

- **State of the States**
- **Management**
- **Organisation and Business Strategy**
- **Reputational and Food Safety Issues**
- **Research Science & Technology**
- **Trade & Marketing**

Trans-Tasman Conference Dinners have become events not to be missed and this year was no exception. Three leading Western Australia Celebrity Chefs each serving lobsters in their own special recipes to dinner guests who also enjoyed the Oyster Bar that had been set up and with the entertainment made for a very successful and memorable evening.

The 2015 Rock Lobster Congress was another successful event and like those in the past it highlighted the need for all the lobster fisheries including New Zealand to collaborate and learn from each other, share R&D and collectively address trade and market issues.

At the end of the Congress it was announced that the Tasmanian Rock Lobster Fishermen's Association (TRLFA) would host the next Trans Tasman Conference in Hobart in 2017.

## **CLEAN GREEN PROGRAM**

The past year has been a good year for SRL's Clean Green program. In October 2014 the first Clean Green training for a number of years was held in the South Australian Northern Zone with thirty four skippers and Crew attending two courses held in Port Lincoln and Port Adelaide. The training focused on the updated Work Health & Safety (WH&S) and the Vessel Safety Management Systems (SMS) components of Clean Green. The second day of the training addressing the rest of the components of the program will be held in 2015 for these participants. It was agreed to conduct the WH&S and SMS training components so skippers and their vessels could commence the new fishing season having addressed new legislative requirements from the Australian Maritime Safety Authority (AMSA) and SafeWork SA.

The most important outcome for Clean Green this past year was AMSA's confirmation that the vessel SMS component of the program would be recognised as an 'Equivalent Solution' to the requirements of the National Standard Commercial Vessels (NSCV) Part E (Operations). This was the result of a lot of consultation with AMSA and the updating of the Clean Green On-Boat Induction Manual the previous year. It is a significant outcome for the industry as AMSA in recognising Clean Green is also endorsing industry self regulation. There was also a considerable level of consultation with SafeWork SA to recognise the program, who have also taken a cooperative approach and have been complimentary about the program and the On-Boat Induction manual. While not, at this stage, committing to the level of recognition as that given by AMSA SafeWork SA have indicated that boats compliant with Clean Green will be subject to minimal auditing.

In April SRL made an application to the Primary Industries and Regions SA (PIRSA) for funding from the *Building South Australia's Premium Food and Wine Program* to conduct further Clean Green training in both the South Australian Southern and Northern Zone fisheries. This application has been successful and PIRSA has committed up to \$29,500 towards conducting more training and conducting pre-audit assessments to bring more boats into the Clean Green program. The training associated with this additional funding has been scheduled for later in 2015.

Overall the number of Vessels in the Clean Green increased by about 20% this year, due to past participants re-joining the program. This number will continue to climb over the next two years as training is completed and vessels are audited to be accredited with the program.

### **TRANS-TASMAN COLLABORATION**

Constructive dialogue has continued with the New Zealand Rock Lobster Industry Council (NZRLIC) over the past twelve months with their CEO Daryl Sykes attending a number of SRL's Board and RD&E Committee meetings. As well as contributing articles to the SRL News which is distributed electronically to the New Zealand industry, there is now collaboration on several R&D projects including the *Understanding and reducing the risk of paralytic toxins in Southern Rock Lobster* and Developing cost effective industry based techniques for monitoring puerulus settlement: Phase 2.. There is also the project *Understanding the market positioning opportunities for Southern Rock Lobster in China* which is being conducted in partnership with the Lobster Exporters New Zealand (LENZ) and the Australian Southern Rock Lobster Industry.

A number of initiatives have been identified for ongoing collaboration between SRL and the NZRLIC and although no formal agreement has been entered into as yet, dialogue will continue towards formalising mechanisms for collaboration.

### **INDUSTRY PARTNERS AND STAKEHOLDERS**

SRL is pleased to acknowledge the financial support The Southern Rock Lobster industry receives for research, development and extension activities from the Australian Government through the Fisheries Research & Development Corporation and the Australian Seafood Cooperative Research Centre.

SRL would also like to acknowledge the input and support received in the past year from key member organisations, South Australian Rock Lobster Advisory Council (SARLAC) and the Tasmanian Rock Lobster Fishermen's Association (TRLFA). To PIRSA and DPIPW (TAS) we express our sincere appreciation for supporting SRL's RD&E Committee and thank the representatives they have nominated for the excellent contribution they have made.

To all the organisations that have communicated their project proposals and/or submitted applications for consideration SRL would like to thank them for their efforts and cooperation.

### **Southern Rocklobster Limited Would Like To Acknowledge Their 2014-2015 Key Partners:**







## Australian Southern Rocklobster Industry

### Southern Rocklobster Limited - Update

Southern Rocklobster Limited (SRL) would like to welcome all our stakeholders and those who take an interest in the fishery to this edition of our News we hope you find this publication an informative read.

In that last edition on the News, (April 2010) Roger Edwards announced he was finishing up after 5-years at the helm of SRL and since then there has been a considerable level of change with the organisation. Not long after that Roger Cotton resigned as Chairman. Towards the end of 2010 the SRL Directors appointed a new Chairman Dr Gary Morgan and Executive Officer Ross Hodge.

Gary is well known to the industry and knows the industry well and has been associated with Australian rock lobster fisheries as a scientist and manager for over 30 years.

Ross was Executive Director at Seafood Industry Victoria from 1997 to 2002 and moved from there to the role of CEO at the Fire Protection Association Australia until 2008.

From mid 2010 till August 2011 SRL was self funded from the organisation's own financial reserves which somewhat limited activities during this period. In September 2011 a project agreement was entered into with the Fisheries Research & Development Organisation (FRDC). This project now provides the core funding for SRL.

The SRL's core activities are based on the organisation's project agreement with FRDC for the Southern Rock Lobster National Research, Development & Extension (R, D & E) Planning and Management. This project agreement builds on the Industry Partnership Agreement (IPA) that sets out the arrangements for the implementation of a Southern Rock Lobster R, D & E Program.

The SRL AGM was held on 3 October 2012 and the current Directors of SRL are:

#### Tasmania

John Sansom and Rodney Trelloggen

#### South Australia

Justin Phillips and Roger Rowe

The Board has also appointed two Honorary Directors for their specialist expertise, being:

Associate Professor Caleb Gardner (Research & Development)  
Nick Ruello (Marketing)

At the 3 October AGM Justin Phillips joined the Board as a Director for the first time, replacing Kim Skeer. Kim had been an industry stalwart for the establishment of SRL and his commitment to the SRL Board and to industry has been exemplary - we thank Kim for his contribution.

With input from key stakeholders, including a well-attended workshop held in August 2012, SRL has prepared a Southern Rock Lobster Strategic Plan 2011-2016 to set key objectives to target the Investment in RD&E in a number of key areas. An R, D & E committee has been established to provide advice to the SRL Board on priorities to achieve the objectives of the strategic plan. The Strategic Plan provides the underlying guiding principles for SRL's investment in R&D related to southern rock lobsters with advice being provided by the RD&E committee to the Board as to the details and priorities of that investment.

The R, D & E Committee includes management level representation from the state Departments that have signed the Industry Partnership Agreement (IPA), SRL's independent Chair Dr Gary Morgan and three SRL Directors. Fisheries

management representatives are Hilary Revill Principal Fisheries Management Officer Dept PIPWE (Tasmania) and Dr Annabel Jones Program Leader - Commercial Fisheries PIRSA. FRDC and the Seafood CRC also sit as an observers on the committee.

Currently Victoria has not signed onto the IPA and has no current representation on SRL Board or R, D & E Committee. SRL remains optimistic that the Victoria will join SRL in the near future.

The industry partnership that is SRL is unique in the Australian seafood industry and brings together producers of southern rock lobster across Australia to pursue the common goal of a sustainable fishery that produces the world's finest rock lobster. The R,D & E investment strategy outlined in the Strategic Plan, 2011-2016 is a key element in supporting that common goal.

The key deliverables that underpin the objectives are quite extensive and those interested in obtaining a full copy of the Strategic Plan can download a copy from SRL's website [www.southernrocklobster.com](http://www.southernrocklobster.com)

We would welcome your feedback on this edition of the Southern Rocklobster Industry News and in particular any suggestions for articles for future publications. Your comments and suggestions can be forwarded to the SRL Executive Officer as per the contact details on the back page. An electronic copy can be downloaded from the SRL website for anyone who would like to pass onto a contact.

SRL is pleased to acknowledge the financial support received from the Federal Government through our Government partners. The Fisheries Research and Development Corporation and the Seafood Cooperative Research Centre have been, and continue to be key supporters of both the rock lobster industry and the R, D & E strategy outlined in the strategic document.

# Clean Green Program

Since taking over the administration of the Clean Green Program the most frequently asked question of our Executive Officer is; 'is Clean Green still running?'

The answer is; YES!

When Clean Green was introduced it was, and still is to the best of SRL's knowledge, the only third party accredited and audited seafood product standard of its type in the world. While the program establishes standards from 'pot-to-plate' it has mainly focused on the catching sector where the standard addresses five key criteria:

- On-Board OH&S - Specific to the risks of rock lobster fishing operations.
- Animal Welfare - Healthy and live animals receive a premium price.
- Environmental Management - Negating any impacts of fishing operations.
- Sustainable Management - Ensuring ongoing compliance with the EPBC Act.
- Food Safety - This is also linked to animal welfare and managing a live healthy product across the supply chain.

The third party auditing requirements are key to the integrity of the program. Clean Green participants are audited by an independent third party Conformity Assessment Body (CAB), which is accredited against the International Standards Organisation (ISO/IEC) Guide 65:1996 and Joint Accreditation Scheme of Australia New Zealand (JAS-ANZ) Procedure 15. This requires 20% of the boats in the program to be audited every year to ensure all boats are audited within a five-year cycle.

