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An Update on Recent Australian Biosecurity Changes and their Impact on the Ornamental Fish Sector

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Introduction

- The ornamental fish industry has seen major changes over the past 30 years, with introductions of new technology, species, management practices
- There is also an increasing amount of scrutiny being focused on our industry in terms of biosecurity, sustainability, animal welfare and invasive species.
- This continuous evolution, changing regulation and increased expectation from consumers and other stakeholders will continue to present challenges to our industry over the coming years.
- We have already seen what can happen to Asian exporters due to changing market conditions
 - China – UK stopped shipments due to SVC
 - Malaysia – EU Health Certificates for coldwater fish & recent problems shipping to Singapore
 - Future ban on EUS susceptible species by the EU

Introduction

- These are real threats and will result in major changes to how our industry operates globally in the future
- Australia is no stranger to these concepts, and has had a highly regulated import and quarantine system for ornamental fish since the early 1980/s
- Various government groups within Australia are working on a number of issues that are putting further pressure on the already highly regulated Australian industry.
- These challenges include:
 - Aquatic Animal Welfare
 - Alien Invasive Species
 - Biosecurity
- Today I will discuss these issues and provide a brief update on the Australian market.



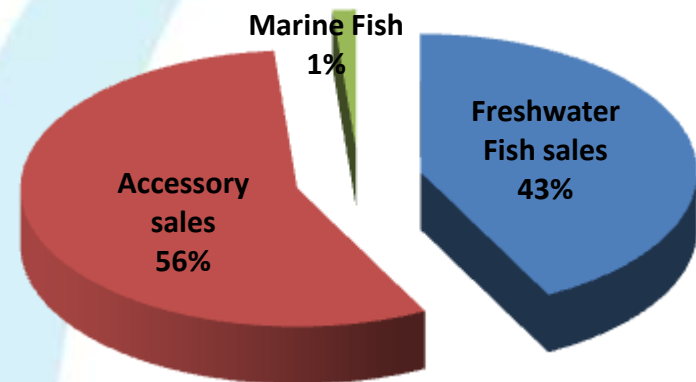
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A MARKET UPDATE

The Australian Industry – A Snapshot

- Fish keeping is well established and has a long history in Australia with well established distribution network
- Some operators more than 40 years old
 - 200 breeders/catchers and importers/ wholesalers who sell to an estimated 1,500 retail outlets across Australia.
 - approx 60 - 70% ornamental fish sold in Australia are imported
- A recent government study reported that 06/07 retail sales estimated to be \$303.9 million:
 - \$129.1 million in fish sales
 - \$171.5 million in accessory sales
 - 95% of the quantity sold are freshwater
 - 79% of the total value sold is freshwater
 - With goldfish, livebearers, tetras most popular

