

AUSTRALIAN



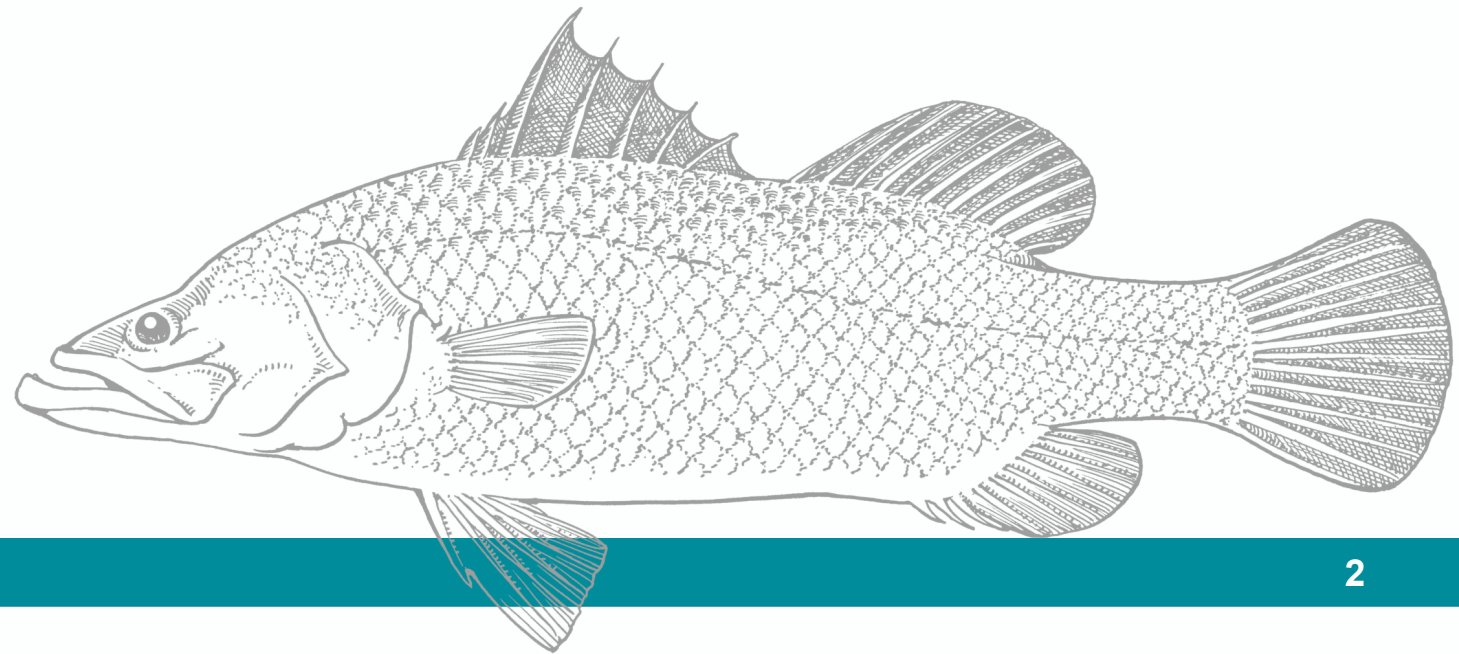
FARMERS ASSOCIATION

Strategic Plan
Climbing the capability curve
2020 - 2025

Acknowledgements

This strategic plan for the Australian farmed barramundi industry was enabled with funding from Fisheries Research and Development Corporation (FRDC).

The strategy was facilitated and written by McKINNA *et al* with close input from members of the Australian Barramundi Farmers Association and ABFA CEO Jo-Anne Ruscoe.



Foreword

The ABFA 2020 – 2025 Strategic Plan was finalised during the peak of the COVID 19 pandemic, which has drastically reduced product demand due to the shut down of the foodservice sector. There will be longer term flow-on impacts from this economic shock to the industry including a reduced funding base for the ABFA if the current funding model is retained.

At the time of writing this strategy, it was difficult to assess the full extent of the pandemic shock and ABFA were in the process of preparing a number of response scenarios. How these scenarios play out will influence the priorities and timing of this strategy and ABFA will need to remain flexible in its implementation of the plan. Because of the pandemic, projects identified in the earlier drafts of this strategic plan that were deemed to be important to the long term development of the industry have had to be put on hold because of the significantly reduced resources. This final version of the strategic plan has been edited to reflect what industry consider is realistically achievable in the current funding environment. The programs that have been put on hold will be revisited when resources permit.

Notwithstanding the disruption of the COVID 19 event, this strategy remains sound in its intent and will be relevant for the five year strategy horizon and beyond.

Note:

This strategic plan should be read in conjunction with the industry situation analysis report (McKINNA *et al* 2020) that summarises the consultation and research that helped determine (and confirm with members) what the burning issues facing the industry are at this time. This strategic plan presents the response to those agreed burning issues.

Purpose of this plan

This plan is designed to serve a number of purposes:

1. To document the agreed shared and collective views on the purpose, goals, philosophies and guiding principles of the ABFA
2. To set long term priorities for the industry
3. To provide a framework to administer and prioritise industry activities and budget
4. To demonstrate to the wider seafood industry community that this is a highly organised, professional and disciplined industry body
5. To support funding applications.

ABFA statement of purpose

The 2015 -2020 strategic plan that preceded this one, outlined an industry vision, values, investment priorities and more. While the fundamental intent of those statements remains true, some have been rephrased in this document for clarity and to reflect the changing areas of emphasis needed as this strategic plan responds to a new trading environment.

The following statement of purpose serves to confirm the role of ABFA in the context of this strategy.

ABFA exists to facilitate the profitable and sustainable development of the Australian Farmed Barramundi industry for the benefit of its members.

ABFA's objects and purposes as outlined in the constitution are as follows:

- a) To promote and support all aspects of the Australian barramundi farming industry
- b) To provide a unified voice for the barramundi farming industry in representations to governments and other bodies
- c) To promote and undertake, as necessary, research and development in the Australian barramundi farming industry,
- d) To promote the development of barramundi farming as an environmentally sustainable industry
- e) To foster and promote goodwill amongst the members of the Association in the furtherance of its objectives.

Establishing the foundations for sustainable industry development

The farmed barramundi industry is in its infancy and is under-resourced relative to the challenges it faces. In these early years of industry capability building, it is important that the farmed barramundi industry learns from established industries and puts in place the foundations on which a cohesive, profitable and sustainable future for all members can be built. These foundations include:

- 1. An inclusive industry peak body, which represents the industry for the benefit of all members and has a collaborative culture*
- 2. A stable funding structure that ensures that the industry is adequately resourced*
- 3. A effective industry communication conduit*
- 4. A robust code of conduct providing clear guidelines on industry behaviours, best farming practise, product integrity, traceability and quality to provide a foundation on which individual brands can be built*
- 5. A standardised product description and labelling language*
- 6. Processes to build industry skill and capability by exposing members and their staff to the latest information, expertise, opportunities to learn, adapt and adopt, as well as global best practice.*
- 7. A category development strategy that grows demand in line with planned production increases.*

Governance model

Sound industry governance is a critical foundation for industry development in areas of mutual dependency such as category promotion, skill development, R&D, managing disease risk and biosecurity.

It is important that the industry has an appropriate governance model to provide cohesiveness, leadership and stability while representing the interests of all members, regardless of their size. As the industry grows, there will inevitably be structural adjustment with mergers and acquisition and growing corporatisation. As this occurs, there is likely to be a disparity among the small and large member's needs and priorities. This will need to be managed to ensure inclusiveness with processes and frameworks in place to ensure that the voices of all members are heard with appropriate weighting.

Best practice governance models typically involve having independent, skill-based directors and director skill development, which should be considered when the industry is further developed.

The need for industry collaboration is greatest in developing industries because it enables a unified voice for advocacy, shared investment in industry betterment, the ability to develop business opportunities and network with others facing similar challenges. Consideration of the pros and cons of recruiting broader membership should be undertaken. While this could expand the potential funding base, it may also require additional resourcing.

It is important for any industry to nurture and encourage young leaders to bring fresh ideas and skills to the sector and enable succession. While larger industries all have formal 'emerging leaders' programs, development of young leaders can still be achieved in a number of ways through informal mentoring, inclusiveness, recognition and engagement as well as encouraging participation in available leadership and innovation programs.

