

The Tasmanian

Abalone Industry

May 2009

The Tasmanian abalone industry is the largest wild abalone fishery in the world, providing around 25 per cent of the annual global harvest. It is a key player in the Tasmanian commercial fishing sector and contributes significantly to the State's economy.

Abalone is harvested manually by licensed divers using hookah gear. The two commercial species are *Haliotis rubra* (blacklip abalone) and *Haliotis laevigata* (greenlip abalone). The abalone is a mobile grazing mollusc that feeds on drift seaweeds and algae on rock surfaces, mainly in depths down to 30 metres.

The blacklip abalone is found around Tasmania and across southern Australia on rocky reefs in exposed and sheltered waters. Their distribution is variable but less patchy than greenlip abalone.

The greenlip abalone also occurs across southern Australia, although it is more sporadically distributed than blacklip. The Tasmanian greenlip population is most abundant along the north coast and around the Bass Strait islands.

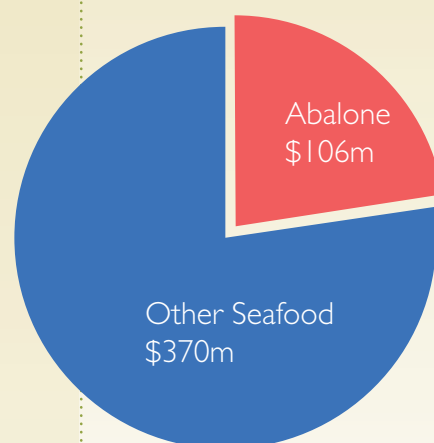
Most of the abalone harvested in Tasmania is exported to South East Asian markets. Traditionally,

abalone were detached from the shell (shucked) then canned or individually quick-frozen. Over the last decade, however, the export market for live abalone has expanded rapidly and now predominates.

The Tasmanian Government manages the State's abalone industry under the *Living Marine Resources Management Act 1995*. This involves managing, monitoring and auditing of the quota system and regulatory framework, as well as general policing to ensure sustainable management of the industry.

The Tasmanian Abalone Council (TAC) is the peak body for the State industry. It has an 11 person board elected by TAC members to represent the three industry sectors – Divers, Quota Holders, and Processors.

Value of Abalone in Tasmania
2006-07



In 2006-07 abalone represented 22% of the value of the Tasmanian seafood industry. This compares with 40% in 2000-01. The rising value of salmon production is the main factor in the proportional decline in abalone contribution.

Source: ABARE Australian Fisheries Statistics 2007



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Key Markets and Exports

The Tasmanian Abalone Industry enjoys a strong market position because of its status as the world's largest sustainable wild abalone resource; remote and pristine harvesting environments; and sustainable management practices.

While sales are limited in the domestic market, Tasmanian abalone dominates the world live market. China, Hong Kong/China, Chinese Taipei, Singapore and Japan are the key export markets for Tasmanian abalone, with smaller volumes also going to Asian communities in the UK and North America. The total value of abalone exports to Hong Kong in 2006-07 rose by 32 per cent to \$149 million, indicating strong demand for product in this region¹.

Tasmanian abalone is highly regarded by Chinese importers and it is anticipated that growth will continue in the Chinese market because of rising living standards and a trend toward higher protein and higher value products. Growth will be tempered, however, by constrained and volatile prices, variable and manipulated product integrity, and lack of data regarding value-adding preferences and options, resulting in low and erratic margins for the majority of chain participants².

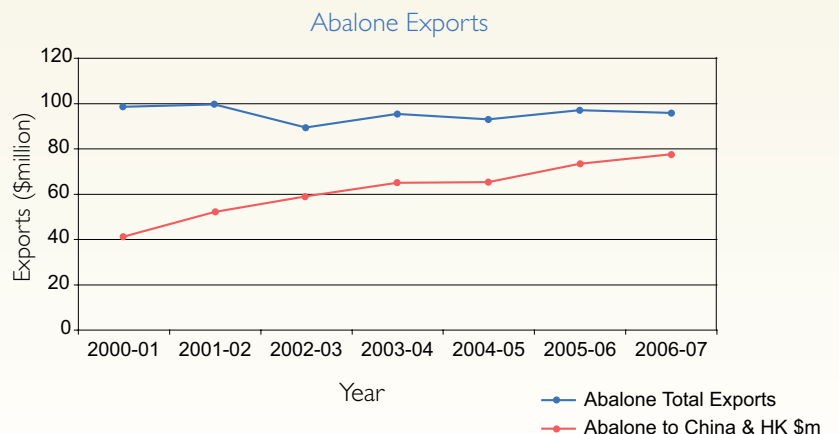
Australian abalone is also subject to import duty into China because the bilateral free trade agreement with Australia is yet to be ratified.

With aquaculture products increasing their seafood market share, the Tasmanian industry continues to explore new means of generating consumer confidence and value and increasing investment profits for those involved in the production chain for high-value wild catch abalone.



¹ABARE and FRDC (2008): Australian Fisheries Statistics 2007

²Tasmanian Abalone Council – Strategic Plan 2008-2013.





Trade and Investment Opportunities

In 1985 the Quota Management System (QMS) was introduced. The QMS divides the total allowable catch (TAC) into 3,500 units with access limited to 125 diving licence holders. Each unit currently equates to 715 kilograms of abalone and the total allowable catch (TAC) for the fishery has remained relatively stable at around 2,500 tonnes. Other control measures include mandatory possession of a measuring tool to gauge abalone sizes; area closures; rigorous reporting requirements and the creation of management zones in State waters, each with a TAC.

