

Accountability Report 2017–2018

Department of Fisheries
and Aquaculture

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ISBN: 978-1-55457-867-2

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Accountability Statement

The Accountability Report of the Department of Fisheries & Aquaculture for the year ended March 31, 2018 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 2017-2018 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 2017-18.

Nova Scotia remained Canada's seafood leader in 2017, with the hard work of harvesters and processors cementing our export success. Through continued innovation and an ongoing focus on quality at all points of the value chain, our seafood exports grew to \$2 billion, making us the top seafood exporter in the country for the third year in a row. This is a record setting figure that helps to secure jobs and opportunities for coastal and rural communities

Growing the value of this sector depends on responsibly developing resources like our aquaculture industry. With a robust approach to regulating aquaculture, government has helped to create conditions that position aquaculture for significant growth. Aquaculture was worth more than \$100 million in 2017, supporting about 600 direct jobs and contributing to seafood exports. This level of growth in the aquaculture industry is unmatched in Nova Scotia's history. With regulations that are the best in the world, Nova Scotia has the potential to see its aquaculture industry positively contribute to the future of coastal communities and our exports.

To continue responsible growth of the fish and seafood sectors, we worked with the federal government to launch the Atlantic Fisheries Fund in 2017-18, a more than \$400 million regional investment in science, infrastructure and innovation. Over the seven-year lifespan of the program, Nova Scotia will contribute almost \$38 million to the fund to support the sustainable growth of the fishery.

We continue to focus on export market growth, with an emphasis on major markets in the United States, Asia and Europe. Government and industry representatives have been in-market to promote Nova Scotia's premium quality seafood and the Nova Scotia brand, 45 North 63 West, to secure the province's reputation in global markets.

I am convinced of the bright future that is possible for current and future generations that work within fishery and aquaculture industries in rural Nova Scotia and we are committed to helping them achieve success to help grow our rural economies.

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

Financial Results

	2017-2018 Estimate	2017-2018 Actuals	2017-2018 Variance
Program & Service Area	(\$ thousands)		
Departmental Expenses:			
Administration	696	668	(28)
Aquaculture	5,437	5,079	(358)
Inland Fisheries	2,452	2,800	348
Marine Fisheries	6,477	6,189	(288)
Total Departmental Expenses	15,062	14,736	(326)
Additional Information:			
Revenues	794	807	13
Fees and Other Charges	1,001	936	(65)
Ordinary Recoveries	500	455	(45)
Total: Fees and Recoveries	2,295	2,198	(97)
TCA Purchase Requirements	0	290	290
Provincial Funded Staff (FTEs)	69.9	64.2	(5.7)
<u>Departmental Expenses Variance Explanations:</u>			
Administration operating savings and salary savings from unfilled positions in Aquaculture and Marine Fisheries divisions were used to offset pressures in Inland Fisheries related to Salmon Restoration project.			
<u>Revenue, Fees and Recoveries Variance Explanation:</u>			
Increases in sportfish management fees and Fish Harvesters Organization Support Act recoveries.			
<u>TCA Purchase Requirements Variance Explanation:</u>			
Aquaculture strategy purchase: Fishing Vessel and Inland Fisheries purchase: Live Transport Truck			
<u>Provincial Funded Staff (FTEs) Variance Explanation:</u>			
Unfilled positions mainly related to Marine.			

Measuring Our Performance

Developing our aquaculture, fisheries and seafood industries

Atlantic Fisheries Fund (AFF)

The AFF is a cost-shared seven-year, \$421 M partnership with Fisheries and Oceans Canada and the Atlantic provinces to further develop a culture of innovation in the fish and seafood industries. Established in 2017, 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. A total of \$126 M of the \$421 M is earmarked to fund Nova Scotia projects. In this first year, \$2.5 M was committed to fund projects in development through various stages of the approval process.

Aquaculture Growth Strategy

Aquaculture is a strategic focus for the Department, driving economic growth to rural areas of the Province. In 2017-18, the Department invested \$2.8 M in year two of the four-year, \$11.2 M Aquaculture Growth Strategy, including investments in 19 research and development projects totaling \$1.1 M. These projects mainly focused on salmon and oyster innovations, technologies and production. Other achievements in 2017-18 include:

