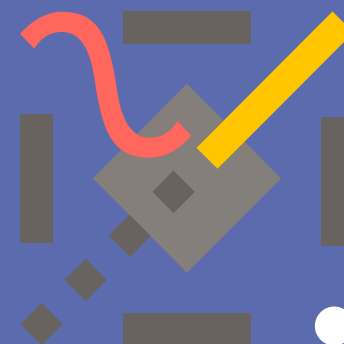


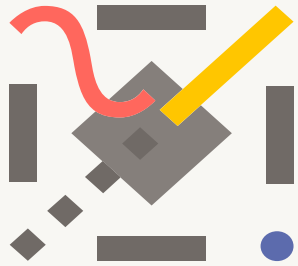
National Aquaculture Council

Stakeholder consultation findings and
implications for the future of NAC

November 2020



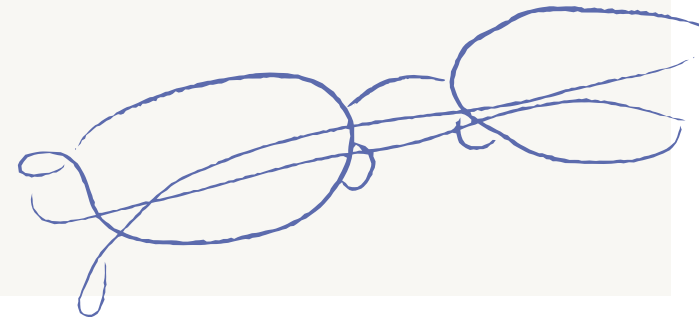
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Executive summary

Following a decline in its membership, the board of the National Aquaculture Council (NAC) initiated a project to gain an understanding of the needs and expectations of industry stakeholders in terms of industry representation. The two core objectives being:

1. To determine the ideal value proposition for a national Aquaculture peak body
2. To confirm the shared priorities of all aquaculture industries.

The methodology included over 30 confidential interviews with industry, business and government stakeholders and a review of a number of relevant industry strategies.

Ten key themes emerged from the consultation:

1. The need for a national aquaculture body is up for debate
2. NAC is not fulfilling the need
3. The lack of vision and leadership is noted
4. Leadership is most critical in times of crisis
5. The government sector sees a need
6. It may be too late to resurrect NAC
7. NAC is in a downward spiral
8. Views are polarised on whether SIA should represent aquaculture
9. Some are calling for a bigger, bolder and broader alternative
10. Bringing in the big players will be key.

The majority of stakeholders were in agreement about the need to have an effective national representative body and that NAC was not fulfilling that need. Views were more polarised about whether the solution to this would be absorbing that function into Seafood Industry Australia.

This report also considers the operating environment in which the aquaculture industry functions noting that:

- There is some confusion within industry about the mandate of the peak body organisations and where their roles and responsibilities cross over.
- There is a multitude of aquaculture industry bodies structured around both species and regions. Many of these bodies have cross-membership of several organisations.
- The feedback suggests that while stakeholders expect advocacy and government relations to be the key role of industry bodies, there is a desire for a broader scope including industry development activity.
- Although farming systems, resource requirements and market focus differs across aquaculture industries, there is considerable alignment in the strategic priorities.

Three potential pathways forward were identified for NAC:

1. Peak industry aquaculture body
2. Federation of aquaculture councils
3. Secretariat for aquaculture within SIA.

It was noted that NAC's demise was now such that it required a 'renaissance', rather than a 'restructure' and that the framework for a new peak aquaculture body should include:

1. A clearly defined mission and statement of purpose
2. A focused strategy to deliver the mission and purpose
3. A membership/funding model that generates adequate resources
4. A professional secretariat and administration
5. Regular communication and engagement to update industry on outcomes.

The report concludes that:

1. There is support for a well-resourced, influential peak body that represents the interests of the broader Australian aquaculture sector.
2. NAC no longer has the confidence of the industry.
3. NAC requires a fundamental reinvention if it is to re-establish itself as a national peak body.
4. Stakeholders believe that NAC's prime focus should be on industry advocacy while resources are tight, but that longer term, there is a need for a broader mandate that includes business development activity, facilitation of industry networks and potentially, service delivery.
5. To reset the foundations for the restructure of NAC, a visionary master plan is required.

The key recommendation in the report is that the NAC board consider commissioning a master plan that articulates the model for the ideal national aquaculture entity. The master plan should then be presented to all stakeholders for input and an indication of potential commitment.



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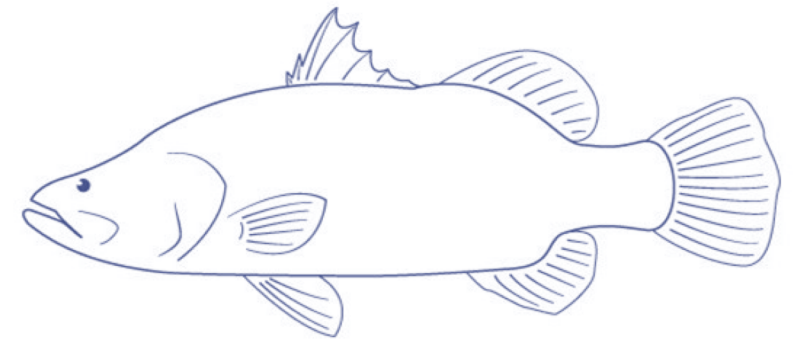
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1. Introduction
2. Key themes from the industry consultation
3. Operating environment
4. The pathway forward for NAC
5. Conclusions & recommendations



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1. Introduction



Introduction

Background

The board of the National Aquaculture Council (NAC), the peak body representing Australian aquaculture industries, has initiated a project to gain an understanding from its membership as well as the broader aquaculture community, of their future needs and expectations in terms of industry representation.

Objectives

The project had two core objectives:

1. To determine the ideal value proposition for a national Aquaculture peak body
2. To confirm the shared priorities of all aquaculture industries.



This project has been funded by Fisheries Research & Development Corporation (Project: 2019-207).

Methodology

1. A background briefing was provided by the NAC project team.
2. Over 30 interviews were conducted with a range of stakeholders from across the aquaculture sector including those operating aquaculture businesses as well as industry representative body executives and government officers. Feedback was provided on the basis of confidentiality and anonymity.
3. Where publicly available, the strategic plans and websites from a number of industry bodies and businesses were reviewed to identify the common strategic issues confronting the sector.

This document constitutes the final report for the project.

Note:

Indicative quotations have been used throughout the reporting of the industry consultation findings to provide a sense of the industry mood on the issue of national representation and the recent performance of the NAC. Some quotations have been edited slightly for clarity or to remove any aspects that may identify the respondent.