The Clean Green program is the industry vehicle to train and maintain industry operations at world's best practice standards. The aim of the program is to demonstrate the industry is organised and mature enough to address its responsibilities and interests through an industry managed and independently



audited, standards-based program. Importantly, it can demonstrate the competence of persons working in the industry as having been trained to meet world's best practice standards.

While the five criteria underpinning Clean Green may not currently be high on the agenda for consumers in all major markets where the product is sold, this will change. Younger, affluent Asian consumers are influenced by developments in the western world and have regard for products that stand above competitors. Many Asian high-end restaurants employ western-trained chefs who take a lot of interest in food safety and where their ingredients are sourced from.

There are direct benefits to fishers who support the Clean Green program through on-going membership:

- Those who insure through South Australian Insurance Company, Jardine Lloyd Thompson (Australian Insurance Brokers), receive a discount on the premium for two components of their insurance package that equates to the annual cost of being in the program. At the moment, this discount makes Clean Green membership effectively 'cost neutral'.
- SRL recently met with SafeWork SA (Dept of the Premier and Cabinet) who are rolling out new national OH&S legislation from 1 January 2013. In comparing the new legislative requirements with that of the OH&S components of Clean Green, rock lobsters fishers who are members of the program will meet the SafeWork SA obligations. Those who don't may have some challenges in front of themselves. It is hoped that a process to formalise this recognition of

Clean Green by SafeWork SA will be implemented in January 2013. N.B. New OH&S requirements will also be rolled out in TAS and VIC.

- A benefit for exporters of Southern Rock Lobster is that boats which maintain their compliance with Clean Green auditing requirements also meet AQIS requirements. This is a saving for exporters who are otherwise required to audit boats providing them with product for export. SRL can provide exporters with lists of compliant boats and associated documentation.

SRL is currently working on two projects associated with further developing and reinvigorating the Clean Green Program. The first is to review and develop the training package to provide graduates of the program with a recognised skills-set under the national training framework. This will provide a more formal and nationally recognised qualification for program participants. The other project is to establish a business model to manage delivery of Clean Green and promote awareness of the program's values.

As external scrutiny on our industry's practices increases (current examples include OH&S, Food Safety and Animal Welfare), there is now real incentive for fishers to re-involve themselves with the Clean Green Program.

In the current political climate, doing nothing is not an alternative for our industry.

We look forward to your continued support!

**For more information about Clean Green please contact the SRL Executive Officer.**

## Rock Lobster 8th Congress

The Rock Lobster 8th Congress will be held in Sydney 1-3 September 2013.

It is the first time the Congress has been held in Sydney which is always a great city to visit and attend events such as this. As more information comes to hand regarding venues, accommodation and the speaker program SRL will provide that information via its website and future editions of this News. Importantly this is an early notice to lock the dates in diaries.



# China Fisheries & Seafood Expo, Dalian.

Nick Ruello, SRL Director, visited China in November last year and shares some of his observations on the Dalian Seafood Expo.

The China Fisheries & Seafood Expo is held in Dalian and in Qingdao on alternate years but attracts fewer Australian exhibitors or visitors than the Asian Seafood Expo in Hong Kong or the European Seafood Expo in Brussels earlier in the year even though it's Asia's largest seafood expo.

The 2012 Expo was held in Dalian in November with more than 900 companies from 44 countries filling 2,300 booths in four halls of the Dalian World Expo Center. There were national groups from Argentina, Britain, Chile Denmark, India, Morocco, and New Zealand, amongst others, exhibiting over the three-day event. Australia had two booths there, one promoting Tasmanian abalone and the other promoting a range of Australian and other seafood.

China, accounts for about 85% of the visitors to the Dalian Show according to Peter Redmayne president of Sea Fare Expositions, the show's organiser. Also evident amongst the visitors were British, Americans, people from various European and middle-east nations as well as Russian speakers and a few Australians.

Peter Redmayne has seen some changes in the makeup of Chinese visitors in recent years—this was the 17th Annual China Expo: "Initially the bulk of the Chinese visitors were primary importers looking to source both from overseas exporters, as well as Chinese processors. While these visitors still come to the show, what we see now is more Chinese companies that are further down the distribution chain. These include distributors (many of whom want to improve their margins by becoming importers), retail buyers and restaurant group owners and buyers (also some of whom want to import directly)".

Interestingly many of the exhibiting companies had lobsters listed as a product they imported or traded so there

was clearly a lot of interest in lobster there for many exhibitors as well as the visitors. New Zealand companies had rock lobster in their product portfolio.

Dalian is a little more than an hour from Beijing by air and less than two hours from Shanghai, both large markets for southern rock lobster. The China Seafood Expo therefore provides another avenue for finding new buyers in China and elsewhere and an opportunity to explore how rock lobsters move along the marketing chain in these key cities.

The 2013 China Seafood Expo will be held in Dalian, again, because the Qingdao convention centre is building a new hall to accommodate the Seafood Expo's need for more space. Dalian may not be as historic or glamorous as Hong Kong or Brussels but it's worth considering if planning a visit to China; the Expo is on in early November but book early if you want exhibition space.

## Rock Lobster Looks to Go 'Paperless'

South Australia's Southern Zone [Southern] Rock Lobster Fishery has long been known for its innovative approach to fishery management issues and a current project looking into the electronic recording of real-time catch information on board fishing vessels is no exception.

The project has now successfully trialled an iPad application used on board vessels to replace all of the legislated reporting requirements currently undertaken on paper each day by fishermen.

President of the South Eastern Professional Fishermen's Association Inc (SEPFA), David Manser, said if implemented in the future, the technology had the potential to provide a number of significant benefits directly to fishers.

"Obviously cost is a factor for fishermen as we're all running businesses, this may be able to save time and money in areas such as data entry and reporting given all of the data will be submitted electronically and is available to use straight away," said Mr Manser.

"Following completion of the on-boat trials at the end of March 2012, we undertook a cost-benefit analysis to try and identify some of those efficiencies.

"Generally though, it appears to be a better way for fishers to do business and it will also generate a range of fishery management benefits which is fantastic as sustainability of the resource is the primary objective.

"In the Southern Zone half of our catch information is already recorded electronically via the automated scales at each port which are linked to a centralised system, so it makes sense that we should close the electronic data capture loop by doing this on board our boats."

Tom Robinson, Director of Real Time Data Pty Ltd, the company partnering with SEPFA to develop the iPad application says he's excited to finally see the technology on board commercial vessels.

"We've identified a number of improvements by working with the fishermen through SEPFA and we've been able to amend the application accordingly," Mr Robinson said.

In September 2012 a workshop was held with industry and government stakeholders from other Southern Rock Lobster jurisdictions including the South Australian Northern Zone Rock Lobster Fishery and the Tasmanian and Victorian fisheries to share the experience and results of the trial as well as to identify opportunities for facilitating similar trials in those regions.

It is hoped that 2013 will see a process and resourcing identified to test the relevance of the technology in these

other fisheries, however a key outcome of the September 2012 workshop was realising that the requirements of each jurisdiction may vary and that a diverse range of approaches may need to be accommodated.

SEPFA has advised that, following discussions with Primary Industries and Regions South Australia (PIRSA) Fisheries and Aquaculture division, they are hopeful to have the technology on additional vessels during the 2014/15 season and will look to implement the technology full-scale across the fishery there in 2015/16.

This is in part due to the need for additional time to allow PIRSA to become 'ready' to receive and utilise the information provided in an electronic format, which will of course require a significant level of system development.

The project, *Assessing functionality and suitability of the iPhone [iPad] application 'Deckhand' for on-board electronic data capture in Southern Australian Rock Lobster (Jasus edwardsii) fisheries*, is supported by funding from the Fisheries Research and Development Corporation on behalf of the Australian Government.

Justin Phillips - EO, SARLAC

# Marine Parks AND SRL

In late November 2012, the South Australian Government announced their final decision on marine parks in State waters. This follows an earlier announcement by the Federal Government on areas for marine parks in Commonwealth waters.



Marine parks have been a decade-long, protracted and often contentious debate in Australia generally and South Australia in particular. The outcome is, however, disappointing in that the final location and zoning arrangements for marine parks do little for marine conservation while impacting significantly on sustainable fisheries, including southern rock lobster.

In South Australia, the 19 marine parks, which includes some 87 'sanctuary zones' where no fishing activity is permitted, came into effect at the end of November and cover about 42% of SA's State waters. However, the announced changes to recreational and commercial fishing arrangements will be phased in with trawling restrictions coming into effect in March 2013 and all other fishing restrictions in October 2014.

These arrangements are some improvement on the initial Government proposals which would have seen 'no take' sanctuary zones cover 11% of state waters (compared with the current 6%) while there has also been a reduction in the numbers of sanctuary zones from the initial 153 to 87.

Agreement has previously been reached with the State Government on compensation processes and arrangements for those fishers affected by marine parks although the dire situation of the State's economy leave many wondering where the money is coming from to pay adequate compensation. However, the issue of compensation or 'structural adjustment' for those impacted by the Commonwealth marine parks has still not been settled.

Because of the cumulative impacts of State and Commonwealth marine parks, the South Australian rock lobster industry (together with the abalone industry) will

be hardest hit with independent studies showing up to a 15% annual catch impact on the important northern zone rock lobster fishery in addition to somewhat smaller impacts on the southern zone fishery. Overall, the Government estimates a 1.7% catch impact on all State fisheries, although this estimate has been described as 'a gross underestimate' by the commercial fishing industry.

The southern rock lobster fishery, which is major export earner for the State, is also the economic mainstay of many regional communities in places such as Kangaroo Island and the SA west coast with the annual losses to these communities set to be around \$45 million per annum. Confusingly, the SA State Government also says it wants to promote industries such as the southern rock lobster industry as part of its SA Fine Food and Wine strategy.

The Government's view is that ecotourism benefits will compensate local communities for these losses from the fishing industry, although there have been no studies to support this claim. In fact, local councils and tourism organisations from Kangaroo Island to the far west coast have refuted this suggestion.

