

Annual Report 2008-09



Minister's Message

I am pleased to submit the department's Annual Report 2008-09 to the House of Assembly and to the people of Newfoundland and Labrador. In accordance with the government's commitment to transparency and accountability, this report details the progress the department has made to accomplish the annual objectives set out in the department's Strategic Plan 2008-11. As Minister of the Department of Fisheries and Aquaculture, this report was prepared under my direction, and I am ultimately accountable for the reported outcome.

Throughout 2008-09, my department has worked diligently to fulfill its mandate on all matters. We have also made great progress on initiatives that contribute to the province's strategic directions. For example, in support of aquaculture development throughout this period of rapid growth and expansion, the province has provided leadership and assistance to key expansion initiatives. Two of these initiatives include the development of an aquaculture health diagnostic lab to be constructed in St. Alban's and the establishment of an Atlantic cod demonstration farm in the Coast of Bays region.

On matters falling under federal jurisdiction, we have continued to lobby the federal government on issues related to coastal and oceans management and international trade to improve this province's access to global markets.

Through Fishing Industry Renewal initiatives, my department has provided approximately \$2.2 million to support harvesting, processing and marketing innovation intended to increase the overall value of the province's seafood. A revised Fish Processing Licensing Policy framework was also implemented to address overcapacity in the seafood processing sector. In addition, a new ticketing system and enforcement program has been introduced to better regulate fish inspections. All of these enhancement measures underpin the department's promise to work with industry on innovation, regulatory processes and quality assurance to ensure that our province's seafood is sustainable and competitive in the international marketplace.

We will continue our work to strengthen the role of the fishing industry to contribute to the economic growth of this province. My department will remain steadfast on its path to transition the industry into a renewed, self-sustaining fishery. At the same time, we will pursue responsible growth and sustainability to continue to develop our aquaculture industry into a mainstay of this province's economy.



Tom Hedderson

Honourable Tom Hedderson, M.H.A.
Harbour Main
Minister of Fisheries and Aquaculture



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Department Overview

This 2008-09 Annual Report describes the progress the department has made in fulfilling its objectives as set in the 2008-11 Strategic Plan and explains how the activities undertaken by the department contributed to the strategic directions of government.

Introduction: The Department of Fisheries and Aquaculture (DFA) is responsible for licensing and regulating the fish processing sector and for ensuring effective and sustainable development of the aquaculture sector. The department also supports fishing industry renewal and aquaculture development through research and development, seafood product promotion, and industry representation to the federal government and global markets.

Vision: The vision of the Department of Fisheries and Aquaculture is sustainable fishing and aquaculture industries that achieve their optimum economic contribution to the Province of Newfoundland and Labrador.

Mission: By 2011, the Department of Fisheries and Aquaculture will have supported the strengthening of the fishing sector and the expansion of the aquaculture industry to create economic opportunities for the province.

Lines of Business:

Licensing

The department licenses all fish processing operations, fish buyers and aquaculture facilities in the province. This



MSC CERTIFICATION

The department supported the Association of Seafood Producers in their successful application to obtain Marine Stewardship Council (MSC) certification for the Canadian northern shrimp trawl fishery. This was the first fishery in Canada to earn MSC certification and to be eligible to bear the MSC eco-label. This label signifies that the seafood products are harvested in a sustainable manner. MSC certification enhances the value of the fishery in the market place. For more information please visit the department's web site at www.fishaq.gov.nl.ca

is accomplished through policy development. The department provides guidelines and criteria to the Fish Processing Licensing Board. The board reviews all fish processing licensing and buyer applications and makes recommendations to the Minister of the Department of Fisheries and Aquaculture regarding each application submitted to the province. The minister makes the final decision on all licensing applications.

The department also issues aquaculture licenses as regulated under the *Aquaculture Act*.

Development and Diversification

The department provides technical and financial support in

the development of harvesting, culturing, processing and marketing to the fisheries and aquaculture industries. Activities include processing sector diversification, aquaculture investment prospecting, technology transfer, market intelligence, quality assurance and infrastructure support.

Inspection, Compliance and Regulatory Enforcement

The department conducts comprehensive inspection, compliance and regulatory programs for the fishing and

aquaculture industries within its legislative authorities. These activities include inspection of fish buying stations, processing plants and dockside operations; auditing plant employment and production statistics; and ensuring compliance with licensing policies.

The department also conducts inspections of aquaculture sites and facilities and examines aquaculture facilities for the presence of disease and fish escapement from cages.

Policy Development and Planning

The department provides advice on fisheries and aquaculture policies, and implements policies for the support of resource and

industry management, growth and development. In addition, the department leads strategic planning and reporting; financial and economic analysis; analysis and distribution of statistics and scientific information; analysis and development of policy positions on fisheries resource issues; and leads the province's participation on oceans governance, planning issues and resource management/allocations, and communication of policies and positions to the federal government.

Mandate: The mandate of the Department of Fisheries and Aquaculture is derived from *The Executive Council Act* and includes *the supervision, control*

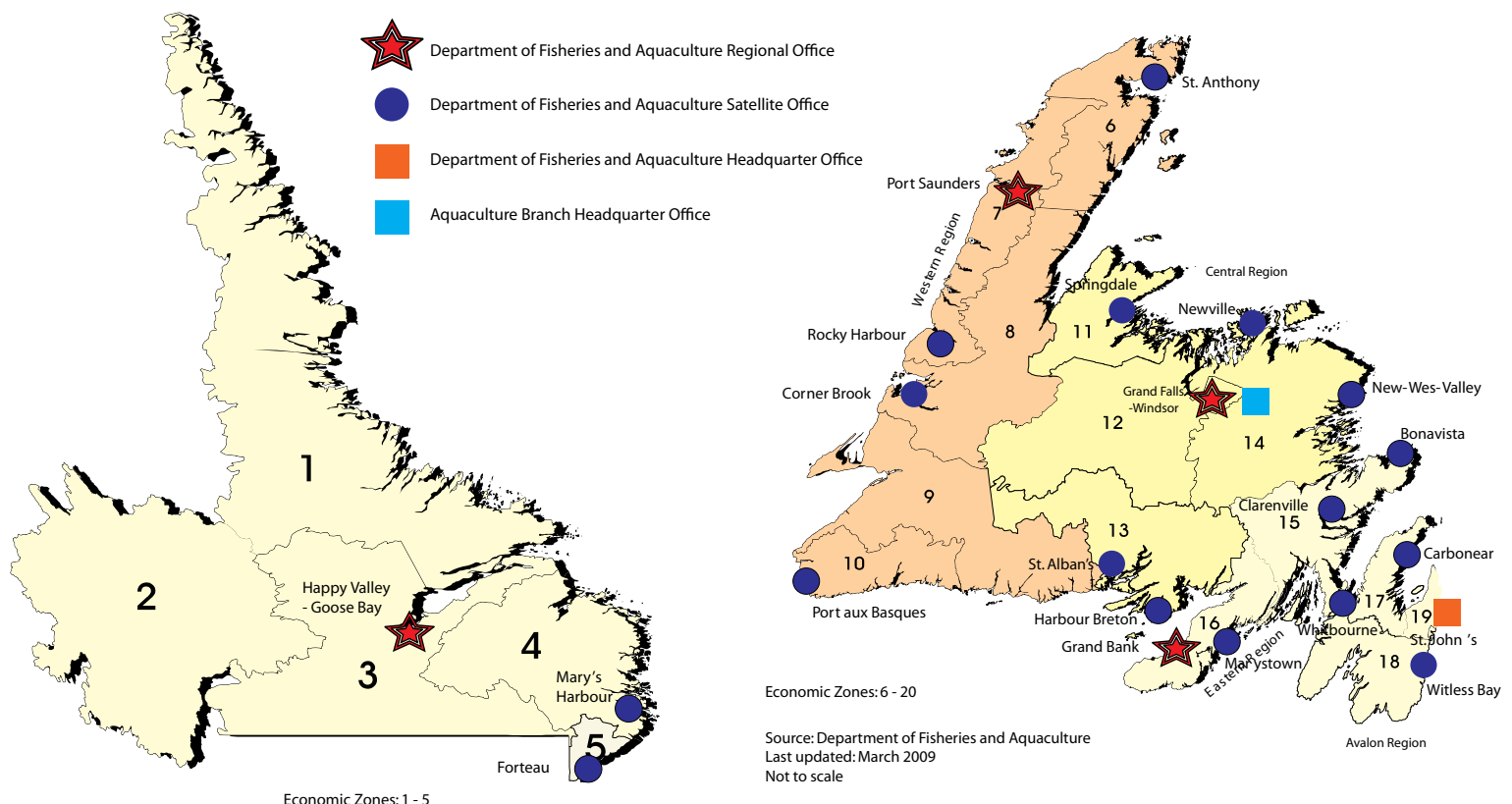
and direction of all matters relating to:

- a) *the promotion, development, encouragement, protection, conservation and regulation of fisheries and aquaculture; and*
- b) *the administration of the Acts set out in the Schedule and of all orders and regulations passed or made under those acts, including those powers, functions or duties necessary or desirable for carrying out the purpose of those Acts,*

which are not, or insofar as they are not, the responsibility of another minister; agency, body, corporation, board, organization or person.

▼ PHYSICAL LOCATION

DFA Headquarters is located in St. John's and the Aquaculture Branch main office is located in Grand Falls/Windsor. The department has four Regional Offices and 17 satellite offices situated throughout the province.