Funding model

Critical to the success of this plan is that the ABFA has an adequate level of funding and resources to perform its administrative functions and fulfil the needs of the industry as it moves through the various stages of development. Even before COVID 19, the ABFA was significantly under-resourced relative to industry needs and challenges. In particular, the analysis has identified the urgent need to substantially increase the industry marketing resources in order to grow the category in response to forecast increases in supply.

As the industry grows, ABFA will need an increased secretarial and project management resource as well as access to more specialised skill sets to deliver the scope of services required.

The ABFA is heavily dependent on sponsorship from feed companies and voluntary member contributions collected by the feed companies on behalf of ABFA. It is also able to access project funding from FRDC and other sources where eligible. The marketing budget comes from industry betterment contributions which are voluntary and not all members contribute. A more secure funding model is essential to the long term success of the industry. Industry may wish to explore the advantages and disadvantages of implementing an industry development levy in future.

ABFA also should consider expanding its membership base. There are believed to be over 200 barramundi farming licence holders in Australia, all of which benefit to some extent indirectly from ABFA's activities, yet ABFA has only 8 members who contribute to the funding. It must be noted that these 8 members are estimated to produce more than 95% of Australia's farmed barramundi production.

Although it may not be an appropriate time to adjust the funding model in the midst of a global pandemic, it will be important that there be ongoing discussions around the options and that a new funding model evolves within the lifespan of this strategic plan.

Climbing the capability curve

“All industries experience cycles in their growth and development.”

Ken Chapman, Chair ABFA

The Australian farmed barramundi industry is relatively young in its development with many farms still refining their core production infrastructure. The cycle faced by the industry at this time is that of **‘capability building’**. This is more than capability building in best practice aquaculture production, it includes developing industry capability in:

1. Leveraging the benefits of industry collaboration
2. Marketing skill sets
3. Disease and biosecurity management at both a farm and industry level
4. Skills to boost and monitor farm productivity growth
5. Demonstrating social and environmental responsibility
6. Industry effectiveness and governance.

This strategic plan outlines a road map for assisting ABFA to build the foundations of a strong industry body that evolves in sync with its members’ needs.

The strategy recommends a staged approach across the 5 year planning horizon with the most pressing short term priority being to urgently grow category demand in response to the forecast oversupply.

Climbing the capability curve

to advance the Australian Barramundi industry 2020 - 2025

STRATEGIC INTENT:

1	Grow category demand	To build the profitable markets needed to absorb planned production forecasts
2	Differentiate to support premium pricing	To differentiate farmed barramundi and position it as Australia's premium white fish
3	Manage biosecurity & disease risk	To effectively mitigate and manage disease and biosecurity risk
4	Drive productivity improvement	To drive the continuous improvement in productivity needed to sustain profitability
5	Deliver triple bottom line commitments	To deliver our environmental, social & economic commitments to our communities

AUSTRALIAN



FARMERS ASSOCIATION

Vision:
Australian Barramundi will be Australia's fish of choice.

2020 -2025 Strategy Mission
To secure ABFA member profitability in the face of growing supply, by **building capability** in marketing, fish quality, improved productivity and industry efficiency.

STRATEGY PLATFORMS:



THE BURNING ISSUES FACING THE INDUSTRY

1. The potential oversupply situation and likely dilutionary impact on pricing.
2. The need for an adequately funded marketing program to drive demand.
3. The need to strive for continuous improvement in productivity, particularly around fish husbandry to reduce the cost differential with imported fish.
4. Ensure consistency and predictability of eating quality.
5. Differentiating farmed barramundi from imports.
6. The narrow product format, range and repertoire of usage of farmed barramundi.
7. Managing the potentially damaging biosecurity threat.
8. The constraining impact of regulations and compliance on industry expansion.
9. Managing the social license and responsibility risk.
10. The need to improve labour availability and skills levels.
11. The adequacy and stability of the industry funding model.
12. COVID 19 impact on ABFA funding and member viability.

Rationale: Grow category demand

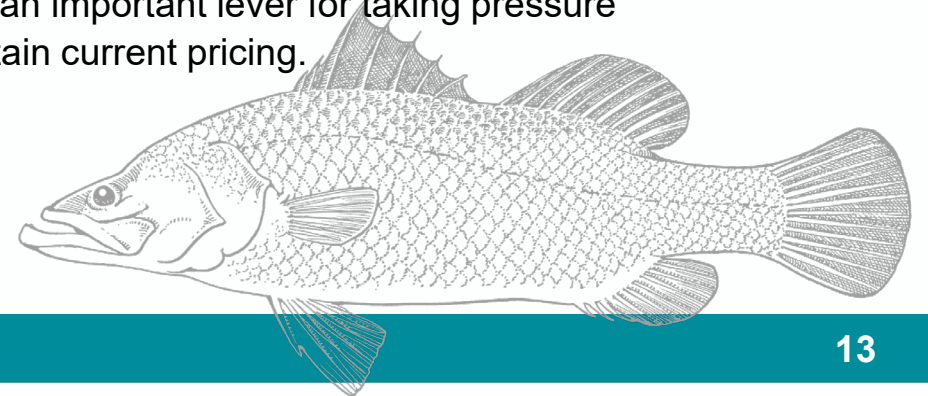
- The latest supply and demand forecasts for the industry (McKINNA *et al* 2020) indicate that by 2025 there is likely to be an approximate 7,300 tonne oversupply of Barramundi on the domestic market based on the fact that the projected rate of increase in supply is considerably higher than that for demand. This forecast clearly indicates the critical importance of an adequately funded, strategically focused, on-going marketing program to drive category growth. The current PR activity is not enough to 'pull through' the volume of demand necessary. The failure to build stronger retail demand and customer loyalty for Australian farmed barramundi will almost certainly result in category price dilution because of oversupply and the need to compete with cheaper imported fish for market share.
- To date, ABFA has invested in a highly cost effective generic promotional program, that has built awareness at a low cost, but this program falls short of the comprehensive marketing activity of the magnitude required to pull through the volume of forecast production. The current activity addresses only one element in the marketing mix and it has a leakage factor (i.e. it benefits imports and wild caught product as well). Much of the activity is targeting the foodservice sector, which is likely to remain depressed for some time.
- Strategic, category branding will be critical to position Australian farmed Barramundi as a gourmet protein. It is important therefore, that the focus of the marketing pivots from generic category promotion to strategic brand-based marketing. This will ensure that all activity is directed at differentiating Australian farmed barramundi from imports.

Continued . . .



Platform 1

- The development of a strong provenance brand for Australian farmed barramundi that clearly defines its value proposition and differentiating features will be fundamental to growing demand and category market share. The development of the brand is explained in the rationale for strategy platform 2.
- The brand-based marketing must be based on a sound strategy informed by insightful market research (the current research is not adequate as a basis for developing marketing strategies) and the marketing budget must be increased to drive demand.
- It is understood that with the disruption caused by COVID 19, resources for marketing will be limited, even making it necessary to reduce planned expenditure in the short term. However, as conditions improve, it will be important to examine new industry funding options to support significantly increased investment in marketing.
- COVID 19 is also likely to influence individual farms to revisit their production forecasts. This may dampen the extent of the forecast oversupply to some extent, but it is unlikely to be enough to elevate it. Industry will need to continue to monitor the supply and demand dynamic.
- In the longer term, when resources permit, it will also be important to consider pre-competitive export market development and capability building because exports will be an important lever for taking pressure off over supply on the domestic market, which will in turn, help maintain current pricing.



