



shellfish culture

shellfish culture newsletter | Summer 2017



SCL stock arriving at Bolduans Bay Oysters Pty Ltd, Smithton. Josh Plaza (left) and Jon Poke

Spat supplies back on track

A strong focus on biosecurity at Shellfish Culture (SCL) has been rewarded with approval to sell spat into parts of Tasmania so far unaffected by Pacific Oyster Mortality Syndrome (POMS).

This spat is being bred from POMS-surviving broodstock. It means SCL is now supplying 2240 product from its hatchery in Pipe Clay Lagoon to POMS-free regions such as St. Helens, Smithton and Bruny Island.

SCL is the only hatchery with approval to sell stock into POMS-free areas of Tasmania. Together with fast recovering stock levels, SCL product is in strong demand.

Prominent Smithton industry leader Jon Poke says the development is most welcome. "It's extremely important for Circular Head. While we've returned negative results to all POMS

testing, the ability to now access stock that is more POMS resistant means that if POMS finds its way here, we'll be better protected. For the growers in affected areas, this is also just what they need, especially as many of them on-grow our juvenile stock which will now have a greater degree of inbuilt resistance to POMS."

The development of a land-based hatchery and nursery near Port Lincoln in South Australia is also proceeding to plan. Following the unwelcome arrival of POMS in Tasmanian waters, SCL invested in this development as a risk mitigation strategy to ensure continuity of supply to farmers despite any future restrictions caused by POMS.

To undertake this development, and improve biosecurity at SCL, the company late last year embarked on a capital raising program, seeking \$2.05 million. This is now well advanced and

has so far raised \$1.44 million. Existing SCL shareholders supported the capital raising.

To reach the ultimate target of \$2.05m a new offer is being made to existing shareholders first, and to new shareholders later, in the event that the new offer is under subscribed by existing shareholders.

Continued on page 2

Also in this issue:

- Biosecurity key to supply chain
- Shellfish Culture capital raising
- New hatchery and nursery in South Australia
- New Board appointment

Chairman's report

At Shellfish Culture's Annual General Meeting last November I described the occurrence of POMS in Tasmania as a "temporary setback" for our company.

Indeed, POMS forced us to think and act in new ways, and the future is now emerging as somewhat exciting.

The response so far to our capital raising demonstrates the confidence and positivity that exists towards both our industry and our own business plans. The oyster industry has invested in our capital raising along with new investors who see growth potential in oysters.

The funds have allowed us to invest strongly in biosecurity and to take a stake in the start-up hatchery and nursery, Eyre Shellfish. This project is itself part of our response to POMS, providing us with a supply back up in this new age of POMS.

While the Board and the General Manager have worked assiduously to ensure a successful

capital raising for our biosecurity program and our investment in Eyre Shellfish, SCL staff on the ground have done a magnificent job in implementing our biosecurity plan to the point where SCL is now biosecurity approved and successfully audited.

Approval to supply our spat to areas so far unaffected by POMS is an Australian first and an industry leading initiative. Indeed, staff tell me they are now fielding inquiries from the industry overseas about this achievement.

While at this stage we're able to supply 2240 spat to unaffected areas, our strategy is to get back to where we were pre-POMS when we were offering a range of sizes. We hope to be back in that position within 18 months to two years.

I'm also pleased that stock levels are recovering strongly after their depletion when POMS hit. It's another great achievement by management and staff.



Chairman, Greg Goodman

Developments in South Australia



Work has begun on the new Eyre Shellfish hatchery and nursery. Pictured here are SCL's Project Manager, Dan Wicks (left) and Darren Fisher, Eyre Shellfish Pty Ltd Hatchery Manager

Staff are now being employed for the new Eyre Shellfish hatchery and nursery near Port Lincoln in South Australia.

As a major investor in this project, Shellfish Culture is training some of the key staff in Tasmania.

All with tertiary aquaculture qualifications, the Eyre Shellfish employees are being trained in spawning techniques, including triploids. They are also being intensively trained in biosecurity.

The Eyre Shellfish hatchery and nursery, while modelled on SCL's infrastructure, will be a stand-alone facility, self-sufficient, but drawing on SCL's expertise as and when needed.

Construction work on the new facility is now well underway including concreting for the hatchery and nursery buildings. Orders for all other components have been completed with the intake/discharge lines starting to be constructed in Port Lincoln.

First spawnings are expected to occur as early as May this year.

Continued from page 1

Spat supplies back on track

At the site of the new Eyre Shellfish hatchery and nursery at Franklin Harbour, Cowell, earthworks have commenced and hatchery and nursery buildings are being erected. It is anticipated that the first spawnings will occur before winter (2017).

In another initiative, SCL has signed a collaboration agreement with the large, diversified Japanese company, Yanmar, which is well known for its engineering and marine engines, but which is also a significant player in agriculture with a growing interest in aquaculture.



Eagerly awaited SCL spat arrives at ACA Aquaculture Pty Ltd, St Helens. Left to right: Owen Hay, Craig Lockwood and Anthony Blunt

General Manager's Report

DILIGENCE and hard work by staff have paid off for Shellfish Culture which now has approval to supply spat from our hatchery and nursery in Pipe Clay Lagoon to areas of the state which are so far POMS-free. Currently we are the only hatchery with this ability.