LEGISLATION

The department's work is guided by Provincial and Federal Legislation:

Provincial Legislation

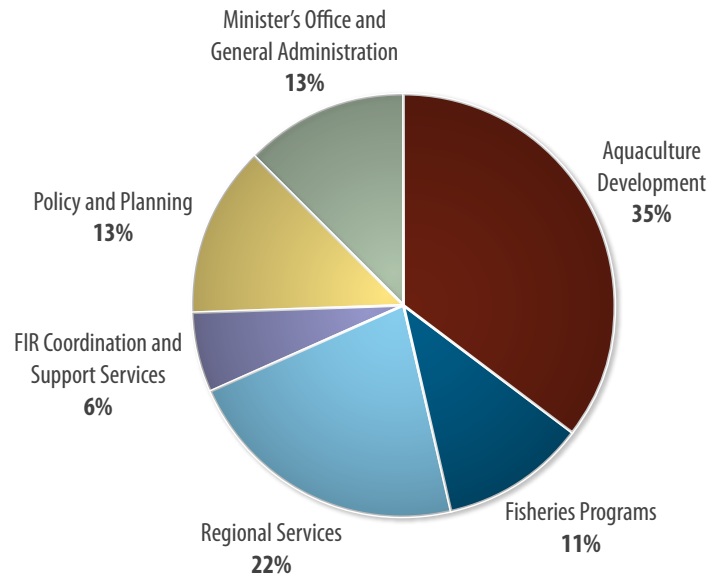
- ◀ *Aquaculture Act and Regulations*
- ◀ *Fisheries Act (Schedule C of the Executive Council Act)*
- ◀ *Fish Inspection Act and Regulations*
 - Fish Inspection Administrative Regulation
 - Fish Inspection Operations Regulations
 - Fish Inspection Ticket Offence Regulations
 - In-Province Retail Fish Establishment Regulations
- ◀ *Fishing Industry Collective Bargaining Act*

- ◀ *Fish Processing Licensing Board Act*
- ◀ *Fisheries Restructuring Act*
- ◀ *Professional Fish Harvesters Act*

Federal Legislation

- ◀ *Fisheries Act*
- ◀ *Fish Inspection Act*
- ◀ *Oceans Act*
- ◀ Marine Mammal Regulations

Distribution of Actual Net Expenditures 2008-09

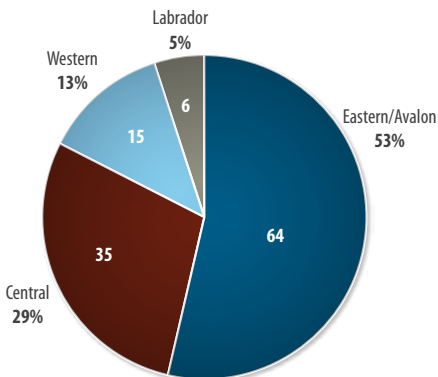


Source Document: The Report on Program Expenditures and Revenue of the Consolidated Revenue Fund for Fiscal Year ended 31 March, 2009.

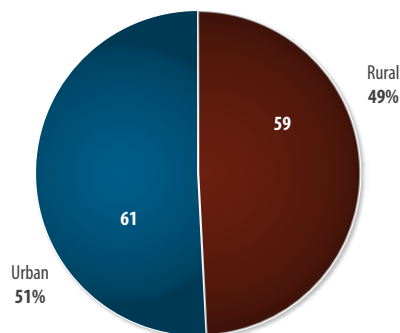
NUMBER OF EMPLOYEES

The department employs 120 people who work in four branches: a) Fisheries, b) Aquaculture, c) Marketing and Development, and d) Policy and Planning.

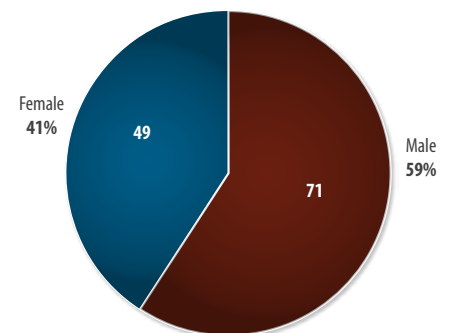
Employee Distribution by Region



Employee Distribution: Rural/Urban*



Employee Distribution by Gender



*For the purpose of this report, urban is defined as St. John's and the Metropolitan area.

DEPARTMENT OF FISHERIES & AQUACULTURE STATEMENT (UN-AUDITED) OF EXPENDITURE AND RELATED REVENUE SUMMARY FOR THE YEAR ENDED MARCH 31, 2009*			
	ESTIMATES		
	Original	Amended	Actual
	\$	\$	\$
EXECUTIVE AND SUPPORT SERVICES			
Minister's Office			
Minister's Office	354,000	376,100	211,755
General Administration			
Executive Support	971,300	1,037,300	960,646
Administrative Support (Capital)	1,485,000	1,485,000	619,082
Policy and Planning Services			
Planning and Administration	1,637,000	1,635,200	972,160
Revenue - Provincial	(2,000)	(2,000)	(55)
Sustainable Fisheries Resources and Oceans Policy	957,100	980,900	884,342
Fishing Industry Renewal Strategy			
Coordination and Support Services	1,364,600	1,414,600	846,575
Executive and Support Services Subtotal	6,767,000	6,927,100	4,494,505
FISHERIES DEVELOPMENT			
Regional Services			
Administration and Support Services	3,140,600	3,324,200	3,185,646
Revenue - Provincial	(44,500)	(44,500)	(34,570)
Fisheries Programs			
Seafood Marketing and Support Services	2,550,000	2,596,200	1,328,596
Licensing and Quality Assurance	796,100	824,700	436,292
Revenue - Provincial	(1,707,000)	(1,707,000)	(2,833,061)
Compliance and Enforcement	556,200	587,700	443,271
Fisheries Innovation and Development	3,019,700	3,056,000	2,164,710
Fisheries Development Subtotal	8,311,100	8,637,300	4,690,884
AQUACULTURE DEVELOPMENT			
Aquaculture Administration and Support Services	5,689,500	5,817,300	4,013,924
Aquaculture Capital Equity Investment	4,000,000	4,000,000	1,000,000
Aquaculture Development Subtotal	9,689,500	9,817,300	5,013,924
Department Total	24,767,600	25,381,700	14,199,313

* Source Document: [The Report on Program Expenditures and Revenue of the Consolidated Revenue Fund for Fiscal Year ended 31 March, 2009](#).
Note: Audited financial statements are not required of the Department of Fisheries and Aquaculture.

Shared Commitments

Throughout 2008-09, the Department of Fisheries and Aquaculture has worked collaboratively with municipal, provincial and federal governments, industry stakeholders, academic institutions and international representatives to implement its strategic plan.

In the 2008-2011 Strategic Plan, DFA identified five priority issues. The department recognizes the valuable contribution made by all those who worked to address these strategic priorities and the strategic directions of government.

1) Expansion of the Province's Aquaculture Industry:

DFA established cooperative working groups to develop plans in support of critical focus areas necessary for aquaculture expansion. Working groups included representation from the federal and provincial governments including: Department of Fisheries and Oceans (DFO); Department of Foreign Affairs and International Trade (DFAIT); Department of Business; Executive Council; Department of Finance;

Department of Environment and Conservation; Department of Municipal Affairs; Department of Innovation, Trade & Rural Development (INTRD); Department of Human Resources, Labour and Employment (HRLE); Department of Education; Public Service Secretariat, Multi-Material Stewardship Board; and Inter-Governmental Affairs (IGA). Recommendations received from these workgroups will be incorporated into an integrated Aquaculture Development Framework.

DFA also consulted with representatives from the Association of Seafood Producers (ASP), Seafood Processors of Newfoundland and Labrador (SPNL), Newfoundland Aquaculture Industry Association (NAIA) and the Fish, Food and Allied Workers (FFAW) union, particularly on issues related to infrastructure development.

2) Sustainable Management of the Aquaculture Industry:

The department collaborated on numerous initiatives to support its strategic direction to have enhanced the sustainability of the provincial aquaculture industry. Two of these initiatives include work to establish a pilot Atlantic cod demonstration farm and to develop an Aquaculture Animal Health and Administration Facility.

The province is moving forward to support the establishment of a cod demonstration farm. The department (\$2 million) has joined with the Department of Fisheries and Oceans (\$1 million), the Atlantic Canada Opportunities Agency (\$500,000 provided through the Business Development Bank), and Cooke Aquaculture (\$2 million) to



◀ SALMONID EXPANSION

The province committed \$7.8 million in support of a \$16 million, four-site salmon aquaculture operation in the Bay d'Espoir region. Support was provided through a loan guarantee under the Aquaculture Working Capital Loan Guarantee Initiative and an equity investment under the Aquaculture Capital Equity Investment Program. This new operation provides for 35 permanent jobs and 40-person years in processing employment.

Additional aquaculture expansion is occurring in Bay d'Espoir with the recent purchase of an existing operation by an established aquaculture company from outside Newfoundland and Labrador. It is anticipated that this new investment will grow the operation through a new hatchery and additional salmon farms. This growth may add an additional 20 jobs.

This new investment in salmonid aquaculture illustrates how the department has worked toward achieving the province's strategic direction to enhance the sustainability of the province's aquaculture industry.



◀ NAIA 2009 CONFERENCE

The department participated in the 16th annual Newfoundland Aquaculture Industry Association (NAIA) Conference and Trade Show held in St. John's in March 2009. The department also took part in the NAIA Showcase in the Coast of Bays region in September 2008. This event was developed to increase aquaculture awareness in the region. ▶



▶ SEAFOOD COOKING COMPETITION

DFA co-sponsored the 3rd Annual Seafood Cooking Competition hosted at the College of the North Atlantic Bistro Restaurant. This event highlights the quality of locally produced seafood. The department contributed \$10,000 to assist with the general organization of the event and to fund the prizes.

This year's winner Reg Dyke and his instructor, Chef Todd Smith of Academy Canada, showcased their winning entry at the International Boston Seafood Show where they prepared their specialty (mussel consommé and rolled baked yellowtail flounder) for the Newfoundland and Labrador Reception.



develop an \$8.5 million cod aquaculture demonstration farm in the Coast of Bays region. An additional DFO investment of \$2.5 million will complete the financing for this project.

Throughout 2008-09, DFA collaborated with the Department of Transportation and Works, the Canadian Food Inspection Agency's veterinary experts, industry, and municipal representatives to construct an Aquaculture Animal Health and

and Administration Facility. The pre-construction design work has been completed. The department allocated \$4.7 million to develop this facility.

3) Fishery and Aquaculture matters falling under Federal Jurisdiction:

The department engaged at the local, regional, national and international level to enhance the province's position on matters

that fall under federal jurisdiction (fisheries management, ocean policy, and international trade).

As a part of an ongoing monitoring process, DFA served on committees with others who have a shared interest in the management, growth and development of the fishing and aquaculture industries. These include: Canadian Council of Fisheries and Aquaculture Ministers; Atlantic Council of Fisheries

and Aquaculture Ministers; New England Governors-East Coast Provinces Committee; Fisheries Resource Conservation Council, Committee on the Status of Endangered Wildlife in Canada; and Canada-Newfoundland and Labrador Committee on Oceans Management. As well, the department served on a variety of fisheries advisory committees and integrated oceans management committees.*

To further support the strategic direction to enhance the province's position on fishery matters falling under federal jurisdiction, DFA also participated in international events to positively position the province on fisheries management and international trade and tariff issues. The department has also put forth positions to the federal minister on access and allocation related to seals and shrimp. The department also had representation

*For more information on DFA's committee participation, see page 35.



on the Canadian Delegation to the Northwest Atlantic Fisheries Organization (NAFO) and participated on all working groups related to straddling fish stocks.

To this same end, the department also participated in quarterly

▲ SEALING WORKSHOPS

DFA provided funding to the Fur Institute of Canada and to the Marine Institute to carry out workshops with sealers. Sealers learned about current safety practices and engaged in discussions with veterinarians, academic institutions, Canadian Coast Guard, federal and provincial government representatives and other stakeholders.



