INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

To search the parliamentary database, go to:
http://parlinfo.aph.gov.au
Members in attendance: Senators Ian Macdonald, Siewert and Mr Gray, Ms MacTiernan, Ms Price, Mr Snowdon.

Terms of Reference for the Inquiry:
To inquire into and report on:

Policies for developing the parts of Australia which lie north of the Tropic of Capricorn, spanning Western Australia, Northern Territory and Queensland, and in doing so:

- examine the potential for development of the region’s mineral, energy, agricultural, tourism, defence and other industries;
- provide recommendations to:
  - enhance trade and other investment links with the Asia-Pacific;
  - establish a conducive regulatory, taxation and economic environment;
  - address impediments to growth; and
  - set conditions for private investment and innovation;
- identify the critical economic and social infrastructure needed to support the long term growth of the region, and ways to support planning and investment in that infrastructure.

The Committee to also present to the Parliament its recommendation for a white paper which would detail government action needed to be taken to implement the committee’s recommendations, setting out how the recommendations were to be implemented, by which government entity they were to be implemented, a timetable for implementation and how and when any government funding would be sourced.
WITNESSES

ARCHER, Mrs Elsia, Shire President, Shire of Derby/West Kimberley ......................................................... 1
BROWN, Mr James, General Manager, Cygnet Bay Pearls ................................................................. 11
CHAPPELL, Ms Rhondda, President, Broome Chamber of Commerce & Industry ............................. 8
DONOHOE, Mr Kenneth, Chief Executive Officer, Shire of Broome ............................................................. 1
GASH, Mr Stephen, Chief Executive Officer, Shire of Derby/West Kimberley ........................................ 1
HIGH, Mr Daniel, Manager, Economic Development, Shire of Broome ......................................................... 1
MITCHELL, Mr Chris, Executive Officer, Regional Development Australia and Councillor, Shire of Broome ......................................................................................................................... 1
MOASE, Mr Patrick, General Manager, Clipper Pearls Pty Ltd ................................................................. 11
PROUSE, Mr Charles (Rocky), Kimberley Aquaculture Aboriginal Corporation ....................................... 21
ARCHE, Mrs Elsia, Shire President, Shire of Derby/West Kimberley
DONOHOE, Mr Kenneth, Chief Executive Officer, Shire of Broome
GASH, Mr Stephen, Chief Executive Officer, Shire of Derby/West Kimberley
HIGH, Mr Daniel, Manager, Economic Development, Shire of Broome
MITCHELL, Mr Chris, Executive Officer, Regional Development Australia and Councillor, Shire of Broome

Committee met at 15:28

ACTING CHAIR (Ms MacTiernan): Thank you everyone for being here. I want to start by acknowledging that we are on the land of the Yawuru people and we pay our respects to them. I now formally declare this meeting open. These are formal proceedings of the parliament and the giving of false or misleading evidence is a serious matter and may be regarded as a contempt. The evidence given today will be recorded by Hansard and attracts the parliamentary privilege. I invite you to make a five-minute opening statement before the committee asks questions.

Mr Donohoe: With our five-minute overview I will ask Mr Daniel High, who is our economic development officer for the Shire, to run through a small presentation. But can I firstly welcome the aquaculture deliberations by the Joint Select Committee on Northern Australia.

Mr High: The Shire of Broome has been working on an inward investment prospectus. One of the industries featured within that prospectus will be aquaculture and there are some examples of how the formatting of that will look. In 2014, the Shire of Broome with the KDC and LandCorp commissioned an economic profile. Some interesting megatrends that we feel will drive demand for aquaculture came from that profile—such as the statistic that in 2050 world agrifood demand will be 77 per cent higher than in 2007. There is belief that the Kimberley region's advantage can come from providing a higher margin, higher quality protein product.

The increase in the demand will come from Asia, driven by population growth in the middle class. To respond to world food demand the gross value of Australian food capacity will need to grow by 45 per cent by 2025. We feel that is unlikely to be achieved without improvements in productivity and bringing new production areas such as aquaculture on stream. We believe the Australian product is likely to be seen not so much as a high-volume in Asia but more of a premium brand due to the growing environment that we have in the Kimberley, and the fact that the produce can be grown in close proximity to south-east Asia for export.

The August 2014 announcement of the Kimberley aquaculture zone and the streamline processes that will go with increasing licence volume, we feel will be another factor that will drive investment in aquaculture. We believe there could be significant downstream industry development such as transport, logistics, security, stock hatcheries, education and training, ice works and refrigeration infrastructure. We see opportunities in line with recent state government announcements in regards to Cape Leveque Road upgrade to see improvements in the transport infrastructure for the aquaculture industry, and that will provide a range of economic and social benefits. Within the Shire of Broome's new town planning scheme, aquaculture is a designated use class and it can be considered in industry light service and industry general agriculture, culture and natural resource, smallholdings and rural residential uses.

The Kimberley Training Institute, who I believe will present later, already offer first-class courses within the aquaculture industry from Certificate I through to Diploma. They actually have an aquatic centre which is already up and running and has been for a while now. The centre provides state-of-the-art facilities in training, research, production and industry support for aquaculture. There is also alignment with the WAPC's Dampier Peninsula planning strategy of April 2015. A lot of these things dovetail in with the national aquaculture statement from the Commonwealth Department of Agriculture of 2014, which states that aquaculture is a significant part of the seafood industry requiring effective research, policy and development frameworks. It can provide significant investment and sustain employment opportunities particularly for regional and rural economies, including Aboriginal and Torres Strait Islander communities. It can provide great support for food security. There is a requirement for industry leadership representation and resilience, and it is highlighted within that the importance of innovation, research and knowledge transfer for ongoing success of the industry.

Mr Gash: We believe the Shire of Derby/West Kimberley are well placed to talk on this subject not only due to the proximity to the aquaculture zones but we also operate and manage the Port of Derby, and the Curtin air base and the Derby airport. That puts us in a good position in that we have a close relationship with industry and we currently support the operations of Marine Produce Australia, who run the cone bay barramundi across the
Derby wharf. We have assisted them through the development and also look forward to the opportunities for growth in the future. For example, currently we are only using one to two days alongside the wharf capacity for the aquaculture, so there is significant capacity along the Derby wharf for further development.

We are also rather excited about the potential barging development that look to be developed at the Derby Port. After an expression of interest earlier this year, we have got preferred proponents for significant increases in laydown area and also barging facilities to allow more barges or boats to be alongside in a separate area for a longer window of time—that significantly increases the capacity moving forward as many of the industries grow out of the Kimberley. Combine that with already being on a state road train route and with the links we have directly to airports capable of direct export.

One of the opportunities that we are looking at filling in the gap of is the broader support services. We have noticed that in the growth of these industries sometimes there is an incremental nature in the way that they start out and we are often worried whether industries as they come in—especially with aquaculture—can reach that critical mass fast enough. That is where as a shire we have tried to support the emerging industries at the Derby Port to actually allow things that may well be shut out from busier ports or different environments to develop incrementally. If you look at the growing times of the different produce, there is a long lead time not only in the application phase but then the construction phase and then the growing phase before you start seeing the results on the ground—that requires a lot of support.

One of the examples that we point to often, and in our submission we included a photograph, is where the community helped MPA with the construction of its polar circles, the cages that hold the barramundi. They were done in a public car park because there is a lack of laydown area very close to the water where you can drag things into the water and out to site. It has to be fairly close to site from the sea anyway, but then you also cannot drag them over mangroves and you have to have access where you can get into the water easily. In looking at some of the options there, we initially tried to help MPA find some realistic options where this could be done and in the end the only option was using our car park—our community embraced that. Those polar circles et cetera will be part of the new growth strategy for MPA moving forward. What it highlighted to us is this extra support. It is not just a logistics chain—it is also about the laydown areas and the capacity of your industrial and port side infrastructure, so that if you are going to have trucks nearby doing a just-in-time strategy they can drive right up there so you are not triple handling things. We hear different things whether it is ice or cold chill storage, et cetera. One of the big drivers of that is the way that the industry works in terms of getting the critical mass to justify the investment in the first place. We get worried that unless there is a cooperative approach, sometimes for the early entrants—and I am sure you will hear this through the presentations over the next few days—it is very difficult to get off the ground, especially with that long lead time.

So as part of our development planning, apart from the private investment in terms of barging, moving forward, through that expression of interest in the port we have attracted potentially $50 million of private investment to help develop these things and laydown areas. It is also about the forward planning of our whole port precinct around electricity, warehousing and those opportunities that tap onto the natural connections with the existing logistics supply chain.

Having been in that area and seen the growth of up to 1-2,000 tonnes per year, which at the moment is only one to two boats a week, there is a lot of growth potential there. There have been some suggestions about new infrastructure. We think there is the capacity to use existing structure and build incrementally, especially as different people who are looking in the Kimberley at the aquaculture zone, where they may be looking at growth, will not all be at the same stage. Not everything is going to come on line at the same stage. It is about that capacity matching, as well. You will not just build it and then there will be that massive use. One of the things we have often struggled with is around the fuel, feed, stevedoring and those sorts of things.

We will leave it there by way of background about our involvement in some existing operations. We hope that is useful to you, if you have any questions.

ACTING CHAIR: Thanks very much. Cone Bay is in your shire. You are saying that you are looking at the need for more infrastructure to service that.

Mr Gash: It is already serviced from the existing infrastructure. We are looking at going up from the existing just under 2,000 tonnes a year to the licensed capacity of 7,000 tonnes. We will refer you to Marine Produce Australia, who will present in Perth on the 11th. We are looking at the growth from 2,000 to 7,000, but we are also planning on what that bigger growth is for up to 20,000 tonnes for the whole zone. Currently there is a lot of shipping. There is a boat called the Innovator that supports Cone Bay. It could be that the ideal vessel out there is more barging, where you can get more roll-on-roll-off so you are not double handling things on trailers. It may be better for the feedstocks and things like that as well.
ACTING CHAIR: Has there been a business case run for this? For the increment to be spent on the infrastructure around the port—have you got that?

Mr Gash: Yes. Our business case has basically been driven by private investors. We went out to a full expression of interest, and it is the market who are saying, 'We want to invest this much in a barging facility, because we have already gone out to the market and we know there is this much demand.' They have also come back and looked at the laydown area and what value that has. So we are at the stage of finalising leases over the next month with three proponents at the Derby wharf, to look at a range of commodity laydown and warehousing and also barging facilities. But that is all privately done.

ACTING CHAIR: So you are not saying you need an additional package to that?

