

The Australian Seafood Industry and the Social Licence to Operate

**Fishmongering and fearmongering in the modern
market**

A report for



By Steven Davies

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Executive Summary

The Australian seafood industry has a long and proud history of employment of very sound environmental and economic management principles which have made it the envy of much of the world.

An altogether robust Australian seafood industry is hyper critical to the social and economic fabric of the coastal communities it supports, and it is vital this industry is maintained and – wherever possible – continually developed in a way which brings the best possible outcomes for all vested parties.

In an age of social media and 24-hour news cycles, it may be argued the Australian seafood industry and its general social licence to operate finds itself under increasing levels of attack. It is at times easy to consider there is more fearmongering than fishmongering occurring in this new age, and it is vital that the industry takes effective and collaborative steps to ensure that public perceptions pertaining to the industry are in line with the reality of the generally responsible way in which it operates.

The author visited nine countries as part of this research, including commercial fishing operations, aquaculture ventures, general agribusinesses, peak representative bodies, wholesalers, retailers, third-party certifiers and financial institutions in both developing and developed nations. The aim of the study was to understand the importance of maintenance of an industry's social licence to operate, whilst considering consumer confidence, modern markets, investor confidence, key motivators, brand development, politically motivated policy settings and general public perception.

It is very clear that maintenance of an intangible, but critical, social licence to operate must be a key and ongoing consideration for any business, industry peak body, regulatory body, or other organisation. For an industry such as the Australian seafood industry - which relies absolutely on its right to access public resources - maintenance and development of public perceptions around the socially responsible nature of its operations is fundamental.

This report is in part an anthropological study generated from countless meetings, interviews, observations and individual and collective viewpoints. It aims to explore the concept of the

social licence to operate (SLO), why it is important, how it can impact on a business or brand and steps which can be taken to ensure a business maintains it.

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Foreword

I am a third generation, passionate Australian seafood industry professional with over two decades of direct involvement in both the commercial wild harvest and aquaculture sectors across South Australia and Western Australia.

I was born into a fishing family in the fishing town of Port Lincoln, South Australia, with my grandfather operating a small-scale line fishing operation principally targeting demersal scale fish and my father devoting his professional life to the sea.

During the early years of my childhood my brothers and I became quite used to our father being at sea as part of his direct involvement in the Spencer Gulf Prawn Fishery, and when he was home we spent much of our time loading twine onto net needles, swimming out to the boats and generally soaking in the stern quarter fish chatter which is synonymous with ports the world over. For the most part, such discussions generally orbited fish prices, fish buyers, government departments and then fish prices again, and still do.

As is the case in many such families, I followed in my father's footsteps and joined the fishery as soon as I was able to. I spent the next 17 years fishing for prawns in Spencer Gulf in South Australia, during which time I was exposed to a great many innovative fishery management principles. Being a seasonal fishery, I was also able to utilise my "off" time engaged in other wild harvest and aquaculture industries, with direct involvement in the South Australian sardine industry, the Australian southern bluefin tuna industry (both commercial fishing and post-catch ranching), the South Australian oyster industry and many others. During this period, I successfully completed the National Seafood Industry Leadership Program and also held an appointment as an Independent Director on the board of Wildcatch Fisheries SA – the peak body of representation for commercial fishers in South Australia.

The past few years has seen me resettle in Fremantle, Western Australia. After commuting back and forth to Port Lincoln for business for two years, this dynamic ultimately became untenable and as such I took a senior managerial role with Australia's only sea cage Barramundi producer, Marine Produce Australia, in the beautiful and logically challenging Kimberley region of Western Australia. Relocating to a new region was not without its professional challenges from both the perspectives of both professional networks and historical context, and as such I took active, strategic steps to take up professional

appointments on peak bodies of representation which spanned wild harvest, aquaculture, third party certification, state and national bodies. These professional appointments have included more than three years as Vice Chair of the Aquaculture Council of Western Australia, Committee of Management Member with the West Australian Fishing Industry Council as part of the Building Community Support committee and many technical advisory group appointments.

This very general experience across my chosen industry, my efforts to substantially broaden my network, my very firm belief in the future value proposition of Australian proteins generally and a couple of opportunities which were afforded to me, resulted in the launch of a private consultancy company, Lands End Australia, in August 2018. This has been a very enjoyable, professional period as I have been able to apply the knowledge acquired over the past two decades back to my industry. This has now led to my appointment to the position of CEO of Aquatic Life Industries.

I remain deeply committed to the ongoing, responsible development and betterment of the Australian seafood industry. I firmly hold the view that the respective industries which sit underneath this umbrella industry - and the many people which work directly or indirectly within it - are critical to the social and economic fabric of the coastal communities which they support. It is therefore critical these industries are maintained and – wherever possible – developed which ensures they continue to contribute to this tapestry to provide the greatest social and economic return from what is after all a public resource. All interested parties, from private and public companies through regulatory bodies and non-government organisations, share in this collective responsibility.

The Australian seafood industry and its social licence to operate is increasingly under attack from various interests which may not have its best interests at heart. Now, more than ever, it is vitally important that industry works strategically, collaboratively and effectively to explore ways to maintain this social licence to operate in the eyes of each respective stakeholder such that we can continue to responsibly develop now and into the future.

I hope that my Nuffield experience and the contents of this report will contribute positively not just to my industry but also to the agricultural sector more generally as we navigate our way through modern societal and market expectations.

It is my view that Australian primary producers are well positioned to take advantage of these market expectations and as such we should work to better understand and, ultimately, benefit from them.

Acknowledgments

I wish to extend my sincere gratitude to the entire Nuffield team, whose hard work, absolute commitment to the cause and ongoing support has resulted in an incredible journey of experience for me. The experiences, exposure, and framework within which to grow personally and professionally will no doubt continue to positively impact my professional and personal life forever.

I also extend the same level of gratitude to the Fisheries Research Development Corporation. Their direct sponsorship of my scholarship is not something which I take lightly, and I will endeavour to repay this investment via my ongoing commitment to the general industry cause, and as aligned with Fisheries Research and Development Corporation (FRDC) priorities and vision.

I was very fortunate in enjoying the full support of my employer Marine Produce Australia at the time of my being awarded my scholarship. I have since enjoyed the same level of support from my employers including Glasshouse Advisory, Mareterram Limited and Aquatic Life Industries.

During my global research across many countries, I have been constantly amazed by the level of willingness shown by individuals and organisations to open doors and mouths for me on my quest for knowledge. I did not once encounter anything but warm hospitality, even during efforts to understand all sides of developing stories which were both pointed and, at times, subject to ongoing litigation proceedings.

Lastly, my family. My parents, Jack and Barb, and my parents-in-law, Sue and Scotty, who have extended support across a great many fronts.

And, of course, my wife Gabrielle, without whose support I simply would not have completed my study, and my newest and greatest inspiration in my daughter Octavia - who arrived right in the middle of the scholarship – and who accompanied me on part of my international research travel.

Abbreviations

ABARES – Australian Bureau of Agricultural and Resource Economics and Sciences

AMSA – Australasian Maritime Safety Authority

ASC – Aquaculture Stewardship Council

BAP – Best Aquaculture Practices

CAP – Common Agricultural Policy

DNA – Deoxyribonucleic acid

ESG – Environment, Social and Governance

FRDC – Fisheries Research and Development Corporation

FV – Fishing Vessel

GMO – Genetically Modified Organisms

MSC – Marine Stewardship Council

NGO – Non-government Organisation

OECD – Organisation for Economic Cooperation and Development

SLO – Social Licence to Operate

UN – United Nations

USA – United States of America

WA – Western Australia

WWF – Worldwide Fund for Nature

Objectives

Development, obtainment and maintenance of the social licence to operate must be a primary consideration of the Australian Seafood Industry across all industry facets.

This report sets out to:

- Understand perceptions orbiting the sustainability of the Australian seafood industry.
- Define the social licence to operate.
- Explore issues which arise due to the complexity and fragmentation of industry.
- Iterate the importance of stakeholder engagement.
- Consider the economic and other benefits of socially responsible operations.
- Consider the impact of third-party certification.
- Deliver sound and reasonable recommendations to industry based on global observations.

