

Accountability Report

2016–2017

Department of Fisheries and Aquaculture
July 2017

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Accountability Statement

The Accountability Report of the Department of Fisheries and Aquaculture for the year ended March 31, 2017 is prepared pursuant to the *Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the Department's 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 and Aquaculture management.

We acknowledge that this Accountability Report is the responsibility of the 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 of Fisheries and Aquaculture 2016-2017 Business Plan.

Original signed by

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

Original signed by

Frank Dunn
Deputy Minister

Message from Minister/Deputy

I am pleased to present the Department of Fisheries and Aquaculture accountability report for 2016-17.

Nova Scotia continues to be Canada's seafood leader and in 2016-17, with the hard work of harvesters and processors the export performance of our fisheries and aquaculture industries was once again enhanced. Through continued innovation and an ongoing focus on quality at all points of the value chain, our seafood exports grew to \$1.8 billion, making us the top seafood exporter in the country for the second year in a row.

Growing the value of this sector depends on responsibly developing resources like our aquaculture industry. In July, the province released its aquaculture growth strategy that targets investments in research and development to enhance the capacity of the industry to safely and sustainably grow and provide jobs for our young people and opportunities for the middle class. At the same time, we began to accept new applications for ocean-based suspended shellfish, cultivated-marine plant and trout farming. 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.

This past year the department has taken steps to help our seafood industry compete in the global marketplace through targeted investments in market development. This has included marketing efforts focused on the growing southeast Asian consumer market and unveiling the Nova Scotia Seafood Brand which highlights our premium, high quality seafood and the efforts of industry to ensure that quality remains the highest priority for everyone in the sector.

More than ever I am excited by the potential of these sectors to contribute to the economic future of our province and provide opportunities for Nova Scotians to stay here and build a life for themselves and their families. With our partners, we will ensure that our ocean advantage continues to shape a bright future for our communities.

Original signed by

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

Original signed by

Frank Dunn
Deputy Minister

Financial Results

	2016-2017 Estimate	2016-2017 Actuals	2016-2017 Variance
Program & Service Area	(\$ thousands)		
Departmental Expenses:			
Administration	745	643	(102)
Aquaculture	5,444	5,158	(286)
Inland Fisheries	2,412	2,684	272
Marine Fisheries	3,863	3,804	(59)
Product Development	0	0	0
Total Departmental Expenses	12,464	12,289	(175)
Additional Information:			
Fees and Other Charges	1,001	1,017	16
Ordinary Recoveries	350	448	98
Total: Fees and Recoveries	1,351	1,465	114
TCA Purchase Requirements	0	328	328
Provincial Funded Staff (FTEs)	70.7	67.5	(3.2)
<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 purchases: Remote operating vehicle GPS and 2 pieces of equipment (Cryogenic Blast Freezer, Spray Dryer) to support Fisheries product innovations at the Perennia Innovation Centre).			
<u>Provincial Funded Staff (FTEs) Variance Explanation:</u>			
Unfilled positions related to implementation of the Aquaculture strategy.			

Measuring Our Performance

Developing our aquaculture industry

Aquaculture Growth Strategy

Aquaculture is a key strategic focus for the Department as driver of economic growth to rural areas of the province. In 2016-2017, the Department began to operationalize the new aquaculture regulatory framework through the *Aquaculture Licence and Lease Regulations* and the *Aquaculture Management Regulations*.

The Department invested \$2.8 M in year two of the five-year, \$12.2 M aquaculture growth strategy, including significant research and development funding, an independent Aquaculture Review Board, and public engagement through licencing process. Highlights of achievements in 2016-17 include:

- Appointment of the three person Review Board to make decisions on applications for marine aquaculture licenses and leases, and amendments to existing licences which proposed to increase in area or include finfish. A clerk was appointed to the Review Board to help establish and facilitate hearing processes.
- Facilitation of the Farm Management Plans requirements, including extensive outreach to support industry. New policies and processes were established to allow the province to be open for applications for shellfish and trout aquaculture.
- 23 new research and development projects were supported at \$1.5 M in three priority areas: aquaculture and resource interactions; advanced planning for aquaculture development; and industry growth and innovations.
- Collaboration with Nova Scotia Environment on a compliance framework.
- In partnership with Perennia, established a Centre for Aquaculture Development for projects related to site evaluation, incorporation of technologies and establishment of collaborations for aquaculture growth.

