The promise

Living the Tasmanian seafood brand promise

Thank you for the invitation to be here this morning. I speak not as a scientist but as a Tasmanian who wants the aquaculture industry to help deliver the stronger economic future we all desire for our island and optimistic that this can be so.

My words today are about hope – hope that the potential of our aquaculture industry can be realised – The view I want to place before you is that the idea of brand is central to realising this opportunity and really provides a context for the rest of the speakers to follow. My view is that the brand promise offered by the Tasmanian aquaculture industry is a fragile thing that must be deeply understood, carefully nurtured and expertly leveraged not taken for granted as it is today. Here is my rationale:

- The aquaculture industry offers us in Tasmania an amazing opportunity that we should embrace
- However, it is under threat as markets and consumers change radically we fail to live the "promise" that our aquaculture industry makes
- So therefore, we must act – industry players, Governments and communities to **actually live** the brand promise and thereby deliver the opportunity into reality.

Let me talk about each in turn.

The opportunity

The aquaculture industry is critical to the future of Tasmania.

Over 10 years ago I came back to my island home after a period working away in Sydney. At the time I made a harsh judgement of our performance saying Tasmania languished at the bottom of the Australian pile. We were, I said, the sickest, dumbest and poorest Australians and we needed to transform our society and economy to build a new Tasmania. Since then we've had some ups and downs, a GFC and now in the shadows of a possible GFC II we are part of a two speed national economy. We are in the slow lane falling behind economically – this is a view being put by one of our favoured sons – Saul Eslake. Health and education are issues for other fora.

Today we are talking about economic issues and specifically aquaculture. There are some knowns in this area. We know we need to diversify our economy, we know we need to generate enough income to pay for our lifestyle and we know we want to find ways to employ our fellow Tasmanians in

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jobs and industries which are respected, sustainable and of which we are all proud. Aquaculture can and should be one of these industries of the future, of the New Tasmania.

We know that aquaculture is massively important to our economic future. The Tasmanian Seafood Industry Council had it at $719M net of imports in 2006/07 (http://www.dpiw.tas.gov.au/inter.nsf/WebPages/CART-7LZU87?open) with salmon production about half that number and growing fast.

Why is that growth potential there? There is of course history. There is an argument that the Australian Aquaculture industry started here - at the Salmon Ponds in the Derwent Valley. But more important than that there is brand. When a mother stands in front of the deli case at a shop in West Hobart, Paddington Sydney, New York, Singapore or Tokyo making a decision on what to feed their family or friends and they see Tasmanian seafood they are not buying cheap food, they are paying a premium for clean safe seafood from the edge of the world that they want to proudly and safely put on their table for their family, for their friends – they don't have to do this – it's a choice based on perception. The decision to buy is based on a promise that the seafood comes from that wild amazing unspoiled place called Tasmania, it's safe, it's special and it's somehow good for you.

This is what brand is about; it's the implied or specific promise we make that the thing or service we buy or acquire is what we say it is and it will do all that we hope it will do. The marketers say it is qualities and a personality. This notion of brand is I believe is critical to the future of the Tasmanian economy. To explain how I see it I'll go back a little and explain my story.

I'm fortunate. I grew up on the NW coast of Tasmania on a dairy farm. My universe was described by places I could pretty much walk to or reach by a short trip by car – neighbouring farms or Railton, Sheffield or Latrobe. Devonport was the big smoke, Launceston a rarely visited metropolis and Hobart a distant idea.

Eventually I found my way to university and then, to cut a long story short, like many Tasmanians I left the island and worked away. I found myself at a management consulting firm in Sydney and travelled the world working on projects in the US, Europe and Asia. I started to understand business at the top end of town. I've been fortunate enough to work with some of the largest, most successful companies in the world. I don't say this to brag; I say it so you understand my perspective. Something happened through this experience, I started to see Tasmania through different eyes – not the eyes of the boy from Sunnyside, not as a proto green but as a Tasmanian abroad, working with global firms – looking back into this strange archipelago we so proudly call home and wondering what those captains of industry would see as our strategic advantage.

I would tell clients where I was from. They were enchanted, mystified and attracted to the idea that is Tasmania. It was then that I began to realise something, that which we all hold dear – that ephemeral essence of Tasmania, has value, yet unrealised, amazing value. The brand gurus from Saatchi and Saatchi and other firms I occasionally work with describe this as brand.