Mr Gash: No, but it is in our planning, because we expect that there will be growth. What we are saying is we have the capacity, and we have a growth pathway and an investment pathway where we are working with the private marking to do that now. That is well in play, and we are already supporting the Cone Bay operation as it is, with excess capacity now, already.

ACTING CHAIR: Chris from RDA, do you have a submission as well?

Mr Mitchell: Thank you for the opportunity. From a regional perspective, not just from Broome, aquaculture in the Kimberley—we have substantial water availability, both sea and fresh water. Our main drawcard is that it is clean. There are no pollutants or any contaminants in the water, so aquaculture would thrive in the Kimberley plus the warmer waters. Extensive lands are available for aquaculture, particularly extensive mudflats in the region for prawn farms and things like that, which we have floated before but, due to land tenure and native title issues, a lot of the projects have never got past the signing of the documents.

If you look at Broome's history, Broome was founded on aquaculture through the pearling industry. In the late 90s, the Kimberley Aquaculture Association was formed to promote aquaculture in the Kimberley region. We held two extensive conferences in the region to try and get aquaculture up and running. We had people interested in redclaw freshwater crayfish, numerous aquarium-type species, silver cobbler, oysters—there was Artemia at Derby in the early days. There were oysters at Rumbul Bay. The Kimberley Training Institute has the aquaculture facility and Paspaley had the pearlaring hatchery at the wharf.

There are a lot of things that can happen in aquaculture, and I am sure that we can show the world how Australia should be leading in this field. They are a few points. One of the issues, though, is land tenure. What caused a lot of issue in the 90s and early 2000s was the bureaucratic process around getting approvals—introduced species from Eastern states across borders and things like that. There were some—I suppose you would say—biosecurity issues, but a lot of those have been sorted out.

CHAIR: Thank you. Just before I open up to questions, you are saying that you have the infrastructure that has come into play through the private sector and you have talked a lot about the potential. What are the barriers to this potential? What does government need to do to make this great story about how appropriate it is become a reality?

Mr Donohoe: First of all, from an infrastructure point of view from Broome's perspective, the port sits there at 38 per cent use. I am talking about Kimberley ports in relation to Broome. We had significant lay-down areas already established in Broome. We have 900 kilometres of coastline. I think that one of the things that we are all need to get involved in—Commonwealth, state and local government—is actually going out, pursuing market and looking at what the market opportunities are and doing that with one voice. To cultivate and to develop some of the opportunities for future growth that are being discussed—I am not talking about the NPA proposal—I think we have got to look at this in a prescient way, considering the availability and the opportunities that we have got and also looking at those overseas markets from the Shire of Broome point of view. We are wanting to see the Cape Leveque Road developed. We have already had a truck network running right into our port but actually having a sealed road would allow better opportunities for some of those Indigenous communities for market and transport.

ACTING CHAIR: Broome to Beagle Bay, you mean.

Mr Mitchell: Into Ardyaloon and looking at some of the opportunities that are running all the way. The 88 kilometres in the centre is unsealed. The top part is already sealed, but if we had that section in the middle sealed, it would allow those other markets to develop considering the amount of coastline that we have, which again is pristine.

Mr Gash: From the Shire of Derby West Kimberley's perspective, one of the limiting factors we see is we are still not clear on the licensing arrangements for areas such as the Kimberley aquaculture zone and the balance of the 20,000 tonnes. In our submission we just expressed a concern that if there are multiple small players, unless
they can have a coordinated, cooperative approach, we have seen firsthand where, unless you get to that critical mass, it is very hard to carry the cash, get investors and get over that start-up hurdle. We think that getting that critical mass either by clustering or coop or something like that could be one of the key issues. A lot of that will depend on, for example, state policy on the allocation of further licences within the zone.

**ACTING CHAIR:** Chris, did you have anything that you wanted to add?

**Mr Mitchell:** I suppose that one of the things we really need is some really sound translocation policies. That was one of the problems that caused nothing to really happen in the early days. Currently, barramundi are coming from Queensland through Adelaide and Melbourne to get to Perth and then they get sent up to Cone Bay. The barramundi can be bred in the Kimberley. But in the old days we could not translocate any fish from the eastern states into Western Australia but now we can. Breeding a lot of these fish species would be quite easy in the Kimberley region or in the north of Australia, as in the Commonwealth's Northern Australia policy. There is so much potential. As I mentioned before, land tenure was probably one of the biggest issues. Actually identifying aquaculture development zones or areas that aquaculture could be used and things like that may assist in getting aquaculture up and running properly.

**Senator IAN MACDONALD:** Could somebody briefly tell me what the Kimberley Aquaculture Development Zone is? Does that mean that all the red tape has been done in the zone and so it makes it much easier to set up aquaculture? I only need the two-line version.

**Mr Gash:** In essence, I think there was a lot of private development investigation and then some state money went to it to then define a zone—I have got some maps to circulate to members. After the last bit of the state investment, I believe that then triggered the licensing once they worked out what the capacity of the zone was. One of the things moving forward is: who will then develop future zones? Will it be the private investor? If they put the seed money in, does that mean that they are doing the seed money for other licensees or is it state or Commonwealth?

**Senator IAN MACDONALD:** So these rules are not clear at the moment?

**Mr Gash:** Not to us. I think that would be a question to direct to some of the proponents who have had to invest in some of the proving the volumes and the areas.

**Senator IAN MACDONALD:** I would assume though that having set up a zone, it should make it easier for investors to get involved. Is that your understanding?

**Mr Gash:** It is our understanding of the zone. As we said, one of the things we are waiting to see is what the criteria for future licences are and what type of sizeable chunks are they going to be? How will they be assessed? At the moment, I think it is only at an expressions of interest stage.

**ACTING CHAIR:** Can you clarify this. My understanding from the submission is there is actually someone operating out of there at the moment.

**Mr Gash:** We have got one operator who is just under 2,000 tonnes. They have got a licence for 7,000 tonnes.

**Mr GRAY:** That is in Cone Bay, is it not?

**Mr Gash:** Yes, that is correct.

**Senator IAN MACDONALD:** This seems to be an ideal spot for aquaculture right along the coast. There have been rumours running around about huge developments and big money from overseas coming in. Has any of that eventuated at the present time or is it still being talked about?

**Mr Donohoe:** There have been discussions both in the West Kimberley and elsewhere. Going back to where I was going before, we see Chinese investment groups, Vietnamese investment groups and also Middle Eastern business groups coming through looking at opportunities for aquaculture and agriculture at the moment. But I have not seen anything developed through to market. I guess that is one of the things that we are wanting to progress. Mr High was saying that we are looking to put together a prospectus so that we have actually got something to say: here are these opportunities.

**Senator IAN MACDONALD:** Surely investors would do their own research? They do not need your glossy brochure to do that.

**Mr Donohoe:** But I think it is also important that we actually say what is available out here and what are some of those opportunities. People are not aware of that.
Senator IAN MACDONALD: You have said you are Australia's leading aquaculture people. What is your competitive advantage? If you can get planes, you are closer to the Asian market; that is clear. Is it clean water? What is your competitive advantage realistically, not just a bit of padding from people around this area?

Mr Mitchell: The issues are especially in Asia, where a lot of the prawn farms and aquaculture areas are affected by pollution and stuff like that. We do not have any of those issues. There is no farm land against most of the freshwater areas. There are no pollutants in the ocean, that is why the pearling industry thrived for so long.

Senator IAN MACDONALD: That is fabulous but—

ACTING CHAIR: Sorry I have got a couple of people that have got questions.

Senator IAN MACDONALD: I just want to finish on that. It seems to me you have everything going for you but it does not happen. I suspect red tape. I have been coming to Broome for 25 years now. Every time I come someone tells me land tenure is the problem to every perceived issue in Broome, be it housing, expansion, airports, or whatever.

Mr Mitchell: Sorry, I would not say it is just Broome only, the land tenure. There have been issues, and we have resolved a lot of native title so things can happen especially with Indigenous communities in getting them involved in aquaculture. This is a chance for Indigenous aquaculture involvement, especially the one up in King Sound. Our tropical waters are really good for growing fish, and that is one of our advantages.

Senator IAN MACDONALD: I will leave it there and conclude with the chair's question: what do you need to make it all happen?

ACTING CHAIR: That question has been asked

Senator IAN MACDONALD: I am just going to leave it; I am not expecting an answer.

ACTING CHAIR: Did you want to comment on that?

Mrs Archer: I was just going to say, sometimes it is investment. As the CEO just said, have to start off small. It is a critical mass, but to get to that critical mass is investment and that sometimes can be a barrier.

Ms PRICE: I wanted to clarify for the committee that we are talking about up around near Derby's Cone Bay, which is not quite investor ready but at least the state government has identified an area of land that is suitable for aquaculture investment. Further, when we come down towards Broome and hear what Mr High and Mr Donohoe have talked about, the Broome Shire Council's view of having an investment brochure or prospectus. The way I understand it is the state government has not identified the same sort of area of land suitable for aquaculture closer to Broome.

Mr Donohoe: Through the chair, quite correct. While we have a $90 million pearling industry, we have identified precinct areas for aquaculture development on that coastline. While discussion is there, there is opportunities to link across to Ardyaloon, to reduce steam times or travel times into the bay. We have not capitalised on those opportunities, and our representation is to say that there are fantastic opportunities on that coastline and we are wanting to see those developed.

Ms PRICE: I want to go back to what we were talking about before: the Derby port. If you were to be at capacity, so if the whole of the Kimberley aquaculture development zone was taken up, have you got problems with space from a lay-down perspective in Derby—is that going to put you under pressure?

Mr Gash: Not with the planning that we are doing. If it was on the current layout, yes, if it was just the two berths. That is why we are doing the planning now. It has taken several years to get up to the 2,000 tonnes out of that zone, so the balance of the 20,000 we think will be progressive. That is why we are doing it now with the lead time for the private investment. Our planning indicates that we can go a long way towards that.

ACTING CHAIR: I am still trying to clarify that point. It is not just planning, because you have actually got companies that are prepared to come in and do at least part of that delivery.

Mr Gash: Yes. At the moment, the responses to the expression of interest were actually at leasing stages. They have done all their preliminary engineering and, once they do that, it will be through approvals et cetera. There are investors who want to say, 'We'll sign leases for the area, because we want to have the security of tenure to take this through.'

Senator SIEWERT: I want to go to the point you made, Mr Mitchell. I think it was you that mentioned the biosecurity issues and how they have been resolved. Can you please take us through that issue.

Mr Mitchell: In the late nineties, when fisheries were looking at getting aquaculture happening in the Kimberley, we were not allowed to bring fish from the Territory or other parts of Australia into WA. There was, I suppose, a fear that the fish from across the border would introduce disease into WA. It sounds like it was totally
unfounded and now other fish are being bred in Queensland and brought all the way through to WA for use in the aquaculture trade. Those barriers must have been lifted.