The Department continued to work with aquaculture leaseholders to ensure optimum use of existing leased sites. Fifty-five percent of aquaculture sites were reported productive in 2016-2017.

There is no updated value of aquaculture fish and seafood harvested available at the time of this report, with the last figure from 2015 being \$ 56.0 M. The Department expects to see an increase in this value as new applications begin to be processed and existing sites are better utilized under the new Regulatory Framework.

Developing the fisheries and seafood industries

Supporting industry capacity to sell seafood at a higher value

Promoting quality handling practices in the Nova Scotia lobster industry for domestic and international exports has been a focus in 2016-2017. The Department commissioned the development and implemented the live lobster handling course for all licensed lobster buyers in Nova Scotia. The program was developed by Université Sainte Anne (USA) and several training opportunities were offered free of charge.

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.
- Hosted the annual Minister's Conference focused on supporting and encouraging industry to increase the value of seafood.
- Invested in year two of the Catch to Plate (C2P) initiative in which Perennia coordinated projects for opportunities to increase the value live lobsters including assessing onboard quality grading, onboard and land-based handling and holding practices, cold chain logistics mapping and assessment.
- Continued participation with federal and industry partners to support removal of the EU live lobster ban.
- Partnered with Fisheries Council of Canada to assist industry with coordinating an audit of live lobster shippers for the Chinese authorities.

Research and development projects were also undertaken to support added value including:

- Partnered with USA on projects related to lobster moult, quality and meat yield.
- Investigation of grid selectivity systems in excluding juvenile haddock and redfish from bottom-trawl gear by the Groundfish Enterprise Allocation Council.
- Supported a study by the Coldwater Lobster Association to determine feasibility of at sea grading of lobster.

Implementing the 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 was officially launched at the Halifax Stanfield International Airport in early 2017. Work in 2016-2017 focused on developing the brand and its packaging, as well as building momentum for the brand internationally. The United States is Nova Scotia's primary seafood export market;

however, the Department is also working to improve seafood exports to China. Marketing activities for the Nova Scotia Seafood Brand were launched corresponding with annual signature seafood events:

- China: Seafood Expo Asia, Hong Kong (September 2016)
- United States: Seafood Expo North America (SENA), Boston (March 2017)

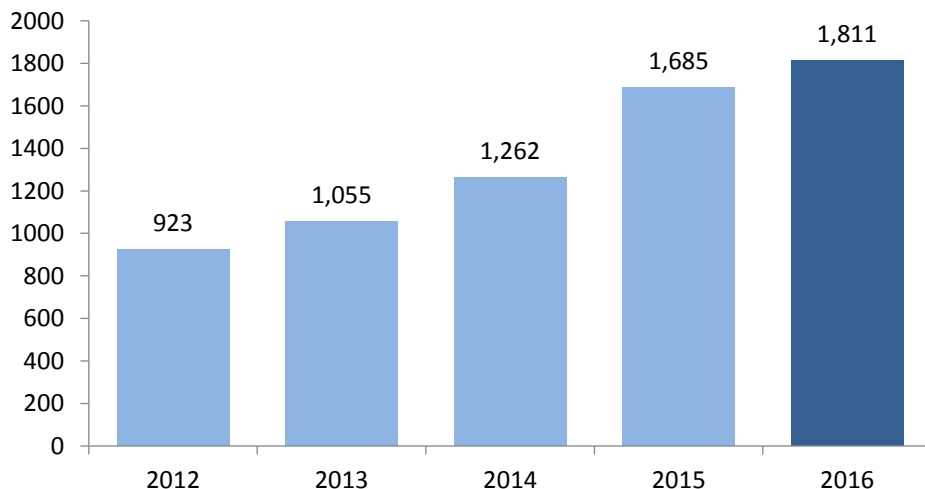
Supporting seafood competitiveness

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, retail, foodservice and online promotions. The Department participated in missions to China in September and November of 2016. The following activities were also delivered in 2016-2017 in cooperation with the above partners:

- Seafood Expo Global, European Seafood Show, April 2016
- Canada Day Festival Seafood Promotion, Beijing, June 2016
- Pan Atlantic Export Café & Savour Event, Seoul Korea, November 2016
- Multiple in bound missions from China & Taiwan

Nova Scotia exported \$1.81 billion worth of seafood in 2016, up 7.5% from the previous year. This aligns with the OneNS goal to double exports just three years into the ten year goal set in 2014.

