



THE WORLD'S MOST LOVED SALMON

Thursday, 24 April 2015

Mr John Whittington
Secretary
Department of Primary Industries, Parks, Water and Environment

by email: jwhittington@dpiuwe.tas.gov.au

Dear John,

Thank you for your letter emailed on 9th April 2015 regarding;

- (1) your intention to determine, in accordance with Management Control 3.3.5 of the Macquarie Harbour (MH) Marine Farming Development Plan 2005 (the Plan), a maximum permissible biomass (in tonnes per hectare) for the farming of salmonids in the Plan area;
- (2) your intended apportionment of this biomass to Southern Ocean Trout Pty Ltd;
- (3) a specific request to provide information regarding Southern Ocean Trout's planned introductions of smolt for 2015 and its production plans for the harbour for the next three years; and
- (4) your consideration of determining of appropriate benthic management controls that will be required under Management Controls 3.1 and 3.4.5 and implemented through conditions on the Marine Farming Licence.

Huon Aquaculture (Huon) appreciates the opportunity to provide a submission in relation to the intended decision and provides the following responses:

Huon Aquaculture Company Pty Ltd ABN 86 067 386 109

Level 13, 188 Collins Street, Hobart TAS 7000

Head Office: GPO Box 987 Hobart TAS 7001 | P: 03 6295 8111 | F: 03 6295 8161

huonaqua.com.au



shop.huonaqua.com.au

(1) your intention to determine, in accordance with Management Control 3.3.5 of the Macquarie Harbour Marine Farming Development Plan 2005 (the Plan), a maximum permissible biomass (in tonnes per hectare) for the farming of salmonids in the Plan area;

- 1.1 Huon is supportive of the Government's efforts to provide certainty in biomass limits for the next three years.
- 1.2 The intended total maximum permissible biomass of 20,020 tonnes each year for the next three years is higher than Huon believe is prudent based on our interpretation of environmental data available to Huon.
- 1.3 Huon maintains the view that a lower biomass cap that is consistent with the Commonwealth Minister for Sustainability, Environment, Water, Population and Communities decision under sections 75 and 77A of the *Environmental Protection and Pollution Control Act 1999* (EPBC Act) dated 12 October 2012 in respect to the Marine Farming Expansion in Macquarie Harbour, whereby the Minister decided that the proposed action was not a controlled action and set a maximum biomass cap of 52.5% of the modelled maximum sustainable biomass of 29,500 tonnes (or 15,488 tonnes) set by measure 2(f), would be more prudent until additional data is available that can clearly demonstrate MH's ability to cope with the higher level of production.
- 1.4 Huon accepts that, in accordance with Management Control 3.3.6 of the Plan, the responsibility for making a determination on the maximum permissible biomass resides with the Secretary of the Department of Primary Industries, Parks, Water and the Environment as regulator.
- 1.5 Huon will continue to manage its farming operations in MH in what we believe to be a safe and sustainable manner regardless of total permissible biomass allocation. For example, Huon will determine its stocking density based on the effective net volume, not the actual net volume. This means that where dissolved oxygen levels fall to levels that are sub-optimal for salmonid welfare, that only the volume of the net that allows for safe stocking is used when determining appropriate stocking density per hectare.
- 1.6 Notwithstanding the above, Huon remains concerned that the enclosed nature of the waterway makes the Company's farming operations in MH vulnerable to the farming practices and stocking strategies of other operators.
- 1.7 Specifically, we are concerned that (1) there is scope under the intended decision for companies to significantly increase production in MH over the next three years by manipulating smolt intake and harvest timing and (2) that effective stocking densities will be much higher than the specified tonnes per hectare due to low dissolved oxygen levels.
- 1.8 In relation to 1.7.1, the potential for companies to increase the total standing biomass over an extended period through early smolt introduction and the

practice of grading or "top-cropping, means that the total permissible biomass may be sustained over a much longer period of time than what has traditionally occurred.

- 1.9 Huon is of the view that specific guidance on stocking management strategies be included in the final determination to address the issues outlined in 1.6, 1.7 and 1.8. This is particularly important in the absence of other limiting benthic management controls (see Section 4 for further information).
- 1.10 Huon also requests a briefing on and copy of the Cawthron Institute Report (the Report) and that Huon is provided an opportunity to provide further comment on the intended decision following receipt of the Report.

(2) your intended apportionment of this biomass to Southern Ocean Trout Pty Ltd;

- 2.1 Huon acknowledges that the apportionment of the biomass is fair and equitable from the third year of the proposed determination.
- 2.2 Huon also acknowledges that determining apportionment for the first two years is challenging as a result of rapid stock increases by one operator requiring a recalibration.
- 2.3 However, the proposed apportionment in the first two years will materially impact Huon's potential revenue in the order of ~\$6-8 million.
- 2.4 This is an unacceptable commercial impact as the apportionment favours a market competitor. Huon views this as an unacceptable intervention in its commercial operations that clearly favours a market competitor.
- 2.5 Huon strongly submits that the biomass apportionment for the third year of the intended determination be applied from year 1.
- 2.6 The fairness and equity of the apportionment from year 1 will ensure that the MH Area Management Agreement (MH AMA) will continue to be operable into the foreseeable future.