Aquaculture industry characteristics

- The aquaculture sector is fragmented comprising multiple industry sub-sectors, each of which has at least one representative body that is either species-based or State-based. Reviewing aquaculture within the context of industry representation in the broader seafood sector adds even further complexity.
- The aquaculture sector accounts for a large and disparate range of categories, from the very large Tasmanian salmon industry (which overshadows the remainder of the sector in scale), down to small and emerging categories such as Murray Cod. Aquaculture in Australia also operates in a wide range of inland and coastal environments and with many different farming models. Business size varies from listed corporations to small, sole trader farms and everything in between.
- The needs and priorities of aquaculture industries vary greatly between categories with different farming systems and geographic locations. A further difference is that some categories are more reliant on export markets (e.g. abalone) and others on the domestic market (e.g. barramundi).
- The aquaculture sector is growing strongly experiencing 5% growth in 2017/18, at which time the GVP of the sector was valued at \$1.42 billion. Its rising share of Australian seafood now represents 44% of the value (ABARES 2017/18). Conversely, the wild catch sector has plateaued or is retracting. This trend towards a rising share of seafood coming from aquaculture is worldwide and is stimulating major investments in aquaculture by large corporate players and the scope for growth in Australia appears to be limited only by planning and environmental restrictions.
- Most of the issues affecting aquaculture businesses fall under State government jurisdictions resulting in strong and well-resourced state industry bodies in some states.
- Many of the industry representative organisations have limited resources because of the inability to raise sufficient membership fees due to affordability factor for their members. Most businesses are called on to pay membership fees to multiple representative bodies at State, National and species levels.
- Being heavily reliant on volunteers, there is a high level of fatigue and burnout within industry associations given that the workload tends to fall on the shoulders of a small few. Typically, involvement with industry associations involves a large amount of time and travel, much of which is not paid, even for Executive Officers.
- Commonly, there is a low turnover of office bearers meaning industry organisations tend to become stale and devoid of fresh thinking.
- There is a large amount of crossover in areas of concern between state and species-based organisations resulting in clutter and tension between organisations as well as wasted resources and duplication of effort. This is often counterproductive to the cause and sends mixed signals to government. It can also result in poor decisions being made on the basis of compromise.
- All seafood representative bodies are operating in an increasingly challenging environment for a range of reasons many of which are State or category specific.



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2. Key themes from the industry consultation

1. The need for a national aquaculture body is up for debate
2. NAC is not fulfilling the need
3. The lack of vision and leadership is noted
4. Leadership is most critical in times of crisis
5. The government sector sees a need
6. It may be too late to resurrect NAC
7. NAC is in a downward spiral
8. Views are polarised on whether SIA should represent aquaculture
9. Some are calling for a bigger, bolder and broader alternative
10. Bringing in the big players will be key

1. The need for a national aquaculture body is up for debate

- Opinion is divided as to whether there is a need for a peak body to represent the national interests of the aquaculture sector. To some extent, this level of ambivalence is influenced by disillusionment with NAC's recent performance.
- Those against a national body argue that the sector is over-governed with too many associations all demanding time and resources.
- Some feel that they have outgrown the need for a national body. As the Australian aquaculture sector has evolved, a number of powerful state and species-specific bodies have grown to become highly connected and influential in their own right.
- The majority of stakeholders do indicate in-principle support for a national aquaculture body. This is based on the recognition that the industry is in a highly dynamic growth phase and is becoming an important and sustainable part of the agrifood supply chain. Many note that there are critically important overarching issues impacting the entire aquaculture sector which need to be addressed at a national level.
- This majority support for a national body does not translate into support for NAC.
- There is confusion about how the peak bodies NAC, Seafood Industry Australia (SIA) and Commonwealth Fisheries Association (CFA) cross-over on national issues.

"So many industry bodies and so little resource to run them"

"There are 100 industry bodies in fisheries and aquaculture around Australia with over 80 administrators"

"If we lose this statutory body, we might never get one back – we need to keep it"

"If you want to pick up the phone and talk to someone about aquaculture in Australia, who do you call?"

"SIA does already cover a lot of the issues on the NAC agenda"

"Aquaculture needs a seat at the table alongside other agricultural peak bodies"

- Because aquaculture is recognised by the Federal Government as an important part of the National Farmers' Federation (NFF) 2030 target for a \$100 billion industry (which has been endorsed by the Federal Government), it is felt aquaculture should have a seat at the table alongside other peak agrifood bodies such as meat, grain, horticulture, dairy and others. Without a voice, the interests of aquaculture are believed to be being lost in the greater agrifood policy agenda.
- Overwhelmingly, the major issues impacting the larger industries lie within state jurisdictions and the view of some is that these can be best handled at a state level. The fact that there is currently no aquaculture project in Commonwealth waters lends weight to the belief that the issues are state-based.
- It is felt that if aquaculture farms are land based, they do not have a need to engage with Commonwealth Fisheries at all and these businesses feel more closely aligned to traditional farming bodies.
- The several large corporate players in aquaculture are well resourced and connected, with the ability to manage most issues internally or lobby on their own behalf. Some give this as a reason that a national body is not needed, yet most of the corporates themselves were in favour of a national body.

“Other countries take this industry much more seriously and understand the need for a national body”

“There is no one to respond to journalists when we get bad press”

“Being part of NAC, does keep our industry abreast of the high-level government manoeuvrings”

2. NAC is not fulfilling the need

- There is a widely held view that NAC was once a relevant and effective body, but has lost it's way, to the point that it has become ineffectual.
- The review of NAC has been universally welcomed by those industry members consulted on this project, most of whom were keen to be kept informed of the outcomes.
- Shortcomings of NAC as noted in the consultation were:
 1. **Lack of clear strategic direction**
 2. **Lack of follow through**
 3. **Not representative of industry**
 4. **Not communicating with members**
 5. **No visibility**
 6. **No perceived outcomes.**

These points are expanded on in the following pages.

“What is NAC actually trying to achieve?”

“The organisation needs some fresh ideas”

Current shortcomings of NAC as noted in the consultation . . .

1. Lack of clear strategic direction

The fundamental problem facing NAC is that it has failed to develop and articulate a clear strategy and make visible its charter. Essentially, the organisation has not reinforced to industry why it exists and what it stands for. Clarifying this value proposition is indeed the intent of this research.

Stakeholders suggested that NAC needs to identify the handful of burning issues that will fundamentally impact the national aquaculture sector over the next 5 or so years and outline actions to respond to them. In the short term, the belief is that the focus should be on issues that cut across all sectors and the limited resources should be focused where the intervention by NAC could have the greatest impact.

2. Lack of follow through

Several participants in the industry interviews who had been actively involved with the NAC, expressed a level of frustration that they had spent time at meetings agreeing to a strategic direction but there was no follow through in terms of actioning them. One ex-board member made the point that the directors spent a large amount of time and effort in formulating strategies but there was no attempt to action the agreed way forward.

“NAC has failed to communicate to it’s members of what it stands for”

“Leadership is about focus. What we are not going to do is just as important.”

Current shortcomings of NAC as noted in the consultation . . .

3. Not representative of industry

Most respondents felt that the NAC does not reflect the views across the broader aquaculture sector, which is probably more a consequence of the fact that businesses are not actively engaged. This problem may also stem from the fact that membership to NAC is mostly indirect, i.e. via another sector-specific or regional association, meaning the messaging was became distorted and lost in translation before it filters down to the business operators that it actually serves.