Australian Retail Sales



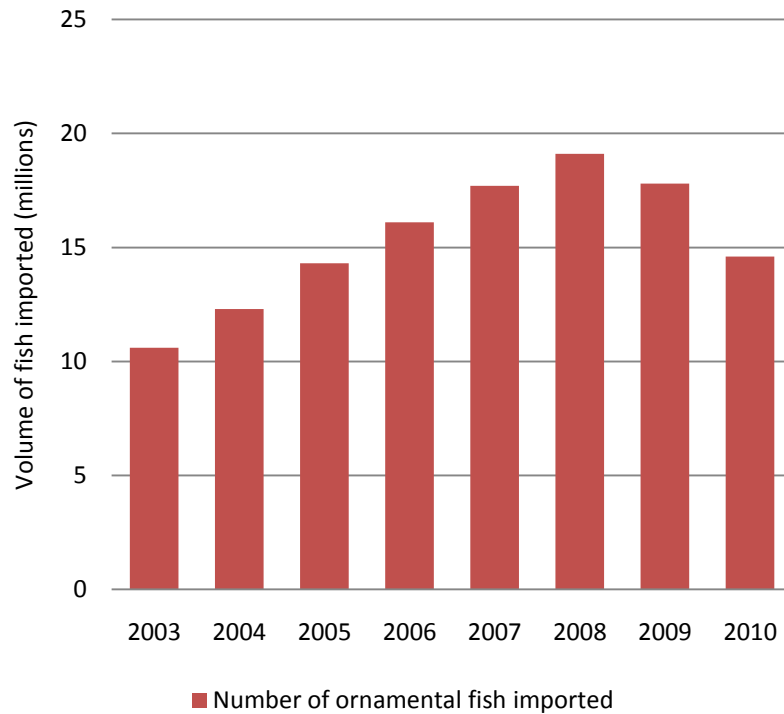
The Australian Industry – A Snapshot

- Breeding is primarily cottage based family businesses, few employees, mostly indoor
- Breeders produced an estimated AUD\$5.0 million, whilst collectors (mainly marine) sold AUD\$5.3 million (farm gate prices)
- Many now sell direct to retailers due to reduced margin from wholesalers
- 100 plus species both exotic and native.
- Some new farms have developed, some expanded in anticipation of quarantine changes
- Increased regulation, now required to have aquaculture licenses
- Many small marine breeders as well – semi commercial?



The Australian Industry – A Snapshot

Number of Ornamental Fish Imported into Australia from 2003 to 2010



- Prior to 2008/09 the Australian industry grew strongly and saw similar growth to the international industry
- However, there has been a contraction in the market over the past 2 to 3 years with imports down by 23%
- Data is scarce but there has been little to no change in local production which points to a market contraction

Retail Sector

- Retail market is changing with more large chain stores becoming established in Australia
 - Generalist market is growing – chain stores
 - Many small operations closing due to competitive pressure
 - Specialist market and independents shrinking
- Skills and knowledge are highly variable in the industry, particularly for chain stores with itinerant staff
- Market dominated by high volume low cost lines
 - 80% of turnover is in 20 species, growing
 - Sales of high value specialist fish down
- Marine market expanding, cichlids contracting





Retail Sector

- Australian retail market may be down by as much as 20 to 25% - market contraction due to:
 - GFC – Australian economy relatively strong but reduced disposable income due to inflation, high interest rates
 - Small operators being forced from industry, reducing availability
 - Rising cost of electricity and water – consumers feel it is too expensive
 - Lack of new species entering the market – very hard to get new species onto the import list in Australia
 - Competition with other activities – computers, video games, internet. How to compete against Xbox, Playstation?
- Coupled with stakeholders pressures, it is clear industry has work to do to stop this market erosion!





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AQUATIC ANIMAL WELFARE



Aquatic Animal Welfare

- Increasing scrutiny from stakeholders on the welfare of fish we keep and the sustainability of wild harvest and farming practices
- The welfare of all animals is gathering more importance in most western countries and has already resulted in significant changes to how many agricultural sectors operate
- This is the case in Australia, and there is increasing pressure to legislate minimum standards for operators in our industry
- Stakeholders are also questioning the 'ethics' around some of the varieties sold in the market
 - Balloon varieties of tropical fish, highly selected types of goldfish such as bubble eyes and celestials – cruelty, they can't function normally?
 - Fighting fish / Bettas – barbaric?