Brand is a funny idea – it's nothing and everything. It's immediately recognisable. Brand is reputation. It's about promise. If you see Swiss made on something you expect quality and precision. You know what the body shop stands for, when your kids buy a big Mac they know what they get, you know what Apple, BMW or Mercedes stand for.

Organisations like Coke, Benetton, The Body Shop, Nike, Apple, Disney, Rolls Royce, Mercedes, Chanel, Virgin, Harley Davidson fundamentally understand how important brand is. One client I recently worked with had worked in a senior role with Disney. They had, he said, a massive poster in the HQ saying, "Don't mess with the mouse". They would defend the Disney brand no matter what.

A few years back I went to an international conference on branding and reputation in leading organisations around the world. They talk about these things as different but intrinsically linked. One of the firms represented had done analysis that showed:

- About 5% of stock price was based on financial strength
- About 25% of stock price was dependent on cash flow/earnings and dividends
- About 70-75% of stock price was directly/indirectly dependent on image/reputation

No one I know of has done the numbers on this for Tasmania. But look at our aquaculture industry. Even if the numbers are out by 20% that would mean that the brand is worth 100s of millions of dollars, perhaps even over half a billion if the growth projections are delivered.

It's not a simple thing, it's fragile but it is this, it is a promise with all that value laden word entails, a promise that we must keep if we wish the industry to survive and thrive and deliver a sustainable economic dividend for the people of these islands.

So, what is the aquaculture brand? These are the words that are used on packaging and websites; Tasmanian, Clean, Edge of the world, Premium, Pure, Wild and Unspoilt.

Put these words together and the promise is clear – Tasmanian seafood is clean, wild, pure and from unspoiled waters. The question is whether reality matches the promise and it must for if there is any doubt - and I mean any - then the brand is at risk.

Brand is under threat

I do believe the Tasmanian Aquaculture brand is under threat from two sources:

- It's under threat because nature of consumers and markets are changing – the arrival of the "awakening" consumer spells the death knell for brands that fail to live up to their "green" promise

- It's under threat because the reality of Tasmanian aquaculture fails to live up to the promise

Let's look first at the changing nature of markets and consumers. One prominent global branding firm has written extensively on this – they call it the rise of ***The Awakening Consumer***. They point to seven irresistible trends that will change the way companies and brands must interact with their customers. They say:

- **Transparency is king** – you must be completely up-front. In April last year the Harvard Business Review cover proclaimed – "Customers know everything about your company – that has changed the rules of business forever"

- **Bad news travels faster** – any bad news at all travels unbelievably quickly

- **Consumers are deconstructing your secret sauce** – awakening consumers spend a lot of time finding out where things come from and what goes into the product/service they are buying and what you're like in your community

- **Bedfellows are getting stranger** – partnerships make sense with those that can authenticate your claims

- **Consumers nod off – provide a benefit**

- **The inmates are taking over the asylum – keep your mind open**. What this is about is that consumers are taking over brands by what they say and do especially online

- **We're all in this together – never rest** – this is about doing good in communities not just making money.

These trends are game changers. The challenge for the industry is to embrace these consumers and these trends – to embrace them deep in its core the need to act sustainably environmentally, socially and economically, to pledge that and then deliver on it.

The second threat I see for the brand promise the industry makes is that it is built explicitly on a claim that is all about clean, healthy food from an unspoiled environment. My research on this shows that in a key aspect of marine farming - salmon farming - with which I'm more familiar, these are some of the current issues:

- That we give salmon antibiotics to kill diseases - in 2006, 2007 and 2008 over 17 tonnes of antibiotics were used (FRDC report *A review of the ecological impacts of selected antibiotics and antifoulants currently used in the Tasmanian salmonid farming industry*)

- That fish die in pens from overcrowding

- That oxygen has to pumped into the water 24/7 to keep the fish alive and they have to be bathed in fresh water to kill bugs that grow in their gills

- That they are fed food from the Southern Ocean that is caught off S America, processed and then shipped all the way to Tasmania. Somewhere around 2-4kg of wild fish are caught to produce 1 kg of farmed salmon