Chapter 1: Introduction

United Nations projections state that the global population will reach nine billion people by 2050 (United Nations, 2017). Over this period the total value of the world's food requirement is expected to increase 70%. Over just the next 12 years, the OECD projects that the global middleclass will increase by 53.1% to 4.9 billion people, with 66% of this middleclass cohort residing in Asia (Pezinni, 2012).

References to such statistics are common and as such it is easy to overlook how significant they are. Such oversight is perhaps not wise however when considering they represent a rapidly changing set of factors which will create an overarching environment which is unprecedented in human history both in its challenges and, just as importantly, the opportunity these challenges bring.

Fish and other seafood represent the largest source of protein-based foods globally, with 171 million tonnes globally consumed annually. This is followed by pork, poultry and then beef. In addition, farmed fish recently overtook beef as the most farmed protein on the planet (FAO, 2018).

Rabobank notes that global seafood consumption has increased by 26% over the past 15 years to around 17.5kg per person each year, a statistic largely driven by the changing dietary habits of the emerging global middleclass (Leffelaar, 2016). This is evident in the fact that much of this growth has occurred in the greater Asia region.

The Australian domestic seafood market continues to grow year on year, with imported seafood playing an important role in meeting more than half of domestic market requirements. It is clear, however, that there will always exist a vital role for domestically produced seafood to meet the demands of an increasingly discerning customer base which prefers to support domestic producers.

Global demand for premium seafood is rapidly increasing and Australia is well positioned to take advantage of this opportunity due to the relatively pristine environment, well managed natural resources, generally accepted production methods, reliable cold chain processes and geographical proximity to the rapidly expanding Asian middleclass.

It is vital that an overarching environment is continually developed and maintained which enables industry to operate in a responsible but developmental fashion, with consumers having the ability to make informed choices in the retail and food service environment, and fishery managers, as part of government departments, the opportunity to maximise the economic yields generated from what are essentially public resources.

It is also vital that industry remains abreast of modern market and general stakeholder expectations around best practices such that it can ensure continued operation within them. This includes the often intangible – but increasingly critical – social licence to operate (SLO).

In addition, industry should continue to work to influence stakeholder perceptions and expectations in a way which is informative, educational, proactive, true to fact and positive in its messaging.

With the advent of social media, the 24-hour news cycle and increasing number of boutique cause-driven interest groups, many industries, organisations and institutions find themselves under increasing levels of public scrutiny orbiting their operational practices and internal cultures. The Australian seafood industry is no exception. Whilst this extra level of scrutiny is in many cases to be welcomed, it is critical that such scrutiny delivers factual, founded results which deliver the best available outcomes for all concerned parties.

Understanding, defining, maintaining and developing the SLO is critical. Failure to do so can result in the end of entire industries, and often unjustifiably so. At least, it may impact on revenue streams, ability to garner investment, dent investor confidence, undermine a brand or gift advantage to competitors.

It is not enough to simply be engaged in socially responsible industrial activities. Proactive measures must be employed, and clear strategy must be identified.

It is certainly not enough to project a brand in a particular fashion without backing it up with the actual.

Everyone is looking over the back fence.

Chapter 2: Perceptions around the Australian Seafood Industry

2.1 Is the Australian seafood industry environmentally sustainable?

In 2017 – and for the fourth consecutive year - there were no fish stocks classified as subject to overfishing in any Commonwealth fisheries managed solely by the Australian Government (ABARES, 2017).

The most recent Status of Australian Fish Stocks Reports – which determine the status of Australia's key wild catch fish stocks, includes state fisheries and which is used to inform the United Nations Sustainability Goals initiative – states that of 295 individual stocks, just 17 are considered overfished (FRDC, 2016).

These independently analysed and arrived at statistics are not consistent with much of the catastrophist messaging heard on a day-to-day basis with regard to the industry and its environmental impact. They are, in fact, testament to profoundly successful management principles and initiatives which have been driven by a decades long commitment by industry participants and regulatory bodies to place the responsible management of what is a public resource to the fore.

Fundamentally, a well-managed commercial fishery responsibly harvests a renewable resource in a fashion which leaves most other agribusinesses in its wake with regard to ecological outcomes. There is no land clearing, planting of monocrops, tapping into of artesian basins, introduction of pesticides or herbicides, or runoff, and if conducted in a responsible manner – which Australian commercial fisheries do almost without exception – may be conducted in a way which fits the true definition of sustainable in the sense that they can operate for perpetuity.

2.2 Image problems and perceptions

There is, however, a clear divide between the reality of the environmental sustainability of Australian commercial fisheries and community perceptions orbiting such. 2017 research conducted by the FRDC reports that just 41% of Australians believe the general Australian fishing industry is sustainable (FRDC, 2017). This figure, although 3% stronger than 2011, is an

indicator that industry, peak bodies of representation and government have a clear mandate to address this challenging lack of faith that industry is engaging in responsible practices. This figure falls further if broken down to gender, with just 33% of the female Australian public believing the Australian fishing industry to be sustainable (FRDC, 2017). It may be a somewhat confronting reality check when a company realises that a strong investment into establishing a distinguishable wild harvest brand, for example, may only appeal to a third of a critical customer cohort should sustainability form part of their principle choice criteria.

There is a clear correlation between industry led community engagement and subsequent community perceptions around sustainability. As ports become increasingly inaccessible, regulatory changes reduce the ability to sell fish directly to the public from the back deck of vessels and global populations become more urbanised, consumers have become distanced from producers and production methods. With the advent of social media, however, it has perhaps never been easier for producers to reconnect with consumers in ways which boost trust around practice and product. As such, stakeholder engagement sits as the clear weapon of choice when considering methods to improve public perceptions of industry, and subsequent maintenance of an industry's social licence to operate.



Figure 1: Aquaculture pens off the coast of Greece. Image used throughout the Author's travels, as shown to dozens of people to gauge different perceptions of industry. (Source: Pinterest)

When the author presented the above image of a fish farm in Greece and then asked for a one sentence synopsis of what was seen, many comments ranging from “beautiful” through to “destructive”, and “sustainable” to “unsustainable” were forthcoming. Perception can at

times be everything, and it is important to recognise that how a businessperson sees their business and its operations may be a world apart from the way key stakeholders may perceive it.

In addition to image problems orbiting environmental sustainability, the Australian seafood industry has other addressable issues to contend with, most notably those orbiting safety and mental health. SeSafe - a program which commenced in 2018, is jointly funded by the FRDC and the fishing industry and which is designed to bring a greater level of awareness and better outcomes to the safety and wellbeing of Australia's seafood producers. It cites that it is 25 times more likely that a fatality will occur on a commercial fishing boat than a mining or construction site, and places fishing as the most dangerous profession in Australia (Eayrs, 2018).

Further, a 2017 Deakin University survey (King, 2017) found rates of depression amongst fishers almost twice the estimated national diagnosis.

2.3 Room for improvement

What one may be able to deduce from the above is that Australia has generally well managed fisheries and aquaculture ventures from an environmental perspective and which are absolutely critical to the social and economic fabric of our disproportionately coastal-living populaces, but which are perceived to be unsustainable by two thirds of the population and as such do not enjoy the type of community buy-in required to provide surety of the ongoing social licence to operate.

Measurement of the general stakeholder benefit returned from commercial activity orbiting the public resource which is fish, has traditionally been almost exclusively attached to key economic objectives and outcomes. Whilst this factor is still of primary importance, not least for the fact that strong economics may drive equally strong social outcomes, the goal posts are indeed changing as to include other social dynamics.

Chapter 3: Defining the Social Licence to Operate

Producers seek unique value propositions which enable them to differentiate their products in the modern market place, and which provide a level of customer confidence that the choices customers make provide a level of comfort – perceived or otherwise – that their choices are aligned with their values and desired outcomes.

3.1 Market confusion around social impact

An increasingly discerning customer base is always on the hunt for the next Fair Trade, Certified Organic, line caught, slavery free, non-GMO, dolphin friendly, Marine Stewardship Council (MSC) Certified, BAP Certified, single origin, ethically sourced, dairy free, B Corp, humanely slaughtered, certified sustainable, child labour free, non-sweat shop produced, trans-fatty acid free and – ultimately – guilt free purchase option.

In an increasingly complex market, which is becoming more difficult to navigate, it is easy for producers and consumers alike to become confused by things which they do not properly understand.

