



GERALDTON
FISHERMEN'S
CO-OPERATIVE

Rock Lobster Exporters

the BROLOS Catcher

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Issue No. 148

From the Chair



This will be my last opportunity to write to you as Chairman, although I do have an unpublished article that may get a guernsey in a later Brolos Catcher.

Voting for the two vacant board positions is well underway, and I have conveyed my best wishes to all five candidates. Ballot papers have been coming in thick and fast, and with still a week to go, we may get a record participation rate. As previously announced, the successful candidates will be asked to join us on Wednesday Nov 1, to take part in our Strategic Planning Workshop, and I look forward to their presence.

The market situation is usually well covered in these newsletters, but can I say that it has been very pleasing to see that the Golden Week market bump lasted longer than expected. No doubt with the setose exemption ending and lobsters going to ground to moult, things will be quiet for the next three weeks or so.

Lobster quality out of Welshpool has been fantastic, and we wait with interest to see how this improvement holds up in the coming times of hot weather and large intakes. All the signs are that quality will be better than previous seasons.

Although I remain convinced that I made the correct decision to retire, as it gets closer, I realize that it is going to be very hard not to have an active involvement in the running of our co-operative. It has been an amazing experience with many highlights, many of which I have been able to share with you at meetings or in newsletter articles. I will always be a passionate supporter of GFC and Co-operatives in general (and the Dockers). I'm very excited about our future!

As promised, I have seen many of you over the nine weeks since I announced my retirement, at Kalbarri, Dongara, Welshpool and elsewhere, and there is still the AGM to come.

As many of you won't be there, I do want to leave you with a thought that I had difficulty expressing in words at Welshpool last week.

Over the last eight years in particular, when I have been driving around with my young grandchildren, if we passed a co-op truck I would say "There goes one of Grandad's trucks". If we went to the lives to see some lobsters I would say "This is Grandad's factory". When I decided to retire, I thought briefly that I wouldn't be able to say that anymore, but of course, I was wrong. I will remain a shareholder of GFC, and they are still my trucks and my factories, so I really hope that you all feel like that about YOUR co-op.

All the best,

John Ritchie, Chairman



Above: John Ritchie leads a tour through the Welshpool facility at last Wednesday's barbecue.

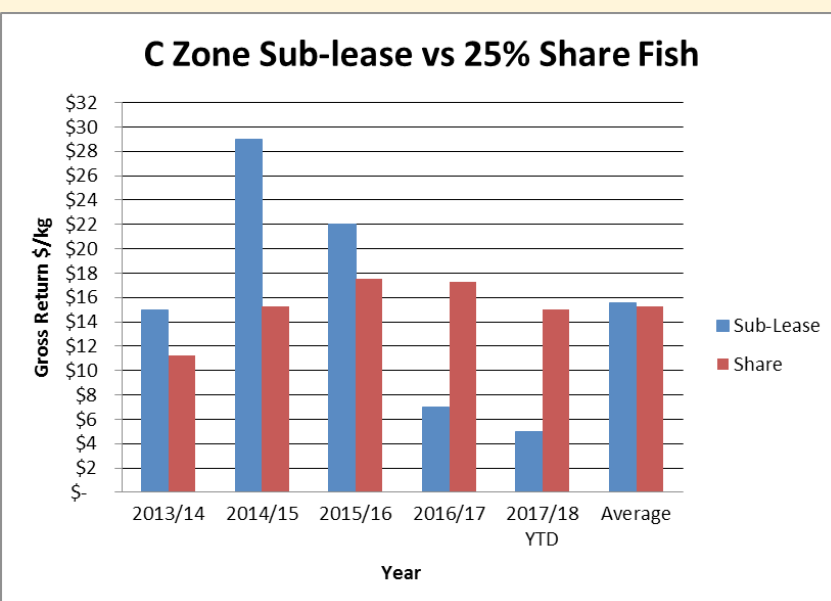
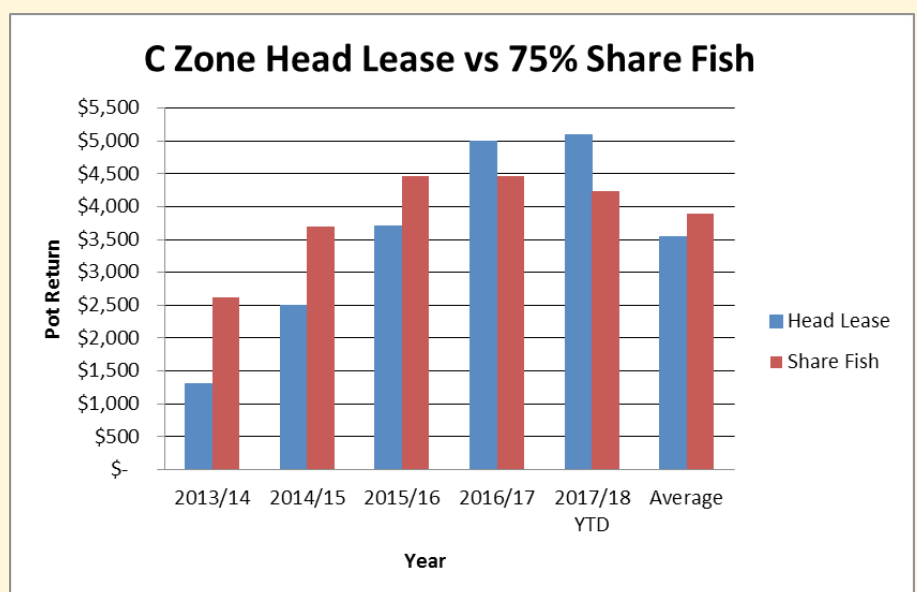
Share the Benefits and the Risk