- That heavy metals used on nets to stop algae growth find their way into the environment – zinc and copper are the two key metals. The FRDC report says guidelines recommend against their use in the Mediterranean. Their research shows that in 2008 we used over 48 tonnes of copper oxide in anitifoulants or about 1.8 kg of copper oxide per tonne of fish production. IN 2006 when they have comparative numbers we used 1.5 kg of copper oxide per tonne of fish produced while the Scots used somewhere between .26 and .66 kg of fish produced. This is about 3 times the amount used in Scotland. This is just copper. Zinc is also used in antifouling and it to ends up deposited under marine farms. Once it's there it doesn't degrade. To quote the FRDC report *"Industry surveys have shown a significant increase in copper levels at farm sites; particularly at depositional sites with organically enriched sediments, which have a higher capacity to bind and accumulate copper."*

- That the Government is changing the rules that govern the industry so that final decisions on siting fish farms rest now with the Minister rather than independent scientists

- That the fish have been genetically engineered to grow faster

- That synthetic materials are put in the feed stock to give the salmon it's distinctive orange pink colour – As Suzuki said when he addressed the National Press Club in Canberra, *"You all sat here and chowed down on farmed (Tasmanian) salmon and obviously you don't give a shit about what you're putting into your body. You know what a farmed salmon is? It's filled with toxic chemicals."*

- That we don't understand the impact of nutrients in the waterways where we farm fish and that it may be changing the nature of the local environment

I know many will argue the toss on some of this but go back to the mother standing in front of the deli, our awakening consumer. If someone whispers these ideas in her ear will she buy salmon? Do these issues affect all the aquaculture industry – yes. Do these issues affect all industry players if one or several have lower standards than the rest - yes. This is an argument won and lost on emotions not parts per billion definitions or "not me it was them" arguments.

Building a super brand

The reality is that Aquaculture is massively important to our future and has the privilege of being able to utilise Tasmania's waterways and emerging brand to sell its products. As I said at the outset, this is a story of hope and opportunity. But, if we're lazy about the brand it will fail to grow or may even collapse. IN the face of that what argument would there be to stop imports?

It would be a tragedy if this industry through laziness or ignorance did not live up to the brand promise we make and the reputation we've built and were to ignore the changing nature of markets and consumers and believe that collusion with Government would somehow protect it from irresistible market forces. I believe we need to take a series of actions to avert this tragedy. I think we have to:

- **Define our brand promise**. We need to deeply understand our customers and build a brand promise that speaks to them and that we will deliver. This is not about logos or packaging but a much deeper delving into the essence of what our seafood stands for. This is not to step away from the potential of the brand but to step up, to create a super brand that really is about delivering clean, healthy products from an unspoiled environment, products that we're all proud to be associated with and are truly the envy of the rest of the world

- **Live the promise**. The industry must act immediately to eliminate ANY industry inputs or behaviours that undermines the promise of our aquaculture brand

- **Love it, nurture it and above all protect it**. The industry must embrace this but there is a critical role for Governments at Federal, State and Local level. It is imperative that all political parties recognize the need for political leadership for the industry, and that for the Government to simply see themselves as enablers for this years profit is to doom the industry and the jobs long term. If our political leaders and the Departments they oversee take their responsibility and rhetoric seriously, if they actually believe in jobs, in communities, in growth, then they must speak up **to** the industry rather than act as its stand over man as it did for so many years with forestry. This would involve:

    - A minister take special responsibility for the Tasmanian brand

    - Ensuring agencies like DPIWE undergo a radical transformation from being submissive industry cheerleaders to seeing their role as custodians of the Tasmanian brand, a brand that ultimately is the property of all of us. This would involve a shift in Department strategy, skills, values and systems

    - The Govt providing all info openly - total transparency so we full understand all social, environmental and economic issues

    - Introducing a certification program to accredit socially and environmentally sustainable producers - like FSC – so consumers can have faith that brand claims have substance.

If we can do this we will in generations see the Tasmanian Aquaculture industry as a centerpiece of the new Tasmanian economy. If we do not then it will wither and perhaps die. That's our choice.

Gerard Castles.