3.2 The SLO – What is it, and what does it mean?

Historically, social issues have often been directly confused with economic issues. As such, economic indicators have long been the yardstick measure for social outcomes. Whilst economic outcomes and their positive flow-on will always remain a hyper critical measure, they do not always serve to adequately address other key social issues.

Defining something as intangible as the SLO is somewhat problematic, but it may be defined as existing when a project, organisation, institution, venture, operation or other holds the current and ongoing approval and social acceptance of the network of stakeholders upon which it may impact.

This network of stakeholders may include localised populations, government bodies, peak industry bodies, green groups, wholesalers/retailers, customers and the broader community.

The SLO must be earned as part of the beliefs, opinions and perceptions of each of these stakeholders, and – just as importantly – must be maintained due to that fact these dynamics

are ever changing and as such are subject to change as new information or ideals come to hand.

3.3 Levels of social licence

The SLO may also be clearly defined into three distinct levels:

1. A lower level of *acceptance*, by which a respective project, company or organisation may be subject to a general level of acceptance. This may be all that is required to enable business as usual.
2. A higher level of *approval*, by which a project, company or organisation enjoys a general level of stakeholder approval. This may create a business environment which allows for a level of confidence that the risk of disruption is relatively mitigated.
3. The much higher level of *advocacy*, by which the various stakeholder communities may assume a sense of ownership over a project, company or organisation. This level is the most desirable as it creates an environment which stakeholders feel a sense of ownership as well as being emotionally vested in the future of a project. In this instance, it is not uncommon for each affected community to become both advocates and defenders of a respective project, industry or organisation.

3.4 SLO considerations

The modern world demands more than what may have once been the critical determining factors for an Australian seafood business to retain its SLO. Economics, for example, play just one part of a large and complex picture, and economic contributions can no longer be used as the benchmark factor. A triple-bottom-line approach must be adopted as to include environmental, social and governance (ESG) considerations.

Today, a company operating in the Australian seafood industry must consider many social objectives, and which may include;

- Animal welfare, including /catch harvest methods and live export;
- Employment programmes;
- Local community programmes and support;
- Workplace Health and Safety;
- Stewardship;

- Employee satisfaction;
- Food composition/additives, including post-harvest value added products;
- Packaging;
- Non-economic livelihoods;
- Interaction with threatened or endangered species;
- Seafloor interaction;
- Workplace relations, enterprise agreements;
- Workforce gender dynamics;
- Seabird interaction;
- Corporate governance, company board diversity;
- Internal policies;
- Carbon footprint/food miles;
- Barriers to participation/entry, including financial;
- Recreational sector satisfaction;
- Compliance;
- Transparency;
- Biosecurity;
- Aquaculture feed composition;
- Bait sources; and
- Livestock medications.

3.5 Obtaining the SLO

The SLO is most often earned on a site-specific basis. In this regard, it is possible that a company may enjoy a strong SLO for one operation, but not another. In addition, the larger a respective project by way of its environmental, economic and social impact, the more difficult it may become to obtain a social licence. For example, a cottage industry, single-operator fishing venture which provides realised outcomes for lower socio-economic community members will face a much lesser challenge than, say, a supertrawler, due to stakeholder opinions which may be underpinned as much by perception as fact.

Further complicating matters, for a network of stakeholders – which in the example of the Australian seafood industry may include wild harvest commercial fishers or various industries,

aquaculture operations, recreational fishing sector, traditional owners, NGOs, government bodies, community groups, mining entities and many others – to arrive at a consensus can be a difficult to impossible proposition in its own right. This is why, by default, it makes it complicated for a respective project to properly identify whether or not it has achieved a broad SLO.

The most desirable level of SLO, co-ownership, may only occur where there is a high level of trust in an operation. Fundamentally, the presence of credibility attached to a respective project generally leads to a greater level of acceptance. Adding trust into the mix, the level transcends acceptance and moves to outright approval and advocacy. Stakeholders will, metaphorically speaking, chain themselves to an operation and support it, should there be a move to shut it down.

3.6 Challenges to obtainment of the SLO

There are, as outlined, complexities in gaining and maintaining a SLO. These challenges can usually be overcome if properly identified, addressed and supported. Difficulties most often arise when an organisation is unwilling to invest the required resources.

The most commonly encountered challenges may arise when:

- A company views the gaining of its SLO by way of making deals with its network of stakeholders, while the community may grant the SLO based on the quality of the relationship. These cultural mismatches are inherently problematic;
- A company fails to comprehensively understand the needs and desires of various stakeholder groups;
- Stakeholder groups launch unprovoked, unfounded attacks on a company and its operations;
- A company confuses acceptance for approval, and/or cooperation for trust;
- A company does not effectively identify and/or engage with stakeholders;
- A company does not underpin its brand with real outcomes. If you say something, you must do it; or
- A company delays stakeholder engagement.

3.7 Measuring the SLO

Measuring something as intangible as an SLO is almost impossible. The modern world is dynamic and ever-changing, and examples across multiple industries suggest that an SLO may only be properly measured when it is properly tested. This is problematic given such testing is often borne of public trials orbiting contentious issues – whether real or perceived. It may only be under these circumstances that true levels of stakeholder advocacy (or otherwise) become evident and by that stage, it may be too late.

Proactive and effective stakeholder engagement sits as the key tool with regard to monitoring and evaluating a SLO. Annual and ongoing surveys which aim to provide long-term data, ongoing stakeholder identification (as to include new stakeholders), ongoing stakeholder meetings, topical media analysis, social media impact, working to understand the key values of affected stakeholders as well as any issues and staying abreast of changing dynamics present as the best available tools.

Chapter 4: The Complexity of Industry

The global seafood industry is complex. The natural resources it relies upon may be heavily migratory, subject to climactic vagaries (micro and macro), and impossible to stock-assess with accuracy without the catch-effort and reportage of the commercial fishers themselves.

Various vested interests as to include commercial fishers, aquaculturalists, traditional custodians, third party certifiers and NGOs, traders, mongers and restaurateurs all vie, often competitively so, for a piece of the pie.

4.1 Case Study – Cooke Aquaculture

Within this complex, layered industry it is perhaps difficult to imagine a more complex regional microcosm than Washington State, USA. Here, there are vibrant wild harvest fisheries, the aquaculture of both native and non-native species, First Nation fishers utilising both traditional and industrial catch methods, century old joint aquaculture/wild harvest restocking programmes, long standing wholesale markets, cheap eat chowder hole-in-the-walls and high-end restaurants - all operating within a climate which is politically left-leaning on much of the coast, but which quickly leans to the political right just a stone throw to the east.

In addition, companies which are technically foreign owned, but with origins which are a similar stone throw away - this time to the north on the Canada/USA border - operate in this melting pot of ideas and ideologies.

One such company is currently fighting to regain and retain its SLO. In 2016, Canadian company Cooke Aquaculture acquired US company Icicle Seafoods in a reputed US\$76m deal which would see it continue with Icicle's operations. Cooke Aquaculture operate in Puget Sound, Washington State (Figure 2).

The farming of Atlantic salmon had been happening in this area for three and a half decades without major issue, and as such Cooke Aquaculture may have been excused for considering they could continue with this arm of the business subject to their adopting and adhering to the same sets of rules and states of play which had to that point been applied.



Figure 2: Steaming to a Cooke Aquaculture site in Puget Sound, Washington State

As a result of storm damage in the second half of 2017, Cooke Aquaculture experienced an Atlantic Salmon stock loss from one of its Puget Bay sites which – whilst material in number – was not in excess (or even to the extent of) that which had been experienced multiple times over the 35-year history of the industry. At no point had such losses attracted so much as a formal warning from governing authorities, let alone a fine or any such.

On the back of this loss and effective social media, traditional media and lobbying campaigns by NGOs such as the Wild Fish Conservancy, Cooke quickly became public enemy number one, portrayed across media forums as a reckless, foreign-owned company which held blatant disregard for the environment and the people affected by their operations.

By February 2018, both houses of the Washington State Legislature passed bills banning the practice of salmon pen farming. In the same month, both the House and the Senate negotiated the discrepancies in the bills in order to make a vote. The result was a bipartisan Senate vote which banned the open-water sea pen aquaculture of salmon for *any company* in the *entirety of Washington State* beyond 2025.

