



# shellfish culture

shellfish culture newsletter | Winter 2016



*SCL's Pipe Clay Lagoon Nursery team*

## SCL plans for the future

Shellfish Culture Limited (SCL) is experiencing strong industry and corporate support as it recovers from the devastating summer outbreak of POMS which hit southern and parts of eastern Tasmania.

The immediate issues following the outbreak of POMS in January have now been largely neutralised or overcome at SCL and the company is focusing on a strategy for the future. It recognises that it has a critical role to play in the recovery of the entire industry because of its role as a major supplier of spat to its customers in Tasmania and interstate.

At the end of the financial year in June the company was performing ahead of its own projections and while challenges remain

ahead for the entire industry, the Board of SCL has expressed confidence that the strategy developed post POMS is working well.

Following the POMS outbreak SCL has been extensively engaged with customers, government, industry associations, professional advisers and financiers. It has had strong support from all these sectors.

When POMS first hit Tasmania, SCL senior management and the Board worked intensively on the company's future strategy to both meet the immediate challenges and the longer term issues that lay ahead. Like many organisations affected by the POMS disaster, SCL was forced to let a small number of casual employees go; but as part of its recovery strategy, it quarantined its key work force to ensure it retained its intellectual property expertise.

Since then sales of POMS-surviving SCL product remains in high demand and is selling well, and there have been five successful spawnings from surviving brood stock.

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## Chairman's report

Over the past few months the Board and senior management of Shellfish Culture have been developing, and then implementing, a plan for viable growth following the sudden and shocking outbreak of POMS in January this year.

Particularly frustrating from our point of view, SCL was enjoying its best trading period since its inception when POMS hit. While issues still remain to be overcome, it is pleasing to note that at the end of June this year we were financially in a better position than we expected to be, and we remain very confident about the future prospects of our company and the Australian industry.

We take encouragement from the examples of New Zealand and France, both once devastated by POMS and both now well back in business.

Despite POMS, Shellfish Culture remains fundamentally sound; our technical expertise remains intact and second to none in the country; we are again in a growth mode; and our financial advisers, such as the NAB, remain confident of the future of oyster production in Tasmania and interstate. There is certainly no lessening in the consumer appetite for oysters.

The current issue is one of supply, and as a supplier our mission is to get back on track as quickly as possible, and that is the thrust of our business plan and strategic focus. In fact, we can see opportunities ahead to build both our business and our industry.

The first priority in our post-POMS strategic plan was to retain our key staff. By doing so, we also retained our IP technical expertise. Excellent work by staff since then has resulted in five new spawnings from ASI POMS-surviving brood stock which is a significant achievement.

This brood stock is highly desired because of its breeding attributes. It is assisting us in restocking the Industry and also supplying growers with a higher POMS resistant oyster than was possible before the POMS outbreak.

We have also redoubled efforts, including the injection of significant investment dollars, into enhancing bio security at our Pipe Clay Lagoon headquarters. Stock sales of surviving product remains in high demand and I want to take this opportunity to thank farmers for the loyalty they have shown us.

To mitigate against future disruptions as a result of POMS, SCL has also invested in a company which is building a land based hatchery in South Australia. This will give us exceptional options in ensuring stable supply to our customers.

Our appreciation goes to the great support we've had in many areas, from government agencies to our bank, the NAB. We've presented our strategy and business plan to the NAB which has endorsed both documents. Outside investors also stand ready to help should we feel we require extra funds to rebuild our stock levels. These investors are also enthusiastic about the future of our industry and recognise the central role played by SCL through our IP expertise.



*Chairman, Greg Goodman*

**“We see opportunities ahead to build both our business and our industry”**

Of course challenges remain ahead as I've already noted. Experience overseas suggests the second year after the onset of POMS can also be very challenging. However, SCL remains confident that its strategic plan is working and we're in a good position to weather any further issues.

## A thank you from the General Manager

In the uncertainty and confusion that gripped our industry immediately after POMS struck, the staff at Shellfish Culture responded calmly, methodically, and as it turns out, most effectively.

I want to take this opportunity to thank all our staff for their commitment to our company, and more widely to our industry, over the last six months. The company is on the road to recovery with a growing sense of confidence about the future.

Our post POMS vision to build a stronger, more resilient and successful company was embraced by our staff with a passion to make it succeed. As a result, many immediate issues following POMS are behind us and we're focused on the future.

Thank you all.

Greg Bowers  
General Manager



*Members of the Little Swanport Farm Team*

## General Manager's Report

I want to express my appreciation of the efforts of our workforce since the outbreak of POMS. Professionalism, diligence, and commitment are all apt terms to describe their behaviour under trying circumstances. This has been to the great benefit of our company and our customers.

We lost considerable stock when POMS hit Tasmania, but we resolved to retain our core professional staff, and because of them, and the unflagging confidence of the Board in both our staff and our industry, Shellfish Culture is trading its way back to viability.

