

Department of Fisheries and Aquaculture

Annual Accountability Report for 2010-2011

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Accountability Statement

The accountability report of the Department of Fisheries and Aquaculture for the year ended March 31, 2011 is prepared pursuant to the *Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the Department of Fisheries and Aquaculture Statement of Mandate for the fiscal year 2010-2011. The reporting of the Department of Fisheries and Aquaculture outcomes necessarily includes estimates, judgments and opinions by department management.

We acknowledge that this accountability report is the responsibility of Department of Fisheries and 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 2010-2011 Statement of Mandate.

Sterling W. W. Belliveau
Minister

Paul LaFleche
Deputy Minister

Message from the Minister

I am pleased to present the Department of Fisheries and Aquaculture accountability report for 2010–11.

Fisheries and aquaculture are backbones of Nova Scotia's coastal, rural communities. They are vital contributors to social and economic success. The seafood industry is worth more than \$1 billion to the economy each year.

Good investments have been made in the last year in lobster science and quality, infrastructure renewal, seafood marketing and product development. Many Nova Scotia boat builders, seafood processors and aquaculture operators benefitted from investments approved through the Community Development Trust.

Sustainable resource management, industry growth and responsible governance are three key business areas in 2010–11. Within them, the department focused on specific priorities like creating a coastal strategy to optimize use and protection of our coast and developing a plan to strategically and sustainably grow the aquaculture sector. The department increased marketing of local fish and seafood products, promoted sportfishing and developed a new loans-for-licence program.

The department will expand and advance its current work to support the fisheries and aquaculture sectors, which are so vital to our economy and livelihood.

I encourage readers to visit the department's Web site at <http://www.gov.ns.ca/fish> to learn more about fisheries and aquaculture in Nova Scotia.

Hon. Sterling W. W. Belliveau
Minister of Fisheries and Aquaculture

Financial Results

Fisheries and Aquaculture		
	2010-2011 Estimate	2010-2011 Actual
Program and Service Area	(\$thousands)	(\$thousands)
Gross departmental expenses:		
Administration	570	516
Aquaculture	3,607	3,772
Fisheries and Aquaculture Loan Board	802	659
Inland Fisheries	1,981	2,050
Marine Fisheries and Field Services	6,271	5,821
Total gross departmental expenses	13,231	12,818
Additional information:		
Fees and other charges	(973)	(1,165)
Ordinary recoveries	0	(70)
TCA purchase requirements	39	28
Provincial funded staff (FTEs)	85	78

Measuring our Performance

Sustainable Resource Management

SQUARE METERS OF FISH HABITAT RESTORED

The department administers the Sportfish Habitat Fund as the primary revenue source for the Adopt-A-Stream program, which supports projects aimed at improving access to recreational fishing. Adopt-A-Stream supports community groups working to restore and rehabilitate fish habitat. Funding for this program comes from a \$5.71 levy on each angling licence sold. This investment is matched by cash and in-kind contributions from community groups on a 3 to 1 basis. The economic model for Adopt-A-Stream estimates that each square meter of restored habitat is valued at about \$13.

WHAT DOES THE MEASURE TELL US?

This measure shows the number of square metres of fish and riparian habitat restored along Nova Scotia's inland waters and streams.

WHERE ARE WE NOW?

The department helped 28 community groups restore 232,000 square meters of fish habitat in 2010, up from 110,000 square metres the previous year, and above the target of 115,000 square meters. Twenty-three thousand, two hundred forty-five trees were planted and volunteers worked 8,000 hours. The increase from 2009 is a result of revenue generated from increased licence sales, and a significant contributions from the private sector.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to restore 115,000 square metres annually through this program.

PERCENTAGE OF 'LOWER RISK' MARINE AQUACULTURE SITES MONITORED UNDER THE AQUACULTURE ENVIRONMENTAL MONITORING PROGRAM (EMP)

Environmental monitoring and reporting helps ensure long-term environmental sustainability and builds public confidence in the industry¹.

¹The EMP uses a risk-based approach. Higher-risk sites (usually finfish and mussel sites) are typically larger and more productive, using cages and lines. Sites are lower-risk when they are inactive or use low-density production methods, such as bottom culture and oysters.

WHAT DOES THE MEASURE TELL US?

This measure shows the percentage of lower risk sites currently monitored under the environmental monitoring program².

WHERE ARE WE NOW?

