TASMANIAN ABALONE COUNCIL

Strategic Plan

2008 - 2013

The Tasmanian abalone industry is at the next phase of its development from that of a commodity to that of a premium wild caught product taking its rightful place as world leader in quality, sustainability and price.

Dramatic increases in living standards in our dominant markets create great opportunities for our members and investors. Competing wild stocks are losing capacity, and aquaculture offers commodity abalone products to a wider global consumer market.

But we must be careful to preserve, manage and fully value our world class wild resource through investments in smarter people, better practices, great resource science and premium food innovations. Through our partnerships with scientists, regulators and the community we have a sound platform to lift the value and profitability of our divers, quota holders and processors, and promote the development of a vibrant, growing industry for the benefit of all Tasmanians.

This is our Plan to achieve these goals by 2013.

Foreword

On behalf of the Board of the Tasmanian Abalone Council Ltd it gives me great pleasure to present the first Strategic Plan developed for and on behalf of Tasmania's abalone industry. In 2005, the Abalone Council of Australia (ACA Ltd) commissioned an analysis of the industry and its market environment. In that comprehensive study David McKinna[1] described the industry as "reaching a crossroad in its history. Despite the fact that it is one of the most valuable fisheries in the world, and despite its market leadership position, it is not realising the true potential of the resource".

After experiencing rapid growth during the late 1980's and 1990's, the economic return from our valuable resource has stagnated and in real terms has declined in recent years.

Exchange rate fluctuations and the burgeoning global growth of abalone aquaculture are just two factors affecting the market for premium Tasmanian product. We all know that Tasmanian wild caught abalone is amongst the best in the world in terms of quality, texture and taste but unfortunately we are failing to fully capitalise on these "virtues".

Market analysis recently conducted by the ACA Ltd and by the Tasmanian Abalone Council (TAC Ltd or the "Council") has highlighted the necessity (and potential benefits) for Tasmania to actively promote and differentiate our product from the plethora of available substitute products that compete in the marketplace.

To this end, the Council has initiated two projects that run parallel to each other and between them should address some of the acknowledged shortcomings of our existing "market situation".

These projects are as follows;

1. The development of a Quality Assurance Code of Practice from Harvest to Export, and
2. The design and implementation of a Promotion/Market Development Strategy.

In addition to improving financial yield, there are a number of other challenges that confront our industry. These include (but are not limited to) the following;

1. The need to establish a Bio-security Plan to protect our industry from unwanted pathogens
2. The need to improve the Stock Assessment process so that resource management decisions are more robust and the sustainable yield is optimized
3. Better development of the human resource capacity within the industry, and
4. Establishing corporate governance practices within the Council that are consistent with the current legal, regulatory and corporate governance environment in Australia.

This Strategic Plan outlines a pathway to achieve a number of important outcomes over the next 5 year period. I look forward to working with industry stakeholders to achieve these important steps forward.

Greg Woodham

President

Acknowledgements

The Plan was developed by the Council with support from a number of stakeholders. The Council wishes to acknowledge the support and contributions of its members and Board and the Tasmanian Government in the development of this Plan.
We also thank industry contributors Dr Craig Mundy (Tasmanian Aquaculture and Fisheries Institute), Kim McShane (Tasmanian Department of Economic Development), Dr Tom Lewis (Rural Development Services P/L) and Mark Pearce (TAC Ltd Marketing Consultant).

The Tasmanian Abalone Council thanks Ewan Colquhoun of Ridge Partners for leading the planning process.

1. *McKinna Et al, "Development of a Marketing and Market Development Strategy for the Australian Abalone Industry", November 2005*

The TAC's Mission

The Tasmanian Abalone Council is the peak body for the Tasmanian Industry. A Not For Profit Company (Limited by Guarantee), it has an 11 member Board elected by members to represent the three industry sectors – Quota Holders, Divers and Processors.

The TAC intends to lead and support the development of **the Tasmanian industry to be the global market leader in premier wild abalone markets.**

The Council will achieve this position by:

- **Working collaboratively with members from each of the three sectors** to jointly invest in the future of the industry to implement this Plan and maximise their returns,
- Professionally **representing** the members and their interests to external stakeholders, industry partners, governments and the broader community,
- Protecting the long term **sustainability** of the fishery, through effective marine resource management, through increased human skill and competence across the organisation and supply chain, and the development of a premium consumer image for Tasmanian abalone products,
- Implementing strategies to enable the ongoing **viability** of the industry,
- Implementing strategies that **optimise the returns to Tasmania** from the State's 25% share of the global wild abalone resource,
- **Communicating** regularly and directly with industry, Government and the community about the progress of the Plan and the benefits to stakeholders, and
- Establishing and implementing clear governance procedures within the TAC to enable transparent and **professional organisational leadership.**

Industry Context

Two species of abalone are harvested in Tasmania: *Haliotis rubra* (blacklip abalone) and *Haliotis laevigata* (greenlip abalone).

The Tasmanian Government is responsible for managing the State's abalone fishery under the *Living Marine Resources Management Act 1995.* This includes the regulatory framework, management of the quota system, monitoring and auditing of the quota system and general policing of the management framework.

