



# shellfish culture

shellfish culture newsletter | Autumn 2017

## Recovery Gathers Pace at Shellfish Culture

Sales and stock levels at Shellfish Culture continue to recover. There is now more choice in size, and in fact, orders for larger sizes are very strong: growers are adapting to the impact of POMS.

Biosecurity at Pipe Clay Lagoon is being constantly monitored and improved where necessary, and independent auditors have now undertaken their latest check and again given the all-clear. This continues to allow SCL to supply stock to areas not affected by Pacific Oyster Mortality Syndrome.

The new Eyre Shellfish hatchery and nursery near Port Lincoln in South Australia remains on track in its construction phase. The associated capital raising is proceeding as planned, with new and sophisticated investors joining existing Shellfish Culture shareholders and the South Australian industry as investors.

Key new staff have been appointed to Eyre Shellfish with the team now largely in place. At the same time, SCL senior staff are working in South Australia to set up the new hatchery's technical infrastructure.

The decision to invest in this development by Shellfish Culture was a response to the disruption caused by the onset of POMS in January last year. The facility's operations will draw heavily on the expertise of Pipe Clay Lagoon in everything from hatchery production to biosecurity.

The first spawnings at Eyre Shellfish are expected to occur in July. There has been great cooperation and support from South Australian authorities and the business and oyster farming sectors in South Australia.

## Biosecurity status re-confirmed

A six monthly audit of bio security at Shellfish Culture's Pipe Clay Lagoon hatchery has just been successfully conducted.

This means that SCL's bio security plan is working as it should; and it allows SCL to continue supplying oyster spat into parts of Tasmania which are unaffected by the arrival of Pacific Oyster Mortality Syndrome (POMS). The spat is being bred from POMS-surviving broodstock, giving it the additional benefit of being more POMS-resistant.

After the arrival of POMS in some Tasmanian oyster growing waters in January last year, SCL determined to develop a comprehensive bio security plan to ensure its hatchery was POMS free. SCL is now the only hatchery with approval to sell stock into POMS-free areas of Tasmania.

The auditing process itself is rigorous. SEAM environmental services is an independent auditor which regularly inspects the hatchery and verifies that SCL is adhering to its own biosecurity plan and is in accordance with SEAM standards for bio security. The SCL plan had to be approved by Biosecurity Tasmania and took more than nine months of hard work to put in place.

The latest all clear from SEAM is further confirmed by SCL's own regular spawn testing



*SCL General Manager Greg Bowers: "successfully passed our latest biosecurity audit"*

which continues to test negative for POMS. SCL says the importance of biosecurity is such that the company goes beyond meeting the criteria set down by SEAM and Biosecurity Tasmania and follows a strict policy of continual improvement in its biosecurity operations.

### Also in this issue:

- Stock levels increase
- Customer profile: Cremorne Pacific Oysters
- Keys to POMS recovery

## Chairman's report

Capital raising for Shellfish Culture's expansion is proceeding to plan. We have currently raised over \$1.8 million through existing shareholders and new investors.

I want to particularly thank fellow Director Ken Fleming for his assistance with our capital raising. At this particular time in the Company's history, Ken's banking and financial expertise is a great asset to SCL.

As we noted in our last newsletter his banking and financial credentials are impeccable, and he joins a Board which I believe is displaying the required vision and leadership following the POMS impact on our industry last year.

In South Australia, construction on the new Eyre Shellfish hatchery and nursery is proceeding to plan and we expect to be producing in July this year. All approvals are in place and the human capital at Eyre Shellfish is looking very impressive. Some great staff have been recruited, including the new site General Manager, Gordon Gardner, who is a former State Manager of Southern Cross Marine Culture.

SCL's Scott Parkinson is doing a thorough job at providing the tactical input to the new hatchery which will be a mirror of the SCL Tasmanian operation, including Pipe Clay Lagoon's strong focus on bio security.

SCL has contributed some 67% of the investment funds in the new facility and also has management and IP agreements in place with Eyre Shellfish to both support SCL's investment and to assist the new operation to reach its optimal potential as a contributor to the Australian oyster industry.

The Eyre Shellfish Board meets monthly in South Australia and at the July meeting there will be the opportunity to thank the community in the Franklin Harbour area, including many growers, as well as the wider Regional SA business community, who have given their support and encouragement to this development. It's fair to say there is a real sense of industry excitement about this development in South Australia.

