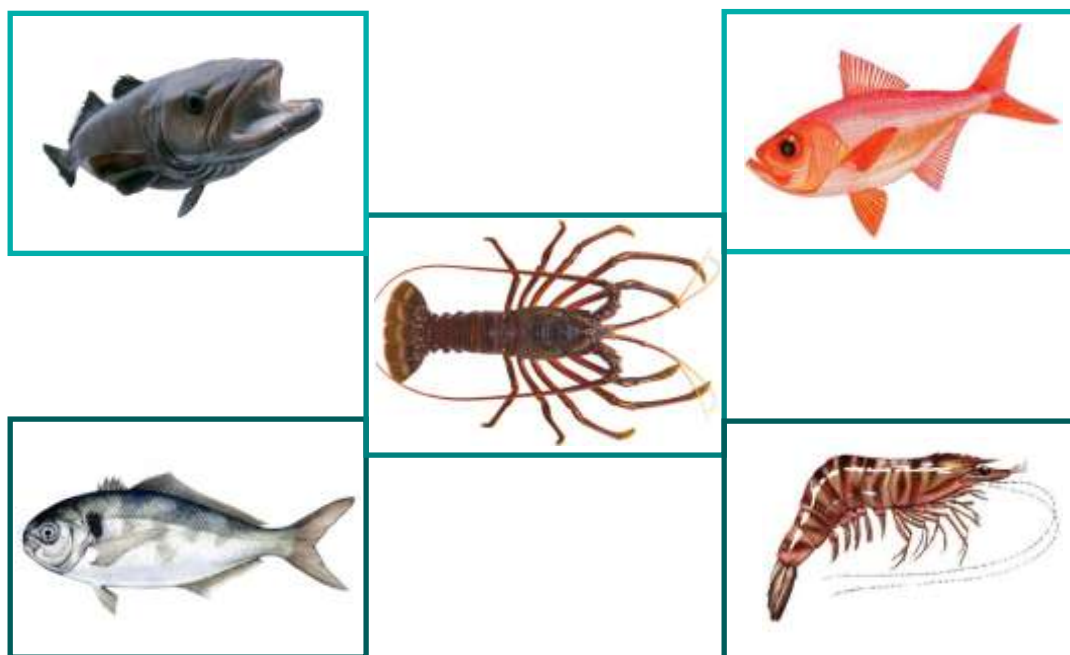


# Development of a Cohesive Industry-wide Policy on Eco-Certification for the Australian Commercial Fishing Industry

PROJECT NO: 2011/222



Annie Jarrett  
Pro-Fish Pty Ltd  
May, 2013



**Australian Government**  
**Fisheries Research and  
Development Corporation**

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# 2011/222 Development of a Cohesive Industry-wide Policy on Eco-Certification for the Australian Commercial Fishing Industry

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## **NON TECHNICAL SUMMARY:**

Objectives:

To facilitate the development of government policy and programmes, including funding mechanisms, that support third party eco-certification for Australian commercial fisheries.

### **OUTCOMES ACHIEVED TO DATE:**

The project facilitated on-going discussion within industry on eco-certification for the Australian seafood industry.

The project demonstrated that clear benefits can be gained from eco-certification and that there are numerous certification programs available to industry. This is consistent with the outcomes of the October 2011 environmental workshop that future access to eco-certification programmes must be voluntary and non-discriminatory.

The project also highlighted that there are varying views within some sectors of industry, including the National Seafood Industry Alliance (NSIA) on the need for and the benefits of eco-certification.

The project has resulted in on-going support by the Commonwealth Fisheries Association (CFA) for the development of a whole of government eco-certification policy (including funding) for Australian fisheries. This position has been incorporated into a CFA policy paper as part of the CFA 2013 Federal Election policy platform.

The NSIA is still developing its position on the proposal for a government policy on eco-certification however at least two members (WAFIC and CFA) support the approach. A key recommendation in this report is that any FAO-compliant 'Australian Standard' which may be developed in the future should be available to commercial fishers on a voluntary basis under an eco-certification policy.

Australia is a world leader in sustainable fisheries management and the Australian fishing industry is highly supportive of ecosystem based management. However, industry continually bears the cost of implementing measures to improve and demonstrate fishery and environmental sustainability without deriving the benefits which can flow from demands for sustainable seafood.

Furthermore, there is growing pressure from some sectors of the community<sup>1</sup> which can (and often does) influence government policy to the detriment of the commercial fishing industry, thus threatening the security of commercial fishing access rights.

It is therefore imperative that Australian fisheries adopt every available tool to protect the industry and to demonstrate its sustainability credentials to government and the community. Independent third party eco-certification is one tool which is increasingly being used for this purpose.

Independent third party eco-certification will assist the industry to derive benefits from existing best practice applied in management of our fisheries and encourage continual improvement in fishing practices. Eco-certification will provide a means of differentiating Australian seafood in domestic and international markets to maintain market access, increase market demand and maximize competitive advantage. Government will be able to enhance its public accountability responsibilities and respond to community pressure and criticisms by encouraging the use of independent third party eco-certification to improve and demonstrate sustainability of fisheries and to demonstrate that the Australian governments' regulatory management systems meet world's best practise.

In order to achieve this there is a pressing need to address the existing policy vacuum at government level regarding third party fisheries eco-certification, including development of funding mechanisms which will facilitate the pursuit of third party eco-certification.

This project is aimed at achieving coordinated industry input into the development of government policy and establishment of programs (and funding) to facilitate and support Australian fisheries in pursuing independent third party eco-certification which :

- builds awareness of the world leading environmental position of the Australian seafood industry, within both domestic and international markets;
- establishes a competitive grants programme to assist Australian fisheries and businesses to undertake credible, independent environmental certification;
- ensures access to eco-certification programmes is voluntary and non-discriminatory;
- ensures that funding is available to participate ONLY in third party, independent certification schemes (including any national standards which may be developed in the future) which are FAO<sup>2</sup> compliant; and
- ensures that funding to meet research requirements for third party eco- certification and ongoing assessments is accommodated.

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<sup>1</sup> including from some extreme environmental groups

<sup>2</sup> United Nations Food & Agriculture Organisation

Critical outputs from the development of an Eco-Certification Policy should include:

- the creation of a sizeable fund (e.g. >\$10 million) to directly assist, resource and facilitate Australian fisheries to achieve third party eco-certification, including through any FAO-compliant 'Australian standard' which may be developed;
- provision in the policy to allow for part of the fund to be applied to the development of a voluntary, FAO-compliant 'Australian standard' if required
- development of an agreement between Federal and State/ Territory Governments ensuring that access to the fund is provided on an equitable basis. Provision should be included in the agreement for State/Territory Governments to provide matching funds for this initiative;
- formation of a National Working Group comprised of appropriate experts (industry/ government) as required to determine and advise the Minister on appropriate governance, contestability and equity arrangements in respect of the proposed fund; and
- revision of the provisions of the Environment Protection and Biodiversity Conservation Act 1999 (EPBC) as they relate to export fisheries, with a view to ensuring statutory recognition of approved third party certification assessment schemes as meeting the EPBC requirements for export approval to avoid duplication and cost.

The Eco-Certification Policy initiative should be developed and rolled out in close consultation with the commercial seafood industry.

**KEYWORDS:** Eco-certification, Eco-labelling, commercial fisheries; consumers; FAO-compliant; environmental benefits; price premium

## **ACKNOWLEDGEMENTS**

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## BACKGROUND

There is growing producer and consumer interest in, and demand for, environmentally sustainable seafood products, both nationally and internationally.

Globally, eco-labels have emerged in the context of growing concerns about the state of the world's fish stocks, increasing consumption of fish and seafood, and a perception that public mechanisms at the national, regional and international level are failing to adequately manage the sustainability of marine resources.

Eco-labels are a market-based mechanism designed to provide incentives for more sustainable fisheries management by encouraging buyers, from large scale retailers to individual consumers, to only purchase fish and seafood certified as having come from a sustainable fishery. Eco-labelling and certification schemes are typically designed and managed by non-governmental organisations (NGOs or private businesses) and have, over the past decade, become a feature of international trade and marketing of seafood. These schemes cover a range of product claims from benefits for fish safety and quality to improved legality, transparency and sustainability.<sup>3</sup> Commitments to sustainable fish sourcing have become increasingly common in the procurement strategies and corporate social responsibility strategies of large-scale retailers and commercial brand owners, including in Australia.

Australia is recognised as a world leader in sustainable fisheries management and the Australian fishing industry is highly supportive of ecosystem based management. Industry continually bears the cost of implementing measures to improve and demonstrate fishery and environmental sustainability, without deriving the benefits which can flow from demands for sustainable seafood and public awareness as to how sustainable Australian seafood is.

