



GERALDTON  
FISHERMEN'S  
CO-OPERATIVE

Rock Lobster Exporters

# the BROLOS Catcher

January 9, 2018

Issue No. 153

## From the Chair



Last week, GFC announced a minimum Loyalty Bonus for the final period of the season. A letter to all supplying members advised that GFC's Loyalty Bonus for the period from October 1st 2017 to January 14th 2018 will be a guaranteed minimum of \$5/kg for all qualifying fishermen. There has been no response from the other major exporters, and indeed most are yet to confirm whether they will pay a bonus for the previous period to match GFC's \$7/kg.

We chose to announce the bonus payment early once it became clear that our profit had significantly exceeded budget expectations. The main reasons behind this result are; improved product quality, higher market returns and lower operating costs resulting from our investments in supply chain and marketing initiatives.

The Loyalty Bonus is inclusive of \$0.50/kg bonus shares, unless you have the full complement of 40,000 shares, in which case you will receive the entire payment as cash. We should be in a position to advise a final price around the change of seasons. Payment to fishermen (for the \$7/kg and \$5+/kg bonuses) will be made on the 28th of February, and should be in your accounts within five working days.

Thank you for your support during the 2017-2018 season. With Welshpool and other GFC initiatives now paying dividends, GFC is in a very strong position for the coming season, and we look forward to working with you toward another successful year ahead.

Basil Lenzo, Chairman

## 2018/19 Pre-Season Meetings

A brief reminder that GFC pre-season meetings continue today in Geraldton following by Kalbarri on Wednesday and finishing in Dongara on Thursday. These meetings are a great opportunity to catch up before the beginning of the new season. They are also a chance for members to come along and be updated with important company, market, and industry information for the year ahead. There will be ample opportunity for questions and discussion. Dinner and drinks will be provided. All GFC members, investors and their partners are invited to attend. We look forward to seeing you there.

**Geraldton** Tuesday 9th January 2018, 5:00pm

**Kalbarri** Wednesday 10th January 2018, 5:00pm

**Dongara** Thursday 11th January 2018, 5:00pm

The Geraldton Club, 162 Marine Tce, Geraldton

Kalbarri Edge Resort, 22 Porter St, Kalbarri

Southerly's Harbour View Bar & Restaurant  
1/60 Point Leander Dve, Port Denison

## Looking Forward In 2018

The last and first weeks of the season are always difficult to predict given the general uncertainty surrounding catch rates and customer responses to changes in supply. So this week, rather than give a market update we think it's timely to provide a high level insight into what the market may bring for GFC's Fishermen in 2018.

Firstly, we've provided two tables for you to refer to during the year.

The first table below outlines some of the more notable market events for 2018.