The SA State Opposition has released a policy paper stating they do not support the Government's current marine parks boundaries or zoning and that, if elected, they will undertake a complete review of the marine parks management plans and zoning classifications within the state's 19 marine parks. They also are committed to adopting a 'threats-based' approach to identifying important areas for protection rather than the Government's 'negotiated' approach.

SRL's view is that the major long term impact of both State and Commonwealth Marine Parks processes will be the dramatic shift of power from fisheries portfolios to environmental portfolios. For example, in South Australia, the Minister for Environment and his Department, who have no specialist fisheries expertise, are now solely responsible for permitted activities within 42% of the State's waters.

SRL will be closely monitoring the marine parks situation in all jurisdictions as it continues to unfold, and will monitor the effects of these policies on the catches and prosperity of the southern rock lobster industry

## Request for Clean Green Rock Lobster Protected Species Interaction Records

The University of Tasmania is conducting a study looking at protected species interactions in the Rock Lobster Fishery. We would like to request any fishers who have completed any clean green log book records to make this information available to us. The study is funded by the independent Winifred Scot Foundation and so any information will be treated in confidence, and no summaries will identify individual fishers. Any clean green log books received will be returned to the owner.

Please send any records or direct requests for information to;

**Dr Sophie Hall-Aspland, IMAS,**  
**University of Tasmania,**  
**c/o 330 Tomakin Road,**  
**Mogo, NSW, 2536 by 25th February.**  
**Contact 0488 223 409,**  
**Sophie.HallAspland@utas.edu.au**  
**or Dr Bridget Green, 0418 995 247,**  
**bridget.green@utas.edu.au**

The suggestion that ecotourism benefits will compensate local communities for these annual losses is wishful thinking rather than any well thought through strategy since there have been no studies to support this claim. In fact, local councils and Tourism organisations from Kangaroo Island to the far west coast have refuted this suggestion. It will also be unlikely that claimed ecotourism, as well as conservation, benefits of the marine parks will be delivered since seabed mining and oil exploration and production will still be permitted within the marine parks.

The Government says that it has 'consulted widely' on the issue but a Parliamentary Select Committee, which tabled its interim report in Parliament yesterday and which included Government members, has highlighted among other things, the lack of any effective consultation and the ignoring of comments and suggestions from the community. The Government's own polling as well as a recent Adelaide Now poll each show that around 75% of respondents are opposed to the Government's marine parks.

However, the major long term impact will be the dramatic shift of power with the Minister for Environment and his Department, who have no expertise in managing fisheries or tourism, now being solely responsible for permitted activities within 42% of the State's waters. This is an ominous scenario for the State's future prosperity.

# Tasmania's East Coast Toxic Algae Event

An unprecedented toxic algae event has affected the bivalve shellfish marine farming industry on the east coast of Tasmania and also impacted on the commercial scallop, wild shellfish, abalone, rock lobster and commercial dive fisheries and farmed abalone industry.

The algal species involved, thought to be *Alexandrium tamarense*, has been rarely recorded in Tasmanian waters and never previously linked to seafood species expressing paralytic shellfish toxins (PST) in this State.

It was initially identified through the Tasmanian Shellfish Quality Assurance Program's biotoxin monitoring program in late October 2012 resulting in the closure of shellfish harvest areas along the east coast from Ansons Bay in the north to Spring Bay in the south and an international product recall situation for one mussel farm.

As a precautionary step and based upon a hierarchy of PST risk, samples of rock lobster were collected from the Maria Island – Schouten Passage area in mid-November and submitted for analysis.



*A paralytic shellfish toxin under the microscope*

Prior to receiving the results and as a precaution to mitigate the risk of national authorities outside Australia moving to place bans on Tasmanian rock lobster in response to the presence of toxic algae in the harvest areas, the Tasmanian Rock Lobster Fishermen's Association (TRLFA) and the Department agreed that the opening of the commercial rock lobster season on the east coast between Marion Bay and Eddystone Point should be delayed pending those results.

The samples of rock lobster surprisingly returned levels in the viscera that were above the maximum prescribed bivalve shellfish limit 0.8mg/kg. In the case of the rock lobster samples, the highest level at 2.8 mg/kg was over three times greater than the limit.

In view of these laboratory results, it was determined that the part of the commercial rock lobster fishery from Marion Bay in the south to Eddystone Point in the north should remain closed. In addition, the A/ Deputy Secretary of DPIPWE moved to close the recreational rock lobster on the east coast between Eddystone Point and Marion Bay effective from midnight 23 November 2012, in response to the Director of Public Health having issued a public health warning advising of the health risk from consuming rock lobster viscera due to potentially high levels of PST.

The Commonwealth Department of Agriculture, Fisheries and Forestry at the same time, moved to implement complementary Export Control Orders restricting the export of rock lobster harvested from the affected region.

This part of the east coast was also closed for the giant crab fishery, as international literature suggested that crab species were also likely to accumulate the PST toxins.

DPIPWE and Department of Health and Human Services (DHSS) officers have been working closely together and taking advice from national authorities on biotoxins (Dr Catherine McLeod, Chair Safefish) and oceanic and coastal current movements (CSIRO) in developing a path for reopening the fishery. This path involves structured sampling and analysis protocols which have been allocated significant resources and given urgent priority.

Since late November an extensive sampling/ testing regime has been undertaken to monitor the levels of PST's in rock lobster within the closed area and to test the appropriateness of the closed area boundaries. The rock lobster sampled from the area adjacent to the southern closed area boundary returned PST levels in the viscera below the maximum permitted limit indicating that this boundary was in the right place. However, rock lobster sampled from the area adjacent to the northern closed area boundary returned results which were the over 0.8mg/kg limit, with levels of PST as high as 3.9 mg/kg.

This resulted in the northern boundary of the closed area for the capture of rock lobster and giant crab being extended to a line of latitude running through the middle of Banks Strait in the north and a line running north from the eastern side of Waterhouse Island on the 21 December.

The results for rock lobster samples taken north of Eddystone Point caused particular concern regarding rock lobster harvested from the area after the date of sample collection. There was a risk that some of these rock lobsters might enter the market with potentially serious implications for the overseas export trade as well as the domestic market in Australia.

Responsible actions taken by commercial rock lobster fishers and processors enabled all rock lobster harvested from the area in question after the sample collection date to be accounted for to the satisfaction of the Department of Health and Human Services (DHHS) and the Commonwealth Department of Agriculture, Fisheries and Forestry without any further action needing to be taken by these authorities with regard to recalling product.

However, this situation has highlighted a number of key issues for industry in terms of how best to manage the commercial risk associated with sampling and subsequent positive test results. Issues include the ability for processors to effectively segregate and verify 'stock in hand' by vessel / harvest region, test and release procedures and traceability through the supply chain. An alternative approach is temporarily close a region to harvesting (voluntarily or by regulation) to completely reduce the commercial risk.

There are also a number of fundamental biological / risk assessment questions for which there is very little information. These include toxin uptake and elimination rates in rock lobster, the relative toxicity of different algal species and the applicability of the bivalve shellfish standard as the standard for rock lobster.

At the time of writing, the majority of the east coast of Tasmania will have been closed for almost 2 months. Further samples of rock lobster are to be collected from 5 locations along the closed east coast region w/c 7 January and samples will also be collected for the first time from the Flinders Island region. All samples will be sent to the Advanced Analytical Australia laboratory in Sydney for analysis. The results of the analysis will inform decision making regarding the closures of the rock lobster and giant crab fisheries along the east coast.

DPIPWE, Marine Resources staff have been liaising closely with the TRLFA in what is proving to be a very challenging time for the Tasmanian fishery.

**Hilary Revill Principal Fisheries Management Officer, Wild Fisheries Management DPIPWE Tasmania.**

# Processor/Exporters Workshop

In April 2012 SRL with the support of the Seafood Consultative Research Centre (CRC) held a workshop in Melbourne with Rock Lobster Processor/Exporters. The focus of the meeting was to identify projects that could be funded by the CRC that could assist with market issues particularly trading arrangements into China.

It is probably an understatement to say that the road to market in supplying China the largest consumer of Southern Rock Lobster has been fraught with challenges in recent times. A number of issues concerning trading arrangements were canvassed and the following were some of the key points noted:

- The meeting highlighted a number of economic, regulatory and infrastructure problems impacting on exports to Hong Kong /China.
- The indirect trade is a very complex with high levels of risk.
- The financial risks for Australian exporters are increasing.
- The current tariff structure, VAT and other fees and charges associated with the direct trade creates a strong financial incentive for importers to use the indirect channel.

Concerns was raised at the meeting that the negotiations around a Free Trade Agreement (FTA) with China were not progressing and that inconsistencies and logistical constraints in the direct trade process made it unreliable. With trade negotiations being a Government to Government role it was important that industry needed to provide clear, concise, and consistent advice.

By the end of the meeting there was agreement to support projects, relating to:

- I. Intergovernmental Relations
- II. Identifying the commercial opportunities and constraints to direct trade with China
- III. Market Activation Strategy
- IV. Diversification of Markets
- V. Overall Risk Management

Since that meeting funding applications were developed and following calls for 'Expressions of Interest' from suitably qualified companies to undertake the first two projects consultants have been contracted to undertake the first two projects. The full titles for those projects are:

- a. Industry strategies to support intergovernmental negotiations concerning the export of Australian Rock Lobster and Abalone to China.
- b. Commercial opportunities and constraints to direct of Australian Lobster with China

At the times of preparing this Newsletter initial reports were being prepared by the Consultants and more information on the outcomes and recommendations will be provided in the next edition of the SRL News.



"Lobsters Galore at Shanghai Fish Market" photo supplied by Nick Ruello

The Market Diversification proposal has been progressed to calls for 'Expressions of Interest' for a project titled Market Diversification Opportunities for Southern Rock Lobster. The appointment of consultants for this work was scheduled to happen in January.

