



Accountability Report

2018–2019

Fisheries & Aquaculture



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Accountability Report 2018–2019
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Accountability Statement

The Accountability Report of the Department of Fisheries & Aquaculture for the year ended March 31, 2019 is prepared pursuant to the *Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the Department of Fisheries & Aquaculture Business Plan for the fiscal year just ended. The reporting of the Department's outcomes necessarily includes estimates, judgments and opinions by Department of Fisheries & Aquaculture management.

We acknowledge that this Accountability Report is the responsibility of Department of Fisheries & Aquaculture management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Department's 2018-2019 Business Plan.

Honourable Keith Colwell, E.C.N.S.
Minister of Fisheries and Aquaculture

Frank Dunn
Deputy Minister

Message from Minister

I am pleased to present the Department of Fisheries and Aquaculture Accountability Report for 2018-19.

This is a very exciting time to be working in the seafood industry in Nova Scotia. In 2018, for the fourth year in a row, we were once again Canada's leading exporter of seafood with over \$2 billion exported to markets around the world.

The hard work of our harvesters and processors is helping to set us apart globally. An effective brand – 45 North 63 West – is sending a clear message about our seafood's exceptional taste and premium quality.

Growing the aquaculture industry is a priority for my department and this government. We have the people, the resources and the know-how to grow the aquaculture industry and secure the economic future of our province. Not to mention, we have a reputation for producing high quality seafood products.

We are pleased to work with our federal partners to invest in the new Atlantic Fisheries Fund, or AFF, with an investment of almost \$38 million over seven years. The AFF is open for applications and I encourage industry to take advantage of this opportunity, which will help position our seafood sector for even greater success by providing support for infrastructure development, innovation, and science and research projects.

In addition, more than 80,000 people participate in sportfishing each year, making it one of the province's most popular active outdoor sports. We are working to market Nova Scotia as a premier freshwater and saltwater sportfishing destination.

The fishing and aquaculture industries are the backbone of this province as our number one export. They provide good paying jobs, directly employing about 18,000 people, with thousands more in supporting industries. Our ocean is filled with premium quality seafood, but in order for us to really benefit we need skilled people on the ground – and in the water – working in the industry.

The growth of our industry is helping to secure a strong economic future for our rural and coastal communities and that means that Nova Scotians will be able to stay and work right here at home. It means fishing and processing will continue to help shape Nova Scotia's future.

Sincerely,

The Honourable Keith Colwell, E.C.N.S.

Minister of Fisheries and Aquaculture

Financial Results

	2018-2019 Estimate	2018-2019 Actuals	2018-2019 Variance
Program & Service Area	(\$ thousands)		
Departmental Expenses:			
Administration	649	642	(7)
Aquaculture	5,472	5,956	484
Inland Fisheries	2,470	2,505	35
Marine Fisheries	12,298	11,759	(539)
Total Departmental Expenses	20,889	20,862	(27)
Additional Information:			
Revenues	794	727	(67)
Fees and Other Charges	1,001	1,034	33
Ordinary Recoveries	500	506	6
Total: Fees and Recoveries	2,295	2,267	(28)
TCA Purchase Requirements	200	161	(39)
Provincial Funded Staff (FTEs)	70.7	67.7	(3.0)
<u>Departmental Expenses Variance Explanations:</u> Miscellaneous decreases across the department.			
<u>Revenue, Fees and Recoveries Variance Explanation:</u> Miscellaneous decreases across the department.			
<u>TCA Purchase Requirements Variance Explanation:</u> Miscellaneous decreases across the department due to TCA purchases less than budget.			
<u>Provincial Funded Staff (FTEs) Variance Explanation:</u> Unfilled positions mainly related to Marine.			