As of July 2011, 62 percent of lower risk sites were monitored, up from 61 percent the previous year. While this is below the target of 64 percent for the year, the actual number of sites monitored increased. The slower percentage growth is due to the fact that new sites have been added since last year, along with the reactivation of a number of previously idle sites. The department finalized a draft monitoring protocol in consultation with industry and government this past year, and posted related documents online. In addition, all 'higher-risk' finfish sites were sampled by third party consultants with results reviewed and an audit function and management response delivered by the department.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to monitor 67 percent of lower risk sites by the end of the 2011-12 fiscal year.

Industry Growth and Development

VALUE OF AQUACULTURE LANDINGS

The department is developing an aquaculture strategy to guide the ongoing sustainable development of the industry. The strategy will align with the government's *jobsHere* plan to create good jobs and grow the economy.

WHAT DOES THE MEASURE TELL US?

This measure shows the dollar value of sales from Nova Scotia's aquaculture farms.

WHERE ARE WE NOW?

Nova Scotia's aquaculture industry generated \$42 million in 2010, down from \$58 million the previous year. Finfish farms have a two-year growing cycle, and values generally fluctuate in alternating years. The sales value is expected to increase in 2011 to higher levels than in 2009.

²Baseline monitoring was completed for 100 percent of 'higher-risk' sites in 2010 and all active 'higher-risk' sites are monitored regularly.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to help Nova Scotia's aquaculture industry grow to \$125 million by 2016. This will help create new jobs in both primary production and seafood processing. The strategy that is currently under development outlines six priorities to help grow the industry: public confidence; access to sites; innovation, productivity, and competitiveness; fish health; policy; and environmental management.

DOLLAR VALUE OF SPORTFISHING ACTIVITIES TO THE PROVINCE

Sportfishing continues to be one of Nova Scotia's most popular outdoor recreational activities. The department participates in a National Survey of Recreational Fishing activity every five years. Among other data related to managing the sportfishery, detailed information on angler expenditures is collected. A survey based on the 2010 season is underway and results are expected in the fall of 2011.

WHAT DOES THE MEASURE TELL US?

This measure shows the value of economic activity generated by Nova Scotia's sportfishing sector.

WHERE ARE WE NOW?

While detailed results for Nova Scotia from the national survey are not yet available for 2010, angler participation has increased significantly since the last survey in 2005. Fishing licence sales increased 27 percent in that time, from 52,000 in 2005 to over 66,000 in 2010. Based on 2005 per-angler expenditure, the sportfishing sector led to \$94 million in economic activity in 2010. This is consistent with the previous year's total and with the target for 2010-11.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to increase the value of Nova Scotia's sportfishing sector over time with continued promotions aimed at attracting new and non-resident anglers, youth and women, and the ongoing efforts to stock inland lakes and streams with appropriate salmon and trout species.

BOAT BUILDING SALES

The department continues to promote Nova Scotia's boat building sector both domestically and in foreign markets. This includes championing the industry's interests, and delivering the Boat Builders Marketing Assistance program from 2009 through 2011. Funds through this program (federal investments through the Community Development Trust) were primarily aimed at helping the sector compete in export markets.

WHAT DOES THE MEASURE TELL US?

This measure shows the dollar value of domestic and export sales from Nova Scotia's boat building sector.

WHERE ARE WE NOW?

Domestic boat sales amounted to \$45.2 million in 2010, up from \$33 million the previous year. Export sales decreased slightly, from \$16 million to \$15.3 million. An overall upturn in the domestic fishery in recent years led to more optimism in the sector, and new boat orders from harvesters. However, the high Canadian dollar relative to the United States continued to result in declining export sales.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to encourage long-term growth in the boat building sector.

VALUE OF INDUSTRY SALES RESULTING FROM MARKET DEVELOPMENT PROJECTS AND TACTICS

The department provides marketing and market-development support (including participation in trade shows, incoming and outgoing buyer missions, and trade promotion) to help Nova Scotia's seafood and agri-food industries seize new market opportunities.

WHAT DOES THE MEASURE TELL US?

This measure refers to the sales value of seafood and agri-food produced in Nova Scotia³.

WHERE ARE WE NOW?

The department's efforts directly led to \$21 million in sales in 2010-11. This is an increase from \$18 million the previous year and above the \$18 million target due to an overall rise in demand for Nova Scotia products.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to maintain the current level of sales in 2011-12 with continued efforts to diversify products and markets, and product branding.

³This measure only refers to sales that can be directly attributed to the department's market promotion activities.