With the NAC board largely comprising executive officers of the sector bodies, most of whom work on a voluntary basis, the decision making is two or three steps removed from aquaculture businesses. The result of this structure is that the direct views of the grass roots businesses are not getting through. The operational model of a 'council of councils' is thought to contribute to its *"inability get things done"* because the EOs have to check in with their own boards on major decisions.

Respondents suggested that if they had an opportunity to have a seat at the table and a chance to discuss issues as well as a direct say in the decision-making process, the strategic directions of NAC may better reflect business needs.

It was also observed that the broad nature of aquaculture, i.e. the many farming systems, diverse size of businesses and geographic spread, makes representation challenging, but not impossible.

"The broader the membership base, the harder it is to define clear policy"

"Because NAC engages with EOs and chairs of associations, business owners have no clue what is being done on their behalf"

"NAC is two or three steps removed from the actual industry"

Current shortcomings of NAC as noted in the consultation . . .

4. Not communicating with members

Most are highly critical of NAC's failure to communicate with members and the absence of information on NAC's position on issues, activities, progress and achievements.

Even more damning was the comment that NAC was unresponsive to requests for information. One example was given where, despite several attempts to make contact, there was no response and emails and phone calls went unanswered.

Members feel that NAC should check in regularly with the industry bodies to update on progress and hear directly from business operators about their needs.

While it is acknowledged that useful work is being done on activity such as providing advice to government or input into projects such as National Plan for Aquatic Health, The Aquatic Deed, etc., the reporting on progress and achievements is not being communicated to members. Notably, it was thought that the work being done with Government was reactive rather than proactive.

“NAC is more bloody secretive than ASIO”

“Industry consultation should be core business to a peak body”

“So tell me, what is NAC meant to be doing?”

“The time spent navigating the world of government is a mystery to most of our members. They have no idea what NAC is called on to respond to”

Current shortcomings of NAC as noted in the consultation . . .

5. Lack of visibility

Many respondents noted that NAC has virtually no internet or social media presence. The current website is inactive leaving the perception of no communication with the general public, members or any visibility in the media. On this latter point, it is felt that a key function of a peak body was to actively use the media to advance the cause of the industry it represents and to be easily contactable by journalists to respond to negative comments.

One of the aquaculture business operators interviewed (one of the largest businesses in its industry) had little knowledge of NAC and what they did, had never received any information about the organisation, nor been approached to become a member.

Because of the lack of visibility, some believe that SIA has already taken up NAC's role as the peak body for aquaculture.

"I've had nothing to do with NAC. Never been approached and no idea what they do"

"MLA gets attention from government because they are well organised and professional. They are out there talking to everyone with a consistent message."

"We are not doing lobbying well in this sector. We need facts, evidence and a compelling story."

" I thought NAC had folded, I haven't heard of it for a long time"

Current shortcomings of NAC as noted in the consultation . . .

6. No perceived outcomes

Ultimately, NAC members want to see a return on their investment in membership fees and the lack of outcomes was cited as a key reason for leaving by lapsed members.

An important consideration in interpreting this feedback is that it was very clear from the interviews, that members, both current and lapsed, had trouble articulating what they expect from a peak body. There is a limited understanding in the sector of what a high performance peak body should actually do.

There is little appreciation among the membership of the significant amount of time spent on issues of industry importance, but for which there is no tangible outcome. These include:

- *Responses to government requests*
- *Sitting on various national bodies and project committees e.g. boat safety, maritime safety authority, various reviews (EPBC)*
- *Managing minor use permits*
- *Administration and governance for meetings.*

“There are no priorities or timelines for actions to be delivered. It is just a lot of talk.”

“NAC has just become a clearing house for responding to government issues”

“Read papers, attend meeting, debate, repeat. Nothing happens.”

3. The lack of vision and leadership is noted

- There is a strong sense amongst the industry that, in the face of its rapid growth, the aquaculture industry needs a clearly defined mission and vision, prosecuted by a strong and well-resourced leadership.
- The most fundamental criticism of NAC is that it has either failed to show leadership and vision or it has failed to communicate this. Significantly however, when asked what the appropriate vision for NAC might be, only a very narrow list of issues was offered.
- There is a general sense that NAC should represent the aquaculture industry and focus on lobbying Government. This largely stems from a lack of understanding of the workings of government and the policy-making environment. The general grass roots membership is not well informed on the broader issues impacting the industry or how to go about affecting change. NAC has an important role to play in educating the broader industry on issues of national significance.
- That fact that there were only a few respondents who were able to specify the key issues that NAC should focus on is significant, because it indicates that the membership is looking to NAC to show leadership by developing analysis of the blockers to industry growth and drafting a response plan.

“NAC is doing, not leading”

“Minor use permits are administration not leadership”

“ We need to be on the front foot with lobbying, not just responding with submissions”

“Farmers are too busy farming to do the visionary stuff and many simply don’t know how. They need leadership.”

“We need to be bold and set big goals like the NFF have done”

“Too much time is spent responding to government requests and attending meetings and not enough time championing things that make a difference”

4. Leadership is most critical in times of crisis

- The observation was made that the real need for industry leadership comes to the fore when there is an unforeseen event or threat such as a biosecurity event where a strong and forceful response is required.
- Most farming businesses are too busy and involved in the day to day running of the business to have the time to be engaged with the affairs of industry bodies. They expect a strong and influential body to provide a swift and thoughtful response on their behalf.
- Stakeholders do not have confidence that NAC is capable of effectively delivering in a crisis. In fact, the lack of response to the COVID 19 issues impacting aquaculture exporters was noted as an example.
- Unfortunately for NAC, these risk management and insurance aspects of industry governance are not high in members consciousness until there is an event and so industry preparedness needs to be continually reinforced.

"Who will respond if there is an incident?"

"You don't know you need an industry body until you have a crisis, then you really need one"

"SIA were actively engaging with government on implications of COVID 19. Aquaculture were not."

5. The government sector sees a need

- A common theme among the small number of officers from government agencies who were interviewed is that there is a compelling need for the Australian aquaculture industry to have a strong peak body as the central “go to” point for government on all matters related to aquaculture.
- It was noted that the non-existence of NAC would be a loss to government because having a central point of contact with a body recognised as officially representing the interests of the national industry would save government agencies considerable time and resources in consulting with multiple parties.
- Even within government, there is some ambiguity as to whether NAC is in fact the recognised peak body for aquaculture given the presence of SIA together with the strong state industry sector bodies. Some indicated that they were increasingly looking to state and sector bodies for advice on policy matters.
- The acknowledgement by government agencies that NAC plays an important role as a reference point for policy setting and ministerial advice, begs the question of whether government agencies should contribute to seed funding to reinvigorate NAC, in the same way that SIA was assisted.
- Government see the aquaculture sector as a major growth opportunity and want to engage on industry development, not just industry regulation.

