

QUOTA HOLDER SUB-COUNCIL AGM
Friday August 28, 2020
Minutes (DRAFT)

Welcome:

The Chair, Sue Forward welcomed members present, and reflected on the state of the fishery, and the challenging year to date embracing technology to be able to hold a meeting with some Members attending on Zoom.

From the Quota Holders Sue thanked Dean for his decades of service to the industry, and the Council as a Board Member and Chief Executive.

Attendance:

S Forward (Chair), R Baillie, A Brown, J Clarke, S Dale, M Debnam, B Denny, C Edwards, J Escott, M Fleming, B Hall, D Hansen, A Hitchens, B Hogan, J Hoult, L Hoult, A Jaworski, T Lesser, B Lesser, D Lisson, N McDonald, S McKibben, J McKibben, G Moroney, L Norris, B Polanowski, R Rattray, M Reed, R Rex, B Rex, P Richardson, P Sandman, R Scanlon, G Shaw, L Siemek, V Sorrentino, D Tory, M Walch, N Wallace, B Wilson, G Woodham, A Anderson (CEO), J Freeman (minutes)

Zoom; The following members registered to attend via zoom;

A Marriott, A Ransom, F Wan, G Smith, J Rainbow, L Mason, M Webster, B Russell, M Porteus, R Royle, R Bock, S Gooley, A Gray, T Bush, E Lovell, P Gane, J Bird, P Cochrane

Apologies:

F Ledwell, B Maddock, C Forward, J Huddleston, J Norris, G Wallace, E Wallace, G Wallace,

Introduction of CEO Allison Anderson:

Joey introduced Allison who gave an overview of her experience leading into the abalone industry, and is looking forward to working with all stakeholders.

The Minutes of previous meeting:

The minutes of the meeting held on Friday August 30, 2019 were accepted as a true record;
Moved Greg Woodham seconded Barry Hall.

Business arising from previous meeting:

- a. Harvest Strategy - discussed further in the meeting
- b. National AWA/ACA outcome – discussed further in the meeting
- c. Electronic invoicing - Malcolm Budd DPIPWE, advised there is a system issue between the finance system and compliance system, the computer programmers are working on it and will have it up and running in 2021. The issue has been followed up on behalf of Members consistently by the Chair.

President Report:

This year the General Meeting was cancelled and others postponed due to COVID. We are in a brave new world with Members attending in person and via zoom. This format will be ongoing and Joey is available to chat with all industry members.

The Processors are exporting good product with lower prices.

Catch Update; the power of the fleet can catch the <600t left to harvest, and is dependent on the weather, freight availability and marketing lining up together.

Beach prices before COVID was \$70, currently West is \$48-\$50, Bass Strait is \$25-\$30, Northern black \$25-\$30, East is \$48-\$50 and \$40-\$45 for Greenlip.

The 'Quota Authorisation' form has changed this year, with no signature required! DPIPWE changed the form without consultation from industry, in some respects it's good, but there may be unintended consequences.

Discussion – the members are concerned that it can be used by a diver to assign quota without the knowledge of the quota holder. DPIPWE have not commented.

The Quota Holders suggested a Motion- to have the option of using both systems for 2021

Voting at the AGM:

The precedent has been set and the Constitution sets out, 'on a show of hands' the NNP is given 1 vote and in a Differential vote the NNP has votes per the number of Quota units and FLAD's. This is the spirit and intention of the Constitution, the fairness between the members in the room.

Prior to the last AGM a loophole was found that each 'Entity' has an individual vote. The Council obtained a legal opinion which indicates each entity is entitled to 1 vote.

Voting as follows;

Quota holder 1 has 6 units in name.

Quota holder 2 has 2 units in name, 2 in a trust unit and 2 in a superfund.

On a show of hands vote allows;

Quota holder 2 will have 3 votes.

Quota holder 1 only gets 1 vote for the same holding.

The quota holders present were clearly unhappy with the situation and all present in the room voted to change the constitution to the way it was intended to be.

Discussion;

In summary – the constitution was set up to be fair to all members, (1) vote per NNP. The principle and intention of the show of hands is everyone in the room is equal.

Amendments to the constitution to allow for the fairness of the vote = 1 vote per NNP.

Motion - the Executive gets the required legal opinion from a Constitutional expert and present a motion to the AGM for status quo –

Move John Hoult and seconded by Rob Scanlon.

The 2020 AGM will be conducted as per the legal advice received on the constitution.

Abalone Industry Development Fund Report:

Avril reported that the Council receives \$200,000 per year from the Furneaux Units.

From the AIDF the Processor Assistance Package was set up to alleviate the loss of the 36tonne the Processors had paid \$70 per kg, this tonnage was canned, frozen or cryovac at a cost of \$44, realising a loss of \$30 per k/g.

The Council entered discussions with the Department and accountants on the terms of the 'Deed of Agreement'. The Department agreed and ticked off on the process with 2 parameters put up ie payments made to divers and quota holders, and work closely with the Department of State growth on new markets. The paperwork was scrutinised by the accountants and \$8 per kg was paid to processors totalling \$297,000.

Abalone Council Australia Update:

Dean gave an overview of the ACA and purpose, project applications and R & D collaboration with FRDC.

