



**CANADIAN
AQUACULTURE**
INDUSTRY ALLIANCE

ALLIANCE DE L'INDUSTRIE
**CANADIENNE DE
L'AQUACULTURE**

*Farming Canadian waters with care.
Faire l'élevage en milieu aquatique canadienne avec soin.*

2019 PRE-BUDGET CONSULTATION SUBMISSION

STANDING COMMITTEE ON FINANCE

AUGUST 1, 2018

ENHANCING A SUSTAINABLE GROWTH

OPPORTUNITY FOR CANADA



CANADA'S SEAFOOD FARMERS

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2019 PRE-BUDGET CONSULTATION SUBMISSION

Summary of Request

We request that the Standing Committee on Finance support:

- 1. That a federal department be identified that explicitly supports the sustainable growth of the aquaculture sector in Canada***
- 2. That a target for growth of the sector be identified, as is seen in other major competitor nations***
- 3. That the federal government, in collaboration with the provinces, introduce Canada's first federal "Aquaculture Act" to assist in sustainable growth***
- 4. That the federal government develop an integrated program fund to support the seafood farming sector***

Introduction

By production volume and value, the Canadian Aquaculture Industry Alliance (CAIA) represents over 95% of the aquaculture industry in Canada, including finfish and shellfish sectors, marine and freshwater operations, regional aquaculture associations, feed suppliers and other companies across the aquaculture value chain in Canada.

Farmed seafood is today among the fastest growing and most important food sectors in the world, accounting for over fifty per cent of the world's total seafood production. Canadian seafood farmers produced \$1.35 billion of fresh, nutritious seafood in 2016. Our farming and processing activities generated over \$5 billion in economic activity, \$2 billion in GDP, and more than 25,000 full-time jobs for Canadians in largely rural and remote coastal communities, earning an estimated \$1.16 billion in wages in 2016, with significant Indigenous participation across the nation.

However, for close to 15 years, our industry has stagnated with little or no growth in Canada – in fact, the Canadian industry has lost more than 50% of its previous market share to global competitors. Canadian aquaculture continues to lag behind other countries that have embraced a growth vision for aquaculture and have backed that up by ensuring that sound and predictable legislative and regulatory frameworks, with supporting economic development strategies, were developed and implemented.

Canada must seize the opportunity to move to a new and modernized framework for regulating the seafood farming sector, and set sustainable production targets to drive global leadership, sustainable job creation and economic growth.



Expert Recommendations

Canada's farmed seafood sector is poised for growth as a sustainable, innovative and global trade-oriented industry.

Over the last 30 years, numerous expert studies have recommended that Canada adopt an innovative and pro-active approach to developing its aquaculture sector.

The most recent call is from the Finance Minister's Advisory Council on Economic Growth report, also known as the "Barton Report." The Panel stated that by adopting a new and focused approach to aquaculture sector development, responsible, sustainable growth benefitting coastal and rural communities, First Nations and others can be achieved and meet the ever-growing global demand for Canadian farmed seafood:

"What would Canadian leadership in global food production look like?... Increase global market share (for aquaculture) to 0.6% (from 0.2%) and exports by almost US \$2.6B. Do so by adopting a new, forward-looking Canadian Aquaculture Act combined with an economic development strategy that reforms ill-adapted traditional fisheries regulations for this emerging subsector to create opportunities for provincial, regional and aboriginal stakeholders to pursue..."

(Advisory Council on Economic Growth "Barton Report", pp.10,12, Feb 6, 2017)

In 2015, the Canadian Senate undertook a detailed study of the sector, and issued its findings in its 2015 Report entitled "An Ocean of Opportunity: Aquaculture in Canada."

"Overall, our main message is that there is an ocean of opportunities for aquaculture in Canada. We are confident that the Canadian aquaculture industry can grow steadily within the next 10 years and do so sustainably – environmentally, economically and socially."

("An Ocean of Opportunity: Aquaculture in Canada", Vol 3, p 7. Senate of Canada, 2015)

The message has been consistent and the answer is clear: Canada must move forward with a proactive management, legislative, and program strategy that will accelerate sector growth, build on success, and enable the Canadian farmed seafood sector to sustainably grow and compete internationally.