“There would be more work for government and more risk for industry if NAC did not exist”

“Border security is a point of tension but we need to keep talking”

“Its not all about regulation. Economic development and job creation is also an important issue for government”

“The State and Commonwealth governments should contribute given that they gain benefit from the existence of a strong peak body”

6. It may be too late to resurrect NAC

- There is a common view that NAC has been progressively downgraded from being a strong, effective association with a full-time executive officer and a record of achievement, to its current position where it no longer has the resources to deliver to the members expectations of a peak body.
- This pernicious decline over the past five years has resulted in NAC being less effective and less influential, while the industry has grown and become more dynamic.
- It was noted that an effective industry body needs a budget sufficient to cover a well-credentialled, full-time executive officer. The prevailing view of many consulted was that this will be challenging to achieve in the current environment where resources are scarce and spread across a large number representative organisations.
- Many believe that NAC would need a large injection of capital to rebuild and reinvent itself and that it will be extremely difficult to raise the resources required given the severe loss of goodwill and momentum.
- There is a degree of scepticism as to whether the current NAC can be reinvented to become the type of representative body desired. There may be a case to totally rename and restructure NAC if it was to continue.

“If NAC closed tomorrow, I don’t think anyone would notice”

“We certainly need an NAC but not how it looks now”

“The current model is just a bunch of individuals pursuing their own interests. A national body should exist for the national good”

“Basically we are a board of EOs volunteering our time on NAC”

7. NAC is in a downward spiral

- Many feel that NAC is caught in a downward spiral in that it is failing to deliver to the members expectations because of the lack of resources, but the declining resource is hampering its ability to respond.
- This downward spiral will be difficult to break, requiring a fundamental reinvention of the operating model rather than a simple makeover. Many of the lapsed members will need to be convinced that a re-energised NAC could deliver a tangible value proposition.
- There is a limit as to how much revenue can be raised from membership fees. The ability to attract membership fees will be proportionate to the value they deliver. Many sector and state bodies lack the ability to pay. Similarly, many businesses lack the financial resources to join another body given the large number of representative bodies that are competing for their fees.
- The range of businesses in the industry spanning small and emerging sectors, to large well-resourced corporations also impacts the ability to pay.

“NAC is not delivering because it is under-resourced. It is under-resourced because it did not deliver.”

“Look you get what you pay for. NAC is under-funded.”

“Members will pay if there is something in it for them”

“Country of origin labelling would add \$1 billion a year to industry value. That would be a return on investment for anyone’s membership fee.”

“There is always another funding model if you are creative enough”

8. Views are polarised on whether SIA should represent aquaculture

- The opinions on SIA assuming the role of the national peak body for aquaculture are split roughly on a 50-50 basis. Those who argue in favour of this, base their views on the following:
 - *SIA is an established, well-resourced body with a highly effective and professional leadership and management team. (Not all agree on this point as some believe that SIA is not representative of the entire seafood industry.)*
 - *SIA is now increasingly recognised by state and federal bodies as the peak body representing the whole seafood industry including aquaculture. This view was confirmed by some government representatives interviewed.*
 - *SIA is seen by many as being highly effective at managing industry issues and particularly effective at responding to negative media coverage relating to the seafood industry.*
 - *The seafood sector does not have the resources to fund multiple peak bodies.*
- The arguments against the absorption of NAC into SIA are predominately based on the view that SIA is focused on the interests of the wild catch, processor, retail and wholesale sectors and that there are many issues where these parties are directly opposed to aquaculture, or the needs differ too greatly, e.g. labour, access to resource, agvet chemicals. The counter-argument to that point is that there are already aquaculture members in SIA and these tensions are important to talk about.

Continued ...

“The wild catch sector is the natural enemy of aquaculture and vice versa”

“SIA would still be mostly a seafood council if NAC rolled into it”

“Co-location with SIA might work OK, but not absorption”

“It would need to have a separate advisory group if part of SIA”

- A number of parties expressed a view that aquaculture fits better with land-based agriculture than wild catch fisheries. The issues for wild catch are to do with fisheries regulations and quota, aquaculture is more to do with biosecurity and industry development.
- One current member of SIA indicated that they were thinking of leaving it because it was not delivering anything for their aquaculture business.
- Some feel that SIA is not a truly representative body being dominated by a small number of parties whose interests do not always align with those of the broader industry.
- Areas where it was thought that SIA would have minimal interest were:
 - *On-farm biosecurity*
 - *Environmental planning and regulation*
 - *Social licence*
 - *Aquatic deed*
 - *Pest and disease*
 - *Regulatory burden and securing greenfield development*
 - *All weather road access to remote sites.*

“Aquaculture sits more comfortably with land-based agriculture than seafood. Some aquaculture industries are members of the Farmers Federation.”

“SIA doesn’t get biosecurity, which is our biggest issue”

“SIA won’t be fighting our battles on issues like discharge”

“People are confused about what body they should belong to”

“SIA would do more for aquaculture members if it had more of them”

9. Some are calling for a bigger, bolder and broader alternative

- It was difficult for many respondents to articulate what an ideal industry representative body looks like as their experience was working with underfunded industry bodies that were largely resourced by industry volunteers who spent a lot of time simply attending meetings.
- While some respondents advocated for a pared down, more focused and low cost NAC that focused on 3 or 4 core advocacy issues, others felt that the potential of the industry justified a professional peak body with a far broader mandate than just advocacy and government relations. Many believed an ideal NAC should embrace industry development, including:
 - Labour, skills and training
 - Business development
 - Business skills
 - Industry networking and relationship building
 - Industry communication on all aspects of aquaculture
 - Facilitating shared conferences, forums and events
 - Apply for grants to advance industry
 - Investment attraction
 - Shared R&D

“Big corporates are coming to this industry with 10 year visions. Our policy and planning is not keeping up.”

“If this sector wants to be part of Australia’s agrifood future, it needs to step up.”

“Aquaculture is viewed very positively within government as an industry for the future”

“NAC should be about growing the industry, not just a means for checking in with government”

“Farmers don’t know what they don’t know”

- A number of respondents picked up the point that a strong peak body should have a mandate to make member businesses more profitable. They see a role for NAC in facilitating business development activity through introductions, networking, facilitating business opportunities and improving capacity and capability at a general level.
- Industry bodies can play a role in fostering business networks and introductions, which are critical for suppliers and buyers alike. The point was made that NAC's focus on government committees, governance, administration and bureaucracy, had meant it had lost sight of the fact that the industry would not exist without entrepreneurs, risk takers and investors with 'skin in the game'.
- Any peak body needs to have a whole of supply chain approach and understand all actors, not just farmers. Suppliers, wholesalers, retailers and others up and down the supply chain need to be engaged.
- Indigenous issues were flagged as being an important part of broader industry operations that were not being addressed adequately by the majority of aquaculture bodies. Indigenous issues fall into four areas:
 1. *Business opportunities*
 2. *Environmental harm*
 3. *Access to sites*
 4. *Jobs for youth.*

"We do need to think beyond just government relations. What are we doing about the skills shortage?"