Programs: Grow category demand

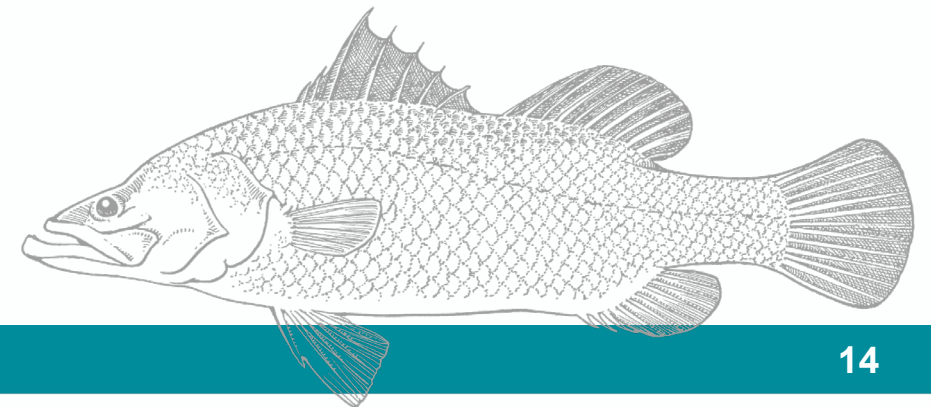
STRATEGIC INTENT:

To build the profitable markets needed to absorb planned production forecasts

Programs

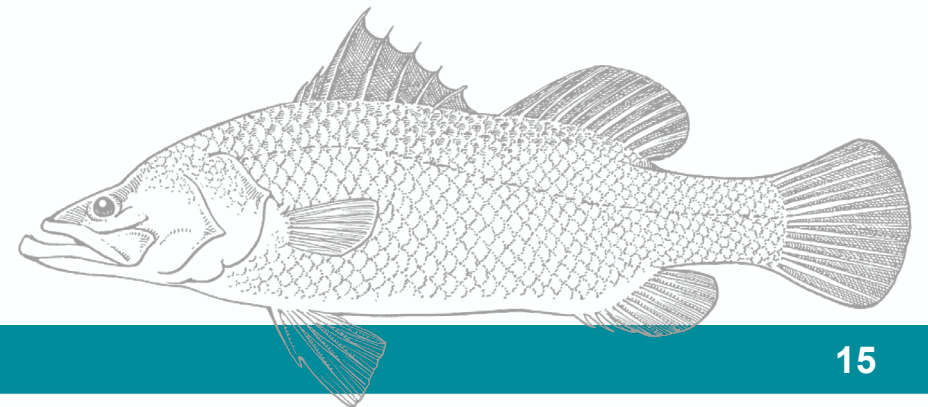
- | | |
|-----|---|
| 1.1 | Deliver the current promotional program subject to available funding |
| 1.2 | Leverage FRDC funding to conduct strategic market research to better understand usage and attitude in both food service and retail channels |
| 1.3 | Develop a comprehensive brand-based marketing strategy for the category |

Key Result Area: Market growth and profitable pricing



R&D Priorities: Grow category demand

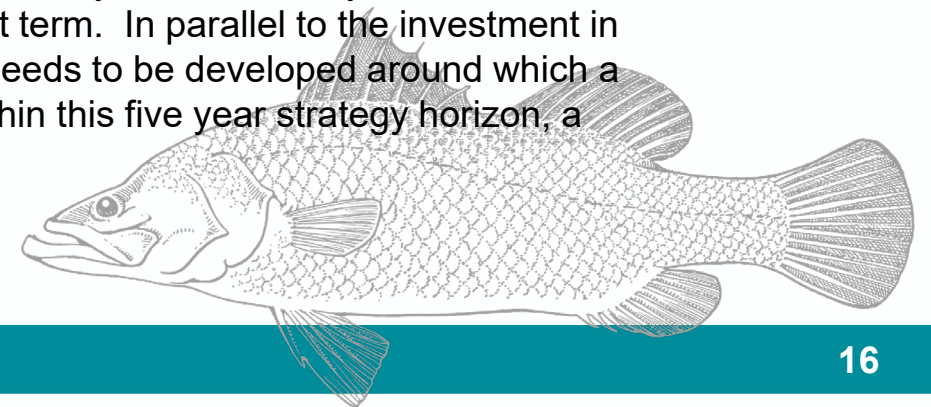
Consumer and food service targeted market research with stronger insights that will inform the development of a clear value proposition for the proposed brand-based marketing strategy.



Rationale: Differentiate to support premium pricing

- Category pricing for farmed Australian barramundi is being undermined by cheaper imported product. Although most consumers and food service customers would prefer to buy Australian barramundi, they are unwittingly buying imported product in the belief that it is local due to inadequate labeling regulations. Outside of the Northern Territory, there is currently no requirement for CoOL in foodservice channels where the majority of barramundi is sold.
- The ideal would be to establish the name 'barramundi' as an internationally recognised Australian appellation or to effect an exemption to the Fish Names Standard to limit barramundi as a marketing name for Australian produced fish only. The next best situation is to have mandated CoOL labelling in foodservice channels, both of which will take some time and effort to deliver.
- ABFA members have identified achieving the appellation rights and CoOL labelling in foodservice as a strategic priority. To maximise any chance of achieving these difficult aims, investment should be considered in professional lobbyists to deliver a targeted advocacy program that industry can also actively support. To be credible, any lobbying activity will need to be underpinned by solid supporting research, which may require additional investment in research and leveraging the isotope element tracing R&D investment. Seafood Industry Australia (SIA) needs to lead on CoOL and ABFA should strongly support the effort through actions and co-funding.
- Success in changing the CoOL regulations and the appellation claim is likely to take some years and will not be quick enough to offset the looming oversupply situation in the short term. In parallel to the investment in lobbyists, it is recommended that a strong category branding device needs to be developed around which a strategic brand marketing program can be built in the meantime. Within this five year strategy horizon, a means of funding this marketing activity needs to be established.

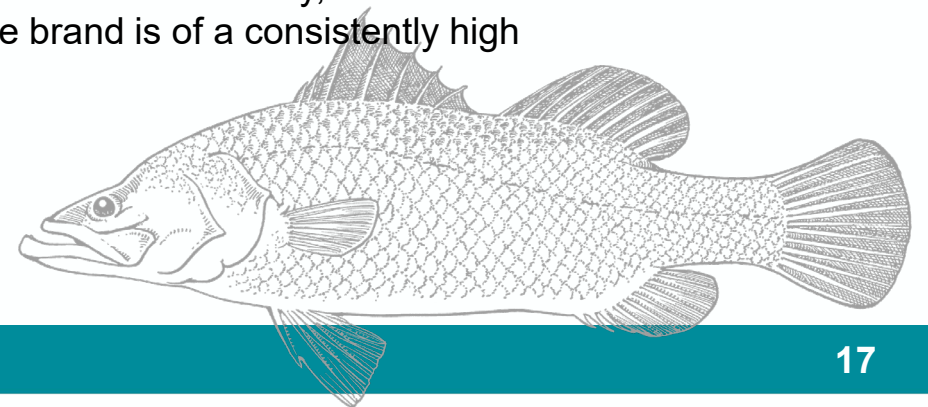
Continued . . .



Rationale: Differentiate to support premium pricing

Marketing, branding and quality are inextricably linked!

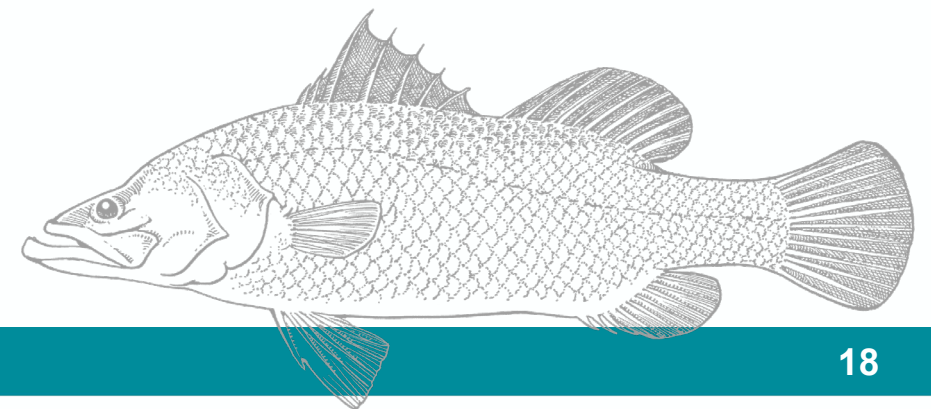
- A generic promotion without a strong branding device to differentiate Australian farmed barramundi would certainly grow the whole barramundi category but 70% of the benefit of this would go to importers. The 'Ask for Aussie barra' campaign is the right idea, but it is not currently underpinned by a strong branding device that carries through to the point of sale.
- The proposed branding device for Australian farmed barramundi needs to express the value proposition of:
 - *Australian provenance*
 - *Eating enjoyment*
 - *Quality*
 - *Food safety*
 - *Eco-efficiency*
 - *Ethical farming practices.*
- Any effective industry endorsement brand such as that proposed here, needs to be underpinned by some kind of 'code of practice' or accreditation that ensures the brand will deliver on its promise of good eating quality. Because it only takes one poor eating experience to damage a brand's credibility, critical to the success will be a quality protocol to ensure that all product carrying the brand is of a consistently high standard.



