



SYDNEY FISH MARKET SUBMISSION

Inquiry into the Regulation of Australian Marine Fisheries and Aquaculture Sectors

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1 Introduction

Sydney Fish Market Pty Ltd (SFM) is the principle interface between seafood consumers and producers in NSW. It accepts responsibility to support the seafood consuming public on issues that impact supply of, and demand for, seafood in this State. As such we have a fundamental responsibility to promote informed debate on the issues that affect the health and sustainability of marine commercial fisheries.

We are a working fish market which sources product from all Australian fisheries management jurisdictions and trades about 14,000 tonnes of seafood annually – with up to one hundred seafood species traded every day and approximately 500 species traded annually.

We welcome this opportunity to provide input into the inquiry into Productivity Commission inquiry into on Commonwealth, state and territory regulation of wild capture marine fisheries. We look forward to further opportunity to comment on the draft report later this year.

This current submission focuses on three issues and information requests identified by the Commission:

- The value of commercial fishing
- Accreditations
- Fish Processing, Wholesaling and Retailing.

2 The value of commercial fishing

“The value of commercial fishing is more readily determined by the market value of their catch. For recreational fishing and Indigenous customary fishing, however, the true value of the activity is not measured in market terms but rather in the benefits accruing to the fisher — such as their enjoyment of the activity, a connection with nature, the preservation of cultural or family traditions; even the taste of fresh fish.”

SFM considers that two assumptions made by the PC regarding valuation of commercial fisheries should be reconsidered:

1. Valuation of commercial fisheries on the market value of catch
2. Exclusion of non-economic benefits to the commercial sector.

These are discussed in more detail below.

(1) Valuing commercial fisheries based on the market value of catch is an underestimation of the economic benefit of the sector.

SFM considers it erroneous to consider the value of the catch as the sole measure of the market value of commercial fishing and as a guide to help determine sectoral allocation criteria. The Fisheries Service of the US National Oceanic and Atmospheric Administration (NOAA) has been estimating the economic impact of the fishing sector using a common valuation method, input output modelling. These models are based on the value that each agent in the supply chain adds to the fish and seafood products that it purchases. This would include for example: the activities of commercial fishermen (reflected in commercial landings of fish), processors, wholesalers/distributors, retailers, cafes and restaurants. So, whilst the value of US fisheries landings was estimated to be \$3.9 billion in 2009, the seafood industry as a whole generated US\$116 billion in income impacts.

Commercial Economic Impacts Trends for the United States

(Source:

http://www.st.nmfs.noaa.gov/Assets/economics/documents/feus/2009/US_Summary_Econ.pdf)

Catch Revenue	US \$3.9 billion
Jobs	1.3 million full and part-time jobs
Income	US\$ 31.6 billion
Sales	US\$ 116 billion
Value Added	US\$ 48.3 (\$15m from imports)

Using the trip cost approach, in 2009, NOAA estimated that there were approximately 11 million recreational anglers across the U.S. who took 74 million saltwater fishing trips around the country. These anglers spent \$4.5 billion on fishing trips and \$15 billion on durable fishing-related equipment. These expenditures contributed \$50 billion in sales impacts to the U.S. economy, generated \$23 billion in value added impacts, and supported over 327,000 jobs.

We point out the inequity and inaccuracy in the use of these figures if the sales impacts of recreational fisheries (US \$50 billion) had been compared solely with the catch revenue of the US commercial fisheries sector (US\$3.9).

As part of a proposed redevelopment of the SFM site, SFM has commissioned Deloitte Access Economics to undertake independent studies on the estimated wider economic and social contribution to the NSW economy by SFM (pre and post redevelopment). Copies of these reports can be made available to the PC for information, once they have been completed and released publically.

There have also been two^{1,2} Fisheries Research and Development Corporation studies on the economic value of the commercial fishing sector in New South Wales, the most

¹ Harrison, J. (2009) A socio—economic evaluation of commercial fishing industry in the Ballina, Clarence and Coffs Harbour regions. http://frdc.com.au/research/Final_Reports/2009-054-DLD.pdf

recent of which investigates the social and economic contribution of commercial fishing to 18 regions along the coast of NSW and the state as a whole. The preliminary results of this project will be available soon.

Therefore in order to fully understand the contribution of the commercial fishing sector to the Australian economy and form the basis of a rational discussion concerning the economic impact of sectoral allocations, there is an urgent need for a nation-wide economic impact analysis of the commercial seafood sector.

(2) Non-economic benefits also accrue to the commercial fishing sector

As with any primary industry in Australia, there are also non-economic benefits accruing to the commercial fishing sector – the projects described in the previous paragraph details such benefits. Participation in commercial fishing creates complex networks between fishermen, their families, marine ecosystems, and the community at large.