SCL held a strategic planning day recently. After our second season of POMS the market in Tasmania and in fact the Oyster Industry nationally, is very different to previously. So the planning day was an opportunity to further consider our breeding program and the available seed market in Tasmania.

Our previous long term strategy has not changed to a large extent and as I noted in our last newsletter we are committed to our pre-POMS strategy of being able to provide the industry



*Chairman, Greg Goodman*

with a range of different sized products which I sum up this way: what the industry wants, when it wants it.

## Stock levels increase

POMS depleted SCL's stock levels dramatically when it hit last year. But now, with determination and hard work by SCL staff, stock levels are rebounding.

The company has received many requests for 10-20ml product, and will be able to meet the demand in the months ahead thanks to the success of our spawning program since POMS.

The recovery of SCL sales into clean – non-POMS-affected - areas continues to increase, following implementation of our successful bio security regime. We noted this in our last newsletter, but since then we have sold significant volumes of 2240 stock into Smithton and St. Helens. SCL very much appreciate the support from growers in those regions.





## General Manager's Report

It was so pleasing to successfully pass our latest Biosecurity audit. This is our second audit within nine months and we will now revert to an annual audit schedule based on our compliance. A great result for our hardworking team and also a significant result for our Industry.

On that note I am receiving numerous enquiries from overseas hatcheries in regards to how the Tasmanian Oyster Industry is recovering and how SCL has managed to recover so well. We are being contacted in regards to our technical ability and results, and most hatcheries are surprised at the rapid recovery rate we have achieved and of course being able to support the Industry's recovery.

We are assisting the enquiries by various International Industry articles and interviews but not letting out any of our internal 'IP' of course.... good recognition though of SCL's reputation and standing in the Oyster World.

In South Australia the new facility is coming together very well. The intake line has been positioned out in Franklin Harbour, the hatchery and nursery buildings are going up at time of print and a significant amount of pipe work etc

has been completed. The site is now starting to look quite impressive with all the dams and most of the raceways now being completed.

We have had our South Australian staff training at Pipe Clay Lagoon for the past few months and this has been extremely valuable, whilst also confirming the calibre of our new staff. The site's Manager, Gordon Gardner, has also been at PCL for two weeks working through the Business plan, budgets and the like with myself. Gordon's contribution to a successful start-up and first year will be significant.

On the Tasmanian front I've been meeting with many growers firming up the next financial year's orders. There has been a very positive response to our stocks' performance since POMS and this has manifested itself into a very strong order book for this coming year.



*Hatchery International, published in North America, has taken an interest in SCL's response to the POMS crisis*

Of note is the increased orders for a larger sized spat, an outcome of the impact of POMS and of our ASI bred oysters. The support from the Industry and growers is much appreciated by SCL and the Board and we look forward to leading the POMS recovery. We are quite excited about the ASI broodstock's results and with our continued successful spawns at PCL, inventory is QUICKLY increasing to plan.

## OUR PEOPLE

As Eyre Shellfish Pty Ltd in South Australia prepares for its first spawning, more staff have been recruited as the project has progressed and nears completion.

SCL has invested in this development to ensure continuity of supply because of the constant threat of POMS. The Eyre Shellfish hatchery and nursery is based on SCL's expertise in hatchery and nursery operations.

We welcome:

**Gordon Gardner:** Gordon is Operations/Site Manager at Cowell in South Australia. He is well known to the industry as the former State Manager of Southern Cross Marine Culture.

Gordon brings to the team a vast knowledge of the oyster industry and its members, especially in South Australia. He lives in Port Lincoln with his wife Leanne.

**Caitlin Burt:** Caitlin has joined Eyre Shellfish Pty Ltd as a Hatchery Technician. She has been working as an oyster farmer in Cowell for two



Gordon Gardner



Caitlin Burt



Laura Inglis

years, gaining a solid understanding of the life cycle of the oyster and the mechanics of growing. She has an Honours Degree in Animal Biology from Edinburgh Napier University in Scotland and is interested in research into the environmental impacts regarding mortality of pacific oysters.