The above events are still subject to litigation, counter claims and finger pointing and as such the eventual outcomes are unknown at the time of writing. Whilst the multiple sides to this story are wildly different dependent on the narrator, it is perhaps deducible that organisations such as the Wild Fish Conservancy may have overplayed the environmental

impact of this event for political and/or financial gain. It may also be a reasonable position to arrive at that Cooke Aquaculture may have underestimated its requirement to develop and maintain its SLO in Puget Sound, and that its loss can result in the loss of a production licence – and a very significant level of investment.

4.2 Policy politicking - FV Margiris

Closer to home, there are similar examples of the substantial reduction of a company's SLO influencing government policy and resulting in heavy financial losses. In the instance of the so-called "Supertrawler", the FV Margiris, what was arguably to be the most ecologically sustainable and economically efficient method to harvest an independently set quota – that being with one large vessel – was painted in the media as being reckless and irresponsible, with a social media campaign to ban its then imminent operation attracting 30,000 signatories. Whilst all the traditional entry points were satisfied by the proponents, public perception ultimately won out over independent, rigorous and proven fishery management protocols. The resultant ban on its operations was eleventh hour in nature and cost the intending company substantial losses. It has also likely cost an appreciable level of investor confidence in the merits of consideration of the Australian seafood industry as a secure place to invest capital.

Industry-wide, there may be a social argument to spread individual fishery quotas over many vessels such that resources may impact positively on the largest number of licence holders/families possible. As an analogous example, consolidation of traditional family farms destroys football teams in regional Australia, and as such there is a mountable argument to suggest that maintaining relatively small landholdings is an important contributing factor to maintaining the social fabric of regional communities – much like outcomes generated by the European Union Common Agricultural Policy (CAP).

There is however no clear ecological argument which sits in support of such, nor is there in the commercial fishing sector, so long as fishing operations are spatially managed in a way which ensures a spread of catch effort – as was the case with the FV Margiris. Much of the reasoning behind the argument against the way the Margiris was to operate was fundamentally flawed.

It is one thing for lobby groups, NGOs and the general public to influence the politics of fishery management. It is another thing when such groups usurp policy altogether and launch successful crowdfunding campaigns aimed at buying commercial fishing licences and retiring them forever. Such techniques have reputably been utilised in a number of cases around the world, including shark fishing licences in Queensland (Higgs, 2017). This space is in its infancy and as such developing. It is interesting, nonetheless.

Chapter 5: The Fragmentation of Industry

The Australian commercial fishing industry relies fundamentally on two major factors when considering its future - strong fishery management principles and maintenance of the right to access a public resource – or the right to fish. Point one the industry performs abundantly well on. Point two requires ongoing maintenance via robust and proactive messaging underpinned by scientific fact and as delivered by all of industry in chorus.

5.1 United we (should) stand

Historically, the Australian seafood industry has been considered a somewhat fragmented industry. There often exists a gap – perceived or otherwise – between desired outcomes of different sectors, whether that be commercial wild harvest fishing operations versus aquaculture ventures, domestic producers versus importers, trawl versus trap, traditional versus industrial and so forth. Such fragmentation may impact negatively on the SLO.

Whilst a level of competition is healthy, it is important to also recognise that Australia imports around 66% (Australian Department of Agriculture, 2017) of the total seafood consumed domestically, and as such Australian seafood producers should recognise there is a clear need for seafood imports to fill the market shortfall and then work together generally to explore ways to encourage more people to simply eat more fish.

Publicly denigrating other producers, methods, industries and peak bodies of representation only serves to create a fragmented environment which sits as easy prey for groups looking to pounce on the next opportunity to undermine the social licence of a respective target. Scare campaigns against seafood imports which portray prawns being plucked from dirty street gutters in SE Asia generally don't result in anything other than less people purchasing prawns, regardless of origin. Such campaigns perhaps sit equally alongside fearmongering campaigns which portray dolphins caught in commercial fishing nets as a shock method of attempt to tarnish the whole-of-industry canvas with the one non-palatable brush.

When considering this fragmentation and its negative impact on a respective industry's SLO, there is little hope for the commercial wild harvest sector to improve negative perceptions around its ecological sustainability if the aquaculture industry uses unsubstantiated terminology such as “overfishing” to paint itself as the great saviour. Likewise, the commercial

wild harvest sector should not use equally denigrating and unsubstantiated terminology pertaining to the production methods or feed composition employed by the aquaculture industry in attempts to portray itself in a superior manner. Such broad generalisations likely only result in a race to the bottom.

Peak industry bodies play a vital role in delivery of whole-of-industry messaging, and it is critical that industry works to continue to establish, maintain, develop, support and employ robust peak bodies of representation, with the primary objectives being to identify issues of commonality and work to sing in chorus with regard to the addressing of such issues. Likewise, it is critical these peak bodies properly understand industry requirements such that they can best represent them. The benefits of robust peak bodies of representation which are able to adequately and positively represent industry on general issues must not be underestimated, particularly as they present as the likely best avenue to address fragmentation issues.

Chapter 6: The Importance of Defining and Underpinning a Brand

A company's brand is one of its most important assets. A good, trusted brand can increase the value of a company far beyond the value of its physical assets.

6.1 A wholistic approach

A common misconception is that branding is simply a slogan or logo. Branding must also involve consideration to every aspect of a customer's experience, and as such forms the way in which a customer perceives a company and the way it operates.

Increasingly, broader stakeholders, in addition to traditional customer bases, must be considered when developing and maintaining a brand with particular focus on maintaining the SLO. In the example of a company operating within the Australian seafood industry, these additional stakeholders may include other operators within the industry, NGOs, the general public, regulatory bodies, and others.

6.2 Everybody is looking over the back fence

There may have once existed a time where a company could project a brand which was non-reflective of the goods or services which it produced. With the advent of such things as social media and targeted campaigns on the back of planted intelligence gatherers within companies, it is now more critical than ever that a projected brand properly reflects actual product and the way in which it is harvested, produced, processed, packaged and/or distributed. If a company or organisation does not practice what it preaches, it will be exposed - either by a disgruntled former employee, an embedded 'employee' looking for dirt, a competitor, an investigative journalist, a non-government organisation (NGO) or other.

6.3 Case Study: Sea To Table

Perhaps the most high-profile recent instance of products allegedly not being aligned with projected brand orbits Brooklyn-based company Sea To Table. Something of a darling of the sustainable seafood movement in the USA, this large and trusted seafood distributor became the subject of an extensive Associated Press investigation which involved the staking out of fish markets, discreet following of delivery trucks, DNA testing of products and the interview

of numerous fishers over three continents. This tracing of the company's supply chain led to claims of labour abuses, poaching of endangered and threatened species, produce which was caught illegally and out of season and farmed products which were labelled as wild caught.

In the case of Sea To Table, there is wide conjecture around company intent to deliberately mislead and for now, the benefit of doubt respectfully sits with the company. One thing which is certain however is that the company was in some instances saying one thing whilst selling another, and this presents as being clear evidence that third party traders and suppliers must have robust internal audit structures which ensure they have absolute knowledge of their entire supply chain to ensure it fits with their brand. Other companies must learn from this example. Sea To Table are currently working on such internal processes as well as restoring faith in their brand.

General mislabelling, half-truths and – at times – outright fraud by way of product substitution are commonplace in the global seafood market place. A study by the University of California found that nearly 50% of sampled sushi sold in Los Angeles did not match the advertised species (Fish Wise, 2018). A two-year study conducted by Oceana between 2010 and 2012 tested 1,200 seafood samples from 674 retail outlets over 21 US states found that 33% of the analysed samples had been mislabelled at the point of sale (Warner, Timme, Lowell & Hirshfield, 2013). Such exposés undoubtedly erode consumer confidence.

6.4 Country of Origin labelling in Australia

Further, perceptions around the provenance of seafood can also be just as misleading. In the case of the Australian Barramundi Industry, for example, greater than 50% of Barramundi consumed in Australia is imported (Wilkinson, 2012). Whilst it is a generally recognised fact that imported seafood fills an important gap in the marketplace and as such should be accepted and, in many cases, welcomed, it is also the case that when a consumer orders Barramundi in an Australian food service outlet there is a very strong perception that – given Barramundi carries an iconic Australian name – they will receive Australian product. In more than six in ten instances this will not be the case. Barramundi is of course not alone on this front.