Measuring Our Performance

Atlantic Fisheries Fund

The Atlantic Fisheries Fund is a cost-shared seven-year, \$421.5 M partnership with Fisheries and Oceans Canada and the Atlantic provinces to further develop a culture of innovation in the fish and seafood industries. Nova Scotia has committed to invest \$37.95 M in the Atlantic Fisheries Fund over the duration of the seven years. The Fund aims to support projects that increase productivity, competitiveness, quality and sustainability of the seafood sectors, as well as enhance capacity to adapt to ecosystem shifts, particularly related to climate change. In 2018-19, 24 projects were approved for funding. Sixteen additional projects received in 2018-19 are pending final approval. Examples of 2018-19 approved projects include:

- We'koqma'q First Nation is converting an existing fresh-water hatchery to a re-use facility, reducing water requirements, chemical costs and risk from disease and improving production.
- Coldwater Lobster Association is piloting rope-less fishing gear.
- Eel Lake Oyster Farm Ltd. is installing an oyster grading system.
- Granville Gates and Sons Ltd. is purchasing and installing new packaging and product handling equipment to expand its line of value-added seafood products.
- Guysborough County Inshore Fishermen's Association is adopting new processes and certification that will permit the Chedabucto Bay Shrimp Trap Fishery to expand into new markets that require the Marine Stewardship Council product certification.

Canadian Fish and Seafood Opportunities Fund

This six-year program focused on marketing initiatives is valued at \$38.6 M nationally. Provinces participating in the program are required to contribute 30% of project funding. As Canada's seafood export leader, Nova Scotia industry plans to submit individual projects and seek collaborations for regional and national projects to increase recognition of both Nova Scotia's and Canada's seafood sector. In 2018-19, several expressions of interest were received, and many were encouraged to apply for the full program.

Building Tomorrow Fund

This program commits a provincial investment of \$9 M over three years to be split equally between agriculture and fisheries/aquaculture projects. A total of \$6.8 M was committed in 2018-19, including \$570k over two years to Perennia Food and Agriculture Inc. for export development to support seafood companies in developing new or value-added products for local and export markets and to meet global food safety standards. Projects related to lobster quality and recreational fishing opportunities are being finalized and will be announced in 2019-20.

Aquaculture Growth Strategy

Aquaculture is a strategic focus for the Department, driving economic growth to rural areas of the Province. In 2018-19, the Department invested \$2.8 M in year three of the four-year, \$11.2 M Aquaculture Growth Strategy. This includes a \$2 M investment in research and development projects of which 15 were new projects for 2018-19. Other achievements in 2018-19 include:

- Supported existing operators through research and development to improve efficiencies, reduce environmental impacts and maximize production on existing sites
- Project development with Perennia through the Centre for Marine Applied Research to facilitate sustainable development
- Granted 11 Options to Lease to enable aquaculture companies to explore potential aquaculture development
- Received 7 new marine aquaculture applications which will proceed through the Aquaculture Review Board process.