During 1993 and 1994, industry negotiated the establishment of the Abalone Deed of Agreement enabling long term access to the resource for commercial fishers. Recent renegotiation of the royalty provisions of the Deed have resulted in a return to the Tasmanian community of a fixed 8.125% of the beach price for a period of 30 years (expires 31st December 2033).

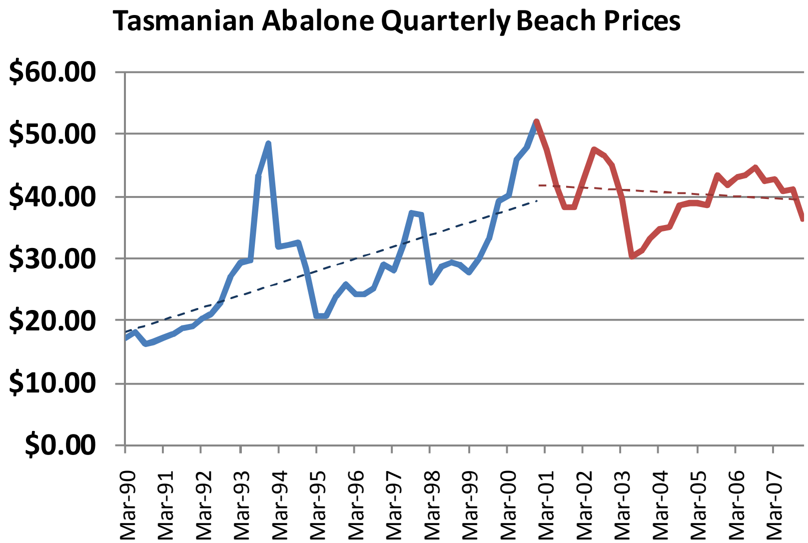
A portion (0.125%) of this industry contribution is paid to the Fisheries R&D Corporation, with further matching funds from the Tasmanian Government.

A recent study by the School of Economics at the University of Tasmania entitled "A Review of Abalone Diver's Charges" (Bruce Felmingham and Ingrid Van Putten, December 2005) has highlighted the following benefits to Tasmania's economy from the abalone industry;

1. Adds $335 million to the annual value of Tasmanian Production
2. Adds $240 million to annual Tasmanian Gross State Product
3. Adds $106 million to Tasmanian workers' wage income and
4. Adds directly, indirectly or by induced income effects 1445 full time equivalent jobs to the Tasmanian labour market.

Catch Beach Price is a key variable determining industry viability. The graph (on page 4) drawn from the quarterly data collated by the Council, indicates the trend in prices over the last 17 years. While it is clear that prices are quite volatile, the price trend for the last 7 years since 2000 has been negative.

In 2002, the industry gained export exemptions under the Commonwealth *Environment Protection and Biodiversity Conservation Act 19*99 in recognition that the industry is being managed in a sustainable manner. In 2007, the fishery was reassessed under this legislation and further export exemptions have been granted.



Indigenous and recreational fishers also have statutory rights to catch part of the fishery resource for non commercial use.

The high value of abalone provides a large incentive for illegal activities; poaching and other illegal activities are significant industry problems nationwide. Legislation provides substantial penalties for illegal activity.

Abalone aquaculture is a rapidly expanding industry globally and presents a number of challenges to the wild abalone industry. Apart from the obvious market competition issues, the abalone farm sector has been responsible for the recent outbreak of abalone viral ganglioneuritus along the western coastline of Victoria. This insidious pathogen has caused mortalities of up to 95% of wild abalone stocks along 200 kilometres of Victorian coastline. Lack of appropriate bio-security management on abalone farms is largely to blame for the outbreak and the entire abalone farming sector within Australia needs to review bio-security and husbandry management practices. Additionally, the current practice of dumping untreated effluent into the oceanic environment from on-shore abalone farms needs to be reviewed by the relevant authorities and the practice outlawed altogether – at the very least, effluent needs to be treated for full pathogen removal. All future farms should be closed loop systems with zero oceanic discharge. Robust bio-security practices also need to be applied to all live abalone holding facilities and abalone processing facilities. The Tasmanian Abalone Council has been working closely with the Tasmanian Government, the Commonwealth Government and the Abalone Council of Australia Ltd to ensure the development and implementation of improved biosecurity practices across all sectors of the Australian abalone industry.

Competitive Advantage

The McKinna Report identified a number of shortcomings in the Australian abalone industry including:

- A lack of rigid quality and product integrity standards,
- Undisciplined supply chain and trading mechanisms,
- Illegal and non-transparent trade,
- Price volatility,
- A lack of stable commercial relations with customers, and
- A lack of fisher investment in downstream consumer outcomes.

TASMANIAN WILD ABALONE	2003-04	2004-05	2005-06	2006-07
Catch landed Tonnes	2,645	2,709	2,431	2,491
Avg Beach Price A$/kg	33.52	38.91	42.93	42.55
GVP at beach price A$Mil.	89	105	104	106
Est. Illegal catch* A$Mil.	<4	<5	<5	<5
State export receipts (incl. aquaculture) A$Mil. (excludes Tasmanian exports from other states)	95	93	97	96
Est. State recreational catch Tonnes*	60	60	56	57
Wild Abalone share of Total Tasmanian Fisheries GVP	32%	35%	25%	22%

* The exact value of illegal abalone trade was estimated as 10% (FRDC Project 1998/170 ï Wild Abalone Fisheries Research and Development Needs Review). Current illegal trade in Tasmania is estimated at less than 5%. Recreational catch is estimated at 2-3% of commercial catch.