The solution to the abovementioned issue is of course robust labelling. Currently in Australia, all seafood must be labelled as to its country of origin at every point of sale. There is however

an exemption for food service outlets such as restaurants, clubs and takeaway outlets which of course equates to seafood country of origin labelling legislation falling over where it matters most – when it hits the restaurant plate. The two most common arguments against removal of this exemption – the cost of printing menus and the inability of domestic production to meet domestic consumption requirements – are considered by consumers and producers alike to fall somewhat short of substance given a simple menu item addition such as “*Please ask your waitstaff as to the origin of this fish*” will solve the first issue for menu items such as fish-of-the-day. With regard to the second, there is no mountable argument that more robust labelling at the point of sale has any impact whatsoever on much needed seafood imports, with the only outcome being that the consumer will be gifted a food service environment within which they can make a clear and informed choice when they order from the menu. Compliance costs – which sit as the third and last of the arguments put forward by opponents to better labelling – also may pale in comparison to the overall economic cost of inadequate labelling, particularly as any such laws may be readily executed on a discretionary basis only, aimed at individual repeat offenders.

Chapter 7: The Importance of Reconnecting Consumers with Producers

Inadequate or incorrect labelling also contributes to the gulf which exists in the modern world between producers and consumers. Indeed, many seafood producers note feeling invisible, and this dynamic can play heavily into their SLO as they are perceived, and in certain instances portrayed, as faceless pillagers of the sea. This is further compounded by reduced public access to port areas and an inability for certain operators to sell product directly to the public. In many parts of the world, seafood products only exist as pre-packaged goods with little or zero connectivity to the producer.

7.1 Case Study – Pioneer Seafoods

In the Port of San Francisco, one man is working to change this. Giuseppe Pennisi, of Pioneer Seafoods, owns and operates the last vessel in what was once a thriving ground trawl fleet working out of the bay area. Decades of rising costs, increasing pressure from inexpensive imported produce, less than favourable public perceptions around the environmental sustainability of an industry which Giuseppe's family have operated in continuously for more than a century and an inability to sell direct to customer led him to rethink his business model entirely.

The Fisherman's Wharf is one of San Francisco's most visited tourist destinations, attracting up to 14 million visitors a year. Very few if any of those visitors, however, are likely to meet an actual fisher at the "fisherman's" wharf, a situation created in part by a twenty-year ban on the sale of fish direct to public. Giuseppe has successfully overturned this moratorium, finding perhaps unlikely allies in the San Francisco Port Authority and a number of restaurateurs, including the iconic Scoma's. Giuseppe ultimately prevailed over a raft of legal challenges brought against Pioneer Seafoods by disgruntled wholesalers and retailers who cried foul, and in conjunction with efforts to improve on public perceptions of his operation – which has included very progressive net designs which drastically reduce bottom interaction and catches of non-target species, as well as full transparency around his operation – he opened his back deck to public fish sales early in 2017, selling a modest 350 pounds on the first weekend. This improved to 500 pounds the following weekend, which also brought with

it a local television station which relayed the story on its social and traditional media channels. Weekend three resulted lines 200m long, 10,000 pounds of fresh fish sold at three to four times Giuseppe's normal market rate and hundreds and hundreds of happy, returning customers who now know where their fish comes from. (As a side note, Giuseppe's deck boss, Jolene (Figure 3), was born deaf. She scored the job on the boat nine years ago by offering to paint the entire engine room with the auxiliary motors running, and without ear protection. She now handles all of Giuseppe's sales via text message and a quick read of some of her SMS' reveals she drives a very hard bargain). Such examples, which are mirrored in places such as Half Moon Bay further down the Californian coast, represent a shift toward acknowledgement of the value of such commercial fishing operations not just from an economic perspective but also from a social, experiential perspective for tourists and locals alike.



Figure 3: From left – Deck Boss Jolene, Owner/Skipper Giuseppe and Giuseppe's son Domenic, on board their commercial fishing vessel in San Francisco.

7.2 You don't know what you've got until it's gone

The Australian seafood industry and its regulators can learn much from such examples of reconnecting producers to consumers. In the example of Australia's largest fishery by volume, the South Australian sardine industry, fishers for many years engaged in the practice of gifting small handfuls of sardines to local kids on school holidays hoping to catch some of the salmon

which regularly congregate at the back of vessels during unload. This practice has been quashed by regulatory bodies due to concerns that it was compromising the integrity of the fishery quota system. Whilst every step must be taken to ensure such integrity, the estimated up to 1,000kgs per year which was being gifted off the back of these boats would in anyone's measure have very little impact on a fishery which has a total allowable annual catch orbiting 35,000 tonnes. In instances such as this, other steps can and must be considered which take into consideration a fishery's SLO, with direct fisher/community engagement paramount to ensuring it is maintained.

Access to fishers, the ports which they frequent and the fish they harvest should be encouraged by industry and regulators alike. Kids must be given the opportunity to touch the fishy fingers of fisherfolk just as much as they are to eat faceless, frozen fish fingers.

There is strong merit in the identification and adoption of key social outcomes which sit as crucial elements of individual fishery harvest strategies.

Chapter 8: Stakeholder Engagement

Proactive stakeholder engagement must be employed by industry and peak industry bodies, including non-traditional media avenues such as social media. Such engagement should happen long before issues arise, as it is far more effective to refer back to historical, science-based data and information when defending your industry or operation than it is to adopt an on the run, he said/she said argument in the face of unfounded attack.

8.1 Engagement via social media

Social media presents as the key battle front for stakeholder engagement. Although there is much debate around benefits of engaging in this space, delivery of consistent messaging as underpinned by science and to large audiences can only be beneficial to ongoing levels of stakeholder support.

The ability to disseminate a message effectively and efficiently via social media channels is staggering. Whilst this is generally good news for a purveyor of fine, sustainably produced seafood without any fish skeletons in their closet waiting to be exposed by a disgruntled ex-employee, it also presents as a great challenge for industry when messages which are perceived to not be aligned with industry are freely circulated.

Instagram – perhaps the most influential of the current platforms – shows the following accounts with attached “followers”;

- FRDC AU – 628
- Seafood Industry Australia – 555
- WA Fishing Industry Council – 793
- Recfishwest – 1,843
- MSC – 2,846
- People for the Ethical Treatment of Animals (PETA) - 777,000
- World Wildlife Fund (WWF) – 1.2 million
- Paul Nicklen (Co-founder of Sea Legacy, Figure 4) - 4.4 million



Figure 4: Screenshot of an Instagram post by Paul Nicklen, which generated 87,644 “likes” - many times more likes than key Australian industry social media accounts combined have followers. Industry must work to explore ways to work with such respected activists wherever possible.

(Source: Instagram)

Whilst some numbers of followers attached to certain accounts reflect their relative infancy, clearly the reach of activists extends well beyond that of industry. This may require a strategy rethink on the part of industry with its handling of social media, with a suggestion that identification of common goals with subsequent project collaboration may present as a valuable consideration. It is the case the desired outcomes of diverse stakeholders may not be as disparate as one might think. Sea Legacy, as one example, state on their Instagram bio they are “*On a mission to create healthy and abundant oceans*”, which of course is exactly the same goal (and in the case of the Australian seafood industry, almost without exception, an already achieved goal) of any self-respecting seafood producer.

The peak body representing the recreational fishing sector in Western Australia, Recfishwest, has a stated aim to represent the interests of the state’s 740,000 recreational fishers. Contrast that number with individual aquaculture operation returns numbers – which are lucky to

reach double figures in WA – and it becomes very quickly evident that identification of issues of commonality with a view to collaboration wherever possible is a sensible approach when operating within a democratic system of government, where votes often count more for policy setting than industry outcomes do.

In the case of Cooke Aquaculture, it makes fundamental business sense to protect their investment via ongoing and dedicated maintenance of the pristine and healthy environment within which they operate. Wild Fish Conservancy have the same goal. It is the journey rather than the final destination which is the issue.

Certain NGOs will continue to publicly denigrate industry regardless of fact. It is now plausible for a seafood business to be paying one department of an NGO for third-party certification with one hand whilst typing a message of defence on social media against another department of the same NGO with the other.

In the example of Pioneer Seafoods, as well as many other progressive companies such as Flying Fish and, The Fish People which both operate in the US state of Oregon, and Australian companies such as Indian Ocean Fresh, social media plays an important role in delivering their message to consumers and is used to deliver an honest and transparent message, and to great effect.