Senator SIEWERT: 'Must have been' or you know that they have been?

Mr Mitchell: I left the fisheries some years ago so I am not sure how it was done, but fish are coming in from the eastern states. That is all I am aware of.

ACTING CHAIR: Can we clarify this, Rachel, because one of the submissions—and I am not sure which group; I think it was from Challenger—said that the actual feedstock is coming from Perth?

Mr Mitchell: Yes, from what I am aware it goes through Challenger. So it goes from Queensland all the way down and around to Challenger and then it comes up from there.

Senator SIEWERT: We can follow that up on Thursday, but presumably they go through a hygiene process to ensure that disease is not being introduced into the—

Senator IAN MACDONALD: Anything that comes from Queensland is pure.

Mr Gash: We are talking about stuff from the Northern Territory, aren't we?

ACTING CHAIR: I will not use the Gough phrase 'impotent are the pure'.

Senator SIEWERT: Yes, there is the mosaic virus that they have up there and the Panama disease they have up there too. They are not to do with fish, but let us not get into state versus state on hygiene. But you have not been part of that process, so you do not know?

Mr Mitchell: Not the actual process, no.

Senator SIEWERT: I will chase that when we have the hearing on Thursday.

Mr SNOWDON: What products are you thinking about? You have barramundi I understand; what other species are we talking about here?

Mr Mitchell: Silver cobbler—it is catfish, but they market it as silver cobbler in Kununurra. Barra is one of the prime species, but there is potential for most of our northern species: some of the cod species, gold band snapper and stuff that has been successfully bred in the Northern Territory. The potential is there. We had an aquaculture facility at the wharf where the KTI, the TAFE, has its site. The other set-up was run by Manbana for a while. That was set up through Fisheries and the association to breed different species of fish. There was trochus and the potential for beche-de-mer, or sea cucumber, as they call it. So they were looking at multispecies projects.

Mr SNOWDON: The tonnage you refer to is just barramundi presumably?

Mr Gash: Yes, at the moment, but it can be used for any species. It is just a matter of what each company or organisation's competitive advantage is and what they do well. I think MPA are looking at broadening into other species as well.

Mr SNOWDON: I would like to ask about your anticipated markets. Both Gary and I recently visited a barramundi farm in the Northern Territory, which is the biggest barramundi farm in Australia and the only one left in the Northern Territory.

Mrs Archer: The one at Humpty Doo?

Mr SNOWDON: Yes. They have a great business going, but one of the issues was the market. They do not sell anything overseas; all their product is sold domestically. A big issue the aquaculture industry is discussing at the moment, as you would be aware, is labelling. You can buy what is called barramundi at some restaurants in Perth but it will not be barramundi; it will be catfish or something else.

Mrs Archer: I have been in Canberra and Melbourne and they have had Cone Bay barra on their menus.

Mr SNOWDON: Yes. They have a great business going, but one of the issues was the market. They do not sell anything overseas; all their product is sold domestically. A big issue the aquaculture industry is discussing at the moment, as you would be aware, is labelling. You can buy what is called barramundi at some restaurants in Perth but it will not be barramundi; it will be catfish or something else.

Mrs Archer: I have been in Canberra and Melbourne and they have had Cone Bay barra on their menus.

Mr SNOWDON: I am sure that is the case, but I am just saying that there is a general issue about labelling, which has been the subject of quite a bit of discussion quite recently, so that we can compete. Obviously, if you are paying $30 a kilo for fish out of here or the Northern Territory and you are competing with imported fish that is selling at $5 a kilo, there is an issue. The issue of the market is something that I am interested in talking to you about not only for barramundi but also for other species. Someone mentioned prawns. There is no prawn farming left in the Northern Territory. That is a result of a range of things, not the least of which is the cheap imported prawns. Again going to labelling, I understand from the industry that Australian prawns attract a premium and people are prepared to pay it, so there may well be a decent market for them. Obviously there is for those from Queensland, because that is where they come from. But I think there is an interesting question to be answered here about where the market actually is. Where would you market in the north? Who would you be competing with? Because they are flogging a lot of stuff into Australia. Unless you have the top end of the market somewhere in Asia, they are going to be dealing with a lot of competition from very cheap producers.
**ACTING CHAIR:** Can I just comment on that before I go to Gary? I understand from the submissions that 80 per cent of Australia's fish is actually imported, so even if we were doing some product replacement it would be good enough.

**Mr SNOWDON:** That is true.

**ACTING CHAIR:** The labelling is an important part of that. Gary?

**Mr GRAY:** To go to the point that Warren is making, the Northern Territory barra operation has as its principal market the Northern Territory market, through established supermarkets and established fast food retailers. It is a very substantial opening up of the market that you could not have previously conceived, but it is actually getting the big supermarkets together with the suppliers, and the fast food industry together with suppliers, that has worked really well.

**Mr SNOWDON:** But they are prepared to pay the premium. This is the point.

**Mr GRAY:** Absolutely.

**Mr SNOWDON:** Marketing the product as barramundi, or Humpty Doo barramundi or Cone Bay barramundi, is obviously a good thing. The question is—and this is an issue that is being discussed by the government currently—how do you actually compel restauranteurs, for example, to label their fish from the place of origin? 'Vietnamese barramundi'—I do not think so. 'Cone Bay barramundi'—yes, that is a tick. I am wanting to promote the industry and how you actually get into those high-end markets, because that is clearly where you are going to make the money.

**ACTING CHAIR:** I am going to have to ask the members to comment on that now, because we do need to go on to our next presentation. The issues of market and labelling.

**Mrs Archer:** I agree that the Cone Bay one probably needs to be called Kimberley barra, so that they know that it comes from the Kimberley. That has been brought up at a meeting in Darwin. Having been to the Humpty Doo barra farm, it is totally different to the Cone Bay barra.

**Mr SNOWDON:** I understand that, yes. If I could ask you to address that also to the operators, because I know that they have done a lot of research on brand recognition, as well. I think that that will assist with a bit more background.

**Mr Donohoe:** I concur. The Kimberley is a brand in its own right, which indicates fresh, clean produce.

**ACTING CHAIR:** Thank you very much for that. If you have some additional matters that you wish to raise with us, please feel free to do so. If we have any further questions, we will send those through to you.
CHAPPELL, Ms Rhondda, President, Broome Chamber of Commerce & Industry

[16:10]

ACTING CHAIR: We now have Rhondda Chappell, the President of the Broome Chamber of Commerce & Industry. Thank you very much for coming. Do you have a submission that you would like to start off with?

Ms Chappell: I have a short statement and then I would like to present. The west Kimberley is well-placed to support the economic growth in the aquaculture area for both the domestic and international markets. The region is a proven location for culturing barramundi due to the good water flow through the sea cages, which the fish are grown in, due to the large tidal flow. The proximity to the Asian market of northern Australia and the expected worldwide demand for aquafood gives the Kimberley a competitive advantage for developing this market.

Resources to support the expansion and development already exist in Broome with Kimberley Training Institute’s aquaculture centre in Broome. They specialise in the production of finfish, including barramundi, and have already undertaken work and produced with species including tiger prawns and mud crabs, just to name a few. They are delivering courses in aquaculture to the diploma level. Increasing the aquaculture industry will provide additional opportunities for expansion of this centre and the ability to provide personnel to the companies located in the region.

To support this development, it will be vital that the infrastructure, in particular roads, is in place to allow the transport into the region of feedstock and other consumables required for the operations of the project and the transport of the product to the port of Broome, and that other methods of transportation are in place to take this to the marketplace. The expansion of the industry would create additional employment opportunities both directly in aquaculture and in supporting industries, including logistics, training and transport services, to move the product out of the region to the domestic and international markets. With growth in any industry there is a flow-on effect to other industries, including, for Broome, retail and housing within the region. Ensuring the region remains economically viable is vitally important. It has been identified that the Kimberley region needs to diversify its industry base to ensure viability going forward. The expansion in aquaculture would support this diversification. Broome has already been identified as a potential logistics hub location due to its established ports, airport, access to the Pilbara and the Kimberley regions and the close proximity to the Asian market. This makes this region the ideal location to promote the growth of the aquaculture industry.

Ms PRICE: Lovely to see you here, Rhondda. Has the chamber received requests for more information about investment in aquaculture since the announcement of the Kimberley zone?

Ms Chappell: No. I do not think we have received any requests for information. I have certainly had information provided to us from both the Cone Bay project and from Cygnet Bay Pearls on the developments they are working on.

Ms PRICE: We have taken evidence today from the council. They are putting together a prospectus, or they have one, with respect to the Broome Tropical Aquaculture Park. Obviously that is going to be located near Broome. Do you have any views on whether the port could cope with that?

Ms Chappell: I believe the port would have the capacity at this point in time. It may need further development as the region grows, but there is capacity for that development. They did look at the extension of the port. I think that happened between 2010 and 2014. They have gone with the extension of life at this point in time, which will improve that facility and give it more longevity. But there is still the plan that we could go for the extension of the port, making it a larger area.

CHAIR: Are there any further questions?

Senator IAN MACDONALD: Broome is famous for tourism and pearls. There are some good cows out the back country, too. But where does the chamber see the next job creation, wealth creation industries, in this part of the world coming from?

Ms Chappell: Tourism will remain one of our growth industries, in particular the fact that we have a niche market of tourism—and that is in growing with Indigenous tourism. I think aquaculture would play into that. People like to come to the region and see something different. If they are going and seeing an aquaculture park or if they are eating local produce, people like to do that. When you go to the region, you like to eat the produce of the region. I think that will support tourism and our growth there. Resources will remain a growth industry in this area—or one would hope so—especially come 2017 when there is looked to be more exploration in that area, and with impacts of Shell in that development zone, as well, and going into production. But the areas I think we would like to focus on is tourism, our niche market, certainly supporting the oil and gas industry, looking at aquaculture and agriculture, providing the protein for the world market, in particular China, as that market is moving into middle-class and looking for more of that produce for its market.
Senator IAN MACDONALD: You have seen all the statistics about the growth of the middle class in both China and India and, indeed, in many other parts of South-East Asia.

Ms Chappell: Yes.

Senator IAN MACDONALD: This location seems to me to be very appropriate for that sort of development. Is that something the chamber has focused upon—the competitive advantage that you have with clean seas and closeness to South-East Asia?