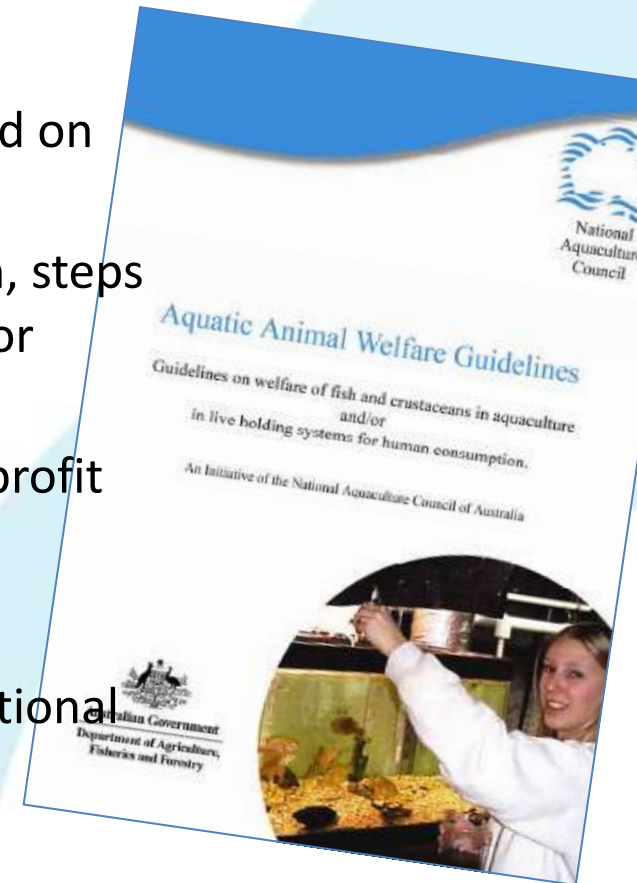
Aquatic Animal Welfare

- Wild caught fish – can they adapt to captive environment?
- Keeping fish at high density in aquariums – can they display ‘normal’ behaviour
- High death rates in the home – lack of consumer knowledge
- The Australian Animal Welfare Strategy (AAWS) is a government initiative which is being used to improve welfare standards across all areas of animal welfare from livestock and farming industries to companion animals and fish.
- The group has developed ‘overarching principles’ for welfare of fish including water quality, feed, health management and other husbandry factors



What Industry is doing?

- Australian industry has had a Code of Practice for sometime, but has been revised and updated based on over arching principles
- Good operators already manage the welfare of fish, steps taken to ensure fish are healthy and present well for customers are all good welfare practices!
 - Welfare = good practice = healthy fish = more profit
 - We need to communicate this more!!!
- Industry needs to be more pro-active
 - This may include increased 'red-tape' and additional costs in maintaining fish, even for the 'good' operators
 - Impractical standards imposed – suggestion of a minimum of 50 litres for a male Betta





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The Grey List

INVASIVE SPECIES

Invasive Species

- Australia has a diverse climate – from temperate to tropical which means there are many and diverse habitats for fish
- Therefore, imported exotic species have potential to establish in wild
 - Already some 40 or more exotic species established in Australia
 - Climate change will increase the range and number of these incursions