DATE	EVENT/FESTIVAL	EXPECTED IMPACT
16th February 2018	<b>Chinese New Year/Spring Festival</b> China & Taiwan 2018 Year of the Dog	Two-weeks either side of the CNY sees a dramatic increase in demand for lobster in these markets. Demand is such that all lobster grades are popular at this time. Although Taiwan also celebrates CNY, demand and prices from China dominate.
30th March to 1st April, 2018	<b>Easter Holiday</b> Australia & Japan	A peak period of sales leading up to the Easter holiday for domestic retailers and Japan, although demand generally not as strong as that experienced during Christmas. These markets are now just a few % of annual sales, so the overall effect is minor.
5th April, 2018	<b>Qing Ming: Tomb Sweeping Festival</b> China & Taiwan	People return to their hometowns to pay respect to their deceased relatives. High value seafood is not on the menu, and demand generally suffers for at least a week either side of this festival.
29th April to 5th May, 2018	<b>Golden Week</b> Japan	A week of public holidays and special days in Japan. Aside from Christmas period this is the next major celebration in Japan. Live lobster demand increases in the lead up. A-size is preferred, but some D, E & F sizes are used as table centrepieces.
1st May, 2018	<b>May Day</b> AKA Workers' Day China & Taiwan	One to two weeks leading up to this festival, the demand increases in the Chinese market experience higher demand for product. This upswing can be short lived, although the market generally returns to levels above the early April low
13th May, 2018	<b>Mothers' Day</b> China, Taiwan, Japan & USA	A small upturn in demand usually occurs a week out from Mothers' Day. A noticeable increase in tail consumption is expected in the USA.
16th to 18th June 2018	<b>Dragon Boat Festival</b> China, Taiwan	Lots of dragon boat racing and eating traditional Chinese rice dumplings. This festival has had a negligible effect on demand, although recent research conducted by GFC shows that eating lobsters definitely improves the strength and stamina of paddlers.
11th August to 9th September 2018	<b>Ghost Month, inc. Festival of the Hungry Ghost</b> China & Taiwan Ghost Day: August 25th	An inauspicious period, as the name suggests! The Hungry Ghost festival or Yu Lan, is held on the 15th night of the 7th lunar month. The 15th day is called "Ghost Day". The gates of the afterlife are opened and the lost and hungry ghosts are free to roam the living world. The Chinese have some taboos during the Chinese Ghost Month, including no weddings, and so this period is typified by weak demand. Small grades (used for wedding banquets) are expected to be the least popular. Prices will depend on fishing pressure.
24th September, 2018	<b>Mid-Autumn Festival</b> China	The Mid-Autumn Festival is held on the 15th day of the eighth month in the Chinese calendar, which is in September or early October in the Gregorian calendar. It is a date that parallels the autumnal equinox of the solar calendar. Record high prices have been achieved during this period in recent years, but this period appears extremely sensitive to supply from WA and other species.
24th September, 2018	<b>Golden Week inc. National Day</b> China	One of China's major holiday periods. Most people enjoy a 7 day vacation with recent practice including many factories closing for 2 weeks. Many Chinese travel and consumption levels of seafood increase. Demand for larger grades has been strong in the lead up, but smaller grades can be undercut by the abundance of Mexican lobster during this period. Demand usually decreases sharply following Golden Week.
25th December 2018 to 1st January 2019	<b>Christmas &amp; Western New Year</b> Australia, China, Japan, Western Europe	Australian local demand for live and frozen lobster products builds from early December. Large retailers complete purchases by mid-month. Demand from Western Europe for chilled A through D grades has not kept up with China, and has all but stopped now. Japanese interest in A grade, in particular Red-A, is relatively strong.

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The second table below converts the 2018 “Gregorian” calendar into the 2018 Chinese Lunar Calendar. During the year you will hear us referring to such things as odd and even numbered lunar months and Chinese festivals. Many of these important Chinese events are linked to the Lunar calendar. For example, Ghost Month is the 7th lunar month and the Autumn Festival falls in the 8th month. One of the most immediate and important events on the Lunar Calendar is Chinese New Year, which is the 1st day on the Lunar Calendar and this year falls on the 16th of February.

Gregorian Date	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
	Lunar Dates									
1	15	16	14	16	16	18	18	20	22	22
2	16	17	15	17	17	19	19	21	23	23
3	17	18	16	18	18	20	20	22	24	24
4	18	19	17	19	19	21	21	23	25	25
5	19	20	18	20	20	22	22	24	26	26
6	20	21	19	21	21	23	23	25	27	27
7	21	22	20	22	22	24	24	26	28	28
8	22	23	21	23	23	25	25	27	29	29
9	23	24	22	24	24	26	26	28	30	9th Lunar
10	24	25	23	25	25	27	27	29	8th Lunar	2
11	25	26	24	26	26	28	28	7th Lunar	2	3
12	26	27	25	27	27	29	29	2	3	4
13	27	28	26	28	28	30	6th Lunar	3	4	5
14	28	29	27	29	29	5th Lunar	2	4	5	6
15	29	30	28	30	4th Lunar	2	3	5	6	7
16	30	1st Lunar Month	29	3rd Lunar	2	3	4	6	7	8
17	12th Lunar	2	2nd Lunar	2	3	4	5	7	8	9
18	2	3	2	3	4	5	6	8	9	10
19	3	4	3	4	5	6	7	9	10	11
20	4	5	4	5	6	7	8	10	11	12
21	5	6	5	6	7	8	9	11	12	13
22	6	7	6	7	8	9	10	12	13	14
23	7	8	7	8	9	10	11	13	14	15
24	8	9	8	9	10	11	12	14	15	16
25	9	10	9	10	11	12	13	15	16	17

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2018 is set to be yet another lively year which will be full of change and new market dynamics. One of the most noteworthy changes is the drop in Chinese import tariffs from 6% down to 3% which took place on the 1st of January. This is already having a significant impact on demand for lobsters shipped direct into China: Two years ago, roughly 1% of your product went directly into China. Last year this increased to 10%, and this year we expect to see further growth in direct sales.