◀ COD RECOVERY INITIATIVES

The province continued to dedicate resources to Cod Recovery Initiatives. In 2007 and 2008, DFA funded an offshore acoustic survey involving MUN and DFO science personnel. The 2008 survey located a large aggregation of cod in the offshore.

The information was presented by Dr. George Rose at the Regional Advisory Process in St. John's in February 2009. For a complete overview of the department's Cod Recovery Initiatives, please visit the department's website www.fishaq.gov.nl.ca

meetings of the Committee on Trade (C-Trade) to keep informed of developments at the World Trade Organization (WTO) and bilateral discussions between Canada and the EU. C-Trade is a federal/provincial/territorial committee that focuses on trade issues. DFA communicated its position to DFO and DFAIT on a number of trade issues including the proposed WTO Fisheries Subsidies text, EU trade bans on seal products and Canada-EU studies on the benefits of a Canada-EU economic partnership agreement.



The department continued to collect scientific information related to the marine fishery. As part of this work, the department worked cooperatively with the Canadian Centre for Fisheries Innovation and with industry to survey the Atlantic hagfish resource in NAFO Areas 3O and 3Ps. The department also continued its efforts to explore sea cucumber as an emerging fishery on the Northern Peninsula. This exploratory fishery is in its fourth year of a five-year program to monitor fishing activity under the Department of Fisheries and Oceans' Emerging Fisheries Policy.

4) Enhancing the Value of the Fishing and Aquaculture Industries:

DFA worked with processors, harvesters, the Canadian Centre for Fisheries Innovation (CCFI), Marine Institute (MI), Memorial University of Newfoundland (MUN), NAIA, and FFAW to encourage and support industry to undertake marketing, safety and innovation initiatives to further enhance the value and presence of Newfoundland and Labrador seafood in the global marketplace. DFA also worked

▲ INTERNATIONAL BOSTON SEAFOOD SHOW

From left to right: Tom Hedderson, Minister of Fisheries and Aquaculture, Honourable Gail Shea, Minister of Fisheries and Oceans, Minister Neil LeClair of Prince Edward Island, Minister Rick Doucet of New Brunswick, Honourable Keith Ashfield, Minister of State (Atlantic Canada Opportunities Agency), and Minister Ron Chisholm of Nova Scotia. March 2009.

with MI and CCFI to investigate sustainable, innovative methods of harvesting fish that support conservation and yield higher quality products.



▲ SAFETY AWARENESS

As a part of the Fishing Industry Renewal initiatives, the department has joined with Professional Fish Harvesters Certification Board, Workplace Health and Safety Compensation Commission and Memorial University of Newfoundland to produce a video that will promote safety awareness among fish harvesters. It will include information on regulatory requirements for vessel operations and approved safety procedures. This instructional tool will reinforce a safety culture within the fish harvesting sector with the ultimate goal of reducing injuries and incidents at sea. The project has the potential to reach approximately 12,000 harvesters and will provide quality occupational health and safety information specific to the province's fishing industry, developed by knowledgeable individuals serving on three technical advisory committees.

To promote safety across the entire industry, DFA, in collaboration with CCFI, Professional Fish Harvesters Certification Board (PFHCB), Workplace Health, Safety & Compensation Commission (WHSCC), MI, and MUN, recently initiated a project entitled *Safety and Seamanship for Fish Harvesters*. This joint project will produce a video to promote safety awareness and safe work practices on fishing vessels.

These initiatives all contribute to government's strategic direction to strengthen the role of the fishing industry as a key pillar of sustainable economic growth in the province.

5) Fishing Industry

Renewal: Fishing Industry Renewal initiatives focused on key elements of the industry. These initiatives were implemented to strengthen the role of the fisheries as a key pillar of sustainable economic growth

in the province, a strategic direction of government. The department worked with other government departments, including DFO, INTRD and the Department of Finance, to enhance the Fisheries Loan Guarantee Program (FLGP). DFA also worked with the Department of Municipal Affairs, HRLE, INTRD and Service Canada to deliver the workforce adjustment measures, a suite of adjustment transition activities implemented in response to permanent fish plant closures.

In addition to these initiatives, the department consulted with industry representatives from ASP, SPNL, FFAW and the Professional Fish Harvesters Certification Board to address

quality assurance, achieve sector efficiency and foster opportunities through marketing. These specific activities included strengthening the Fish Processing Licensing Policy; implementation of a pilot fish auction; enhancement of marketing opportunities; enhancement of industry safety; and promotion of fisheries research and development.

► INSPECTION REGULATIONS

In 2008, the department published new Fish Inspection Ticket Offence Regulations. Fish inspection staff have completed training and are prepared to begin issuing tickets for minor infractions in April 2009. These new ticketing procedures, a quality assurance measure, ensure that seafood products are handled and processed in a safe and clean environment. These new measures also contribute to the province's strategic direction to strengthen the role of the fishing industry as a key pillar of sustainable economic growth within the province.



◀ ENERGY EFFICIENCY

DFA supported an energy efficiency initiative for the processing sector. The Association of Seafood Producers has received funding to identify ways to reduce energy costs in the seafood processing sector. A consultant has been hired to prepare an in-depth Energy Reduction Strategy at two multi-species processing facilities within the province. The project includes an energy audit of all operations at these facilities to identify measures to reduce energy costs, as well as alternate technologies to reduce and recycle energy. It is anticipated that this initiative will provide for immediate economic benefits in energy reduction and increase overall viability.

Strategic Issue 1:

Expansion of the Province's Aquaculture Industry

► HEALTH DIAGNOSTIC LAB

The province is moving forward to construct an Aquaculture Animal Health and Administration Facility. Preliminary design work has been completed. It is anticipated that construction of the lab in St. Alban's will begin in 2009. The addition of this facility will provide critical support to enhance the sustainability of the province's aquaculture industry, a strategic direction of government.

Throughout the fiscal year the Department of Fisheries and Aquaculture has supported numerous approaches to expand the aquaculture industry. As a result, the industry in Newfoundland and Labrador has been growing at an unprecedented rate. In 2008, aquaculture production jumped to a record level of production at 11,545 tonnes (up from 8,300 in 2007), with a record export value of \$63.1 million (up from \$40 million in 2007). Established aquaculture companies continued to launch new ventures in this province, including the start-up of a pilot Atlantic cod demonstration farm. This growth in the industry generates employment in rural areas of the province and will create additional levels of employment in both the supply and service sectors.

Through its efforts to create an industry known for its excellent fish health, top quality seafood, solid infrastructure system, and sound regulatory policies, the department has contributed to the province's strategic direction to enhance the sustainability of the aquaculture industry. Based on prior investments and existing fish stocks, aquaculture growth is expected to continue into 2009-10.

Goal 1: March 31, 2011, the Department of Fisheries and Aquaculture will have supported the expansion of the province's aquaculture industry.

Objective 1: By March 31, 2009, the Department of Fisheries and Aquaculture will have developed approaches to support the expansion of the aquaculture industry.

Measure: Developed approaches to support the expansion of the aquaculture industry.



Initial concept rendering of the Aquaculture Animal Health and Administration Facility

INDICATORS

1.1 Constructed an aquaculture health diagnostics lab.

1.2 Hired additional staff.

1.3 Engaged working teams to develop strategies for salmonid expansion.

ACCOMPLISHMENTS

At the beginning of the fiscal year a working group comprised of representatives from the Department of Transportation and Works, DFA and the Canadian Food Inspection Agency was formed to advise, coordinate and oversee the construction of an Aquaculture Animal Health and Administration Facility. A consulting firm was contracted to develop the architectural design and to oversee the construction process.

By mid-July, approximately 66 per cent of the design work was completed. The design had neared completion by the end of the fiscal year. Dialogue with contractors and sub-contractors for construction was initiated. The planned construction did not begin in 2008-09 due to unexpected delays outside the control of the department.

DFA will continue to work with all available resources to see construction of this facility begin in 2009-2010. It is planned to tender for site preparation in June 2009, followed by a tender for building construction in August 2009. This work will fall under the umbrella of the Aquaculture Development Framework. The objective of the Aquaculture Development Framework is to identify various components of industry development and ensure that the industry develops in a sustainable manner

This indicator has been accomplished and staff required for 2008-09 were hired, including a Registered Veterinary Technologist and Biosecurity Auditor.

DFA currently has an Aquaculture Health Unit with three laboratories of varying capabilities. This unit will expand with the completion of the health diagnostic lab.

Additional requests and budgeting for staffing have been approved for 2009-10 to include one Aquaculture Veterinarian, a Veterinary Lab Technician, and a Veterinary Lab Technologist. It is anticipated that the new health diagnostic facility will employ six specialized staff.

Working groups (comprised of provincial and federal government representatives from INTRD, DFA, DFAIT, and other departments) were established to develop work plans to expand the salmonid industry.

Work plans received from the work groups have been incorporated into a draft integrated strategy for salmonid expansion. The draft strategy has been distributed to the working groups for comments. Feedback will be incorporated into the development of a policy paper. This indicator has been met.

1.4 Developed a blueprint for mussel development

The initial assessment of opportunities for growth of mussel production in existing or new sites in Notre Dame Bay and Green Bay regions was completed, and a draft approach on growth opportunities was prepared. The department has gathered important information through the Green Bay Blue Mussel Management Plan, the Notre Dame Bay Blue Mussel Management Plan, the Connaigre Peninsula Blue Mussel Management Plan, the Green Bay/Notre Dame Bay Infrastructure Assessment and the site identification and evaluation document outlining potential sites along the east and south coast of the province. The department is still awaiting other critical information that is being compiled by industry. Information gathered from these sources will be used in the development of a blueprint.

Through the salmonid expansion strategy, a working group has been tasked with submitting recommended infrastructure development strategies. This group addressed, among other things, the water use issue. This information is also critical to further developing a blueprint for mussel development.

The blueprint for mussel development will be completed when critical information relating to infrastructure is available, which is expected early in the new fiscal year. Further work on this activity has been carried forward to 2009-10 and will be encompassed under the Aquaculture Development Framework.

1.5 Facilitated the development of a commercial scale Atlantic Cod demonstration farm.

The department has worked to facilitate the development of a commercial scale Atlantic cod demonstration farm. The department finalized selection of an industry partner and secured funding commitments. As announced on March 2, 2009, DFA has joined with the Department of Fisheries and Oceans, the Atlantic Canada Opportunities Agency, and Cooke Aquaculture to pilot an \$8.5 million Atlantic cod aquaculture demonstration farm in the Coast of Bays region. DFA has contributed \$2 million to this project. This indicator has been met.