Ms Chappell: It certainly is one of our focuses. The focus of our Kimberley Economic Forum this year is about that we do have that competitive market advantage at the moment. We are certainly working closely with the Shire of Broome on that as well and the Kimberley Development Commission, ensuring that we promote this region and the capacity it has. With the capacity for beef cattle and the different markets, we are going into the Indonesian market at the moment. But the Vietnamese market is certainly one for cattle that can be explored as well—even though they do like their cattle just a little bit fatter!

Senator IAN MACDONALD: Perhaps you are not the right one to ask this, and I can ask the more appropriate witnesses later. But do Indigenous people to your understanding have a connection with aquaculture? Is it something that they feel is part of their culture or is it a completely foreign activity?

Ms Chappell: I do not think it would be foreign to them, especially not the coastal Indigenous people, because that has been their life. That is where they gain their food from. And we are certainly seeing that with the One Arm Point project, where they are working in those areas. I do not think it would be foreign but I do not class myself an expert in that area either.

CHAIR: There is a lot of work being done, isn't there? I think we are going to get some presentations on lots of the Indigenous aquaculture.

Mr GRAY: Thank you, Rhondda. It was a terrific presentation. What are your views about your labour force needs and the growth of the future skills in your labour market here in the Kimberley to support these diverse additional food production activities?

Ms Chappell: I think it is definitely needed. We have a need for more employment opportunities. We would like to be able to keep the youth of the region in the region. The work that Kimberley Group Training and Kimberley Training are doing in having the appropriate courses available already to start developing those skills is fantastic to support what is needed for the region. But we still have a high unemployment rate and a low engagement rate from parts of our community. It would be good to see some more employment opportunities for them.

Mr GRAY: And, yet, at the same time a relatively high penetration of working holiday-makers, and other visas are used. Can you just talk briefly about the utilisation of those visas to support the need for not just skilled labour but just labour in industries like hospitality? But, also, that goes into food and food production, too.

Ms Chappell: Obviously, I am not an expert on that area either. But we do have a high influx of seasonal workers. They obviously work very hard in our hospitality industries. They are required to keep that industry going, because it is a transitional seasonal industry. However, I believe there is the capacity to build the local skill to work in some of those areas too, and there is some good work being done around that at the moment—looking at how we can upskill both the locals and the transients to work in those industries and provide customer service.

They work in some of the quite intense labour and manual labour areas as well. If we could get a solid aquaculture industry going, I think we would be bringing people in to support that, especially if trained.

Mr GRAY: Thank you.

Senator SIEWERT: I want to go back to the issue of Aboriginal involvement. Have you not had any direct engagement with Aboriginal communities about the aquaculture?

Ms Chappell: As a chamber president, it is really not an area that I would be involved in. I have worked in other areas of Indigenous affairs but certainly not around the aquaculture. That is not an area I have done any work in at all.

Senator SIEWERT: Are you working with your members to encourage Aboriginal engagement with projects?

Ms Chappell: Yes. We have quite a close working relationship with KGT and KTI and we are marketing that to our members as a way to engage through the group training in particular. It seems to be quite a good model to work with where they have the additional support of external agencies to support them through their traineeships and apprenticeships.
Senator SIEWERT: I am thinking more in terms of partners and engaging in the actual projects. It is not that I am implying that it is not a good idea to ensure that there are as many Aboriginal people working in the field as possible through engagement with the training process; I am thinking in terms of partners in the development of proposals.

Ms Chappell: It is not something the chamber has done a lot of work in. We certainly support some of the organisations like Morrgul in the town. They are members of our association. We do a lot of networking activities where those people can be talking to local businesses, but it is not something we have run an actual project on. But it has merit.

Senator SIEWERT: Thanks.

ACTING CHAIR: If there are no further questions, I think we will wrap it up there. Thank you very much. If we have any further questions, the secretariat will contact you. If you think of something else that comes up, we would obviously be happy to receive that as well.

Ms Chappell: Thank you very much for your time.

Proceedings suspended from 16:23 to 16:41
BROWN, Mr James, General Manager, Cygnet Bay Pearls

MOASE, Mr Patrick, General Manager, Clipper Pearls Pty Ltd

ACTING CHAIR: Thank you for coming along and for your very interesting submission. We think this is going to be a most interesting session. I need to tell you that the proceedings today are considered to be a formal proceeding of the parliament so the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and it attracts parliamentary privilege. Would you both like to make an opening statement? We will then go to questions.

Mr Brown: Thank you to the members of the committee for making the effort to come to Broome and for giving us this opportunity—it is much appreciated. I tried to keep my submission short, I know it was not, but there is a lot happening in the area in terms of aquaculture and pearling. In fact, most of it we should be happy about. The stars really are aligning for the Kimberley and especially the West Kimberley area in terms of aquaculture development.

From this point moving forward we have significant improvements from the last aquaculture boom in the area, which of course was pearling. Now our stakeholders, our combined key stakeholders, are far more organised and far more resourced, and are ready to look for commercial opportunities and to commercialise the area. I feel that those things on top of the improved infrastructure that we now have here—when I am talking about improved I am talking about since my family actually pioneered the pearling industry some 70-odd years ago. Over the last 10 to 20 years there have been huge improvements in our native title with our traditional owners and with them now having their own internal governance and being far more capable of engaging with business and creating opportunities. From my perspective I think there is a lot to be excited about in the Kimberley. It is just a matter of how we, hopefully, make that happen in the shorter term rather than the medium to long term, which is inevitably what will happen if the industry is just left to itself without the right policy settings and whatnot to expedite it.

It took us a very long time to pioneer the pearling industry—it probably took about 30 years before we actually made any money, and then we had about 20 or 30 years of a very, very good industry, which has set us up well. That is one of the reasons I can sit here today and talk to you about what we are feeling now with the huge downturn in our industry, which has been going on for about 10 years. However, I am lucky enough to have directors who have been very wise through the good period of the industry so that we can reinvest in the pearling industry. We are investing heavily in the types of things that I have identified in this document, which, if spread across an industry strategy, I think would expedite the next phase of the Australian pearling industry so we do not have to wait 10 or 20 years to realise these things; I think it could happen much, much faster.

As I have pointed out, I believe the low-hanging fruit in this really is the re-establishment of the Australian pearling industry. It always has been considered as one of the primary Australian aquaculture industries and still very much could be with some minor adjustments. In the presentation I have made and with the alarm I have raised about this oyster oedema disease, it is certainly what I think is our greatest underlying issue in terms of production, but, having said that, it is no different to many other aquaculture industries within Australia such as the QX disease in the edible oyster industry. Indeed, the world is facing these types of issues. These things can be overcome by research. It is not hard; it is quite simple. It just needs to be driven and focused effectively and not put off, basically—which is what has happened, in my opinion.

So, if we can get the Australian pearling industry back on track again, we can instantly turn a sub-$50 million into a possibly $200-plus million industry as it was, even at a wholesale level. If we develop the other things I talk about in my submission, such as trying to achieve the premium that consumers are prepared to pay for the provision of an Australian pearl, we can develop a retail environment as well in Australia that really does utilise our product rather than substituting low-cost imports for it and probably turn at $200-plus million industry at wholesale straight to retail in our country, which could leverage it a whole lot more. Whether it is $300 million or $400 million or even more, who knows, but the right tools in place would certainly deliver those things. Again, that is what we are investing in. We have real experience over the last six or seven years of tackling those strategies ourselves at an individual level.

ACTING CHAIR: Would you perhaps say a little more about the oyster oedema disease.

Mr Brown: Oyster oedema disease was named by the fisheries department in 2006. I believe, after the disease wiped out about 2.8 million shell in the Exmouth Gulf. That was the dramatic first sign of this disease. Whether it was around in the industry prior to that is unknown, really. That, of course, saw big companies such as Kailis exit the industry almost instantly, along with Morgans and a range of others, because it was that dramatic down there. The disease now has spread. The fisheries department believes that it has probably spread industry wide and that there is nowhere you would be able to find a disease-free area with any certainty. It was called oyster oedema
disease for the simple symptoms that were expressed at the pathological level, but, at the same time, we have not been able to identify a pathogen, and we have spent the last nine years trying to do that.

There is an FRDC project that is quite well progressed now where we have been working closely with Clipper and the rest of the industry on using next-gen sequencing to try and identify what this thing is. That is the first step, obviously, to try and understand what we are dealing with. But, even in the absence of understanding what it is that is causing the symptoms, there is still significant research the industry could have been doing to deliver far more resilient stock. A whole range of other things that, again, are not unique to this industry have already been done in other aquaculture industries but, for various reasons, have not been done with the pearling industry yet. I could go on forever about OOD, but are there any areas you would like me to continue on?

ACTING CHAIR: No, that is fine. We can do more during the question time.

Mr Brown: The other key thing in this submission about OOD, which it is important for the members to understand, is that what you would find—if you had got the fisheries department to actually produce a report for you—is that in the old historic pearling areas of these sheltered bays, which the Kimberley coast has in abundance and is where that $200 million-plus annual crop was grown, you will find that almost probably 90 per cent of those old bays and farm sites are now empty. And the industry has migrated out into more open water areas which are far more expensive and far more high risk, and Cygnet Bay sits somewhere in the middle of it. We are the only farm of those historic old farms still operating. You have seen today the type of crop we are producing, which is completely unviable at a wholesale level and will continue to be so. It is my belief that those old farm sites will still be unviable, in terms of Pearling, until this disease is tackled.

The other part of my submission goes into more broader development of aquaculture. The key thing I would like to be taken away from this is that the state government's investment through the Kimberley Science and Conservation Strategy, which has been rolled out by the West Australian Marine Science Institute—or WAMSI for short—over the last few years conducting a Kimberley marine research project, has delivered an essential tool that could now be used by this industry to progress it. It has delivered a research network of on-ground participation between every stakeholder that you can imagine including the traditional owners, the ranger groups, private enterprise, government agencies and academia—all of whom, as we speak, are still collaborating on the ground throughout the Kimberley coast in a very productive way. It is not expensive. That investment from the state government was $10 to $12 million over a four- or five-year period and the individual entities that are undertaking that are cheap by any means.

The point is that there is now a physical network, a Kimberley marine research network, that has been established by government investment—that is implicit. When the WAMSI investment winds up over the next couple of years, that network could easily be utilised to bolster a whole range of things. As far as economic activity in the area, I think that the Kimberley marine research network would attract international funding if it was packaged up right, because of the various stakeholders that are there and the opportunity to work in such a unique global resource. It has an opportunity to deliver to the economy on a range of places.

In terms of aquaculture, it is the perfect platform to conduct the on-ground feasibility work for any aquaculture this panel and the industry can dream up. And, because you have got every stakeholder there actively involved in undertaking that feasibility work, those are the same stakeholders that will be actively involved in commercialising it afterwards. It creates a whole range of goodwill and education for those stakeholders during that process and it will make the transition from pure science to commercial reality far easier as well. It would be the cheapest means of conducting the research we need to get more industry up there.