Other, much larger and much less traditional brands are also beginning to fly the banner of sustainable seafood. Patagonia is perhaps the most trusted brand on the planet when it comes to social responsibility, and it is refreshingly telling that the only animal protein you will find in their global chain of retail stores is seafood products, both wild harvest and aquaculture. Even more telling is the placement of such products, which in their Portland store sit right next to skateboard decks which are made from recycled fishing nets (Figure 5). Such progressive, non-simplistic support of the seafood industry and the offer of products which ensure consumers think beyond the boutique cause, negative hyperbole often attached to seafood products is progressive and to be applauded, as are Patagonia's general ocean awareness campaigns.



Figure 5: Skateboard decks made from recycled fishing nets. This product was displayed right next to seafood products. Patagonia store, Portland, Oregon.

Elsewhere on the Pacific North West Coast of the US however, many fishers continue to battle increasing external pressures on their SLO. As mentioned, the seafood industry and the markets it supports here distinguish between wild (fish which have been spent their entire lives in the wild) and wild harvest (fish which were released into the wild as part of restocking programs), blends the traditional harvest methods of the First Nations with that of industrial scale commercial fishing operations, pitches the sea-pen culture of non-native finfish which require supplementary feed against filter feeding bivalve industries and combines fast food outlets with particularly progressive retail and wholesale outlets.

Such complexity only further confuses an already bamboozled consumer. In Seattle, it is possible to purchase fresh, wild harvest, certified sustainable seafood from a Pike Street Market fishmonger, then walk 50m up the street and be confronted by masked 'Anonymous For The Voiceless' activists with TVs strapped to their chests displaying videos of challenging agricultural practices such as battery eggs, sow pen mortalities and mammal entanglement in fishing nets (Figure 6). Such a level of geographical proximity but without direct engagement only adds to the lack of understanding of each respective party's desirable goals.



Figure 6: ‘Anonymous for The Voiceless’ activists protesting against near the Pike Street Fish Markets. Seattle, Washington State.

“They did not know we existed, but now they want to shut us down.” This statement from F.V Aguero Skipper Jeremiah (Figure 7) mirrors that which one will hear the world over from primary producers. They feel invisible until such time as they are front and centre of a campaign to get rid of them. Whilst this is symptomatic of the age of boutique causes and social media campaigns, it also points to what is at times an unwillingness to engage with key stakeholders until it’s too late.



Figure 7: “I’m invisible to the public. They have no idea who catches their fish, or how. They mostly just hate us, and for no reason” – FV Aguero owner and skipper, Jeremiah (72), preparing his vessel for a trip to target albacore off the coast of Newport, Oregon.

Stakeholder engagement – including with groups which a business perceives to not have their best interests at heart - is critical from the perspectives of marketing, education, perceptions and advocacy. Positive public messaging which, when appropriate, also recognises the good work of certain NGOs provides a more solid basis for the times a business may wish to call out baseless and damaging mistruths.

By default, most private businesses generate revenue via the development of innovative solutions. Many NGOs, on the other hand, generate revenue via what is at times an overstatement of problems. This is a very simple and somewhat general delineation of strategy, but a powerful inference, nonetheless. Just as it may not be a stretch to suggest that many private companies overstate their solutions for financial gain, it may also be the case that many NGOs overstate existing problems as part of fund-raising campaigns. The larger and more sensational the issue, the greater the donation revenue stream. This dynamic presents as an ongoing challenge for industry. Today's newspaper may be tomorrow's fish wrapper, but the news story may ultimately live in a way which ensures it's not fish which fills that wrapper after a successful campaign to shut an operation down.

Chapter 9: Good for the Planet does not mean Bad for Business

Ethical business choices have moved well beyond compliance-based business decisions to ones which have competitive advantage as an equal pillar of consideration.

9.1 Ethical investment

Big business, funds including sovereign wealth and superannuation funds, as well as solo investors are increasingly seeing the value in investing in socially responsible ventures and activities. So-called “impact investors” and “ethical investors” have extended well beyond what many considered in the early days of such thrown around monikers to be driven more by heart than head. It is now clear that such investors have deep pockets, and as a business it vital that investment surety is provided, which includes a strong and ongoing SLO to attract and secure such investment capital.

The Australian commercial wild harvest fishing sector, as one of the few traditional industrial sectors involved in the harvest of a truly renewable resource, should be well positioned to take advantage of such investors. Likewise, if one applies the general principles of agriculture to the sea, one can begin to fathom the size and scope of opportunity which orbits the aquaculture industry as it further develops.

Nowadays, it is possible for an investment company or investor to punch a bunch of ideals into an online platform such as the one provided by companies like Australia’s The Sustainable Trust. Such impact investment mitigates a certain level of investor risk, as an investor can choose to leave out investment choices which may open them up to ethical issues which can impact negatively on their investment. Upon an investor stating the areas they wish to support and/or highlighting the issues they wish to avoid, such platforms will within seconds provide a list of companies which suit their ideals. The Sustainable Trust has a database of 15,000 companies, and if there is a perception that investment funds which incorporate environmental, social and governance considerations into their strategy are either not particularly well funded and/or underperform, think again. Investors are increasingly discovering that by investing in a better planet they are also benefitting themselves financially. There is mounting evidence that funds which observe such standards generally

outperform those which don't, sometimes significantly so. An investment portfolio with heavy exposure to open cut coal mining companies or live cattle exports may not be as enticing a proposition as it was half a century ago. A generational investor of this manner may ultimately gift their children a red-marked portfolio and a changed climate, unknowns notwithstanding.

Companies such as BlackRock Inc. and Wells Fargo & Co. are tapping into a rapidly increasing pool of ethical investors. Assets under management of US ESG funds tracked by Bloomberg in 2017 rose 37%, to US\$445 billion. Ethical wealth manager Australian Ethical has over AUD\$2 billion in funds under management.

Australia lags behind in this space, but this presents an opportunity for relative first movers. Whilst there is some global market conjecture as to how certain ESG-centric funds would perform were it not for a level of state support of sectors such as the renewable energy sector for example, the Australian seafood industry sits outside such subsidies for the most part and if marketed correctly in this space presents as an exciting prospect for these large, global funds.

Chapter 10: The Rise and Rise of Third-Party Certification

Voluntary third-party certification for fish and other seafood products was developed some 25 years ago, primarily as a market-based incentive with the aim being to promote ecologically sustainable commercial wild harvest fisheries. Over this time the number of so-called ‘ecolabels’ has grown dramatically both in number and criteria range, and whilst this growth is a direct response to ongoing concerns regarding fisheries management the world over, these organisations – which are largely driven by the private sector or non-government organisations – have in many instances become large businesses in their own right, profit or non-profit alike.

10.1 How does it work?

Third party certification works to apply agreed standards to the identification of products which either meet or exceed these standards, or which can undertake Fishery Improvement Projects with the aim to meet these standards in the future. Self-proclaimed responsible operations by any organisation, institution or industry hold only so much value, and this is not just the case for the seafood industry – as evidenced by the Australian Royal Commission into the banks, as just one example. Fees for no service knowingly and ongoingly charged to deceased people deeply impacts an institution’s SLO, it may be said.

With the seafood industry, these certifications primarily exist to address environmental concerns as attached to fishery management principles. An independent initial pre-assessment and/or initial audit process is undertaken utilising a standard which may be specific to an industry and/or species. A list of deficiencies may be generated on the back of this initial audit, and upon successfully addressing any deficiencies, a fishery, an independent operator within a fishery, or an aquaculture venture will then be certified. Subsequent and ongoing maintenance of the certification will then be undertaken for the next period (often 3-5 years), after which reassessment is undertaken to ensure full compliance, as well as to facilitate the adoption of any improvements to a respective standard along the way.

These certifications serve to provide the customer with a level of assurance that they are able to make a clear and informed ethically motivated choice, the certified entity with a level of

increased market access and also the prospect of a price premium and a level of insurance to fishery managers working within regulatory bodies such as government fishery departments that the developed and applied fishery management principles are robust.

10.2 Changing criteria

Increasingly, criteria attached to third party certification is diversifying to include other socially responsible dynamics including workplace conditions, safety, carbon footprints, health and safety, chain of custody and traceability. This is representative of the continued identification, development and testing of everchanging social objectives. B Corporation certification is perhaps the pinnacle of this all-encompassing social and environmental standard application, with 2,600 certified companies across 60 countries and 150 industries.