Seafood Export Marketing Program

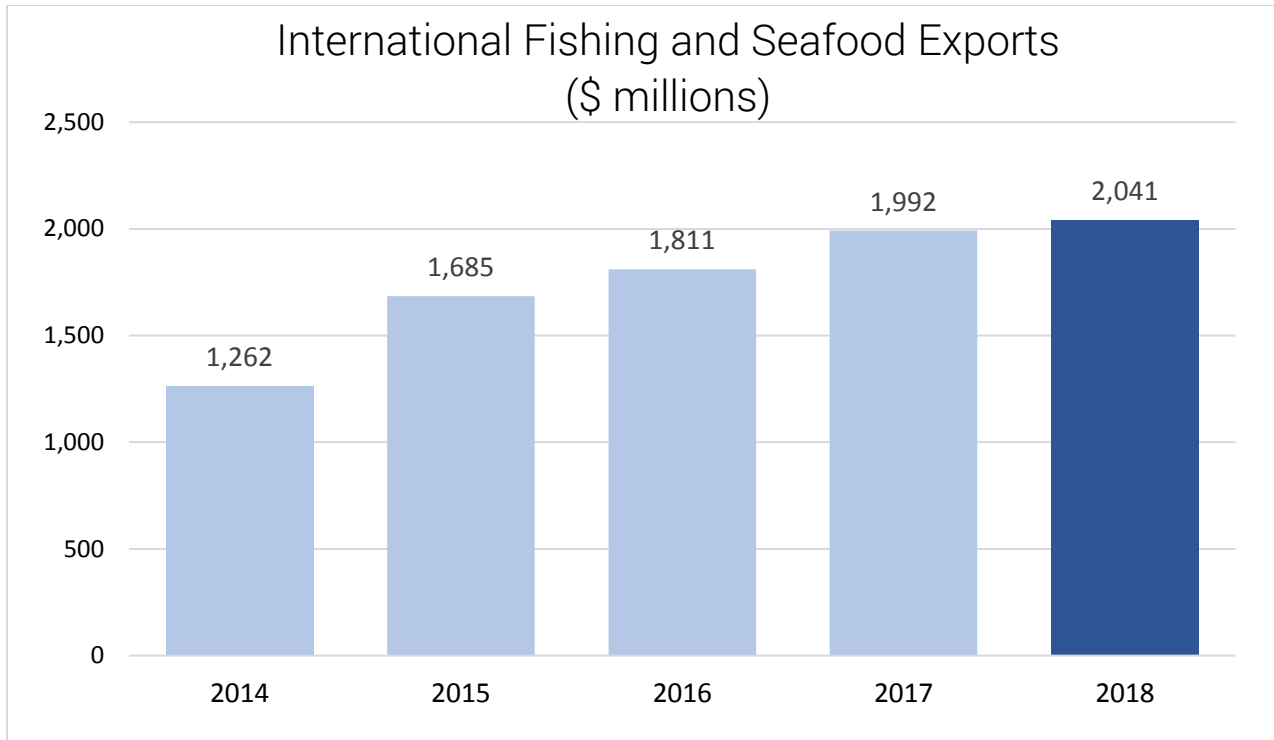
Nova Scotia Seafood Brand

Establishing an effective provincial seafood brand gives Nova Scotia a competitive edge in key global markets such as China, Eastern Europe and the United States. The Nova Scotia Seafood Brand, officially launched in early 2017, elevates industry capacity to sell seafood at a higher value. In 2018-19, Brand activities included:

- Developed quality standards for industry use of the Brand
- Showcased the Brand at Seafood Expo Global in Brussels, Belgium, April 2018 and Seafood Expo North America in Boston, March 2019. Both showcases included a branded networking reception for international seafood buyers and trade commissioners.
- Hosted seafood buyer events in targeted European markets – Paris, France and Hamburg, Germany, June 2018
- Targeted key buyers (Europe, China and other priority markets) on social media including Instagram, Facebook, Twitter and LinkedIn
- Launched our Nova Scotia Seafood Export Directory profiling Nova Scotia suppliers and their products to attract buyers nationally and internationally
- Expanded Seafood promotional materials to include additional species in addition to the top ten exported species.

Expanding Trade Development Opportunities

Nova Scotia exported a record \$2.04 Billion in 2018, up 2.5% from 2017. Our main seafood export destinations in 2018 were the USA (48%), China (26%) and the EU (10%). Our largest seafood export species by value was lobster at 50.5%, followed by crab, shrimp, scallop and halibut.



Business development and export readiness initiatives supported seafood businesses to tap into new markets. The Department delivers market development activities for lobster and seafood globally in partnership with Nova Scotia Business Incorporated, the Atlantic Canada Opportunities Agency, the other Atlantic Provinces, and Agriculture and Agri-food Canada. Activities include trade shows; in-coming and outgoing missions; as well as retail, foodservice and online promotions. The following activities were also delivered in 2018-2019 in cooperation with the above partners:

- Seafood Expo Global, Brussels, April 2018
- China Seafood Expo, Changsha, September 2018
- Conxemar Seafood Show, Vio Spain, October 2018
- China International import Expo, November 2018
- China Fisheries and Seafood Expo, Qingdao in November 2018
- Aquaculture education mission, Tasmania, February 2019
- Business to business seafood export cafes and information session in Singapore and Japan, February 2019
- Participation in the Seafood Expo North America, Boston, March 2019

The Department continued to work to ensure international trade issues and market access opportunities were being pursued in alignment with industry priorities. In November 2018, Canada, the United States and Mexico signed the new Canada-United States-Mexico Agreement (CUSMA). The Department will continue to work with industry stakeholders and our federal colleagues to ensure requirements are met and business operations are not interrupted under

the new CUSMA conditions which aim to minimize the impact on non-target species and measures to avoid by-catch.