Our product is going to farmers at Smithton, St Helens and Bruny Island; and stock levels are recovering quickly following the losses caused by POMS, meaning that we're in a position to meet the growing demand from farmers.

SCL invested considerable time and financial resources into becoming a biosecure hatchery. Our post POMS business plan recognised that this was critical for both SCL and the future of the Tasmania oyster industry.

The process involved implementing a comprehensive Biosecurity plan which was audited and approved by SEAM environmental services and then approved by Biosecurity Tasmania. It took over nine months to implement.

Its effectiveness can be demonstrated through a comprehensive PCR testing program, over 12 individual tests and six different batches of product - all testing negative to POMS. We continue to test twice a month as per our Biosecurity plan.

I would like to thank Rod Andrewartha of Biosecurity Tasmania, Shane Roberts PIR South Australia and the Tasmanian oyster industry for their contribution and patience in the process to develop a system which we are completely confident in.

It shows the high level of skill within SCL's technical and management staff and the vision of the Board to continue to be leaders in the Australian shellfish industry.

WE have now signed a collaboration agreement with the large, diversified Japanese company Yanmar. Well known for its marine engines and general engineering, Yanmar is also involved in the agricultural sector and can see opportunities in aquaculture.

Yanmar executives have met with SCL on several occasions both here and in Japan. Yanmar's key Aquaculture managers will visit SCL in Tasmania in the coming weeks as we continue to explore areas where we can work together on projects that could benefit both organisations. Whilst there will be commercial advantages to the relationship I believe the career and development opportunities for our key SCL staff will be tremendous and enable SCL to gain further leverage in our capability.



General Manager, Greg Bowers



Yanmar and SCL celebrating the signing of our Collaboration agreement, appropriately at a Japanese Oyster restaurant. Oysters from several countries were sampled with all agreeing they preferred the Aussie product!

New Board appointment

Ken Fleming, a director of the investment bank Greenard Willing Pty Ltd, has been appointed to the Board of Shellfish Culture Ltd.

Board Chair Greg Goodman says Mr Fleming's appointment fills a vacancy on the Board and significantly strengthens the Board's financial credentials.

Mr Fleming is also a non-Executive Director of Tasmanet Pty Ltd and Executive Director of Pure Foods Tasmania Pty Ltd (private company that is acquiring boutique premium Tasmanian-based food businesses).

His academic background is in economics and applied finance and statistics and he has

worked in the local and international equities' markets for the last 30 years and in various senior management roles.

He was the Head of Research at Tricom Equities (2004-2008) and prior to that the Head of Research and a Director at Aegis Equities Research (2001-2003). He has worked in the Australian Public Service in Canberra (1980-1985) and KPMG (Tax) in Melbourne (1985-1987). While working at Deutsche Bank (1994-2001), he was the Head of Telecoms, Technology and Media and then accepted an international role to assist in the establishment of a Global Telecoms Research team for Deutsche Bank.

He and his family moved from Sydney in 2000 for lifestyle reasons and live in Hobart.



Ken Fleming



OUR PEOPLE:
Dan Wicks
Project Manager for the Eyre Shellfish development

SCL's recovery from POMS and its strategic investment in Eyre Shellfish have provided staff with some exciting challenges in recent months.

Eyre Shellfish employees have been under guidance and instruction at SCL in Tasmania while at the same time our staff have been rebuilding stock levels and making our hatchery at Pipe Clay Lagoon biosecure.

The biosecurity work conducted by staff, together with our efforts to restock following our losses to POMS, means more spat is available, and importantly, this spat is being bred from POMS surviving stock, giving it more resistant characteristics to the disease.

The efforts of our staff have assisted SCL to return to sustainability, and in a wider sense is helping to ensure a more robust oyster industry in this new POMS environment.

In South Australia, SCL's Dan Wicks has taken on the job of Project Manager for the construction of the new Eyre Shellfish hatchery and nursery. Dan has relocated his family to Port Lincoln for 12 months while construction occurs.

Dan is SCL's Customer Operations Manager and is well known to the oyster industry in SA. He will continue in his Sales role while working from South Australia.

Sharing our experience with the industry

Senior SCL staff remain busy undertaking farm visits, and presenting at industry forums.

General Manager Greg Bowers says the company has learnt much from the impact of POMS, and wants to share its own recovery strategies, and its knowledge of the disease.

"Farmers remain wary since POMS hit in Tasmania, but this year they are better prepared than last year. As a hatchery and nursery I think it is important that we get out there and tell them about the successes we're having in biosecurity, restocking and producing spat that is more POMS resistant."

SCL senior staff have also been making presentations to industry conferences and forums in Tasmania and interstate to raise awareness of POMS, the vital importance of biosecurity, and the biosecurity strategy adopted and being implemented by SCL.



Shellfish Futures conference 2016 included a dinner sponsored by Shellfish Culture. Held at Sorell in Tasmania, and hosted by the Pittwater Oyster Growers Group, this photo includes winners of "Tassie's Top Oyster". Left to right: Josh Poke, Max Cunningham, and Tony Byrne