The department will continue to provide input and technical support to this project. It is anticipated that this pre-commercial scale operation will demonstrate the viability and feasibility and at the same time, promote investor confidence in cod aquaculture.

In addition to successfully bringing commercial quantities of cod to market, this project will also provide an opportunity to train students and workers in the area of cod farming and early rearing, as well as provide an opportunity for further research and development to occur. Seventeen new jobs will be created in addition to secondary employment opportunities in the processing, production, supply and service sector.

In 2009-10, initiatives around cod aquaculture will be included under the Aquaculture Development Framework.

1.6 Drafted an infrastructure plan as required for commercial species expansion.

A discussion paper addressing the infrastructure requirements necessary for the development of the province's aquaculture industry was drafted in February 2008. The paper was combined with the Salmonid Strategic Plan to encompass aspects of infrastructure necessary for expansion and submitted for government approval.

In this fiscal year, the department commissioned a study to examine current biosecurity threats posed by a lack of suitable infrastructure and to recommend solutions for addressing any deficiencies. The report, prepared by Rutter Hinz Inc, was submitted on March 31, 2009. Specific infrastructure needs in the Bay d'Espoir/Connaigre Peninsula/Fortune Bay area of the province were identified. (To view the entire report, please visit the DFA website: www.fishaq.gov.nl.ca)

The final consultant's report contained a draft infrastructure plan that will be reviewed by government and industry prior to implementation. This indicator has been completed. In 2009-10, infrastructure will be included under the Aquaculture Development framework.

1.7 Developed a process to address resource conflict issues

As a part of the initial assessment, DFA supported industry (NAIA) with funding to retain a consultant (June 2008) to assess water conflict issues, identify access rights related to water use, and recommend an approach to reduce resource conflict issues.

Work is ongoing to address resource conflict issues. The amount of time required to collect the needed information and to consider all options has caused some delay. It is anticipated that the consultant's report will be extremely valuable in developing a process. DFA is also considering policy options as a way of resolving resource conflict issues. NAIA will be actively involved in work to develop a process to address resource conflict issues. This activity will continue through workplans into the new fiscal year.

Discussion of Results

Throughout 2008-09, the department has supported infrastructure development, worked to increase support services and worked to develop a salmonid expansion strategy to ensure that the aquaculture industry is developed in a sustainable and viable manner.

DFA committed approximately \$1.9 million to waste-water treatment equipment for processing facilities on the south coast of the island. The department also commissioned a comprehensive marine infrastructure development study to identify and address additional requirements necessary for the expansion of the aquaculture sector. The final report of this study has been received, and the department is poised to begin work on the identified priorities.

Biosecurity protocols in this province's aquaculture industry are advanced and are among the best in the world when it comes to protecting the consumer and the environment. To further support the sustainable expansion of the aquaculture industry, the department has worked to finalize plans to establish an Aquaculture Animal Health and Administration Facility in St. Alban's.

Although construction did not occur in this year, plans have been ongoing to ensure that this facility will meet immediate and future needs of this growing industry. Tenders will be let for site preparation and building construction in Summer 2009. It is anticipated that construction will begin in 2009-10.

The department has worked throughout the year to develop an integrated salmonid expansion plan. To this end, experts in aquaculture were engaged to form focused working groups to develop and submit recommended strategies for expansion. Submissions have been incorporated into an integrated expansion plan that is currently under review.

The department has also led the way in the development of a commercial scale Atlantic cod demonstration farm in this province. The main purpose of this project is to develop a commercial scale cod farm in the Coast of Bays region with a hatchery/nursery in Belleoram. Based on extensive research, it is anticipated that over the next four years this large operation will demonstrate the viability and feasibility of a commercial cod farm being located in this province.

Through all of these initiatives, the department has contributed to the province's strategic direction to enhance the sustainable growth and investment in the aquaculture industry.

Commitment for 2009-2010

Objective 2: By March 31, 2010, the Department of Fisheries and Aquaculture will have begun implementation of approaches to support the expansion of the aquaculture industry.

Measure: Begun implementation of approaches to support the expansion of the aquaculture industry.

Indicators:

1.1 Begun implementation of approaches of the Aquaculture Development Framework:

- Infrastructure
- Salmonids
- Mussels
- Cod



Strategic Issue 2:

Sustainable Management of the Aquaculture Industry

Sustainable management of the aquaculture industry means growing the industry in a way that it is economically feasible and environmentally sustainable.

The department continues to develop a sustainable management framework to include regulatory changes and communications processes that will serve to enhance the sustainability of the aquaculture industry, a strategic direction of government. Sustainability issues in the aquaculture industry will continually evolve as scientific, technological, economic, social and political factors change.

The department is committed to developing a comprehensive and enduring approach to ensure that the aquaculture industry developed today will benefit future generations. To accomplish this, the department has completed an internal review of policies, regulations and legislation to identify changes required to support a sustainable industry. A review of communication processes has also begun to identify existing and new ways to promote environmental sustainability to both industry and the general public.

Goal 2: March 31, 2011, the Department of Fisheries and Aquaculture will have implemented a sustainable management framework for the aquaculture sector.

Objective 1: By March 31, 2009, the Department of Fisheries and Aquaculture will have commenced development of a sustainable management framework for the aquaculture sector.

Measure: Commenced development of a sustainable management framework for the aquaculture sector.



INDICATORS

2.1 Completed an internal review of aquaculture policies, regulations and the Act.

2.2 Drafted a sustainable management framework.

2.3 Initiated development of a communication process to promote environmental sustainability.

ACCOMPLISHMENTS

The department has completed an internal review of aquaculture licensing policies, regulations and the *Aquaculture Act*. Several issues were identified that require policy or legislative changes to support sustainable management of the industry. A revised policy document will be compiled in 2009-10. Consultations with industry will be conducted prior to moving forward.

In 2009, the department established a working group to draft a sustainable management framework. Key elements of the framework were identified to include procedural and regulatory harmonization, risk analysis, programming, area management planning, strategic partnerships and communications. Under the same framework, biosecurity and environmental management programs will be improved, and risk management will become more prominent in the governance approach.

The draft sustainable management framework is complete. Work to finalize the framework will continue into the 2009-10 fiscal year.

The department initiated development of a communication process to promote environmental sustainability. The process will:

- 1) ensure that new and proven technologies are shared and communicated within the aquaculture sector;
- 2) provide guidance that clearly identifies regulatory and social expectations;
- 3) utilize auditing as a transparent mechanism to communicate and maintain better practices that ensure environmental sustainability; and
- 4) provide objective and comprehensive public reporting of environmental practices, performance and incidences to drive improvement.

All of these approaches and others will be discussed further in the context of promoting environmental sustainability and will be developed under the sustainable management framework.

Discussion of Results

The province has identified sustainable management of the aquaculture industry as a strategic priority. To work toward this end, the department has reviewed all aquaculture policies and has identified a need for regulatory changes. Changes are being developed and will incorporate sustainable management into policy, procedures and regulations. It is anticipated that the revised policy document will be completed in 2009-10. Consultations with industry and NAIA will follow.

In addition to policy review and revision, the department has drafted a sustainable management framework that will address all aspects of the aquaculture industry. Key elements of the framework will include regulatory harmonization, risk analysis and management programs, area management planning and enhanced biosecurity measures. The goal of the sustainable management framework is to ensure that sustainable practices are implemented in a way that contributes to a growing and dynamic aquaculture industry for the Province of Newfoundland and Labrador.



Cultured blue mussels

Commitment for 2009-2010

Objective 2: By March 31, 2010, the Department of Fisheries and Aquaculture will have completed development of a sustainable management framework for the aquaculture sector.

Measure: Completed development of a sustainable management framework for the aquaculture sector.

Indicator:

2.1 Development of sustainable management framework completed.

Strategic Issue 3:

The Province's Position on Fishery and Aquaculture Matters Falling under Federal Jurisdiction

In 2008-09, Newfoundland and Labrador seafood products were exported to over 60 countries. The province aimed to maintain these existing export markets, expand trade, and reduce market access barriers. Exports are instrumental to growth and development in the fishing and aquaculture sectors. Yet, international trade falls under federal jurisdiction. Nevertheless, the province continues to take a proactive approach to trade issues that impact the Newfoundland and Labrador seafood industry. This has included presenting the province's position to the federal government on multilateral negotiations at WTO and bilateral discussions with the European Union.

Similarly, the province's marine fishery, which is also under federal jurisdiction, is directly impacted by decisions made about access to fish stocks lying off the coast of Newfoundland and Labrador. Annually, the Minister of Fisheries and Oceans sets fisheries regulations that impact the province's access to fish stocks. Northwest Atlantic Fisheries Organization (NAFO) sets regulations governing the Total Allowable Catch (TAC) and quotas for straddling fish stocks. Distribution of TAC and quotas to various fleets falls under federal jurisdiction.

Because the fishing and aquaculture industries are so directly impacted by matters that fall under federal jurisdiction, it is imperative that the province monitor international trade issues and coastal and oceans management decisions that shape the future of the province's seafood industry. To this end, the department communicated its position on these issues and ensured the federal government was informed of the province's priorities related to aquaculture development for the purpose of federal funding. Through its initiatives, the department is working to enhance the province's position on fishery matters that fall under federal jurisdiction, a strategic direction of government.

Goal 3: By March 31, 2011, the Department of Fisheries and Aquaculture will have demonstrated a leadership role in relation to federal policy pertaining to marine fisheries, aquaculture, trade, and coastal and oceans management.

Objective 1: By March 31, 2009, the Department of Fisheries and Aquaculture will have communicated its position to the federal government on matters pertaining to marine fisheries, aquaculture, trade, and coastal and oceans management.

Measure: Communicated its position to the federal government on matters pertaining to marine fisheries, aquaculture, trade, and coastal and oceans management.

INDICATORS

3.1 Communicated the province's position on issues that arise in WTO and EU negotiations.

3.2 Monitored changes resulting from NAFO reforms.

3.3 Communicated on issues relating to the province's sealing industry.

ACCOMPLISHMENTS

The department participated in quarterly C-Trade meetings to stay abreast of developments related to Non-Agriculture Market Access (NAMA) negotiations, WTO trade disputes and a Canada-EU economic partnership. Ongoing analysis of trade issues relating to WTO and the EU were conducted including: WTO rules, NAMA negotiations relating to tariff reduction formulas, EU studies on the economic impacts of a Canada-EU bilateral agreement, traceability, IUU fisheries (Illegal, Unreported, Unregulated), and proposed EU regulations concerning trade bans on seal products. The province regularly communicated its position on these issues to DFO, DFAIT, IGA and INTRD.