The process for improving arrangements for trading Rock Lobster direct into China will be a complex and need to take into account a number of sensitivities, but for the future of the industry it has to start somewhere. The fact that a number of exporters attended the workshop and have supported the projects that have commenced is a great start. It is intended that another workshop will be organised when material from the reports is ready for release.

## Industry Marketing Levy

Following preliminary discussions over the past 12 months and initiatives by the Fisheries Research and Development Corporation (FRDC) and the Seafood Cooperative Research Centre (CRC), the idea of national industry marketing levy, administered through the Primary Industries and Energy Research and Development (PIERD) Act 1989 has again been raised. This follows a number of events that would impact any such levy such as the FRDC being able to add marketing to their functions where this is supported by the majority of levy payers and approved by the Minister and the CRC identifying the commercialisation of marketing research as a 'legacy project' of its activities.



SRL previously supported the concept of a marketing and promotion levy when it was raised in 2008 but, given the time that has lapsed since that support, SRL will be revisiting this over the next few months and consulting with our industry stakeholders on the issue.

To achieve this, SRL will prepare a discussion paper outlining the various

benefits as well as responsibilities inherent in a marketing levy for the southern rock lobster industry, the options for its administration and whether or not it is to the industry's advantage to pursue this in collaboration with other Australian rock lobster industries. This discussion paper, which is designed to provide information to guide consideration of a levy, will be circulated as well as meetings being arranged with industry groups in all States to assess the interest in and the details of such a levy.

These activities will be undertaken with a view to having the SRL Board consider the issue at its March 2013 meeting.

# Southern rock lobster **stock or stocks?**



**Authors:** Bridget Green<sup>1</sup>, Caleb Gardner<sup>1</sup> and Erin Morgan<sup>2</sup>

<sup>1</sup> IMAS, University of Tasmania, <sup>2</sup> Latrobe University, Melbourne.

## Recent developments here and in New Zealand

Genetics is a very fast moving field and recent advances are assisting in understanding the dispersal of the larvae of marine species. Two recent studies on southern rock lobster (*Jasus edwardsii*) suggest that there are genetic differences between areas in New Zealand, between Australia and New Zealand and between areas within Tasmania. This first look at rock lobster genetics with microsatellite markers changes the historic view that *Jasus edwardsii* were all the same throughout their range, although it does confirm predictions from early larvae dispersal models that New Zealand receives larvae from Tasmania. Researchers at IMAS UTas will expand this research over the next three years to assess the differences at a much finer scale to see if they can identify any areas of particularly successful reproduction in the Australian fisheries.

## Low levels of genetic differentiation in Tasmania

As part of the current Australian Seafood CRC funded commercial scale translocation of lobsters researchers at IMAS UTas and LaTrobe University Melbourne examined the DNA of lobsters to assess whether there was any genetic basis to the physical differences evident between shallow and deep water lobsters (Figure 1).



Figure 1. Shallow and deep water southern rock lobsters

The research team, led by honours student Erin Morgan, used eight population genetic markers (microsatellites) to investigate genetic differentiation between six sample sites (three shallow, three deep) across southern Tasmania, and one from New Zealand (Figure 2). There was no fine scale population structure that would

suggest any genetic differences between shallow (red) and deep (pale) water lobsters. There were small levels of genetic differentiation between some southern Tasmania locations, and significant genetic differences between Tasmania and New Zealand with asymmetric gene flow in an easterly direction from Tasmania into New Zealand. Based on this they rejected the assumptions of widespread population panmixia, meaning southern rock lobster is not a single, equally mixed stock throughout its geographic range.



Figure 2: Map of sample sites of Southern Rock Lobsters across the southern coast of Tasmania. Red squares indicate shallow water sites of HI, Hobbs Island; MBI, Mutton Bird Island; TAR, Tarroona Reserve; white squares indicate deep water sites of EP, East Pyramids; MAT, Maatsuyker Island; CQE, Cape Queen Elizabeth. Inset (top left) depicts sampling location in NZ, New Zealand; ~2,000 km from Tasmanian sites (Google Inc. 2012).

There was evidence of high level of larval movement (and subsequent gene flow) between all populations of Tasmania. No evidence for significant genetic differences or potential biases were found between east and west coast populations, deep and shallow populations, males and females, or between size classes. Despite the overall lack of significant genetic differentiation in the grouped comparison between phenotypically different sites of the southern rock lobster (i.e. shallow water locations and deeper locations), there were small but clear differences between Cape Queen Elizabeth and Mutton Bird Island; and between Maatsuyker Island and Hobbs Island (Figure 2). The level of genetic differentiation between these sites was very low, and thus may or may not be biologically relevant and, at this stage, cannot be linked to any biological, historical or environmental barriers to gene flow (such as differences in body shape, sex, size or small scale geographic distance).

## Genetic differentiation in New Zealand

These results were consistent with recent microsatellite studies in New Zealand from a team from Victoria University Wellington in collaboration with New Zealand Rock Lobster Industry Council. This study also

indicated there were genetic differences in southern rock lobsters from different geographic regions. James Bell and Luke Thomas identified strong genetic subdivision between two areas within New Zealand, and weaker evidence for a third distinct area. They also found strong genetic differentiation between Australia and New Zealand, with unidirectional gene flow across the Tasman. Furthermore, their results suggest that New Zealand gets between 2 and 4 % of its southern rock lobster from Australia, which is consistent with earlier modelling studies.

## Genetic differentiation throughout the remaining range?

The results of these two studies clearly show that the southern rock lobster populations in New Zealand and Australia are not a single continuous stock. Currently only a small part of the range of this species has been examined genetically, and it remains to be seen whether genetically distinct populations and asymmetrical dispersal will be found within Australia.

## Upcoming research

IMAS UTas researchers will examine population structure in more detail in the coming three years with a much wider sample range throughout Tasmania, Victoria and South Australia in conjunction with DPIPW and the TRFLA with an Australian Research Council Linkage grant funding.

PhD candidate Cecilia Villacorta Rath will work with Karen Miller and Bridget Green and test the predictions of dispersal and self-recruitment from an oceanographic dispersal model. This project will examine a large number of sites throughout the range of SRL in Australia to:

1. Determine whether there is any evidence of stock structure in SE Australia and test for dispersal of larvae;
2. Test the predictions of dispersal and recruitment from hydrodynamic models using genetic analyses of recruits and adults;
3. Determine if dispersal patterns vary temporally with seasonally variable ocean currents, a critical factor for predicting connectivity and the stability of dispersal pathways; and
4. Examine the genetic structure within cohorts of puerulus to examine whether related individuals settle together, which allows an examination of whether phyllosoma can disperse together or if mixing is entirely random.

## Board Members

### Independent Chair SRL

**Dr Gary Morgan**

M: 0419 010 132

E: garymorgan@hotmail.com

### John Sansom

Chair

Tasmanian Rock Lobster

Fishermen's Association (TRLFA)

T: 03 6247 7284

M: 0427 477 284

E: Johnsansom1@bigpond.com.au

### Rodney Trelloggen

Chief Executive Officer

Tasmanian Rock Lobster

Fishermen's Association (TRLFA)

PO Box 69

ST HELENS TAS 7216

T: 03 6376 1796

F: 03 6376 1800

M: 0418 138 768

E: rocklobsterexo@bigpond.com.au

W: www.tasrocklobster.com.au

### Roger Rowe

South Australia

M: 0427 382 410

E: roger@crayfresh.com.au

### Justin Phillips

Executive Officer

South Australian Rock Lobster

Advisory Council Inc (SARLAC)

PO Box 3450

NORWOOD SA 5067

T: (08) 8132 0257

F: (08) 8132 0161

M: 0400 281 904

E: justin@jp-consulting.com.au

W: www.sarlac.com.au

### Caleb Gardner

Associate Professor

Honorary Director

R&D Expertise

M: 0409 427 366

E: caleb.gardner@utas.edu.au

### Nick Ruello

Honorary Director

Marketing Expertise

0418 210 031

nick@ruello.com

### Ross Hodge

Executive Officer

Southern Rocklobster

Limited (SRL)

PO Box 305

Hampton VIC 3188

T: (03) 9004 2729

F: (03) 9598 3751

M: 0423 533 133

E: rosshodge@southernrocklobster.com

W: www.southernrocklobster.com.au



# USA Market Project - Final Report

The final report for CRC funded Project No. 2007/704 referred to as USA Marketing project but correctly titled: **Assessment of New Market opportunities and development of effective market penetration for Australian Southern Rock Lobster in the USA, Middle East and Europe' has been published.**

To capture a little bit of history to the project it was based on the need that:

- The traditional Australian Southern Rock Lobster supply chain is complex, involving many changes of ownership from the wharf to consumer. It is a commodity selling structure with many competing exporters selling to a limited number of export markets.
- The chain does not involve a brand, standards, traceability and information flows between catchers and consumers.
- The structure supports supply of ASR on the basis of price that serves to minimise premiums based on quality, service and brand recognition. Fishers in this structure have little appreciation of the supply chain and market opportunities, and limited understanding of market needs and consumer preferences. Hence they are weak sellers and price takers.
- With a single product in a dominant market, it remains necessary to build demand and spread risk and create upward price pressure for ASR, as evidenced by the uncertainty of access in traditional markets.
- Previous R&D has shown that re-engineering supply chains into diversified markets, based on market requirements and fisher ownership through the chain, can create opportunities to capture premiums for product quality and integrity

The project involved the following research and development activities:

- identification and selection of potential customers across the USA
- assessment of standards, logistics, product specifications, culinary capability, and communication requirements
- new product development
- supply chain development
- operation of the 'Fisher-Direct' import platform
- education and communication activities
- assessment of commercialisation prospects
- establishment of a commercial trading entity.

In summary the project:

- established a database of actual and potential customers
- developed a range of products to meet the specifications of the market
- established and trialled a supply chain management platform from catcher to customer over 3 years
- developed distribution and communication tools to support the entry of Australian Southern Rocklobster into the Super-Premium-Fine-Dining(SPFD)/Steakhouse and Gaming sectors in the USA
- assessed performance and financial viability
- led to the formation of a commercial, Australian owned seafood import/export business that operates in the USA and Australia.

