



**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.*

2018 PRE-BUDGET CONSULTATION SUBMISSION

STANDING COMMITTEE ON FINANCE

AUGUST 4, 2017

CANADIAN AQUACULTURE'S GLOBAL LEADERSHIP MOMENT



CANADA'S SEAFOOD FARMERS

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2018 PRE-BUDGET CONSULTATION SUBMISSION

Summary of Request

That the Standing Committee on Finance support:

- 1. Development of Canada's first federal "Aquaculture Act"***
- 2. The Department of Fisheries, in collaboration with the Department of Agriculture and Agri-Food, creating a new, stand-alone \$160 Million "Canadian Aquaculture Excellence and Acceleration" Program in response to the recommendations of the Barton Report, and similar expert recommendations over the years.***

Introduction

By production volume and value, the Canadian Aquaculture Industry Alliance (CAIA) represents over 95% of the aquaculture industry in Canada. Our members include large and small companies from both 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. In Canada, the industry generates \$3.1 billion in economic activity, over \$1.2 billion in GDP and employs more than 15,000 Canadians in rural, coastal and First Nations communities from coast, to coast, to coast.

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 with ensuring that sound and predictable legislative and regulatory frameworks, and supporting economic development strategies, were developed and implemented.

We stand at a crossroads: either Canada signals its embrace of and champions sustainable aquaculture, or Canada continues to fall behind international competitors who have identified the sector as an important source of 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." Looking at sectors with the greatest opportunity to grow Canadian jobs and economic opportunities, the first sector to receive extended focus was the agriculture sector.



Aquaculture was a prominent focus of the recommendation. 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 legislative, regulatory and program strategy that will accelerate sector growth, build on success, and enable the Canadian farmed seafood sector to grow and compete internationally under robust environmental management.

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:

	Baseline (2015)	Within 2 years:	Within 5 Years:	Within 10 years:
Production ('000 tonnes)	187,374	237,900	298,500	381,900
Revenues (\$B)	\$0.97	\$1.18	\$1.37	\$1.62
Total Economic Activity (\$B)	\$3.09	\$3.75	\$4.30	\$5.11
GDP (\$B)	\$1.23	\$1.49	\$1.70	\$2.03
Jobs ('000)	14,900	18,100	20,700	24,900
Wages (\$B)	\$0.71	\$0.86	\$0.98	\$1.18

Source: RIAS Inc. Note: More than \$400 million in investment by the industry will be required to achieve

this growth over the next 10 years. The economic impacts of this investment in new/improved sites, new

equipment, and new hatchery and processing facilities have not been included in the table above.



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, and 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 "Growing Forward" 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 focused legislative and program support.

The Solution and Request

1) Development of Canada's first federal "Aquaculture Act"

The development and passage of a federal Aquaculture Act is the most important and overriding need for the sustainable and competitive growth of aquaculture in Canada. 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 requirement
- 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

2) Aquaculture Acceleration & Excellence Program, Managed by DFO - \$160 Million

As recognized in the Barton report, there are critical areas of aquaculture where Canada is falling behind 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 - CAIA Aquatic MUMS proposal

- CAIA is seeking DFO to lead development of a pilot Aquatic Minor Use Minor Species (MUMS) program, working in partnership with various government agencies, to ensure finfish farmers have equivalent access as international competitors to fish health and novel feed products.
- Recent work funded under DFO provided detailed assessment of potential costs for data development to support applications for priority veterinary drug products in Canadian aquaculture.
- Support for BC Fish Health Network and expansion of wet lab capacity

ii. Investment in Aquaculture Science & Innovation

- Public and private sector investment in research drives improvements in both productivity and sustainability of the aquaculture sector in Canada.
- High-performance research exists in Canada, but transformation of ideas into products (commercialization) is lacking, and more support is needed to bridge the gap between research and commercialization
- Collaborative industry-government initiatives around innovation and commercialization of new technology could attract global technology mandates and investment to Canada for aquaculture sector – including climate change and sustainable technologies.
- CAIA is seeking a more coordinated approach to research and innovation for aquaculture, with the goal of re-focusing research activities on numerous priorities; Prioritization of research would be a collaborative exercise between government and industry

iii. Business Risk Management through Agriculture Canada's "Growing Forward 3" Program, or Stand-Alone Fund

- Seafood farmers do not have access to affordable, meaningful business risk management (BRM) programming in Canada.
- CAIA proposes a multi-stakeholder process involving governments, industry and private insurers, as well as funding to develop an effective BRM program



- This program would not pay out regularly, and would only be accessed due to natural disaster relief
- iv. Strategic Investment in Infrastructure**
- Federal investment through Fisheries and Oceans, Small Craft Harbours has focused on maintaining current structures with limited investment in expansion. CAIA is asking that DFO support Small Craft Harbour wharf investments directed at wharves whereby all potential users benefit.
 - CAIA is advocating for additional infrastructure funds to be committed to Small Craft Harbours program.
- v. Access to New Species and Broodstock**
- Need equivalent access to eggs/broodstock as other competing jurisdictions
 - Significant issue for both fin and shellfish, on both coasts -- mussels, clams and eastern oysters are fully dependent upon wild seed stock, collected annually. Salmon sector also needs better access to eggs.
 - A more transparent and predictable decision-making framework will help secure investment and growth:
 - Investigation/benchmarking of decision-making process regarding access to broodstock and importation of eggs in other jurisdictions should be undertaken
 - Need a renewed **Access to Wild Aquatic Resources Policy** that provides a clear, workable framework and criteria to facilitate access to wild fish for aquaculture
- vi. Skills Development and Training**
- Access to labour is a common challenge in rural and coastal communities for all industries. CAIA is working with the Canadian Agriculture Human Resources Council (CAHRC) to identify current and future labour force gaps and needs for the aquaculture industry, and will be requesting government support for meaningful and targeted labour force development programs
 - Link to Economic Advisory Council and Future SkillsLab proposal

Thank you for this opportunity to present the Canadian aquaculture sector's proposals to advance Canada as a global leader in sustainable seafood production.

I look forward to further discussions with you.

Sincerely,

Timothy J. Kennedy
Executive Director