Consumer research undertaken by the Western Australian Fishing Industry Council (WAFIC) in 2011<sup>4</sup> also indicates that the general public, whilst expressing a strong preference for purchasing local fish over imports, is unsure as to whether fishing practises in Australia are sustainable and that support for the industry is strongly conditional on the industry demonstrating sustainable practises. The Fisheries Research & Development Corporation (FRDC) "*Community perceptions of the sustainability of the fishing industry in Australia*" report<sup>5</sup> suggested that community perceptions around the sustainability of commercial fishing are a key driver of their perceptions of the industry as a whole.

Despite Australia's reputation as a world leader in fisheries management, anti-commercial fishing pressure continues to grow in some sectors of the community, including from some environmental groups. In some cases, this is negatively impacting government fisheries policy, thus threatening the security of commercial fishing access rights. Campaigns by

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<sup>3</sup> "ROUND TABLE ONECO-LABELLING AND CERTIFICATION IN THE FISHERIES SECTOR" Report

<sup>4</sup> WAFIC study (Name) - 2011

<sup>5</sup> 2011



NGOs for sustainable seafood have also increased the pressure on all sectors of the seafood industry to act and source responsibly<sup>6</sup>.

It is therefore opportunistic for Australian fisheries to progress rapidly to eco-certification, to derive benefits from existing best practice applied in management of our fisheries, encourage continual improvement in fishing practices, and to provide a mechanism to demonstrate to consumers and the broader community that Australian fisheries are sustainable. Certification schemes generally provide a clear and unambiguous signal at the point of purchase regarding sustainability, and are able to provide detailed information on particular stocks<sup>7</sup>.

Thus, there is a need to address the existing policy vacuum at government level regarding third party eco-certification for fisheries, including development of funding mechanisms which will facilitate the pursuit of third party eco-certification for fisheries.

Key drivers for adopting and implementing a clear policy on eco-certification for Australian fisheries, including provision of funding assistance to achieve third party certification, are:

- the increasing focus from the fishing industry on the need to pursue eco-certification as a means of differentiating Australian seafood in domestic and international markets to maintain market access, increase market demand and maximize competitive advantage;
- the opportunity to better inform consumers about the sustainability of Australian seafood and the choices that consumers make when buying seafood;
- the increasing pressure on government from conservation groups and other sectors of the community to limit fishing activities in the name of bio-diversity conservation; and
- the significant number of Australian fisheries which have undertaken pre-assessments<sup>8</sup> and/or are already engaged in fishery improvement schemes but do not have the funding to proceed to full certification.

The key beneficiaries of the adoption and implementation of an eco-certification policy for the Australian seafood industry will be:

- *the commercial fishing industry*, with government support and funding assistance for eco-certification the fishers will be able to differentiate their products and to improve the value of Australian seafood products derived from the sustainable use and management of marine resources in both the domestic and international markets;
- *consumers/the community* will be able to make better and more informed choices when purchasing seafood, and will benefit through continued improvement in the management of Australia's fisheries; and

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<sup>6</sup> Graeme Parkes, James A. Young, Suzannah F. Walmsley, Rigmor Abel, Jon Harman, Peter Horvat, Audun Lem, Alastair MacFarlane, Maarten Mens & Conor Nolan (2010): Behind the Signs—A Global Review of Fish Sustainability Information Schemes, *Reviews in Fisheries Science*, 18:4, 344-356

<sup>7</sup> "Behind the Signs -A Global Review of Fish Sustainability Information Schemes" - reviews in fisheries science vol. 18 4 2010

<sup>8</sup> Confidential reviews of individual fisheries against Marine Stewardship Council (MSC) standards to determine whether the fishery would achieve MSC certification

- *the Australian Government*, which will be able to enhance its public accountability responsibilities by encouraging the use of independent third party eco-certification to improve and demonstrate the sustainability of Australian fisheries nationally and internationally.

## ***EVOLUTION OF SUSTAINABILITY SCHEMES***

There is a plethora of schemes that make sustainability claims, aimed at providing guidance to consumers, as to whether seafood products and the fisheries from which they are harvested are sustainable. Fish sustainability information schemes cover a convergent, but still varied, range of forms of communication. These include eco-labelling programs (which generally result in some sort of certification) as well as guides, lists and approval schemes.

Commonly accepted definitions of the various sustainability schemes include:

### **Certification**

“A procedure by which a third party gives written or equivalent assurance that a product, process or service conforms to specified requirements”. (FAO Guidelines: 14, based on ISO Guide 2: 15.1.2).

Certification is generally aimed at:

- providing economic incentives to producers and the industry to adopt more sustainable fishing practices;
- increasing consumer awareness of environmental impact and sustainability of seafood purchasing choices; and
- safeguarding and/or enhancing access to consumer markets

Certification schemes generally provide a clear and unambiguous signal at the point of purchase regarding sustainability, and are able to provide detailed information on particular stocks.

Third party certification schemes include Friend of the Sea (FOS) and the Marine Stewardship Council (MSC). Typically, participants in these schemes pay to undergo independent certification against a set of criteria or standards and, if successful, are permitted to use the eco-label on their products.

Other labels that make a variety of claims about responsible sourcing are also used by organic certifiers, national governments and supermarkets on their own brand products<sup>9</sup>.

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<sup>9</sup> Review of Fish Sustainability Information Schemes Final Report” – MRAG 2010

## Eco-labelling

Commonly-cited definitions of eco-labelling are:

- “Marks on products that are deemed to have fewer impacts on the environment than functionally or competitively similar products” (Deere, 1999);
- “Voluntary product labelling conveying environmental information to consumers that seeks to create a market-based incentive for better management of fisheries” (FAO);
- “Product labelling conveying primarily environmental information to buyers; usually associated with a certification process”; and
- “ Voluntary method of environmental performance certification and labelling that is practised around the world and which identifies overall, proven environmental preference of a product or service within a specific product/service category “ (Global Ecolabelling Network).

## Guides, Lists & Approval Schemes

Seafood guides are mostly International Standards Organisation (ISO) Type II<sup>10</sup> or Type III<sup>11</sup> eco-labels that provide self-declared claims or product descriptions against preset indices, and so are not strictly comparable to the eco-labels covered by the FAO guidelines. However, these guides are increasingly widespread, sometimes used in business procurement policies, a source of information on public expectations about sustainable fisheries and some use the results of third party assessments<sup>12</sup>.

Traffic light approaches use ‘recommendations’ and/or ‘blacklisting’ of species & or methods which inform consumer opinions (e.g. Greenpeace with the “Red List”).

These lists are typically prepared by environmental NGOs such as the MCS, the Monterey Bay Aquarium (Seafood Watch), and (most recently in Australia) the World Wide Fund for Nature (WWF) often as part of wider campaigns to advocate sustainable fishing and aquaculture practices (Fig. 1). The creators of the lists decide which products to cover and inclusion in a list is not generally at the discretion of those involved in the fisheries and aquaculture operations from which those products originate. They are often not transparent in the criteria or assessment processes. Lists advising consumers on sustainability are also compiled by non-campaigning organisations such as the Sustainable Fisheries Partnership (SFP) and national government bodies (e.g. NOAA Fisheries in the USA)<sup>13</sup>.

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<sup>10</sup> informative environmental self-declaration claims

<sup>11</sup> voluntary programs that provide quantified environmental data of a product, under pre-set categories of parameters set by a qualified third party and based on life cycle assessment, and verified by that or another qualified third party

<sup>12</sup> FAO ‘Review of ecolabelling schemes for fish and fishery products from capture fisheries/’ report

<sup>13</sup> Review of Fish Sustainability Information Schemes Final Report” – MRAG 2009



Figure 1. Eco-labels seen in Australia and overseas.

In its 2009 review of fish sustainability schemes, MRAG Co. UK noted that whilst certification schemes and recommendation lists function quite differently, they share the common purpose of trying to influence consumers and industry towards purchasing seafood products that come from sustainable sources. The overarching goal is to modify market demand in a way that will support sustainability and ultimately benefit the environment.

Since the mid 1990s, several key organisations have developed and become involved in seafood eco-labelling and/or environmental sustainability schemes, including certification, since the mid-1990s (Table 1). There are currently eight pre-dominant certification/seafood sustainability schemes available in the market place (Table 2).

Table 1: Key organisations in seafood eco-labelling and/or environmental sustainability schemes, including certification, since the mid-1990s.

1995-1998:	MSC; GAA/AAC; MBA; TQS; Naturland - aquaculture
1999-2001	DEWHA (EPBC); Krav; Soil Association; NOAA 'FishWatch'
2002-2004	MCS (UK); Geode VIS; GlobalGAP - aquaculture; DEWHA (approval);
2005-2007	Greenpeace; AMCS; WWF ; Naturland -capture fisheries; SFP; FOS; MEL-Japan
2009 – 2011	Iceland /Alaskan Responsible Fishing; Global Trust

**Table 2<sup>14</sup>:** Summary of roles and responsibilities of the most pre-dominant certification/seafood sustainability schemes currently available in the market place.