In December 2018, the Comprehensive and Progressive Trans-Pacific Partnership entered into force. This agreement will eliminate most tariffs on Canadian fish and seafood exports, creating new opportunities for Nova Scotia exporters in key markets such as Japan and Malaysia.

The EU remains a key priority market for Nova Scotia seafood export diversification under the Comprehensive and Economic Trade Agreement, which came into force in September 2017. Under this agreement, almost 96% of EU tariffs for fish and seafood products have become duty-free.

Supporting Industry Capacity to Sell Seafood at a Higher Value

The following are examples of initiatives in 2018-19:

- In partnership with Perennia and Université Sainte-Anne, the Department developed the delivery model for the 3rd party certified Lobster Quality Standards Pilot Program that will ensure that the highest quality lobster products reach our world-wide customers.
- Continued participation and contribution to the Seafood Value Chain Roundtable whose objective is to increase value throughout the entire chain of all Canadian Seafood
- Hosted the 21st annual Minister's Conference held in February 2019 which attracted over 400 attendees and 51 exhibitors. These annual conferences are intended to foster industry collaboration toward shared interests with a specific focus on quality and excellence within the sector.
- Invested \$24,100 in year four of the Catch to Plate initiative in which Perennia coordinated projects focused on maintaining the quality and increasing the value of live lobsters
- Continued support for industry-led lobster science initiatives including:
 - The Atlantic Lobster Moulting and Quality Program which collects data to assist industry in quality predictions for the Southwest Nova Scotia lobster seasons and feeds into a larger prediction model being considered by academia. This year, the program was extended to include in-season sampling to further validate the predictions models.
 - The Fishermen and Scientist Research Society Lobster Settlement and Lobster Recruitment Index projects which collect data on lobster abundance trends, stock distribution, size, exploitation rates and bottom temperatures with the goal of predicting increases or decreases of legal sized lobsters for the commercial lobster fishery.

Live Lobster Handling Course

Promoting quality handling practices in the Nova Scotia lobster industry for exports continued into 2018-19. A new second level course was developed this year to build upon the success and

information contained in the original live lobster handling course. The new course focuses on the quality and economic impacts of proper lobster handling practices at sea. Completion of a live lobster handling course is required for all licenced lobster buyers in Nova Scotia, although individual operations are only required to ensure at least one staff person has completed the course. In 2018-19, 101 certificates were issued for version 1 of the course while 62 certificates were issued for the new second level course. As of the end of March 2019, there were a total of 1,138 people holding a valid Live Lobster Handling training certificate.

Sportfishing Development

The Department continued to invest in the development of inland sportfishing opportunities and salmon enhancement. In 2018-2019, Inland Fisheries made significant changes to licence types with the goal of increasing resident participation rates and attracting more non-resident anglers, providing broader opportunities for youth, positively impacting provincial tourism and increasing the economic value of the sportfishery. Amendments made in 2017-18 allowed for the following changes in 2018-19:

- 1,812 resident non-resident general and 922 non-resident salmon licenses were sold.
- Total licence sales included 64,359 general licences and 2,181 salmon licences.
- A one-day resident or non-resident salmon licence was introduced, of which 412 of these licences were sold.
- The rate for non-resident general licences was reduced commensurate with neighboring jurisdictions.
- Non-resident anglers accounted for 4.1% of all the provincial sportfishing licences, compared to 3.8% in 2017-18.
- The age at which young anglers need to pay for a fishing licence (general and salmon) was increased to 18 years and older (previously 16). 1685 young anglers took advantage of this change in 2018.
- By adopting the definition of disability from the *Accessibility Act*, the Department provided more opportunity for individuals to qualify for no-fee licences who may not have previously qualified.