However it is clear that Council members have access to a world class resource which has the potential to produce attractive, intrinsically valuable and high quality abalone products for global consumers.

This strong market position has been based on natural competitive advantages (largest sustainable wild abalone resource in the world; pristine remote environments) managed long term by professional fishermen who have committed to invest in sound management practices.

The future will be more challenging. TAC Ltd members recognise that aggregate profitability will continue to be challenged as key fishery yields plateau, and input costs (fuel and labour) rise.

Industry leaders must address new ways to create consumer value and investor profit from what is one of the few remaining wild abalone fisheries.

The Market

With 25% share of wild catch to global markets, Tasmania is the dominant supplier. Despite this dominance, Tasmanian wild product remains largely unbranded in the volatile spot market, exposed to global trade vagaries with little control of its own destiny.

China, Japan and Taiwan remain the largest consumers of Tasmanian abalone. Research indicates growth in the Chinese market will continue for the foreseeable future, driven by rising living standards. Limited sales occur in the Australian domestic market, and the impact of illegal catch on this market is not quantified.

Industry currently has a limited understanding of its consumers within the live Chinese market and what rising incomes mean for consumption and prices. Research (McKinna et al) also confirms that prices are constrained and volatile, product integrity is variable and manipulated, and little is known about the value-adding preferences and options. Harvesters and quota holders treat abalone as a commodity with product being ‘pushed’ into the market with no strategic approach.

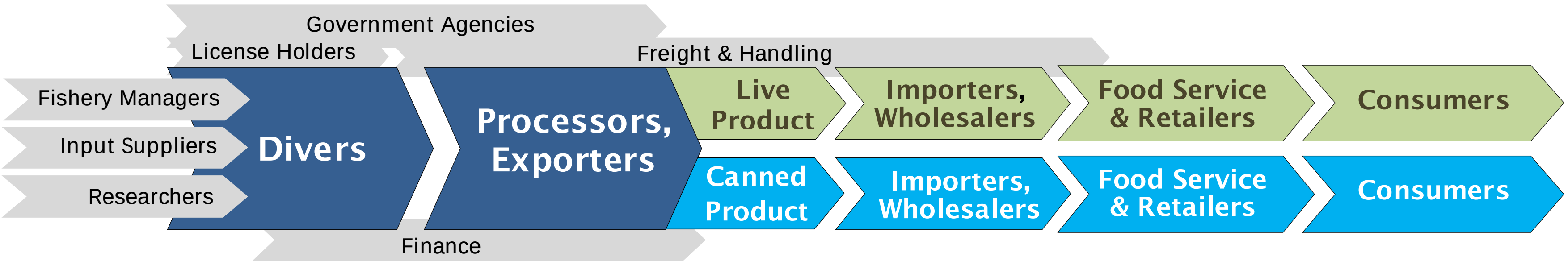
As a consequence margins are low and uncontrollable for most chain participants.

Tasmania faces a limited number of competitors in world abalone markets. In the live markets, Tasmania dominates volume as the South African resource has now collapsed due to failed resource management (the South African Government has closed the fishery indefinitely).

Industry Drivers

- World economic growth in emerging high growth economies promotes a shift to higher protein and higher value foods, including seafood. China, a major market for abalone will be at the centre of this trend for decades to come.
- Trade in global seafood will increase significantly and mature. Consumers will differentiate their market choices as they increase in wealth, including choices between wild catch and aquaculture seafood. Aquaculture will continue to increase its share of seafood markets, further driving the need for differentiation of wild product. Wealthy consumers want innovative premium products that address their need for health and longevity, wellbeing, safe food, culinary culture, lifestyle, personal experience and fashion.
- With unique products but capped wild capture fishery capacity, the Tasmanian abalone industry faces strong competition from innovators in its traditional high end export markets. Market research shows consumers are looking for convenience, quality and value in seafood. Price is not a barrier to purchase where value is perceived.
- Increased global trade will magnify currency impacts on regional economies. As an intense seafood exporter, the Tasmanian abalone industry faces substantial challenges to counter a strengthening A$ and an artificially low Chinese Yuan (RMB).
- Early climate change impacts are now evident in marine and terrestrial production systems. For example the predator long spined sea urchin (*centrostephanus rogersii*) has extended its range south into Tasmanian abalone habitat on the east coast.
- Overwhelmingly fresh live product is preferred to canned, or frozen.
- Fuel is a major input to wild capture fisheries. Rising fuel prices and Tasmania’s geographically remote west coast fisheries reduce Fishermen’s viability.
- Increasing compliance costs erode financial returns to divers.
- Illegal harvesting places additional stress on the resource.
- Biosecurity risks are a major driver for improved resource management protocols and practices.
- Australian abalone is subject to import duty into China because a Free Trade Agreement has not yet been ratified.