Social benefits are acknowledged and realized through social objectives in fisheries management and form a core part of the ESD management framework which underpins Australian fisheries management and is commonly agreed as the way forward in both fisheries and marine ecosystem management.

3 Accreditations

“To what extent do private sector accreditations and certifications overlap with government regulations?”

What special value is accorded to private sector accreditations? Could private and government accreditation and certification be better differentiated and aligned?”

To what extent can third party accreditation be relied on as an alternative to regulation?”

Over the period 2012-2015, SFM co-funded an FRDC project investigating the applicability of the Responsible Fisheries Management (RFM) third party certification scheme for Australian fisheries, which is currently being used in Alaska, Iceland and Louisiana. This scheme, as with all other private certification schemes, has the FAO Code of Conduct on Responsible Fisheries and Eco-Labeling Guidelines as its basis. The outcome of this research was that existing private certification schemes were not well suited to all Australian fisheries. Furthermore, whilst third party certification was a condition for market access in the US and European markets, the benefits of certification for the domestic market either in terms of a price premium, market access or social licence were not demonstrated.

For those fisheries wishing to be certified, they often require substantial fisheries management agency staff time and sometimes additional research. SFM supports initiatives which align the information demands of third party assessment processes (including those that are not certification schemes) with government regulatory and

² Social and Economic Evaluation of NSW Coastal Commercial Wild-Catch Fisheries. <http://www.uts.edu.au/about/faculty-arts-and-social-sciences/what-we-do/research-projects/valuing-coastal-fisheries#about>

reporting processes and enable equivalence. This would reduce the significant resources fisheries management agencies have to dedicate to meet the research, management and reporting requirements of each individual process and enable common messaging using similar metrics to the broader Australian community.

However, SFM believes that some of Australia's lower value, inshore and small scale fisheries do not fit existing third party certification schemes either because the schemes themselves are not fit for purpose, the benefits of certification (usually market access) are not relevant or because the information required to demonstrate conformity to the scheme are not available or are too costly to acquire given the value of the fishery. SFM therefore believes that caution should be exercised in the alignment of regulatory processes and third party certification schemes if they are skewed towards higher value, data rich fisheries at the expense of data limited fisheries. This could lead to negative perceptions about data limited fisheries, because they are unable to meet the information demands of third party certification schemes.

With regard to reliance on third party certification as an alternative to regulation, SFM believes that there is a reputational risk associated with the replacement of regulation with private third party standards. An example of this would be the certification of a fishery which is known to be poorly managed in another country using the same standard. This could lead to negative perception about the standard and affect any Australian fisheries certified under the same standard. It is precisely for this reason that Iceland chose to develop its own Responsible Fisheries certification scheme as it believed that the country's fisheries management credentials were robust and defensible.

4 Fish Processing, Wholesale and Retail

"How effective and efficient are regulatory arrangements covering downstream seafood processing, wholesale and retailing businesses including: food safety; labelling; environmental management and other regulations?"

Food safety and traceability: Current traceability requirements in Australia are tailored around a one up - one down - system whereby a supply chain actor needs to be able to demonstrate that they can trace who they obtained a product from and who they sold it on to. In SFM's view this one up one down system has proven to work very well over the years and has successfully allowed both Food Authorities and fisheries management agencies to trace forward or back product when necessary for food safety (recall) or fisheries compliance purposes.

We however acknowledge that this approach would not be viewed as best practice traceability with respect to seafood products such as that used in the EU. Due to both major food safety and sustainability concerns in their jurisdiction, the EU has developed a sophisticated through chain traceability system (initiated through the EU Tracefish project) that has become a European Standard, (CEN CWA 16597:2013). Two ISO standards have also been developed; ISO 12875:2011 - *Traceability of finfish products* --

Specification on the information to be recorded in captured finfish distribution chains and ISO 1287:2011 Traceability of finfish products -- Specification on the information to be recorded in farmed finfish distribution chains.

This system is very sophisticated and therefore best suited to an environment where seafood undergoes transformation in highly mechanised seafood processing factories primarily aimed at supplying the major retailer supermarkets. Whilst often considered to be best practice in seafood traceability it would not suit the current Australian industry due to the fact the industry here is much less focused on processed and packaged retail products.

Labelling: SFM supports the principle that consumers are entitled to make an informed choice when making purchasing decisions. Our view is that the introduction of country of origin labelling for seafood sold through restaurants and catering outlets would allow the consumer to make this informed choice with respect to the country of origin provenance of their purchases.

SFM would also like to see the Fish Names Standard legislated to ensure a common naming approach is adopted throughout Australia. Without this the opportunity exists for species confusion which can have either food safety or fisheries management implications.