"We have lots of university grads but not enough skilled workers"

"Surely more collaboration could be happening on R&D to lift productivity"

"Aquaculture is a big employer with the potential for many more jobs"

"The poor business skills in the industry have become very evident with COVID 19"

10. Bringing in the big players will be key

- Several of the parties interviewed expressed a strong view that NAC will never be able to survive unless it can get the big industries including salmon, oysters and prawns to be part of a national organisation. Collectively these three industries represent the vast majority of sector value.
- It is felt that without these three dominant industries involved, or at least the large businesses within them, NAC will never have the resources required for a strong peak body. Furthermore, and more importantly, without these three major industries participating, NAC is unlikely to be credibly recognised by government as the peak body representing the national aquaculture sector.
- Most feel that it will be a very big challenge for NAC to demonstrate a value proposition for these sectors given their individual size, resources and influence. Predominantly, the issues confronting these three major industries fall across state-based jurisdictions and are represented by strong state and industry bodies. Many of the companies within these sectors are well-connected with government and can get access to Ministers and public servants directly when they need to.
- Of note is the fact that some of the largest businesses interviewed for this study were in support of a reinvigorated national body believing that, even though they could 'open doors' themselves, a 'whole of industry' message was more compelling to government than just their voice alone.

“Those guys can just pick up the phone and call Canberra. They don't need NAC.”

“We recognise the fact that it looks a bit weird that our company is not part of the national body.”

“NAC will never get off the ground without salmon, prawns and oysters”

A summary of the high level opposing arguments

Arguments for retaining a NAC		Arguments against a NAC
The industry needs a mechanism to engage with government	→	Government issues are mostly State based so State councils can engage with government
Merging with SIA is not an option as it represents those against aquaculture. A dedicated body is needed	→	SIA already exists and most are already members including some of the major players in aquaculture
The industry is attracting enormous investment and becoming increasingly corporatised requiring representation	→	There are many small players who can't afford more levies and cannot resource representation in multiple industry bodies
Biosecurity is a huge issue for aquaculture and needs action	→	Biosecurity could be dealt with under an aquaculture unit of SIA or at a species level
Administering Agvet chemical permits is a critical role for NAC	→	Ag chemical permits are best managed at a business or species level
NAC is a statutory body. Once you lose that it is gone	→	Its too late to resurrect NAC – it has already lost its relevance
Aquaculture industries in other countries collaborate to drive positive messages about sustainability and environment	→	The salmon guys probably won't want to join as they are big enough to tell the social licence story on their own

Note:

These comments are drawn from the opinions of the industry representatives interviewed and are noted here as a reflection of the sentiment in the industry, not to support any particular view.



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3. Operating environment



Recognised peak bodies

Many of the respondents were not aware that NAC is one of the four ministerially-declared representation organisations to which FRDC is accountable under legislation.



The FRDC also involves the Indigenous Reference Group and the Australian Recreational Fishing Foundation in all representational organisation activities.

Under these bodies sit many other industry associations structured by State, species or region.

A review of the industry bodies conducted by FRDC some years ago indicated that there are over 100 bodies with 80 administrators and a collective operational cost of \$14 million (source: verbal communication FRDC representative).

The list adjacent is incomplete because there does not appear to be a central index of all the many species associations that are represented with industry bodies in Australia.

Industry associations by species:

1. Australian Abalone Growers Association
2. Australian Barramundi Farmers Association
3. Australian Prawn Farmers Association
4. Australian Southern Bluefin Tuna Industry Association
5. Freshwater Native Fish Association
6. Oysters Australia
7. Oyster Farmers Association of NSW
8. Pearl Producers Association
9. Queensland Crayfish Farmers Association
10. Silver Perch Growers Association
11. South Australian Mussel Growers Association
12. South Australian Marine Finfish Farmers Association
13. South Australian Oyster Growers Association
14. Tasmanian Salmonoid Growers Association

Aquaculture organisations

A high level internet search revealed the existence of 15 industry bodies in Australia concerned with aquaculture. Except for the NAC, the other bodies are all regional.

The existence of this apparently unaffiliated network of organisations presents an ideal framework to facilitate communications on the subject of aquaculture or develop a 'hub and spoke' model with NAC engaging more formally and consistently with the aquaculture community through these regional networks.

Aquaculture associations by region:

1. Aquaculture Association of Queensland
2. Aquaculture Council of WA
3. Aquaculture in the Northern Territory
4. Eastern Region Aquaculture association
5. Gilgandra Aquaculture Association
6. Inland Aquaculture Association of SA
7. Kangaroo Island Aquaculture Association
8. Murray Region Aquaculture Association
- 9. National Aquaculture Council**
10. NSW Aquaculture Association
11. South Australian Aquaculture Council
12. Tasmanian Aquaculture Council
13. Victorian Aquaculture Council
14. Victorian Warm Water Aquaculture Association

What does 'good' look like in industry representation?

The list of essential characteristics of a peak industry body adjacent is simply put forward for consideration. This broad list has been compiled during the discussions in the industry consultation process.

A more strategic and focused list of core functions for NAC specifically is provided in the suggested 'Operational Framework for an ideal NAC' in the following section.

Potential operational functions for an industry peak body:

1. Develop and deliver to a clearly stated vision, mission and policies
2. Advocacy to all levels of government on issues impacting aquaculture:
 - *Social licence*
 - *Biosecurity*
 - *Environmental planning and regulation*
 - *Country of origin labelling*
 - *Labour relations.*
3. Risk management, developing and implementing response strategies to unforeseen events.
4. Representing aquaculture at high level forums addressing government initiatives and policy (e.g. National Biosecurity Committee).
5. Representing the interests of aquaculture alongside other agricultural peak bodies in the agrifood policy setting environment.
6. Facilitating investment attraction and economic development activity and addressing the blockers to investment.
7. Providing public education about aquaculture (but excluding product promotion), primarily to address social licence issues.
8. Forming industry policy on key issues of national importance such as workplace safety in aquaculture environments, codes of conduct, etc.
9. Managing minor use agvet chemical permits.
10. Ensuring the sustainability of the aquaculture supply chain including access to imported feed ingredients and export market access.
11. Supporting industry growth and continuous development by facilitating industry networking opportunities, conferences, forums, seminars and other industry events.
12. Hosting a comprehensive and authoritative website with industry and consumer facings.
13. Driving regular industry communication via an electronic bulletin or monthly news feed.
14. Providing information and being a public and media point of contact on all aspects of aquaculture.

Strategic planning context

NAC does not have a current strategic plan. The three high level national strategic plans that are most relevant to NAC and cross over aquaculture issues are listed adjacent.

While the Australian Government’s National Aquaculture Strategy did have some industry input, it was not widely endorsed by those consulted. It is more a blueprint for government than a strategic plan that can be implemented by industry to advance its members’ interests.

The table on the following page indicates where the strategic issues cross over in the government and industry strategies that were available on the public record. While there is definitely a commonality of issues, some of these are phrased slightly differently in each strategy with differing emphasis.

