
From: Peter Bender
Sent: Wednesday, 16 March 2016 11:02 AM
To: John.Whittington@dpiwve.tas.gov.au
Cc: [REDACTED]
Subject: [REDACTED]
Attachments: DEMPSTER_FRDC_2016_MH_summer production environment.pdf; CSIRO-IMAS MH DO Drawdown report- Final.pdf; 26th Feb 2016 - Briefing to DPIWVE - Macquarie Harbour .pdf

Dear John,

I am writing in response to your letter of 24 February 2016 regarding your impending decision on biomass limits in Macquarie Harbour (MH).

Huon maintains the strong 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 there is sufficient confidence that the environment can safely support the biomass level and reduce the risk of a mass mortality event.

Huon believes that, based on the findings of recent research studies (as enclosed with this commercial-in-confidence briefing note), the Harbour, and potentially the World Heritage Area, is at environmental risk and the potential for a mass mortality event continues to increase.

In Huon's view, whole-of-Harbour management of biomass is the single most effective method of preventing a mass mortality event by reducing pressure on the waterway.

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 you as the Secretary of the Department of Primary Industries, Parks, Water and the Environment as regulator.

Based on the research findings contained in the attached briefing, Huon also proposes that you consider "effective" stocking density as an appropriate management control. That is, 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. As can be seen from the attached research reports, a net depth of no more than 5 metres should be used to calculate stocking density.

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 and takes this opportunity to re-state the actions that it has taken to manage its operations in the Harbour;

1. Reduced smolt introductions

Huon reduced its smolt introduction for 2014YC fish from 1.2million down to 900,000 in direct response to increasing concern and evidence of a compromised waterway. Huon's production in the harbour does not reflect the Company's ability to increase production in MH or sell the fish. 2015 YC smolt introductions were maintained at similar numbers to 2014 YC. Huon's intention is to further reduce smolt introductions for the 2016 YC by around 25,000.

2. Harvest commencement of 2014YC fish brought forward and accelerated harvest

Reducing Huon's exposure to the sensitive Macquarie Harbour growing region and potential for a mass mortality event has been the primary driver behind the decision to accelerate and bring forward the 2015 harvest.

3. Installation of on-farm oxygenation system for MH leases

In late 2015, Huon purchased and installed 25M x 25M netox oxygenation grids into all of Huon's twenty five salmon pens in MH. The infrastructure needed to operate this system has cost in excess of \$1million dollars. This does not include the cost of oxygen and resources to undertake logistics of maintaining oxygen delivery to the leases.

4. Effective stocking density

Based on recent research findings (as enclosed), Huon has taken the decision to manage stocking density based on dissolved oxygen or "effective" net volume. Specifically, Huon calculates stocking density based on a 5 metres net depth.

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.

Huon is of the view that;

1. Total allowable biomass in the Harbour should be in the vicinity of the previous cap of 15,488 tonnes (and potentially lower) until a greater level of confidence in the waterways ability to sustain the proposed level of production; and
2. "Effective" stocking density based on dissolved oxygen should be used as a management control across all leases in the Harbour;

Huon Aquaculture has identified overstocking or environmental mismanagement of the Macquarie Harbour growing region as a key reputational risk to the business as evidenced in our financial reporting to the stock exchange and via our "Sustainability Dashboard".

Specifically, the Company is of the view that either a catastrophic environmental or fish health (disease or mortality) event, or significant and potentially long-term environmental degradation would result in;

- a. a total loss of social licence to farm in Macquarie Harbour,
- b. a potential loss of social licence for other farming regions,
- c. reduced likelihood of achieving social acceptance for farming activities in new regions, and
- d. extremely low probability of achieving social licence for farming activities in new regions that have high/unique environmental values.

Huon will take all necessary steps to protect its reputation should a mass mortality event occur and maintains that mitigating the risk of a mass mortality event should be a priority of the Tasmanian Government.

Huon also takes this opportunity to advise that in coming months it will be providing additional information on its Sustainability Dashboard when it is relaunched. At this time the Company intends to include current and ongoing information on dissolved oxygen levels as well as a summary of the research reports attached. The purpose of this is to demonstrate the Company's ongoing commitment to transparency.

In summary, Huon makes the following points:

1. Huon has voiced serious concern regarding the health of Macquarie Harbour and potential for a mass mortality event since 2014.
2. Huon has self-managed conservatively in Macquarie Harbour in the absence of, in its view, appropriate regulation of biomass harbour-wide.

3. Huon has lead investment in and commitment to further research in Macquarie Harbour to better understand the MH environment and to inform the regulatory decision on appropriate biomass. Huon is of the firm belief that current biomass in the Harbour is too high.
4. Huon has taken a range of steps to minimise the potential for a mass mortality event in Macquarie Harbour.
5. Huon is currently preparing a mass mortality crisis management plan and will participate in mass mortality crisis management plan for the industry.
6. Huon remains committed to the Macquarie Harbour farming region and intends to farm the region safely and sustainably for the long-term.

I thank you for the opportunity to provide the attached briefing and research reports that have informed the Company's position and I hope it is of assistance in determining an appropriate biomass limit in MH and other management controls.

I look forward to your response in due course. (note: link to download video of fish provided here: <https://huonaqua.sharefile.com/d-scfc5b9fb60c42fa9>)

Yours sincerely,

Peter



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