Structure of the Tasmanian Wild Abalone Industry



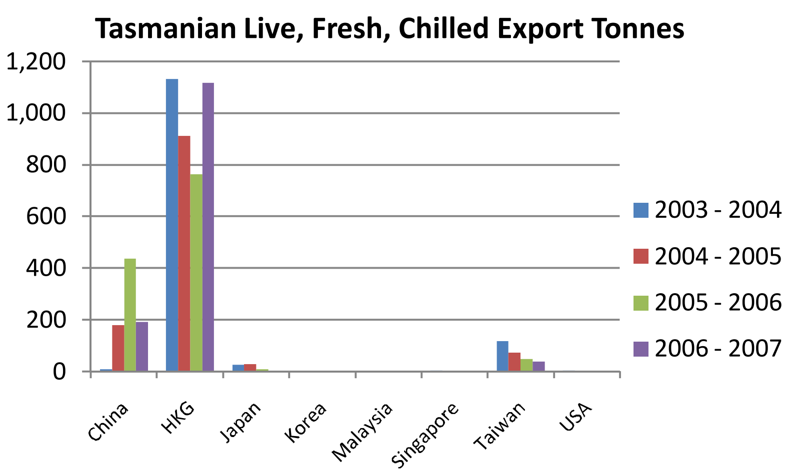
	Fishing 2007	Processing	Domestic Retail by value	Export Markets by value
Tasmanian Wild Catch * Legal non commercial catch by recreational and indigenous fishers is estimated by FRDC at a further 65T (2.5%). The volume of illegal catch across the Australian wild catch industry is estimated to be in the order of 10% of the legal catch.	Quota:3500 units - 450 holders Diving: 125 licenses / holders Legal* Catch: Tasmania 2432.5T 1. East Coast Blacklip 770T 2. West Coast Blacklip 1260T 3. North Blacklip 280T 4. Bass Strait Blacklip 0T 5. Greenlip 122.5T	Operators: 33 licensed operators; 70% processed by 12 largest	Most sales through retail and food service outlets in major cities and inbound Asian tourist locations	Dominant markets are China / Hong Kong / Macau, Singapore, Taiwan, Japan, and Malaysia. Significant sales also to overseas Asian communities in USA and UK.
1.Live	65% of TAC catch sold live 1581T - mostly blacklip exports GVP at Beach Price: $61Mil.	Processed yield 1602T Approx. Market Value $79Mil. after processing	16T (1%) valued at $1.3Mil. Greenlip to domestic food service in major cities	1442T (90%) valued at $115Mil. to China, HK, Macau 144T (9%) valued at $13Mil. to Singapore, Taiwan, Japan, and other markets
2. Frozen	4.5% of TAC catch sold frozen 109T - mostly greenlip exports GVP at Beach Price: $4.2M	Processed yield 41T Approx. Market Value $4.3M after processing	0.2T (0.5%) valued at $31,000 Blacklip to domestic food service in major cities ??	39T (95%) valued at $5.4Mil. to China, HK, Macau 2T (4%) valued at $260,000 to Singapore, Taiwan, Japan, other
3. Canned	30% of TAC catch sold canned 729T – mostly blacklip GVP at Beach Price: $28 million	Processed yield 198T Approx. Market Value $29M after processing	1.0T (0.5%) valued at $104,000	113T (57%) valued at $19Mil. to China, HK, Macau 84T (42%) valued at $14Mil. to Singapore, Taiwan, Japan, other
4. Dried	<0.5% of TAC catch is dried 12T	Processed yield <1T	Not available	Not available
TAC Annual TOTAL Source: TAC	**2432.5T@$38.48/kg Beach Price = GVP $93M**	**Est. GVP after processing $112M**	**Est. GVP at retail $1.4M**	**Est. GVP at retail $169M**

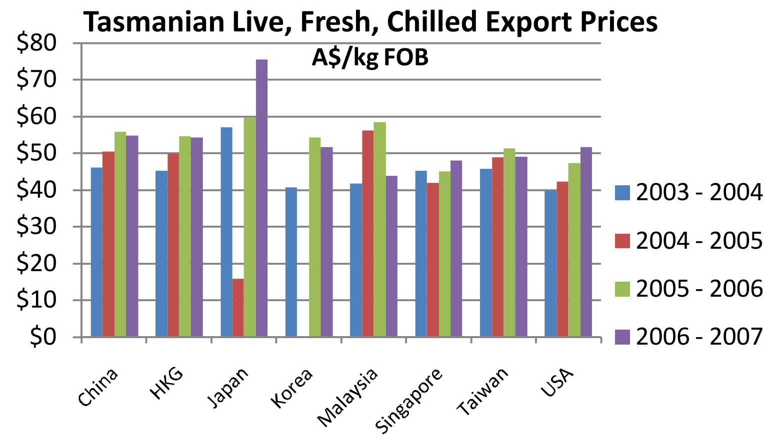
Market Performance

The Tasmanian Abalone Industry has experienced some fluctuating volumes and prices for product in the last four seasons (2003/4-2006/7). Live Fresh, or Chilled exports are the dominant category, as follows (Source: Australian Bureau of Statistics – [ABS]):

TASMANIAN ABALONE - Live Fresh or Chilled Exports	2003-04	2004-05	2005-06	2006-07
Tonnes	1,289	1,199	1,265	1,358
Values A$ Million FOB	58.7	58.9	69.5	73.7
Prices Avg A$/kg FOB	$45.52	$49.11	$54.95	$54.25

China and Hong Kong are the dominant volume markets, with prices above and below for other markets.





