

OYSTER INDUSTRY – 19 February 2009

Mr PEDERICK (Hammond) (15:25): Cost recovery negotiations for the aquaculture industry were commenced by PIRSA in 2005. Aquaculture sectors were invited to be part of discussion and consultation to consider changes. Other aquaculture sectors have long claimed they have cross-subsidised the oyster industry, and this may be true in some way but could not be proven without full access to accurate industry sector-specific figures. Without those figures no industry can effectively analyse its own costs to consider where efficiencies and economies can be made.

Oyster growing sites are necessarily often very small and have to be very precisely located to take advantage of tidal flows and nutrient availability. This has led to operators having to have numerous small sites, each one separately leased and licensed. That practice was encouraged by the department's policies and, although it does increase administrative costs, it does not necessarily apply in the same proportion to all the department's activities—that is, it does not mean that the department therefore spends that same proportion on each activity such as biosecurity, for example, for any particular sector of the industry.

The department claims the oyster industry is responsible for two thirds of its costs, so the department has seen fit to simply apportion two thirds of each and every cost item to oysters. That implies the department spends twice as much on R&D for oysters as it does on all other sectors of the aquaculture industry combined. This is quite obviously not the case.

Among the cost recovery principles of PIRSA Fisheries appears the following general principle:

Cost recovery is only implemented where it is cost-effective for government to collect costs; consistent with policy objectives; and will not unduly stifle competition and industry innovation.

The oyster industry would have some cause to challenge that. Under the costing principles appears the statement: 'Costing methodologies are transparent.' The oyster industry would have some cause to challenge that, also. PIRSA Fisheries process for costs recovery for 2009-10, for which meetings commenced in October 2008, states:

The programs will be costed and these figures will be forwarded to industry by early February.

Contrast this with the oyster industry where, in early February 2009, they have just received detailed costings for 2008-09, three months after new fees were gazetted.

Legal opinion sought by the oyster industry on the new fees has indicated there could be grounds for a legal challenge.

We have been accused of playing politics with this, of stirring up trouble, misleading the public, and all sorts of reprehensible behaviour. The minister should perhaps temper his criticism and recognise that the opposition's involvement in this matter has, in fact, exposed a serious and fundamental flaw in his performance as minister.

The problem this has exposed is that the minister has failed in his duty.

He has failed to stay close to discussions and negotiations as they unfolded.

He has failed to get involved in the matter until it was too late.

He has failed to check the figures before he made his decision.

Also, he has failed to give due credit to an industry that has invested a great deal of its own time and money into its development and future for the ultimate benefit of the state.

When asked about the fees on radio on 11 February the minister stated:

You see all sorts of numbers around the place which are totally untrue. They actually were asked to contribute \$700,000, up from 350...the oyster sector of the industry has been asked, based on all of this analysis, to double their contribution.

Here are the facts. The average increase would be over four times last year's fees. Some individual growers with multiple sites had fees go from \$1,000 - \$2,000 to \$20,000 - \$30,000. One particular grower's bill went from \$5,000 to \$72,000.

This time the minister checked the figures and subsequently made the following admission on radio on 16 February:

I was wrong...my starting figure was too high. I have to go back to their figure...I've apologised [to SA Oyster Growers Association President Bruce Zippel]. He was right, I was wrong.

In that same interview he said:

Adrian, I'm wrong and you're right. Adrian was the one that was reflecting the view, so equally I owe Adrian an apology.

I make no apology for taking an interest in the oyster industry's situation, and no apology for pressing the minister to revisit the figures. We will continue to take a close interest in all government ministers, particularly where they make decisions that dramatically affect the fabric of industry, none more so than rural industry, which they clearly do not understand.

This minister and the government's pitiful record on all things water clearly shows that they are out of their depth.