



shellfish culture

shellfish culture newsletter | Winter 2017



Strict bio security procedures now in place here at Pipe Clay Lagoon has been replicated in South Australia

Eyre Shellfish: a “marvellous achievement”

Winter brought little respite in the pace of developments at Shellfish Culture. Just nine months after the start of construction, our new Eyre Shellfish hatchery in South Australia experienced its first spawning in August. This was a fantastic achievement by the Project Team, enabled by great support from many others and in particular the local Cowell community.

The first Eyre Shellfish Shareholders meeting was held in July which provided an opportunity for a tour of the new facility. Shareholders,

without exception, were highly impressed. PIRSA and government representatives were also impressed and in some cases noticeably relieved that such a facility is now a reality given the state of the Industry.

The bio security regime now in place in Tasmania has been replicated and in fact enhanced at Eyre Shellfish in order to mitigate POMS if it does impact South Australian waters. The growers who visited the site were particularly struck by this capability.

Staff were also specifically mentioned in regards to their professionalism, hard work and their contribution to the site's success. The calibre of the new team is exceptionally strong and is

being led by SCL in the initial site operations. However the site will be self-sufficient within a short period. An official opening of Eyre Shellfish will be held in October and is currently being organised.

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- First spawning at Eyre Shellfish
- Tasmanian Sales Team strengthened
- Customer profile: Bad Bay Oysters
- Collaboration with Yanmar



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Chairman's Report

We recently held our first shareholders' meeting for Eyre Shellfish in Cowell, South Australia. Prior to the meeting it was an opportunity for shareholders to inspect this new hatchery and nursery which is designed to complement and closely mirror our Pipe Clay Lagoon facility in southern Tasmania.

Since deciding to invest and raise funds in this project about 12 months ago, construction has progressed swiftly and our first spawning occurred very recently.

We have always maintained the view that this is a strategic development with no room for corner cutting or doing anything short term. We've seen what happens when spat production is rushed and growers have no option but to try and survive with small sized stock. During the site tour many growers expressed the same view: "get it right the first time, ensure quality product and ensure the larger sized spat."

Eyre Shellfish Pty Ltd has attracted additional investments following the shareholders meeting from existing shareholders, growers from the SA

oyster industry, and corporate interests. They all shared my Board's vision that Eyre Shellfish, supported by SCL, will become the Industry standard and exhibit world class technologies and capabilities. SCL maintains the controlling interest in the new facility.

In Tasmania, our investment in bio security continues to pay off, with SCL supplying product into the northern regions. Growers have been very complimentary of the stock as they recover from a lack of supply when POMS initially struck. Of note is that Pipe Clay Lagoon has now been audited twice and has maintained its bio secure approval rating. The recovery from POMS is going to plan: our strategies are providing the pathway to pre POMS business performance.

The support of our customer base has been tremendous, and our business relationships are being strengthened as we work together to combat the POMS impact.

Finally, I want to acknowledge the contribution of our former finance and accounts specialist Gordon Dowell. Gordon resigned earlier this year for personal reasons and soon after suffered the tragic loss of his beloved wife, Jan. Our thoughts and prayers are with Gordon who worked



Chairman, Greg Goodman

tirelessly on our behalf over a number of years and we all wish him and his daughter and son the very best.

Following Gordon's departure Crowe Horwath has been contracted to undertake our financial accounting and as previously, KPMG will be continuing to do our financial auditing.

A special message of thanks from the Chairman

The development of Eyre Shellfish didn't happen by chance. It was well planned and extremely well executed and I want to thank all staff, and directors, for their continued and significant efforts.

I thank our bank, the NAB, for their support in this enterprise. Their involvement has been significant. My thanks also to Simon Turner and Ken Lamb, both Eyre Shellfish Board

members who facilitated the project locally and provided valuable local support and direction. Additionally Chris Smith, CEO of Franklin Harbour District Council, which has strongly supported our initiative from the outset and has worked closely with the project team on many aspects. Special thanks also to our own people, SCL General Manager Greg Bowers, Scott Parkinson, Dan Wicks, and Gordon Gardner who have worked so hard to make it all happen.