GFC led the industry in Free Trade negotiations, and continues to lead the industry in developing green trade opportunities. With our network of hubs and the ability now to import our own product through our China company, GFC is in a very strong position to take advantage of the improving tariff situation. The major benefits for members are the reduction in risk and the increase in available airspace: we are no longer restricted to a single entry point. Longer term, GFC is now building a strong brand presence in China, selling direct to local wholesalers, hotels, restaurants and consumers across China.

GFC has worked very hard to develop new market segments and new geographical areas for your product. Just 18 months ago, virtually all of your product entered China into one town, Nanning, in the south-west. Now GFC has shipped to fifteen cities across China and has strong prospects in half a dozen new centres. This is another example of how GFC is not just looking after your short-term interests, but is also developing the market for the longer term.

## Sunshine mixed with a little hurricane...

Over the next few weeks, a perfect storm of big catches, extreme hot weather and strong winds will combine to make it one of the most critical times for determining the ultimate success of your season. Everything needs to be working perfectly to minimise any damage and losses – from the deckie's handling of lobsters during sorting, to the live tank water and air supplies and effective draining procedures. With less than a week before Opening Day, some careful preparation now can save you a lot of angst and money over the next month or two!

Exposure to hot dry windy conditions not only has a direct effect on your lobsters (by heating them up), but also causes dramatic leg loss through increased evaporation and concentration of salt on every surface. Avoid problems associated with this hyper-salinity by making sure deckies regularly use seawater to wash down gloves, cakka boxes and anything else that is likely to contact lobsters.

The cakka box is the first open air environment lobsters experience. Tumbling out of the pot onto a hot, dry, hard, salty surface is far from ideal. Consider lining your cakka box with padding and adding seawater sprays to keep the lobsters and cakka box wet. These simple changes have a dramatic effect on maintain lobster quality.

Like everything else, there are good and bad ways to drain lobsters. Minimise draining times, especially when it's hot. Draining lobsters below deck is by far the best method for protecting them from the elements, but you can only do this if you can aerate the water in the tanks once you turn the pumps off. If you do choose to drain your lobsters on deck, do your best to protect them from the sun, heat and wind. GFC Research has shown that covering your catch with wet hessian increases humidity and decreases the temperatures your lobsters are exposed to by up to 3°C. This 'Coolgardie safe' will also protect your lobsters from wind and direct sunlight and the increased humidity decreases effects of hyper-salinity due to drying out.



*At the end of the day, if you can't drain your lobsters below deck, cover your crates with wet hessian*

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**Water pumps:** Constant flow pumps are really 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 has a special on at the moment (see last page of this Catcher edition).

**Water intake and distribution:** Check that 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 and cracks, 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.

**Air Supply:** Check that all air hoses are in good condition. Replace diffuser hoses as these become blocked over time. The GFC Marine Store stocks our recommended air hose.

Remember:

- Keep lobsters out of the wind and sun
- Wash down all surfaces (including gloves)
- Make sure your cakka box is big enough to hold those record-breaking pot pulls and protects lobsters (using sprays and padding); empty your cakka box entirely between pots
- Carefully control and minimise drain times as much as possible – either below deck if you have aeration on board or covered in wet hessian

And finally, **if a lobster drops on the deck, it will have internal damage: throw it back!**

If you would like any assistance with lobster handling and drain conditions, contact GFC Continuous Improvement Manager, Brad Armstrong (0437 513 837) or GFC Research and Development Officer, Joel Durell (0407 135 712).

**DONGARA PROFESSIONAL FISHERMEN'S ASSOCIATION**  
**PRESENT THEIR ANNUAL**  
**Blessing of the Fleet**  
**at the Port Dension Marina**  
**9.30am 13 JANUARY**

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## Quality Reference Guide

Grading at intake is an important tool in your arsenal for ensuring you get immediate feedback on any issues that might result in downgrading and loss of value, allowing you to make changes and stem any losses. The benefit of this approach is clear in the results, with 99.2% of all lobsters received this season to date consigned in premium condition.

For the 2018/2019 season, here are the quality standards for premium lobsters:

A premium grade lobster is one that has:

- At least one feeler reaching to at least the back of the head (or carapace) (Fig. 1)
- Not more than 2 legs missing on either or both sides (Fig. 2)
- No cracks or other damage/defects to the shell (Fig. 3)
- No significant fan tail damage
- No swelling between the carapace and the tail (the “neck”)
- No other defects that graders deem unsuitable for premium grade

and is:

- Strong, vigorous and likely to survive international live export, etc.
- Not obviously soft following a moult

Note that while some of the criteria, such as leg loss, are very straight forward to use, others—such as vigour or shell hardness—are more difficult to define.