Through the project activities in the USA, it was determined that 'high-end' restaurants and celebrity chefs in Australia and the USA can and do support ASR as one of the finest lobsters in the world.

In addition, these restaurants will use ASR when product quality is assured through a quality assurance program such as the ASR Clean Green program; when supply is assured through a managed or contracted supply chain; and when the program and process is thoroughly explained and understood.

The project has proven that markets can be diversified and chain structures changed to position ASR on the basis of quality, standards, service and brand recognition, but price points need to be met.

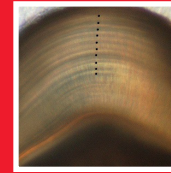
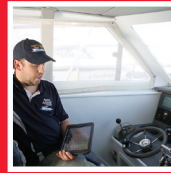
In addition, the project has proven that fishers can maintain ownership through the chain to create opportunities to capture a greater share of the current margins and premiums on offer.

The project was undertaken in challenging economic climate with the GFC hitting the USA economy exceptionally hard and the dollar exchange rate was unfavorable.

The final report is an extensive document of 1500 pages with appendices and attachments which when printed off fills 4 lever arch folders. There is a lot of exceptional promotional material that has been developed in the project at that will be assessed early in 2013 for suitability to be reworked and translated for use in other markets to promote ASR.

**An electronic copy of the 80 page report summary can be obtained from the Seafood CRC on (08) 8201 7650 or email Emily Mantilla on emily.mantilla@seafoodcrc.com**





## Australian Southern Rocklobster Industry

### New Chair for SRL

Following a three month search by the SRL Board, Professor Colin Buxton replaces Dr Gary Morgan who stepped down as the Chair of SRL and the Chair of the RD&E Committee. This took effect on 1st November 2015.



Rodney Trellogan, Gary Morgan and Ross Hodge

Gary said "that Professor Buxton was an outstanding choice to lead SRL into the future with wide experience in both fisheries and aquaculture in Australia and internationally".

Colin is a graduate of the University of Cape Town where he obtained a Masters degree with distinction in marine science for his work on oyster aquaculture. In 1980 he began his professional career at the Port Elizabeth museum where he worked on reef fish important to the inshore commercial and recreational fisheries in South Africa and a PhD from Rhodes University. In 1987 he took up a lecturing position at Rhodes University, later becoming an Associate Professor in the Department of Ichthyology and Fisheries Science the leading provider of aquaculture teaching and research in Africa.

In the mid-1990s he and his family migrated to Australia where he became Director of the Faculty of Fisheries and

the Marine Environment at the Australian Maritime College. In 1998 he became the inaugural Director of the Tasmanian Aquaculture and Fisheries Institute (TAFI) at the University of Tasmania which later went on to become the Institute for Marine and Antarctic Studies (IMAS).

He has an international reputation for his work on evaluating the effectiveness of marine protected areas as a fishery management and conservation tool and is author of 123 publications in his field, 76 in the peer reviewed literature.

Colin recently retired as Director of Fisheries, Aquaculture and Coasts at IMAS and is now a private consultant to government and industry on fisheries and aquaculture. He is also a Director of the Fisheries Research and Development Corporation (FRDC), on the Board of the Tasmanian EPA and is a Fellow of the Australian Institute of Company Directors (FAICD).

He brings to SRL an unparalleled understanding of fisheries strategic research and research management and how that research can best support the sustainable development of the southern rock lobster industry.

A small presentation ceremony was held at the SRL Board meeting on 21st October where the Board thanked Dr. Morgan for his work over the past 5 years and welcomed Professor Buxton. At the same meeting, the Board also recognised the outstanding contribution of Rodney Trellogan, who also stepped down from his position as SRL Director and Deputy Chair after being involved with SRL since its establishment back in 2004.

Last year Rodney retired from his role of CEO with TRLFA and remained on the SRL Board for another year to see out his elected term. Rodney's replacement on the SRL Board is TRLFA Chair Clive Perryman.

In addition to Professor Buxton and Clive Perryman, the current representation on the SRL Board is John Sansom from TRLFA, Justin Phillips and Roger Rowe SARLAC and Independent Directors are Associate Professor, Caleb Gardner (R&D Expertise) and Nick Ruello (Marketing Expertise). In the New Year Victorian Rock Lobster Association (VRLA) President Markus Nolle will also be joining the SRL Board. Ross Hodge will continue on in the SRL Executive Officer's role until early 2016.

### New Industry Partnership Agreement

In addition to the changes on the SRL Board a new Industry Partnership Agreement (IPA) with Fisheries Research and Development Corporation (FRDC) has been signed to continue managing the Southern Rock Lobster Industry's investment in Research, Development & Extension (RD&E). The IPA is a unique partnership arrangement where the partners are the three state Industry Rock Lobster bodies, SARLAC, TRLFA and VRLA as well as FRDC and SRL. It is very pleasing to have VRLA signing the IPA and taking up a place on the SRL Board after a few years of non-participation.

As one of Australia's most valuable single species wild catch fisheries it important to have a strategic and coordinated approach to managing the RD&E in the Southern Rock Lobster fishery. Importantly R&D is no longer just about science based research, projects also address key areas such as new technology, alternative management options, market research and supply chain education. A good example of this broad approach to R&D was SRL in partnership with the Abalone Council of Australia, invested in a project to establish the Seafood Trade Advisory Group (STAG) which made a significant contribution to

From page 1

ensuring Rock Lobster was included in the China – Australia Free Trade Agreement (ChAFTA). All R&D projects must fit with the Objectives of SRL RD&E Strategic Plan, which are:

1. Add value along the supply chain from fisher to customer
2. Optimise fisheries production
3. Promote and support people development across all sectors of the

Southern rock Lobster Industry

Under the new IPA arrangements SRL will be reviewing the RD&E Strategic Plan early in 2016 as well as preparing an industry Development Plan to encourage innovation and change.

## Counting the Beasts – Research Programmes in New Zealand Lobster Fisheries

Daryl Sykes, NZ RLIC Executive Officer

Since 1997 the NZ Rock Lobster Industry Council, through its operating company NZ RLIC Ltd, has been the principal rock lobster stock assessment research provider to the Ministry for Primary Industries (previously Ministry of Fisheries - MFish). The NZ RLIC undertakes multi-year contracts covering stock monitoring (observer catch sampling; vessel logbooks; tag, release and recapture) and stock assessment (stock modelling; management procedures and decision rules).

Rock lobster research programme objectives are confirmed each fishing year in a planning process involving the National Rock Lobster Management Group (NRLMG) and the MPI Research Coordinating Committee. The NRLMG regularly updates a medium-term research plan which currently gives priority to the integrity of CPUE data; access to reliable non-commercial catch data; commercial catch monitoring; tag recapture data; periodic stock assessment; ongoing management procedure development, and assessment model development.

In research planning mode the NRLMG has also given some thought to the possible effects of climate change, of which increased water temperature is the most obvious primary effect. Temperature may affect catchability, mortality, growth and recruitment in rock lobster populations. Future research objectives may include a closer examination of ENSO events on New Zealand lobster stocks.

There is second contracted rock lobster research programme in which NIWA delivers puerulus collection data from selected sites around the New Zealand coastline. The settlement project was instituted by Dr John Booth and monthly levels of puerulus settlement have been followed for up to 30 years at many sites within the main rock lobster fishery areas. This constitutes the longest time series of New Zealand fisheries data.

### PERSONNEL AND RESOURCES

The rock lobster stock assessment contract is a collaboration between the NZ RLIC and a selection of professional scientific and technical specialists. The core

science team comprises Dr Paul Breen (Breen Consultancy), Vivian Haist (Haist Consultancy), Paul Starr (Starrfish) and Darcy Webber (Quantifish). In addition to their assessment work, those scientists are also contracted to provide science advice to the NRLMG and to CRAMACs as required.

The stock assessment team is backed up by John Olver and his team at FishServe who manage the electronic logbook data base and TagTracker website. Observer catch sampling is done by Simon Anderson (Lat37 Ltd), independent Otago fisheries scientist Dr Bob Street, and a small team at NIWA led by David Fisher. CRAMAC 2, CRAMAC 5 and CRAMAC 8 also directly contribute to the research contract by delivering significant quantities of stock monitoring data through their ongoing vessel logbook programmes.

Traditionally, scientific observers have been employed to conduct intensive catch sampling onboard commercial vessels. Due to logistical constraints, such personnel usually sample a large proportion of the catch from a small number of fishing trips made by a small number of fishermen in each region.

Alternatively, fishermen can sample their own catch and record it in a logbook. Again, logistical constraints mean that each fisherman can usually only sample a small proportion of their catch on each day. However, the advantage of logbooks is that every day fished produces a catch sample. If that small effort is expended over the entire fleet, the net result is that a significant proportion of the catch is sampled from a large number of fishing days over the course of the season.

**This type of extensive sampling is more likely to produce data that is representative of the fishery, particularly when there are large differences between the catch characteristics of different vessels. Logbook programmes also enable coverage in more remote or highly weather dependant areas, which can be expensive to sample using scientific observers.**

Because the data is more representative, and because they collect it themselves, fishermen have confidence in the data when it is used in stock assessments or for management planning purposes. Logbooks are an efficient, credible and

very cost effective information gathering option for the seafood industry.

Two potentially significant improvements to the logbook are the inclusion of zones and high grading information. Zones are “sub-areas” which enable the trends in the fishery to be discerned on a smaller geographical scale than the much larger statistical areas, while protecting the exact location of any ‘secret spots’.

High-grading (which is selecting catch on dollar value rather than weight/numbers) occurs in some management areas but was not recorded previously by the logbook or in mandatory MPI catch and effort returns. Active high-grading, such as known to occur in several management areas in the mid-to-late 1990s, could distort the index of biomass derived from catch per unit effort information from MPI data. The logbook participants simply have to tick a box to indicate whether the rock lobster measured was kept or safely returned to the sea. Logbook data can be used by scientists to adjust catch per unit effort data from MPI returns to provide a more accurate index of the stock biomass.