Perennia Partnership to Develop Greater Capacity in Fisheries and Seafood

Perennia continued to expand its mandate in 2018-19 to support the fishing and seafood sectors. The Department engaged Perennia to execute the *Road Map to Maximize Value for Nova Scotia Seafood and Fish Resources* which focuses on sector engagement, collaboration, research and development projects. Areas of focus include extracting maximum value from seafood processing waste, maximizing the sustainable value of Nova Scotia's resources, and various other product and process development projects.

Labour Issues

The Department continued to coordinate the efforts of the inter-departmental group comprising Fisheries and Aquaculture, Agriculture, Labour and Advanced Education, Community Services, and Immigration to discuss labour issues which could include skills shortages and training needs in the seafood and agriculture industries. The efforts of this group contributed to the successful delivery of the first Seafood Labour Symposium held in conjunction with the 21st Annual Minister's Conference in February 2019. The day included panel discussions focused on the automation of processes and the attraction and retention of labour.

In collaboration with government and industry partners, the Department developed and contributed \$125 K to the establishment of the *Team Seafood* student bursary program for the seafood industry to support efforts to address immediate labour shortages, with a longer term goal of influencing future recruitment of young workers into the seafood sector. The Nova Scotia Fisheries Sector Council is promoting and administering the program.

Key core functions

Central functions of the Department were advanced in 2018-19 through initiatives including:

Sportfishing Programs and Management

The Department continued to support existing programs and activities that encourage youth, women and persons with disabilities to participate in sportfishing:

- 51 Learn to Fish sessions were held in 2018 with more than 1,700 young angler participants.
- Becoming an Outdoor Woman program was offered in both the fall and winter of 2018/19. Women enjoyed fishing for trout and smelt in the Bras d'Or Lake.

In 2018, the Province initiated a marketing strategy to increase the number of non-resident anglers coming to Nova Scotia. Staff met with organized guides associations to build professionalism and capacity in this sector and initiated a marketing and branding study to create a unique sportfishing identity for the Province.

The three provincial fish hatcheries function to support the sportfishing industry by helping ensure Nova Scotians can participate in the provinces most popular outdoor activity. In 2018-19:

- Approximately 200 lakes and streams were stocked in the spring with various trout species and trout were made available to support 60 trout derbies sponsored by community organizations. In the fall, an additional 160 sites were stocked with trout.
- Over a quarter of a million Atlantic salmon parr and smolt were released into the Margaree, Baddeck, Middle (Victoria Co.), Mabou and West (Antigonish Co.) rivers. This stocking activity helped the Margaree remain Nova Scotia's premier summer-run Atlantic

salmon river and assisted in maintaining open salmon seasons on the Middle and Baddeck rivers.

- Approximately 80 classrooms were provided with trout or salmon eggs for aquarium units in the educational Fish Friends program.
- The online Weekly Trout Stocking Update remained a popular tool for anglers, with around 35,000 visits. Work on the online interactive web mapping tool, to show anglers all stocked lakes along with various relevant attributes, began in 2018-19.

The Department continued to assess the effectiveness of sportfishing regulations so that future generations can benefit from a sustainable and vibrant sportfishing industry by optimizing angling opportunities while ensuring fish and habitat conservation. The Department also held six regional public engagement sessions to ensure a consultative and collaborative approach and that fisheries management decisions are science-based and balanced with societal values.

Promoting Safety in the Fisheries

Promoting safety at sea, on the wharf and in processing facilities continued to be a priority for 2018-19. The Department has partnered with industry, the Nova Scotia Department of Labour and Advanced Education and the Workers' Compensation Board of Nova Scotia (WCB) to implement the industry-led, five-year *Fishing Safety Now* action plan (2015-2020) to improve workplace safety in the fishing sector.

WCB registered 713 accident claims reflecting the fish products industry (processing), saltwater fishing industry (commercial fisheries), inland fishing industry (recreational fishing) and services incidental to fishing. The number has decreased from 718 in 2017.

