

2006-07



Annual Report


Newfoundland
Labrador

Department of Fisheries and Aquaculture

Table of Contents



LETTER FROM THE MINISTER	01
OVERVIEW	02
FINANCIAL STATEMENTS	04
SHARED COMMITMENTS	05
HIGHLIGHTS	06
OUTCOMES OF OBJECTIVES	07
CHALLENGES AND OPPORTUNITIES AHEAD	23

FOR MORE INFORMATION, PLEASE CONTACT

Lori Lee Oates, ABC
Director of Communications
(709) 729 - 3733
Email: oatesll@gov.nl.ca

Main Cover Photo - Salmonid Site, Hermitage Bay

CREDITS

Document Layout - Darrell Sharpe
Women in Collages - FFAW
Boston Seafood Show - The Navigator

PUBLICATION PREPARED BY:

Planning Services Division
Department of Fisheries and Aquaculture
December 2007

Letter from the Minister

In accordance with government's commitment to transparency and accountability, I am pleased to submit the 2006-2007 Annual Report for the Department of Fisheries and Aquaculture to the House of Assembly. This report presents the progress the department has made in meeting the annual objectives set out in our 2006-2008 Strategic Plan. As the Minister of the Department of Fisheries and Aquaculture, I am ultimately responsible for the extent to which we have met our objectives and for the contents of this report.



The department had a very productive year in 2006-2007. New policy directions and enhanced financial investments by government contributed to our success this past year. The fishing and aquaculture industries are critical to the economic prosperity of our province and our government will continue to make both sectors a primary focus.

We have made considerable progress toward ensuring the aquaculture industry continues to flourish in Newfoundland and Labrador. Our Aquaculture Investment Program plays an essential role in assisting investors to secure funds for aquaculture development. This program was instrumental in attracting Cooke Aquaculture to our province. Cooke Aquaculture has initiated a massive new aquaculture operation on the south coast of the province and it is anticipated over 200 direct and full time jobs will be created for rural Newfoundland and Labrador.

Cod aquaculture continues to be a high priority with significant potential for rural communities in the province. Cod is recognized as an emerging opportunity worldwide and full-cycle cod aquaculture is proceeding with positive results in Newfoundland and Labrador. Success in hatching, early rearing and cage growout has been proven. This province has the technology, expertise and the right biophysical conditions to take full advantages of these successes. We have reached a significant milestone in this regard over the past several months and have issued a Request for Proposals for the establishment of a cod aquaculture demonstration farm.

Following the Premier's meeting with fisheries stakeholders in May 2006, the provincial and federal governments initiated the Fishing Industry Renewal Strategy. Officials from both governments traveled throughout the province to hear the views of all stakeholders. Significant progress was made toward finalizing a renewal package that will set the fishing industry in Newfoundland and Labrador on a new course.

The work of the department in 2006-07 has been wide ranging. We have worked diligently to support the fishing and aquaculture industries. Our government continues to be committed to the fishing and aquaculture sectors and recognizes their ongoing importance to the social structure and economies of both rural Newfoundland and Labrador and the province as a whole.

A handwritten signature in black ink that reads "Tom Rideout".

Tom Rideout, MHA
Minister of Fisheries and Aquaculture

Overview

The 2006-07 Annual Report presents the progress the department has made in meeting the annual objectives set out in our 2006-2008 Strategic Plan and the context within which this work was performed. The Overview and Financial sections provide the reader with supplementary information about the Department, its vision and mandate. The Shared Commitments section outlines those government departments, agencies, groups and industry participants we work with in fulfilling our mandate. In Highlights, we bring attention to some of our accomplishments of the year. In Outcomes of Objectives, we report on the progress made toward meeting the eight annual objectives for 2006-07 set out in our 2006-08 Strategic Plan and identify our objectives for the 2007-08 fiscal year. The Challenges and Opportunities section notes some of the obstacles we face in meeting our strategic objectives and some of the opportunities we have identified to advance the industry.

Vision

The vision of the Department of Fisheries and Aquaculture is sustainable fishing and aquaculture industries that are achieving their optimum economic contribution to the Province of Newfoundland and Labrador.