Rationale: Differentiate to support premium pricing

Marketing, branding and quality are inextricably linked!

- The current industry project developing a quality framework will form the basis of the industry 'code of practice' or accreditation underpinning the brand. Industry needs to decide if there are benefits in having a third party audit attached to the accreditation or to have a voluntary code, whereby members agree to the principles outlined.
- Only accredited and contributing ABFA members should be entitled to use industry endorsement brand and there should be a licensing agreement to that effect. A brand license fee may be an option for raising revenue for marketing whereby the contributors benefit more directly.
- The brand should be wholly owned by ABFA with all rights associated.
- Any investment in an industry brand will reward contributing members over time as it will act as an endorsement brand on their product, being an indicator of superior quality.



Programs: Differentiate to support premium pricing

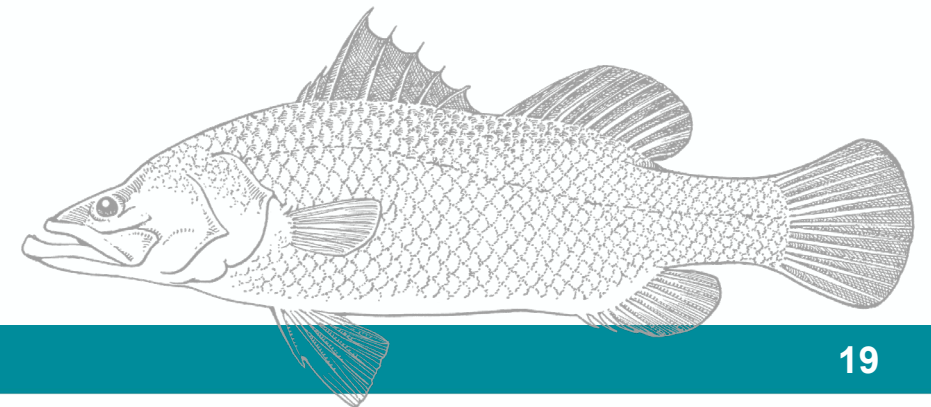
STRATEGIC INTENT:

To differentiate farmed barramundi and position it as Australia's premium white fish

Programs

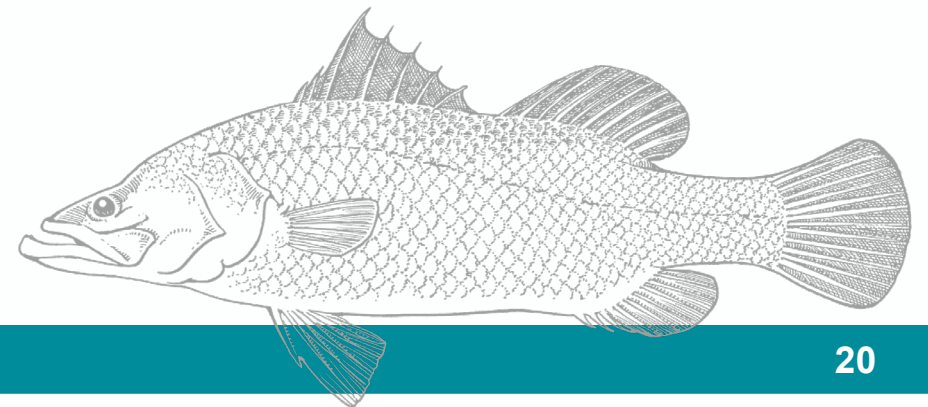
- 2.1 Work with SIA to deliver a targeted and professionally resourced lobbying program for country of origin labelling in foodservice and exclusive Australian appellation rights for barramundi so that Australian fish are differentiated in the market
- 2.2 Finalise and apply the industry's 'best practice' quality framework research
- 2.3 Develop brand architecture and brand graphics to replace the sustainability tick that is targeted to the appropriate audience and message
- 2.4 Build evidence base of food fraud using isotope element tracing data base

Key Result Area: Farmed barramundi positioned as the premium white fish



R&D priorities: Differentiate to support premium pricing

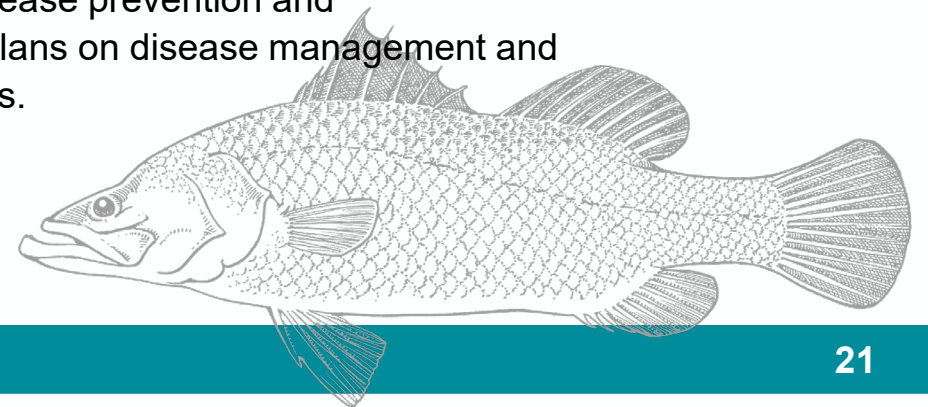
1. Industry operational frameworks (see slide 38 for recommendations)
2. Guidelines for ABFA accreditation or brand endorsement
3. Credible evidence base to verify the nature and extent of fraudulent labelling using isotope element tracing
4. Quality framework project



Rationale: Manage biosecurity & disease risk

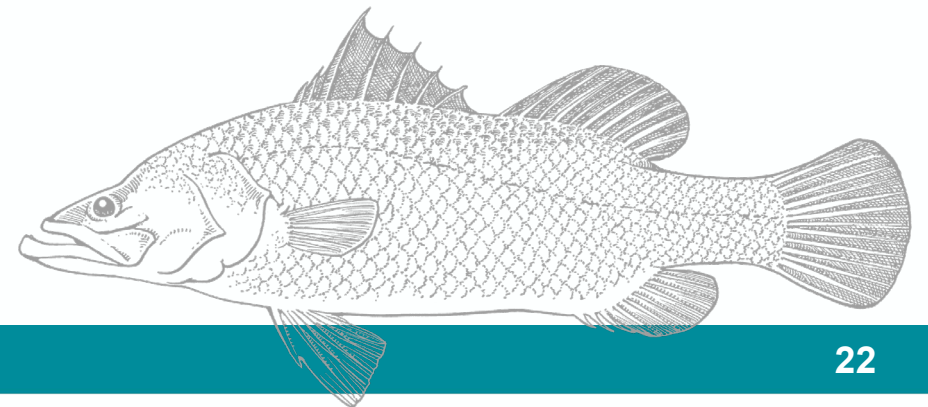
- Although there are differing views between the scientists and ABFA members on the issue of disease risk, it is acknowledged that the industry faces growing risks. The business risks associated with this need to be managed at two levels:
 1. *Strong advocacy to government for more rigorous risk assessment and risk management associated with imported products*
 2. *Building preparedness of farms and the industry to reduce biosecurity risk or manage a disease incursion should it eventuate.*
- The research that builds the evidence of the risk of biosecurity threat from imported seafood is needed to support policy reform and underpin the advocacy effort.
- Border control is only one element of biosecurity. Staff training and effective disease management systems are integral responses, particularly around early detection and husbandry practices. The reduction of risk to the entire industry justifies industry investment in training.
- Disease is a major factor in farm productivity and profitability, more costly than feed conversion, genetics and electricity cost. This justifies industry investment in disease prevention and management, R&D and industry systems. Industry guidelines and plans on disease management and biosecurity need to be energised, cascading down to farm level plans.

Continued . . .



Rationale: Manage biosecurity & disease risk

- Cost savings in staff training can be achieved by funding skill development programs collectively and delivering the theory modules of the program remotely. Other industries successfully use remote learning tools to deliver national programs. ABFA can play a role in identifying potential training resources from FRDC, AHA and others or communicating information about programs offered by other industry organisations or across all of aquaculture.
- Becoming a signatory to the aquatic deed offers the opportunity to mitigate the impact to industry should an emergency aquatic disease outbreak occur, this would commit the industry to a significant on-going cost. The ABFA members need to evaluate this option.
- Improved access to Agvet chemicals registered for minor use will play a part in disease management. There is a role for ABFA in continuing to advocate for regulatory change and to contribute to development of a national 'whole of aquaculture' system.