Australian Abalone Exports in 2006-07 (Source: ABS) totaled 1,541 tonnes at a weighted average FOB price across all products of A$54. The table (at right) confirms that Hong Kong is the volume market in the largest product category – Live, fresh or chilled. The bulk of this product enters China via the "grey market".

AUSTRALIAN ABALONE EXPORTS 2006-07

Kilograms	Canned	Dried Meat	Frozen Meat	Frozen whole on shell	Live, fresh or chilled	Not elsewhere specified	TOTAL Tonnes
China		114		225	193,784	59	194
Hong Kong	36,336	197	4,694	240	1,118,620	465	1,161
Taiwan	15,321		24		39,451	25,459	80
Japan	9,023		4,408	6,220	2,626		22
Korea					198		0.2
Malaysia	1,963				386	490	2.8
Singapore	70,556				941		71.5
USA	3,272		120		2,160		5.6
Canada			3,350				3.4
Indonesia			31				0.03
UK	327						0.3
Total Wt	**136,797**	**311**	**12,627**	**6,685**	**1,358,166**	**26,473**	**1,541**
% of Total	**8.9**	**0.02**	**0.82**	**0.43**	**88.13**	**1.69**	**100**
Avg A$/kg FOB	**$143**	**n/a**	**$122**	**$80**	**$54**	**$5**	**$54**

Gross Value of Production: Impacts through the Chain

The Tasmanian wild catch abalone industry provides live, frozen, canned and dried product to domestic and export markets. While live (65% by beach weight) and canned (30%) products dominate, frozen products contribute 5% and dried product less than 1%.

Across the Tasmanian product offer to all markets, the industry achieves a **69%** increase (see table below) in value over the beach value in $A terms.

Live sales to all markets add an average 92% gain in A$ value from the beach value, and is an attractive strategic opportunity. Freezing adds 23% to beach value and seems a marginal use of the world's best resource, unless in commodity volume. This seems to not be a viable use of product unless it promotes all Tasmanian abalone product. Canning adds 21% to beach value and also seems to be a marginal use of the TAC member resource, again unless it builds Tasmanian brand image and margin elsewhere. Canning and Freezing may offer outlets for lower quality fish, but efforts to increase the yield of quality fish from the resource would seem a better strategy to pursue. Dried product comprises a negligible share of Tasmanian trade.

The Industry should address the question: Is it happy to achieve only a 69% value add to its beach price from the world's best resource?

TAC SUPPLY CHAIN							
A$'000	Beach	Processing Value Added		Market	Retail	Value Added	
	Value	Prices	Volumes	Value Add	Value	Net$	%
Live	67,444	15,217	-3,372	50,296	129,585	62,141	92%
Frozen	4,669	2,656	-3,035	1,432	5,722	1,053	23%
Canned	27,690	21,756	-20,768	4,880	33,559	5,869	21%
Dried	1	1	-1	1	2	1	129%
Total	99,804	39,631	-27,176	56,609	168,868	69,064	**69%**

Source: TAC data and Ridge Partners analysis

Strategic Goal

Increase TAC member value added from 69% to 100% by 2013. This will increase retail market returns by approx. $30 million.

Key Strategies:

1. **Managing the Tasmanian Abalone Council as an effective and viable Business**
   The sustainable management of the resource and viable returns to industry demand that the Council is a professional organisation leading the multimillion dollar investment in the industry.
2. **Managing the Wild Fishery to Optimise Sustainable Yield**
   Stable fishery yields and rising costs mean all sectors must seek higher market returns through product differentiation. Fishermen must adjust how and when they fish and the products that are created and offered to premium consumers. Profit is created in the fishery by reducing costs, great science and collaboration under balanced policy settings.
3. **Optimising Supply Chain Performance for Quality and Return**
   The harvest offers the opportunity onshore to build consumer value and reduce waste by ensuring that each time a fish is handled its value is preserved or improved and that every person in the chain recognises that they depend upon the consumer.
4. **Achieving Better Market Outcomes**
   Tasmania has one of the world's premium wild abalone resources, but the industry has not yet established relationships with discerning abalone consumers to enable increased service and prices. The challenge is to engage/educate the importers & wholesalers and develop in-market quality and loyalty to Tasmanian products through enhanced consumer interest.
5. **Managing Human Resources**
   People are the key to achieving TAC goals. Appropriately trained and efficient harvesters, quota holders, processors, and marketers determine how industry turns fresh wild abalone into premium seafood sought by discerning overseas consumers. Lack of skills equals lack of profits. The skill of leaders to define the challenges, motivate and finance shared action, and demonstrate industry benefits to communities and agencies is the cornerstone to meeting all challenges.