(3) a specific request to provide information regarding Southern Ocean Trout's planned introductions of smolt for 2015 and its production plans for the harbour for the next three years; and

- 3.1 Huon plans to introduce 900,000 smolt in 2015.
- 3.2 In relation to production plans for the harbour for the next three years, Huon offers the following comments:
- 3.3 Huon's production planning for the next three years will reflect market demand. The risk of not producing to meet market demand has already been experienced by Huon in recent months in the form of increased supply of cheaper (frozen) imports from other growing regions in the domestic market resulting in softening prices.

- 3.4 However, Huon must balance the need to manage the risk of not meeting market demand with what the local environment can sustain. That is why appropriate regulation is very important.
- 3.5 Put simply, Huon intends to grow to its allocation in all years but will continue to be guided by the environmental indicators in the Harbour.

(4) your consideration of determining of appropriate benthic management controls that will be required under Management Controls 3.1 and 3.4.5 and implemented through conditions on the Marine Farming Licence.

- 4.1 From the correspondence received by Huon on 7 April from you as Secretary, Huon is advised that *"...the Marine Farming Branch is currently awaiting the outcomes of research work being conducted by the Institute of Marine and Antarctic Studies in relation to benthic effects in Macquarie Harbour..."* and *"This will inform our understanding of the significance of atypical presentations of Dorvellid species being observed in the benthos of the Harbour and the appropriate management response(s) to the presence of this indicator species."*
- 4.2 Huon has consistently maintained that rigorous science must guide decision making as it relates to salmonid farming both in MH and around Tasmania and we welcome additional research into Dorvellids as an indicator species.
- 4.3 However, the letter of 7 April also states that *"In the interim, the Marine Farming Branch will not be requiring management responses from companies in relation to Dorvellids and reliance is to be placed on the presence of Beggiatoa spp at 35 metre compliance points to trigger the requirement of a management response."*
- 4.4 It is Huon's view that the use of Dorvellidoids as an indicator species should be maintained whilst the research is conducted. Huon has formed this view based on several factors (1) there is no current science to indicate they should NOT be used as an indicator species, and (2) that the removal of Dorvellidoids as a trigger requiring management response could be viewed cynically by the community and stakeholders, seen as a means to demonstrate lease compliance and environmental performance at a time of heightened interest and sensitivity resulting from the impending Senate Inquiry.
- 4.5 Huon's concern in relation to point 4.4.1, is that since August 2014 there has been a significantly increased prevalence (and increasing) of Dorvellidoids at compliance sites and whilst their presence may not be a trigger for management controls, it does indicate that things are changing in MH. Huon is also concerned that if we wait until we detect Beggiatoa, that management controls required to manage the farm sites back to compliance are likely to be more significant and take longer to control.

- 4.6 Huon views point 4.4.2 as posing risk to its business. As a result, and in the interests of ongoing transparency with our community and stakeholders, Huon will continue to acknowledge on its "Sustainability Dashboard" that whilst the Company's leases in MH are technically compliant with current lease conditions that we continue to experience the presence of Dorvilleid's and as a result we will continue to manage our farming practices and stocking levels conservatively.
- 4.7 Notwithstanding the concerns outlined above, Huon welcomes the parallel process being undertaken to determine appropriate benthic management controls that will be required under Management Controls 3.1 and 3.4.5, and implemented through conditions on the Marine Farming Licence. Huon seeks further information regarding that process and the timing of it. As noted in section 1.9 Huon is of the view that specific guidance is given to all operators in MH regarding stocking management plans in the absence of benthic management controls.
- 4.8 Huon requests the opportunity to participate in and provide input into the process to determine the appropriate benthic management controls.

Conclusion

Huon provides this submission to inform your final decision in relation to a maximum permissible biomass in MH and associated issues.

As you know Huon has presented extensive information to DPIPWE outlining our serious concerns about environmental and fish health warning signs in MH. Huon continues to be concerned about MH.

As indicated in this letter, Huon has five major concerns and re-states them here;

- (1) Huon is of the view that the intended total allowable biomass of 20,020 tonnes is too high given the uncertainty that continues around the waterway and recommends that a more conservative biomass in the vicinity of the previous cap of 15,488 tonnes be adopted until a greater level of confidence in the waterways ability to sustain the proposed level of production.
- (2) Huon believes that greater direction around stocking management plans is needed. The potential for companies to increase the total standing biomass over an extended period through early smolt introduction and the practice of grading or "top-cropping" means that the total permissible biomass may be sustained over a much longer period of time than what has traditionally occurred.
- (3) Huon does not support the biomass apportionment in years 1 and 2 of the intended determination. Specifically, Huon views the decision as materially supporting a

commercial competitor to the value of \$6-8 million. Huon requests that the biomass apportionment of year 3 be applied to all 3 years.

- (4) Whilst welcoming the additional research into indicator species, Huon does not support the removal of Dorvilleid worms as an indicator species whilst it is being undertaken.
- (5) Huon seeks further information and advice on the parallel process being undertaken to determine the appropriate benthic management controls.

Salmon and trout farming is a challenging and rapidly evolving industry in Tasmania. There will no doubt be bumps in the road as we manage our industry into the future, however Huon believes that with openness and an ongoing dialogue with you as Regulator, with our communities, stakeholders and investors that we are in a strong position to demonstrate that Huon as a business and we as an industry are operating responsibly, delivering value to the state and continually improving.

Yours sincerely,



Peter Bender
Managing Director and CEO