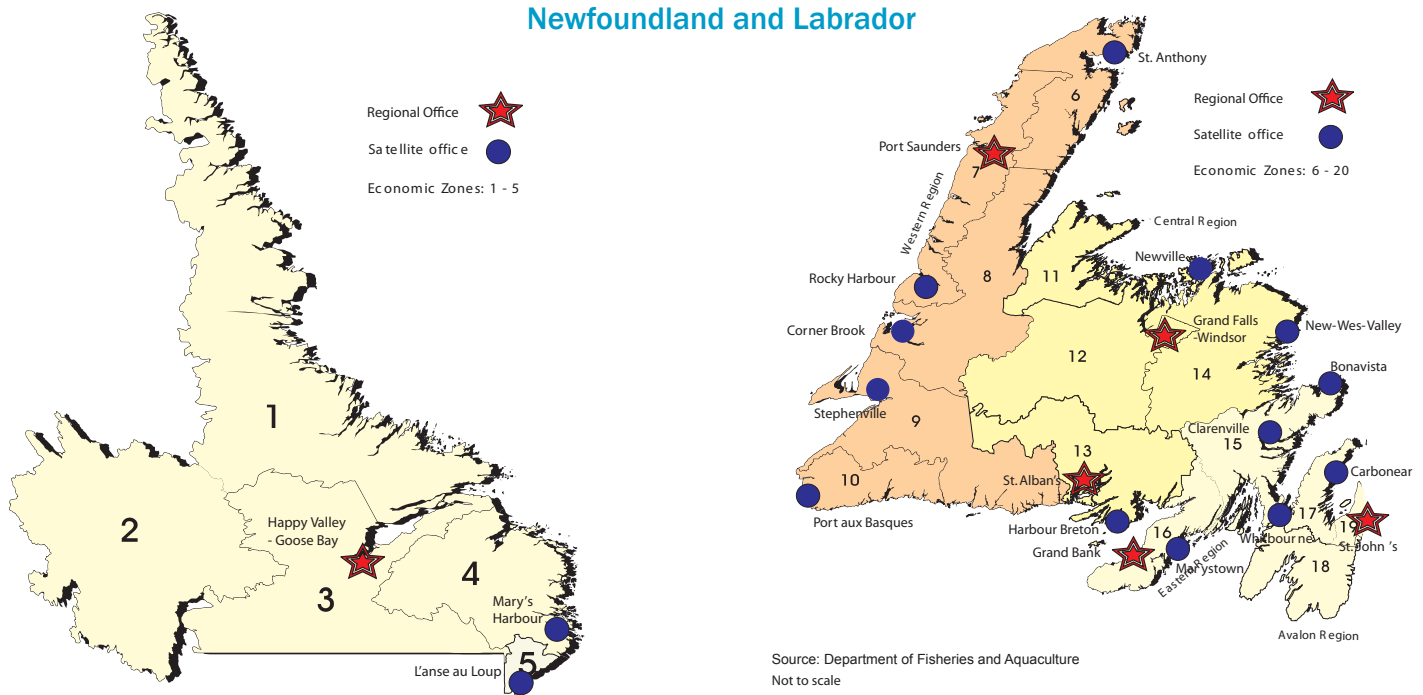
Mission

The Department of Fisheries and Aquaculture will support the strengthening of the processing sector and the expansion of the aquaculture industry to create economic opportunities for the province.

Physical Location

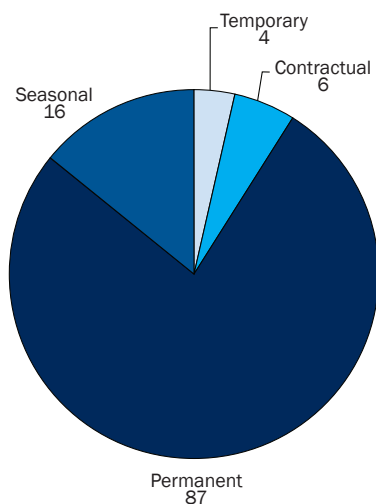
The Department of Fisheries and Aquaculture (DFA) has regional and satellite offices located throughout the province as indicated on the maps below. DFA headquarters is situated in St. John's. The Aquaculture Branch main office is located in Grand Falls-Windsor.