The one that has been hanging around for a long time is the Kimberley rock oyster. A desktop survey done here over 10 years ago found that there were only two things holding it back then: the investment in infrastructure to support it, such as the pearling infrastructure that now lies dormant all over the coast; and the access to market. As I said, the infrastructure that has been developed around here is already starting to overcome those issues such as the Cape Leveque road, which I just drove down today to be here. There is a whole range of things that are just waiting to go, and I think the timing is perfect for many reasons. Personally, I am excited the pearling industry, obviously, is an issue and one we can overcome in time. There is a whole range of other areas which I think we should be focusing on at the same time.

ACTING CHAIR: There are two other points in your submission: Australian labelling and the declaration of the area as a tourism industry precinct. Could you explain to the committee how you see that?

Mr Brown: Okay. Our investment over the last few years since the onset of this disease has been to change our business model from purely wholesale, as it was for 30-plus years, to a mix of direct-to-retail and wholesale. We normally achieve about 20 or 30 per cent of the value of our product at wholesale, and you can imagine that
during the peak of the Australian dollar that was even more challenging on top of everything else. Selling directly to domestic retail offers a whole range of opportunities that we did not have before.

That in itself has been a very good exercise, and we have come to realise through those years of developing that strategy that there is a profound desire in the domestic market for the providence of our product and that consumers are prepared to pay a premium for that providence. These are things that we have found firsthand, and I am sure research would back that up at domestic and global levels. The issue was that, when the industry was at its peak—I remember having this discussion internally—even at $200 million-plus, we decided that we did not have the firepower to really leverage a marketing strategy or campaign at a global level to make use of that providence as Australian pearl, and so it was faded away.

By creating an industry region such as the Broome pearling region—a bit like the Margaret River wine region—that creates true synergies between tourism and aquaculture, we not only get to showcase, educate and retail our product directly to the public; we also get access to enormous marketing bodies that you do not get without such a region such as TWA and Tourism Australia, who do have the ability to take that message to global markets. They are mature markets, I might add: the markets such as Europe, America and Asia, who have been soaking up the Australian pearls ever since we started creating them but with the end user oblivious to where they actually come from. Those agencies have the ability to market that kind of concept and our product directly to those mature markets as well as our domestic market.

I think there is enormous opportunity by creating synergies with these two industries. I believe it is probably far better for the region for it to be picked up by government and supported in policy rather than letting industry slowly tack along. Again, Cygnet Bay is well advanced in this; as I said, we are investing towards it. I am sure other pearling companies that are around us and now currently lay dormant will replicate it at some point providing they think that our success is worth it. But I think we could expedite that with a whole range of other things to, hopefully, get that happening sooner rather than later. Instead of just one pearling company out there doing this, if we had three, four, five or six, we create a region. Not only does it bring the education and the providence of our product up; as a region, like the wine regions do, it would actually enhance other aquaculture and agriculture. I think it would be the perfect way to showcase and, hopefully, attract investment, not just the consumers of our product, to things such as the fin fish development that is happening in Kingstown at the moment and has huge potential, things like the edible oyster that we have spoken about and a whole range of other new aquaculture.

I think it is a bit of a no-brainer. We are already making use of it. We are getting incredible support from the tourism industry, and I think that on an industrial level it could be used to really expedite the change that this industry has to make now from what currently is a broken business model to a new era.

Senator IAN MACDONALD: Can I clarify something? When you use the word 'providence', I can guess from what you have been saying what you mean, but can you tell me what you mean by 'providence'?

Mr Brown: The providence of our product in particular is a south sea pearl. South sea pearls are any pearl that is grown in the *Pinctada maxima* shell, which is the shell I showed you before. That shell grows all over the globe—sorry, I should say the tropical belt anyway. The difference between Australia and the rest of the areas that it grows is that, in most of the places, it only has very small wild shell numbers. Western Australia south of Broome in particular is unique. We have a natural phenomenon where there are millions and millions of this shell just sitting down on the Eighty Mile Beach. That is found nowhere else in the world. It is that abundance of wild shell that gave the Australian industry the first competitive advantage, which served us well until hatchery technology came along. As soon as hatchery technology came along and you could breed basically any two shells you could find and proliferate them anywhere in the tropical realm that these things grow in, suddenly that became redundant and was no longer a competition balance.

Senator IAN MACDONALD: So by 'providence' you mean promoting the fact that these are a naturally occurring shell? Is that what you mean?

Mr Brown: No, the providence is more important. It is an Australian pearl rather than a south sea pearl or something that looks like a south sea pearl that was grown anywhere else in the world. The consumer—especially domestically that we deal with on a day-to-day basis—want a locally grown Australian pearl rather than an Indonesian south sea pearl that looks exactly the same. It is like those two bowls of pearls that I gave you there then. I could give you another bowl that looked exactly like that from Indonesia. You would have no idea.

Senator IAN MACDONALD: So by 'providence' you mean promoting the quality of the Australian pearl.

Mr Brown: For all those reasons: the quality of the Australian pearl, the background of the industry, the history of the industry, the environmentally benign way we apply ourselves—every level. I think Australians
understand that, like with every other seafood, there are things that go on with international imports that are not so great. This is a feel-good product. They are an emotive buy, and the providence being an Australian product is important to the consumer.

**ACTING CHAIR:** We will move on now to get Patrick to make his presentation, and I will just make this comment. What we are really interested in doing is focusing on those things that at a federal level could be done to assist the industry. Patrick, go ahead with your submission.

**Mr Moase:** Thank you. On behalf of Rosario Autore, CEO of the Autore Group of companies, which includes Clipper Pearls here in Broome, I would like to thank you for allowing us to provide a submission to the joint select committee and for the opportunity to speak with you in this public hearing today regarding the inquiry into expanding the aquaculture industry in northern Australia. In brief, Clipper Pearls has operated in the greater Broome region for the past 25 years and since 2000 has farmed pearl oysters approximately 18 miles north of Broome at Quondong Point and only approximately one nautical mile south of the previous proposed LNG precinct development that our own state government had originally orchestrated.

Ironically, the Broome south sea pearl is identified as one of the seven wonders of Western Australia but, unfortunately, now may be unceremoniously removed from that list due to the ongoing difficulties of conducting business in northern WA and the relentless pressure aquaculture or commercial fishing faces from the consistent competition from exploration by oil and gas companies and the apparent co-existing use of the resource. We continue to face other challenges to improve our technologies and opportunities for commercialisation such as an inability to insure our aquatic assets, competition for labour, unrealistic government employment awards and increasing remote area operational costs.

With regard to the northern region of Australia, the term ‘positive outcome mapping’ looks at a supply chain effect of doing business in remote areas, a type of chain of custody where not only the core business benefits but so do ancillary support businesses who by supply services also reap the benefits along the way. Unfortunately, these core primary production aquaculture businesses almost need to develop and maintain their own supply chains to ensure they can operate within the region. If the northern region is to be touted for future aquaculture development, it must establish a clear infrastructure support network to deliver on these developmental opportunities.

Clipper Pearls has invested tens of millions of dollars in pearl farming and over $3 million of cash and in-kind into genetic improvement of our industry renowned and independently verified premium pearls and now has the opportunity to commercialise this research into a winning formula for other players. Unfortunately, though, those players may not in fact be the remaining Australian companies in the pearling industry but our overseas competitors, predominantly in the Asia region.

Clipper Pearls and Cygnet Bay Pearls are testament to what can be achieved with the right vision and opportunities, and we encourage the committee to listen and learn from our success and our failures to ensure that others do not embark on investment in aquaculture ventures that have no real definable future. I look forward to providing you with as much information as I can in this Q&A session. Again, thank you for the opportunity to speak.

**ACTING CHAIR:** Thank you very much—excellent. And thank you very much for taking the trouble of preparing good written submissions. I will start off with my question, perhaps directing it to a discussion you had in your oral and written submission about the need for urgent research into oyster oedema disease. I note that you express some disappointment that you were unable to access any federal government funding—that you actually had a project and it was declined. Perhaps you could just set that story out for us, and what that research was aiming to do.

I was also very concerned that in your submission you spoke about research money going to James Cook University and to develop the pearl industry outside Australia—not only was that money being spent there, but you also expressed concern that that research, which really surprised me, was then not publicly available, which I thought normally was the quid pro quo for getting research money. So, can you address those issues about this research and its importance in dealing with OOD?

**Mr Brown:** The reason it has not been addressed properly is an effect more of the industry and its players than any other dynamic in terms of the government or the bodies that are there to help us with research assistance, such as the FRDC. It is an effect of having a small industry in terms of individual companies now that there are only three of us in the Pearl Producers Association that are actively investing in pearl production. That essentially means that trying to present a research project to the FRDC—

**ACTING CHAIR:** I do not think everyone is across your submission; the FRDC is—
**Mr Brown:** Sorry: it is the Fisheries Research and Development Corporation.

**ACTING CHAIR:** Which is a state body?

**Mr GRAY:** It is a federal body.

**Mr Brown:** To give you an example, through the Kimberley Marine Research Station we work very closely with CSIRO. The team that was out there could see the work we were doing with our genetic breeding or our family breeding program to look for shell that was resilient to this disease on our own farm, and they thought it was an obvious solution to do an environmental monitoring program alongside that independently funded breeding program which we are doing ourselves. I would also be happy for that to be done at an industry level; I think it should be. The CSIRO put an application to FRDC to do that. It was very small; from memory I think it was $50,000 or $60,000 that they were looking for. And whilst I had support from every licensee in the Pearl Producers Association, from memory, bar one, it was not backed by the FRDC, on the grounds that it did not have a majority of industry support. I can accept that large companies that buy and invest to own that right can manipulate industry, and that is okay. But when you have an issue that is so severe as this, that is obviously crippling the industry, as you can see from the economic value that we return now, being sub-$50 million, I really feel that it is too important, if we are going to maintain an Australian pearling industry, to be left up to the politics that individual industry players will play when it comes to those types of mechanisms. That is the reason I have recommended an independent task force. There was a task force that was originally established in the wake of OOD wiping out Exmouth Gulf and being spread around industry. I was on that task force, and, to be honest, it was highly embarrassing the way the government representatives were treated, and it was very ineffective. I think a new task force would need to be established that really had independence. That could look at exactly what the problem is by working with the fisheries department to see where production has now, as I said before, migrated from and too, and then create recommendations on how we best conduct research to overcome these issues, with industry being at the table but not necessarily driving it.