Observer catch sampling and logbook programmes would not be possible without the commitment of participating fishermen. They have volunteered the time and effort to make a significant contribution to the monitoring of the stock and by doing so, provide the rest of the fleet and all quota owners with a great service.

Also instrumental in the success of this logbook programme are the CRAMAC field technicians who provide the personal contact with the participants. Sonja Nissen (CRA 1), Simon Anderson/Lat37 Ltd (CRA 2) and Gill Rowe (CRA 3, CRA 4, CRA 5 and CRA 9) have been invaluable in encouraging and recruiting participants and providing assistance and supervision in the field.

Research is an investment for the rock lobster industry, not a cost. The information principles that apply to current and future industry or Ministerial management decisions are “rubbish in, rubbish out” and on their own and through the NZ RLIC, CRAMACs have consistently promoted accurate and reliable data recording and reporting – in CELRs, in logbooks and in tag recapture reports – and the proper analysis and use of credible data in all rock lobster fisheries planning and decision making processes.

# Organic Certification for Southern Rock Lobster?

To most of us, southern rock lobster is 'organic' in that it is a wild-caught, natural product that has no additives, pesticides or other artificial ingredients. However, to consumers who are unaware of the details of how and where southern rock lobster is caught, processed and exported, the 'organic' nature of the product is not always obvious.

To provide an independent assurance to consumers that the product they are purchasing is indeed 'organic', there are a number of international and national standards as to what constitutes an 'organic' product. Associated with these standards, there are, inevitably, a number of Government-approved independent certifiers that can, for a fee, provide the important 'organic' certificate and label that confirms that your product meets international and national organic standards.

But is it worth the cost of having an approved 'organic' label on a product that we, as producers, already know is 'organic'?

Well, consider this. According to market research by Swinburne University of Technology, the market for organic products worldwide is currently growing at 10-15% per annum with over 1 million Australians regularly buying organically labelled products and 65% of Australian consumers being at least occasional purchasers of organic food products. Organically labelled food imports have also increased by over 25% per annum in recent years as major food retailers seek to meet demand for organic products.

In our major market, China, the same trends are emerging as the growing

middle class consumers look to the safety and provenance of the food they buy. At the recent Australia China Business Council's 'Food Summit' in Sydney, Chinese importers, distributors, retailers and the China Food Association highlighted 'organic' certification as being of increasing importance in consumer purchasing decisions in China.

However, organic products are not a path to instant higher prices since margins for organically labelled food have been shrinking in Australia and elsewhere as 'organic' becomes mainstream.

Therefore, like the consumer expectation for safe food, the future advantage for organic products may be in market access rather than in higher margins – consumers will simply come to expect that the food they are purchasing is produced in a way that minimizes the use of external inputs and additives, avoids the use of synthetic fertilisers and pesticides and uses production methods that are ethical and minimize pollution.

## So, how is 'organic' certification managed?

In Australia, the standards required for organic certification is included in the Standards Australia AS 6000-2009 *Organic and biodynamic products* standard, as well as the DAFF *National Standard for Organic and Bio-dynamic Produce*. This standard is also a linking document to key international organic standards.

Under the Australian Standard, product and companies must be certified by industry certifiers, of which there are currently seven. Certifiers carry out audits on businesses including producers through to retailers and all links in the chain in between to ensure that they maintain conformance with the Standard. Businesses in compliance are licensed to

display the **Australian Certified Organic** logo on packaging and marketing material, which is the purchaser's guarantee that what they are buying is organic.

The Australian organic Standard allows for the certification of wild harvest produce with the main criteria being (a) harvest shall occur within a management system that is verified, on an ongoing basis, as not degenerating to the natural ecosystem within which the harvested products are grown and (b) harvested areas are required to be verified on an ongoing basis by the operator to be naturally self-sustaining and regenerating.

SRL regularly receives requests for information on whether southern rock lobster is 'organic' and from producers as to how they can certify their product as organic and the costs of such certification.

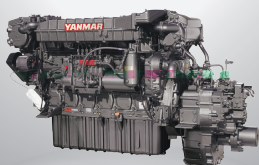
Costs of certification will vary according to the certifier and the complexity of the business and product being certified. However, SRL understands that for all southern rock lobster fisheries, which are managed by Government agencies to ensure sustainability of the stock, certification costs would be minimal since all documentation on management arrangements already exist.

If there is sufficient industry interest, SRL can also investigate whether certification can be done on an industry-wide basis or only at an individual business level. Such industry-wide certification would conceivably reduce certification costs to even lower levels.

Organic certification appears to be an increasingly important issue in consumer's purchasing decisions, including in China, and we cannot afford to ignore it.

**Dr Gary Morgan**

## Home of these market leading brands



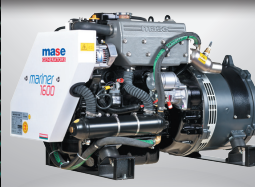
**6AY Series**  
Available from  
659 mhp – 911 mhp



**6HY Series**  
Available from  
500 mhp – 700 mhp



**6CXB Series**  
Available from  
360 mhp – 509 mhp



**Single/Three Phase Generator Sets**  
From 6kVA – 160kVA



**PSS Shaft Seals**  
Number one selling dripless  
Shaft Seal in the world

**YANMAR**  
**mase**  
GENERATORS  
**PACKLESS SEALING SYSTEM**  
**SHAFT SEAL**

**Power**  
**equipment**  
Australia, NZ and South Pacific Distributor

Contact us for your nearest dealer

Australia:  
1800 069 469  
www.powerequipment.com.au

New Zealand:  
+64 9 358 7478  
www.powerequipment.co.nz

# Around the Traps

The following is a roundup of key issues from the various Southern Rock Lobster Fishery Regions.



## SOUTH AUSTRALIA – Justin Phillips

The Deckhand iPad application is now on-board every vessel in the South Australian (SA) Southern Zone Rock Lobster Fishery. Fishers are currently reporting using both this new electronic method of data collection and the existing paper-based system as we make the transition away from 'paper reporting'. Both PIRSA Fisheries & Aquaculture and SARDI Aquatic Sciences have been extremely proactive and flexible in their approach to assisting with the transition and it is hoped that by 1 January 2016, most operators will be able to report using only the new Deckhand system. As the season progresses it is planned to trial further enhancements to the software primarily focussed on the collection of more environmental data, this is likely to involve the incorporation of other exciting technologies into the system.



Following completion of the supporting research project funded via the Fisheries Research and Development Corporation (FRDC), the SA Northern Zone Rock Lobster Fishery has implemented management changes in the fishery this season to create two sub-zones as well as to open additional months to fishing. These management changes were primarily focussed at sustainably spreading fishing effort across the entire fishery as well as providing the opportunity for greater flexibility at the operational level

and the chance to maximise the value of [historically] lower value portions of the catch.

Again, both PIRSA and SARDI have been supportive in their approach towards the implementation of this initiative which has required a level of legislative change.

It is also very positive to see FRDC funded research again translating into tangible changes to the management and operation of both fisheries in South Australia which add value for operators.

## TASMANIA – John Sansom

A harmful algal bloom has affected parts of the east coast fishery since July. The naturally occurring bloom was detected through routine testing under the Tasmanian Shellfish Quality Assurance Program (TSQAP). Under protocols of the Rock Lobster Biotoxin Plan, continued testing has resulted in the eventual closing of the entire east coast for rock lobster fishing as the bloom widened.

The precautionary approach is designed to maintain primarily food safety protocols and secondly to protect export markets. This season's recreational fishery has been delayed, and at the time of writing it appears that the commercial season in some east coast areas may be as well. Any delay will cause hardship to those east coast fishers who are unable to shift their fishing effort to unaffected areas. This is the second significant event, the last being in 2012/13.

On a brighter note the west coast season beginning November 15 has started with a bang. Catch rates in the south west have reportedly been better than average, with most fishers happy with landings so far. The down side was the lower than expected beach price for mid water fish when interstate prices had been significantly higher.

## 2017 Rock Lobster Congress

An early notice to everyone involved in the Australian Rock Lobster Industry, TRLFA will be hosting the Trans Tasman Rock Lobster Congress in Hobart September 2017. It will be an excellent opportunity for anyone with an interest in Australia's and New Zealand's premier wild catch fisheries to attend a world class fisheries event and be educated on the priorities and challenges for a successful future for our industry.

## VICTORIA – Markus Nolle

It was a dark day for Commercial Fishing in Victoria on 24 November after legislation was passed that will see a banning and phase out of commercial net fishing in Port Phillip and Corio Bays. The ban will be implemented over the next 8 years with 43 license holders sharing in a pool of compensation worth \$27 million. This is minimal compensation when considering the real costs for these mostly family run businesses to re-establish themselves. Ironically, the only Political support for the Commercial Fishermen came from the Greens, who acknowledge that this fishery has been independently certified as sustainable. As such, this was a purely political move in an attempt to buy the votes of the many recreational fishers who want exclusive access to this public resource for themselves. This extraordinary outcome shows just how fragile all our rights are as wild-catch fishers – so beware of what might be happening in your back-yard!

On a brighter note, after seven Steering Committee meetings (over the last 15 months), a draft of the new Victorian Rock Lobster Management Plan is almost ready to be released for a mandatory period of public consultation. A key aspect of the new plan is a shift to an exploitation-rate based TACC setting process, rather than utilisation of arbitrary 'hard' rebuild targets with fixed time-frames. And finally, the Victorian Rock Lobster Association (VRLA) has formally 're-joined' SRL. It is anticipated that this will strengthen the voice of SRL and assist in improved co-operation and use of resources across all our Southern States.

## New Zealand – Daryl Sykes

The NZ RLIC is currently conducting an operational review in an effort to strengthen the roles and responsibilities of the regional representative groups - CRAMACs – which it has reliably serviced since 1996.