**Table 2** Summary of fish sustainability information schemes reviewed

Scheme	Summary
<b>Certification Schemes</b>	
<b>Friend of the Sea (FOS)</b>	Sets a standard for third party certification of both capture fishery and aquaculture products. Provides a label for final products. Fisheries and aquaculture products are assessed from all over the world, including a significant number from developing countries.
<b>Marine Ecolabel Japan (MEL-Japan)</b>	A non-profit, private sector organisation which is part of the Japan Fisheries Association. It sets a standard for certification of capture fisheries. Currently it assesses Japanese product for the Japanese market. Certification process is not third party.
<b>Marine Stewardship Council (MSC)</b>	Sets a standard for third party certification of capture fisheries. MSC licences its label for use on certified product. It assesses fisheries from around the world although so far most are in developed countries.
<b>Global Aquaculture Alliance (GAA)</b>	A non-profit, trade association that developed Best Aquaculture Practices (BAP) certification standards. GAA sets standards for aquaculture products, including shrimp hatcheries, processing plants, and shrimp, tilapia and catfish farms. Standards can be applied to product from all around the world.
<b>GlobalGAP</b>	An independent, private sector organisation that sets voluntary standards for the certification of agricultural products, including aquaculture, but not capture fisheries. It is a business-to-business scheme and has no consumer label. It serves as a practical manual for Good Agricultural Practice that can be used globally.
<b>Naturland</b>	An independent 'organic farmers association' where certification is only one of many activities. Sets standards for organically-produced agriculture products, including aquaculture and wild capture fisheries.
<b>DEWHA Environment Protection and Biodiversity Conservation Act (EPBC)</b>	A government-run compulsory scheme that assesses all Australian Commonwealth-managed and State-managed fisheries in accordance with the 'Guidelines for the Ecologically Sustainable Management of Fisheries'. This is required for product to be permitted for export.
<b>Thai Quality Shrimp (TQS)</b>	An initiative by the Department of Fisheries of Thailand, delivered by the DOF's Marine Shrimp Culture Research Institute. The government sets the standard and assesses farms against the standard. Product assessed is only from Thailand and only from aquaculture. It is voluntary.

Evidence for the rapid expansion of fishery sustainability schemes over a relatively short period of time includes the fact that WWF Germany has moved from printing 10,000 copies of its "Fish to Eat and Avoid" list in 1997 to printing some 1.5 million copies of this document ten years later<sup>15</sup>. The MSC alone (which started certifying fisheries in 1999) reports that MSC - certified fisheries catch over 7 million metric tonnes of seafood. This is close to 8% of the total wild capture harvest<sup>16</sup>. In the Asia-Pacific region twelve fisheries<sup>17</sup>

<sup>14</sup> Patrick Caleo – MSC Asia Pacific

<sup>15</sup> "Review of Fish Sustainability Information Schemes Final Report" – MRAG 2009

<sup>16</sup> Source: <http://www.msc.org/business-support/key-facts-about-msc>

<sup>17</sup> Australian Western Rocklobster; NZ Hoki; Australian Mackerel Icefish; Australian Lakes & Coorong; NZ Ross Sea Toothfish ; NZ Albacore; Australian Spencer Gulf King Prawns; Heard and McDonald Island Toothfish;

are MSC certified. To date, 12% of wild caught seafood globally is MSC certified or in full assessment (Fig 2)<sup>18</sup>.

## Fishery Participation

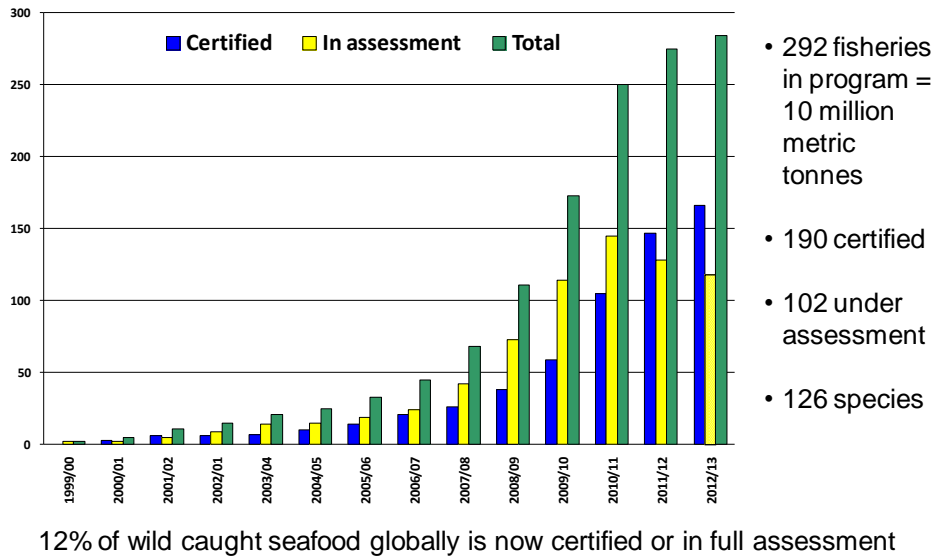
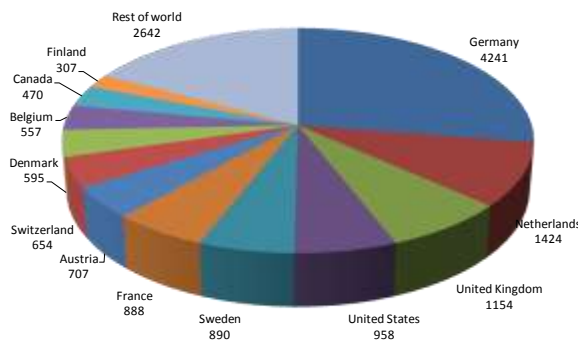


Figure 2: Fishery Participation

As at May 2012, there were more than 15,000 MSC certified products available to consumers across the globe<sup>19</sup> (Figure 3).

15,487 products on sale in 84 countries



15,487 products as at 31st May 2012

Figure 3: MSC Certified Products

Macquarie Island Toothfish; NZ Southern Blue Whiting; Australian Northern Prawn; PNA skipjack Tuna; Fijian Albacore Tuna

<sup>18</sup> Source: MSC Asia Pacific

<sup>19</sup> Source: MSC Asia Pacific

FOS, established by the founder of 'Dolphin Safe', has found over 85<sup>20</sup> fisheries/species in all oceans to be compliant with FOS criteria and are considered approved. 50 aquaculture fisheries have achieved FOS certification<sup>21</sup>.

The increasing proliferation and success of different fishery certification and quality signalling schemes indicate that they are serving purposes desired by market participants. The on-going development of eco-labelling schemes underscores their likely contribution toward viable and profitable fisheries<sup>22</sup>.

However, the proliferation in the eco-label market has also led to concerns about consumer confusion regarding differences in standards between eco-labels. The 'FAO Guidelines for the Eco-labelling of Fish and Fishery Products from Marine Capture Fisheries' (FAO, 2005a) established the minimum standard for credible, robust, fisheries eco-labelling schemes to address those concerns. Under FAO, eco-label schemes are defined as "entitl[ing] a fishery product to bear a distinctive logo or statement which certifies that the fish has been harvested in compliance with conservation and sustainability standards. The logo or statement is intended to make provision for informed decisions of purchasers whose choice can be relied upon to promote and stimulate the sustainable use of fishery resources" (FAO 2010).

## **NEED**

### **The Case for Eco-Certification**

Globally, much of the drive and initiative for adopting sustainability policies has come from industry itself, including the fish catching sector, traders, processors, retailers (notably supermarkets), food service companies, and their customers. The Australian fishing industry is increasingly aware of community concerns related to overfishing and the ecological impacts of fishing, and have for some time been focusing their efforts on improving sustainability of the fisheries in which they operate. From the fishers' point of view, adopting responsible fishing practices can raise their profile, so that consumers, processors and retailers looking for sustainably and ethically sourced products view them in a more favourable light. Other factors for industry support for eco-certification includes individual and generic brand reputations, the need to assure clients along the supply chain of the legality and sustainability of supplies, individual company sustainability policies, and the fact that companies which make sustainability claims require a sustainable supply of fish.