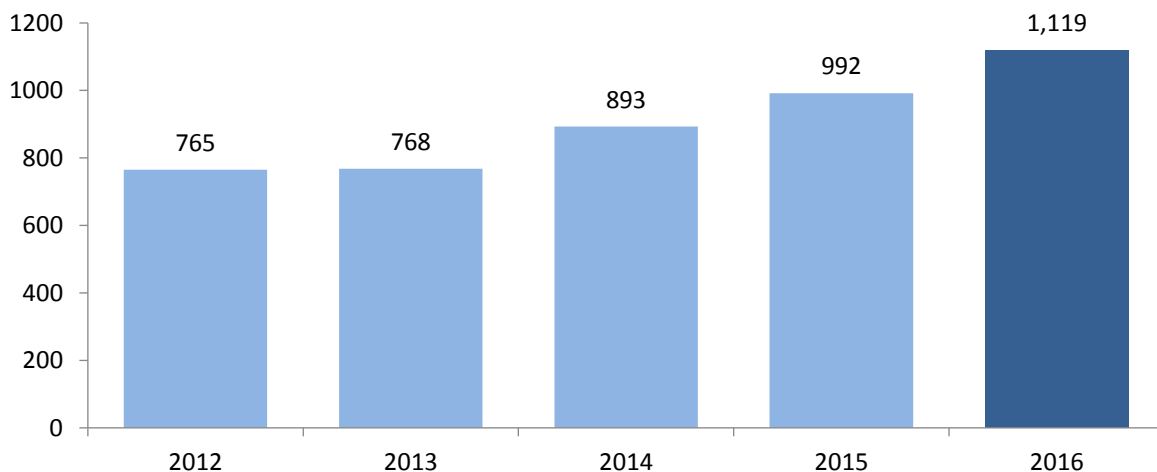
**Total Fishing and Seafood Exports
(\$ millions)**



Other investments in 2016-2017 which supported seafood competitiveness included:

- Completed a commercial seal industry overview profiling market and product opportunities for Nova Scotia grey seals focusing on potential use of meat, oil, fur and other products in the global markets.
- With industry and government partners, supported the Seafood Processors Continuous Improvement Initiative Pilot. The study incorporates the principles of LEAN and Six Sigma to eliminate waste, improve process and production flows, and reallocate human resources to higher value returns.
- Developed materials for local seafood processors to increase attraction and retention of potential employees, change the sector image and raise the profile of the sector.
- Funded the NS Fisheries sector council to re-fresh and re-develop the fishjobs.ca website as a landing page for industry and job seekers in Nova Scotia.
- Funded traceability pilot projects that included incorporating traceability technology in the event of food recalls, in inventory management, and to assist in companies in achieving further certifications.
- Promoted a Seafood processing workshop in November 2016 focusing on automation and innovation.

Value of Seafood Product Preparation and Packaging (\$ millions)



This measure shows the combined output of all seafood processing operations in Nova Scotia. In 2016, the value climbed 12.8% to \$1.119 billion. The long-term goal is to see a continued rise as a reflection of increasing gross sales for the sector.

The expected impact of industry's efforts to increasing its competitiveness through the acceleration of innovation and adoption of new technologies is an increase in labour productivity within the primary and processing sectors in the industry. Labour productivity is a measure of gross domestic product value per hour worked in that industry. The commercial fishing labour productivity fell to \$52.02 in 2016-17 from \$58.40 in 2015. The value for seafood processing remained essentially the same as 2015 at \$18.06.

Strategies to address skills shortages and training needs in 2016-17 included:

- Participation in a workshop on professionalization of the seafood processing sector as an avenue to attract and retain workers.
- Launched the *Sea to School* program in various high schools across the province to inform students about seafood sector opportunities and attract future participation to fill needs in a variety of staffing gaps. This program involved industry in the delivery of practical information about their businesses.

