

## Facts and Fiction from Dave Kelly

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### What Mr Kelly Says:

*In December 2017, the industry peak body, Western Rock Lobster Council (WRLC), released its plan to double annual output to \$1 billion. It included an 8,800 tonne commercial catch, up from the current 6,300 tonnes. (The West Australian 8 January 2019)*

### Fact

This report was a 10-year concept plan which talked to how the industry will continue to grow jobs, tourism, export markets etc. Which it is already doing.

The plan was not dependent on Government owning 27 per cent of the fishery.

The \$1 billion estimate of the industry's value and the possible creation of 500 new jobs was based on the combination of two sensitivity analyses of high price scenario of \$95/kg plus the high export volume of 8,800 tonne.

These two combined scenarios are unlikely to happen any time soon if at all.

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### What Mr Kelly Says:

*They (WRLC) promised 500 jobs and asked for substantial Government funding, but wanted all the additional catch to go to existing fishers. (The West Australian 8 January 2019)*

### Fact

The WRLC did not promise 500 jobs. The economic modelling shows that it might be possible under the scenarios of very high prices and large quota that 500 jobs may be created. The fishers willingly cut their quota in 2010 from similar levels proposed by the Government to sustain and nurture the industry back to health.

They took the pain of those cuts which have now benefitted tourism, recreational fishers and the domestic market.

Fishers have demonstrated over the years that their primary interest is in ensuring the industry remains sustainable, able to provide considerable returns to the community and continue to provide livelihoods for the hundreds of family businesses that rely on it.

Commercial and recreational fishers want the stock to be sustainable so they can fish forever.

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### **What Mr Kelly Says:**

*In December, after five weeks of negotiations, the WRLC and the Government signed an agreement that would see the commercial catch grow to 8,000 tonnes over five years - subject to continuing scientific sustainability assessments. (The West Australian 8 January 2019)*

#### **Fact**

The agreement was signed under duress.

The Council negotiators were presented with the Term Sheet at 7:00am on the Friday and we understand were told they had two hours to agree or the Minister was going to strip the unit holders of their licences and auction them off.

It appears that Minister Kelly did not give the Council the opportunity to consult with their own Board let alone the Members.

The Council negotiating team reluctantly signed the document after considerable pressure from the Minister and in an attempt to keep 'the door open' until the Council could consult with its Members.

Following the ultimatum from the Minister, the Council had five costal meetings with WRLC Members who were unanimously opposed to the Government's plans.

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### **What Mr Kelly Says:**

*Some fishers now say the 8,000-tonne catch is unsustainable and the 500 jobs promised are bogus. But remember these figures match the WRLC's own industry plan." (The West Australian 8 January 2019)*

#### **Fact**

State ownership of units in the WRL itself will not provide 500 jobs. If the economics are there the jobs will be created and state ownership will have no bearing on jobs growth. We understand the Government has not done any modelling or impact assessment of their own.

The fishers are saying that 8,000 tonnes may not be sustainable because they know that the fishery is a living, constantly evolving thing. It is constantly changing and no one can say if a 8,000 tonne catch is sustainable.

Since the WRLC report was written a year ago, new evidence and science has come to light which is not included in the report. This year we've seen the puerulus (baby crays) count well

down, and we've seen one of the strangest December "white migrations" ever, with catch rates very low.

Fishers are also increasingly talking about dead zones in the fishery, probably due to marine heat waves or some other natural occurrence which the scientific community does not yet fully understand. This issue was raised with the Fisheries Department and scientists in June 2018.

The industry is treating the fishery with care, not plundering it by increasing the quota a whopping 27 per cent.

It's totally irresponsible and the fact that the Minister is using the industry report and not their own economic modelling and impact assessment to justify it just shows that he doesn't understand the true nature of the fishery.

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#### **What Mr Kelly Says:**

*"This is already a community owned resource. The fish in the ocean are owned by the West Australian public." (6PR interview January 2019)*

#### **Fact**

In fact, the vast bulk of the catch, more than 85 per cent, is harvested in Commonwealth waters (three nautical miles from low water mark to 200 nautical miles).

The WA Government has been tasked with sustainably managing the resource.

Minister Kelly seems to have very little understanding of this basic fact, reinforcing the widely held view that he has very little understanding of the entire industry.