Assisting Industry to Adapt to Ecosystem and Climate Challenges

Through collaboration with other agencies, the Department is continually developing capacity to address internal and external needs related to coastal and ocean management issues and climate-driven environmental changes that impact the socio-economic interests of Nova Scotia's seafood sector.

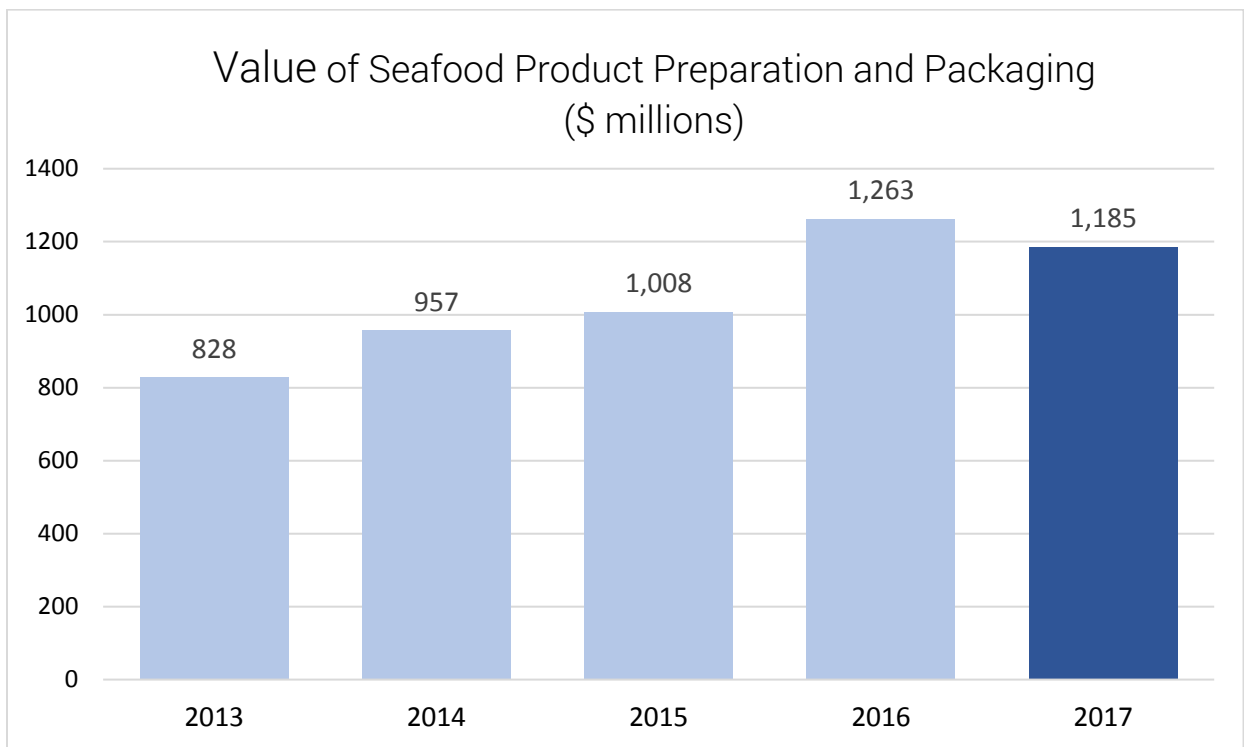
Working with the Nova Scotia Department of the Environment's Climate Change unit, the Department began a Climate Change Scan to assess the Department's internal capacity to support and address climate-driven impacts to how the Department and its clients operate.

Fisheries Landings

Fisheries and Oceans Canada statistics indicate that Nova Scotia total live weight fisheries landings decreased from 265,603 metric tonnes in 2016 to 260,380 metric tonnes in 2017. Fisheries landings are an important measure to assess productivity and health of the marine environment and fish stocks, particularly in the context of global warming and changing ecosystems. The value of the landings increased from \$1.266 billion in 2016 to \$1.409 billion in 2017. Data for 2018 are not yet available.