Every year in late October the burning question on everyone's lips is "what will the lease price be for the coming season?" For many of our fishermen it's a stressful time of the year, as quota lease represents their single biggest cost. When it comes to pricing quota for leasing there are many considerations, however common industry practise is to base decisions around the previous season's average beach price. With a rising beach price such as we have seen in 4 of the past 5 years, the return for fishermen can outweigh the cost. Unfortunately the opposite is true for a falling beach price, and this season there has been little or no reward for the lessee.

There is one category of fisherman and investor who need not worry about such a disconnect between the beach price and the lease price. These are the people who have set up share arrangements where both fishermen and investor share the rewards.

The first graph compares the per-pot returns of sharefishing v headleasing over the past 5 years, based on a 75% Investor/25% Fishermen split, using average figures.

Over this period, investor returns from sharefishing have easily exceeded those from straight leases. From a tax point of view there may be additional financial benefits available by entering into certain types of sharefishing where the investor may be classified as a primary producer. We recommend consulting your accountant for advice.



From a lessee's perspective, we have seen a dramatic downturn in profitability over the past 2 years. The next graph shows in returns for a C Zone fishermen at a 25% share fish vs fixed price sublease. It is important to note this is gross returns and doesn't include expenses such as license fees, bait, fuel, wages, running costs etc. While on average the sub-lease return is slightly above that of sharefishing, the benefit of sharefishing is a smoother return over time and a much lower risk profile.

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2017 GFC AFL Footy Tipping Competition

Another fantastic year of tipping has come to an end. With only three points separating our top three placeholders, this year's competition was neck and neck all the way to the Grand Final.

This year, Kalbarri's Billy Trent took home the top prize of \$3,000. Billy dominated the first part of the tipping season, leading the pack from Round 4 through to Round 20.

Second prize goes to Bruce 'BruceS' Starling, who briefly took the lead in the later part of the season and—we're sure—gave Billy a little scare. Bruce



Above: GFC Chairman John Ritchie and Leith Teakle present first prizewinner Billy Trent with his \$3,000 cheque.

wins \$1,500. Third prize goes to Paul 'Tadpole' Hewitt who wins \$500.

Thanks to everyone who participated in this year's competition. We're already planning how we will make 2018 our biggest and best tipping competition yet, so look out for updates in the New Year.

RANK	TIPPER	TOTAL SCORE	TOTAL MARGIN
1	Billy Trent	181	790
2	Bruce Starling	180	812
3	Paul Hewitt	178	827
4	Todd Newby	176	860
5	Kris MacDonald	174	811
6	Donna Henley	173	860
7	Ryan Bowley	173	862
8	Darren Bailey	172	731
9	Andrew Prosser	171	885
10	Gabriel Rifici	171	918

Share the Benefits and the Risk (cont.)

Fishermen and investors are motivated by different factors and no one wants to "miss out" but it is clear that a share fish arrangement provides both parties not only a fair and sustainable outcome but, most notably, a profitable result for all stakeholders, especially in the long run.

Recent beach prices have been good, but the average beach price and bonus for the season is still only around the \$59 to \$63/kg mark, and with more than 25% of the catch still to come this may well change significantly. With lease deals about to be signed up, and so much uncertainty about next season's beach price, sharefishing makes a lot of sense for both parties, ensuring that no-one misses out, and both can achieve a fair and sustainable return.

Of course, sharefishing may not suit everyone, and fixed price lease contracts will continue to be a feature of the industry for many years to come. One very attractive option is to take a mix of sharefishing and fixed price leases, hedge your bets, and see how the two compare over time. If you would like to explore sharefishing or fixed-price options for the coming season, please contact Leith Teakle on mobile 0437 824 925 or email leitht@brolos.com.au

Are you ready for the whites?

This month is the time to ensure your holding tanks, cakka box, water pumps, and aeration are all running properly for the coming whites.

With most boats now catching more lobsters over shorter periods, live holding tanks on many boats may not be providing the best conditions for lobsters. This has a direct effect on both your landed quality, export survival and, in the longer term, beach price.