Relevant national strategic plans

Australian Government	National Aquaculture Strategy	2017
FRDC	Fisheries Research & Development Corporation and R&D Plan	2020 - 2025
Seafood Industries Australia	Strategic Plan	2018 - 2023

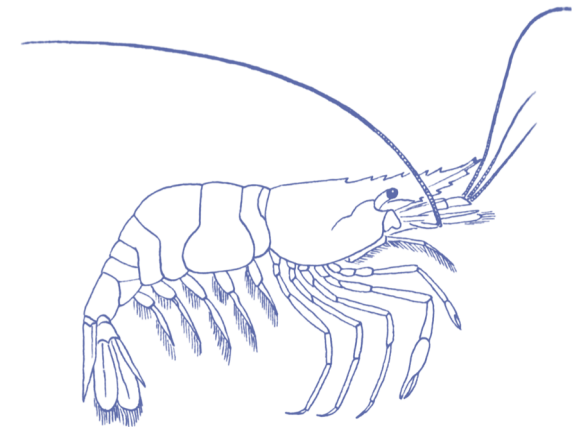
Strategic priorities matrix

Issue:	Federal Govt	FRDC	SIA	Barramundi	Oysters	Salmon	Prawns
Industry representation			✓				✓
Communication & Collaboration			✓	✓			✓
Advocacy & Govt relations			✓	✓			✓
Information & support services		✓		✓			
Social licence	✓		✓	✓		✓	
Product promotion & marketing			✓	✓	✓	✓	✓
Product quality				✓	✓		
Networks & Connections			✓				✓
Country of Origin Labelling			✓	✓			
Indigenous inclusion	✓			✓			
Resource access and regulations	✓		✓	✓		✓	
Environment	✓			✓		✓	
Biosecurity & aquatic health	✓		✓	✓		✓	✓
Skills, training, labour & leadership	✓			✓	✓	✓	✓
Fuel rebate			✓				
Well being & safety			✓				✓
Capability and productivity growth		✓		✓	✓		
Entrepreneurship		✓		✓			
Investment and sector growth	✓		✓	✓		✓	
Market access & exports	✓						
Innovation, extension, R&D	✓	✓		✓	✓	✓	✓



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4. The pathway forward for NAC



NAC is at a crossroads

- There is a high level of support for having a powerful and influential peak body to advance the aquaculture sector. It is apparent from the initial engagement, that in its present form, the diminished NAC is falling short of expectations.
- NAC is at a crossroads where it has three options:
 1. *Gear up to a full-service peak industry representative body with a professional executive and accountability for delivering a return to members.*
 2. *Scale down to an informal industry forum or annual think tank without a board or governance structure.*
 3. *Create a secretariat for aquaculture within SIA or a shared services model.*
- The first option needs NAC to be fundamentally rebuilt and probably rebirthed with a new identity. Minor adjustments to the current model will not be sufficient to create a peak body of the potency required and expected.

Three potential options:

Peak industry aquaculture body

Federation of aquaculture councils

Secretariat for aquaculture within SIA

A proactive peak industry body that vigorously advocates on behalf of industry as well as facilitating industry development initiatives of common interest

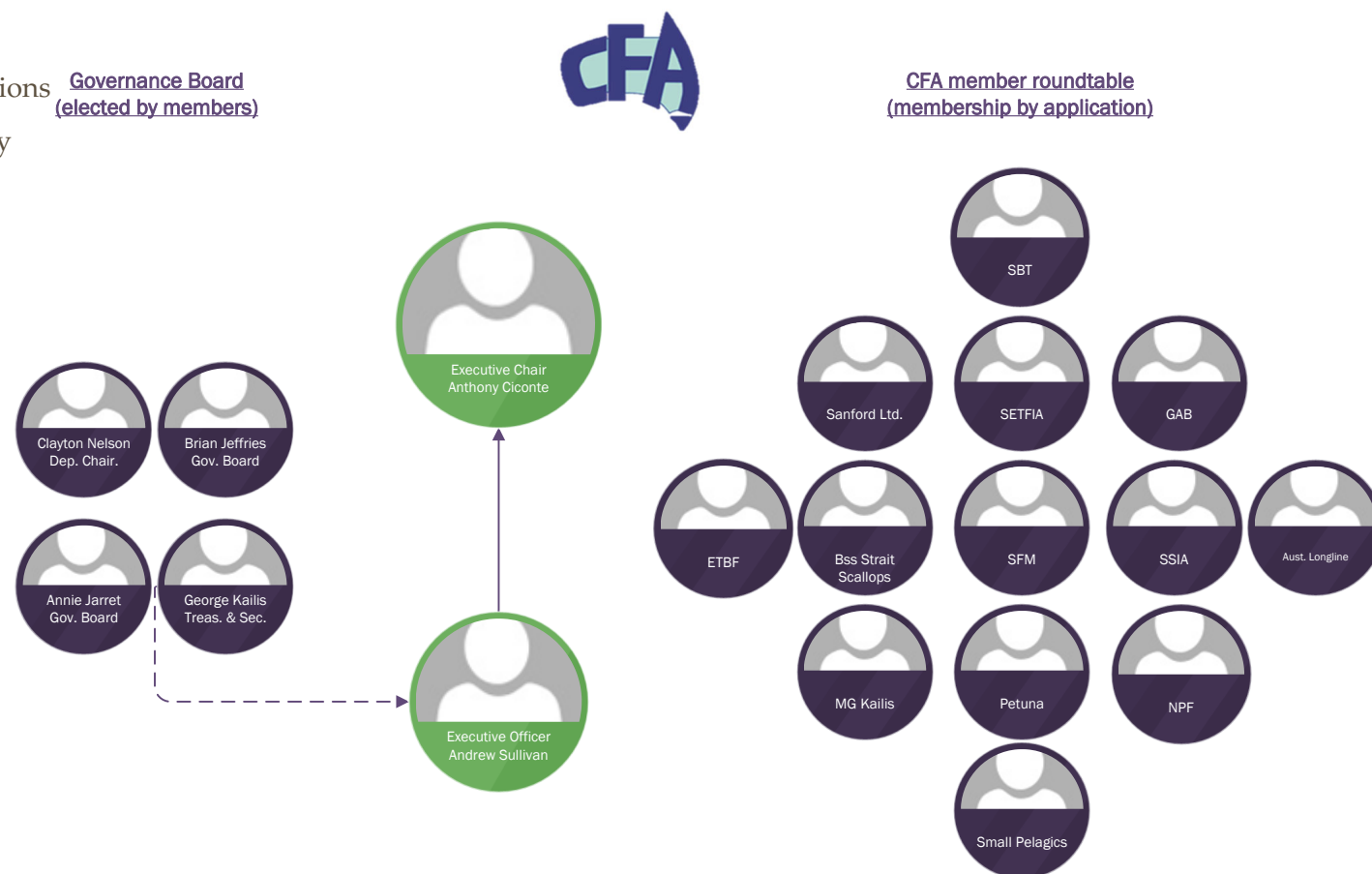
An informal 'round table' or forum that brings together all of the EOs or chairs from industry associations once or twice a year to share knowledge and discuss industry challenges

An executive within SIA that champions aquaculture and administers specific projects and activities

Case study: Commonwealth Fisheries Assoc

Following a reform program some years ago, CFA now operates in a scaled down 'participation model':

- A member roundtable organisation that meets to develop a common position on industry issues
- A formal board model was abandoned for a governance board
- Part time EO, loose structure
- Phone hook up for round table discussions Governance Board (elected by members)
- CEO meets with each member annually
- A flat membership fee for all



NAC requires a renaissance rather than a makeover

It is beyond the scope of this short project to be prescriptive about the solutions for NAC. The proposed operational framework for a new aquaculture peak body listed adjacent is simply put forward for consideration.