The Opportunity

What levels of growth can be achieved? Our aspirations for responsible and sustainable growth and the economic benefits that could accrue over the next 2, 5 and 10 years, are summarized in the table below:

	Within 2 years:	Within 5 Years:	Within 10 years:
Production ('000 tonnes)	237,900	298,500	381,900
Total Economic Activity (\$B)	\$6.12	\$7.68	\$9.83
GDP (\$B)	\$2.48	\$3.11	\$3.98
Wages (\$B)	\$1.38	\$1.73	\$2.21
Jobs ('000)	29,710	37,270	47,690

Indigenous Opportunities

Canada's Indigenous population in remote coastal and rural Canada, are critical partners in Canada's current and future aquaculture opportunity. We believe there is significant job creation opportunity available to our indigenous partners, with more than 1,900 additional jobs for indigenous peoples earning an additional \$96 million within in 5 years, and almost 4,300 additional jobs earning about \$220 million in 10 years.

The Ongoing Problem

Study after study have identified the problem faced by aquaculture in Canada: 1) a dated and highly complex and duplicative federal/provincial legal and regulatory framework governs the sector; 2) very limited and piecemeal access to federal business development and program support enjoyed by the agricultural community, because of lack of a specified federal departmental mandate: the sector is an orphan, identified as a "farming activity" but not embraced by Agriculture Canada, however subject to a B.C. Supreme Court decision defining the sector as a fishery, and yet not named in the Fisheries Act so still an uncomfortable fit within Fisheries and Oceans Canada.

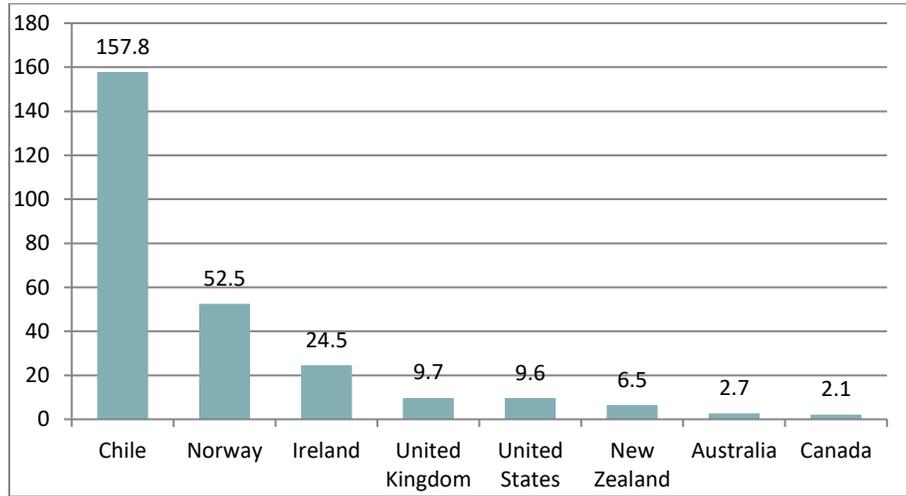
Aquaculture in Canada has very restricted access to Agriculture Canada's Canadian Agricultural Partnership (CAP) programs, programs that the rest of the agriculture community in Canada take for granted as part of business. For example, while there is access to AgriMarketing funding, the sector has no access to *Business Risk Management* (BRM) funding. This funding is critical for unanticipated outbreaks of disease or incidents of nature that are not funded by private insurance.

All of these factors – and more – put Canada at a major disadvantage compared to international competitors, such as Norway, Scotland, Chile, Australia and New Zealand, who have identified seafood farming as a key area of economic opportunity, and have backed up their commitments with targeted growth, focused legislative and program support.



Figure 1 shows the huge disparity between Canada's potential and its major competitors, in terms of production intensity (i.e. the comparison between the availability of suitable waters for aquaculture vs. the actual production):

Figure 1: Production Intensity (tonnes/km of suitable coastline for aquaculture)



The Solution and Request

1) Identify a federal department that explicitly supports the sustainable growth of the aquaculture sector in Canada

As the sector is still relatively young (~45 years in Canada) and historically has been principally regulated by the provinces, the sector's involvement with the federal government has been through multiple federal agencies (Health Canada, CFIA, Agriculture Canada, DFO, Environment Canada), often with conflicting mandates related to the sector.

Unlike the rest of the farming sector, aquaculture does not have a lead department to support the growth of the sector. Over time, DFO has adopted federal leadership for the sector, however the Fisheries Act is the legal head under which the sector is regulated, and whose mandate is to conserve and manage the wild fishery. This is akin to farmers being managed by an Act that is only focused on protecting wildlife and managing hunting & angling.