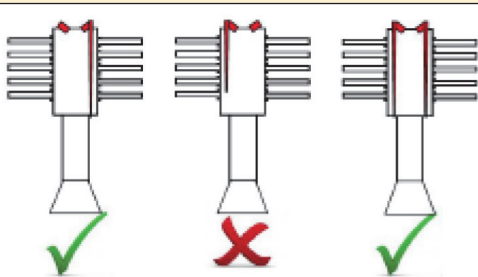


Figure 1: At least one feeler must reach at least to the back of the carapace to qualify for premium grade.

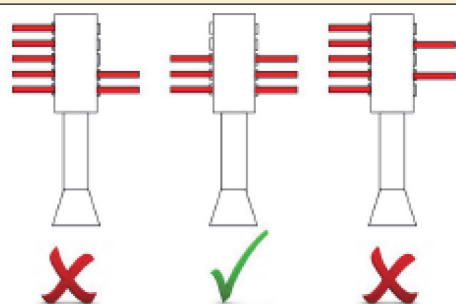


Figure 2: Premium lobsters can have a maximum of two legs missing on one or both sides (i.e. a maximum of 2 + 2 missing).



Figure 3: Lobsters with cracked or bruised shells, or severely damaged tails will be downgraded to second grade.

## Soft Shell Lobsters

Any soft shell lobsters consigned will be downgraded to second grade at intake. Even though they may look strong when consigned, our customers clearly tell us that soft shell lobsters do not perform well during and following live export. This problem has been recognized in other species too. The Australian Southern Rocklobster fisheries even tried (unsuccessfully) to make a tool to measure the hardness of lobsters on the boats, so soft lobsters could be returned to the water. It's difficult to give absolute rules on what a soft shell lobster is, so your guiding principle should be if a lobster is "noticeably soft" then reject it. You and your crew handle thousands of lobsters each season and are perfectly qualified to make this assessment. GFC's grading staff check hardness by gently squeezing the sides of the head between thumb and forefinger in the area where the white line runs the length of the head (Fig. 4). If the shell moves inwards easily, the lobster is classed as soft shell and is downgraded.



Figure 4: Lobsters that can be easily compressed at the white lateral line using only a thumb and forefinger will be downgraded to second grade.

## Totally Protected Fish (TPF)

Totally Protected Fish (TPF) include breeding females (setose, tarspot and berried) and undersized lobsters. No person or company is permitted by law to be in possession of TPF. The weight of any TPF found at grading will be deducted from the catch (i.e. have zero value) and the animals released back to the ocean. Remember that the rules around what is a TPF change throughout the year, so be sure to check the Department of Fisheries regulations.

The following table is a guide to the carapace lengths that correspond to the grade weight ranges we use in the factories. You'll see that the size ranges for male and females are slightly different. This is because the head shape of the males changes as they grow and mature. The GFC Marine Store sells purpose-made gauges that give you these size ranges in a single easy to use tool. Note these sizes are a guide only. There is still quite a bit of variation at each cut off point, so if you definitely want to avoid a particular grade, you may need to add 1-2 mm to the cut off limits.

Grade	Weight (g)	Carapace Length (mm)		
		Females	Males	Average
AA	<420	<77	<78	<77
A	421-490	77-81	78-82	77-81
B	491-610	82-87	83-89	82-88
C	611-740	88-93	90-95	89-94
D	741-850	94-97	96-99	95-98
E	851-970	98-102	100-104	99-103
F	971-1220	103-110	105-112	104-111
G	1221-1800	-	113-128	113-128
H	1801+	-	129+	129+

As always, you're welcome to come and watch your catch being graded in the lives factories and to discuss the results with the site managers: Vince Vimini at Sultan Way, mob: 0439 219 776 or Mark Johnson at Geraldton Lives, mob: 0408 902 533.





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## Marine Store

More member specials in-store!

# THE HOT WEATHER IS UPON US!

Take of advantage of free hessian to cover your baskets when the  
easterly wind kicks in!

Ring or email the store and we will get it to your depot

[marinestoresales@brolos.com.au](mailto:marinestoresales@brolos.com.au)



Greg Gundlach Marine Store Manager

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