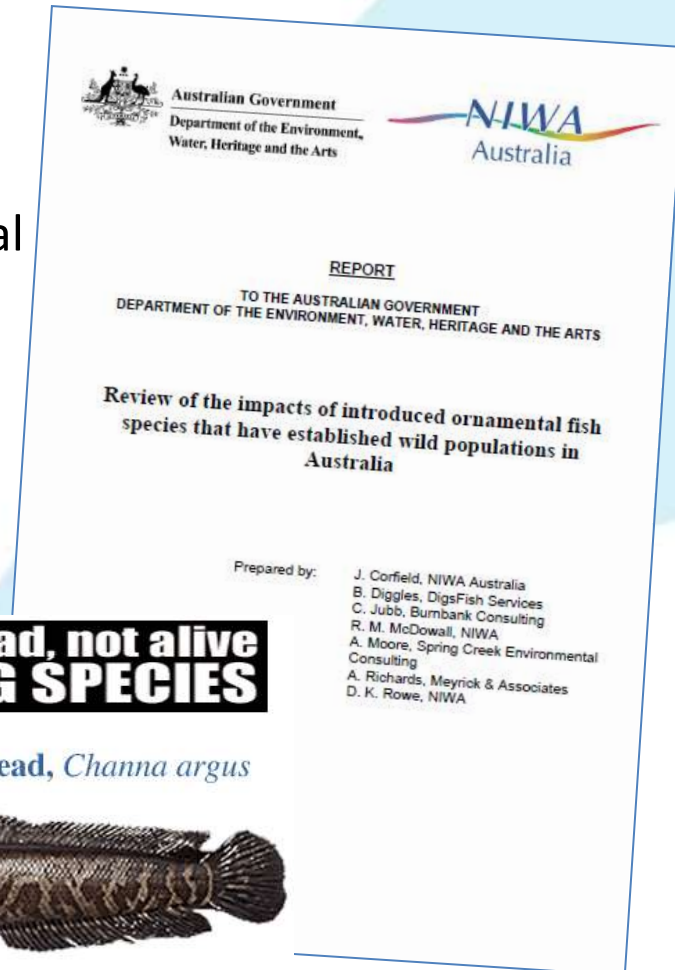


**Wanted dead, not alive
INVADING SPECIES**

Northern Snakehead, *Channa argus*



Aliases: *Unknown*



Invasive Species

- Regulation in Australia varies between states including Noxious Species lists which adds to the potential for new species to establish in the wild
 - Licensing of local breeders – who needs a license
 - Koi carp – only NSW and WA, Noxious elsewhere
 - TAS – shops must have a fisheries permit to sell fish
- To develop a National approach to regulation of our industry OFMIG (Ornamental Fish management Implementation Group) was developed
 - Federal & State fisheries reps, and industry
 - Assess invasiveness of ‘Grey List’ species



Invasive Species

- To develop uniform regulations – OFMIG can make recommendations to state fisheries to implement on licensing, species etc
- Uniform Noxious Species list? (already some variations between states)
- The mandate of OFMIG is to clarify the status of all exotic species as being either Noxious (Black) or Allowable Imports (white) – no more grey
 - Most were here prior to quarantine changes in 1980's, although there have been some recent introductions
 - Many local breeders survive by breeding these grey list species – allowing their import would put these producers out of business
 - Legalising the trade of these species without allowing their import is a breach of WTO obligations

Invasive Species

- Industry has had significant input into developing the Risk Assessment Matrix that will be used for future assessments
 - Much fairer for industry
 - Includes water quality matching, not just climate
 - Includes socio-economic and cultural data
- Species assessed by the Risk Matrix as High, Borderline or Low risk
 - High Risk recommended to be made noxious
 - Borderline or those Identified as important to industry and hobby will be further assessed
 - Low risk species – we don't know what happens to low risk species
- Control options for noxious species yet to be finalised
 - Permits, microchipping, prohibition of trade
- Some Grey List species already assessed, states are currently updating their noxious lists
 - Few important species – minimal impact commercially....but.....

Invasive species

- Industry is supportive in preventing invasive species establishing in Australia, the process is still flawed
- Still not clear what will happen with species that are low risk - there is another more rigorous process to have these put on to the import list, if they can't be put on import list can they still be traded?
- This is of particular importance for species such as *Ancistrus* that cant be imported but are a major commercial species – we could loose these from the hobby even if they are low risk if we can not get them on the import list





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CHANGES TO IMPORT REGULATION

The Australian Quarantine System

- Australia is geographically isolated from the world, which means that it is also relatively free of many diseases that affect plants and wildlife in other countries
- The Australian quarantine system is one of the toughest in the world
 - Highly regulated system
 - All biological material, plants and animals
 - Designed to prevent entry of potentially dangerous species and/or exotic disease
- Recent quarantine breach with horses resulted in the introduction of Equine Influenza
 - Devastated horse industry AUD\$1 billion plus