**Laura Inglis:** Laura is taking up a position at Eyre Shellfish as a Hatchery Technician. She will be

starting her career in her home town of Cowell. Laura has a connection with Shellfish Culture, undertaking work experience at the Bicheno hatchery in 2013 as part of a joint initiative between SCL and Cowell Area School. She is interested in investigating the effects of climate change on marine life.

## Customer Profile: Cremorne Pacific Oysters

Three big adverse events haven't dented the resolve and spirit of Cremorne Pacific Oysters, and as they recover from the latest problem, POMS, they say Shellfish Culture can take its fair share of the credit for helping them back on their feet.

Cremorne Pacific Oysters have two leases in Tasmania, one at Pipe Clay Lagoon and the other near Dunalley, covering about 15ha of water. Thirteen hectares are intertidal and two subtidal. Product is sold up and down the eastern seaboard, mostly through Melbourne.

Established in 1983, the current business model sees oysters growing in their early stages at Pipe Clay Lagoon before growing out in the nutrient rich waters of Teatree Bay, Dunalley. "We get a great oceanic flush of nutrients through this bay that fatten up the oysters beautifully," says Andrew "Studs" Studley, one of the directors of the company.

But the last three years have been tough for the oyster producer. A triple-whammy of incidents, beginning with the Dunalley Bushfires in 2013, have considerably tested the resilience of the company. "We just take the attitude that it's good to have a bit of stress in our lives," says Andrew. "At the end of the day we recognise that oyster farming is a great lifestyle."



*Cremorne Pacific Oysters directors: Andrew Studley (left); Peter Bowers (Centre) and Todd England*

"The 2013 bushfires destroyed properties on either side of us at Dunalley, and one of our boats," says Peter Bowers, Managing Director, who first bought into the business in 1998.

"About 12 months later, a massive sewage spill from a pipe in Dunalley caused us to lose our Victorian market for 12 months, which really took us out of the game for a while; and then last year came POMS."

Cremorne Pacific Oysters lost some 2.6 million oysters in its two leases when POMS first struck.

"Shellfish Culture is integral to our recovery", says director Todd England. "They're developing good lines of ASI stock, and because we'll require everything from eights to 30's and 40's later on, SCL are fast getting into a position where they can supply our needs."

"We're not right back on our feet yet, but we have a plan and we're getting there." Says Todd. "Importantly for us, Shellfish Culture is a reliable partner. They actively want to help and their communications with growers is really good," said Todd.

## Smart breeding, farm management keys to POMS recovery

Scott Parkinson, Selective Breeding Manager at SCL, has contributed to an article on POMS which has been posted on the CSIRO website at: <https://blogs.csiro.au/ecos/turning-tide-deadly-oyster-virus/> Below is a summary of the article.

How could the oyster industry survive when POMS hit last year? Part of the answer lay in an already flourishing genetic breeding program.

Prior to 2010, Australian Shellfish Industries (ASI), the sole supplier of selectively bred broodstock to the Australian industry, had been working on a selective breeding program for Pacific Oysters in conjunction with the CSIRO and the NSW Department of Primary Industries.

That research was focused on breeding oyster 'thoroughbreds' but its direction quickly changed once POMS struck to breed oysters genetically predisposed to resist the disease. However, CSIRO geneticist Peter Kube warns that genetics alone will not protect the Australian industry. "Over the next few years, growers will

need to adapt to using these resistant stocks in this disease environment to get the best possible commercial result."

SCL agrees. "A strategy of 'farming around' the disease will be a key factor in successful farming of new genetic bloodlines," in the CSIRO article. "Managing POMS is not only about genetics but about management, site selection, when to stock, etc."

"Different growers are experimenting with different strategies. Oyster age is a risk factor for POMS, with baby oysters at a higher risk of death than mature individuals. Some growers are putting spat in during the POMS season, when the animals are very young. The idea is that only resistant animals will survive and grow out. Others are taking the spat in the autumn so they can grow to a bigger size before the next POMS season – as they will be a larger size, they are more likely to have higher survival. It's an economic exercise that the growers will have to do by trial and error."

ASI's General Manager, Matt Cunningham also sees management strategies adopted by



*Scott Parkinson, SCL Selective Breeding Manager*

oyster growers as an important complement to genetics. Yet the fact remains that farming strategies are useless if stock are not viable. "To have a viable oyster industry, we have to have POMS-resistant Pacifics – there's no way around it," adds Mr. Cunningham.