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#### **What Mr Kelly Says:**

*"As a result of the demands" [supposedly made by the Council during negotiations] the Government offered a \$27.5 million industry development package." (6PR 31 Dec 2018)*

*"WRLC still wants the taxpayer-funded \$27.5 million industry development package, but they don't want the community to hold any share of the fishery to pay for it." (The West Australian 8 January 2019)*

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## **Fact**

This is not true. This package was part of the term sheet which the WRLC has publicly rejected.

The package was dependent on the Government “stealing” much more than that from the industry in the first place.

Even with the package, the industry would still be dramatically economically disadvantaged with this state ownership setting a dangerous national precedent for all other quota based fisheries.

The industry is now working up an alternative industry development package for the Government which involves Government and industry working together, rather than Government thinking they can take total control and know better than industry.

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## **What Mr Kelly Says:**

*Now fewer than 300 boats bring in the catch, with 98 per cent going to China. This means the industry is employing fewer people and there is little lobster available for West Australians and tourists. (The West Australian 8 January 2019)*

## **Fact**

Those 234 boats, in many instances, sustain up to three generations of fishers. In the past there were many little boats now there are bigger boats with bigger crews and sustaining more people including many family units.

Ten years ago the number of boats was unsustainable for modern fishing methods. In fact when there were 600 vessels operating in the fishery, RSM Bird Cameron did an economic study of the fishery and found that only 10% of boats were making a profit. The industry made the hard decision and boat numbers were reduced.

There are more tourists taking advantage of lobster today than ever.

Cervantes is one of WA’s biggest tourist attractions. Charter boat operators can confidently take out a boat load of tourists on to the ocean knowing they will catch a pot full of crays. This won’t happen if the fishery is run into the ground and without a responsible commercial fishing sector.

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**What Mr Kelly Says:**

*Almost 10 years on, the quota change is a great success. Scientific review after scientific review show the stock is now in excellent shape. (The West Australian 8 January 2019)*

*“The Fisheries Department do very accurate surveying of that fishery.” (6PR 31 Dec 2018)*

**Fact**

All those scientific reviews were conducted based on a catch of 6,300 tonnes. No scientist can accurately predict whether 8,000 tonnes is going to be sustainable until we are at 8,000 tonnes.

In fact, the current science indicates it will not be. Puerulus settlement — late larval-stage lobsters settling on inshore reefs, which can be used to predict catches up to four years ahead (recruitment), are currently down overall by 45% compared to pre-2007 average records.

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**What Mr Kelly Says:**

*“It's the first fishery to get the international sustainability tick, and it's done that three times. The last time was only last year.” (6PR 31 Dec 2018)*

**Fact**

This international accreditation (Marine Stewardship Council) is based on a 6,300 tonne catch not the 8,000 tonne catch proposed by the Minister.

This proposed increase is very likely to put the industry's international sustainability accreditation under threat and have a dramatic impact on exports and market pricing.

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**What Mr Kelly Says:**

*“We approached the Rock Lobster Council, they're the peak body, in early November and said: we want to look at ways of getting more value out of what is WA's wealthiest fishery. They suggested putting together a negotiating team and having some intense negotiations about how we would do that. (6PR 31 Dec 2018)*

**Fact**

Intense negotiations with 4 people and no industry consultation. We understand threats to strip licences and intimidation tactics were used.

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Why did the Minister Kelly wait until the last minute?

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**What Mr Kelly Says:**

*They (The Rock Lobster Council) signed their own confidentiality agreements (6PR 31 Dec 2018)*

**Fact**

As a condition of negotiation, Kelly insisted on The Rock Lobster Council agreeing to confidentiality. The Minister dictated this confidentiality requirement to the council. They were not given a choice.

The Council negotiating team were not even allowed to divulge any information including to other Council Board members.

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**What Mr Kelly Says:**

*The industry, in an attempt to raise more income for the Government, wouldn't have accepted an increase on the levy it currently pays to Government of 5.75 percent. (6PR 31 Dec 2018)*

**Fact**

The Minister never put this option to the industry saying it was off the table and he was going to take the units regardless. Industry suggested this option several times to the Minister, but he refused to consider. The Minister's intention from the start was to issue units to itself no matter what.

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**What Mr Kelly Says:**

*"...under our plan, every fisher will actually get an increase in their quota next year, so no fisher is losing anything." (6PR 31 Dec 2018)*

**Fact**

Under the plan the Government takes an immediate 17.3 percent stake in the fishery so every fishers' unit holding is immediately diluted by 17.3 percent, massively devaluing individual holdings and creating sovereign risk of any future investment in the WRL industry.