Governments globally are increasingly investing in the development of policies (including funding) to assist industry to pursue fisheries eco-certification to demonstrate to their stewardship credentials and the sustainability of the fisheries they manage<sup>23</sup>. Australia's fisheries management is ranked as being among the top five management regimes in the

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<sup>20</sup> Including NPF banana and tiger prawns and Yellowtail Amberjack

<sup>21</sup> Source: <http://www.friendofthesea.org>

<sup>22</sup> Caswell, J: "Economics of market information related to certification and standards in Fisheries"

<sup>23</sup> Refer "Government Support for Eco-labelling/ Third Party Certification" Section

world<sup>24</sup>. The principal objective of an eco-labelling is to create a market-based incentive for better management of fisheries by creating consumer demand for seafood products from well-managed stocks<sup>25</sup>. As such, there are mutual benefits for government and industry in developing and implementing a formal fisheries eco-certification policy to build awareness of the best-practise management and the sustainability of Australian fisheries and seafood products both nationally and internationally.

## **Eco-labels & Consumer Research**

As previously stated, Australia is globally recognised as a world leader in sustainable fisheries management and the Australian fishing industry is highly supportive of ecosystem based management and sustainable fishing practices. The trend toward sourcing sustainable seafood is also emerging rapidly in the Asia-Pacific region, including Australia.

However, the results of consumer research commissioned by the FRDC in 2011 indicate that only 37 per cent of people surveyed believe that Australia's fishing industry is sustainable overall, with a similar number undecided, while 26 per cent believe it is unsustainable. That the findings were similar to those of a 2003 community perceptions study is extremely concerning given the improvements which have been made in fisheries management and in stock status over the past 10 years. One of the reasons attributed to the poor public perception on fisheries is that media reports are not accurately representing the current state of Australian fisheries<sup>26</sup>. To address this, the FRDC in 2011 embarked on a strategy<sup>27</sup> to promote the science and best practice that underpins the Australian seafood industry. The strategy focuses heavily on improving community understanding of sustainable fishing practices and the positive contribution of seafood to social, environmental and economic wellbeing.

Given that certification schemes generally provide a clear and unambiguous signal at the point of purchase regarding sustainability, and are able to provide detailed information on particular stocks<sup>28</sup>, government policy which encourages the pursuit of third-party, independent, FAO-compliant eco-certification will assist the FRDC to demonstrate the sustainability of Australia's fisheries resources to the community.

Independent consumer research commissioned by the MSC shows that eco-labelling has become an increasingly important instrument in demonstrating sustainability of fisheries and seafood products and is now a key factor in influencing consumer choices. In surveys conducted in 2010, consumers confirmed that eco-labels have acquired greater relevance as they adopt a more sustainable lifestyle, with 37 per cent of consumers surveyed reported that they were looking for and buying more eco-labelled products. The surveys also showed that there are a growing number of shoppers who are increasingly environmentally conscious and concerned about sustainability (56 per cent); less price-sensitive (32 per

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<sup>24</sup> FRDC "Response to the National Food Plan issues paper" 2011

<sup>25</sup> "Product certification and ecolabelling for fisheries sustainability" – FAO Fisheries Technical Paper 422

<sup>26</sup> Source: [http://www.frdc.com.au/knowledge/stories/Pages/promote\\_sustainability\\_evidence.aspx](http://www.frdc.com.au/knowledge/stories/Pages/promote_sustainability_evidence.aspx)

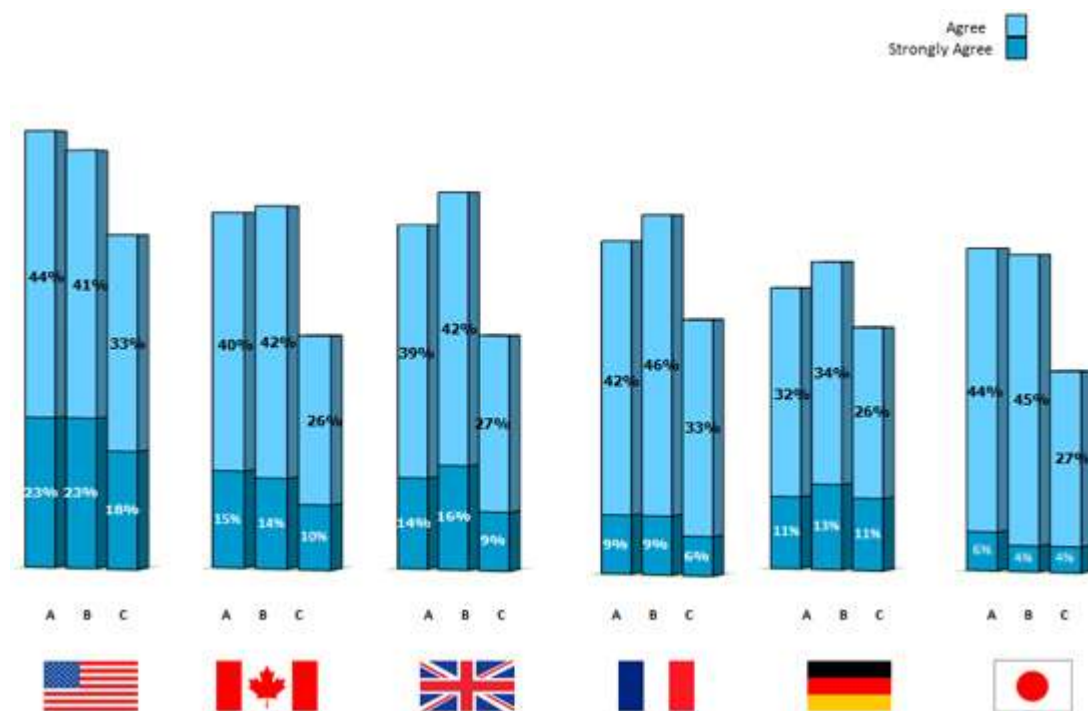
<sup>27</sup> Source: FRDC COMMUNIQUE: STRATEGY TO PROMOTE THE SCIENCE AND BEST PRACTICE THAT UNDERPINS THE AUSTRALIAN SEAFOOD AND ANGLING INDUSTRY

<sup>28</sup> "Behind the Signs—A Global Review of Fish Sustainability Information Schemes" - reviews in fisheries science vol. 18 4 2010



cent); and prepared to go out of their way to purchase eco-labelled products (24 per cent)<sup>29</sup>.

More recently, independent research conducted by Albemarle Marketing Research (AMR) in 2012 showed that across the 10 countries surveyed, consumers reported an increasing value placed on 'independent eco-labels'. 54 per cent of respondents surveyed<sup>30</sup> believe that eco-labels are effective in 'helping bringing changes to environmental/social problems'. 59 per cent agree that 'a product that carries an eco-label has less impact on the environment' (up from 52 per cent in 2010). The research revealed that the presence of an eco-label on products continues to make a positive impact on consumers' perception of the host brand. 44 per cent of consumers reported a higher level of trust for brands that use eco-labels (up from 40 per cent in 2010)<sup>31</sup>. These statistics are illustrated in Figure 4.



**Figure 4:** Survey results by Albemarle Marketing Research (AMR) showing **A**) eco-labels are effective in helping bringing changes to environmental/social problems; **B**) a product that carries an eco-label has less impact on the environment; and **C**) I trust a brand that uses eco-labels more than one that doesn't.

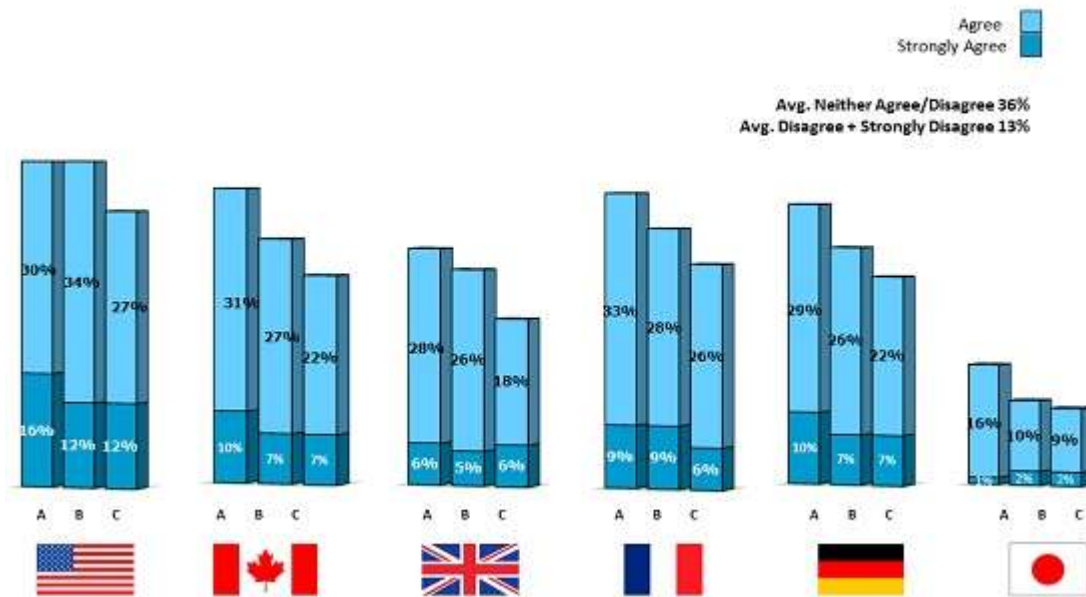
This study also showed that looking for and then buying products with an eco-label is now part of the everyday shopping experience for consumers around the globe. In 2011, two out of three German shoppers bought more products with eco-labels than in 2010 and 39% of

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<sup>30</sup> a total of 5,977 interviews were completed in the UK, Germany, Netherlands, Sweden, Denmark, France, USA, Canada, Japan and Australia.