Appendices – excerpts from FRDC report - FRDC report. *A review of the ecological impacts of selected antibiotics and antifoulants currently used in the Tasmanian salmonid farming industry.*

Table 29 Annual salmonid production ('000 tonnes) and antibiotic usage (kg) for selected antibiotics in Norway (data from FAO), Scotland (production data from FRS, antibiotic data from SEPA) and Canada (British Columbia) (Data from Data from BC Govt) (2003-5) and Tasmania (2003-8) (data from Tas DPIW). Data for Chile 2005 is only available as total antibiotic usage (Bravo, 2005 and FAO).

	Norway			Scotland			Chile	Tasmania					
	2003	2004	2005	2003	2004	2005	2005	2003	2004	2005	2006	2007	2008
Annual Salmonid Production ('000 Tonnes)	509	564	586	170	158	129	374	13.7	14.6	18.4	22.4	24.0	26.1
Amoxycillin												550	
Chlortetracycline										12	39		
Fenbendazole					7	1							
Florfenicol	154	111	202		6	10						2	1
Flumequine	60	4	28										
Oxolinic acid	546	1,035	977					253	142				
Oxytetracycline	45	9	8	670	38	1,654			790	845	4,453	8,665	3,831
Trimethoprim								32	64	21	44	78	165
Tylosin													10
Total Antibiotics Used (kg)	805	1,159	1,215	670	51	1,654	133,800	285	996	878	4,536	9,295	4,007
Antibiotics (kg)/ tonne production	0.0016	0.0021	0.0021	0.0039	0.0003	0.0128	0.3577	0.0207	0.0680	0.0477	0.2023	0.3873	0.1531

Quote from report regarding use of antifoulants

Guidelines recently developed for the management of biofouling in Mediterranean aquaculture (IUCN, 2007) seek to ensure that there are "no perceivable toxic effects on non-target organisms" and recommend the use of eco-friendly antifouling coatings and products, encourage the use of environmentally friendly procedures for preventing or eliminating biofouling and suggest that antifouling products based on heavy metals should be avoided where possible. Whilst the local industry continues to support the investigation of alternatives to metal-based antifoulants, replacement of copper and zinc-based antifouling products is unlikely in the short-term. Consequently, the emphasis of sustainable management should be on minimising the environmental impact of currently used products and the development

FRDC Project 2007/246 - Antibiotic/ Antifoulant Review

-4-of appropriate monitoring strategies to defining ecologically relevant threshold values over a range of parameters

Table 3 Total copper oxide antifouling use for Tasmania and Scotland. Figures for Tasmania 2004-2007 based on volume of paint applied per annum, sourced from industry reports (AMD 2004-2008). Estimates of total copper (I) oxide used in Tasmania for 2008 are based on mass balance calculations conducted by industry (Cameron Dalgleish, pers. comm.). Data for 2004 represents minimum and maximum as a combination of Hempel and Hempel light were used. Data for Scotland sourced from Burridge et al, 2008, reported as copper oxide. Range of values for Scotland reflects use of a variety of paint formulations with range of possible active concentrations. For the purposes of this table it is assumed copper oxide = copper (I) oxide, or Cu_2O. Annual production values (t) for Scotland from FRS, 2007 and Tasmania from DPIW.

Country	**Year**	**kg Copper Oxide applied**	**Production (t)**	**Kg Copper oxide /tonne fish produced**
Scotland	2003	18,996 – 26,626	169,736	0.11-0.16
	2004	11,700 – 29,056	158,099	0.07-0.18
	2005	34,000 – 84,123	129,588	0.26-0.65
	2006	35,551-86,929	131,847	0.27-0.66
	2007	NA	129,930	-
Tasmania	2004	36,827-84,422	14,653	2.51-5.76
	2005	61,439	18,403	3.34
	2006	33,923	22,417	1.51
	2007	42,958	23,982	1.79
	2008	48,046	26,172	1.83

Industry predictions are that this level of usage will increase in the coming years due to industry expansion (D. O'Brien, pers. comm.) however this is conditional on APVMA registration and State regulatory authority approval requirements being met. If approved, antifouling use for all nets over the 08/09 period may approach 306,000 L (D. O'Brien pers. comm.). Additional facilities (net washing and net dipping) have been constructed at HAC to deal with the volume of nets being treated.