So there are two real key things that need to be done. One is that we need to re-establish resilient shell so that we can start hatchery production again. Right now, there is almost negligent hatchery production. The Broome joint venture hatchery, which was a collective of almost all the production companies, has been shut down. It is an indication of how serious this issue is and how as an industry we are not prepared to continue investing in that technology.

**Senator IAN MACDONALD:** Could you explain why doing this is not interest of every pearler? You are suggesting that it is of interest to the small pearlers but not the big pearlers; I just cannot quite follow that.

**Mr Brown:** I am not suggesting that it is not in the interest of every pearler. I think for individuals, if they conduct this research themselves or do something else independently, this is an opportunity to create a dramatic competitive advantage over other industry competitors. That is one way to look at it. My opinion is that this disease has never really seen the light of day, because most of the companies have been concerned about the communicable disease. The CSIRO put an application to FRDC to do that. It was very small; from memory I think it was $50,000 or $60,000 that they were looking for. And whilst I had support from every licensee in the Pearl Producers Association, from memory, bar one, it was not backed by the FRDC, on the grounds that it did not have a majority of industry support. I can accept that large companies that buy and invest to own that right can manipulate industry, and that is okay. But when you have an issue that is so severe as this, that is obviously crippling the industry, as you can see from the economic value that we return now, being sub-$50 million, I really feel that it is too important, if we are going to maintain an Australian pearling industry, to be left up to the politics that individual industry players will play when it comes to those types of mechanisms. That is the reason I have recommended an independent task force. There was a task force that was originally established in the wake of OOD wiping out Exmouth Gulf and being spread around industry. I was on that task force, and, to be honest, it was highly embarrassing the way the government representatives were treated, and it was very ineffective. I think a new task force would need to be established that really had independence. That could look at exactly what the problem is by working with the fisheries department to see where production has now, as I said before, migrated from and too, and then create recommendations on how we best conduct research to overcome these issues, with industry being at the table but not necessarily driving it.

So there are two real key things that need to be done. One is that we need to re-establish resilient shell so that we can start hatchery production again. Right now, there is almost negligent hatchery production. The Broome joint venture hatchery, which was a collective of almost all the production companies, has been shut down. It is an indication of how serious this issue is and how as an industry we are not prepared to continue investing in that technology.

**Senator IAN MACDONALD:** Or the providence of Australian pearls.

**Mr Brown:** Definitely, but you do not see people stopping eating rock oysters, even though the QX disease has been around for a long, long time. So I really think that if we were to conduct Australian focused research on this disease, it would probably have no effect at the market, because you can see where our market is at. We have dramatically reduced our ability to create, produce and sell any significant volumes of pearls anymore. So it is probably the perfect time. I suppose the argument would be that this is going to affect the perceived value of the QX disease. It would probably have no effect. I am not suggesting that it is not in the interest of every pearler. I think for individuals, if they conduct this research themselves or do something else independently, this is an opportunity to create a dramatic competitive advantage over other industry competitors. That is one way to look at it. My opinion is that this disease has never really seen the light of day, because most of the companies have been concerned about the communicable disease. The CSIRO put an application to FRDC to do that. It was very small; from memory I think it was $50,000 or $60,000 that they were looking for. And whilst I had support from every licensee in the Pearl Producers Association, from memory, bar one, it was not backed by the FRDC, on the grounds that it did not have a majority of industry support. I can accept that large companies that buy and invest to own that right can manipulate industry, and that is okay. But when you have an issue that is so severe as this, that is obviously crippling the industry, as you can see from the economic value that we return now, being sub-$50 million, I really feel that it is too important, if we are going to maintain an Australian pearling industry, to be left up to the politics that individual industry players will play when it comes to those types of mechanisms. That is the reason I have recommended an independent task force. There was a task force that was originally established in the wake of OOD wiping out Exmouth Gulf and being spread around industry. I was on that task force, and, to be honest, it was highly embarrassing the way the government representatives were treated, and it was very ineffective. I think a new task force would need to be established that really had independence. That could look at exactly what the problem is by working with the fisheries department to see where production has now, as I said before, migrated from and too, and then create recommendations on how we best conduct research to overcome these issues, with industry being at the table but not necessarily driving it.

So there are two real key things that need to be done. One is that we need to re-establish resilient shell so that we can start hatchery production again. Right now, there is almost negligent hatchery production. The Broome joint venture hatchery, which was a collective of almost all the production companies, has been shut down. It is an indication of how serious this issue is and how as an industry we are not prepared to continue investing in that technology.
Mr Brown: Yes. But really there has only been one significant pearl producer, as far as the industry goes, and that is the South Sea pearls. But yes, every other company has been taken out by this.

ACTING CHAIR: I think it is just a note for the committee to understand that there is significant government money going into pearling and aquaculture research. The reason why James Cook is funnelling that money and working with overseas competitors of ours comes from the same historic reason that we are not focused on research: the Australian industry did not embrace it. We did not embrace hatchery technology at all; in fact, it had to be almost forced onto us by the department, whereas our overseas competitors did embrace it. The one I speak about, of course, is the Australian listed company, Atlas Pacific, which has always operated in Indonesia exclusively. They have never operated in Australia. Not one cent of their production has ever been in Australian waters, yet they have continually accessed Australian Research Council grants to improve their stock in Indonesia, and today they lead the global industry for South Sea pearls in crop improvements. In fact they are so far more advanced than the Australian industry that what we are currently doing is funnelling techniques and IP from Indonesia back into the Australian industry. But you have to understand that these genetic stock improvements really are led from hatchery production, where you get to breed animals, like any agricultural science, and you get to improve animals and improve stock. If you cannot run a hatchery commercially, you cannot do that; you have to rely on a wild animal which delivers a certain genetic band. There are always slight improvements you can make, but as an industry we really have to get our hatchery production back up and running again so we can become competitive again. There are numerous steps that need to be taken, and that one certainly is a couple of steps down the track. I am not sure if I answered your question then.

ACTING CHAIR: Just one final point on your submission on that: you said that the research has not been made publicly available?

Mr Brown: What happens is that quite often there are confidential agreements that last for a certain period of time before they are made public, but the thing about this is: even if it does get made public, because the research is conducted in a completely different environment, it is very specific to that environment. I know this from conducting a whole range of research in the Australian industry. If it is not done in your environment and in your farm, so to speak, very rarely is it directly applicable. There are certain things that would be, but there are a whole range of things that would not. So to say that the research that has improved our competitors in Indonesia is completely applicable to the Australian industry—unfortunately, that just is not the case.

Mr SNOWDON: Is that research being done at James Cook or is it being done in Indonesian waters with James Cook?

Mr Brown: In Indonesian waters with James Cook.

Senator IAN MACDONALD: Is it JCU or the Australian Institute of Marine Science?

Mr Brown: It is normally JCU, but I am not completely au fait with this, of course. I am looking at it as an outsider.

Senator IAN MACDONALD: I think it may well be AIMS, which is important to us.

Mr Brown: No. I am a James Cook University student. I am a massive fan of the institute. This is in no way a shot at James Cook. It is not their problem. Again, I would say the industry is to blame, mainly, for that effect. But the point is that there has been considerable genetic research done now by James Cook. There is an expertise base over there with genetic research which could be used. If this independent task force were given access to that research, it could significantly improve our ability to tackle this disease with that genetic knowledge.

Senator SIEWERT: Can I play devil's advocate a bit here? Industry cannot get its act together to solve this issue. I am not being rude, but you are saying government should invest and set up an independent process because the industry has lots of potential. But the industry itself cannot get its act together, so what should this committee be saying to government in its report about the industry, if the industry is at loggerheads? I have to ask because that is what a lot of Joe Blows out there will be asking.

Mr Brown: I do not think it is different to any other industry where you have three players left. If you are dealing with companies on the death knoll, they are going to act desperately. If you were to deregulate this industry, as has been buzzing around for the last 10 years plus, it would change it completely, because suddenly
we would have alternative investment and we would have a whole range of business minds thinking about how to tackle this issue. Right now it is a closed door. The longer it lasts and the fewer pearling companies there are in production, the easier it is to dominate. There are two options. One is what we are already doing: we are doing nothing. It is nearly 10 years now since this infliction. We can continue to just let the industry act independently, and it will, and there will be an outcome. But, if we are here to talk about developing aquaculture in the North, this is low-hanging fruit, so, with very small investment, you can start getting that industry back on track again and you can start actually bolstering that expertise base and infrastructure base that it has created to leverage other aquaculture in the area. When you look at the similar industries, such as the edible rock oyster industry on the east coast and the effect from QX disease over there, the government-funded breeding programs that were established over there early on returned something to the tune of a 30 per cent improvement in the production of that industry every generation. That 30 per cent improvement was because they acted collaboratively. They can overcome it quickly, whereas we are struggling to do that ourselves.

Senator SIEWERT: But you just used surely the key word—that is, they acted collaboratively.

Mr Brown: The last research funding that I applied for with the CSIRO, I had every licensees' support except Paspaley.

ACTING CHAIR: How many licensees were there?

Mr Brown: Seven or eight, I think there are.

Senator SIEWERT: You had around the country.

Mr Brown: No, in the Pearl Producers Association, which is the bulk of the Australian South Sea Production—

Senator SIEWERT: But they were around the country producers or just in Western Australia?

Mr Brown: Western Australia is pretty much it.

ACTING CHAIR: But those seven or eight aren't still in existence—is that what you are saying: you are now down to three?

Mr Brown: Three that are still actively investing in the industry. The other ones are dormant or have sold up.

Mr Moase: You have heard some fantastic presentations earlier this afternoon, and I think a lot of the questions struggled to be answered accurately because of nonproducer experience. Although we do not have a lot of time left, I think what we can offer is some fantastic lessons that we have learnt and some major challenges that we face in continuing to do business. The focus in the terms of reference for the committee is to determine if there is an opportunity to establish or increase aquaculture in northern Australia.

There were a lot of examples about infrastructure that, with a little bit of tweaking and to-ing and fro-ing, could actually be developed. I make reference in my submission to the cart before the horse. An aquaculture zone has been granted without the support to produce or to actively increase the size of it. I am talking about a company that is operating in there and is probably only operating at 25 per cent of its allowable capacity, has delisted from the ASX—which is an indication that there are some issues with cash flow that we are all facing, irrespective of whether it is pearling or barramundi or anything else. A range of different species were suggested, some of which are cannibalistic and have been tried in such small establishments as you will hear tomorrow from the Kimberley Training Institute, who I might add could probably fill a classroom once in a blue moon.