STRATEGY 1: MANAGING THE TAC BUSINESS as an Effective and Viable Industry Leader

OBJECTIVES	PROJECTS and OUTCOMES	STATUS	ACTIONS
1. Implement Governance Changes to reflect National Corporate Benchmarks	a. Benchmark TAC Ltd governance arrangements and procedures against recommended standards established by national corporate regulators/policy makers. b. By June 2009 establish a TAC Ltd Charter of Good Governance. c. Board Chair to consider external appointments of directors or advisors to boost key skills on the Board, or available to the Board (e.g. marketing, legal, etc). d. Communicate to industry members and regulators regarding governance changes.	*This column enables periodic review of the status of each project within each platform.*	*This column records actions to manage each project.*
2. Review and Improve Board Structure and Processes	e. Establish Board succession plans that balance the need to retain appropriate skills and networks, while introducing fresh thinking, skills and talent to enhance long term Board capacity to meet industry challenges. f. Free up Board time commitments to ensure focus on industry strategy, by establishing Board subcommittees to deal with key issues. These can be on a permanent or ad hoc temporary basis. Invite external expert opinion to join these committees as necessary. g. Utilise introductory training programs for new directors. Cost effective courses are run by the Australian Institute of Company Directors in each State. h. Ensure the TAC maintains a current 5 Year Strategic Plan that charts the investment priorities for the industry.		
3. Effective Networks and Collaboration	i. At both the Board and industry levels, build mutually beneficial linkages with regulators, researchers, agencies, and communities to communicate, promote and invest in the industry's wellbeing. j. Work jointly with other seafood sectors, other users of the marine resource and the Tasmanian Department of Primary Industries and Water to share information regarding the resource and its usage, analyse risks and plan responses to biosecurity and other threats.		
4. Secure adequate Funding to implement TAC Plans	k. Develop a value proposition to present to members regarding the industry growth and potential increased returns from their joint investment in key initiatives, including market development and promotion in selected Asian markets. Also pursue government grants and co-funding opportunities when appropriate.		

STRATEGY 2: MANAGING THE WILD FISHERY to Optimize Sustainable Yield

OBJECTIVES		PROJECTS and OUTCOMES	STATUS	ACTIONS
1. Obtain maximum sustainable yield from the fishery	a.	Work with Fishery Managers to establish the biological, environmental, economic and social limits to fishery yield within guidelines set by the EPBC Act and Tasmanian Government.	*This column enables periodic review of the status of each project within each platform.*	*This column records actions to manage each project.*
	b.	Establish management tools and models that enable harvesting of fish to optimise market returns.		
	c.	Based on market signals, develop harvesting techniques that optimise the value of fish in the market place tomorrow, rather than the volume of fishery biomass today.		
2. Establish a Biosecurity Management Plan	d.	Jointly with relevant State agencies, develop a Tasmanian Abalone Bio-security Management Plan, as a rolling planning and review process. Review the Plan and its integrity, effectiveness and cost at least annually.		
	e.	Work with aquaculture abalone and other stakeholders to undertake a comprehensive disease and biosecurity assessment, including current and potential disease risks, and local and introduced species.		
	f.	Within the Plan, ensure the establishment of a bio-security monitoring and communication program selfï managed by industry participants under established Codes of Practice.		
	g.	Interact with Government to ensure that bio-security measures are implemented and rigorously maintained.		
	h.	Work with State and Federal agencies to prevent the further spread of abalone ganglioneuritus.		
3. Improve the Stock Assessment Process	i.	Work with Fishery Managers and Researchers to ensure stock assessments undertaken in the Tasmanian wild abalone industry are based on data and processes of the highest quality and integrity.		
	j.	Improve the current Total Allowable Catch (T.A.C.) setting process by establishing a new committee that incorporates the current stock assessment process and makes quota related recommendations to the industry and Minister. This committee will be chaired by an independent chairperson and will include the TAC Ltd Board, fishery managers and researchers and diver experts.		
4. Establish effective Resource Sharing Mechanisms	k.	Work with Abalone Council Australia, Fishery Managers and other resource users to establish a unified approach to commercial, recreational and indigenous abalone resource allocation across Tasmania.		
	l.	Work with Communities, Fishery Managers and Government to ensure ongoing commercial access for the wild abalone industry to Marine Parks on agreed terms.		
5. Monitor Climate Change Impacts	m.	Investigate and monitor potential impacts of climate change on the resource, on the industry supply chain, and on the production of and demand for abalone by consumers.		
	n.	Seek annual updates from Tasmanian Government regarding research, intelligence and impacts on Tasmanian industry generally and seafood in particular.		