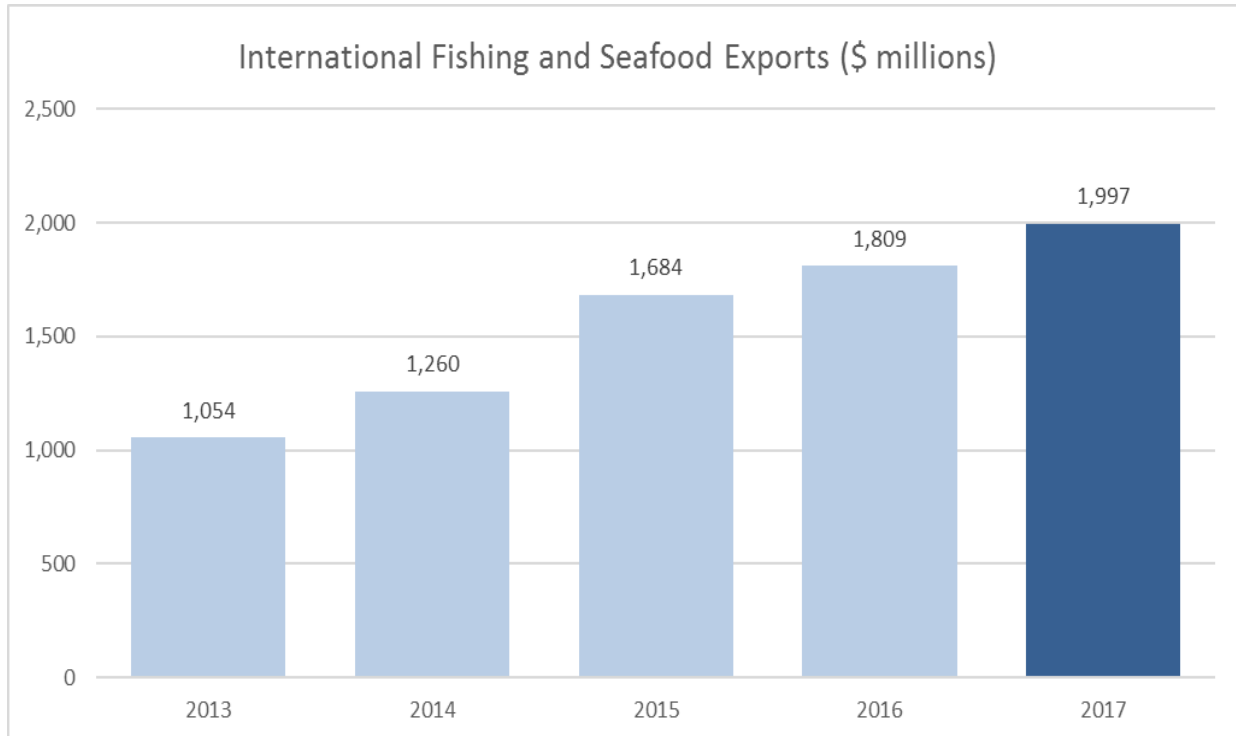
- Establishment of policies and procedures for the Aquaculture Review Board
- Continued facilitation of Farm Management Plan requirements, including outreach to support industry
- Continued collaboration with Nova Scotia Department of Environment on a compliance framework
- The operationalization of the Centre for Marine Applied Research, in partnership with Perennia, for projects related to site evaluation, technology transfer and improved collaborations for aquaculture growth
- Working with aquaculture leaseholders to optimize use of existing leased sites. New leases for marine aquaculture were not available in 2017. However, aquaculture production doubled in Nova Scotia, from \$56 M in 2016 to \$116 M in 2017, indicating increased utilization of existing sites

Since the development and implementation of the new regulatory framework, the Department has made over 150 administrative decisions on renewals, amendments, assignments and land-based aquaculture.

Expanding seafood exports and trade development opportunities

Nova Scotia exported a record \$2 B in seafood to 85 different countries in 2017, up 10% from 2016. Our main seafood export destinations in 2017 were the USA (50%), China (19%), EU (10%)

and Hong Kong (5%). Our largest export in 2017 was lobster, 48% of all seafood exports, followed by crab, scallop and shrimp, respectively.



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 Department participated in missions to China in September and November of 2017. The following activities were also delivered in 2017-2018 in cooperation with the above partners:

- Participation in the Seafood Expo North America in Boston in March 2018
- Seafood Expo Global, Brussels, in April 2017
- China Fisheries and Seafood Expo, Qingdao in November 2017
- Vietnam Export Café in October 2017
- Icelandic Fisheries Exhibition in Kopaogur in September 2017

The Department is working to ensure international trade issues and market access opportunities are being pursued in alignment with industry priorities. Canada has been active in negotiating new and modernizing existing trade agreements with international partners as well as domestically through the Canada Free Trade Agreement. Nova Scotia, through the Department of Intergovernmental Affairs, is continuously engaged in pursuing trade opportunities alongside our provincial and federal colleagues. Tariff reductions, access to new markets, reduction of non-

tariff barriers and modern and fact-based dispute settlement mechanisms will help Nova Scotia achieve the goal of doubling agriculture and fishery exports.

