**10 YEAR SALMON PLAN INITIAL RECOMMENDATIONS**

**The Tasmanian Independent Science Council (TISC) requests that the new 10 year Salmon Plan consider the following matters, which are in addition to the TISC submission of 13/5/22.**

A number of issues require urgent attention:

* Transparency regarding the very large taxpayer subsidies used to support the marine farming industry must be improved. Their continuation should be more clearly justified.
* The quantum and design of fees imposed on salmon farmers must be changed.
* Methods for assessing the economic and social impact of the industry require a complete overhaul.

1*. Transparency.*

A recent *Mercury* (13/7/2021) article indicated that ‘The Fisheries Research and Development Corporation alone has directly invested about $46m worth of research into salmonid aquaculture’. Allowing for ongoing contributions from CSIRO and UTAS – including the recent establishment of the Blue Economy – the current estimate of taxpayer subsidy to research and monitoring of the industry would be **considerably larger** than this. And that doesn’t count the high regulatory costs of borne by elements of the State bureaucracy.

Much of this subsidy is camouflaged under the rubric of ‘public interest research’ when its beneficiary is the profitability of the marine three salmon farmers. If it is public interest research, the source of funding should be completely transparent to the taxpaying public. Subsidies of this order need to be justified. **That needs to change**.

2. *Efficient cost recovery*.

The Productivity Commission has recommended that ‘State and Northern Territory Governments should implement best practice cost recovery arrangements for the commercial fisheries sector. Cost recovery charges should be linked as closely as possible to the efficiently-incurred costs of essential regulatory services. All governments should transparently disclose the services or regulatory activities for which costs are recovered, and the amount and extent of costs recovered’.

**Important salmon farming fees fall well short of this requirement.**

To take one example, an applicant for a Marine Farm Application incurs a fee of $1212.75, together with the requirement to submit an environmental impact statement. A thorough analysis of the EIS incurs costs to the regulator which are a **very large** multiple of the application fee. Together with other minor fees the total of ‘Marine Farms Fees and Recoveries’ in the 2021-22 budget, which includes annual lease fees, is $1.274m. The massive difference between the direct regulatory cost on one hand (which includes public administrative processes as well scientific support by IMAS, UTAS and the CSIRO), and the small fees on the other, is a direct subsidy to the industry and should be disclosed as such. The fee bears no relation to the direct regulatory cost. It is not consistent with the Productivity Commission recommendation.

**Fees are poorly designed**.

Aside for the quantum of the fee, its design is fundamentally flawed. Marine Farm lease fees are based on acreage. Acreage bears little relation to the environmental load on waterways. Acreage takes no account of the volume of fish, or its proximity to other farms. Economic efficiency requires a fee structure addressing these deficiencies. Alignment with the GPV mechanism adopted in other States, together with a substantial increase in fee revenue, could go some way to correcting this problem. A move to a tendering/auction system should also be considered.

*3. Economic and Social impact*.

Clearly, economic and social impact depends on many factors, including some reflected in the so-called ‘market economy’, and others captured by ‘non-market’ values.

**At present there is no coherent structure for a broad-based evaluation of the salmon industry which takes all these elements into consideration.**

On the ‘market economy’ side, the industry continually exaggerates the number of jobs ‘created’. These claims do not stand scrutiny, even on their own terms. But the underlying method is also flawed. Reliance on an input output (I-O) approach to assess the economy-wide ‘benefit’ of the industry should be discontinued. It focusses on measures such as jobs or contribution to Gross State Product and takes no account of social costs or other non-market effects such as environmental degradation.

 The underlying I-O assumption, that resources attracted to the industry have no alternative uses, is clearly wrong. An electrician employed by a salmon grower can’t build new homes, for example. Another example is Tassal’s refusal to give up its leases at Dover to facilitate a woodchip export terminal. As a result, trucks rumbling through Hobart impose emission and congestion costs.

Recent research by the FRDC (FRDC Project No 2018-068**)** advocates much more emphasis on non-market valuation to supplement the standard market-based approaches. **This recommendation should be followed.**