<sup>31</sup> independent research conducted by Albemarle Marketing Research (AMR)

the US's seafood consumers reported that they regularly pick up products to check for eco-labels before buying them (Fig. 5).



**Figure 5:** Survey results by Albemarle Marketing Research (AMR) showing **A)** I'm buying more products with eco-labels these days than I did a year ago; **B)** I would be ready to pay a little more for a product with an eco-label; and **C)** these days I regularly pick up products to check for eco-labels before I buy them.

The survey also showed that eco-labels on products rank as the most trusted source of information on socially and environmentally responsible goods in the UK and the Netherlands, and rank second in Australia, Japan, France and the US<sup>32</sup>.

## Eco-labelling and the Supply Chain

Eco-labels and related certification schemes have become a significant feature of global fish trade and marketing in the past five to ten years. Buyers, especially large retailers and commercial brand owners have embraced them. Commitments to source only fish and seafood certified as sustainable are increasingly included in procurement strategies and wider corporate social responsibility policies. The following information demonstrates that this trend has been growing exponentially in the UK, Europe and the United States, and more recently in Australia.

Unilever, one of the world's largest buyers of fish for their Iglo, Birds Eye and Findus brands partnered with WWF to form the MSC in the mid-90s. In 1996, Unilever announced its intention to source all fish from sustainably managed fisheries by 2005. Unilever also writes to suppliers asking them to confirm that their fish are legally caught in specified FAO catch

<sup>32</sup> Source: <http://www.msc.org/newsroom>

areas and that they are not involved in species threatened with extinction. It uses a “traffic light” assessment tool for suppliers.

According to Sainsbury’s (UK) sustainability policy, by 2020 all fish sold by Sainsbury’s will be independently certified as sustainable. Sainsbury’s has been the largest supplier of MSC certified fish in the UK for the third year running, with sales of £81 million and more than 120 MSC-certified products<sup>33</sup>.

In February 2006, Wal-Mart announced that it intended to shift its entire supply of wild caught fresh and frozen fish for the North American market to MSC certified fisheries by 2009 – 2011, and that, all uncertified fisheries and aquaculture suppliers must be actively working toward certification by June 2012. As of January 31st 2012, 76% of Walmart’s fresh, frozen, farmed and wild seafood suppliers were third-party certified and an additional 8% had developed the required certification plans.

The US-founded Wholefoods market (now a global supplier of organic food products) has provided its consumers with MSC certified products, including seafood, for many years. For wild-caught seafood that is not from MSC certified fisheries, Wholefoods stores label their products with the colour-coded sustainability ratings of the Blue Ocean Institute or the Monterey Bay Aquarium (Fig. 6).

Marks & Spencer also committed to source 100 percent of its wild-capture fish from sustainable sources (MSC certified or equivalent) by 2012<sup>34</sup>. Fish from undeclared (illegal) landings are prohibited. Marks & Spencer maintains a “Banned Species List” of seafood species and had already ceased to stock 19 of the initial top 20 species or groups to avoid when the MSC (UK) published its ‘red’ list. Following a survey of seafood supermarkets undertaken in the UK in 2011, the MSC described Marks and Spencer as having “the most comprehensive seafood policy of all the retailers”<sup>35</sup>.



Figure 6: Wholefoods in-store buying guide

The largest seafood processor in the UK, Young’s Bluecrest, supplies chilled and frozen products to supermarkets, restaurants, hotels, fish and chips shops, schools and hospitals. Supplies come from 33 countries and include more than 60 species. The company is using a

<sup>33</sup> <http://www.j-sainsbury.co.uk/responsibility/20x20/sustainable-fish/>

<sup>34</sup> <http://plana.marksandspencer.com/we-are-doing/sustainable-raw-materials/stories/6/>

<sup>35</sup> <http://plana.marksandspencer.com/we-are-doing/natural-resources/forever-fish/mcs-supermarket-survey>

specific seafood purchasing policy, *Fish for life*, which is based on ten principles for responsible fish procurement.

The world's largest retailer, Carrefour has joined forces with three leading brands (Findus, Labeyrie and Connétable) and the MSC in a marketing campaign to promote MSC certified products in France. Dutch retailers Albert Heijn and Lidl also partnered with MSC in 2012 in marketing campaigns promoting sustainable seafood to shoppers in The Netherlands<sup>36</sup>.

In January 2013, McDonald's U.S.A. announced its commitment to not only source 100% of their seafood supplies from MSC certified fisheries, but also to make full use of the MSC eco-label on packaging and in store across all 14,500 of their American restaurants. This commitment is being supported by the establishment of a sustainability website and print media campaign. The commitment from Macdonald's USA followed the previous commitments from various European Macdonald's franchises<sup>37</sup> to source MSC certified products.

There are more than 30 seafood companies in Japan currently certified for MSC Chain of Custody<sup>38</sup> including leading seafood companies Nippon Suisan Kaisha, Kyokuyo and Maruha Nichiro. AEON, a leading Japanese supermarket, has also committed to carry MSC labelled products and is actively promoting MSC certified products, including prawns from Australia's Spencer Gulf and the Northern Prawn Fishery, through a series of in-store promotions. Retailer interest and support for MSC certified products is also growing in Singapore<sup>39</sup>.

As stated, the trend toward sourcing sustainable seafood is also emerging rapidly in the Asia-Pacific, including Australia. In 2011, both Woolworths and Coles announced their intention to only source and sell sustainable seafood.<sup>40</sup>

Woolworths' sustainability policy includes a commitment to "*working with suppliers to ensure seafood supplies are available to feed the needs of our customers today and for future generations*" and "*providing the right information helping our customers to make informed choices about the sustainability of the seafood they buy from our stores.*" Woolworths' long term goal is to have all their wild-caught seafood range certified to MSC standards or the equivalent.

Woolworths is actively working with the SFP, an independent non-government organisation, to carry out scientific assessments of the relative sustainability of seafood products and to provide advice on the management of specific issues. Woolworths also aims to have all the farmed seafood products certified sustainable by credible third party certification schemes by 2015.

Woolworths has partnered with the Taronga Conservation Society Australia to support and promote the Fish4Life project aimed at informing customers about more sustainable seafood choices. Woolworths is actively engaging suppliers to improve the sustainability of

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<sup>36</sup> <http://www.msc.org/business-support/campaigns>

<sup>37</sup> Including Germany

<sup>38</sup> A formal traceability system which traces products through the supply chain to the consumer

<sup>39</sup> Patrick Caleo MSC Asia Pacific – Pers Comm

<sup>40</sup> Media Releases 17/3/2011

its seafood supply chain and has provided grants under its *Fresh Farm Future* program for sustainability improvements and certification of fisheries supplying products to Woolworths<sup>41</sup>.

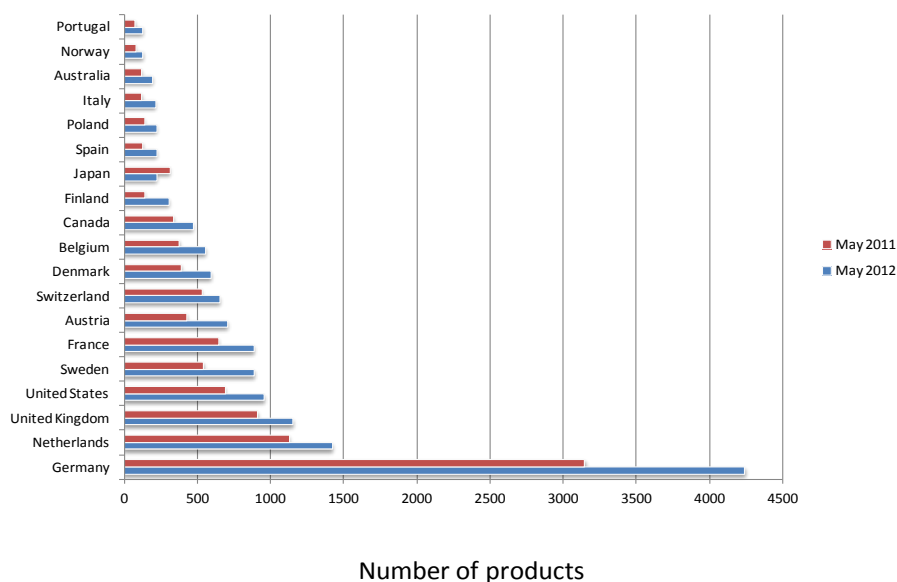
The Coles Group policy is to sell more seafood from sustainable sources, whether wild-caught or farmed. Coles is taking advice from major independent conservation organisations, such as WWF, and supports credible sustainable seafood sourcing initiatives such as the MSC. Coles is in consultation with independent fisheries and conservation experts to assist in making decisions about its fresh frozen and canned seafood. In 2011, Australian Chef and Coles Ambassador, Curtis Stone launched a 'Feed Your Family Seafood' guide to help customers select, prepare and cook fresh and tasty seafood. The guide is available in all Coles stores and online.