Comprehensive and Economic Trade Agreement (CETA) helps make Nova Scotia's fish and seafood exports more competitive in the European Union (EU) market, the world's largest importer of fish and seafood. Before CETA, EU tariffs on fish and seafood products averaged 11% and could be as high as 25%. Following CETA's provisional application, the EU eliminated tariffs on almost 96% of its fish and seafood tariff lines, with remaining tariffs to be phased out over 3, 5 or 7 years.

Supporting industry capacity to sell seafood at a higher value

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, which officially launched in early 2017, elevates industry capacity to sell seafood at a higher value. In 2017-18, Brand activities included:

- Sponsoring the Captain's Reception in July 2017 during the Tall Ships Festival, showcasing eleven outports by highlighting seafood from those regions. The reception hosted over 400 VIPs including Captains, high level crew, media, government and business leaders
- Planning for the development of quality standards for industry use of the Brand
- Earning the gold medal at the 2017 Ice Awards in the Digital Campaign/Website Design category for the Nova Scotia Seafood Brand website (<https://nsseafood.com>)
- Supporting the Lobster Quality Standards Pilot Program; Brand printed on 300,000 lobster bands for the Asian market
- Showcasing the Brand at Seafood Expo North America in Boston, March 2017 and Seafood Expo Global in Brussels, Belgium, April 2017

Live Lobster Handling Course

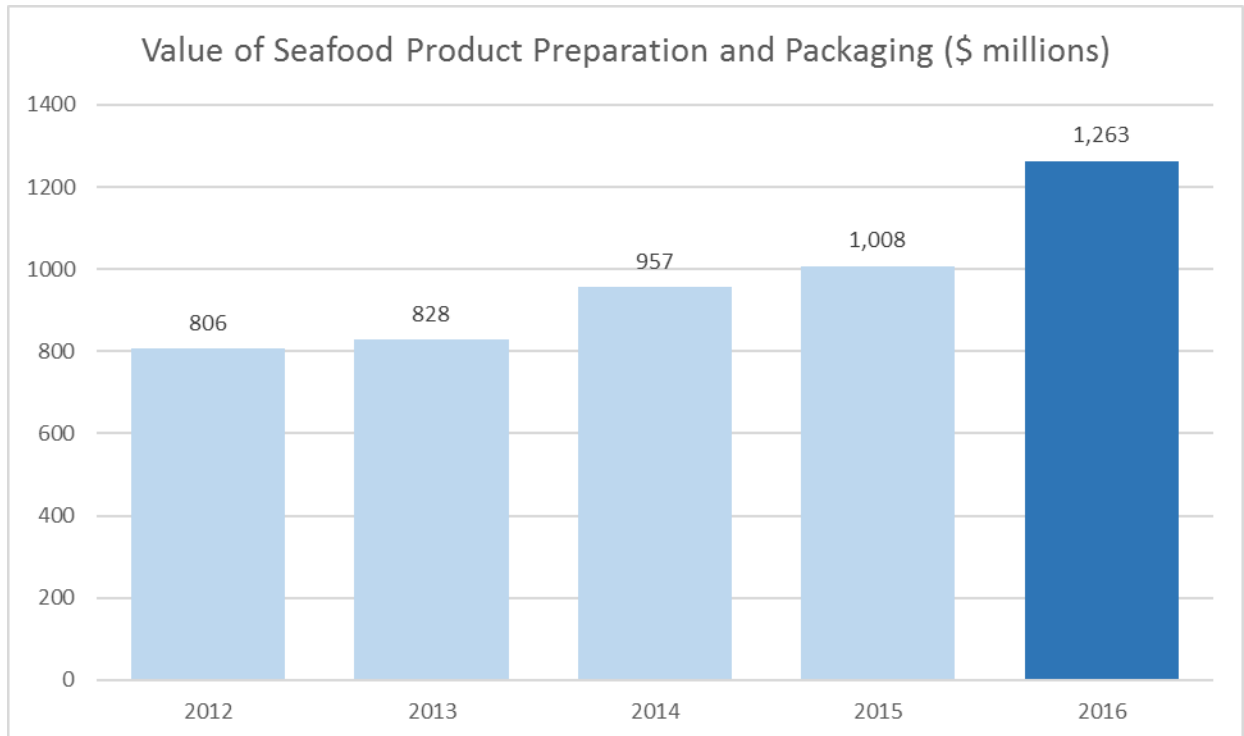
Promoting quality handling practices in the Nova Scotia lobster industry for domestic and international exports continued into 2017-18. The live lobster handling course is required for all licensed lobster buyers in Nova Scotia. By the end of December 2017, there were a total of 1,119 participants completing the course.