The review to date confirms that there is strong support for the industry organisational design; there is general agreement over the demarcation of the roles and responsibilities of the CRAMACs and those of the NZ RLIC central office. The review group comprised NZ RLIC chairman, directors, and executive officer working with an independent facilitator. Among the preliminary conclusions were that the NZ RLIC central office should continue as a service provider, coordinator, facilitator for CRAMACs – in addition to running industry advocacy on the generic set pieces as they arise. If the research provision stays with the central office then

no major changes to personnel or budget are likely.

However, if the research services move to a stand-alone entity consideration will need to be given to the company structure and management arrangements including personnel.

The separation of that function was promoted as also being a way in which we might 'free up' the NZ RLIC to be a more extensive and inclusive 'council' when discussing, deciding, evaluating operational policies and industry responses and/or industry initiatives.

There was definitely a desire and an expectation to enable and foster more inclusiveness across the rock lobster industry – particularly in the business of the CRAMACs.

There was significant emphasis and consensus as to the need to improve communications to and from industry. There was understandable support for retaining the relationship with Lobster Exporters New Zealand (LENZ) acting as an export reference group to the NZ RLIC Board.

There was recognition of the increasing influence and expectation of the various quota share owner clusters across the rock lobster industry. Some consideration was briefly given to whether or not CRAMAC rules of association may need amendment to better reflect the 'interests' within the rock lobster industry as they are now emerging.

There were other issues canvassed which will generate more discussion – but the

intention of the operational review is that the lobster industry should develop a consensus as to the future role and function of CRAMACs and the NZ RLIC central office. And from those decisions the NZ RLIC Board will decide how and by whom those functions will be implemented and managed.

In subsequent review meetings the group will bring the threads of these conversations tighter and settle on the operational framework which the NZ RLIC Board will recommend to the wider industry for implementation in 2016.

## FRDC Update: New FRDC Board appointed

The new FRDC board was appointed effective 01 September 2015 and comprises:

Ms Renata Brooks, Professor Colin Buxton, Mr John Harrison, Dr Patrick Hone (Executive Director); Dr Lesley MacLeod, Associate Professor Daryl McPhee, Mr John Susman; and The Hon. Harry Woods (Chair).

Bios for the new Board members are available at the FRDC website [http://frdc.com.au/about\\_frdc/directors/Pages/default.aspx](http://frdc.com.au/about_frdc/directors/Pages/default.aspx).

### Ministerial arrangement changes

With the recent change in Federal Government leadership The Hon. Barnaby Joyce MP now has water in his portfolio in the expanded Ministry of Agriculture and Water Resources. Senator the Hon

Anne Ruston has been appointed as the Assistant Minister for Agriculture and Water Resources taking over responsibility for fishing and aquaculture from Senator the Hon. Richard Colbeck who has been promoted to the role of Minister for Tourism and International Education.

### National RD&E Strategy 2015-20

The Governance Committee has finalised the text of the RD&E Strategy. Each of the Strategy partners will now be asked to formally endorse the Strategy. In addition, the Governance Committee is seeking to have the Strategy noted at the next Fisheries Ministers meeting. It is not a requirement for Ministers to endorse or sign off the Strategy, but the Governance Committee feels that, in order to get traction on the Strategy, it is important to have the Fisheries Ministers be familiar with the document and understand what it is trying to achieve.

### The goals of the Strategy are:

- Australia's fisheries and aquaculture sectors are managed, and acknowledged, to be ecologically sustainable;
- Security of access to, and allocation of fishing and aquaculture resources is improved;
- Benefits and value from fisheries and aquaculture resources are maximised;
- Governance and regulatory systems are streamlined;
- Health of habitats and environments upon which fisheries and aquaculture rely are maintained;
- Management of aquatic animal health is improved.

Refer: [http://frdc.com.au/research/RDEPlanningandPriorities/Pages/nat\\_framework.aspx](http://frdc.com.au/research/RDEPlanningandPriorities/Pages/nat_framework.aspx)



**Taylor Marine**  
SPECIALIST MARINE SUPPLIERS

Leading brands...  
...at the best prices!






**Polyform**  
U.S.



**SEALINE**  
BRANCH



**WASSP**  
MULTIBEAM  
SEE IT ALL



**STORMLINE**  
Weather the Storm



**NEW**  
**MOORING CHAINS**

**Contact**

**Mt Gambier**  
T: (08) 8726 5200  
E: [lheard@taylormarine.com.au](mailto:lheard@taylormarine.com.au)

**Port Lincoln**  
T: (08) 8682 4601  
E: [cdrewitt@taylormarine.com.au](mailto:cdrewitt@taylormarine.com.au)

**Port Adelaide**  
T: (08) 8249 7200  
E: [csalt@taylormarine.com.au](mailto:csalt@taylormarine.com.au)

web: [taylormarine.com.au](http://taylormarine.com.au)



# Clean Green Update

Ross Hodge, SRL Executive Officer

The impending Australia Maritime Safety Authority (AMSA) legislation requiring all commercial vessels to have a documented Safety Management System (SMS) from 1 July 2016 as well as additional Work Health & Safety (WH&S) requirements has generated much new interest and uptake in the Clean Green program.

On the 1st and 2nd of September some thirty-six participants representing skippers and some crew members attended a two-day Clean Green training program in Port MacDonnell, in South Australia's Southern Zone (refer image from port Mac training). During the week 13 to 16 October SRL conducted two training workshops for the South Australian Northern Zone. One was held in Port Adelaide and the other in Port Lincoln. In total forty-two Northern Zone Skippers, including some of their crew, completed their training at these workshops.

The two-day Clean Green training programs were facilitated by SRL's EO Ross Hodge with key components delivered by Tanya Adams from Taylored Health & Safety P/L and Justin Phillips Executive Officer of SARLAC and SEPFA.

In the 2014/15 year, twenty-five skippers/vessels predominately from the SA Southern Zone re-joined the program. With those re-joining and the eligibility of those recently trained to enter the program (once pre-audits on their vessels are completed), the program's total level of participation has built significantly. The SA-Northern Zone will have approx 90% of operating vessels in Clean Green and the Southern Zone will have somewhere between 75-80% in the 2016/17 year.

The costs for the Clean Green training participants in South Australia have been offset with the support of the Primary Industries and Regions SA (PIRSA) Grant Program, Building South Australia's Premium Food and Wine Credentials. The application by SRL supported by SARLAC and the SA Rock Lobster Zone Associations; SANZRLFA and SEPFA, has provided a significant contribution towards the training costs and conducting the pre-audits on all new vessels that will now enter Clean Green following the recent SA training. SRL is very pleased to acknowledge PIRSA and the Premium Food and Wine Credentials Grant Program for their generous contribution.

Interest in joining the Clean Green program (in addition to current compliant participants) is also starting to build in



The large group at port MacDonnell Training held 1 & 2 September 2015.

Tasmania with a number of expressions of interest for training having been received. SRL is scheduling a course for Tasmania to be held in the first week of May 2016. Tasmanian licence holders will receive an expression of interest form with this edition of the SRL News advising how to register for this training in May next year. To assist in delivering the Clean Green training program in Tasmania, SRL has been successful in an application for funding from the Australian Government (Department of Agriculture) approved by a FRDC managed process. A grant of \$12,000 has been allocated from monies that have been provided by the Australian Government for sectors of the commercial fishing industry to develop and implement an SMS program.

## The following points detail several scenarios how Rock Lobster Skippers can meet their legislative and SMS WH&S requirements:

### 1. Currently Clean Green Certified Skippers/Vessels

The current certified vessels will be required to operate with the updated Clean Green On-Boat Induction Folder. SRL has been distributing the updated manual with explanatory notes for \$220.00 + GST and also offering a workshop to explain the changes. SRL will provide the opportunity to attend a workshop in your area and receive the updated manual before 1 July 2016.

### 2. Previously in the Clean Green Program, but No Longer a Member

For all vessels to be certified to participate in the Clean Green program they need to be operated by a trained Skipper. Any previously trained skipper currently not participating in Clean Green may apply to have the vessel they own/operate join the program by paying the membership/rejoining fee and purchasing the updated On-boat Induction Folder. The Skipper should also attend a workshop on how to apply the updated folder. All vessels re-joining the program have a full audit

scheduled within the first 12-months.

### 3. Not Trained/Not Part of Clean Green

There are two options for Skippers who are not Clean Green trained. They can attend Clean Green training where/when offered and join the program or find an alternative for developing a Safety Management System (SMS) for their vessel that AMSA will approve. The same goes for addressing SafeWork WH&S requirements they will need to identify and document hazards/risks (this is in additions to the SMS requirements from AMSA) and then develop a plan with procedures for managing them.

## The following text has been supplied by AMSA to provide a brief on the new legislative requirements:

The National Law creates obligations on owners, masters, crew, passengers and manufacturers of commercial vessels to ensure the safety of the operation of the vessel to a level so far as is reasonably practicable. The revised Part E Operations of the National Standard for Commercial Vessels (NSCV) specifies the minimum requirements for the safe operation of domestic commercial vessels in Australia.

### National System transitional requirements

All **new** Class 3 Fishing Vessels must comply with NSCV Part E.

All **existing** Class 3 fishing vessels must comply with NSCV Part E, other than crewing requirements, by 1 July 2016.

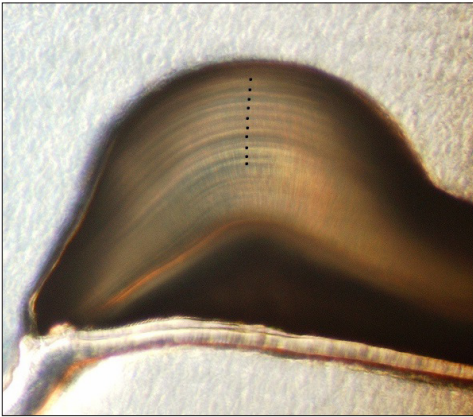
All pre-existing state and territory NSCV Part E and SMS requirements continue to apply in the interim. The transitional conditional requirements do not relieve owners, masters or crew of their obligations to implement and maintain a Safety Management System under the National Law. The Southern Rock Lobster Clean Green Program has been recognised as equivalent to the requirements of NSCV Part E.