Further descriptions of each element of the framework are provided on the following pages.

Operational framework for a new NAC:

1. A clearly defined mission and statement of purpose
2. A focused strategy to deliver the mission and purpose
3. A membership/funding model that generates adequate resources
4. A professional secretariat and administration
5. Regular communication and engagement to update industry on outcomes.

Key components of NAC value proposition

1. A clearly defined mission and statement of purpose

- NAC needs to establish itself as a high profile, authoritative, umbrella peak body which represents all of the aquaculture industries (large and small) and advocates for the development and growth of the sector.
- Clarity is needed to differentiate between what is a strategic priority and what is core function of the organisation.
- To deliver on its mission, the organisation needs a skill set appropriate to the core functions outlined adjacent:

2. A focused strategy to deliver the mission and purpose

There is a need for a clearly- defined and well-communicated strategy as to how NAC will deliver on its mission. It should outline who is going to do what and by when.

Proposed core functions:

1. Providing the vision that will flag any sector opportunities or threats to the sustainability of the aquaculture supply chain.
2. Developing and overseeing an Australian Aquaculture Industry Strategic Plan.
3. Proactive advocacy to all levels of government on any issue impacting aquaculture as outlined previously.
4. Coordination of response plans in the event of major emergency events.
5. Focused submissions and responses to government requests or initiatives.
6. Championing the position of aquaculture within the broader agrifood forum.
7. Supporting sector investment attraction and economic development activity and addressing potential blockers.
8. Overseeing positive messaging and public education about aquaculture through promotional tools and an authoritative website.
9. Supporting opportunities for industry capability building and productivity improvement.
10. Keeping industry stakeholders informed about all aspects of NAC activity as well as industry developments through tools like an industry website, newsletters, conferences, seminars and forums.
11. Maintaining communications and consulting with industry.
12. Facilitating a national, biannual aquaculture conference.

3. A membership/funding model that generates adequate resources

It is apparent that the current membership structure, whereby NAC has essentially become a 'Council of Associations' is failing. The cumbersome structure is said to be stymieing the decision-making process because representatives need to consult with their own bodies before committing.

Although membership is open to the broader community, the reality is that, to the extent individual businesses are engaged with NAC, it is via a second and third party which is resulting in a breakdown in the two-way communication and messages are being lost in translation. One option could be a roundtable, collaborative model like CFA whereby individual businesses and state sector bodies can be members and have an equal seat at the table or alternatively, the network of regional aquaculture bodies could operate as regional communication conduits.

NAC should provide a forum for all members to discuss their concerns and express their opinions. The secretariat could then interpret this information and use it as basis for developing strategies, actions and responses. In the case where there are differences of opinion on an issue, it would be the role of the secretariat to engage the relevant parties and reach a resolution. In this model there would be no central decision-making board, the NAC board would be purely a governance board with rotating directors.

To deliver an effective body for the sector would require a major increase in resources. In the current environment where potential members cannot see the value in NAC, it will be difficult to raise the revenue required. A re-born NAC with a clearly defined statement of purpose, mission and value proposition will be needed to rebuild the membership base. However, this alone may not be enough to generate the level of resources needed, so a new funding model may be required. Alternative funding options could include:

- *A one-off government grant to restructure and rebuild the NAC*
- *Ongoing contributions from the Commonwealth and State governments tied to a service agreement to deliver specific activities*
- *A tiered membership fee structure (individual, corporate, association) set at an affordable and realistic level to entice individual businesses*
- *Fee-for-service to industry on specific services such as minor use chemical permits, secretarial services, etc., which could also result in shared savings on operational costs*
- *Other secretariat functions (e.g. shared secretariat for smaller or developing aquaculture industries)*
- *Conferences, trade shows and seminars (proceeds could be shared across NAC and the contributing industry associations)*
- *Sponsorship.*

4. A professional secretariat and administration

A reborn NAC will need to be well resourced with an experienced EO, who understands aquaculture and is supported by a team of functional specialists. While this role could be in Canberra, a satellite, 'work from home' model.

Co-location with SIA on the east coast could be considered with a shared service model on functions such as finance, communication, IT and advisors. By way of example the Australian wine industry has several peak bodies co-located within Wine Industry House located near the National Wine Centre (operated by University of Adelaide). The co-location facilitates industry collaboration, communication and sharing of knowledge.

5. Regular communication and engagement to update industry on outcomes

In addition to consulting with industry, a peak body needs to actively inform and educate members acting as an information conduit to the sector about all things related to aquaculture in Australia. This can be done in a low cost manner with a regular email of mail links as the Aquaculture Portal seemed to have functioned.

Decision-making criteria for issues to be covered by NAC

NAC needs to develop and agree a clear set of criteria and decision-making rules for assessing which issues should come under its charter.

The criteria listed adjacent could be used as a starting point for assessing issues.

Decision-making criteria:

1. Needs to be an issue of major significance in terms of its potential to impact the growth, profitability or sustainability of the national aquaculture sector, either in terms of being an industry driver, blocker or threat.
2. Needs to cover the 'mega issues' that have general relevance and benefit to the industry and which do not discriminate between businesses on the basis of size of operations, farming system or species.
3. Needs to be of national significance covering at least two industry sectors and/or states/ territories.
4. Needs to be issue where there is a shared view on the desired outcome and with no significant conflicts of interest.
5. Needs to be an issue where NACs intervention has reasonable chance of achieving a more positive outcome for industry and the community.

Advocacy themes

Overwhelmingly, advocacy is currently seen as the core role of NAC. Feedback from the industry engagement suggests that advocacy should cover the following issues:

1. Social licence and public relations

There is an increasing threat that future development of the aquaculture sector will be constrained by public resistance based on social licence issues such as environmental impact, and sustainability, pollution, impact on wild catch population, animal welfare, use of antibiotics and chemicals. While sectors such as the salmon industry are large enough to invest in a defence position on this independently, it was noted that messages are more powerful when they are from the 'whole of industry', consistent, well-researched, accurate and timely.

There is a large amount of misinformation impacting consumption growth which needs to be corrected. Dispelling these myths in the public domain is important, particularly in the contemporary environment of social media. Presenting positive messages, neutralising 'fake news' and responding to adverse media articles will all grow in importance as the industry grows. At the very least, the industry needs a powerful website that makes the facts available. It was noted that aquaculture industries in other parts of the world were highly focused on this type of proactive or defensive PR.

2. Biosecurity and import regulation

There is a need to forcefully communicate the significant risks posed by imported seafood products to the aquaculture sector. An import risk assessment would benefit all industries as would risk assessment of on-farm biosecurity and risk to native fish.

3. Environmental planning and regulation

Whilst recognising that most environmental and planning issues fall under state/territory jurisdictions, some feel that there is a need to advocate for a uniform national framework.

4. Country of origin labelling

Although not a universal issue for all aquaculture and with cross-over to wild catch categories, the country of origin labelling could have a huge impact on industry profitability. This issue needs to highlight both the fact that consumers are falsely assuming that they are buying Australian product when it is imported (and often of poor quality) plus, the health and biosecurity risks from imported seafood products.