The following efforts also supported industry capacity to sell seafood at a higher value:

- Continued participation and contribution to the Seafood Value Chain Roundtable whose objective is to increase value throughout the entire chain of all Canadian Seafood
- Celebrated the 20th anniversary of the annual Minister's Conference in February 2018 with continued focus industry working together toward shared interests.
- Invested in year three of the Catch to Plate initiative in which Perennia coordinated projects for opportunities to increase the value of live lobsters

- Conducted in-China box pack simulation and meat yield studies to better inform quality standards
- Continued support for the Atlantic Lobster Molt and Quality Program which collects data to assist industry in quality predictions for the Southwest Nova Scotia lobster season(s) and feeds into a larger prediction model being considered by academia

Industry statistics indicate that Nova Scotia fisheries landings decreased from 263,078 metric tonnes in 2015 to 256,603 metric tonnes in 2016, however the value of the landings increased from \$1.201 billion in 2015 to \$1.266 billion in 2016. Data for 2017 are not yet available.



This measure shows the combined output of all seafood processing operations in Nova Scotia. In 2016, the value climbed 12.8% to over \$1.1 billion. The long-term goal is to see a continued rise as a reflection of increasing gross sales for the sector. Data for 2017 are not yet available.

Sportfishing development

The Department continued to invest in the development of inland sportfishing opportunities and salmon enhancement. In 2017-2018:

- 1809 non-resident general licences and 756 non-resident salmon licenses were sold, representing increases in both categories
- Total licence sales included 66,175 general licences and 1,981 salmon licences
- Non-resident anglers accounted for 3.8% of all the provincial sportfishing licences, compared to 3.3% in 2016-17

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 were made in 2017-18 to allow for the following changes in 2018-19:

- A one-day non-resident salmon licence was introduced
- The rate for non-resident general licences was reduced commensurate with neighboring jurisdictions
- 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)
- By adopting the definition of disability from the *Accessibility Act*, the Department provides more opportunity for individuals to qualify who may not have previously qualified and ensures consistency in provincial legislation

Perennia partnership in fisheries research and development

In 2017-18, Perennia continued to expand its mandate to support the fishing and seafood sectors. The Department engaged Perennia, investing over \$1 M in research and development projects including:

- Investment of \$265 K for the establishment of the Centre for Marine Applied Research, focusing on strategic projects that support growth of the aquaculture industry
- Completion of the Lobster Quality Standards Pilot Program for the China market aimed at increasing the value of Nova Scotia lobster. Results of the pilot led to revisions and the finalization of new quality standards
- Completion of year two, with a \$197 K investment, of a three-year project to build scientific expertise related to Atlantic salmon and brook trout conservation
- Investment of \$158 K to develop a Seafood Quality Brand Pilot Program, for use of the new Nova Scotia seafood logo by industry, for other species

Labour issues

The Department initiated an inter-departmental group comprising of 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 agriculture and seafood industries. In 2017-18, the Department's Coastal Resource Coordinators delivered the Sea to School pilot program in high schools across the province to inform students about seafood sector opportunities and attract future participation in identified skills gaps. This program involved industry in the delivery of practical information about their businesses.

Key core functions

Central functions of the Department were advanced in 2017-18 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:

- 49 Learn to Fish (L2F) sessions were held in 2017 with more than 1,100 young angler participants
- Becoming an Outdoor Woman (BOW) program continued to be fully subscribed at 56 participants
- Completed an online mapping tool which provides detailed information for disabled and senior anglers on various barrier free sportfishing facilities around the province

In 2017-18, the three provincial fish hatcheries stocked approximately 375 lakes and streams with various trout species, provided fish and support for 57 trout derbies sponsored by community organizations, and released over a quarter of a million Atlantic salmon parr and smolt into the Margaree, Baddeck, Middle and Mabou rivers. This stocking activity helped the Margaree remain Nova Scotia's premier summer-run Atlantic salmon river.