Seafood Processing

The Department is committed to supporting the province's fish and seafood processing sector. This sector creates employment opportunities and adds value to our fisheries resource. The value of seafood product preparation and packaging shows the combined output of all seafood processing operations in Nova Scotia. A 6% decrease in seafood manufacturing values was recorded between 2016 and 2017. Data for 2018 are not yet available. The decrease can be partially explained by less lobster being processed and more being exported live, as well as labour shortages in the processing sector.



Administration of Licences and Leases

- In 2018-19, there were 229 licenced aquaculture sites: 35 marine finfish; 28 land-based; and 166 marine shellfish representing \$253.6 K in licensing and leasing revenues.
- Twenty-three rockweed leases were held by four different leaseholders generating 23,748 metric tonnes of rockweed harvest and royalties totaling \$64,755 in 2018-2019.
- In 2018-19, there were 328 licensed fish buyers and 209 licensed fish processing facilities. Licensing revenue from fish buyers and processors was \$301 K.

Through an ongoing policy review of the buyer and processor licensing regime, the Department is seeking to implement a more transparent licensing framework. To support the policy review, the Department conducted industry consultations in 2018-19 to identify policy opportunities that will

result in a modern licensing policy that supports industry's efforts to build strong seafood businesses that support Nova Scotia coastal economies.

Coastal Resources

In 2018-19, the Coastal Resources Unit:

- Supported the delivery and advancement of funding opportunities like the Atlantic Fisheries Fund, through Coastal Resource Coordinators' ongoing promotion, information sharing and liaison with clients in the seafood sector
- The Coastal Resource Coordinators worked with industry clients to identify strategic opportunities and/or overcome barriers to industry growth; these included access to resource, identification of underutilized/developing species, attracting and maintaining skilled labour and industry financing through the Nova Scotia Fisheries Loan Board.
- In partnership with other government departments, agencies and the fishing industry, staff participated in and promoted the *Fishing Safety Now* initiative via information sessions, committees and various training initiatives.
- Staff provided ongoing regional and extension services to a variety of agencies and partners relating to aquaculture development, sportfishing, boatbuilding and Fisheries Loan Board activities.

Nova Scotia Fisheries and Aquaculture Loan Board

The Nova Scotia Fisheries and Aquaculture Loan Board is a Crown lending agency that provides support to fisheries and aquaculture businesses in Nova Scotia through financing and credit counselling. In 2017-18, the Board updated regulations, enhancing its ability to meet industry requirements by expanding eligible products, improving service quality, addressing risk issues and allowing for sustainable funding options.

The Board approved 166 new applications with total funds authorized exceeding \$54.3 M in 2018-19. The total investment from the Board is now the highest it has been in its over 80-year history with \$156M over 639 clients. Loans for licences accounted for approximately 53% of new loan value. Vessels and equipment accounted for 46% and aquaculture related loans accounted for 1%. The Board is pleased to have implemented new lending programs for Boat Builders, Seafood processors and value add initiatives.

Annual Report under Section 18 of the *Public Interest and Wrongdoing Act*

The *Public Interest Disclosure of Wrongdoing Act* was proclaimed into law on December 20, 2011.

The Act provides for government employees to be able to come forward if they reasonably believe that a wrongdoing has been committed or is about to be committed and they are acting in good faith.

The Act also protects employees who do disclose from reprisals, by enabling them to lay a complaint of reprisal with the Labour Board.

A Wrongdoing for the purpose of the Act is:

- a) a contravention of provincial or federal laws or regulations
- b) a misuse of gross mismanagement of public funds or assets
- c) an act or omission that creates an imminent risk of a substantial and specific danger to the life, health or safety of persons or the environment, or
- d) directing or counseling someone to commit a wrongdoing.

The following is a summary of disclosures received by the Department of Fisheries and Aquaculture:

Information Required under Section 18 of the Act	Fiscal Year 2018-2019
The number of disclosures received	0
The number of findings of wrongdoing	0
Details of each wrongdoing	N/A
Recommendations and actions taken on each wrongdoing	N/A