5. Economic development

The aquaculture sector could promote its historic and potential future contribution to regional economic development, investment attraction, job creation and indigenous employment. The current and potential contribution to the agrifood economy is currently not recognised.

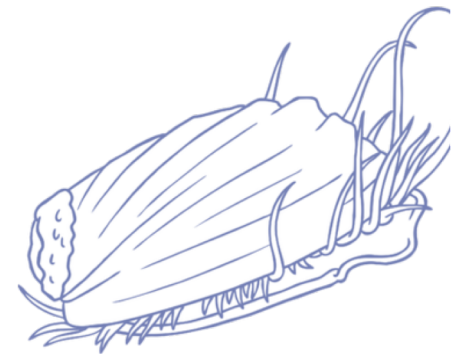
6. Food and supply chain security

The general public and political decision-makers need to be continually reminded of the growing importance of aquaculture to global food security in the face of the declining wild catch and rising protein costs. COVID 19 has highlighted the vulnerability of the Australian food supply chains and the reliance on imported products and ingredients. The Aquaculture industry needs to project itself as an important part of the broader agricultural sector.



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5. Conclusions & recommendations



Conclusions

1. There is strong, albeit not universal, support for a well-resourced, influential peak body that represents the interests of the broader Australian aquaculture sector on common issues.
2. NAC no longer has the confidence of the sector. The organisation has been run down to the point where it does not have the resources to deliver on member expectations. There is not a clear understanding of what NAC stands for, nor it's key purpose. NAC is in a spiral of self-fulfilling decline.
3. NAC requires a fundamental reinvention if it is to re-establish itself as a national peak body with the vision, resources and leadership capacity to deliver to the expectations of industry.
4. In the short term, while resources are limited, stakeholders believe that NAC's prime focus should be on industry advocacy, presenting a strong, well-informed and representative view of the handful of strategic issues that will have the biggest impact on the broader aquaculture industry. Longer term, there is a clear need in this growing sector for a broader mandate that includes business development activity, facilitation of industry networks and potentially, service delivery.
5. To reset the foundations for the restructure of NAC, a visionary master plan is required, which clearly articulates a succinct industry vision, a statement of purpose, key functions and the proposed business model to deliver them. The FRDC document adjacent provides an ideal template for summarising these.

2030 vision	The FRDC will invest to achieve the shared vision of Australia's fishing and aquaculture sectors of building collaborative, vibrant fishing and aquaculture, creating diverse benefits from aquatic resources, and celebrated by the community.
FRDC's outcome	Increased economic, social and environmental benefits for Australian fishing and aquaculture, and the wider community, by investing in knowledge, innovation and marketing.
FRDC's mission	To act as a national thought leader, facilitating knowledge creation, collaboration and innovation to shape the future of fishing and aquaculture in Australia for the benefit of the Australian people.
FRDC's role	To plan, invest in and manage research and development for fishing and aquaculture, and the wider community, and ensure that the resulting knowledge and innovation is adopted for impact.
Governance	<p>FRDC is committed to best practice and recognises the value of corporate governance principles.</p> <p>The governing body of the FRDC, the Board, provides oversight within the following legislation:</p> <ul style="list-style-type: none"> • <i>Primary Industries Research and Development Act 1989</i> (PIRD Act), • <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act). <p>The Board's objectives are to add value by ensuring that appropriate governance is in place by:</p> <ol style="list-style-type: none"> a. setting the strategic direction of the FRDC, b. developing policy to help implement this direction, c. monitoring and supervising systems that deliver the results of the FRDC, d. ensuring accountability (including engaging with, and reporting to, stakeholders), e. ensuring legal compliance.
Stakeholders	The FRDC works with a diverse and geographically dispersed collective of stakeholders that share a connection and interest in fishing and aquaculture. Among these are four ministerially declared representative organisations (see www.frdc.com.au). More broadly, FRDC works with members of commercial wild catch, aquaculture, recreational, Indigenous and post-harvest sectors, fisheries managers, researchers, non-government organisations and the Australian community.
Revenue	<p>Revenue for research and development (R&D) investment is collected through:</p> <ol style="list-style-type: none"> a. Australian Government unmatched funds equivalent to 0.50 per cent of the average gross value of commercial Australian fisheries production (AGVP) for the current year plus the two preceding years, b. commercial fishers and aquaculturists contribute at least 0.25 per cent of AGVP, c. Australian Government matches these contributions up to a maximum of 0.25 per cent of AGVP.
Planning	<p>The purpose of this R&D Plan is to set a five-year strategic direction for the FRDC. Supporting the R&D Plan itself are annual operational plans and targeted measures for each outcome and enabling strategy to identify FRDC's investment priorities over the next five years.</p> <p>The FRDC will ensure this R&D Plan has meaningful impact by contributing to national and international targets and commitments, such as the National Marine Science Plan and the United Nations Sustainable Development Goals.</p>
Reporting	Reporting of progress against this R&D Plan will be consistent with a performance management framework in alignment with the FRDC's statutory obligations. This framework sets out how achievement along the way will be evaluated using metrics that are appropriate, timely and provide an accurate picture of FRDC's investment.

Source: FRDC website

Recommendations

1. It is recommended that this report is circulated to the NAC board for further discussion.
2. It is suggested that the NAC board consider commissioning a master plan that articulates the model for the ideal national aquaculture entity. The master plan should then be presented to all stakeholders for input and an indication of potential commitment.
3. In the interests of full transparency, it is recommended that NAC send the stakeholders consulted in this study a copy of this report with an email thanking them for their participation.

Stakeholders consulted

1. Aaron Irving	NAC Board
2. Grahame Turk	NAC Board
3. Len Stephens	NAC Board
4. Julian Harrington	NAC Board
5. Rhys Hauler	NAC Board, Sketting
6. Kim Hooper	NAC Board
7. Jo-Anne Ruscoe	NAC Board
8. Dr Patrick Hone	FRDC
9. Wayne Hutchinson	FRDC
10. Veronica Papacosta	Seafood Industry Australia
11. Chris Calogeras	Consultant
12. Nick Savva	Australian Abalone Growers Association
13. Ian Stagles	Aquaculture Council of WA
14. Brian Jeffries	Australian Southern Bluefin Tuna Assoc
15. Anthony Ciconte	Commonwealth Fisheries Assoc.
16. Pheroze Jungalwalla	Former Chair NAC
17. Tony Troup	Camden Haven Oysters
18. Martin Hemen	South Australian Aquaculture Council

19. Will Conn	Ridley
20. George Day	Department of Agriculture, Water & Environment
21. Neil Hughes	Department of Agriculture, Water & Environment
22. Ingo Ernst	Department of Agriculture, Water & Environment
23. Angela Williamson	Tassal
24. Johnathon Davey	Seafood Industry Victoria
25. Boris Musa	Mainstream Aquaculture
26. Ruben Alvarez	Petuna
27. Pene Snashall	Huon Aquaculture
28. Sam Gordon	South Coast Marine Culture
29. Ian Charles	Freshwater Native Fish Association
30. Gary Zippel	SA Oysters Growers Association
31. Caroline Henry	Won Bon Oysters
32. Colin Valverde	Aquaverde Redclaw Hatchery