An electronic licencing system will improve the delivery of hunting and fishing licensing for Nova Scotians and improve service experience for anglers, hunters and licenced vendors. In partnership with Service Nova Scotia and the Department of Natural Resources, the Department continued to work to develop a procurement strategy for the development and implementation of technological solutions.

Growing a competitive seafood sector through automation in processing and harvesting

The Continuous Improvement Pilot in Southwest Nova Scotia, to improve efficiencies in seafood processing facilities, was successfully completed in 2017-18. Six fishing and seafood companies completed the program with most expecting to continue through the next phase. The Atlantic Canada Opportunities Agency, Labour and Advanced Education and the Canadian Manufacturers and Exporters (CME) have expanded the program to include all other exporting sectors in the province. In 2017-18, the Department also continued its collaboration with seafood processors and promoted funding opportunities through the Atlantic Fisheries Fund.

Promoting safety in the fisheries

Promoting safety at sea, on the wharf and in processing facilities continued to be a priority for 2017-18. The Department partnered with Labour and Advanced Education and the Workers' Compensation Board of Nova Scotia (WCB) to facilitate the development of an industry-led, five-

year action plan to improve workplace safety in the fishing sector. *Fishing Safety Now* continued to be implemented in 2017-18 as follows:

- *Real Safety Training & Equipment*: Delivered *Are You Ready* safety drills throughout Nova Scotia, reaching 81% of wharves to date; conducted research and testing on non-approved solid personal flotation devices; developed fact sheets for safety equipment including life rafts, flares, fire extinguishers, and survival suits
- *Awareness*: Increased the use of social media to enhance safety messaging within the fishing industry and communities; created and distributed a video, titled *Wave of Change* featuring a fishing captain discussing the changes and importance of safety from an operational perspective; produced and circulated 3000 calendars featuring grade six fishing safety sketches designed to remind families of the importance of fishing safety.

WCB registered 718 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 2016.

Assisting industry to adapt to ecosystem and climate challenges

At interdepartmental and intergovernmental forums on climate change issues, the Department continues to promote the importance of developing resources to support fishing and aquaculture industry's understanding and adaptation to environmental changes. The Department is exploring ways to support the growth and resilience of the industry in the face of climate-driven ecosystem challenges.

Administration of licences and leases

- In 2017-18, there were 333 licensed fish buyers, 207 licensed fish processing facilities, and 253 aquaculture licences and leases: 35 marine finfish; 191 marine shellfish; 27 land-based, representing \$172 K in revenues
- Twenty-three rockweed leases were held by four different leaseholders generating 23,601 metric tonnes of rockweed harvest and royalties totaling \$49,257 in 2017-2018
- Licensing revenue from fish buyers, processors was \$356 K

Through an ongoing policy review of the buyer and processor licensing regime, the Department is seeking to implement a more equitable, transparent licensing framework which will focus on quality, higher operating standards, resource utilization and building investor confidence in the sector. In 2017-18, to support the policy review, the Department conducted industry consultations to identify policy opportunities that will result in a modern licensing policy that supports industry's efforts to build strong seafood businesses and that supports Nova Scotia coastal economies.

Environmental Monitoring Program for aquaculture

This program is a monitoring and regulatory tool that measures the environmental impact of aquaculture by sampling operations in a variety of marine ecosystems. Thirty audits were completed in 2017 including:

- 19 quality control and quality assurance audits
- 4 field audits
- 4 field and analytical audits
- 3 laboratory audits

Veterinary Services

Veterinary services are provided to help maintain and monitor aquatic animal health at aquaculture sites. Programs have supported animal welfare, the prevention, diagnosis and treatment of aquatic animals and on-site testing.

Coastal Resources

- Coastal Resource Coordinators (CRCs) supported the delivery of lobster handling training courses to companies; working to advise on proper handling techniques for lobster
- Ongoing extension services included vessel inspection for the Fisheries and Aquaculture Loan Board, assisting with the Learn 2 Fish program and fish stocking, among others. CRCs continued to support the *Fishing Safety Now* initiative and partnered with industry to locate funding for initiatives and projects.

Nova Scotia Fisheries and Aquaculture Loan Board

The Nova Scotia Fisheries and Aquaculture Loan Board (NSFALB) 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 NSFALB began work to update regulations, enhancing the Board's ability to meet industry requirements, improve service quality, address risk issues and allow for sustainable funding options.

The NSFALB approved 157 new applications with total funds authorized exceeding \$49.8 M in 2017-18. Loans for licences accounted for approximately 53 percent of new loan value, vessels and equipment accounted for 35%, and aquaculture related loans accounted for 12%.

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 2017-2018
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