There are 33 licensed abalone processing operators, with 70 per cent of the catch processed by the State's 12 largest operators.

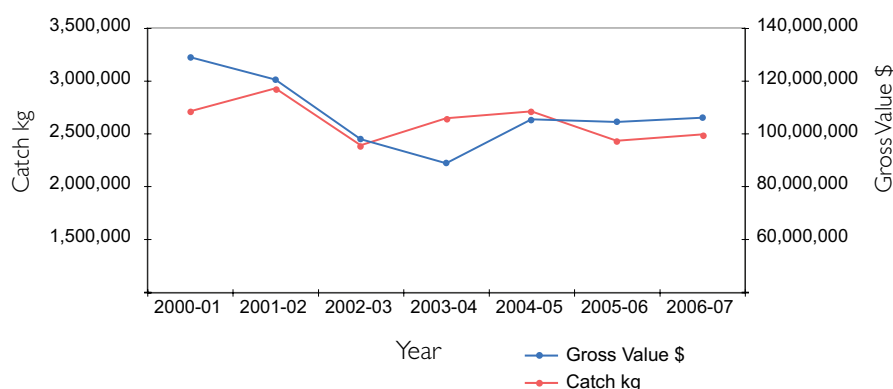
In 2007, 65 per cent of the TAC was sold live (1581T); 4.5 per cent (109T) was frozen; 30 per cent canned (729T); and 0.5 per cent (12T) dried. Live market sales add an average 92 per cent gain in Australian dollar value from beach value, representing an attractive strategic investment opportunity. Value adding is significantly less for frozen and canned products – 23 per cent and 21 per cent respectively³.

Increasing numbers of Tasmanians now share in the Tasmanian abalone fishery. Since January 1991, non-diving investors have been able to purchase abalone quota units directly. Currently, 450 people hold the 3500 quota units, with profits reinvested back into the Tasmanian economy in a multitude of ways that generate employment and wealth opportunities.

The industry's stability is an indication of a natural resource that has in place management practices designed to sustain long term fishing pressure and capable of reacting to stock fluctuations and biosecurity risks, as demonstrated in the State's response to the threat of abalone viral gangleoneuritis (AVG) from Victoria. As a precautionary measure, the Bass Strait zone of the fishery was closed in 2007 to prevent the spread of AVG to Tasmanian stock. A range of measures to minimise the risk of a disease outbreak are being implemented.

³TAC data and Ridge Partners analysis in the Tasmanian Abalone Council – Strategic Plan 2008-2013.

Abalone Catch and Value of Production



Source: ABARE Australian Fisheries Statistics 2007

Trends and Development

The State Government and Tasmanian Abalone Industry negotiated the Abalone Deed of Agreement during 1993-94, resulting in long term access to the resource for commercial fishers. The royalty provisions of the Deed were renegotiated in 2003-4. The outcome was a return to the Tasmanian community of a fixed 8.125 per cent of the beach price for a period of 30 years (expires 31 December 2033) .

In recognition that Tasmania's abalone resources were being managed in a sustainable manner, the industry gained export exemptions under the Commonwealth's *Environment Protection and Biodiversity Conservation Act 1995* in 2002. The fishery was reassessed under this legislation in 2007, resulting in further export exemptions being granted. The next assessment is scheduled for 2012.

The viability of the industry is determined primarily by Catch Beach Price. Fluctuating prices have been a key feature of the industry, however, abalone \$ values have fallen since 2000 because of declining unit prices and exchange rate volatility in an export-driven market. As a high volume product, even small percentage changes in production volume or price can result in significant absolute changes in gross value of production .



Challenges

Long-term objectives and performance measures for the abalone fishery continue to be developed and implemented to ensure long term sustainable management. As management becomes increasingly complex and sophisticated, the ongoing challenge is to balance the objectives of management, enforcement and operational practicalities in the fishery.

Illegal harvesting of abalone places additional stresses on this high value resource. The Tasmanian Government and industry continue to address issues regarding enforcement of regulations, permits and illegal fishing in the abalone fishery.

Climate change and variability is increasing the threat of introduced species in marine production systems. For example, the predatory long-spined sea urchin (*centrostephanus rogersii*) has extended its range south into the abalone habitat along the State's east coast. While Tasmania's remoteness reduces biosecurity risks, the Tasmanian and Commonwealth Governments and industry peak bodies continue to work collaboratively to establish improved biosecurity practices and measures across all sectors of the abalone industry.

Industry is investigating pricing issues in order to retain competitiveness for product prices and maintain its dominant position and strength in the export market, however, this approach is challenged by rising input costs (fuel and labour) and fluctuating or peaking fishery yields.

Research, Development & Extension

Tasmanian research focuses on increasing our understanding of issues relevant to the management of the abalone fishery including parameters of abundance, growth rates and levels of harvest. In particular, research has targeted two important management aspects of the fishery: appropriate size limits, and information to assist in setting the total allowable catch (TAC).

Assessment of the fishery is based predominantly on indirect indicators of the health of abalone stocks, such as catch per unit of effort. Short to medium-term research is focused on the production of more sophisticated assessment methods through modelling of the fishery. The goal is that this information will provide for more robust methods for determining abundance and setting the total allowable catch. Recent trials using highly accurate global positioning systems (GPS) and electronic depth loggers have enabled researchers to gain greater insights into diver behaviour.

A portion of the royalty figures negotiated under Tasmania's Abalone Deed of Agreement (0.125%) is paid to the Fisheries Research and Development Corporation (FRDC), and these funds are matched by the State Government.

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