Eyre from the air



Raceways under construction at Eyre Shellfish in South Australia

General Manager's Report

Firstly a brief update on Eyre Shellfish, given SCL's investment into this project. The shareholders' opening was a great day. It provided an excellent environment for the shareholders meeting which followed.

The shareholders, nearly all from within the industry directly, were highly impressed by the facility's standard, capability and staff. On that point the staff, led by Gordon Gardner, have demonstrated passion and commitment second to none. Dan Wicks has been on the project since day one and along with the rest of the team was very proud of the response from all shareholders, PIRSA and the local council/ and government representatives.

Spat orders on Eyre Shellfish have been very strong, exceeding our Business Plan. Following the Shareholders opening there has been an additional number of growers investing into the company – and several more placing orders

after hearing of the success: fantastic support! Orders have been taken for three years out in some cases and many have ordered larger sized spat in order to recover their previous position as quickly as possible.

The occasion of our first spawn at the new facility was significant and given that it was achieved in a brand new site, only 9 months in construction, with a brand new team: what can I say except a fantastic effort by all.

At Pipe Clay Lagoon the hatchery has been performing at peak, with the planned number of spawns all successful and with record numbers of spat. The recent upgrades to the hatchery are delivering dividends. As mentioned above our two biosecurity audits have been successfully passed, thanks to the efforts of all staff.

The farms have been stocking up and are achieving good growth, even in these colder months with the overall challenge now to grow out the spat over the coming spring period.

We have a busy order book as growers strive to get product onto their leases in time for the upcoming POMS 'season'.

I'd like to thank my team for the efforts in keeping costs to a minimum during the past financial year, as SCL continues its recovery from POMS whilst still ensuring a safe workplace and a quality product. We've had some very good feedback from numerous growers on the quality of spat. We appreciate all feedback as it provides a great learning opportunity. We relay all feedback to our employees as well to support our Customer Focus.

You'll read in this edition about our newest addition to the team, Tommy Males. Tommy has taken up the role really well and has impressed all with his energy and application. We are very fortunate to have great staff and to be able to retain them. Together with the capability in Eyre Shellfish we have significant technical capability matched by no others in our industry.

OUR PEOPLE

Shellfish Culture welcomes Tommy Males to its team. Tommy was educated in Hobart and recently graduated from the University of Tasmania with a Marine Science degree.

In June this year he was appointed as a Hatchery Technician at Pipe Clay Lagoon.

"I've always been really interested in ecology, biology and animals; and as a youngster I spent every summer out on the water from our shack at Dodge's Ferry, about 40 minutes' drive from Hobart.

"As I thought about my future in secondary school, nothing else spoke to me in terms of a career. So I enrolled in Marine Science, full time at first, and later part time because of other commitments."

Tommy worked casually for ASI collecting farm data, and then joined Shellfish Culture in June this year. "I work in the spat / bottle room observing and grading the 2240 micron spat, ensuring they are healthy and growing efficiently, generally maintaining the bottle systems as well as other jobs around the hatchery."

In his spare time, Tommy enjoys the complementary pursuits of bushwalking and photography, and still regularly takes to the waters of Frederick Henry Bay off Dodge's Ferry.



Tommy Males



Joe Jacobson (left), "Chumpy Riley" (centre) and Greg Bowers

Tasmanian Sales Team

Shellfish Culture's Sales Team in Tasmania has been restructured and strengthened. It's now a three person team consisting of the General Manager, Greg Bowers, Michael "Chumpy" Riley, and Joe Jacobsen, the Little Swanport Farm Manager.

Both Joe and Chumpy are experienced growers and understand the issues and challenges affecting growers. They know and are continually learning what each grower is expecting, and have been busy strengthening these relationships.