In March 2013, Aldi announced its engagement with SFP to help evaluate the sustainability of its seafood range. Aldi is working towards having all wild caught fish sourced through sustainable and equitable methods by 2016.

**Figure 7**<sup>42</sup> is indicative of the continued global growth of eco-labelled seafood products available to consumers.

### Year on year growth of MSC products – top markets



**Figure 7:** Global growth of eco-labelled seafood products available to consumers.

<sup>41</sup> \$25,000 grant to Northern Prawn Fishery for MSC certification; \$10,000 to CSIRO and South East Trawl Fishery Industry Association (SETFIA) for research on status of orange roughy; Jointly funded Nuffield scholarship with Fisheries Research and Development Corporation (FRDC) for a fisheries professional

<sup>42</sup> Source: MSC Asia Pacific

Seafood consumption is increasing in Australia. The global trend for supermarkets, retail outlets and food service providers to source sustainable seafood is expected to continue to expand as consumer demand for sustainable seafood and good environmental choices increases. There is a significant opportunity for Australia to embrace this trend, and benefit its fisheries, the environment, public perception, and Australian fishers by facilitating eco-certification of Australian commercial fisheries and aquaculture to be competitive and recognised as sustainable in both domestic and international markets. To this end, approximately 30 Commonwealth managed fisheries undertook "pre-assessments" in 2010/11, which examined how sustainable a fishery is, and how much work it must do to become certified against MSC Principles and Criteria.

## **The Benefits**

There has been ongoing debate and numerous studies on the benefits of eco-labelling/certification programs over the past decade. However, it is generally accepted that eco-labelling sets economic incentives for investment in technologies and practices aimed at more sustainable fishing practices<sup>43</sup>. The FAO consensus<sup>44</sup> that eco-labels are a mechanism to incentivise better fisheries management and provide a nexus between marketing and management, which is an increasingly important part of the fisheries sustainability equation, supports this premise.

The MSC 'Net Benefits' Project undertaken in 2010 indicates that a wide variety of fisheries have enjoyed both economic and environmental benefits since obtaining MSC certification. The project report states that:

*"Most fisheries say the MSC label has helped them retain existing markets and gain access to new ones, arising from new product category developments. The Bering Sea and Aleutian Islands Alaska cod fishery (page 28) has achieved both. Before, its main sales were in dried cod and wet salted fillets. Since certification, it has broken into the double-frozen, value-added, breaded-and-battered market and has expanded its market to include countries in Europe. The Germany North Sea saithe fishery (page 66) used to rely entirely on fresh fish sales. Now, it is winning freezing contracts for fillets – a totally new market area – because German retailers (notably the big discounters, Aldi and Lidl) are requesting MSC-certified frozen product. In Bristol Bay, Alaska, demand from big retailers has led producers of Alaska salmon (page 12) away from lower-value canning and into value-added markets such as filleting, chilling and freezing. Some fishers reported price premiums. The main beneficiaries have been smaller-scale, artisanal fisheries – many of which have survived and prospered as a result of more favourable prices.*

*In Australia, the Lakes and Coorong fishery (page 54) says it regularly commands premiums of 30 to 50 per cent for MSC certified versus non-certified seafood sold to restaurants in Sydney and Melbourne. In a community where fishing and related services account for 60 per cent of household income, this is vital. In Britain, the NESFC sea bass fishery has reported premiums of up to 25 per cent, compared to local values prior to certification, when selling to top London restaurants.*

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<sup>43</sup> Caswell, Julie A:

<sup>44</sup> Round Table on Eco-labelling and Certification in the Fisheries Sector FAO 2009

*Also in Britain, the Hastings Dover sole, herring and mackerel fisheries (page 30) typically received a 10 per cent premium on product sold to The Netherlands and have been offered up to 15 per cent by the Casino supermarket group in France. In the United States, the American Albacore Fishing Association (AAFA) Pacific tuna fisheries (page 46) saw its prices increase from US\$1,700 to US\$2,250 a tonne as soon as it became MSC certified in August 2007. Guaranteed a market in Europe, the AAFA could for the first time in its history set a stable price for the future, instead of relying on a volatile dockside trading system. The Western Australia rock lobster fishery (page 8) is a good example of how fisheries can experience economic benefits beyond price premiums. When the Australian government implemented legislation requiring businesses to be audited and certified in order to export seafood, MSC certification was accepted as an alternative mechanism to meet this requirement, saving the fishery the costs of export certification”.*

Overall, the experience of MSC certified fisheries<sup>45</sup> shows the benefits of eco certification include:

- credible and defensible sustainability claims with benefits for both industry practices and government stewardship;
- more secure access to markets;
- opening new markets;
- potential for higher prices;
- security of access to fishing grounds and encourage investment in regional fisheries;
- increased business and market innovation;
- shores up regional communities;
- builds capacity in regions;
- grows prosperity; and
- creates pride in regional fisheries.

### ***Environmental Benefits***

A number of studies have been undertaken to quantify the benefits (including environmental benefits) of eco-certification. The MRAG *et al* (2011) report “Researching the Environmental Impacts of MSC Certification – 2011<sup>46</sup>” cites that:

*“There is wide acceptance that eco-label certification schemes such as the MSC increase major buyer and consumer awareness and provide tools to turn awareness into action, improve dialogue between stakeholders, and foster significant change in attitude in the management of natural resources, particularly in raising awareness of ecosystem impacts of fisheries (Ozinga, 2004). Many stakeholders coming from different interest groups cited engagement in the MSC programme as useful for advancing their interests and in improving the management of the fishery. The fact that about half of the interventions leading to improvements in fisheries were attributed to the activity of certification suggests that stakeholders perceive the programme to generate positive benefits” and “analysis of the evidence and stakeholder views confirms that ‘on the water’ environmental improvements*

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<sup>45</sup> MSC Net Benefits Report

<sup>46</sup> MRAG Ltd, Poseidon Aquatic Resource Management Ltd, Meridian Prime – 2011

have occurred in MSC-certified fisheries and these improvements are incremental throughout a fishery's involvement with the programme. These changes are closely linked to the closure of conditions that are raised during certification and subsequent surveillance, as well as through the requirements identified during the pre-assessment stage".

### **Price Premium**

The *Economics of Market Information Related to Certification and Standards in Fisheries*' Report states that "Eco-labelling serves as a signal to the environmentally conscious consumer and allows consumers to make more informed purchase decisions, reduces search costs, and provides extra utility, which translates into price premiums at the retail level. Independent certification of claims made by voluntary eco-labels gives these claims the credibility necessary for supply chain partners and end consumers to justify higher costs and market prices"<sup>47</sup>.

Research undertaken in the United Kingdom in 2011<sup>48</sup> showed that UK retailers were achieving a price premium of over 14 per cent for MSC eco-labelled Alaskan Pollock products, compared with their non-labelled equivalents. The study, published in the *Journal of Agricultural Economics*, was the first study to use price data to present objective verification of market benefits for suppliers using the MSC eco-label. Sales of MSC-labelled Pollock products were also higher, at 3.3 million units, during the period than non-labelled products, at 3.03 million units.

As stated above, fisheries which have also enjoyed price premiums<sup>49</sup> since certification include:

- Lakes and Coorong fishery : premiums of 30 to 50 per cent for MSC certified versus non-certified seafood sold to restaurants in Sydney and Melbourne;
- NESFC sea bass fishery : premiums of up to 25 per cent;
- Hastings Dover sole, herring and mackerel: 10% premium in Netherlands/ up to 15% by Casino Group France; and
- American Albacore Fishing Association (AAFA) Pacific tuna fisheries: increase from US\$1,700 to US\$2,250 a tonne.

The 'Net Benefits' report<sup>50</sup> also concluded that the main beneficiaries of price premiums had been smaller-scale artisanal fisheries (all in developed countries) selling into niche markets. The price premiums described were all associated with more secure supply relationships, either with restaurants or, to a lesser extent, supermarkets.