Of course, there is still a long way to go for all of us in the industry, but we've come a long way too. Initially, immediately after POMS, we reluctantly had to let four casual staff go, but recently we employed a new hatchery technician which underlines our own growing confidence about the future, and demonstrates the return to growth which we're beginning to see at SCL.

We have a strategic plan and a business plan in place. Both have been sanctioned by experts within the industry and by our financial backers, and all with the simple aim to make sure we can expeditiously return to the business of supplying our industry with spat as and when they need it.

Staff are tremendously pleased that we've now accomplished five successful spawnings at Pipe Clay Lagoon, and sales of our spat have remained strong. Operationally, the business has been strengthened through recent projects which have included for instance:

- consolidating breeding operations at Pipe Clay Lagoon
- upgrading bio-security at Pipe Clay Lagoon to ensure the hatchery remains free of POMS, thus enabling the sale of stock from the hatchery to non-POMS infected waters in Tasmania;
- breeding from oysters supplied by ASI to increase POMS resistance as rapidly as possible
- expanding the capacity of the Pipe Clay Lagoon hatchery to align production schedules more closely with customer requirements (POMS is dormant during the cooler months so there is an opportunity to grow stock on farm and increase its resistance prior to summer)
- using surplus farm capacity at Pipe Clay Lagoon to grow and sell mature oysters, and potentially expand water assets if circumstances favour this possibility.

As well, as the Chairman has noted, we're investing in a hatchery which is being built in



*General Manager, Greg Bowers*

South Australia. This represents a major risk mitigation move on our part, as well as ensuring continuity of supply.

Finally, SCL is Australia's leading repository of hatchery know how. No other hatchery has the technical skills and knowledge that reside within SCL. It remains our core strength and our major asset and will make a major contribution to the recovery of the Tasmanian oyster industry and the resumption of stable, on-time supplies of spat right across Australia.

## Board appoints respected industry figure

The Board of Shellfish Culture has appointed Jim Hawson, who has been involved in the oyster industry since 1989 (former Chairman of Southern Cross Marine Culture).

Mr Hawson is a registered tax agent and Fellow of Certified Practising Accountants (CPA) Australia.

"Jim's appointment further strengthens the Board's financial and business focus during challenging times," said Chairman of the Board, Greg Goodman.

He replaces Mr. Michael Rayner who advised the Board some months previously of his intention to resign at the end of the financial year due to personal circumstances.

"Mike was with the SCL Board for six years and as fellow Board members have remarked, he helped to change the culture for the better, with his extensive experience in governance matters".



*Jim Hawson*

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## SCL plans for the future

The SCL Board has re-affirmed its belief that the long term prospects for oysters as a food source remain attractive. The consumer appetite is undiminished. The present crisis, although devastating for all participants in the industry, including those not directly affected by POMS, also creates opportunities to meet grower and consumer demand.

Significant upgrading work at Pipe Clay Lagoon to ensure bio security has been complemented by an investment in a company which is building a land based hatchery in South Australia. This will give SCL far more flexibility in terms of its supply capacity should another outbreak of POMS occur.





**OUR PEOPLE:**  
**Mary Woodward**  
Hatchery Technician

Shellfish Culture welcomes a new team member. A marine science graduate from the University of Tasmania, Mary Woodward has been appointed a Hatchery Technician at Shellfish Culture Limited.

Mary comes to Shellfish Culture from ASI where she was a research assistant. Her duties included oyster mortality counts, maintenance of

broodstock, and preventing cross contamination of distinct genetic families.

Her Degree in marine science involved the study of marine resource management and conservation, aquatic botany, marine microbiology, environmental chemistry and oceanography.

As a hatchery technician at Shellfish Culture, Mary is currently undertaking a rapid training program in hatchery operations including land

based spat production, algae production and she will be assisting in larvae production of POMS resistant oysters.

“It’s good to have Mary on board as part of our specialist team” said General Manager Greg Bowers. “There is a lot of work to be done as we build our stock levels again and move from a stance of managing the POMS crisis into a new phase of growth.”

## Customers’ challenges

Over recent months SCL’s General Manager, Greg Bowers, has met with numerous growers in an effort to understand the challenges facing them and how best SCL can support each individual’s needs.

“From these discussions it’s been very motivating to hear and see the passion and the strength shown by the growers,” says Greg. “Each has different challenges but all have been

willing to look at different farming models or practices in order to sustain their business.

“It’s been very much a learning curve and from SCL’s perspective the relationships being formed in such challenging times are very strong. For each one of us to survive we must support each other for all of us to survive.

It’s also been valuable to be able to discuss and report on facts regarding the mortality events and survival rates, ASI lines and the associated breeding programs. Accurate data

**“For each one of us to survive we must support each other”**

is so important in working through the correct strategies going forward. SCL is working very closely with some key customers in regards to monitoring and planning this coming summer’s events, so that we all have actual data that we can use and evaluate”.