While the foundation platform is there, we are all dressed up with nowhere to go. What I hope, in the very short period of time we have left, is that we can close some of that information gap for you purely from experience and a non-biased 'Hey, we've been there, done that—how can we help?' To track a little bit from pearling and just give you an example of working in the ocean and all the issues with resource sharing and pressure from oil and gas, it is not a done deal. Even though we do have an aquaculture zone, there is a lot of pressure from mining and a lot of challenges.

Senator SIEWERT: For that zone?

Mr Moase: Absolutely everywhere along the Kimberley coast. If you want to have a really good look at where a lot of these mining tenements exist, they seem to be miraculously outside potential marine park zones. We are currently facing major issues—and I am probably singing off your songbook at the moment—on the Eighty Mile Beach James talked about, the last-known wild pearl shell fishery in the world. We have to pressure NOPSEMA to start undertaking some seismic research in an attempt to try and avoid decimation of that wild stock from seismic boomers. We are fighting a bit of a losing battle, and that is one of the challenges of doing aquaculture in the north.

Mr SNOWDON: Can you also comment on the insurance issue.
Mr Moase: We have attempted to insure against cyclones. As you can appreciate, I made reference in my submission to above the 26th parallel, which is consistently cyclone alley irrespective of either side of the country. Probably spared the least would be the upper part of the Northern Territory where development of the cyclones takes place more, so the potential for an increase in the category and damage is really a lot lower than the Pilbara region and northern Kimberley, and of course you are looking down as far as the mid-coast of Queensland. We have attempted to insure massive expansion in our business—our total allowable catch had increased substantially, we decided to move our production by 300 per cent increase to capitalise on that total allowable catch increase—and we could not get insurance. We could not get anyone to insure our shell; the premiums were horrendous. We had to be absolutely decimated to recover $10 million that our investment in the expansion was going to be $25 million, so for us the numbers just do not stack up. I am not sure, and I cannot speak for Marine Produce Australia, who is Cone Bay Barramundi, but I would suspect they have some major challenges insuring their fish stocks. Anyone who is involved in business wants to insure their assets, and if the most valuable asset is in the water and you cannot insure it, it is an obstacle to producing aquaculture species in Northern Australia.

ACTING CHAIR: Is the insurance you are looking at insurance against cyclone rather than against disease?

Mr Moase: Total loss.

ACTING CHAIR: Total loss—is that anything?

Mr Moase: You can insure against a range of different things: theft, cyclones, disease. There were some insurance policies paid out for disease and pretty shortly after that there were very few available. You have a range of different underwriters in any policy, and they are very difficult to get to a point where paying a premium annually is justifiable. You almost want to be destroyed to be profitable.

Senator IAN MACDONALD: I might say that, whilst you raise a very good point, you are not alone. I live in the cyclone belt and I cannot get insurance for my house. But it is something this committee is very conscious of.

Mr GRAY: I should say, Patrick, that I used to work for Woodside Energy, so I am particularly interested in the comments you made about the impact of seismic research on fish stock. What evidence is there of seismic impact?

Mr Moase: There is none, Gary, and that is what we want to find out.

Mr GRAY: You said that NOPSEMA were not responsive to your requests?

Mr Moase: NOPSEMA understood that there was a few things that they could do, but they had to get the parties that were undertaking the seismic to agree. We have had to initiate an in situ trial utilising some of our farm leases, which has only just been approved. We originally requested that no seismic work comes inside the 100 metre contour off the Kimberley Coast, and purely surrounding the wild stocks—something I would not consider an unreasonable request when it is the only wild stock fishing grounds left in the world. And we were met with a lot of 'yeses' but zero action, and we have had to initiate.

Mr GRAY: How far offshore do you go to get that 100-metre mark?

Mr Moase: The interesting thing is that we came back and asked, when they wanted to come into the 20-metre profile, 'Could you keep it out to the 100 until you guys can tell us that you are safe?' When you make reference to tuna and you make reference to cetaceans, you talk about animals that can swim. Pearl oysters cannot swim. They are sitting on the bottom of the ocean and whatever they throw at them, such as a cyclone, they have to deal with. With a 3,000 cubic inch seismic boom over a pearl oyster bed, the oyster does not have the opportunity to pack its bags and walk out. These guys are telling us they are going to stop between this season and that season for whales, and if a whale comes within 100 metres or 1,000 metres or wherever they will stop their seismic. That is fantastic—the whales can take off, too, if they do not like it.

Mr GRAY: And it is what they should do with whales. But yours is a different species with a different motility.

Mr Moase: We have spoken to teams of scientists as big as the committee here that would sit there and argue against it but cannot produce any data that says 'no'. We are saying, 'Produce data that says "no" and we will be happy to let you guys inside the 100-metre profile.' We have got a request now to come into the 30-metre profile at the same time as our divers are drifting the sea floor, and have asked us if we would not mind giving them a five-kilometre distance behind their booms. This is an indication that I made reference to about resource sharing, realistically taking into account what this industry has done, or is trying to do. If we are going to promote such things as sea cages anywhere off the coast here—the gentleman from the shire made reference to its possibility—we really need to get the stakeholders together and say, 'We are prepared to commit to aquaculture up here, you
guys have to understand that it will be a coexistence relationship, and that coexistence relationship will be based on certain parameters that aquaculture needs.' We cannot put a cage in 1,000 metres of water because there is no way we can anchor it, but those guys can put a rig in 1,000 metres of water—so let's establish a zone where we can do what we need to do and aquaculture can do what they need to do, and never the twain shall meet. We need to get those guys to understand that. Our personal experience exists where we have three trunklines coming through our lease onshore up here.

Mr GRAY: Is that the original James Price Point proposal?

Mr Moase: Correct. We were asked if we would not mind moving our long lines to allow that to come through. We are talking about 14 trillion cubic feet of dredge spoil that was going to be taken, and four million cubic metres of that dredge spoil would have been settlement plumes. Our pearl oysters rely on filter feeding and flushing and we were told by teams and teams of scientists that we should be right, mate; it is only equivalent to a cyclone. However, we do not have a cyclone that lasts for two years repetitively at 1,000 milligrams per litre of sediment. We are dealing with two to four milligrams per litre of sediment, which changes in between our neap and spring tide.

Mr GRAY: I understand that point, thank you. James, you made the observation that the fishing research development program was a $50,000 program. Did I hear that right?

Mr Brown: The one that the CSIRO applied through the FRDC was to do a very simple environmental monitoring program that runs alongside our independently funded stock improvement program. Essentially, we breed spat in our research laboratories on the farm and we put them out onto the farm and we watch them die, and then we check which families have survived better than others. Once we have accumulated enough of that information we then get the geneticist to basically mine the genes and we feed that back into our stock improvement. This is what should be done at an industry level.

Mr GRAY: Did you say earlier that you had mapped the genome of the disease itself?

Mr Brown: No, I did not. I said that we are using next-gen sequencing to try and identify what it is, and that that is—

Mr GRAY: I understood that to mean that you were mapping it. What does next-gen sequencing mean?

Mr Brown: It is just the latest genetic technology in trying to identify things such as causative agents in unknown causative agents.

Mr GRAY: Thank you for clearing that up, I was confused by that.

Mr Brown: Not a problem. That is what it was: it was a very simple little side experiment that the CSIRO was keen to conduct on our farm. I use it as an example just to show that the current industry methods of accessing research assistance can be easily frustrated.

Ms PRICE: Thank you, James and Patrick, for coming in today, I think we have all had a fabulous education. I would like to talk a bit more about labelling of Broome pearls. What is that the federal government needs to do in that space or what is it that you, as a local industry, could do? Have you made an attempt at trying to market your pearls just as Broome pearls? What is the blocker? Is it the retail side or the warehousing?

Mr Brown: It is entirely what we do. We put ourselves out on the market as proudly one of the three pearling companies still operating in Broome. If someone wants a locally grown Broome pearl—whether it be from Cygnet Bay or Clipper Pearls or Paspaley—there is absolutely no way that the consumer could ever know that the South Sea pearl that they are being sold is from Broome, let alone Australia. There are a couple of ways that we could collectively leverage the provenance of the Australian product. The first one is just through effective marketing campaigns, and I suppose that is where my pearl region or aquaculture region concept mixed tourism works, because just educating the consumer through marketing raises that awareness—that is certainly something that we will do and will continue to do. If I could get some support to expedite that synergy between our industries then that would be great.

The second one is probably far more contentious and that would be something similar to what the argument about seafood labelling legislation is. There is no difference between a Cone Bay barramundi and a barramundi farmed in Vietnam, as far as a consumer can tell. Yet if we can get the source of origin labelled on menus around the country, I am sure that industry has a strong argument to say that is going to drive investment in fishinfin fish aquaculture. There is no difference for pearlimg. There is no way the consumer can tell the difference between my South Sea pearls and South Sea pearls grown in Indonesia. Yet if there was the same type of paper trail that they would need to do to provide evidence that those are Australian pearls, that would drive instant investment back into the Australian production companies for those companies that really did want to utilise high-quality
providence products such as ours. It would also I believe very much assist any of the other pearl production in Australia such as the Black Pearl and Akoya that have never been able to reach any level of success like the Australian South Sea pearl, because they already have low-cost international competitors. I think they can be used as case studies to see where the Australian pearl industry is going. We need to find a competitive advantage. At the federal level, if we were to consider seafood legislation labelling, why not extend that to pearling?

ACTING CHAIR: I think Melissa's concern is that most of the pearls on sale that are being held out as being Australian are not Australian. Is that what you are saying?

Mr Brown: At every level that is occurring. Unfortunately, we are acutely aware of that.

Ms PRICE: You may or may not be able to comment on this. I think most people who come to Broome to buy pearls, whether they are buying them from Linneys or Allure or whoever else is retailing them, will assume that they are buying a Broome pearl.

Mr Brown: They would be very lucky to find a Broome pearl.

Ms PRICE: That is what I thought. But that is what people will be assuming when they come to Broome?

Mr Brown: Of course. That in itself can be overcome by industry collectively marketing, which of course is something we are doing—and tourism answers a lot of those needs. But on a broader scale at a national level, if there was something that jewellery retailers had to disclose as to whether it is Australian or not Australian—we do not really care—or it is Australian or unknown, that would drive instant value to not just our industry but every other pearling industry. Again, that would possibly be a trigger for those other pearling industries that have never really been able to compete.

Senator IAN MACDONALD: So it does not have to be 'Broome'; 'Australian' would do?

Mr Brown: Absolutely. Forget Broome. This is an Australian industry, and we should be looking at it at a national level.

ACTING CHAIR: Warren?

Mr SNOWDON: I think the submissions speak for themselves. Good evidence.