There are several key things to check out before the whites:

Baskets: Ensure that all your baskets are fully lined with oyster mesh. Oyster mesh is essential to prevent leg and feeler damage. While one leg missing from a lobster might not affect your quality statistics, it dramatically affects the health of a lobster. This can easily result in that lobster becoming weak or dying after consignment.

If you need to buy oyster mesh for your baskets, the GFC Marine Store has stock available at the moment.

Basket lids: Every GFC lobster is kept under chilled seawater sprays at some stage. This system provides optimal conditions for lobsters and works best when there is maximum water flowing through the basket lids. Check that the holes in your basket lids will allow adequate spray water onto your lobsters.



Above: Legs protruding from an unlined basket – what a waste!



Above: Pictures of various crate lids, (from L to R) GFC transfer crate lid; a prawn crate lid poorly suited to sprays; and 2 lids well suited to sprays (both available from the Marine Store)

Water pumps: Constant flow pumps are the only way of ensuring enough fresh seawater is getting to lobsters in your day and live tanks. To calculate the size of water pumps necessary, a good rule of thumb is 1 litre of water / kg of lobster / minute. For example, a live tank that holds 30 prawn crates (each holding 27 kg of lobsters) will need to be supplied $30 \times 27 = 810$ litres of seawater per minute.

If you need to upgrade or replace your water pumps, the GFC Marine Store also has pumps available in store.

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Water intake and distribution: Check that sea chests / seawater intake strainers are clean and in good working order. Likewise, ensure hoses and pipe work from intakes to pumps and from pumps to tanks are free of debris, marine growth, kinks etc. Replace hoses (and hose clamps) if you are in doubt. A small investment in hoses and hose clamps now can you save you a lot of heartache (and money) if your water supply fails when your tanks are full of lobster.

Cakka Box: With higher CPUE rates and some boats fishing larger or double gear, many existing cakka boxes are just too small for the number of lobsters coming up in each pot. If you ever have lobsters fall out of the cakka box and onto the deck it is a sure sign you need to upsize your cakka box. Lobsters that have fallen on the deck are damaged, are not in premium condition, and deckies should be told not to put them in the catch.

Day tank: Water in day tanks is frequently unaerated and poorly circulated. This dramatically affects lobster quality – before the crates even make it to the live tank. To remedy this, ensure there is plenty of fresh seawater flowing continuously into the day tank – don't rely on someone remembering to top up the day tank with the deck hose. Plumb up day tanks as you would any other live tank and add proper aeration as well!

Finally, every lobster boat in GFC's fleet should have tank aeration as a minimum, and we are keen to support our members to achieve this. Every home aquarium has a bubbler for a few ten dollar fish: shouldn't you look after your valuable catch in the same way?

If you would like any assistance with a new system design, or even tips for your existing setup, contact GFC Continuous Improvement Manager, Brad Armstrong (0437 513 837) or GFC Research and Development Officer, Joel Durell (0407 135 712).



Above: Live tanks with good aeration.

Market Update

We have seen prices gradually weaken over the last two weeks due to a combination of higher than average intake from Western Australia, increased competition from other origins, and patchy demand from China.

Average daily fishermen landings during September/October have been the highest we've seen during this period for at least the last 5 years. We estimate that landings since the beginning of September are about 13% higher this year than the same time last year. One piece of positive news is that this higher catch has helped to reduce the quota left to catch at the end of the season which may also reduce supply pressure during the whites.

As previously reported, we have recently seen increased competition from other origins such as Mexico and the Southern Rock Lobster species. On top of this, demand from China has been patchy despite an increasing number of good lucky days. This has all been combining to make it difficult for us to keep prices up. Nonetheless, export prices in Chinese Yuan have been above average for the last few months so let's hope that trend continues as we head into the whites and the new season.

2017 AGM

A brief reminder that GFC's 68th Annual General Meeting will be held next Thursday 2nd November from 2:30pm.

This year's AGM will be held at the Geraldton Universities Centre with a live video link to our Welshpool Boardroom.

We encourage all members to come along next week and participate.

For full details, see last fortnight's Brolos Catcher.

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Big Turnout at Welshpool Barbecue

Last Wednesday over 60 Co-op members and friends came along to our first ever barbecue at your Welshpool Live Lobster Export Facility. It was brilliant to see so many of you there to take a tour of the facility, to meet GFC's staff and board members, and to share a sausage or two.

With the AGM next week, and the end-of-year racing toward us, it will soon be time for us to head up the coast for our Pre-Season Meetings. Look out for those meetings to be announced over the coming month, right here in the Catcher.



Graeme Mol (centre) with his crew, Jeremy & Joel



Terry Lissiman & Allan Tester



Barbara & Jo Lovedee



Eddie Fernandes, Leith Teakle & Rob Fernandes



Welshpool General Manager, Paul Ridout takes questions whilst leading a site tour.

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**GFC Members
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