STRATEGY 3: OPTIMISING SUPPLY CHAIN PERFORMANCE for Quality and Return

OBJECTIVES	PROJECTS and OUTCOMES	STATUS	ACTIONS
1. Implement a Whole-of-Chain Approach to serving customers	a. Initiate formal and informal industry events and communications to advise, consult and engage divers, quota holders and processors about through-chain issues (e.g. market signals, meat quality, fish age, live yield optimising) and the shared benefits derived from close collaboration to meet consumer needs. b. Work with Industry, Government and Transport companies on ways to improve Logistics (Transport) Systems used by the industry. c. Work with processors to minimise impact of supply peaks/troughs ï e.g. oversupply after favourable west coast fishing patterns. d. Investigate the implementation of a through-chain product traceability process with incentives for adoption and compliance.	*This column enables periodic review of the status of each project within each platform.*	*This column records actions to manage each project.*
2. Implement Best Practice Quality Systems through the Chain	e. Implement a TAC Ltd Quality Assurance Program through the supply chain, for all harvested fresh and processed abalone products. f. Determine the product quality and integrity parameters for live and processed products that target specific premium customer requirements. Focus on premium live and processed products. Establish an audit process to ensure compliance by all participants along the harvest supply chain with the QA and Product Integrity Program. g. Ensure Tasmanian licensing regulations are harmonised with and support the intent of the TACôs QA and Product Integrity Program. h. Use the quality assurance scheme as a tool to identify and limit illegal access, harvest and trade in abalone.		

STRATEGY 4: ACHIEVING BETTER MARKET OUTCOMES

OBJECTIVES	PROJECTS and OUTCOMES	STATUS	ACTIONS
1. Maintain a detailed understanding of chosen markets	a. The key markets are in Asia. These markets will experience high growth for decades to come, and great changes in food cultures and consumer preferences. Undertake market assessments in Asia using experienced market professionals. b. Investigate significant high net worth markets driven by overseas Chinese and Japanese consumers, elsewhere in the world.	*This column enables periodic review of the status of each project within each platform.*	*This column records actions to manage each project.*
2. Establish effective Market Plans	c. Attaining and maintaining future growth in the value of abalone exports is the greatest challenge currently facing TAC Ltd members. The TAC Ltd may assist the post harvest sector to maintain effective promotion/market development plans that aim to maximise the return to industry.		
3. Differentiate and promote Tasmanian Wild Abalone	d. The Tasmanian wild abalone industryȇs competitive advantage is based on the high quality and capped quota volume of its wild resource. Initial research confirms the considerable market appeal and potential for increased value based on these attributes. To maximize producer margins the TAC Ltd may assist the Tasmanian post harvest sector to establish in-market promotion campaigns to differentiate its products based on these unique attributes.		
4. Increase market returns	e. Work with all stakeholders to achieve increased market returns for all stakeholders.		
5. Ensure adequate funding to implement Market Plans	f. Develop a value proposition to present to members regarding the industry growth and potential increased returns from their joint investment in key initiatives, including market development and promotion in selected Asian markets. Also actively pursue all relevant funding mechanisms via industry grant schemes.		
6. Develop innovative premium products attractive to markets	g. Assist the Post Harvest sector to document ways to add value to the harvested fish resource, based on market research into importer / wholesaler and consumer trends. Seek opportunities that add utility and value for existing customers at retail and food service outlets, and also encourage investigation of new and innovative ways to prepare and present abalone to new customers. Ensure new innovations build on the theme of wild and healthy stocks which are the source of Tasmanian differentiation.		

STRATEGY 5: MANAGING HUMAN RESOURCES

OBJECTIVES	PROJECTS and OUTCOMES	STATUS	ACTIONS
1. Establish HR Processes that enable and promote adoption of Codes of Practice	a. Review Abalone Dive Code of Practice (established 1997) to align with current dive practises ï refer point 2.d. below b. Complete development and implement ñQuality Assuranceò Code of Practice for abalone exports - commenced December 2006.	*This column enables periodic review of the status of each project within each platform.*	*This column records actions to manage each project.*
2. Establish Information Packs for new industry entrants and maintain relevant training programs compliant with the Seafood Training Package	c. Develop and maintain user friendly information packs etc to ensure industry access and new investment is encouraged for new industry entrants. d. Review and update the Dive Code of Practice and jointly work with Government to ensure compliance with the Dive Code of Practice by the dive sector. e. Ensure the Diver Training Course is relevant and updated and provides all information required by new diver industry entrants. f. Encourage abalone deckhands to undertake (and regularly update) relevant industry training		
3 Establish programs that encourage member and external participation in Industry Forums and Initiatives	g. Establish a program of forums, meetings etc that formally and informally engage all sectors of industry and key external stakeholders. h. Encourage participation in and contribution to these events by all industry members as a basis for building trust between members and a shared culture of servicing the consumer markets.		
4 Maintain an Effective Stakeholder Communication Strategy	i. Establish a Communication Plan that integrates user friendly information and data from all operators and communicates accurate and useful information to stakeholders. j. Establish and maintain formal newsletters and publications (including electronic) to all sectors of industry. k. Maintain and improve Tasmanian Abalone Council website as a communication conduit to members and the broader community.		

Managing the TAC Strategy

The TAC Board shall implement and manage the industry's strategy across a 3 stage horizon. It will review progress against the Plan at least annually to adjust the strategy or reallocate resources.