ACTING CHAIR: Thank you very much. It has been extraordinarily interesting and we will certainly be seeking to speak to some other people that can help enlighten us about aspects of the case. Thanks very much for coming. We will be in touch. If there are other issues that come up and you wish to make an auxiliary submission, the committee will be happy to accept that. If we have further questions, the secretariat may contact you.

Mr Brown: Thank you.
PROUSE, Mr Charles (Rocky), Kimberley Aquaculture Aboriginal Corporation

[17:40]

ACTING CHAIR: Mr Prouse, thank you very much for coming along. I do apologise that we are running a little bit late, but we have had some very interesting evidence. This is considered to be a formal proceedings of the parliament, so there is a requirement that one not give false or misleading evidence. Everything is going to be recorded in Hansard and it attracts parliamentary privilege. What we would like you to do, Charles, is give us a bit of an introduction and tell us about your corporation and what work you are doing in this area of aquaculture.

Mr Prouse: First off, we will drop 'Charles' and you can just call me Rocky. I received an email from whoever. I lost it, but I remembered that it was on such and such a date. I do not really know why I was picked out of the Kimberley Aquaculture Aboriginal Corporation, because I am just on the board. I have probably been on it for about five years. Charla Clements is the main man. Why I came, I don't really know!

ACTING CHAIR: Can you tell us, Rocky, just a little bit about what you know about the corporation and what sorts of areas it is looking at? Just tell us a little bit about your corporation.

Mr Prouse: When KAAC first started up it was more to do with the trochus and Aboriginal corporations, receding reefs and continuing on and making it sustainable in the market, with the shell for buttons and stuff like that, and for the Indigenous people to have something to do. From there it branched out a bit more to aquaculture, on more communities that were not into trochus shelling out on reefs, to have a bit of barramundi farming on their communities so that they have got something to do and to try and make themselves sustainable. Somewhere along the line, funding got cut off and we had to downsize a lot of our projects and that, and then it got cut back further so we just had to give it away all together.

At the moment, we are doing nothing. My main support of an aquaculture industry, from my point of view, is Indigenous organisations, mainly on the land—a couple of them, including Jarlmadangah out near Camballin. I want to get a cherabin farm going, the same as with Ngarluma Aboriginal Corporation. I worked for 10 years with Emama Nguda Aboriginal Corporation on doing aquaculture with mud crabs. In Derby, with the rise and falls of tides there, it is very hard to do. We have 12-metre tides that go down to 0.1 metres. But I survived it for eight years and it was good. We had a lot of backing in the early days from TAFE and that, but I suppose with the government the way it is—I will not say it is closing down communities; it is sort of just defunding, getting a little bit lesser and lesser on the money train. That is the most viable thing: getting that help from the government, trying to make it a bit easier for Indigenous corporations to possibly get fishing aquaculture licences or exemptions or whatever they are and starting off. I have spoken with Fisheries, and for somebody like me to get a fishing licence or an exemption, they say, 'No, you have to be an Indigenous corporation.' In today's world, the way I look at it, there is no sense in trying to start a corporation if the government is not going to assist with funding.

ACTING CHAIR: Does the Kimberley Aquaculture Aboriginal Corporation actually exist? You have got a corporation.

Mr Prouse: That is wholly and solely more so on the peninsula, and to do with trochus reseeding and that.

ACTING CHAIR: So it is operating doing trochus?

Mr Prouse: No, we are not operating doing anything at this stage of the game. We are sort of in limbo. We have nothing; it is virtually just a name. So why we are operating or doing anything I do not know. Like I say, I get singled out for the meeting, I travelled a couple of hundred kilometres to get here and I do not see any of the rest of my colleagues around. Whether I was the only one who got the email or not, I am not sure.

Senator SIEWERT: I remember some of the trochus reseeding project was funded out of National Heritage Trust funding a long time ago. Did it actually work? There was funding for a couple of years, wasn't there?

Mr Prouse: In the early stages of the program, yes, and it did work. People would go back on the reefs and have a look. Like I said, one must remember the 12-metre tides in the Kimberley, in the King Sound area where they are doing it. You have to get the right tides for the time of day, and stuff like that, to go back and check it. We were making cages—when I say 'we' I mean the community people. They would make cages to hold the seedlings there, and it is very hard. Once they get a bit bigger they walk and they fall off over the reef to go and find a better hiding hole. I, for one, would not be diving around there trying to collect trochus. It is very hard.

ACTING CHAIR: You have done that diving in the past?

Mr Prouse: No!

Mr SNOWDON: He's not mad!
Mr Prouse: No, I play with mud crabs. If you remember many years ago, when Carol was—I was the one who supplied you with mud crabs at a little do she had.

ACTING CHAIR: All right, very nice!

Mr SNOWDON: A bit of insider trading!

ACTING CHAIR: You were talking about the barramundi cages—the idea of some of the communities having a bit of barramundi to make employment. What is your knowledge of that happening on the coast?

Mr Prouse: I never eventuated on the coast up the peninsula way because mine is, as I say, from Derby, inland, and stuff like that. Jarlmadangah are the main ones; they have set up there for cherubin. Pandanus Park were getting set up. Once Mr McCumpstie—who is now on Dambimangari and is at the top of the ladder there as a CEO—left, everything went downhill. I have just been trying to talk to them to gets things back and moving a bit. That is all I can see that is going to keep things going and make it sustainable. There was one project that would have to be in the very early 1990s and I think it was out at La Djardarr Bay. They started off doing red claw over there. I do not know what happened to that.

Mr GRAY: Thank you for your evidence. Do you have any more of those mud crabs!

Mr Prouse: I wish I did but I'm afraid state government fisheries won't give me a licence or an exemption until I start a corporation.

Mr GRAY: What you demonstrate is that to get this sort of business going requires a lot of determination, a lot of good luck and good fortune, not just with the cycles of the season, but just the physical difficulty of it on a day to day basis.

Senator IAN MACDONALD: On the mud crabs, is that a business you and your colleagues currently run?

Mr Prouse: It was not my colleagues. I was working for the organisation—the [inaudible] Aboriginal Corporation. I ran it because I have all the tickets for the skippers boats and stuff like that.

Senator IAN MACDONALD: Are you not still doing that?

Mr Prouse: They closed it down. I was on only $35,000 a year. The cost to lease the premises was something phenomenal—like about $45,000 a year. So that is $80,000 by the time you pay me and pay for the premises. Then you have the other overheads: the water and electricity.

Senator IAN MACDONALD: It just was not viable.

Mr Prouse: It was not viable for the corporation. It was easy to put me off, and then they looked for someone at a cheaper rate, but nobody wants to go any cheaper. I thought that at the $35,000 I was getting—

Senator IAN MACDONALD: Why don't you just run the business yourself, without any overhead?

Mr Prouse: Do you have a spare 100 in your back pocket? Don't lend it to me. Give it to me and I will do that.

ACTING CHAIR: Rocky has explained that they will not give him a licence unless he becomes an Aboriginal corporation. That is a big—

Mr Prouse: It is not a company. You have to be an Aboriginal organisation.

Senator IAN MACDONALD: There are other individual fishermen who deal in mud crabs. There are in Queensland, where I come from, and I assume it is the same over here.

Mr Prouse: No, it is not. [inaudible] is the only indigenous organisation that has a crabbing licence. There are three non-Indigenous businesses with licences. They crab out of Wyndham. There is only one bloke who is really working at crabs, because he only has a crabbing licence. The other two are supplemented because they have gill net licences.

Senator IAN MACDONALD: Why can't you, not as an Aboriginal corporation or even as an Aboriginal, just apply for a licence and set up your own business?

Mr Prouse: I have, believe you me. But they will not hand out any more, even to non-Indigenous. At the moment they are not licences; they are exemptions.

Senator IAN MACDONALD: Why is that. Are they saying that there is not sufficient sustainability in the stock? If that is the case I would like to ask you what your view is, because I would suggest that you would probably have a better view than many of the scientists.

Mr Prouse: There is sustainability in the stock. You can work from March right through until November, then you give it away because of the wet seasons. You are a fisherman, so you leave it until your breeding season. You let them breed. The other thing about it is you do not hit the same place all the time otherwise you are just wiping
out. It is very hard. We have a bloke that has got a crab licence. He leased it out to the Asians from Darwin. They came down. They sort of virtually lived off the Derby wharf.

I am a local. I have been there for 60-odd years. I will not fish just anywhere. I go 10 nautical miles away from the actual wharf to give others a go at it. When I say others, people like you want to come along and get a crab for a feed. You might want to jump on a tourist boat or something—so at least you are going to get something. That is just the sustainability for that area. You are not killing it off.

**Senator IAN MACDONALD:** The point I was making was that, if you had a licence, you would do it properly because you know the species and their longevity.

**Mr Prouse:** That is what I said. The King Sound area has only got mud crabs. I received an email from a John Mayze over on your side of the country about mud crabs. When I was working with Emama Ngudu a couple of years ago, I heard it on the ABC. They were talking about mud crabs. The gentleman was in Kununurra at the time when they were doing a talkfest on him, or he was, and I rang up the ABC. I have got his contact, his email. They would not give me his phone number but they gave me his email address, which was fair enough. I sent an email off to him and I never received a reply for two years, until the very beginning of this year or very late last year, asking me my opinion on how to tell when the crabs are fat and full. Why should I give somebody in that region my knowledge when he could not answer my email?

**Senator IAN MACDONALD:** I am saying you should not. You should use that knowledge for yourself.

**Mr Prouse:** Well, I am doing it. But he wants me to fill in this paper. Why should I fill the paper in when—if he would have done me the courtesy of actually ringing me or emailing me back when I first did it, I might have because I wanted to keep those contacts. I still deal with Chan Lee in the Kimberley Aquaculture Aboriginal Corporation. He keeps contact with us all the time even though we are sort of closed down and he does not work for us anymore.

**ACTING CHAIR:** Who is this?

**Mr Prouse:** Chan Lee was one of the associate professors or doctors, or whatever you want to call them, who were right on the ball about aquaculture, the trochus and all that. We archived all his books at the Kimberley Training Institute this year, and he came across.

**ACTING CHAIR:** Okay. Are you still involved with the training institute?

**Mr Prouse:** I would say no, because we are not running the programs—I am not running a program.

**ACTING CHAIR:** I think we are reaching our time, Rocky. Thank you very much for coming all that way. We really appreciate it. Thank you very much for your evidence and some of the insight into the difficulty of getting out there and doing the business.

Is it the wish of the committee that the PowerPoint presentation from the Shire of Broome be accepted as evidence? There being no objection, it is so ordered.

**Committee adjourned at 18:00**