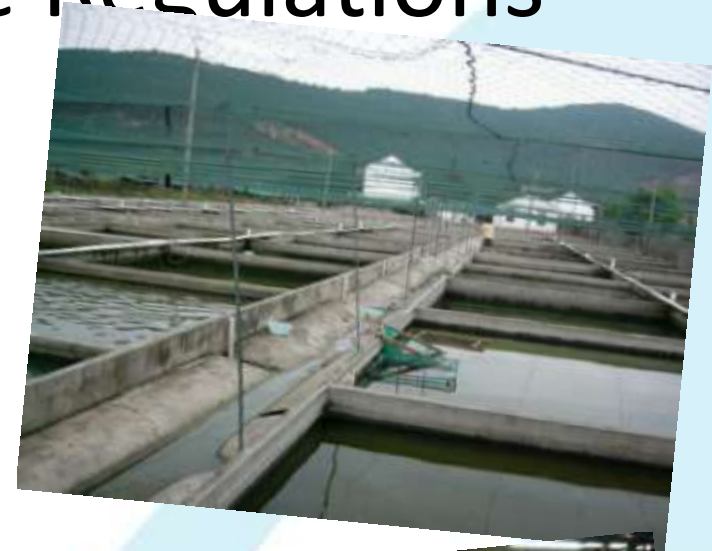


Australian Government

**Australian Quarantine
and Inspection Service**

Australian Quarantine Regulations

- Managed by Biosecurity Services Australia (Policy) and AQIS (Enforcement)
- To export to Australia:
 - Export country must be deemed a Competent Authority by AQIS and the export facility subjected to testing to meet Australian Health Certificate requirements
 - Fish to be exported are quarantined for 14 days prior to export and not kept with Koi Carp or food fish
 - Health Certificates required
 - Audits of competent authorities



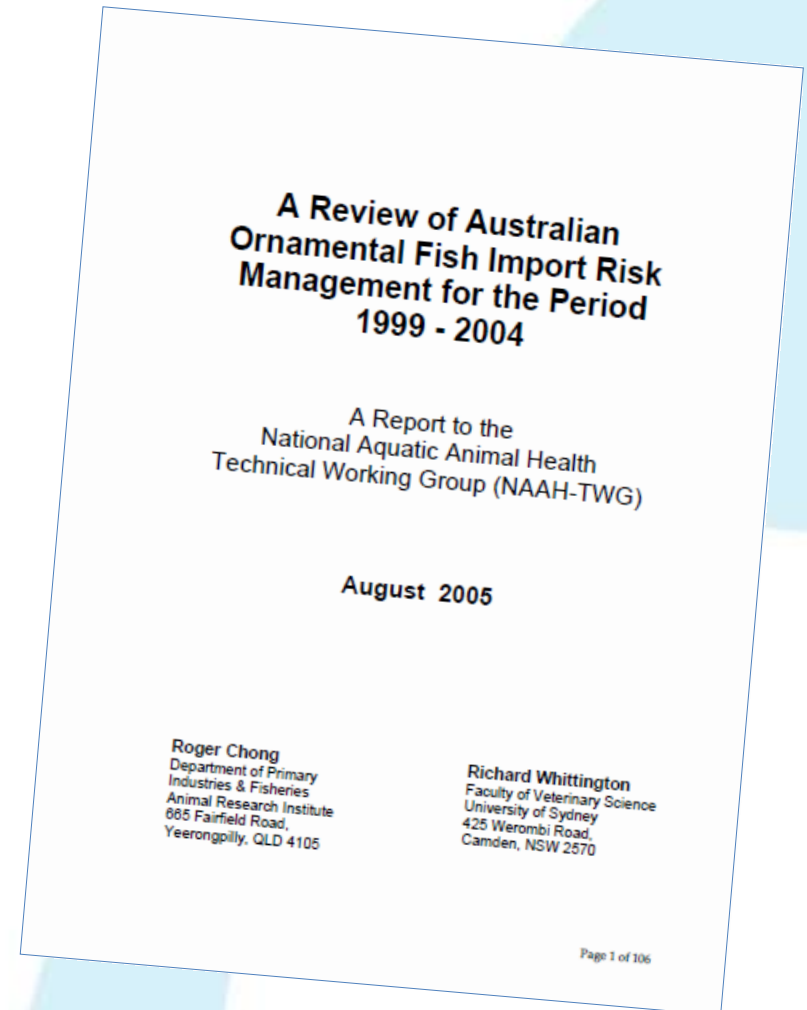
Australian Quarantine Regulations

- The Australian importer must have a Quarantine Approved Premise to hold fish for their quarantine period
 - Operated as per QAP Class Criteria 7.1 – currently being reviewed and tightened. Government audit twice yearly
 - Separate Import Permit for Freshwater and Marine
- There is a list of permitted species for import
 - No other species allowed
 - No crustaceans or molluscs
 - Entire shipment can be seized and destroyed if illegal species are present
 - Currently being reviewed, getting harder with paperwork, audits etc



Changes to Import Regulations

- As the majority of ornamental fish sold in Australia are imported, changes to quarantine have the potential for major impact
- AQIS has 3 main focuses at present:
 - Auditing export countries to ensure they meet the standards
 - Revising quarantine operation standards and allowable import list
 - Import Risk review for Megalocytivirus