VALUE OF NEW INVESTMENT IN INDUSTRY SECTORS DIRECTLY ATTRIBUTED TO INVESTMENT RECRUITMENT EFFORTS

The province recently unveiled a new immigration strategy designed to attract new Canadians to settle in Nova Scotia. The Department of Fisheries and Aquaculture (in cooperation with the Department of Agriculture) is committed to providing information, advice and other support to new immigrants looking to invest in Nova Scotia's seafood and agri-food industries.

WHAT DOES THE MEASURE TELL US?

This measure shows the dollar amount of investment made by new Canadians in Nova Scotia's seafood and agri-food industries.

WHERE ARE WE NOW?

The department helped recruit \$3 million⁴ in new investment through this program in 2010-11, double the previous year's total of \$1.5 million. This also exceeds the target of \$1.8 million as a result of enhanced development efforts.

WHERE DO WE WANT TO BE IN THE FUTURE?

The aim is to recruit \$3 million in new investment in 2011-12. The department plans to work with the Office of Immigration on targeted in-country initiatives in the UK and the Netherlands, develop prospectus for key sectors and launch a promotional website showcasing investment opportunities in Nova Scotia's seafood and agri-food industries.

RATIO OF PRODUCT AND QUALITY DEVELOPMENT (PQD) FUNDING INVESTED TO TOTAL R&D INVESTED THROUGH PQD PROJECTS

The department works with private, public and non-government partners to provide cost-shared funding to Nova Scotia's seafood and agri-food industries to develop new and value-added products and processes.

WHAT DOES THE MEASURE TELL US?

This measure refers to the ratio of funding invested by the department (through the PQD program) as a percentage of all investment in PQD projects. A downward trend in the ratio invested by the department speaks to the department's success at building relationships with stakeholders and shows a willingness on the part of other organizations to invest in the industry.

⁴This is the estimated total investment made by new immigrants to Nova Scotia as a result of this program. The department does not disclose detailed financial information or supporting analysis for this measure in order to protect the privacy of individual business owners.

WHERE ARE WE NOW?

Based on preliminary estimates, the department invested \$111,781 in PQD projects in 2010-11. The overall investment in these projects from all sources (federal and provincially funded repayable and non-repayable loans, cost-shared funding and private investment) totaled \$949,400. In other words, the department's overall investment in these projects was 12 percent of total expenditures. This is up from seven percent the previous year, however it is lower than the 15 percent target. The higher results this year reflect a leveling off following a few years with a lower than expected ratio. The increase in 2010-11 is not due to any one factor other than variations in investment from year to year. This is the seventh year for the program and the department is still establishing baseline data. In the first six years of the program, the department invested an average of 21 percent of the overall costs of projects cost-shared through the program.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to decrease our ratio invested to ten percent in 2011-12 by continuing to work with research and innovation stakeholders, and through ongoing targeted product development and business training initiatives.

PERCENT OF FISHERIES AND AQUACULTURE LOAN BOARD PRINCIPAL IN ARREARS

The Fisheries and Aquaculture Loan Board provides stable, long-term funding to promote the growth and development of Nova Scotia's fishery and aquaculture industries. The board works with clients to establish repayment schedules and staff follow-up with loan holders who have not repaid loans according to schedule. A high level of arrears suggests difficulties in the industry, and are contrary to the government's fiscal commitment to balance the budget.

WHAT DOES THE MEASURE TELL US?

This measure shows the arrears rate on the loan board's principal.

WHERE ARE WE NOW?

The Fisheries and Aquaculture Loan Board's arrears rate in 2010-11 was 3.33 percent, down from 5.5 percent the previous year, but higher than the target of three percent or less. The board aims to reduce arrears with aggressive collection efforts and a stronger economy.

WHERE DO WE WANT TO BE IN THE FUTURE?

The board's target for principal in arrears is four percent or less in 2011-12. The long-term target is to reduce arrears to three percent or less.

FISHERIES AND FISH PRODUCT EXPORTS

Seafood products are Nova Scotia's second leading category of exports, and are an important industry in terms of the province's long-term economic growth. The department continues to promote seafood exports through ongoing trade initiatives such as participation in major international trade shows and incoming and outgoing buyer missions.

WHAT DOES THE MEASURE TELL US?

The measure shows the overall value of Nova Scotia's seafood exports.

WHERE ARE WE NOW?

Nova Scotia exported \$794 million worth of seafood in 2010, down from \$810 million the previous year. This is a result of the global recession, combined with the high Canadian dollar relative to the United States.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to see an increase in seafood exports over the long-term. Ongoing support will include targeted development initiatives to increase product values, and market diversification.