10.3 The downsides

Increased consumer confidence, greater access to markets such as the EU, possible market premiums and decreased brand risk notwithstanding, there are potential downsides to third party certification.

For one, it can be expensive, with initial costs ranging from a few thousand dollars for the more simple fisheries to as high as half a million dollars for the more complex, and with ongoing maintenance costs post initial audit. Such costs are outright prohibitive for many developing nation producers, and for developed nation producers may increase the sales price of their products which may only further reduce their ability to remain competitive, particularly in countries such as Australia where foodservice seafood labelling laws are inadequate.

Although there have been studies which indicate price premiums for certified products, there exists wide ranging conjecture as to just what these premiums equate to in real dollar terms, and if the premiums are indeed realised, who ultimately receives them.

Further, for a producer always looking for point of sale differentiation from other products, pigeonholing a product under the same umbrella banner as a producer of the same product but who may operate with one tenth of the payroll expenditure may further erode incentive.

Third party certification bodies are of course also businesses in their own right and as such are seeking market differentiation. They are only as strong as their weakest links. It stands to

reason that a number of fisheries will either drop certain certifications in favour of newer options with better marketing campaigns, or due to a number of other dynamics which can include environmental impacts, rogue operators or deliberate campaigns to undermine consumer perceptions. A certified operator or fishery may find itself receiving unwanted media coverage orbiting a tick on their packaging they have spent many tens or hundreds of thousands of dollars obtaining, but which is now being undermined by a completely unrelated producer with employing less responsible business ethics.



Figure 8: Fish buyers inspecting fat ratios and flesh quality of sashimi grade bluefin tuna. Tsukiji Fish Markets, Tokyo, Japan. (Source: The Author)

10.4 Where to from here?

As Ocean Outcomes' Japan Programme Director Shunji Murakami puts it however, just as many fishers need bait to lure fish, so too do they require a level of bait to hook a discerning customer willing to pay a premium price for a premium product. As an ever-increasing number of fisheries and aquaculture operations become third party certified, it is clear that at least part of the required puzzle will include certifications such as those offered by the

Marine Stewardship Council (MSC), the Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP), Fair Trade USA (which has recently embarked on fisheries certification) and many, many others.

As such, these third-party certifications are not going anywhere fast. Last year marked 20 years of continued operation for perhaps the most recognised global seafood certification, the Marine Stewardship Council. Co-created by the World Wildlife Fund (WWF) and Unilever in 1997, the MSC has evolved into a mostly proven concept which develops and refines a rigorous science-based standard for environmentally responsible fishing practices. Today, nearly 12 million tonnes landed from over 400 fisheries globally are engaged in the MSC programme, representing nearly 14% of the global wild harvest catch. The market for certified sustainable seafood is worth nearly US\$6 billion annually, with tens of thousands of individually labelled products around the world.

There is however no guarantee that certain labels will remain the dominant ones in the marketplace forever. In 2018, the WWF publicly released a range of recommendations to the MSC aimed at providing insight into procedural improvements as part of suggestions that the organisation's ability to ensure sustainability has not kept pace with its own expansion. These recommendations include additional oversight, and insurance that Client Assessment Bodies (CABs) employ methodologies which are impartial, objective and independent from the client.

This is not the first time that the WWF have raised such concerns. An unauthorised WWF draft document leaked in 2016 describes "circumstantial" evidence that, given the 0.5% take the MSC receives from the value of its certified catch, there may be a "conflict with MSC's role as an independent and impartial standard-setting body". MSC expressed its disappointment at these claims, asserting that its evaluations are indeed impartial and independent. MSC went on to state that "*Stakeholder engagement (including with input from fisheries) in the assessment process ensures that all relevant information is taken into account and maintains the credibility of the eventual determination. Stakeholders do not always agree*". MSC CEO Rupert Howes then went on to say "*MSC and WWF work with many of the same partners. MSC remains committed to positive, solutions-orientated collaboration with all stakeholders who share our vision of healthy and productive oceans. Given the pressures and demands on our ocean resources, it is essential that NGOs, governments, retailers and industry work together to accelerate the delivery of the Sustainable Development Goals. This will require a*

pragmatic approach, building consensus on how to best achieve our mutual aims.” (White, Seafood Source, 2016).

The above is of course oversimplifying just one piece of an extraordinarily large puzzle. It does, however, once again point to the assertion that a final destination point of sustainable global ocean management may look the same or similar for all stakeholders (including seafood producers, NGOs and government organisations), however the path to the destination may at times be different, perceived or otherwise. The key to reaching this goal is cross-pollinating ideas and ideals along the way.

10.5 The developing world and third-party certification

In the developing world in countries such as India, it is difficult to sell such modern market ideals and ideas to local fishers and aquaculture operators – particularly given such ideals carry prohibitive costs. Many producers in states such as Andhra Pradesh (Figure 9), Maharashtra and Goa have never even heard of such initiatives, let alone taking active steps in pursuit of such. Costs may only serve to further lock small-scale producers out of developed markets which hold third party certification as a minimum requirement to market entry.



Figure 9: Commercial fishing fleet. Visakhapatnam, Andhra Pradesh, India. There is no reliable catch/effort data logged for landed catches in this part of the world, making fishery management challenging.

In addition, there are preliminary considerations which need to be employed in places such as India to achieve more sustainable outcomes. Some 68 million people live in Indian coastal communities and coastal pollution is a problem (Figure 10). Authorities in areas such as the Sindhudurg Coast in the states of Maharashtra and Goa are taking an industry which is so often synonymous with environmental degradation in this part of the world – the seafood industry – and utilising it as a key weapon in the fight to protect endangered, ecologically critical mangrove populations. This is being done via a jointly funded project which aims to educate coastal communities that ecological sustainability equals economic sustainability. Rather than closing these delicate areas to any human activity, they are being opened for the responsible aquaculture of mud crabs, oysters and mussels, all aimed at creating robust industries which create overarching community buy-in to the protection of the ecosystem as a whole, including up-stream. The attachment of economic value to these fragile areas in the short-term is seen as key to preserving the ecological value in the long term, as well as providing a valuable data collection suite in the producers themselves.

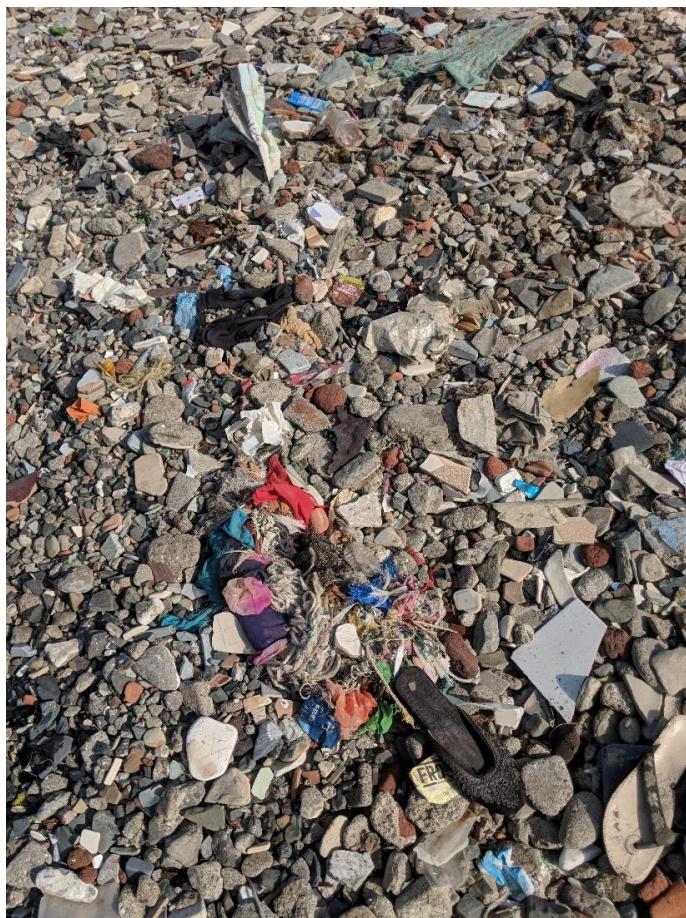


Figure 10: Beach near the main fishing port in Mumbai, India, showing flotsam and jetsam which has washed ashore.