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**What Mr Kelly Says:**

*“All we're saying is that in an industry where 98 per cent of the catch goes overseas to China...”*

*“Very little [of the catch] is available in Western Australia for tourism, for hospitality.” (6PR 31 Dec 2018)*

*“Ninety-eight per cent is exported to China, meaning no lobster to grow WA jobs in tourism and hospitality. No lobster for an international lobster festival.” (The West Australian 8 January 2019)*

**Fact**

Consequently, we need to protect the export market and not collapse it by subsidizing lobster into the domestic market.

In September 2017, the WRLC submitted a proposal to Kelly for a permanent Local Lobster Program with an initial four times more local lobsters.

The Minister ignored that proposal which would have resulted in four times more lobsters at more affordable prices on the local market right now.

Why should Lobster be subsidized to the local market when nothing else is. WA gas has a percentage that must be sold domestically but at world prices. The problem with lobster in shops is the 100% mark up and makes them expensive. This is why the WRLC want to expand the local lobster program so the public can buy from the boat.

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**What Mr Kelly Says:**

*“We are saying that there's an opportunity for the West Australian community to get a greater share of what is Australia's most valuable single-species fishery.” (6PR 31 Dec 2018)*

**Fact**

What the Minister is not saying is that there are many other ways of increasing the return to the community which he is completely unwilling to explore. Industry has already offered a number of suggestions; Minister Kelly has rejected them all.

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**What Mr Kelly Says:**

*“What we're saying is that part of the fishery will be used not just for exports but to increase the financial return to the state so we can buy more schools, fund more hospitals, do those sort of things. But also boost tourism and local hospitality jobs.” (6PR 31 Dec 2018)*

**Fact**

No modelling or impact statements have been made available either from the Government or the Fisheries Department to support this claim. This is a motherhood statement with no meaning - spin through and through.

Subject to sustainability, the aim of industry is to maximise profits (also pay more tax) and consequently the access fee to the government.

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**What Mr Kelly Says:**

*“Look, the way the fishery is structured at the moment, a foreign owned entity could buy any proportion of the fishery at the moment.” (6PR 31 Dec 2018)*

**Fact**

A foreign entity, after meeting strict Government and regulatory requirements, is able to invest in most Australia industries.

The facts are that no units in this well run and profitable fishery are currently for sale and if there were, they would be purchased by local fishers.

That said, the Government claims it plans this compulsory acquisition for the benefit of the WA public but has not ruled out selling its proposed holding to overseas (Chinese) investors.

The Minister is using dog whistle politics to scare the industry and the community.

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**What Mr Kelly Says:**

*This industry is worth \$5-6 Billion*

**Fact**

Industry GVP is circa \$433 million. The capital base is different than what the lobster fishery can produce on an annual basis.

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**What Mr Kelly Says:**

*“This industry doesn't have an overseas market without China.” (6PR 31 Dec 2018)*

**Fact**

Therefore, the Chinese market needs to be nurtured and protected.

Putting WRL product into the domestic market at subsidized prices will crash the export market and allow interstate lobster traders to purchase the lobster and ship it to other states for sale or even export.

There is demand from the rest of the world for WA Lobsters, but China is able to pay a premium so the market dictates who is the end consumer – not the state Government.

The Government has no control over this interstate trade and clearly has no plan to respond to it.

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**What Mr Kelly Says:**

*“The recreational fishers have a catch of 500 tonnes.” (6PR 31 Dec 2018)*

**Fact**

This is not true. The Minister has no way of knowing what the recreational catch is. Commercial sector estimates 1,000 tonnes or maybe more.

The new recreational survey will be done every three years, so the information will not be current and there are questions as to its accuracy.

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And if the Minister's plans go ahead there will be less of the stock available for recreational fishers and what is available will be smaller.

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**What Mr Kelly Says:**

*"We're trying to get an increase in local jobs. I mean there used to be over 700 boats that run this fishery. Ten years ago, there was 400; this year, there's 200." (6PR 31 Dec 2018)*

**Fact**

There are currently 234 boats in the fishery. The very reason the quota system was introduced in the 2010-2011 season was because of the unsustainable number of boats competing for a limited resource and the collapse of that resource in 2010.

And while the lobster population has increased substantially since quotas were introduced suggesting 700 boats is sustainable is dangerous and ill-informed. The facts are that the large numbers of vessels in 2010 was the cause of the fisheries near demise.