As a member of the Canadian Delegation, the province participated in the annual and intercessional NAFO meetings to monitor developments and changes resulting from NAFO reforms. The main issues addressed by NAFO this year were: TAC for Greenland halibut, 3LNO yellowtail flounder, 3L shrimp and multi species by-catch provisions. A trade of Canadian yellowtail to the Americans for shrimp further demonstrates the need for Canada to pursue custodial management of straddling fish stocks.

The department has communicated with the federal government, EU representatives and the sealing industry on issues relating to sealing. The purpose of the sealing communications and advocacy strategy is to inform all audiences of the humaneness, sustainability and economic importance of the hunt.

DFA persistently communicated with DFO and DFAIT about its concerns relating to the developing trade issues that impact the sealing industry. The province specifically has requested the Government of Canada to initiate trade action under the World Trade Organization (WTO) against the EU or any of its member countries who implement seal product trade bans. More specifically, the department has repeatedly requested that trade action be taken against countries that have already imposed trade bans on seal products, including Belgium and the Netherlands.

In addition to communicating with the federal government, the minister spoke directly with several EU representatives who are in a position to influence the outcome of the proposed ban. The minister also met with Senator Celine Hervieux-Payette of Quebec, an advocate of the sealing industry, to discuss collaborative initiatives to support the Canadian sealing industry.

3.4 Defined the province's responsibility, versus federal responsibility, in terms of coastal and oceans management.

The department prepared a position paper, "Sharing in the Gulf of St. Lawrence Seal Harvest," intended to inform and to promote the province's position on maintaining its historic share of the harvest.

The minister had addressed three clear messages:

- 1) the EU seal product ban is a violation of international trade agreements;
- 2) explanation of the role the seal harvest plays in fisheries management;
- 3) the facts about animal welfare in the Canadian seal harvest.

These messages were reiterated in a Newfoundland and Labrador advertisement placed in "The Parliament," an EU magazine targeted at Members of the European Parliament. The department also sent delegates, including senior officials and industry representatives, to Brussels to meet with Parliament and other EU representatives to inform them about the facts of the seal hunt.

In efforts to ensure the seal harvest continues with the highest standards of animal welfare, the department funded and participated in Sealer Information Workshops around the province, informing sealers about current issues and new humane harvesting regulations instituted by DFO. These workshops also allowed for an open forum for discussions on sealing industry communications. The department also produced an updated sealers handbook to include information for sealers on best sealing practices for both quality and a humane harvest.

The province has worked in cooperation with the federal government through the Canada-Newfoundland Coastal and Ocean Management Committee to more clearly define provincial and federal responsibilities. Initial work has been focused on clarifying the province's responsibility versus the federal government responsibility. In addition to this, the province has committed to increasing the province's capacity for coastal and oceans management by working in cooperation with all levels of government, industry, NGOs, various stakeholders and the general public.

The department is developing a Provincial Coastal and Oceans Management Strategy and Policy Framework. As a part of this work, the department initiated and chaired the Provincial Coastal and Oceans Network (PCON), a network of 11 departments who work together to promote cooperation on coastal and oceans management issues.

The department further commissioned two regional issues scans to collect input from government agencies, non-government organizations (NGOs) and the public. The top three issues identified were: coastal land use, marine infrastructure and community sustainability. Information garnered from the scans will further inform the development of an oceans management strategy.

3.5 Pursued outcomes favorable to the province's position on fisheries issues under federal jurisdiction.

The federal government changed their Oceans strategy in the last fiscal year to one based on Health of the Oceans as opposed to Integrated Management. This has required a change in focus internally and resulted in delays in the delivery of a strategy. Work on this indicator is ongoing with further work to be completed in 2009-10. When completed this will be the first Provincial Coastal and Oceans Management Strategy and Policy Framework in Eastern Canada.

The federal government has jurisdictional responsibility over fisheries management and oceans policy. The department participated in the Oceans Task Group of Canadian Council of Fisheries and Aquaculture Ministers, served on multiple Atlantic and regional advisory committees and participated in the Canada/Greenland bilateral consultation and the Canada/France bilateral discussion. The purpose of the province's participation was to gather information and communicate the province's position to the federal government on issues arising. Specifically, the province actively pursued favorable outcomes for the province relating to fisheries management, fish stocks and information exchange.

The Government of Canada also has jurisdiction for international trade and is responsible for trade negotiations. To improve and expand the province's access to international markets, the department monitored issues in international trade including proposed WTO and EU trade regulations, tariffs and non-tariff barriers that impact seafood exports. The department communicated the province's position on all issues to DFAIT in an effort to better position the province in future international trade negotiations.

3.6 Explored processes aimed at strengthening the province's profile.

The department worked to elevate the seafood industry's standing with international markets and thus, strengthen the province's profile through scientific initiatives, seafood promotion, and quality assurance initiatives. This work focused on scientific research to assure markets of ongoing availability of products, increase seafood promotion, and enhance quality assurance initiatives. DFA participated in scientific assessments for cod and crab and served on the Fisheries Resource Conservation Council which is conducting a study on Atlantic Herring. The department also supported several scientifically-based cod recovery projects.

3.7 Promoted strategic aquaculture priorities for federal funding.

The department has promoted the availability and quality of this province's seafood products at numerous venues to strengthen the province's profile within the international marketplace. The department has also worked with CFIA to identify food inspection policies that may affect international trade. The aim of this involvement is to ensure that the province's seafood is known for its high quality and enhance the reputation of Newfoundland and Labrador and seafood worldwide.

To ensure that the province's priorities were at the forefront of federal funding accessed through the Aquaculture Innovation and Market Assistance Program (AIMAP), the department presented its priorities to DFO in July 2008. The province's strategic priority for aquaculture is the sustainable commercial development and management of infrastructure in support of mussels, cod, finfish and salmonid industries. To further promote the province's aquaculture priorities, a representative of the province served on the AIMAP selection committee to ensure that provincial projects funded addressed the province's priorities. As a result of these efforts, Newfoundland and Labrador companies have received federal funding to implement four projects:

- 1) Early commercialization of submersible technology that will enable development of deep water mussel aquaculture in areas exposed to Arctic ice in Newfoundland and Labrador.
- 2) Product development, commercialization and marketing of blanched Individually Quick Frozen (IQF) whole mussels in shell.
- 3) The design, production and testing of an enhanced hydraulic system with the capacity to operate multiple pieces of hydraulic machinery simultaneously in order to reduce on-farm mussel handling.
- 4) The Newfoundland and Labrador Commercial Atlantic Cod Farm Demonstration Project.



Seal pelt processing

Discussion of Results

Throughout the fiscal year, the department has advanced the province's strategic direction to have enhanced the province's position on fishery matters falling under federal jurisdiction. There are two key issues under federal jurisdiction that have a major impact on the solvency of the province's seafood industry: 1) access to global markets unencumbered by tariff and non-tariff barriers and 2) access to fish stocks off the coast of Newfoundland and Labrador. Conventions governing access to international trade and fish stocks are developed by regulatory bodies outside the province's jurisdiction. It is the federal government that is responsible for negotiating international trade agreements and for allocating quotas from both domestic and NAFO managed stocks.

The province has participated in meetings and monitored and analyzed all international trade issues that have a direct impact on this province's access to global markets. The department regularly communicated its position on these matters. The province pressed the federal government to initiate trade action against countries that proposed a trade ban on seal products. The province has also encouraged the federal government to prepare to take trade action against the EU if the trade ban on seal products is implemented. The province has directly communicated with EU officials who are in a position to reject the ban.

In an effort to ensure conservation of straddling fish stocks, the department routinely advised the federal government of issues and pressed the federal government to assume custodial management over the Nose and Tail of the Grand Banks. Under this system, Canada would have enhanced decision-making authority over straddling stocks.

The department also worked closely with the federal government on aquaculture development and served on the Canadian Council of Fisheries and Aquaculture Ministers (CCFAM). To ensure that federal funding for aquaculture supports the province's priorities, the department met with DFO and served on a committee that reviewed requests for aquaculture funding. As a result, four aquaculture projects that are in line with the province's priorities have been funded.

During this fiscal year the department has collected and reviewed information from a variety of sources, including two regional issue scans, in its effort to define the province's responsibility in terms of coastal and oceans management. However, due to a recent change in the federal government's focus from Integrated Management to Health of the Oceans, it has been necessary for the department to also shift its focus. This adjustment has delayed the completion of this initiative. Work on this strategy will continue into the new fiscal year.

Commitment for 2009-2010

Objective 2: By March 31, 2010, the Department of Fisheries and Aquaculture will have reviewed its federal/provincial relationship and adjusted its approach as appropriate.

Measure: Reviewed its federal/provincial relationship and adjusted its approach as appropriate.

Indicators:

3.1 Developed a provincial coastal and oceans management strategy and policy framework.

3.2 Reviewed positions and/or decisions of federal government in relation to provincial positions and/or input and adjusted our approach as appropriate regarding:

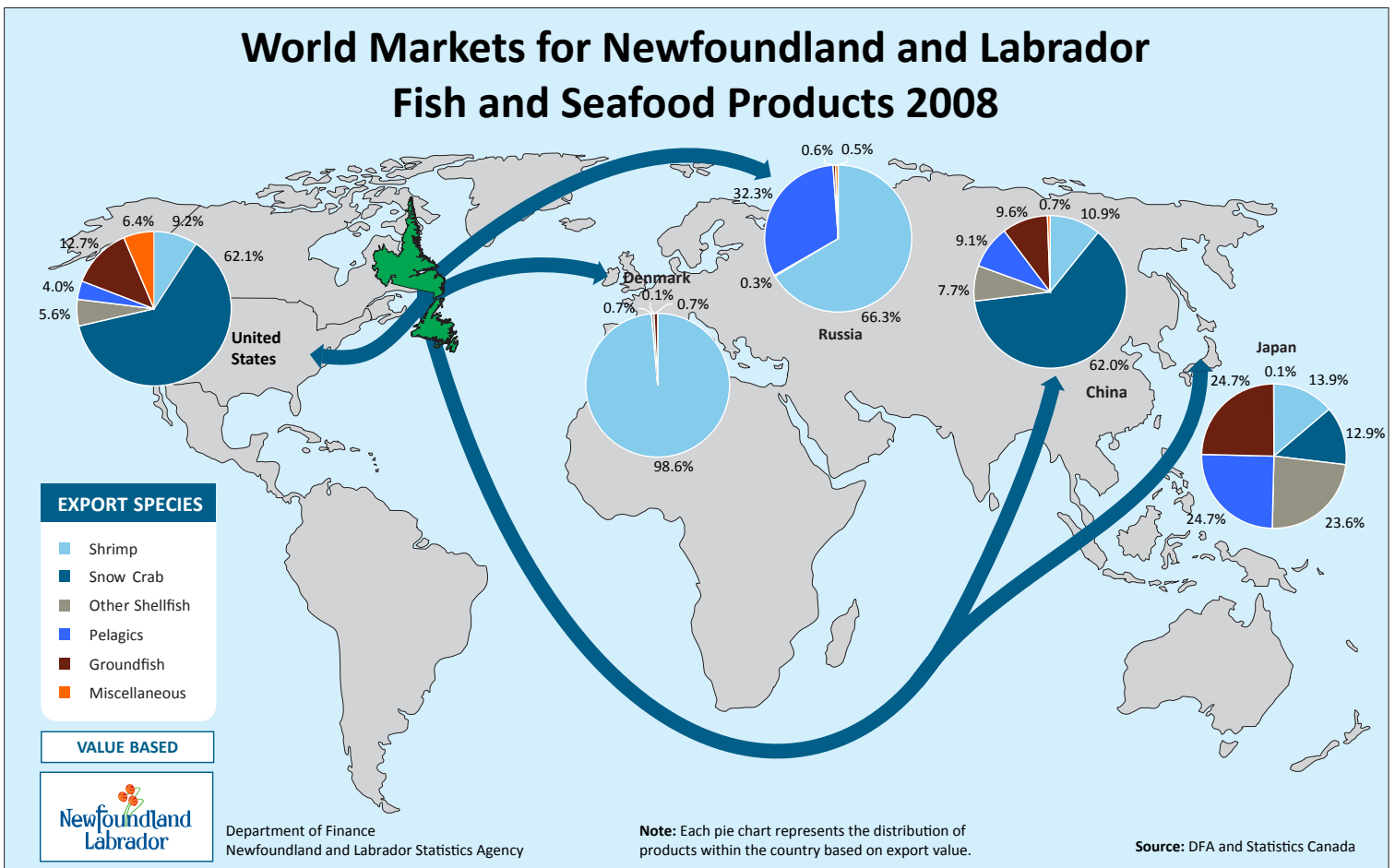
- WTO and EU negotiations
- NAFO reform
- Outcomes favourable to the province
- Promotion of aquaculture priorities for federal funding
- Sealing industry

Market Overview

“The United States (U.S.) and China remained the province’s largest seafood markets in 2008, accounting for 31.9 percent and 22.5 percent of export value respectively. Other key markets included Russia, Japan and Denmark, which represented 7.5 percent, 7.5 percent and 7.2, percent respectively. These top five markets comprised 76.6 percent of the province’s export value. The United Kingdom (U.K.) accounted for 5.8 percent in 2008. The remaining 17.6 percent was exported to over 50 other countries.

Exchange rates continued to impact the province’s seafood industry in 2008. A large portion of the province’s seafood is sold for U.S. dollars. The Canada/U.S. exchange rate was unfavorable at the start of the season; however, it improved as the season progressed, thereby increasing industry margins. Sales to the U.K. market, however, declined due to an appreciation of the Canadian dollar relative to the U.K. pound.”

Seafood Industry Year in Review 2008, Page 14



Strategic Issue 4:

Enhancing the value of the Fishing and Aquaculture Industries

The global seafood market is expanding both in volume and in value. To improve the province's place in the world seafood market, the province has taken steps to encourage product diversification, ensure high quality seafood products, improve utilization of existing resources, increase use of under-utilized species, promote value-added production, and increase production efficiency. All of these innovative initiatives are intended to enhance both the value and presence of the province's seafood products in the global marketplace.

High quality often translates into high value. With this as the foundation, the province is committed to encouraging and supporting innovation and new marketing enhancement initiatives to raise the value of Newfoundland and Labrador's seafood products in the world market. These initiatives are designed to strengthen the role of the fishing industry to ensure sustainable economic growth within the province, a strategic direction of government.

Goal 4: By March 31, 2011, the Department of Fisheries and Aquaculture will have implemented additional initiatives designed to enhance the value and presence of Newfoundland and Labrador seafood products in the global marketplace.

Objective 1: By March 31, 2009, the Department of Fisheries and Aquaculture will have begun implementation of additional initiatives designed to enhance the value and presence of Newfoundland and Labrador seafood products in the global marketplace.

Measure: Begun implementation of additional initiatives designed to enhance the value and presence of Newfoundland and Labrador seafood products in the global marketplace.



Cultured Blue Mussels



Steelhead Trout

INDICATORS

4.1 Worked with industry to implement market enhancement initiatives.

4.2 Developed and implemented new program initiatives to support fisheries innovation.

ACCOMPLISHMENTS

In 2008-09, DFA worked with industry to implement market enhancement initiatives by encouraging innovation and participation in international seafood trade shows.

DFA promoted market enhancement initiatives and other innovative activities to more than 100 participants from industry, academic institutions, and companies. The department has encouraged industry to pursue innovative research and development relating to introducing new products, market development/sampling, distribution, labeling, Marine Stewardship Council (MSC) eco labels, packaging, certification, food safety, quality, and direct marketing initiatives. All of these activities contribute to market enhancement.

DFA participated in a number of major international seafood trade events in 2008-09, including the International Boston Seafood Show (IBSS), the European Seafood Exposition, Conxemar (Spain), and the China Fisheries and Seafood Expo. The department involved industry in selecting these events and in some cases, provided financial support to seafood companies and industry associations to participate. A cross section of companies with representation of all species participated in or attended these events. For example, six exhibitors and 30 other companies attended the IBSS.

Through its existing Fisheries Technology and New Opportunities Program (FTNOP), a research and development program, DFA supported the development and implementation of new program initiatives to support fisheries innovation. As a result, many innovative initiatives aimed at diversifying the industry and increasing overall economic viability were implemented. The total investment in innovative projects by government and industry totaled over \$15 million. There were 120 FTNOP applications received, and more than half were approved for funding. Of the projects approved in 2008-09, approximately 50 per cent involved the processing sector; 38 per cent were in the harvesting sector; and 12 per cent were related to marketing.

FTNOP, an element of the Fishing Industry Renewal Strategy (FIR) strategy, supported innovative projects with special emphasis on the efficient utilization of traditional species, better use of under-utilized species and enhanced value-realization of all fisheries resources. Projects also focused on recovery of raw material waste, reduced discarding of by-products, and ways to reduce operating costs. FTNOP also supported innovative initiatives relating to safety, energy efficiency, new technology and research.

4.3 Identified new quality initiatives.

During this fiscal year, the department developed and implemented new quality assurance initiatives. These activities include a series of quality assurance and enforcement training sessions as listed below:

- 1) a course on grading criteria for the sealing industry, delivered to inspectors;
- 2) training sessions with plant workers relating to a four-phase shrimp quality assessment project, (funded through FTNOP);
- 3) inspector training sessions on Seafood Handling, Grading and Processing, Interviews and Interrogations, Criminal Law, Search and Seizure, Law Enforcement Ethics, and Communications. These sessions are a part of the Quality Compliance and Enforcement Program (QCEP) and were delivered by the College of the North Atlantic; and
- 4) a session on enforcement measures (ticketing) delivered to inspectors by the Royal Newfoundland Constabulary.

To further raise awareness and to explore continuity of quality assurance training and regulatory compliance, the department has met with industry to discuss shared funding for future delivery of grading training modules.

In addition, the department has initiated a project to evaluate used and new salt. The department is also in the process of developing a whelk sector handbook to further enhance quality within the industry.

► SEA CUCUMBER PROJECT

The department supported sustainable harvesting development and sea cucumber development on Fogo Island. For many years the department has worked with the Fogo Island Co-op on sea cucumber development, employing 30 or more people in seasonal processing. This supports conservation and delivers a higher-quality product, contributing to increased returns in the marketplace. This ongoing project supports the province's strategic direction to strengthen the role of the fishing industry as a key pillar of sustainable economic growth within the province.



Discussion of Results

The Fisheries Technology and New Opportunities Program (FTNOP), a DFA research and development program, has provided \$2.2 million in total investment to innovative projects that have been beneficial to both the processing and harvesting sectors. In addition, marketing initiatives that promoted seafood from the wild fishery and aquaculture were funded. The combined investment in innovative projects by government and industry totaled over \$15 million. Over 50 projects focused on efficient utilization of traditional species, better use of under-utilized species and enhanced value realization of all fisheries resources. Other projects supported innovation relating to safety, energy efficiency, new technology and efficiency.

Marketing initiatives intended to enhance the value of the fishery and aquaculture industries included: introducing new products; market development and distribution; labeling; packaging; eco-certification; food safety; and direct marketing initiatives.

The province has identified and implemented numerous quality assurance initiatives to achieve value consciousness and regulatory compliance. Through cooperative training initiatives with the College of the North Atlantic in Stephenville, the Marine Institute and the Royal Newfoundland Constabulary, the province has developed and delivered training sessions on shrimp, seal grading, quality assessment and enforcement methods and techniques through the Quality Compliance and Enforcement Program. A new ticketing system (developed in 2007-08) designed to enforce the quality assurance regime was implemented in 2008-09. Inspectors have been trained on issuing tickets for non-compliance of various regulations under the *Fish Inspection Act*.

The department will continue to promote and administer the FTNOP as a key mechanism to implement new initiatives intended to enhance the value and presence of the province's seafood in the global marketplace.



Packaged smoked char

Commitment for 2009-2010

Objective 2: By March 31, 2010, the Department of Fisheries and Aquaculture will have continued implementation of initiatives designed to enhance the value and presence of Newfoundland and Labrador seafood products in the global marketplace.

Measure: Continued implementation of initiatives designed to enhance the value and presence of Newfoundland and Labrador seafood products in the global marketplace.

Indicators:

- 4.1 Worked with industry to implement market enhancement initiatives.
- 4.2 Supported initiatives to enhance fisheries innovation.
- 4.3 Worked with industry to implement new quality initiatives.

Strategic Issue 5:

Fishing Industry Renewal

► SECONDARY PROCESSING

Through the Fisheries Technology and New Opportunities Program, DFA has supported extensive work on secondary processing. These initiatives focused on mussels and consumer-ready products, live mussels, value-added processing, and new packaging technology. Efforts also included secondary whelk processing and involved researching X-Ray equipment to determine its efficacy in detecting particles of shell embedded in cooked whelk meat.

In 2007, the Government Newfoundland and Labrador and the Government of Canada launched the Fishing Industry Renewal (FIR) strategy to develop solutions to the problems and challenges intrinsic to the fishing industry. This strategy is primarily intended to improve industry viability and international competitiveness. The department has focused its support and resources on the seven components of the FIR strategy: innovation and technology,* processing policy framework, enhanced seafood marketing, a pilot fish auction, enhanced Fisheries Loan Guarantee Program, enhanced industry safety, and workforce adjustment measures to assist displaced plant workers.