**Regional and Satellite Offices
Newfoundland and Labrador**



Number of Employees

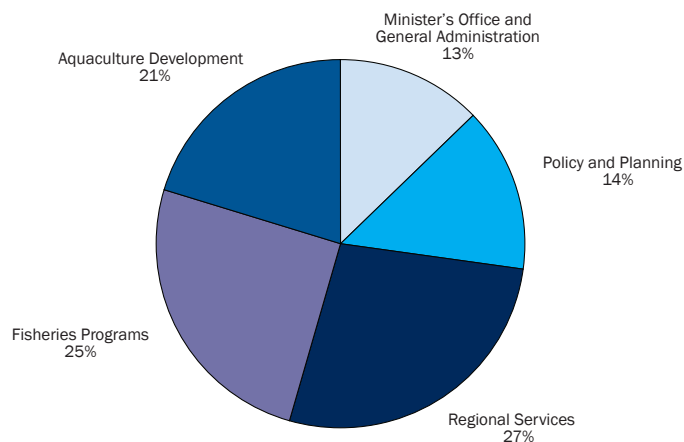
The Department of Fisheries and Aquaculture employed 113 individuals during this fiscal year. Sixty-two of these employees were located in the St John's office.



Summary of Net Expenditures

Total Net Expenditures of the Department for 2006-07 amounted to \$8.3 million. Gross Expenditures totalled \$10.2 million.

Summary of Gross Expenditures



Lines of Business

Lines of Business are the consolidation of those programs, services and products an organization provides to its primary clients. In delivering its mandate, the Department of Fisheries and Aquaculture has identified the following lines of business:

- 1. Licensing** – The department, subject to specified criteria, licenses all fish processing operations, fish buyers and aquaculture facilities and sites operating within the province.
- 2. Development and Diversification** – The department provides technical and financial support in the development of harvesting, culturing, processing and marketing in the fisheries and aquaculture industries. This includes activities such as sustainable harvesting, processing sector diversification, aquaculture investment prospecting, technology transfer, market intelligence, quality assurance and infrastructure support.
- 3. Inspection, Compliance and Regulatory Enforcement** – The department conducts comprehensive inspection, compliance and regulatory programs for the fishing industry and aquaculture sector within its legislative authorities. Activities include inspection of fish buying stations, processing plants, and at dockside; auditing of statistics (for example, plant employment and production statistics); ensuring compliance with licensing policies; inspection of aquaculture sites and facilities; examination of aquaculture facilities for the presence of disease and escapes from cages.
- 4. Policy Development and Planning** – The department develops, implements, and provides advice on fisheries and aquaculture policies for the support of resource/industry management, growth, and development. Other activities include strategic planning; financial and economic analysis; preparation and administration of development agreements; analysis and distribution of statistics; analysis of scientific information; analysis and development of policy positions on fisheries and aquaculture resource issues; and, leading the province's participation on coastal and oceans governance and planning issues.

Department of Fisheries and Aquaculture

Statement (Audited) of Expenditure and Related Revenue Summary for the year ended March 31, 2007