Promoting safety in the fisheries

Promoting safety at sea, on the wharf and in processing facilities was identified as a priority for 2016-2017. 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* was released in 2014 with 33 recommendations under ten different headings. The following are the top 2016-2017 priority outcomes under these headings:

- *Real Safety Training & Equipment*: Delivered 24 *Are you Ready* safety drills throughout Nova Scotia; conducted research on safety equipment inspection requirements including life rafts, flares, fire extinguishers, and survival suits; conducted research and testing on non-approved solid personal flotation devices.
- *Awareness, Education and Enforcement*: Conducted a provincial/federal safety blitz before the start of lobster seasons in specific regions.
- *Awareness*: Developed a list of safety champions from industry and communities; developed a Fishing Safety Facebook page (2000 likes); circulated 3000 calendars featuring grade six safety sketches.

WCB registered 728 accident claims reflecting the fish products industry (processing), saltwater fishing industry (commercial fisheries), inland fishing industry (recreational fishing) and services incidental to fishing. This number is down from 741 registered claims in 2015. This measure is revised from the 2016-2017 Department of Fisheries and Aquaculture Business Plan, which reported in the reflected the saltwater fishing industry (commercial fisheries) only.

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 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.

In order to provide the baseline coastal information that will inform future industry climate change preparedness work, the Department continues to invest in high-resolution seabed elevation and coastal habitat mapping data. In 2016 -17, the Department partnered with the NSCC's Applied Geomatics Research Group to collect this coastal data in the areas of Pugwash, Merigomish and Mabou.

Increasing the number of non-resident anglers in Nova Scotia

The Inland Fisheries Division invested in the development of inland sportfishing opportunities and salmon enhancement with the intent to increase angler numbers, draw more non-resident anglers to the province, increase the economic value of the sport fishery and positively impact Nova Scotia tourism. In 2016-2017, there were 1680 general licences and 653 salmon licenses sold to non-residents. This represents 3.3 percent of all the provincial sportfishing licences sold and is consistent with most previous years.

Perennia partnership in fisheries research and development

In 2016-17, Perennia engaged in an expanded mandate to support the fishing and seafood sectors. The Department engaged Perennia in a number of projects including:

- Development of a lobster quality standards pilot program for the China market. Three Nova Scotia live shipping companies achieved implementation certification through this pilot. Work continues with partners in China to achieve similar results. The pilot is scheduled for completion in September 2017.
- Examination of opportunities to increase value of NS Seafood.
- Building scientific capacity related to salmon and trout restoration efforts.
- Invested \$450,000 to developed a lobster grading industry solution.

Key core functions

Central functions of the Department were advanced in 2016-17 through initiatives including:

Trade relations

- The Department participated in the newly created Trade Implementation Committee, a provincial inter-departmental group that supports trade agreement implementation, enforcement, compliance and trade promotion. This committee supports efforts to ensure Nova Scotia businesses understand their rights and opportunities when exporting to external markets.

Administration of licences and leases

- In 2016-2017, there were 344 licensed fish buyers, 209 licensed fish processing facilities, and 270 licensed aquaculture sites of which 24 were land-based, 35 were marine finfish and 211 were marine shellfish.
- Licensing revenue from fish buyers, processors and aquaculture was \$584,000 reflecting approximately a \$42,000 increase from the previous year.
- Twenty rockweed leases were held by five different leaseholders generating 23,723 metric tonnes of rockweed harvest and royalties totaling \$49,605 in 2016-2017.

Extension by Coastal Resource Coordinators

- CRCs helped deliver lobster handling training courses to companies; working to advise on proper handling techniques for lobster from catch to table.
- Ongoing extension services included vessel inspection for the Fisheries and Aquaculture Loan Board, assisting with the Learn 2 Fish program, Rainbow Trout Pond compliance inspections 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.

Inland Fisheries Division

- Delivered Sportfishing awareness programming including the *Becoming an Outdoors Woman* to 56 participants (56 is the cap); *Tasty Fish* to 6 participants; and the Learn to Fish program, which teaches the basics of sportfishing, ethics and environmental stewardship to 1130 youth from across our provincial school system. Participant numbers were impacted by Work to Rule in provincial schools.
- 68,088 sportfishing licences were sold in 2016-2017, an increase of approximately 7,500 licences from the previous year.

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 2016-17, the NSFALB approved 120 new applications with total funds authorized exceeding \$28.9 million.

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 2016-2017
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