

HD **China** FTA whets abalone appetite

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The southern town of Augusta will be home to a new artificial reef as a Western Australian **company** uses local technology to improve productivity in abalone ranching.

Ocean Grown Abalone received approval for **commercial** production on a 120-hectare **site** earlier this month and plans to produce up to 100 tonnes annually.

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To this end, the **company** is seeking to raise \$5 million for commercialisation through a convertible note issue.

The value of WA's abalone exports totalled \$11 million in 2013-14 for 200 tonnes of product.

About \$4 million of that was **sold** to **China**, which agreed to cut abalone tariffs in the recently signed free trade agreement with Australia, while \$5 million worth is exported to Japan.

Ocean Grown managing director Brad Adams said he hoped the product would be successful domestically and in the Asian 'dining boom'.

"I think aquaculture's got a big future, certainly in WA, with our proximity to Asia, we've got good regulations, we've got good water quality, and we're starting to get really good government support," he said.

"We're looking at developing a brand domestically; it's a product that is really suited to an entrée style.

"We had our abalone on the menu down at the Leeuwin **Estate** ... for the Gourmet Escape.

"The product was received exceptionally well."

Mr Adams said the **estate** had added the mollusc to its summer menu and expected it would be a popular choice with diners as it was a locally grown, organic product.

Augusta was naturally suited to growing abalone, he said.

"The food is there, it's the right water conditions, the right water temperature, everything is right but it's missing that key ingredient - rocks," Mr Adams said.

"We've found that by putting rocks down there, and then putting cultured abalone on them, they grow naturally."

Ocean Grown has developed artificial concrete 'rocks' to optimise weed flow and protect the abalone as it grows, and will submerge 5,000 of them near a newly built marina.

Mr Adams said this method of production gave the **company** a number of advantages compared with land-based abalone farming.

"We don't have power costs, we don't have any food costs, and the product is totally organic," he said.

"(On land) there are huge power costs, a huge capital cost to get going, quite large labour costs, they've got a feed component to their cost."

Mr Adams said additional benefits were that the harvest could be timed to meet demand, and that abalone could be grown to a greater length, yet still below what would be required by regulation for the wild catch.

Ocean Grown is seeking about \$5 million for commercialisation, with Rapattoni & Associates acting as the manager.

Investors in aquaculture will be encouraged with ASX-listed Tassal **Group** and Clean Seas Tuna both performing well, Mr Adams said.

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