	Original \$	Estimates	
		Amended \$	Actual \$
Executive and Support Services			
Minister's Office			
Minister's Office	264,000	367,000	357,040
General Administration			
Executive Support	790,100	909,100	894,653
Administrative Support (Capital)	0	80,000	62,918
Policy and Planning Services			
Planning and Administration	1,073,400	1,057,400	847,655
Revenue	(2,000)	(2,000)	(6,747)
Sustainable Fisheries Resources and Oceans Policy	737,000	737,000	622,184
Executive and Support Services Subtotal	<u>2,862,500</u>	<u>3,148,500</u>	<u>2,777,703</u>
Fisheries Development			
Regional Services			
Administration and Support Services	3,004,900	2,945,500	2,786,546
Revenue	(44,500)	(45,500)	(21,394)
Fisheries Facilities	65,000	65,000	9,604
Fisheries Programs			
Seafood Diversification and Development	2,606,200	2,494,000	1,761,164
Licensing and Quality Assurance	560,700	563,200	321,835
Revenue	(1,707,000)	(1,707,000)	(1,889,522)
Compliance and Enforcement	535,800	569,300	496,501
Fisheries Development Subtotal	<u>5,021,100</u>	<u>4,888,500</u>	<u>3,464,734</u>
Aquaculture Development			
Administration and Support Services	2,511,900	2,445,600	2,086,369
Revenue	(67,900)	(67,900)	(35,271)
Aquaculture Capital Equity Investment	3,500,000	3,500,000	0
Aquaculture Development Subtotal	<u>5,944,000</u>	<u>5,877,700</u>	<u>2,051,098</u>
Department Total	<u>13,827,600</u>	<u>13,914,700</u>	<u>8,293,535</u>

Shared Commitments

Throughout this first year of our 2006-08 Strategic Plan, the Department of Fisheries and Aquaculture (DFA) worked with many departments, agencies and groups and all levels of government across various jurisdictions to fulfill its mandate. The department worked extensively with the Department of Fisheries and Oceans (DFO) on issue identification and the development of a fishing industry renewal strategy. In addition to meeting with plant workers and harvesters, the department consulted with a wide range of interested parties on fishing industry renewal. Those consulted included the Fish, Food and Allied Workers, the Association of Seafood Producers (ASP), the Seafood Processors of Newfoundland and Labrador, independent processors, Municipalities Newfoundland and Labrador, the Newfoundland and Labrador Regional Economic Development Association, Aboriginal groups and other stakeholders.

The Aquaculture Branch worked with the Department of Innovation, Trade and Rural Development (INTRD), the Department of Finance and Treasury Board to deliver the Aquaculture Working Capital Loan Guarantee Program. The Aquaculture Branch collaborates with the Newfoundland Aquaculture Industry Association to address the concerns and issues of the Newfoundland and Labrador aquaculture industry. The department continues to work closely with DFO on the development of an Aquaculture Framework Agreement.

The department regularly consults Foreign Affairs and International Trade Canada, INTRD and Department of Justice officials on trade issues and strategy. DFA partnered with the federal government and industry in the development and implementation of projects related to the cod recovery strategy and the sealing industry communication strategy. The department co-operated with INTRD by providing input and analysis on fisheries-related proposals submitted to INTRD. DFA is consulted by INTRD on all loan applications to harvesters falling under the Fisheries Loan Guarantee Program. This involves the review of the harvesting potential of all loan applications.

The department provides support to the Standing Price Setting Panel (Labour Relations Agency), particularly as it relates to market intelligence information. In addition, the Department worked with the Department of Human Resources, Labour and Employment and Municipal Affairs in relation to employment programs.

DFA co-chairs the Oceans Working Committee (OWC) of the New England Governors-Eastern Canadian Premiers (NEG-ECP) with the Governor's Office of Rhode Island. The OWC is focused on marine and oceans-related research and development, invasive species, education, exploration, and various other aspects of coastal and oceans management. Participation involves cooperation and collaboration with the Federal Agencies to promote regional oceans planning. Overarching goals include the facilitation of partnerships and synergies with the NEG-ECP States and Provinces to promote the health of the oceans, sovereignty and security, oceans observations and oceans technology.



Industry stakeholders at Premier's Meeting on Newfoundland and Labrador Fishery

Highlights

Fishing Industry Renewal (FIR) has been a primary focus of the Department of Fisheries and Aquaculture (DFA) throughout the 2006-07 fiscal year. In conjunction with the federal government, a comprehensive consultation process involving harvesters, plant workers, processors and other industry stakeholders was undertaken. The objective of the consultation process was the identification of public policy measures, at both the federal and provincial level, that would strengthen the province's fishing industry and enhance its competitiveness in the international market. The process included the following:

FIR

- Premier's Meeting May 2006.
- Formation of an Industry - Government Steering Committee to provide guidance to each of four working committees mandated to identify and assess potential policy renewal and restructuring options in the areas of harvesting policy renewal and self rationalization; processing policy renewal and restructuring; collaborative marketing; and, technology and new opportunities.
- Development of a discussion document.
- Stakeholder consultations throughout Newfoundland and Labrador.