Because of the lack of a clear development mandate for the sector, the Minister and DFO officials have been unable to stand up and support the growth and sustainable development of Canadian aquaculture. While Canada's seafood farmers are already global leaders in sustainable production, the regulatory duplication and lack of federal support for our sector is a major reason for Canada's decline in relative production compared to our major competitors.

It is critical that a department is mandated to support the growth of this sector, with the structural changes necessary to support this oversight, as well as ensuring continuing strong and clear regulation.



2) *Canada set a target for growth of the sector be identified, as is seen in other major competitor nations*

It is basic truism that in order to achieve results, one must set a goal. The Barton Report admirably set a target of tripling Canada's aquaculture sector production by 2025. However, the Government of Canada has never set a target for the growth of this critical sector.

By contrast, Norway, population of 5.2 million, many years ago set its sights on being the most sustainable and innovative producer of Atlantic salmon in the world. Currently, the country produces approximately ten times what Canada produces, even though Canada's viable marine area is almost three times larger than Norway. And it has achieved its goal, being the world leader in production and innovation in the sector. Norway continues to drive forward and has recently *committed to growing its aquaculture products and services sector by five-fold by 2050.*

CAIA has set a target of doubling Canada's aquaculture production by 2025. We believe higher targets are possible and sustainable over the longer period and through new technological developments.

3) *Develop Canada's first federal "Aquaculture Act"*

At the federal level, aquaculture is governed by the 150-year old *Fisheries Act*, that does not mention the word "aquaculture": the Act's mandate is "conservation & management" of the wild fishery and does not consider a farming activity. The *Fisheries Act* does not establish a legal framework for the Government of Canada to support the growth of the sector nor is it an appropriate legal framework for regulating the sector.

Until the underlying legislative framework for aquaculture in Canada is fixed, Canada will continue to fall behind competing jurisdictions around the world that are expanding production to meet the protein demands of a growing global population. Continued tinkering with regulations, policies, programs or other initiatives, as we have seen for the past 30 years, will continue to delay our potential.

CAIA believe the new Act should be focused on meeting the following goals:

- Create a truly modern, state-of-the-art, transparent management regime for aquaculture that will be robust, risk-based, science-based, agile, adaptable, and focused on performance outcomes
- Ensure that risks to fisheries and the environment are managed in the public interest, while fostering innovation in aquaculture operations and methods of achieving compliance with regulatory requirements
- Define aquaculture and recognize importance of aquaculture both economically and socially
- Enable federal-provincial cooperation
- Clarify Ministerial roles for regulation and promotion/enabling activities
- Provide a full, modern tool-box of instruments to allow governments to manage our industry in an efficient and effective manner



4) Provide an integrated program approach to support the seafood farming sector in Canada

As recognized in the Barton Report, there are critical areas of aquaculture where Canada is falling behind its international competitors and where collaborative public and private sector investment is necessary. We are seeking access to the following areas to ensure Canada's seafood farmers can be in a leading position globally. Through partnership, targeted enabling program support will ensure sustainable growth is returned to Canada's aquaculture sector.

i. Improvements in Fish Health Management

- Funding for the Pest Management Centre (PMC) to support applications for health products as part of a Minor Use Minor Species (MUMs) program
- Funding for a new national Fish Health Network, bringing together expertise across the country

ii. Investment in Aquaculture Science & Innovation

- A collaborative approach to prioritized research and innovation for aquaculture
- Examples for funding include: new ocean-based and land-based technologies; research into health products and health treatments, including possible collaboration with other leading producer nations such as Scotland and Norway

iii. Access to Business Risk Management (BRM) funding enjoyed by the broader farming sector

iv. Strategic Investment in Infrastructure

- Broadband internet to key coastal communities as an urgent priority, and upgrading of small craft harbours and wharves to include aquaculture producers

v. Access to New Species and Broodstock

- Achieve equivalent access to eggs/broodstock as other competing jurisdictions

vi. Skills Development and Training

- Access to labour is a common challenge in rural and coastal communities for all industries

Thank you for this opportunity to present the Canadian aquaculture sector's proposals.

I look forward to further discussions with you.

Sincerely,

Timothy J. Kennedy
Executive Director