Current Abalone IP A projects;

1. FRDC Project 2019-110: Best practice and policy in abalone stock enhancement, restocking and translocation.
2. FRDC Project 2019-118: Drawing strength from each other: simulation testing of Australia's abalone harvest strategies.
3. FRDC Project 2019-038: Abalone diver observation, collection, analysis and reporting system for improved management decision making.
4. FRDC Project 2019-041: Development and validation of reduced thermal processing requirements for canned abalone.
5. FRDC Project 2017-025: Improving risk management of paralytic shellfish toxins (PST) in Blacklip Abalone.
6. FRDC Project 2019-XXX: Indicators for density and biomass of exploitable abalone – developing and applying a new approach.
7. FRDC Project 2020-004: The impact and implication of *Perkinsus olensi* on Australian abalone fisheries.

New projects currently in the pipeline;

- Valorisation of abalone processing waste – through chain solutions to maximise value and reduce loss in Australian abalone supply chains.
- Stock enhancement trials in South Australia.

Air Freight issues;

- There are fewer passenger aircraft – diminished capacity for freight, lack of backfill to offset costs, with cut offs for International flights.
- State and Federal Ministers are acutely aware of the issues and have set up the International Freight Assistance Mechanism (IFAM) with Government funding.
- The Tasmanian leg is problematic with international connections/offloads, leading into the busy sales period for the next 8 months, engaging with exporters, freight forwarders and carriers to look at options.
- The Federal Government have asked STAG to develop a strategy.

Catch / Market Update:

IMAS along with our divers are currently working on the East Coast survey. The survey divers recommend the East Coast be left shut for another 12 months to let the fish spawn. Some areas are depleted, and in others there are numerous juveniles, which is positive news. Good results are being seen in closed areas.

Sean Larby suggests the survey is only a snapshot and any major decisions shouldn't be based on the survey, a precautionary principle should be taken going forward with effort directed away from the Actaeons.

Eastern Zone – there has been a good response to fishing with 50% caught.

Actaeons – is not fishing as well as in previous years but still fishing well and looking good with numbers on the bottom

The Lower Channel and Storm Bay are fishing well and - positive

Opening the East Coast from January 1;

The closure was originally put in place due to a high mortality of live fish, and pulse fishing in the Actaeons. The processor's tanks were full of East Coast fish with no room for West Coast fish resulting in a devaluation of the Western Zone fishery.

- The divers do not support opening the East Coast from January 1.
- The divers suggest following the MCDA.
- 350t of *Centrostephanus* has been harvested this season.

Bass Strait – divers recommend no change

Greenlip Zone – ticking up with minimal fishing to date, 75kg/hr allowing a trickle effect

King Island – larger fish at 150mm

North East greenlip cap caught in 5 days with promising signs

Northern Zone – NW corner Block 5 & 6 size 142mm, the zone as a whole is looking healthy.

Western Zone – was fishing well before COVID. Relying on good weather now to catch up.

Block 7 (Granville) 100kg/hr – hard to fish area (missed 4 weather patterns)

Block 8 – not easy to access

Block 9 – minimal caught, requires good weather

Block 10 onwards- IMAS may recommend a reduction in TAC for 2021

Block 12 – minimal caught

Block 13A & B – fishing well has reached the cap divers recommend to leave open.

The West Coast is 40% caught and is lagging. Last year the size limit changed from 140mm to 145mm. Divers recommend the status quo.

Engagement of Dr Ian Knuckey – Fishwell Consulting:

Ian Knuckey is widely respected amongst Government, IMAS and the industry, and will be funded from the AIDF over the next 12 months.

The TACL engaged Ian Knuckey to give a comprehensive independent review of the stock assessment process and quota recommendations.

- Review the abalone stock assessment and quota setting process.
- Clearly illustrate and explain to TACL members how information is used in the harvest strategy to produce the annual TACC
- Will report to TACL members at the AGM and in a dedicated workshop in the first half of 2021

Force Majeure:

There is still an amount of fish to be caught prior to the end of the year, if the fish can't come out of the water due to freight restrictions, market, weather etc this year, there are greater risks that cannot be ignored. Under the Deed of Agreement if the fish are not caught the royalty still has to be paid regardless. The Deed gives you the right to take the fish within the quota year, but not an obligation. The processing sector may have issues with canning, freezing or cryovac etc.

Advice – treat this year as you would any other year, get your fish caught this year. Talk to your processor and make an arrangement to deal with Northern and Bass Strait fish.

Clause 8. Force Majeure gives one party the option to discuss non-fulfilment of the contract.

The Department has received legal advice and is aware of the risk of not getting all the fish out of the water, and the payment of royalties. Council has received legal advice not to take legal action against the Government but to enter discussions.

Quota year of January to December was set up when the market was a canned fishery only. The market now emphasises the live market. Any new discussion would be onerous task and the Government would want a majority of members. A case is being put together for a change to the quota year either starting in April or July. This would alleviate pulse fishing and closed zones.

The Board would need direction from the members for a motion to the AGM for members to agree for the Quota year changed to the financial year. All Members would need to support the motion.

Within the next month there should be more interest and orders for festivals with price a consideration. Exporters are expecting that COVID will still be an issue in 2021.

FRAG Replacement:

IMAS and the Department decided to step away from the FRAG process. FRAG decisions were being overlooked by AbFAC and the industry weren't being heard.

Stock Assessment meeting facilitated by Dr Tom Lewis;

Many divers will have received calls from directors for their input; at the meeting next week submissions will be presented with recommendations taken back to the divers for discussion. Divers have expressed they want to be included as observers at future meetings.

The facilitator Tom Lewis will write up the recommendations and give to the Board, the next meeting is in early October ready for presentation to the Members and back to the AGM. All members are asked to put their names forward to be contacted for input into the process.

IMAS want to present an unbiased scientific view, and Members will have their own input.

The TACC information will be available for review prior to the AGM, when the vote will be taken.

Meeting closed at 4.20pm