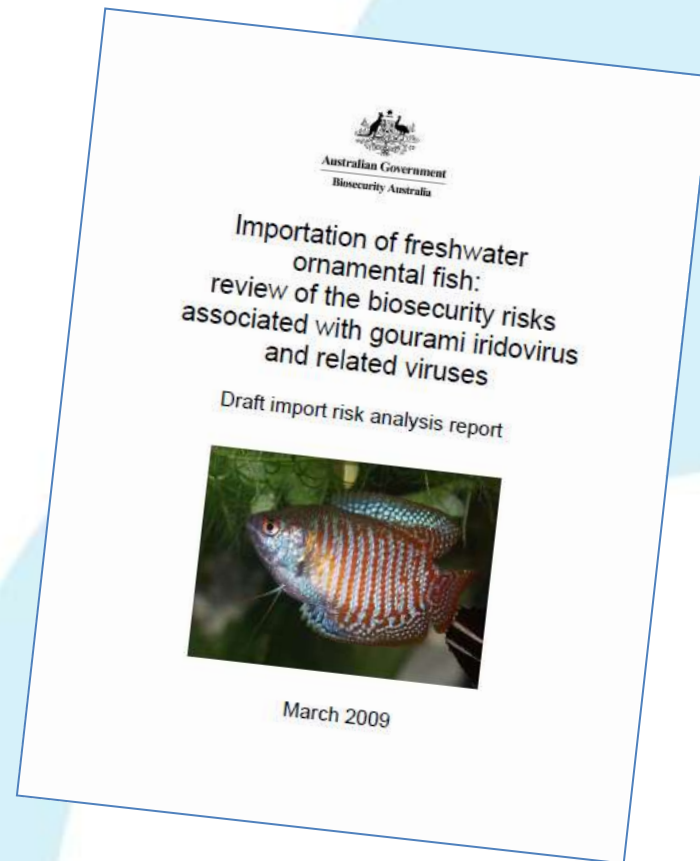
Changes to Import Regulations

- AQIS has already conducted audits for Singapore and Malaysia
- Both countries have passed but the audit process has resulted in tightening of requirements for exporters
 - Increased regulation and complexity
 - Increased costs
 - Resulted in a reduction of exporters shipping to Australia as they could not meet the increased requirements
- Other countries are being audited and it is likely similar results will occur there.
- AQIS is also reviewing the criteria for operating a quarantine station which will result in increased cost of quarantining fish in Australia.



Current Import Review

- BA has reviewed the disease risk and importation requirements for Gouramis, Cichlids, Livebearers and Killifish
- Proposed changes include:
 - Batch testing of above species on arrival in Australia or pre-export
 - Destructive sampling, high numbers of fish to be sampled
 - Cost of testing borne by importer
 - Source from a disease free source
 - Relevant authority will have to prove how this will be undertaken, not just a rubber stamp
 - Do not currently exist anywhere in the world



The Changes

- Due to the high cost of testing in Australia, the preferred option by industry and government in Australia is to get exporters to do this
 - This will mean testing and government surveillance for exporters
 - Increased levels of biosecurity – additional holding
 - Where will the fish come from?
- Australia industry is worried that exporters will no longer want to deal with Australia due to the high cost and complexity
- Industry has made several submissions to government highlighting the hardship this will cause - AQIS has delayed implementation pending further research – we do not know how long this delay will be for or whether it will change the outcome
- Several new local producers have set up or expanded to take advantage of anticipated price rises of the types of fish affected – production may not be viable at current market prices

Conclusion

- In summary, there are a number of challenges we face in Australia, with operators in most western countries facing similar challenges
- These key areas will continue to put pressure on industry by increasing the cost of doing business, increased regulation and compliance, as well as the likely reduced number of species that can be legally traded in Australia.
 - Reduced sales and profitability
- The biggest challenge industry faces is Biosecurity which will change how the industry operates, exporters in Asia must rise to these challenges and adapt to new requirements from the EU, Australia and other markets
- Industry must work with government to ensure a workable and practical outcome



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Thankyou!

Questions?

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