Growing the product ex hatchery, through to customer sales provides significant value for both SCL and our customers. Effectively, this sales team structure is as streamlined as it can get, with Chumpy and Joe reporting straight up the line to the General Manager.

The new structure is resulting in good customer feedback and at the same time it gives employees new opportunities to expand their roles within both the company and the oyster industry, and to continue developing their skills and knowledge.

Customer Profile: Bad Bay Oysters

As a Queenslander, Henry Hewish didn't much like hot weather. So he came to Tasmania and took a job at an oyster farm. When the owner put it up for sale a year later, Henry bought it.

Today, Bad Bay Oysters has two leases covering 20ha, and producing 100,000 dozen oysters a year. This is about to increase to 150,000 dozen.

"We've quadrupled output in two years, and are looking to double it again this year," says Henry. His business plan sees the farm expanding by 2ha per year for the next five years.

Bad Bay Oysters is located in Cloudy Bay Lagoon on south Bruny Island. Confused by the bays? "Before it was Cloudy Bay it was called Bad Bay, because an early explorer anchored in the bay and when the winds changed direction, he couldn't get out again for weeks. So we've used the original name to brand our product".

The Lagoon is a pristine waterway for growing oysters. "There is no agriculture in the area, and it's quite a protected lagoon, full of nutrients, with a strong oceanic water flow," says Henry. "There is quite a wide variety of algae in the bay, and the water is very cold. It's straight out of the Southern Ocean rather than the Tasman Sea.

"Having said that, we need to work closely with Council when it comes to farm upgrades because the area is zoned as 'environmental management', and is densely forested and very steep. Our relative isolation also makes it a challenge finding accommodation for our staff." Six people work at the farm.

Bad Bay Oysters wasn't affected by POMS. "But since POMS we've grown small stock supplied by SCL, and their farm managers are very adept at producing small spat.

"Using the SEAPA floating system we've found the smaller spat works very well for us. Because



Henry Hewish



Bad Bay Oysters lease, Cloudy Bay Lagoon Tasmania

of the water quality in Cloudy Bay Lagoon, we can still sell mature oysters 12 months after receiving the spat."

Henry has significantly invested in the farm since taking it over. A 250 metre road way has been built from the steep slope above the lagoon

to the beach. Previously, product was graded in a shed on the beach.

"We're also about to take delivery of a new SED grader so that the crew can spend less time grading and more time enhancing the farm and the product. We get very positive feedback on our oysters but our goal is always to do better.

Yanmar Collaboration

The evolving relationship between SCL and Yanmar is progressing well following reciprocal visits last year. SCL GM Greg Bowers has been in contact with Yanmar on an ongoing basis and recently confirmed that the two companies will be working collaboratively on a key project which will develop the Japanese Oyster market further whilst providing revenue for SCL.

Greg and Scott Parkinson are finalising the project's scope with their Yanmar counterparts, aiming to have the green light by the end of October. "The agreement of the project's

objectives and the specific responsibilities are key factors to have finalised and thus far this process has been very positive.

"Yanmar will send personnel for three weeks to Pipe Clay Lagoon hatchery and nursery for intensive training and then Scott Parkinson will be visiting Yanmar a few months later. This process will go on for a couple of years.

The collaboration enhances SCL's global brand recognition, opens up opportunities for SCL's business, and offers great staff development opportunities for both companies. "It's pretty cool when a small company in Tassie leads and then supports technical developments of an enormous Japanese business" says Greg Bowers.

Nominations for election of Director

This year's Annual General Meeting will be held on Thursday 2 November 2017 at the Royal Yacht Club of Tasmania. Mr Jonathon Poke will retire in accordance with Clause 11 of the Company's Constitution and is offering himself for re-election.

Shareholders are reminded that nominations from other persons must be received by the Company Secretary by midnight on 1 October 2017. A nomination form can be obtained from the Company Secretary by email: secretary@shellfishculture.com.au or by telephoning 03 | 6248 9441.