# Ageing Australian crustaceans ‘Past, present and future’

Dr Jesse Leland, Marine Ecology Research Centre, Southern Cross University

Finfish can be directly aged by counting growth marks deposited within their otoliths (i.e. fish earbones), but similar methods for lobsters and crabs are lacking. Crustaceans grow by periodically moulting their shell. In the past, scientists thought that crustacean hard parts were unsuitable for age determination and presumed that moulting caused all hard parts that might contain growth marks to be lost. For this reason, crustaceans are usually only aged through tagging studies. Accurate age information is valuable for fisheries management, because provides the basis for growth, longevity and productivity calculations.

Harvested Australian crustaceans have a wide range of longevity patterns, with some being relatively short lived (e.g. Mud Crab 3–5 years), while in New South Wales (NSW) the Eastern Rock Lobster reaches its maximum size (>8 kg and 250 mm carapace length – CL) much slower, living for approximately 30 years. In Tasmania, and along the South Coast, Giant Crabs live in very cold water and grow exceptionally slowly, with juveniles taking two years to reach 25 mm CL.



**Picture 1. Growth marks (indicated by black dots) in a sectioned Eastern Rock Lobster ossicle. Credit: Jesse Leland**

The stomach of crabs and lobsters contain a “gastric mill” – a group of tooth-like calcified plates – that grinds their food. This amazing piece of biological machinery has aroused scientific interest since Aristotle’s time (384–322 BC), but until recently scientists have overlooked its potential for age determination. In 2011, researchers from the Marine Ecology Research Centre at Southern Cross University (SCU) found that like fish otoliths, cross-sectioned ossicles from marine and freshwater crustaceans contain clear growth marks for age estimation. However, the periodicity of these marks (e.g. seasonal or annual) must be validated for each individual species. In 2012, Canadian scientists provided evidence that the growth marks in American Lobster ossicles are probably annual and demonstrated that validation is possible.

The ageing method is now being extended to trials on Australian species with funding from the Fisheries Research and

Development Corporation (FRDC) in a collaborative project involving fisheries scientists from the Marine Ecology Research Centre (Southern Cross University – Daniel Bucher and Renaud Joannes-Boyau), Institute for Marine and Antarctic Studies (University of Tasmania – Caleb Gardner), Department of Fisheries Western Australia (Simon de Lestang and Jason How), NSW Department of Primary Industries (Geoff Liggins and Paul Butcher), South Australian Research and Development Institute (Adrian Linnane), Northern Territory Department of Primary Industries and Fisheries (Mark Grubert) and James Cook University (Clive Jones). The research project is focused on the direct age determination of seven recreationally- and commercially-important species. These are the: Western Rock Lobster, Eastern Rock Lobster, Southern Rock Lobster, Ornate Rock Lobster, Giant Crab, Crystal Crab and Mud Crab. The two year FRDC project received strong industry (Western Rock Lobster Council Inc. and NSW lobster industry) and government (CSIRO Marine and Atmospheric Research) support and includes age validation components that are currently running at the National Marine Science Centre in Coffs Harbour and the Department of Fisheries Western Australia (Hillary’s).



**Picture 2. Eastern Rock Lobsters being rinsed after staining with the seawater and calcein mixture used to stain rock lobsters and crabs for the age validation experiment. Credit: Jesse Leland**

The validation experiment involves placing lobster and crabs into a tank containing

a mixture of seawater and calcein (i.e. a fluorescent dye). This produces an artificial mark of known-date on their gastric ossicles. The animals are then reared in tanks for more than a year, before being sampled and examined for growth beyond the calcein stain. If the growth marks are deposited annually, only a single mark would be added each year. Other age validation avenues are also being explored, including the rearing of known-age individuals and laser ablation analysis of chemical composition. The laser ablation work can also provide information on the habitat where animals lived during different stages of their development.



**Picture 3. Known-age juvenile Ornate Rock Lobsters after eight weeks of rearing. Credit: Samsul Bahrawi (Marine Aquaculture Development Centre, Lombok)**

So far over 400 specimens have been collected from tropical, subtropical and temperate regions in Australia and research is underway to produce the world’s first direct age and growth models for two long-lived Australian crustaceans (i.e. Western and Eastern Rock Lobsters). As part of the FRDC project, a crustacean ageing workshop will be held at SCU in 2015. The workshop will facilitate the development of a national network of academic and government fisheries researchers that can consistently apply crustacean ageing methods, with a view towards increasing the uptake of crustacean ageing methods in Australian fisheries.

## Board Members

### Independent Chair SRL Professor Colin Buxton

**John Sansom**  
Executive Officer  
Tasmanian Rock Lobster  
Fishermen's Association (TRLFA)  
T: 03 6247 7284  
M: 0427 477 284  
E: Johnsansom1@bigpond.com.au  
W: www.tasrocklobster.com

**Clive Perryman**  
President  
TRLFA  
M: 0428 565 876  
E: holcorpfisheries@bigpond.com

**Roger Rowe**  
South Australia  
M: 0408 817 106  
E: roger@crayfresh.com.au

**Justin Phillips**  
Executive Officer  
South Australian Rock Lobster  
Advisory Council Inc (SARLAC)  
PO Box 3450  
NORWOOD SA 5067  
T: (08) 8132 0257  
F: (08) 8132 0161  
M: 0400 281 904  
E: justin@jp-consulting.com.au  
W: www.sarlac.com.au

**Caleb Gardner**  
Associate Professor  
Honorary Director  
R&D Expertise  
M: 0409 427 366  
E: caleb.gardner@utas.edu.au

**Nick Ruello**  
Honorary Director  
Marketing Expertise  
0418 210 031  
nick@ruello.com

**Ross Hodge**  
Executive Officer  
Southern Rocklobster  
Limited (SRL)  
PO Box 305  
Hampton VIC 3188  
T: (03) 9004 2729  
F: (03) 9598 3751  
M: 0423 533 133  
E: rosshodge@southernrocklobster.com  
W: www.southernrocklobster.com

SRL is pleased to acknowledge funding from FRDC for producing this publication.



Australian Government  
Fisheries Research and  
Development Corporation

# Understanding the market positioning opportunities for **Southern Rock Lobster (SRL) in China**

Southern Rock Lobster (*Jasus edwardsii*) is regarded as one of the most highly prized live seafood products in the China market. For many years it has enjoyed a dominant position over most other species of lobster with prices at times up to 2-3 times higher than many other lobster offerings.

New Zealand and Australian exporters have close and long standing relationships with Chinese seafood importers but to remain competitive in such an important market a good understanding of what drives the Chinese end users' decision making in choosing which species of lobster to purchase is needed. The goal of this project is to protect the interests of industry members in the changing Chinese market environment and to position industry to take advantage of the wider sales options available post FTA's through deeper understanding of our sales landscape and drivers.

As other producers of lobster and comparable seafood offerings look to emulate the success of Southern Rock Lobster it is imperative to understand the premium positioning it has and what strategies can be used to strengthen this position.

### Research

Both Australian and New Zealand exporters have identified that improving our knowledge of what drives luxury consumer purchase decisions in China needs to be addressed before developing and implementing market development strategies to further strengthen its premium positioning.

SRL Ltd has partnered with the Lobster Exporters New Zealand (LENZ) to invest in research that aims to answer questions in regards to who are the consumers of Southern Rock Lobster, what is their knowledge and decision making processes when choosing lobster and what are the attributes of competing products.

### Steering Committee and Project Management

A steering committee has been formed to guide the project which is being managed initially by the Seafood CRC and then taken over by FRDC. The steering committee comprises 5 people from each of NZ and Australia. At the first steering committee meeting Peter Creighton (NZ) was elected Chair and Nathan Maxwell McGinn was elected Deputy Chair. The CRC provides the secretariat to the steering committee as well as overall project management.

In May 2014 a tender document was circulated to companies who could undertake the required research. Eight proposals were received and the Steering Committee selected

four who were invited to do a detailed pitch. A selection sub-committee was formed to undertake the final selection which occurred in Shanghai in August 2014. Daxue, a market research company based in Shanghai was awarded the contract.

### Research Program and timetable

Work commenced in late September 2014 and was expected to be completed by the end of 2015. It is being undertaken in three steps:

**Step 1:** undertake a comprehensive desktop study and "secret shopper" visits to understand the market environment and to identify key competitors and potential substitutes for SRL. The research is spread over three areas: Shanghai, Guangzhou and Fuzhou.

**Step 2:** in depth interviews with 5 wholesalers and 60 hotel, restaurant and catering companies as well as 60 in depth interviews with consumers.

**Step 3:** focus groups and an on line survey 2000 people which should provide some final additional insights as well as serve as a validation (or otherwise) of the findings from Step 2.

The project is also designed that at the completion of each of the first two steps are a go / no go decision point in the contract with the consultants. The steering committee can review the outcomes of the research to date and decide whether to continue to the next step or if there is sufficient outputs to move to developing positioning and differentiation strategies.

### Research Outputs

The outputs from Stage 1 will include, a competitor map, a report detailing consumer and trade perceptions of SRL and a relative positioning of competitive offerings on key attributes identified. A Map of the decision making process and identification of barriers to switching to a competitive offering and detailed results from trade and consumer interviews and focus groups.

### Updating Industry

As previously noted at the completion of each of the first two step in Stage 1 of the project the steering committee can review the research outputs and decide whether to continue to the next phase. At the completion of Step 2 this decision was made that sufficient information had been received and a final report will now be prepared by the consultants.

Workshops will now be arranged in Australia and New Zealand in early 2016 (post China NY) to report on the findings of the project.

### Further Stages

NZ and Australian SRL exporters will consider the outputs of Stage 1 before agreeing to progress to a Stage 2 which would use the information from the first phase to investigate positioning strategies in China.