Programs: Manage biosecurity & disease risk

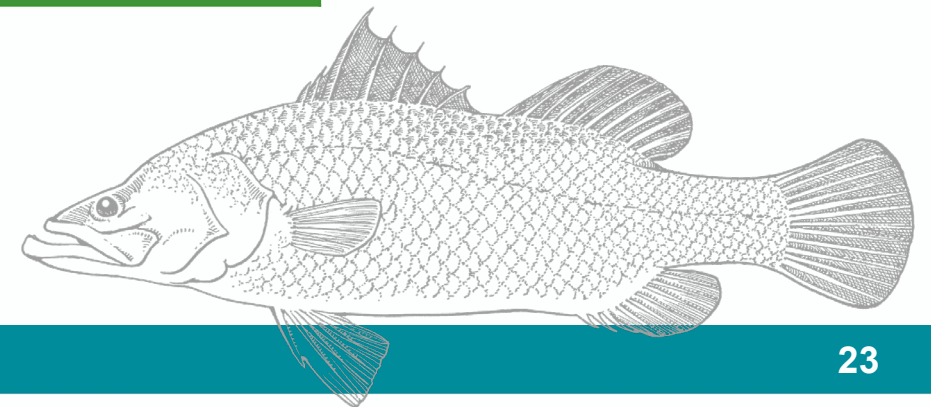
STRATEGIC INTENT:

To build the profitable markets needed to absorb planned production forecasts

Programs

- | | |
|-----|---|
| 3.1 | Strongly advocate with an evidence-based industry position to mitigate the biosecurity risks posed by imported fish |
| 3.2 | Support the development and implementation of farm level biosecurity and disease management plans |
| 3.3 | Encourage participation in relevant training programs on disease management through keeping members informed of industry training opportunities |
| 3.4 | Contribute to the national advocacy effort for improved access to registered agvet chemicals for minor use in aquaculture |
| 3.5 | Reassess priority scientific research projects in light of reduced resources due to COVID 19 and absorb into annual plans |
| 3.6 | Confirm industry position regarding the aquatic deed |

Key Result Area: Reduced disease and biosecurity risk

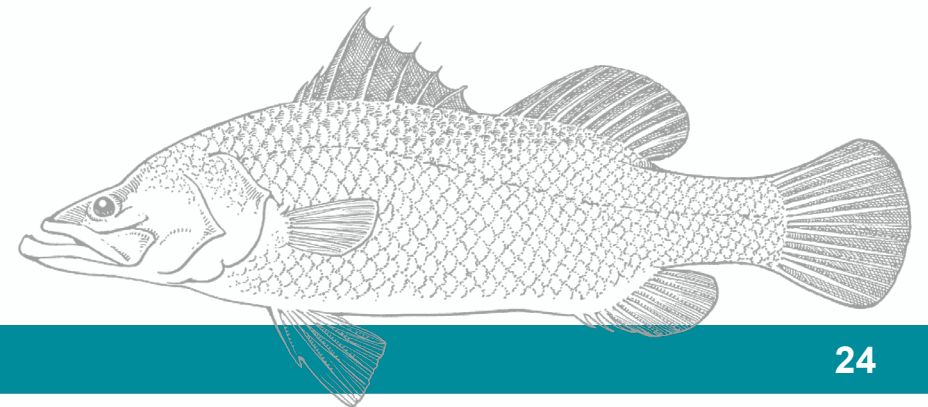


R&D priorities: Manage biosecurity & disease risk

It is not appropriate for a strategic plan to be prescriptive with respect to R&D priorities regarding biosecurity and disease investment because of the extreme fluidity of the situation and the need to apply for project funding. The investment decisions need to be based on current, specialist scientific and technical advice. The following slide outlines the full list of pest and disease risks discovered during the research for this strategic plan and is included here by way of a reference for determining annual priorities.

The following is a broad list of issues identified at the time of developing this strategy:

1. **Development of a disease and biosecurity risk management program that cascades to farm level**
2. **Support industry to access available fish husbandry R&D, extension and training resources**
3. **Improved access to registered agvet chemicals**
4. **Disease R&D priority areas for discussion**
 - **juvenile enteritis**
 - **ectoparasites - specifically cryptocaryans**
 - **Edwardsiella tarda septicaemia**
 - **Spinal deformity**

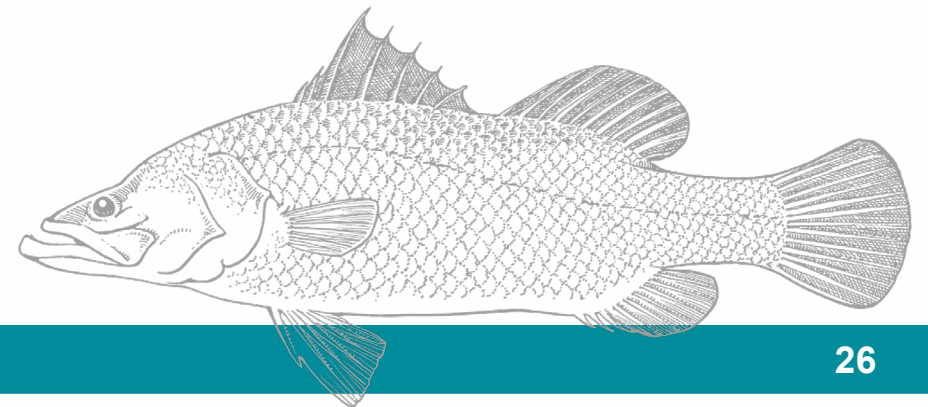


Disease	Status in Australia	Current situation
Algal toxicosis	Endemic	More common in marine water systems, can cause significant mortality events. Range of algal species could be involved.
Bacterial dermatitis	Endemic	More common in freshwater systems and linked to predisposing physical trauma, exposing fish to secondary infections.
Bacterial enteritis in marine culture systems	Endemic	Similar conditions have been diagnosed in several different farms and the condition can be problematic with mortalities seen in young and older fish
Bacterial gill disease (or similar conditions)	Endemic	Respiratory disease and damage to the gills continues to be seen in freshwater pond production systems – often there is a suspicion of water quality being a predisposing condition
Bacterial peritonitis	Endemic	A rare spontaneous condition in market size barramundi or can follow a bacterial enteritis although it has been recorded in fry in NT related to diet
Barramundi nodavirus and viral nervous necrosis	Endemic	Continues as an occasional problem in nursery production and remains a translocation issue.
Ectoparasites causing gill disease, including Chilodonella sp.; Amyloodinium sp. And Cryptocaryon irritans	Endemic	Relatively common across the industry and have a significant associated production cost in relation to stock loss and disease management.
Edwardsiella tarda septicaemia	Exotic	At least one freshwater farm has had repeated systemic infection associated with this bacteria – this may be a newly emerging issue for industry.
Enteric septicaemia of catfish (Edwardiellosis or hole-in-the-head disease)	Endemic	
Epizootic ulcerative syndrome (EUS)	Endemic	
Infectious spleen and kidney necrosis virus (ISKNV-like viruses)	Exotic	
Red sea bream iridoviral disease (RSIVD)	Exotic	
Scale drop syndrome (SDS)	Exotic	
Streptococcosis (Streptococcus sp)	Endemic	An issue for seawater culture systems but a problems that can be effectively managed through the use of autogenous vaccinations
Vibriosis (Vibrio sp)	Endemic	
Viral encephalopathy and retinopathy (viral necrosis virus)	Endemic	