Anecdotal evidence points to either increased demand, increased positive public awareness, and/or some increase in price for products from all seven Australian MSC certified fisheries<sup>51</sup>.

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<sup>47</sup> *Economics of Market Information Related to Certification and Standards in Fisheries*' Report (Caswell, Julie A)

<sup>48</sup> 'The Elusive Price Premium for Ecolabeled Products' - C. Roheim et al 2011

<sup>49</sup> MSC 'Net Benefits' Report

<sup>50</sup> MSC 2009

<sup>51</sup> Carter, D. pers comm. 2013



It is recognised that price premiums may not be achievable in all situations and that potential for price premiums may decrease as more eco-labelled products enter the market. However previous sections of this report confirm that other benefits (retention of markets, increased market share and access to new markets can be obtained through certification.

## **Barriers to Eco-certification in Australia**

As previously stated, the benefits of certification can include improved market access, the potential for price premiums, and the opportunity to positively influence community perception and consumer choice. Conversely, barriers to fisheries moving to certification include the cost of obtaining and maintaining certification, concerns that fisheries/operators will be 'locked in' to a particular certification scheme, and vulnerability to continuing and growing demands for environmental improvements. Fishery certification costs vary considerable between the size and complexity of the fishery and the certification scheme of choice (i.e. the more complex and rigorous the scheme, the more expensive it is). In particular, it is recognised that there may be inherent difficulties in certifying some small-scale fisheries, primarily due to lack of data and the inability of smaller fishing enterprises to afford the costs of certification.

Despite the continued growth in interest in eco-certification throughout the fishery supply chain, it is difficult for individual companies (large or small) to know whether involvement in certification programs will be commercially viable, given the benefits of certification cannot be quantified in advance. Government can play a crucial role in addressing these barriers by engaging proactively in the development and implementation of eco-labelling initiatives, including through funding, and research initiatives to assist fisheries to achieve and maintain certification through whichever scheme is considered appropriate and relevant on a fishery by fishery basis.

Until recently<sup>52</sup>, there has been limited financial support from Commonwealth or State/Territory Governments to assist the Australian fishing industry to pursue eco-certification to position itself to meet growing market demands and community expectations relating to seafood sustainability. As well, the lack of clarity in regard to the Commonwealth Government's acceptance of equivalence of the requirements for export fisheries under the EPBC and MSC requirements (as an example) means that for those fisheries wishing to become certified the costs for assessment (under both EPBC and independent third party schemes) are duplicated and thus potentially prohibitive. Whilst some work is being undertaken to reduce the duplication in this regard, it is also clear that EPBC accreditation<sup>53</sup> alone is insufficient to demonstrate to the community that fisheries are sustainable and/or that Governments' regulatory systems meet world's best practise.

The results of this study indicate that there are obvious benefits for governments (and industry) from credible third party certification schemes which recognise and acknowledge that governments' regulatory management systems meet world's best practise.

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<sup>52</sup> Western Australia being the exception

<sup>53</sup> a government approval scheme

Government funding to assist fisheries to pursue certification would also reduce one of the key barriers to more Australian fisheries becoming certified.

## **Government Support for Eco-labelling/ Third Party Certification**

The primary responsibility of government in sustainable fisheries (including fish stocks and related eco-systems) is to ensure food security for current and future generations. Governments also have to ensure that conditions enable their fisheries to compete in domestic and international markets, where eco-labels are increasingly a part of buyer specifications and a factor in market access<sup>54</sup>.

The report from the OECD/FAO 'Round Table' on eco-labelling and certification in fisheries (2009)<sup>55</sup> states that globally, governments have taken quite diverse approaches to the eco-labelling question. Of particular interest is how eco-labelling schemes interface with public policy goals, including that some governments are using eco-labels as a means to promote traction in their own fisheries management policies. In recognition of this, a key point of agreement from the Round Table was that each government will have to decide the boundaries of its own financial engagement in eco-labelling and certification.

To this end, there are numerous global precedents which demonstrate government involvement in the development of policies and provision of funding assistance for industry participation in independent third party seafood sustainability schemes. In 2012, the Western Australian Government has committed \$14.5 million over the next four years to a program to seek third party sustainability certification for Western Australia's commercial fisheries on the basis that the program was important to provide public confidence that WA's commercial fisheries could deliver sustainable, wild caught seafood.

In 2008, the New Zealand government committed NZ\$4.7 million to be spent on fisheries certification until 2010/11. The New Zealand Whiting, Hake and Ling fisheries have accessed this funding source to facilitate their MSC certifications.

Other government initiatives which have been taken to support eco-certification are the development of the European Fisheries Fund; the provision by the British Columbian Government in 2007 of \$100,000 Pounds; the contribution of the Dutch Government of 1 million Euros to fund MSC assessment of the entire Dutch fishing fleet; and the financial support of the Icelandic Government for the Alaskan Salmon Responsible Fisheries scheme. These initiatives are consistent with the Food and Agriculture Organisation (FAO) agreement that individual governments will need to decide the boundaries of their own financial engagement in eco-labelling<sup>56</sup>. In June 2012, a partnership of retailers, suppliers, NGOs and the fishing industry launched a unique project targeting the future sustainability of England's traditional coastal fisheries. 'Project Inshore' will map the inshore fisheries together and provide sustainability plans for each of them, helping to secure seafood

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<sup>54</sup> Source:

<http://www.unep.ch/etb/areas/fisheries%20country%20projects/south%20africa/ISS%20Policy%20Brief.pdf>

<sup>55</sup> Round Table on Eco-labelling and Certification in the Fisheries Sector FAO 2009

supplies from these traditional boats for this and future generations<sup>57</sup>. £500,000 of funding has been provided by the participating partners for this project.

The available literature supports the premise that the Australian Government can benefit from taking similar steps to broadly encourage and facilitate eco-certification of its fisheries to demonstrate its (Governments') stewardship of public resources, and to assist the Australian fishing industry to remain competitive in domestic and international markets.

## OBJECTIVES

The objective of this project is:

To facilitate the development of government policy and programmes, including funding mechanisms, that support third party eco-certification for Australian commercial fisheries.

## METHODS

The methods adopted to pursue this objective include (but are not limited to):

- desk top study of third party certification schemes in place globally for fisheries;
- desk top study of reviews of applicability and success of third party certification systems;
- review of FAO requirements for certification schemes to be FAO-compliant;
- desk top study on funding mechanisms, including government schemes, currently in place for various certification schemes globally;
- desk top study of market and environmental benefits reports of certification schemes, including MSC;
- presentation and discussion on the findings of the desk top studies to an environmental certification workshop in October 2011;
- development of an initial draft report based on the key outcomes of the workshop and the literature review for consideration by the CFA and NSIA ;
- development and dissemination to CFA and NSIA of initial draft report to CFA and NSIA; and
- revision of the final draft report taking into account feedback from CFA and NSIA.

The above-mentioned desk top studies were undertaken between July and October 2011. The studies reviewed third party certification schemes which are currently available for fisheries (both wild-capture and aquaculture); funding models which have been adopted in other countries (including government funding models); and reviews undertaken by MRAG, WWF, and Roheim *et al* which identified market and environmental benefits of certification programs.

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<sup>57</sup> <http://www.msc.org/newsroom/news/english-traditional-coastal-fisheries-make-plans-for-future-generations?fromsearch=1&newsquery=project+inshore&year=&month=&isnewssearch=1>

The findings of these desk top studies were presented to an environmental workshop hosted by Dr. Patrick Hone and attended by various CFA and NSIA representatives on 24th October 2011, and to the CFA in November 2011. The key outcomes of the industry discussions on the findings of the desk top studies were that any certification schemes, (including an Australian standard) which are adopted in Australia must be FAO compliant, voluntary and non-discriminatory have been incorporated as recommendations in this report.

The findings of the desk top studies were subsequently incorporated into an initial report on options for inclusion in a policy document on eco-certification for Australian commercial fisheries. The initial report (and subsequent iterations) were considered by the CFA and NSIA in early 2013. The CFA has adopted the key recommendations of this project as part of its 2013 Federal Election policy platform. The NSIA does not have a unanimous position on the proposal to develop an eco-certification policy however at least two members (WAFIC and CFA) support the approach.

## **RESULTS and DISCUSSION**

### Desk top Studies:

The results of the desk top studies demonstrate that social, environmental and economic benefits can accrue from fisheries achieving eco-certification<sup>58</sup>. These results may assist the objective of this project being achieved through further discussion and negotiation.