Throughout 2008-09, DFA implemented numerous initiatives through FIR to support the industry and to strengthen the role of the fishing industry as a key pillar of sustainable economic growth within the province, a strategic direction of government.

Goal 5: By March 31, 2011, the Department of Fisheries and Aquaculture will have implemented Fishing Industry Renewal initiatives aimed at supporting the viability and competitiveness of the fishing industry.

Objective 1: March 31, 2009, the Department of Fisheries and Aquaculture will have developed and begun implementation of components of Fishing Industry Renewal.

Measure: Developed and begun implementation of components of Fishing Industry Renewal.

*Information regarding the Fisheries Technology and New Opportunities Program is reported under Strategic Issue 4.



INDICATORS

5.1 Developed new processing policy framework.

5.2 Worked with industry to establish the Seafood Marketing Council.

5.3 Worked with industry to pilot a fish auction.

ACCOMPLISHMENTS

A new Fish Processing Licensing Policy was rolled out in October 2008. The revised framework included more rigorous policies in relation to the issuance of new processing licenses, guidelines for the transfer of licenses, and opportunities for combining of existing value-added (snap-and-eat) crab licenses.

The revised framework was implemented to help address the overcapacity in the seafood processing sector. These revisions were intended to provide greater stability for existing operations, more security for plant workers, and contribute to the potential to better position the industry in the global market.

In 2007, as a part of the Fishing Industry Renewal Strategy, DFA established the Seafood Marketing Review Panel, chaired by Alexander Roche, to conduct a comprehensive analysis of the options for establishing a seafood marketing council. In 2008, the department received the final Report of the Chair that confirmed a lack of capacity in seafood marketing in the province. The report identified key marketing challenges and recommended options for the mandate and administrative operation of a council. To support this initiative, DFA committed \$5.4 million for a three-year pilot phase for a Newfoundland and Labrador Seafood Marketing Council.

Included in the report was the recommendation that a seafood marketing council should be industry-driven. In accordance with the report's recommendation, DFA presented an overview of the report to industry leaders and polled the processing companies through an independently audited vote. Processing companies rejected the establishment of a provincial seafood marketing council by a narrow margin. As a result of this outcome, the department was unable to proceed with the establishment of a seafood marketing council in 2008-09. The department continued to work with industry to explore all options to increase the seafood marketing capacity in this province.

In July and September 2008, a voluntary pilot fish auction was launched for the south coast small-boat fishery. The department committed \$1.5 million to implement these fish auctions in an effort to increase the value of the province's seafood and to enhance the province's reputation for quality in the international seafood marketplace.

The pilot project was implemented by the Fish Harvesters Resource Center who acted on behalf of all harvesters and processors. The pilot auctions

5.4 Worked with provincial and federal partners to make changes to the Fisheries Loan Guarantee Program.

5.5 Worked with fishing industry stakeholders to establish the NL Fishing Industry Safety Council.

5.6 Worked with provincial partners to support workforce adjustment.

saw limited participation by both sectors. In consideration of the limited participation by processors and harvesters, the department will review the final report on the pilot fish auction and work with industry to determine the future of the fish auction in this province.

The FIR initiatives included fleet rationalization through new rules allowing combining of fishing enterprises, and the introduction of three new vessel classes. This new policy necessitates the need for harvesters to access capital for self-rationalization. The province has implemented enhancements to the Fisheries Loan Guarantee Program (FLGP). These enhancements included: increasing the loan ceiling from \$1.3 million to \$2.0 million; refinancing loans from processors or other entities, up to 85% of value of the asset; and a fixed interest rate option (in addition to the current floating interest rate). Government will continue to work toward further enhancements to the FLGP.

DFA has completed a preliminary analysis of safety issues in the province's fishing industry through consultations with industry stakeholders. The province allocated \$750,000, over a three-year period, to establish a Fishing Industry Safety Council.

While DFA worked to finalize organizational requirements for a safety council, industry and Workplace Health, Safety and Compensation Commission (WHSCC) identified an alternative to the Newfoundland and Labrador Fishing Industry Safety Council concept. The recommended alternative would use the Sector Safety Council model being introduced in the forestry and construction sectors. To accommodate this recommendation, DFA is working with the WHSCC and industry to explore this option. The additional time required to explore alternatives has delayed the establishment of the safety council. The department will continue to work with WHSCC and industry in the new fiscal year to further explore all possible structures available to support safety in the fishing industry.

DFA committed approximately \$2.5 million over a three-year period for workforce adjustment to assist displaced workers in the event of a permanent fish plant closure. When the plants closed in Trouty and Port aux Basques, DFA worked with the Department of Municipal Affairs, HRLE, and INTRD to implement the suite of workforce adjustment measures at the municipal level. The adjustment measures, funded by DFA, included an employment support plan, a wage subsidy component, and career counselling provided by Service Canada.

Discussion of Results

Several initiatives of the Fishing Industry Renewal strategy are providing direct benefits to the industry and its workers. Other FIR initiatives are in progress and/or are under review.

- 1) The new Fish Processing Licensing Policy has been completed and was implemented in October 2008 to address the overcapacity in the processing sector and to provide more secure employment and a more viable industry.
- 2) Displaced fish plant workers from Fortune, Trouty, Marystown, and Port aux Basques have benefited from the workforce adjustment measures since their inception in 2006.
- 3) The Fisheries Loan Guarantee Program (FLGP) has been enhanced to assist harvesters in gaining access to additional capital needed to purchase, construct or upgrade vessels. The province has increased the maximum loan guarantee available to harvesters through participating financial institutions. During 2008-09, the Department of Fisheries and Aquaculture, in consultation with INTRD and Finance, has been working with DFO and the commercial banks to identify ways and means to help harvesters self-rationalize, including the combining of enterprises.
- 4) A pilot fish auction was implemented for the south coast small boat fishery. Lessons learned from this trial pilot will help determine future directions taken in relation to the establishment of a Newfoundland and Labrador fish auction system.
- 5) Consultations with industry stakeholders regarding the establishment of a Seafood Marketing Council have been completed and a report submitted to DFA. As recommended in the "Report of the Chair," the department polled representatives of the seafood industry to determine industry buy-in. By a narrow margin, processing companies voted to reject the department's offer to commit \$5.4 million over a three-year period to pilot a Newfoundland and Labrador Seafood Marketing Council. It is for this reason that the Council was not established in 2008-09. The department will continue to identify and assess options to develop collaborative marketing strategies with industry to promote the province's seafood products.
- 6) DFA has worked with industry stakeholders to identify safety issues and to establish a fishing industry safety council to support safety. Industry representatives and WHSCC have suggested an alternative structure for a safety council, similar to sector safety councils recently established in other industries. DFA continued to work with industry to identify the best formation of a safety council that will support safety in the workplace. Work to establish a safety council will continue into the new fiscal year and will incorporate input and recommendations from industry.

Commitment for 2009-2010

Objective 2: By March 31, 2010, the Department of Fisheries and Aquaculture will have continued the implementation of Fishing Industry Renewal initiatives aimed at supporting the viability and competitiveness of the fishing industry.

Measure: Continued the implementation of Fishing Industry Renewal initiatives aimed at supporting the viability and competitiveness of the fishing industry.

Indicators:

5.1 Worked with industry to implement the following Fishing Industry Renewal initiatives:

- Enhanced marketing
- Safety initiatives
- Enhanced Fisheries Loan Guarantee Program



DEPARTMENT OF FISHERIES AND AQUACULTURE COMMITTEE PARTICIPATION AT THE NATIONAL AND REGIONAL LEVEL *

NATIONAL COMMITTEE PARTICIPATION

- Advisory Panels (Health Canada)
- Aquaculture Collaborative Research and Development Program (DFO)
- Aquaculture Habitat Working Group (DFO)
- Aquaculture Innovation and Market Assistance Selection Committee
- Atlantic Coastal Action Committee (Environment Canada)
- C-Trade (Committee on Trade - Federal/Provincial/Territorial)
- Canada-Newfoundland and Labrador Committee on Coastal and Oceans Management
- Canada/France Fisheries Advisory Committee
- Canada/Greenland Fisheries Advisory Committee
- Canadian Council of Fisheries and Aquaculture Ministers (and related task groups)
- Canadian Delegation to Northwest Atlantic Fisheries Organization meetings
- Canadian Food Inspection Agency Working Groups and Advisory Committees
- Committee on the Status of Endangered Wildlife in Canada
- Federal and Provincial Introductions and Transfer Committee
- Federal/Provincial Market Development Council
- Fisheries Resource Conservation Council
- Fishing Safety Regulatory Issues (Transport Canada)
- National Aquatic Invasive Steering Committee
- National Seafood Sector Council
- Seafood Value Chain Roundtable
- Traceability Task Group (CFIA)

REGIONAL COMMITTEE PARTICIPATION

- Atlantic Canada MOU on Aquaculture Development
- Atlantic Interdepartmental Shellfish Committee
- Atlantic Large Pelagic Advisory Committee
- Atlantic Lobster Roundtable
- Atlantic Mackerel Advisory Committee
- Atlantic Seal Harvesting Committee
- Atlantic Small Pelagic Advisory Committee
- Aquaculture Collaborative Research and Development Program
- Atlantic Council of Fisheries and Aquaculture Ministers (and related task groups)
- Eastern Aquaculture Veterinary Association (sub-committees)
- Gulf Groundfish Advisory Committee
- National Program of Action – Atlantic Region
- New England Governors and Eastern Premiers Oceans Working Committee
- Northern Shrimp Advisory Committee
- Northern Turbot Advisory Committee
- Offshore Scallop Advisory Committee

▼ 2008-09 EVENT PARTICIPATION:

- International Boston Seafood Show – March 2009
- European Seafood Exposition (Belgium) – March 2009
- Minister Addressed the Annual General Meeting of Canadian Sealers Association – March 2009
- Newfoundland Aquaculture Industry Association (NAIA) Conference March 2009
- 3rd Annual Seafood Cooking Competition – February 2009
- Green Crab Study, Swift Current – December 2008
- China Fisheries and Seafood Expo – November 2008
- Labrador Fishermen's Union Shrimp Company Biennial Conference – November 2008
- New Brunswick Aquaculture Best Practices Mission – October 2008
- Conxemar (Spain) - October 2008
- NAIA Showcase - September 2008
- MSC Certification of the Canadian Northern Shrimp Trawl Fishery reception – August 2008



*Note: This list is not exhaustive.

Challenges and Opportunities

The department has identified and responded to challenges to ensure that the province's fishing industry is viable, sustainable and competitive in the world market.