Rationale: Drive productivity improvement

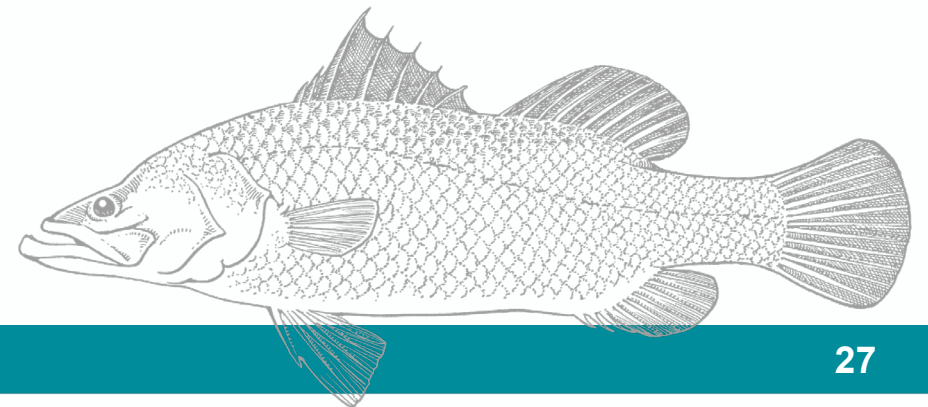
- Sustaining farm profitability will be an on-going challenge for the farmed barramundi industry in an environment of flat or declining prices and rising costs. With the projected supply increases, there is a strong likelihood that category pricing will come under increasing downward pressure, making it difficult to pass on any cost increases to customers.
- Realistically, there is limited opportunity to reduce unit costs for the key inputs such as feed, electricity and labour; at best only marginal reductions are likely to be possible. In this situation, the only practical way to maintain industry profitability is to drive continuous improvement in productivity.
- Productivity can be increased through reducing disease impact, improved genetics and feed conversion, better fish husbandry (via skill development) and the adoption of technology.
- Fish mortality is a potential focus area as it is the biggest single factor impacting farm production and is heavily influenced by management practice.
- With feed being one of the largest cost items, there is need for the industry to collaborate with feed company partners to continually improve formulations and feeding practices specific to barramundi.

Continued . . .



Rationale: Drive productivity improvement

- Industry benchmarking programs are a proven tool for driving long term productivity gains in all significant agrifood sectors and for fostering a culture of continuous improvement. They lift the bar for everyone and therefore the whole industry benefits. Benchmarking has been so successful in some industries that participants share on an 'open book' basis but it can also deliver great results when it is simply production ratios that are compared. Benchmarking at a whole of industry level is ideal and most effective, but small regional benchmark groups have also delivered results in some sectors.
- There are many synergies that could be leveraged by collaborating on training or industry improvement with other aquaculture industries including delivery of collaborative programs through FRDC.
- Skill training around fish husbandry and disease management has a critical role to play in driving productivity improvement, Training delivery solutions for remote areas will be important.



Platform 4

Programs: Drive productivity improvement

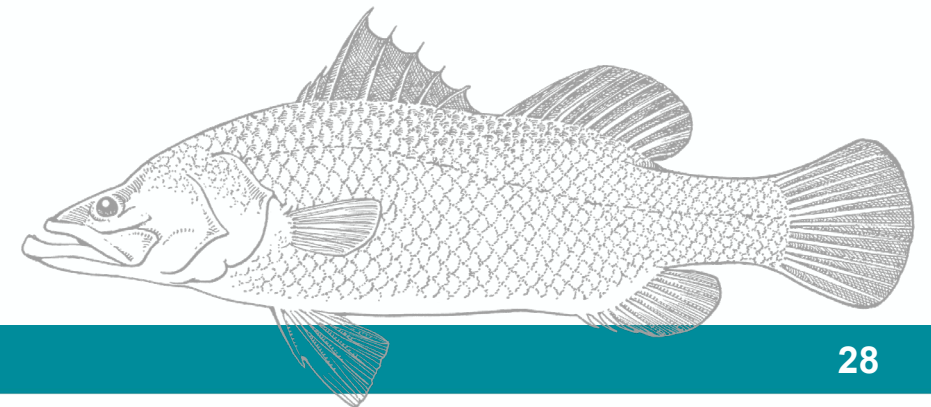
STRATEGIC INTENT:

To drive continuous improvement in productivity needed to sustain profitability

Programs

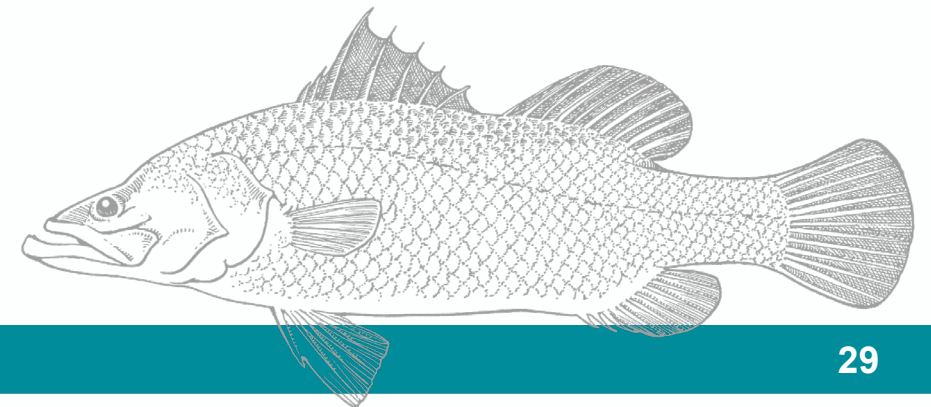
- | | |
|-----|---|
| 4.1 | Update industry biosecurity and disease response plan |
| 4.2 | Support development of farm level biosecurity and disease plans |
| 4.3 | Assist interested members to participate in an industry benchmarking program |
| 4.4 | Collaborate with feed company partners to drive continuous improvement in feed conversion rates |
| 4.5 | Identify, validate and roll out emerging technologies that could assist to lift industry profitability and fish quality |
| 4.6 | Keep members informed of training and skill development opportunities |

Key Result Area: On-going improvement in productivity



R&D priorities: Drive productivity improvement

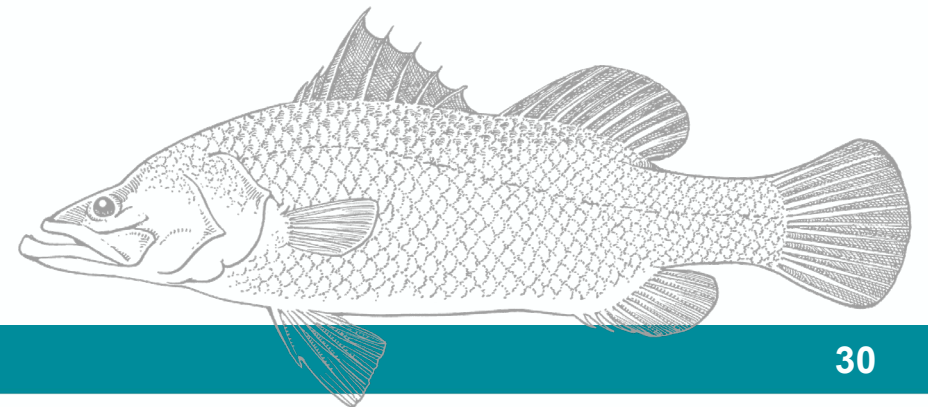
1. Assist members to participate in a benchmarking program
2. Identify training and extension opportunities in aquaculture
3. Prioritise annual disease and biosecurity projects (based on specialist advice)
4. Work with feed suppliers on improved feed conversion



Rationale: Deliver triple bottom line sustainability

- Industry members are already well aware that commitment to triple bottom line principles on environmental, social and economic sustainability is crucial in this era. Even more weighting on these factors is being applied by government policy and regulations as well as retailer and consumer expectations. This social license issue is increasing to the point that it can impact much more than consumer sales, even influencing the ability to attract capital.
- The aquaculture sector already operates in a complex and restrictive regulatory environment, with a myriad of regulations over Commonwealth, State and local government jurisdictions. Regulation poses a major constraint to the the expansion of the industry and compliance is a substantial cost burden. It is therefore critical that the industry invests in R&D to demonstrate its environmental credentials, particularly with respect to water discharge. Improved knowledge and data on the impact of water discharge on receiving environments is required to inform the policy debate.
- It will become increasingly critical that the barramundi industry convincingly and proactively communicates its environmental credentials with evidence based materials to prevent further regulatory burdens being applied.

Continued . . .