### Industry Consultation:

Discussions<sup>59</sup> with various industry groups and individuals, and feedback from NSIA in particular, have demonstrated the divergent views within the Australian fishing industry about the need for and the benefits of eco-certification. There is strong support for an eco-certification policy from industry groups/fisheries which either have achieved or are pursuing eco-certification. There is also strong interest from fisheries which are well placed to pursue eco-certification and/or are under particular pressure/scrutiny from NGO's and other community groups. Operators involved in export fisheries also had some expectations of achieving price premiums for certified product and were therefore more inclined to support eco-certification.

The announcements in 2011 by the two major Australian supermarkets<sup>60</sup> to move to sustainability-based procurement policies has also increased industry awareness of, and the impetus for, fisheries to seriously investigate the potential to enter eco-certification programs. To this end, both Woolworths and Coles (through sustainability partners SPF and WWF) are actively working to assist individual fisheries to move down the certification pathway, including through funding partnerships.

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<sup>58</sup> MSC 'Net Benefits' report: Roheim *et al* 2011

<sup>59</sup> Including at the Environmental Certification Workshop in October 2011

<sup>60</sup> Woolworths and Coles

Recent threats to the security of fisheries access rights (eg the declaration of large-scale marine reserve networks in which commercial fishing activities will be restricted) has also heightened interest in eco-certification. In particular, those operators/ groups which support the principle of eco-certification believe that the development of a formal policy and government funding which encourages fisheries to move to eco-certification will provide an additional tool to demonstrate the sustainability of Australian fisheries and to deflect NGO and criticism by other community groups of the Australian fishing industry.

Conversely concerns which were raised relating to eco-certification were primarily around:

- the costs versus the benefits of certification<sup>61</sup>;
- research and other costs incurred in maintaining certification;
- the potential inability of some fisheries<sup>62</sup> to obtain certification under any of the existing schemes and the implications for their fishery/products in the market place and the community compared to certified fisheries;
- the costs of obtaining and retaining certification not being offset by price premiums (particularly in domestic fisheries); and
- the reputational risk of being de-certified due to changes in assessment standards and/or costs.

Feedback from NSIA also revealed that some industry representatives believe that the adoption of an 'Australian standard' would be sufficient to demonstrate the sustainability credentials of Australian fisheries to NGOs and community (both nationally and internationally). This view has led to the recommendation in this report that provision should be made in the proposed policy to provide some funding to assist in the development of a voluntary, FAO-compliant 'Australian standard' (if required) and that any FAO-compliant 'Australian standard' which may be developed in the future should be available to operators on a voluntary basis under an eco-certification policy.

#### Development of Eco-Certification Draft Report:

The development of the initial 'eco-certification' draft report, which included the results from the desk top studies, focuses attention on issues which need to be taken into account by industry in its consideration of the pros and cons of the development of a national eco-certification policy. The desk top studies demonstrated the social, environmental and economic benefits which can be achieved by eco-certification and are of particular importance to industry in this debate. The incorporation of advice on the growth of eco-certification programs; the increasing involvement of both fisheries and the supply chain in certification programs and the global growth in the number of certified fisheries/products; the barriers to eco-certification; the support (financial and in-kind) which has been provided by governments to assist fisheries to enter eco-certification programs; and the overall benefits for government, the fishing industry and consumers, of the development of an eco-certification policy provide valuable information to inform the future discussions and decisions of the Australian fishing industry on this issue.

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<sup>61</sup> noting this may not be as concerning if government funding is available to facilitate certification

## **BENEFITS AND ADOPTION**

The commercial fishing and aquaculture industries will be one of the key beneficiaries of this report. Government support and funding assistance for eco-certification will enable fishers to differentiate their products and to improve the value of Australian seafood products derived from the sustainable use and management of marine resources in both the domestic and international markets.

Consumers/ the community will also be beneficiaries as they will be able to make better and more informed choices when purchasing seafood, and will benefit through continued improvement in the management of Australia's fisheries.

The Australian Government will be a major beneficiary as it will be able to enhance its public accountability and stewardship responsibilities by encouraging the use of independent third party eco-certification to improve and further demonstrate the sustainability of Australian fisheries nationally and internationally.

## **FURTHER DEVELOPMENT**

Significant engagement and negotiation between the commercial fishing industry and government will be required to further progress the development and implementation of a national eco-certification policy (including funding). Industry discussions on the proposal are continuing as part of policy development leading up to the 2013 Federal election. Considerations on the development of an Australian standard and/or appropriate traceability schemes could be incorporated into the development of an eco-certification policy.

## **PLANNED OUTCOMES**

The outputs of this project have been instrumental in pursuing the planned outcomes for this project. The findings of the desk tops studies have demonstrated that a range of benefits are achievable for both industry and government from fisheries eco-certification.

The objective of achieving across-the-board industry support for the development of an eco-certification policy has not been fully achieved. This is primarily due to the differing opinions within industry on the benefits of eco-certification compared to concerns relating to the costs of assessments and perceptions relating to the implications for non-certified fisheries /products in the market place and the community compared to certified fisheries.

The CFA, the peak industry body for Commonwealth fisheries, is a strong supporter of the development and implementation of a government policy, including funding, on eco-certification for the fishing industry on a voluntary and non-discriminatory basis.

Some NSIA members (including WAFIC and CFA) support this approach however; other NSIA members have expressed a preference for the development of an 'Australian standard' as an alternative. The author notes that the two are not mutually exclusive and recommends that consideration of the development of an Australian standard and/or traceability

schemes should be undertaken as part of the development of an eco-certification policy to determine how such approaches would differ/compare to existing certification schemes.

## CONCLUSION

The objective of this project was to facilitate the development of government policy and programmes, including funding mechanisms, which support third party eco-certification for Australian commercial fisheries.

Independent third party certification is one of a number of mechanisms which can help demonstrate to customers, consumers and the general community that fisheries and fish products are sustainable.

The desk top studies undertaken in this project demonstrate that social, environmental and economic benefits can be achieved from independent, third party eco-certification. Australian fisheries are extremely well placed to pursue eco-certification given the world-best practise and ecosystem based management, the pristine ecosystems from which Australia's fisheries products are harvested and the recent Bureau of Rural Statistics status report which showed positive results for the majority of commercial fish stocks<sup>63</sup>.

The project found that commitments to source fish and seafood certified as sustainable are increasingly included in the procurement strategies and wider corporate social responsibility policies of the supply chain (including within Australia) and that eco-labelling has become an increasingly important instrument in demonstrating sustainability of fisheries and seafood products and is now a key factor in influencing consumer choices.

It is therefore recommended that industry/government negotiations should continue to facilitate the development of an Eco-Certification Policy and include:

- the creation of a sizeable fund (eg >\$10 million) to directly assist, resource and facilitate Australian fisheries to achieve third party eco-certification, including through any FAO-compliant 'Australian standard' which may be developed;
- provision in the policy to allow for part of the fund to be applied to the development of a voluntary, FAO-compliant 'Australian standard', if required;
- development of an agreement between Federal and State/ Territory Governments ensure that access to the fund is provided on an equitable basis. Provision should be included in the agreement for State/Territory Governments to provide matching funds for this initiative;
- formation of a National Working group comprised of appropriate experts (industry/government) as required to determine and advise the Minister on appropriate governance, contestability and equity arrangements in respect of the proposed fund; and
- revision of the provisions of the EPBC as they relate to export fisheries with a view to ensuring statutory recognition of approved third party certification assessment schemes as meeting the EPBC requirements for export approval to avoid duplication and cost.

The development of any national Eco-Certification Policy initiative should be undertaken and rolled out in close consultation with the commercial seafood industry.

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<sup>63</sup> Of the 49 key wild capture fish species selected, 150 stocks were assessed and 98 were classified as 'sustainable stocks'. Only two stocks were classified as 'overfished stocks', and these have management plans in place for their recovery – Fishery Status Report - 2012

## **GLOSSARY OF TERMS**

CFA	Commonwealth Fisheries Association
EPBC	Environment Protection and Biodiversity Conservation Act 1999
FAO	Food and Agriculture Organization of the United Nations
FOS	Friends of the Sea
FRDC	Fisheries Research and Development Corporation
MSC	Marine Stewardship Council
NGO	Non-Government Organisation
NPF	Northern Prawn Fishery
NSIA	National Seafood Industry Association
OECD	Organisation for Economic Co-operation and Development
SFP	Sustainable Fisheries Partnership
WAFIC	Western Australian Fishing Industry Council
WWF	Worldwide Fund for Nature

## **REFERENCES**

All references cited in this report are incorporated in the body of the report as ‘footnotes’.

## **APPENDIX 1:**

### ***Intellectual Property***

This project has not developed any intellectual property that requires legal protection.

## **APPENDIX 2:**

### ***Staff***

The core project team consisted of Annie Jarrett and Guy Leyland. Editorial assistance was provided by Matthew Barwick and Adrienne Laird.