Such initiatives point to the role that producers play in the Australian seafood industry with regard to crucial data collection. Without this – which includes catch, effort, environmental, spatial - which is provided by industry itself to regulatory bodies, it would remain difficult if not impossible to identify sufficient means and resources to measure the overall health of the marine ecosystem. This includes impacts which have origins well beyond those of the commercial fishers themselves, so as to include coastal urban/waterway/agriculture/industrial run-off, climate events and climate change. Somewhat counterintuitively as a concept for the average layperson, commercial fishers and the data they collect may be the greatest scientific resource available when it comes to wider aquatic resource management.

It is vital that the role commercial fishers and aquaculturalists play is fundamental in collection and provision of such data when measuring both impact and outcomes and explore ways to ensure it is indeed best used in conjunction with other data sources.

Chapter 11: Balancing Historic Practices with Modern Market Expectations

11.1 All animals are equal but some are more equal than others

In the Japanese port city of Taiji, where commercial whaling began in 1606, vessels are preparing for the annual Taiji Dolphin Drive Hunt. This method of hunting small cetaceans by way of herding the animals close to land before harvesting exists as a form of indigenous whaling in a number of coastal communities around the world. According to data released by the Japanese Fisheries Research Agency, 1,623 individual animals were caught in Wakayama Prefecture (where Taiji is located) in 2007, the last date such data was readily available (Matsutani, The Japan Time, 2009). These numbers are however disputed, with many dolphin advocacy groups placing it much higher.

This hunt presents as a source of income for local fishers, with the animals being sold mostly for human consumption. It also polarises the region from an advocacy perspective, being both a source of great pride and shame.

It is recognised that Taiji – with its limited resources – would not be the town it is today without the offerings of the ocean. Whaling existed as a vital source of nutrition for villages such as Taiji for hundreds of years. Each and every part of the whale – right down to its grinded bones which are used on citrus trees to improve crops – is utilised.

Whales – including toothed whales such as dolphins - are revered both from a spiritual perspective and also as a resource. This way of thinking is not so different from that which one may find in most natural resource-reliant towns of the world. Talk to beef farmers in Australia and many will tell you they feel a sacred connection to the animals they slaughter and the land upon which they are reared. In Taiji, the local population don't take too kindly to urban activists arriving in carbon emitting jumbo jets with what the Taijians consider to only be a perceived connection with the natural environment, and certainly one which pales in comparison to their multi-generational attachment to the sea.

Such hunts raise important questions around the status of certain species over others, the balancing of traditional practices with modern market expectations and many, many more. If an animal is born a dolphin or a whale, is it entitled more rights than a crab or a snapper? Is

eating a bowl of free-range dolphin meat which has been sustainably harvested from a population which is not threatened or endangered and without need for a single input make for better outcomes for the planet than a similar sized bowl of an irrigated, sprayed, broad-acre crop like a lentil grown on land which was supported a thriving ecosystem?

Taijians can source their animal protein elsewhere. But at what cost to the social fabric of a town which holds the sacred whale at the centre of its spiritual, economic and social core (Figures 11 and 12), and which for centuries relied on the commercial harvest of an animal a relatively disconnected world has now decided is the wrong type to harvest? They will say they loved these animals long before the rest of the world discovered they were killing them.



Figure 11: Important educational tool, or gratuitous dolphin jail? Whale Museum, Taiji, Japan.



Figure 12: Important educational tool, or gratuitous dolphin jail? Whale Museum, Taiji, Japan.

The key issue with Taiji is however the darker side of this industry. At least some of the individual dolphins are selected for dolphinariums, to be trained for the next paying customer to enjoy over a beef burger and chips. Although companies such as Sea World in Australia maintain that such shows remain important from an educational perspective, animals-for-entertainment, as an industry, mostly lost its social licence to operate many moons ago, particularly when it comes to cetaceans.

Conclusion

Commercial fishing, if managed correctly as part of robust and whole-of-ecosystem strategies, represents the sustainable harvesting of a renewable natural resource with little or no inputs and which can be conducted as such until the end of time. It presents a wholly more natural practice than the vast majority of other commercial and non-commercial pursuits, including the many resources and air miles which go into the very campaigns which seek to confine this industry to the annals of history. It is - after all - the business of hunting and gathering, almost entirely dependent on whatever nature provides.

Commercial aquaculture promises to fill the seafood supply gap which already exists, and which will only increase as global populations grow and dietary habits evolve. As an industry in its relative infancy, it has the opportunity to develop in a way which marries with modern market expectations as tied to socially responsible outcomes.

As a rapidly growing global middle-class of increasingly discerning consumers continue to look for sources of sustainable, socially responsible premium seafood as part of their diet, they need look no further than that which is produced by the Australian seafood industry. This presents as an unprecedented opportunity for Australia.

The industry must work together – including with government and non-government organisations – to explore more effective delivery methods which tell the real story behind the decades old, highly effective management of seafood resources and the wonderful producers and people who have made these dynamics a reality.

The Australian seafood industry is fundamentally green and has been for decades. Economic sustainability relies wholly on environmental sustainability, but further than that, there is also a deep spiritual connection attached to these resources and the health of the ecosystems which support them. It is wrong to say that something can't both be seen as a resource but also be revered at the same time.

The future of the Australian seafood industry is not ‘business as usual’. It must work together to identify and address ongoing issues which undermine the SLO, perceived or real.

Responsible management of natural resources means different things to different people. Problematic as this may be, it is up to industry and its managers to work to not just understand

but also, wherever possible, influence the definition of responsible, and in a manner which is transparent, consistent, true and positive.

The author leaves it to the reader, as the broader collective, to decide exactly what ‘responsible’ looks like.

Recommendations

- The Australian seafood industry works to further identify key indicators which impact on its SLO.
- Australian consumers are provided with a foodservice retail environment within which they can make an informed choice to support (or otherwise) Australian seafood products via the legislated national implementation of country of origin labelling.
- Industry and regulators alike understand that development and maintenance of social licence is key to maintaining resource access rights.
- Respective industry harvest strategies consider social licence as a standard included chapter.
- Proactive, positive and consistent messaging based upon independent science delivered in chorus by peak bodies of representation, including via social media.
- Regulatory bodies, including government departments, publicly and proactively back the Australian seafood industry.
- All vested interests work to explore ways to better connect producers with consumers.
- The Australian seafood industry identifies key improvement areas which may impact on its ongoing SLO, including workplace health and safety.
- Access to fishing wharves and fishers is encouraged, maintained and/or reinstated.
- Australia considers its own independent third-party certification schemes which provide non-replicable global market differentiation.

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Plain English Compendium Summary

Project Title: The Australian Seafood Industry and its Social Licence to Operate	
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Scholar:	Steven Davies
Organisation:	34 Wray Avenue Fremantle, Western Australia
Phone:	+61 447 488 831
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Objectives	<p>Understand perceptions orbiting the sustainability of the Australian Seafood Industry.</p> <ul style="list-style-type: none">○ Define the SLO.○ Explore issues which arise due to the complexity and fragmentation of industry.○ Iterate the importance of stakeholder engagement.○ Consider the economic and other benefits of socially responsible operations.○ Consider the impact of third-party certification.○ Deliver sound and reasonable recommendations to industry based on global observations
Background	The Australian Seafood Industry boasts world-leading environmental management practices which are the result of decades of responsible management. Increasingly, there is extra stakeholder scrutiny being applied to this industry, which if not properly understood and addressed may erode its ongoing social licence to operate. It is vital that industry understands the concept of the social licence to operate and how it can impact on your business.
Research	And extensive literature review complemented international and domestic study travel as part of this report. References, sources, trends, lessons and information as relevant to the study topic may be readily found across all industries in all countries. The Author took an anthropological approach to a large portion of the study, conducting balanced, impartial interviews as part of meetings with a wide range of stakeholders across the developed and developing world.
Outcomes	It is clear to the Author that taking a proactive approach to developing and maintaining a social licence to operate is as important a consideration for business as any other traditional business consideration. Being somewhat intangible and fluid, and moreover almost impossible to adequately measure until tested, the best course of action is to stay abreast of modern market expectations by way of extensive stakeholder engagement.
Implications	This report introduces readers to the concept of the social licence to operate, what it means and how it can impact both positively and negatively on your business, with a particular focus on implications for the Australian Seafood Industry
Publications	Presentation at the 2018 Nuffield National Conference, Melbourne, Victoria