Rationale: Deliver triple bottom line sustainability

- All industries and businesses must meet evolving social licence expectations relating to responsible and ethical behaviour. The issues that are likely to become sensitive for this industry are animal welfare, environmental sustainability and food safety. Failure to meet and respond to societal expectations can have dire consequences including consumer boycotts, farm invasions and harsher regulatory reactions.
- It is important that the industry stays on the front foot with respect to social responsibility by maintaining codes of practice relating the sensitive issues together with an up-to-date response plan. A fast and considered response is essential to minimise collateral damage. An inadequate or slow response can seriously escalate the issue.
- Many Barramundi farms operate in remote areas where they play a part in a regional economic eco-system as an employer, customer and supplier to other local businesses. Unlike many other agrifood industries, employment in aquaculture is extremely stable as it is not seasonal nor reliant on transient labour. Positive PR highlighting the economic contribution of Barramundi farming would be helpful in building awareness of the potential of this industry and assist in attracting local government cooperation.
- The remote locations of many farms mean the industry could play a part in creating opportunities for young indigenous workers as has occurred in the mining sector. Barramundi is Australia's premium native fish and as such, positive engagement with first nation communities is particularly appropriate.

Continued . . .



Programs: Deliver triple bottom line commitments

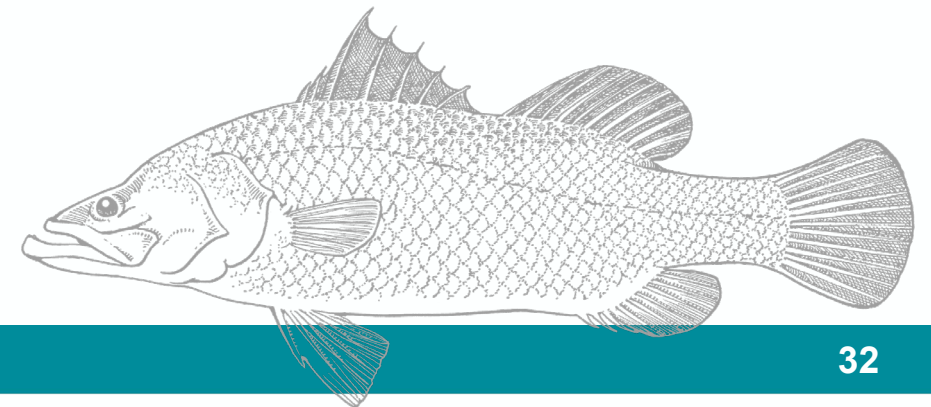
STRATEGIC INTENT:

To deliver our environmental, social & economic commitments to our communities

Programs

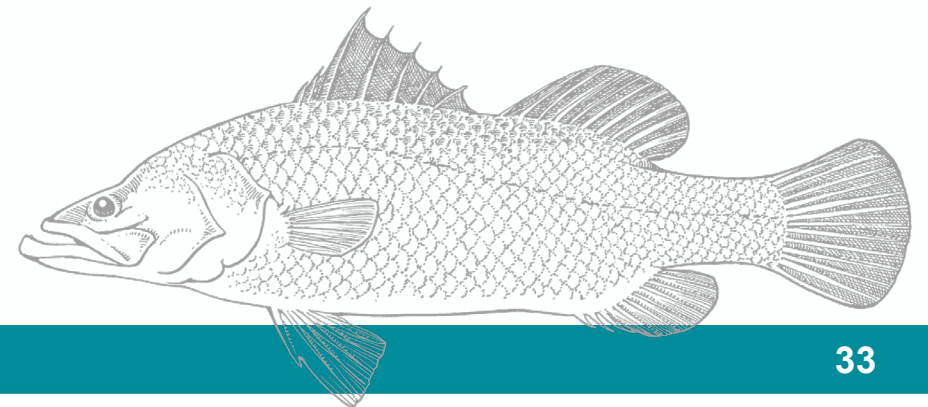
- | | |
|-----|---|
| 5.1 | Invest in R&D to build an evidence base that demonstrates environmental credentials (to lobby for regulatory outcomes) |
| 5.2 | Update social licence and responsibility framework and response plan annually |
| 5.3 | Engage with indigenous leaders to explore how the industry could create career opportunities for our young first nation community members |
| 5.4 | Enhance and promote our credentials as an economic and social contributor to our regional economies/communities |
| 5.4 | Support member businesses to take advantage of local PR opportunities by providing standardised messages and a library of images |

Key Result Areas: A positive public image evidenced by increase in instances of positive media messaging



R&D priorities: Deliver triple bottom line commitments

1. Enhance and validate the industry's environmental credentials around water discharge quality
2. Prepare for consumer action on fish welfare
3. Update social responsibility framework
4. Engage with indigenous communities about structuring regional career opportunities

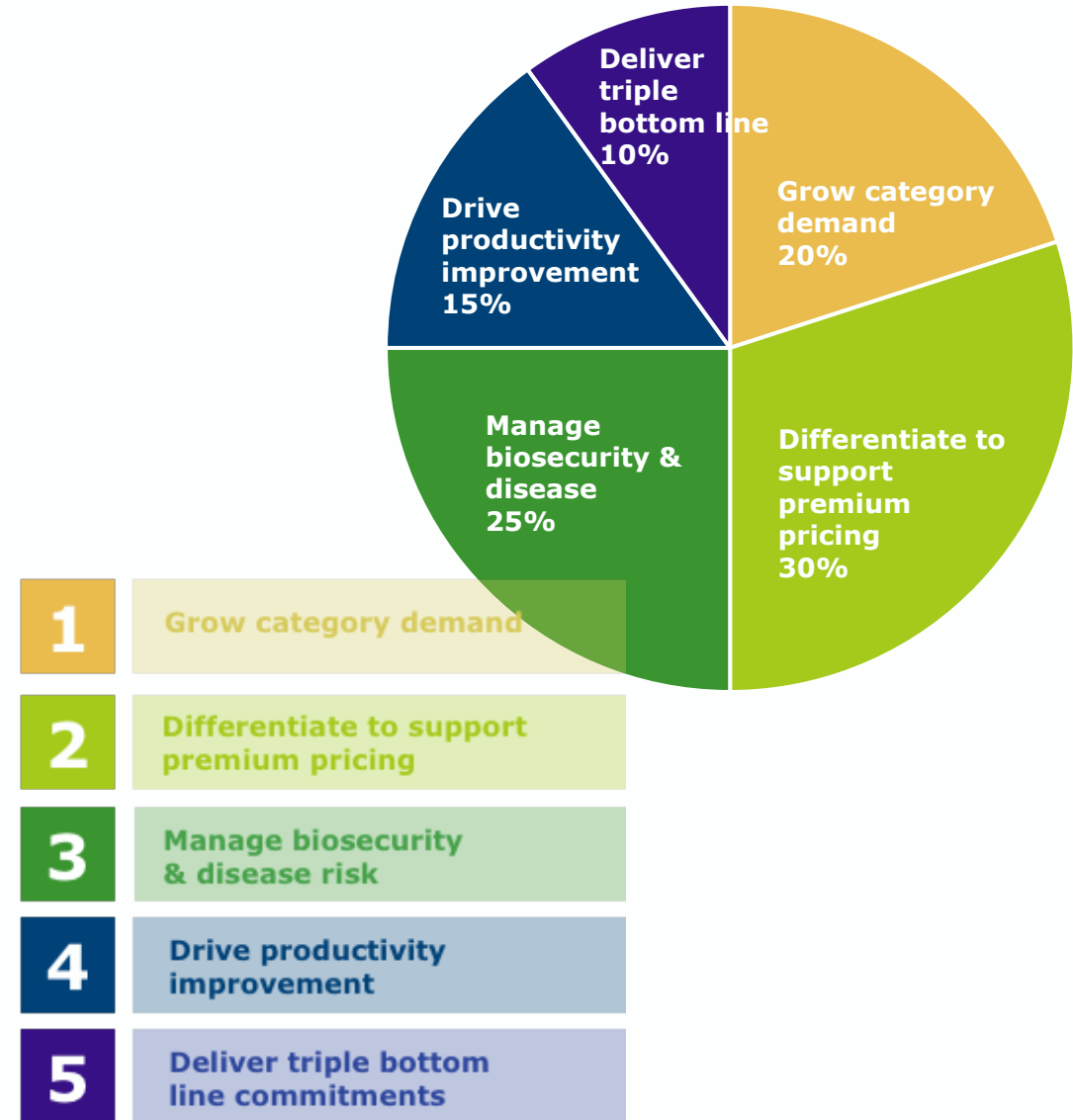


Investment weighting

The recommended weighting of investment in each strategy platform as a share of the total discretionary budget (after administration costs) is outlined on the pie chart adjacent. It is recommended that at least 50% of the industry investment funds be allocated to the first two strategy platforms related to growing market demand and differentiation.

