The Allocation of Pearl Farm Leases in Western Australia

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Presentation Outline

• Outline of pearl culture development in WA

• Existing and emerging issues around pearl farm leases

• Implications for future allocation processes and policy
Outline of Pearl Culture Development in the State’s North

• Initial development of pearl culture at Kuri Bay in the 1950s:
  – Based on wildstock pearl oyster fishery
  – Joint Commonwealth and State responsibility

• Growth of the industry since 1990:
  – A new Pearling Act and Regs (1990/91) (WA State Government)
  – Wild shell quota limit for sustainable fishery of 572,000 pearl oysters per year (1991)
  – Incentive scheme to encourage ‘hatchery technology’ resulted in additional quota of 350,000 pearl oysters for pearl cultivation (1992)
Outline of Pearl Culture Development in the State’s North

- Growth of the industry since 1990 - continued:
  - Industry innovation developed 2\textsuperscript{nd} and 3\textsuperscript{rd} seeding technology resulting in the doubling (or more) of the number of pearl oysters held on farms
  - Policy covering losses incurred in seeding operations (2004)
  - Recent review confirmed commitment to ongoing management under quota (2005)

- Currently 67,000 hectares of pearl farm leases (at over 120 sites) located from Exmouth to WA/NT border
- This equates to 1.5\% of the water area under 20m depth
Pearling in WA

Focus region of this paper
Existing and Emerging Issues

- Pearling is highest value fishing/aquaculture enterprise in region by significant margin
- Allocation processes established by Government have been adequate so far

- Demand for Marine Areas Increasing
  - Pearl farm lease sites likely to increase in future
  - Other emerging aquaculture in region but no major investment at present time (possibly will be in future e.g. Barramundi)
  - Other commercial users - such as charter vessels, adventure tours
  - Non-commercial users - recreational fishing and boating
Existing and Emerging Issues

– Uncontrolled demand is gathering pace for recreational fishing, boating, diving
  • Demographic changes – baby boomers retiring
– Tourism expanding exponentially
  • Concern about visual amenity
– Higher community expectations regarding
  • Conservation of the marine and land environment
  • Indigenous opportunities and rights
Existing and Emerging Issues

- Government and pearling industry has been addressing issues through:
  - Policies
    - Quota
    - Stock-holding (acquisition)
    - Performance criteria (utilisation)
  - Voluntary agreements
    - Pearling/Charter Boat Accord
    - Indigenous interests
    - Pearl farm access protocols for visiting vessels
  - Protocols for disease and other bio-security concerns
  - Development of pearling environmental credentials (accredited under EPBC, Code of Practice)
  - Participation of pearling industry in marine park consultative forums

- Question:
  - How will competing demands be fully integrated within the Government’s policy to develop pearling?
Existing and Emerging Issues

- Presently, marine sites are allocated on a first-in/first-served basis – supported by a significant consultation requirement with other stakeholders

- This works well where there is only one major economic activity in the region

- Need to develop marine planning and resource sharing arrangements, that integrate other growth activities (eg tourism, recreational fishing)
Implications for Future Allocations for Industry and the Broader Community

- **Key Questions**
  - How can the value of competing interests for marine space be fairly assessed?
  - How can Government provide for the future of pearling, while also providing:
    - opportunities for new industries
    - community aspirations about access, environmental etc?
  - Do we need flexibility for policy contingencies?
  - How does the Government maximise the value of community resources and thereby maximise community return?
Implications for Future Allocations for Industry and the Broader Community

• A good starting point is to test issues against some hypothetical what-ifs.
  – Barramundi aquaculture grows and begins seek new lease sites that compete with pearling expansion?
  – Demographic trends result in, say, a 20 fold increase in recreational and tourism pressure?
  – Deep water pearl farming becomes more economic and new sites are sought offshore that compete with oil and gas exploitation?
Implications for Future Allocations for Industry and the Broader Community

Potential Solution
• A ‘Whole of Government’ approach to marine planning is a prerequisite to establish a truly effective market based system
• Contestable market based system for the allocation of new marine areas should provide a fair system of allocation
• Tenure should reflect (as much as possible) property rights but include:
  – Protection for important overarching rights (such as rights of safe passage, Indigenous fishing)
  – Mechanisms for multiple use where this does not diminish established rights for pearl (or other) production
Summary and Conclusions

- The pearling industry has come a long way in 20 years with significant benefits to the WA economy
- There is likely to be more competition for marine areas in the future
- A contestable market for marine areas, within an integrated, transparent marine planning process, may provide the solution for efficient allocation
  - Including marine parks and recreational access
- Importantly this requires clear government policy
  - in support of the designated primary user
  - to allow other users reasonable rights (eg safe passage, indigenous access)
  - to provide for best economic use of the resource over time
  - to enshrine the notion of ‘fair market’ compensation if allocations are removed due to non-market priorities
Thank you