STRATEGY	HORIZON 1 Jun 08 – Jun 09	HORIZON 2 Jul 09 – June 11	HORIZON 3 Jul 11 – Jun 13
1. Managing the TAC as an effective and Viable Business a. Implement Governance Changes to reflect National Corporate Benchmarks b. Review and Improve Board Structure and Processes			
2. Managing the Wild Fishery to Optimise Sustainable Yield a. Obtain maximum sustainable yield from the fishery b. Establish a Biosecurity Management Plan c. Establish an improved Stock Assessment Process d. Establish effective Resource Sharing Mechanisms e. Monitor Climate Change Impacts			
3. Optimising Supply Chain Performance for Quality and Return a. Implement a Whole-of-Chain Approach to serving customers b. Implement Best Practice Quality Systems through the Chain c. Benchmark Through Chain Performance and Productivity d. Monitor Chain and Industry Viability			
4. Achieving Better Market Outcomes a. Establish and maintain a detailed Understanding of Chosen Markets b. Establish effective Promotion Plans c. Differentiate and promote Tasmanian Wild Abalone d. Analyse and document increases in Market Returns e. Ensure adequate funding to implement Market Plans f. Encourage development of innovative Premium Products attractive to Markets			
5. Managing Human Resources a. Establish HR Processes that enable and promote adoption of Codes of Practice b. Establish Information Packs for new Industry Entrants c. Establish and maintain relevant Training Programs compliant with the Seafood Training Package for divers & deckhands d. Establish programs that encourage member and external participation in Industry Forums and Initiatives e. Establish and maintain an effective Stakeholder Communication Strategy			

SWOT Analysis - Tasmanian Wildcatch Abalone Industry

Current STRENGTHS	Theme	Current WEAKNESSES
Dominant market share in global wild abalone markets Abalone is revered as the "King" of all foods in Chinese culture Tasmanian Live abalone is highly regarded by Chinese importers	Consumers and Markets	Dominance of single Chinese market for live product High currency exposure in export markets– AUD/USD/RMB YUAN Large distance from markets Excessive bottlenecks and lack of market transparency and regulation in "grey" channel at Shenzen entry port Lack of significant alternative markets for Tasmanian export products at current prices Limited understanding of China market Lack of promotion of Tasmanian product in markets High import duties to access China market Chinese consumers, retailers, and importers have limited awareness of Australia and Tasmania
Sustainability of the wild resource, able to yield 2500-3000 tonnes of premium grade fish annually High quality management of the fishery Reduced biosecurity risks due to Tasmania's remote location Extensive scale and scope of wild stock genetic capacity Ideal global latitude for marine production based on pristine environment, water temperature and aeration	Resource and Supply Chain	Lack of adequate infrastructure to support industry in Tasmania and product to markets Volatility of fishery yield Lack of bio-security management plan (although currently under development)
Adequate accessible scientific research capacity in Australia	Human Capacity	Potential future shortage of suitably qualified and experienced deckhands Succession planning for new TAC Ltd Board members
Stable sovereign governments in Australia and Tasmania able to control illegal fishery access and trade Strong collaborative relations with Tasmanian Government	Government	Contribution from Consolidated Revenue to resource management and research is currently inadequate Lack of coordination of research undertaken across a number of agencies
	Organisation	Governance structure requires further development as role of the organisation expands to suit member needs

TAC has established considerable capacity to lead industry		
OPPORTUNITIES next 5 years	**Theme**	**THREATS next 5 years**
Tasmanian brand leverage based on raw natural environment	**Consumers and Markets**	Consumer indifference Lack of understanding/appreciation of Tasmanian abalone products amongst restaurant chefs and consumers – particularly in China
Innovative product development and delivery based on sound assessment of market preferences		Changing food culture in key markets – Westernization of Asia
Differentiate wild Tasmanian abalone to wealthy Chinese consumers		Aquaculture abalone will capture a greater share of existing wild abalone markets due its lower prices and production costs and ever increasing production volume
Recognise the market differentiation benefits of the wild catch offering to aquaculture abalone		The Tasmanian abalone industry neglects to differentiate its wild product sufficiently from farmed product
Secure relevant certifications that differentiate Tasmanian product for in-market advantage – Marine Stewardship Council, organic, etc		
Refine management and harvest practices to optimize the value of the resource at market	**Resource and Supply Chain**	Bio-security risks (pathogens and exotic species) from overseas, mainland and local sources
Greater cooperation and collaboration on wild product quality between participants along the supply chain		Changes in climate that may impact on future production levels
Better sharing of returns and risks along the supply chain		Product substitution and illegal trading practices from competing wild abalone fishers
Encourage development of new product / meal offerings that optimise Tasmania's advantage in large fish		Production driven fishing culture of the Tasmanian wild catch abalone sector
Refine product offering based on premium price not volume, as the wild harvest resource yield will remain capped		Overfishing above sustainable yields
Optimise abalone R&D capacity resident in Tasmania	**Human Capacity**	Failure to develop adequate human capacity for various industry roles
Build on working relationship with current Tasmanian Government and Opposition parties. Explore opportunities to develop a collaborative cost sharing arrangement for promotion of abalone exports	**Government**	A change of government and the potential change in attitude towards industry – this is mitigated through maintaining and building closer links with major political parties
Opportunities to further develop an expanded role for the Tasmanian Abalone Council as it continues to grow parallel to stakeholder expectations	**Organisation**	Future potential factional fragmentation of industry

Tasmanian Abalone Council; Investing in Industry Collaboration and Success

The Tasmanian Abalone Industry Structure