Fishing Industry

DFA will continue to confront the issues facing the fishery and work with industry stakeholders to address the challenges ahead.

Fishing Industry Challenges

Global Pressures

- ▶ Global economic crisis
- ▶ Changes in market demand
- ▶ Variation in market prices
- ▶ Competition from low-cost producers
- ▶ Exchange rate fluctuations
- ▶ Fuel price volatility

- ▶ International tariff and trade barriers (e.g. ATRQ shrimp quotas and proposed seal products ban)

Fishing Industry Structural Challenges

- ▶ Overcapacity
 - Too many processing facilities
 - Too many fishing vessels and licenses
- ▶ Seasonality of the industry
- ▶ Aging infrastructure
- ▶ Modernization of the industry
- ▶ Resource uncertainty
- ▶ Federal/provincial jurisdictions

Workforce

- ▶ Impending industry labour shortage due to aging workers
- ▶ Limited attraction and retention of new workers due to seasonal employment, low income and lack of job security
- ▶ Evolving technological work environment requiring specialized training

Fishing Industry Opportunities

In April 2007, the province launched a Fishing Industry Renewal strategy to respond to the challenges facing the fisheries and to create opportunities to



◀ SCHOLARSHIP AWARDED

The first DFA Scholarship valued at \$1000 was awarded to Jessica Besaw of St. John's on November 7, 2008. To increase awareness among the province's youth bound for post-secondary training, applicants were asked to submit a 2,500 word essay describing the major issues facing the province's fishing industry and identifying potential solutions. Jessica's winning essay addressed issues such as over-fishing, technology and the need for increased scientific research and aquaculture.

help transform the industry into a more sustainable, economically viable and internationally competitive industry.

Marketing

- ▶ Increased international presence and market access
- ▶ Branding and product differentiation
- ▶ Marine Stewardship Council (MSC) certification for the shrimp trawl fishery
- ▶ Increased opportunities for market development research to extract optimal value from world markets through the Fisheries Technology and New Opportunities Program (FTNOP)

Processing Sector

- ▶ Improved viability resulting from Fish Processing Licensing Policy revisions

- ▶ Support for regional approach to fish processing
- ▶ Increased research and development opportunities through FTNOP
- ▶ Enhanced quality initiatives
- ▶ Availability of the Workforce Adjustment Program for displaced workers
- ▶ Shrimp quality development
- ▶ Increased health and safety initiatives
- ▶ Increased energy efficiency initiatives
- ▶ Secondary and value-added processing

Harvesting Sector

- ▶ Enhanced Fisheries Loan Guarantee Program
- ▶ Small vessel energy efficiency initiatives



▲ COASTAL AND OCEANS MANAGEMENT

The department initiated two issue scans to gather information on public perception about matters affecting the coastal regions of the province. Individuals, community organizations, municipalities, industry, non-governmental organizations and aboriginal governments were consulted. Information provided in these reports, received in September 2007 and July 2008, will be used in the development of a strategy and policy framework on coastal and oceans management. Please visit the department's website to view the complete reports: www.fishaq.gov.nl.ca/

▶ SEAL OIL AND HEALTH

The beneficial health effects of omega-3 in seal oil include the lowering of triglyceride and cholesterol levels. In addition, omega-3 fatty acids may play a role in the prevention and treatment of hypertension, arthritis, inflammatory and auto immune disorders, diabetes and cancer. These positive health effects are creating a marketing edge for seal oil products over any form of fish oil currently available in the market place.



- ▶ Enhanced quality initiatives
- ▶ Increased health and safety initiatives
- ▶ Sustainable harvesting practices

Aquaculture Industry

The aquaculture industry is emerging as the new frontier in an economy that previously has been driven by the marine fishery. Aquaculture has grown steadily year over year. With the increased production volume of Atlantic salmon and steelhead trout, coupled with favorable exchange rates, the export values of this industry increased by 58 per cent in 2008 over the previous year. The industry directly employs 655 individuals and generates secondary employment through the supply and service sectors.

The aquaculture industry in Newfoundland and Labrador is in a formative stage. The province has lead the way to identify challenges to the industry in order to shape it in a way that will establish a sustainable and viable industry that is known for its healthy and high quality seafood products in the international marketplace.

Aquaculture Challenges

Global Pressures

- ▶ Global economic crisis
- ▶ Variation in market prices
- ▶ Exchange rate volatility
- ▶ Identification of new markets
- ▶ Competition from low-cost producers

Aquaculture Industry Issues

- ▶ Maintaining investment in the industry
- ▶ Developing a sustainable management strategy
- ▶ Recruiting and retaining trained employees
- ▶ Increasing workforce communication and training
- ▶ Increasing and upgrading infrastructure to support expansion
 - Wharf access
 - Road access
 - Feed storage units
 - Waste management
 - Developing increased biosecurity protocols
- ▶ Increasing quality assurance initiatives
- ▶ Increasing aquaculture health management services



◀ GREEN CRAB STUDY

DFA provided \$12,000 in funding and worked directly with FFAW and students of Swift Current Academy to carry out a study on green crab in the area. Junior high school students from the area participated in a two-day event in which they learned how to collect samples and analyze biological data in order to further study green crab in the area. Several students presented the results of their research at an event at Swift Current Academy where the minister was in attendance. The goal of the program is to assist both federal and provincial governments and industry to prevent the spread of green crab into other areas of the province.



◀ VESSEL FUEL EFFICIENCY

DFA worked to improve fuel efficiency for Newfoundland and Labrador fishing vessels. A number of government departments and R&D organizations, including the Canadian Centre for Fisheries Innovation (CCFI), the federal Department of Natural Resources, and Memorial University of Newfoundland have completed research to improve fuel efficiency on fishing vessels. In 2008, the department and the Canadian Centre for Fisheries Innovation organized energy efficiency workshops that focused on such contributing factors as vessel design, fishing gear modification, and other efficiencies.

Aquaculture Opportunities

Newfoundland and Labrador is blessed with natural resources, a 500-year history of experience in the fishing industry and is backed by a supportive government. The department will work with all stakeholders to capitalize on the province's assets to expand a viable, sustainable and competitive aquaculture industry.

Resources

- ▶ Abundant areas for development with excellent water quality
- ▶ Skilled and experienced workforce supported by collaborative relationships with scientific and academic community

- ▶ Four priority species ideally suited for development in this province: atlantic salmon, steelhead, blue mussels, cod

Economic Development

- ▶ Sustainable development strategy
- ▶ Increased global demand for seafood products
- ▶ Access to capital programs
- ▶ Business-friendly province
- ▶ Priority for rural economic development
- ▶ New operator investment and expansion into farmed Atlantic cod
- ▶ Increased opportunity for service and supply sectors

- ▶ Potential to generate long-term, year-round employment through production processing and service industries

Support Services

- ▶ Streamlined licensing process
- ▶ Expanded aquatic health services
- ▶ Infrastructure development underway

Resources

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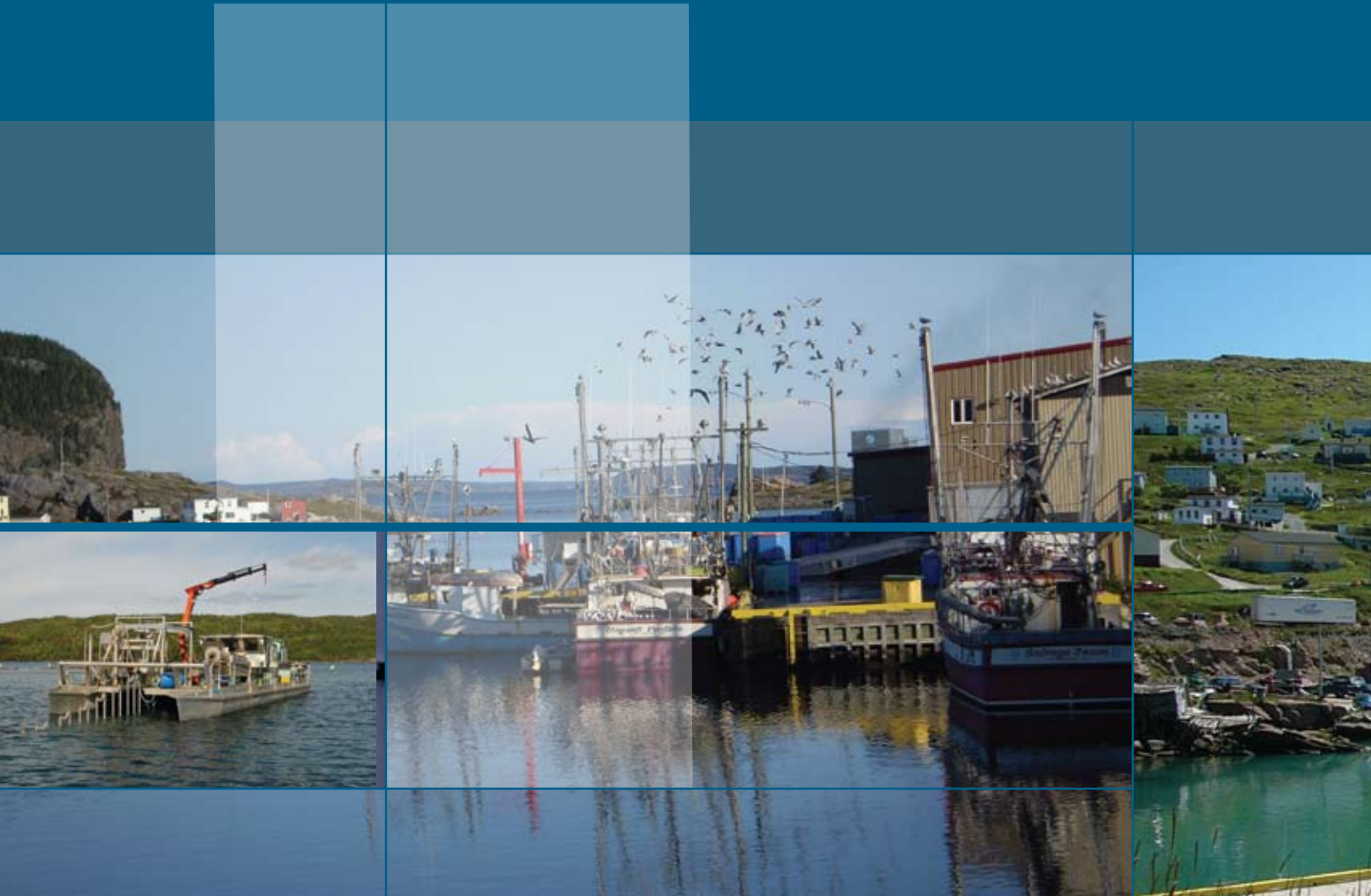


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