It is difficult to be specific about budgets in a five year plan when so much is uncertain due to COVID 19. Irregular supply and demand in the food industry is likely to persist for some time.

The point made throughout this strategy and in the preceding situation analysis document, is that the current investment in marketing is inadequate for the driving the scale of demand growth required and that other funding sources besides the voluntary membership fees, feed company contributions, matched project funding and IBC need to be secured. While achieving appellation rights and CoOL in foodservice will make a difference, that is likely to be a longer term outcome.



Strategy horizons: Industry development steps

As noted in the foreword to this strategy, there are cycles within the development of all industries and the Australian Farmed Barramundi industry is in its capability building stage. While the focus of industry investment in recent years has been on capability building in production and disease management, this strategic plan now needs to pivot significantly to give more emphasis to market-facing activity such as improving eating quality, promotions and marketing, but without losing sight of the need for ongoing investment in other areas.

In light of reduced resources due to COVID 19, it may not be possible to achieve all of the key result areas in this strategy, even within the five year time horizon. However, rather than select a few strategy platforms to focus on, it is important to advance all of them concurrently on a step-by-step basis as there is a high level of connectivity and interdependence across all of the platforms. For example, although industry members suggested that export market development was not an immediate priority, it takes some years to build export capability and markets and so efforts should begin within this planning horizon. Sustainable export markets cannot be switched on in an instant, they require long term relationship building.

In the COVID 19 context, moving on all platforms in unison may mean going only as far with each of them as the resources allow.

Industry operational frameworks and brand architecture

- The industry position on the quality framework remains unresolved. Questions include how a standardised industry framework on quality would be applied to different farming systems and at what point does quality become part of competitive advantage and 'business know-how'.
- Considering this issue from a customer perspective, the measure of quality in the eyes of the consumer comes from a consistently good eating experience and it must be emphasised that the reputation of all Barramundi can be damaged every time a single portion of poor quality fish is eaten. Therefore, what is needed is some industry discipline around base level best practise that will deliver good eating experiences with fish from all farms. Base level criteria could include general farm hygiene, sustainable environmental practise, humane harvest, etc., but this may be addressed in different ways in different farms. To endorse these industry best practise behaviours some type of accreditation scheme is required. The FIAL project is currently working through what a quality framework might look like and industry is awaiting the outcome of this work.
- The FIAL work and other R&D projects could be captured in an industry electronic portal of best practise resources to guide on-farm improvements and provide recommended guidelines as to how to achieve the best fish quality. Informed by science, this valuable resource could capture the learnings from the current and future industry-funded research. Only ABFA member farms would have access to the portal. The success of the best practise recommendations could be measured in the proposed industry benchmarking to prove the science in commercial applications.

Continued . . .

- An industry mark certifying accredited farms would provide a competitive edge to accredited ABFA members because it would provide some confidence to trade buyers that the fish is produced by a professional farming operation to a high standard. Although primarily a trade-facing mark, benefit will flow from this because the trade will use the ‘accredited farm’ status as a selling feature to consumers, giving them all confidence that fish from certified farms are safe to eat, sustainably produced with care for the environment. Demand for the accreditation mark could help attract new members to ABFA.
- The current tick logo has not been effective in communicating the sustainability message. It is a one-dimensional message and it will be costly to explain to consumers what the tick actually means. The current tick logo is not a suitable design for use on consumer-facing retail packs, menus or promotional material. Sustainability endorsement could be covered off as one element within a broader industry accreditation mark.
- At the moment, the ABFA ‘**industry association**’ brand is not differentiated from the consumer-facing ‘**product**’ messaging. Investment in brand architecture will be required in the near future to develop the brand messages and artwork. Taking the time to get the brand architecture right will be important as investment in design can be wasted if the value proposition and marketing messages are not well thought through. The industry’s PR agency has very little ‘consumer facing’ material to work with so this investment will need to be made early in the strategy horizon.

Product description and labelling

A further element of industry discipline is a standardised product description and labelling language. A prescribed language guide is needed to describe product parameters (e.g. fish size, percentage in grade, farm system or environment), to remove ambiguity within the supply chain. For example in the red meat sector the AUSMEAT language is authorised as. An industry product description and labelling language would inform buyers about exactly what they are getting and how it is produced, which will contribute to improved customer knowledge about farmed fish.

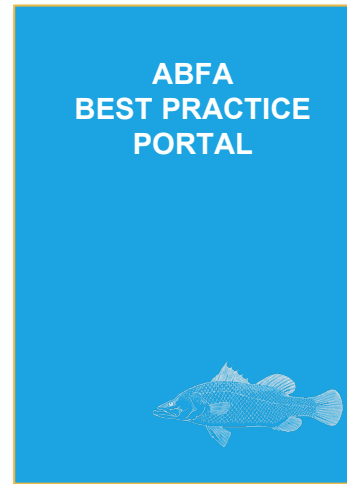
Potential industry frameworks



1. Farm accreditation/endorsement

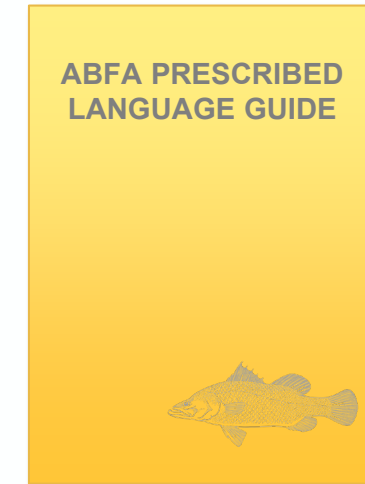
The basis of any industry standard will be informed by the outcomes of the FIAL project and should consider aspects such as:

- ✓ Australian grown fish
- ✓ Audited for food safety
- ✓ Best practise production
- ✓ Acceptable percentage of deviation from premium grade fish in each harvest
- ✓ EPA approved, sustainable
- ✓ Humane methods
- ✓ Fair trade
- ✓ Code of practice
- ✓ ABFA members only



2. Best practice portal

- ✓ A member access only knowledge portal of evidence-based information on best practice production methods for achieving fish of good eating quality
- ✓ Collated under key subject folders so information is easy to find e.g. environmental guidelines could be a folder within the portal
- ✓ Will provide best practice guidelines on subjects like detecting and managing taint or supply chain handling of fish
- ✓ Resources for helping non-accredited farms work towards accreditation
- ✓ Continually updated with latest industry research



3. Industry prescribed language

- ✓ Prescribes the standard industry terminology for describing and grading fish.
- ✓ Provides standardised terms for each farming system (e.g. sea cage, river estuary, spring water, etc.)

Branding frameworks



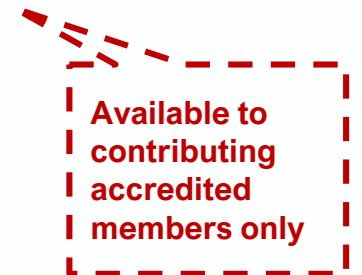
1. Industry association logo



2. Accredited farm logo



3. Provenance brand



Note: These are not the recommended designs and serve to illustrate the point only.

Provenance brand

The provenance brand needs to project:

- Australian production origin
- Gourmet eating experience
- Consistency and reliability
- Food safety
- Environmentally sustainable
- Ethical production



Strategic plan implementation

- As well as providing a roadmap for the farmed barramundi industry, this strategic plan is designed to be an active management tool for the ABFA. It should be used to set priorities and track performance of industry's development journey.
- It is recommended that the ABFA adopt the discipline of using the five strategy platforms to frame the agenda of each board meeting and more formally review progress against the overall strategy at least twice a year with the wider industry.
- An annual action or operations plan should flow out of the strategy document to guide the administration and monitoring of the plan to annual budgets. Additional resources may be required to execute specific elements which are outside of the skill set of the CEO. For example, professional lobbying resources may be required to achieve the appellation aims and IT resources to build the best practise knowledge portal.
- Aligning the programs with any available funding sources (e.g. FRDC, export grants, etc.) at the outset would be a helpful exercise in budget setting.

AUSTRALIAN



FARMERS ASSOCIATION

Strategic Plan
Climbing the capability curve
2020 - 2025