DFA has been engaged with various issues surrounding FPI, most predominantly, the proposed sale of the company. One of the Department's top priorities has been the protection of the public interest and those communities dependent on the company's plants and vessels. We anticipate the sale will be successfully concluded late in 2007.

Aquaculture will play a critical role in bringing economic and business development opportunities to rural Newfoundland and Labrador. To ensure development and growth, we are working with industry to create those conditions which will attract the necessary global capital to the aquaculture sector. As part of this effort, we implemented the Aquaculture Capital Incentive Program and reviewed and changed the Aquaculture Working Capital Loan Guarantee Program.

Farmed salmon production in the province is anticipated to triple due to investments from the federal (\$10.5 million) and provincial (\$10 million) governments and Cooke Aquaculture Inc. (\$135 million). This project has the potential to create over 200 full time jobs with additional indirect jobs in the processing, supply and service sectors. In addition, there are other projects in the development stage that will result in further investments.

The Aquaculture Branch focused on identifying critical areas that must be supported and enhanced to ensure investment is successful and sustainable. A strategy has been developed for the establishment of a commercial scale cod demonstration farm. Government funds in the amount of two million dollars have been committed to this project and a Request for Proposals (RFP) has been issued. Memorial University is currently working on a Cod Genomics Program. We anticipate the work undertaken at Memorial, in conjunction with work being done in New Brunswick, will establish Atlantic Canada as a world leader in cod genomics and the application of genomics technologies to aquaculture.

DFA participated in meetings in Europe to discuss restrictive Economic Union (EU) tariffs and the implementation of a seafood trade barrier reduction strategy. DFA initiated and led a provincial government and industry mission to Brussels to discuss trade and tariff issues with the EU. As a result of the collaborative efforts of the Provincial and Federal governments, industry and labour, we anticipate an increase in the amount of shrimp that can enter the EU at a reduced tariff. We are working with the federal government on Canada/EU and Canada/Korea trade relations and issues, and the sealing industry communication strategy. DFA will continue to identify ways and means to influence the reduction and elimination of trade barriers and tariffs.

STRATEGIC ISSUE **1** Fishing Industry Transformation



Curing Fish in St. Brendan's

What it means

Lack of recovery in the groundfish stocks, unfavorable exchange rates for the Canadian dollar, strong competition from low-cost producers, overcapacity, workforce availability issues, and increasing costs have created much instability and uncertainty within the industry. Industry and government must work together to renew the province's fishing industry.

Goal 1

By 2008, the Department of Fisheries and Aquaculture will have worked with other provincial and federal departments, the fishing industry and other industry stakeholders to identify public policy measures to make the industry more viable and internationally competitive.

Objectives

By 2007, the Department will have identified public policy measures to aid in the renewal of the province's fishing industry.

Indicators and Accomplishments 2006-07

1.1 Employed a dedicated human resource to work with federal and provincial departments on industry renewal measures.

The department recruited a Director of Fisheries Renewal and Adjustment in 2006 to work on industry renewal measures.

1.2 Completed a DFA/DFO terms of reference for a fishing industry renewal initiative.

DFA, working with the Department of Fisheries and Oceans (DFO), completed the Terms of Reference for fishing industry renewal and instituted an implementation plan.

1.3 Consulted with industry leaders on policy options for industry renewal.

DFA and DFO consulted with key industry leaders (FFAW, ASP, SPANL, and Municipalities Newfoundland and Labrador) on policy options. Representatives from these groups participated on working committees.

1.4 Commenced dialogue with fishing industry stakeholders on fisheries renewal and adjustment options.

DFA and DFO led a comprehensive federal-provincial consultation process involving harvesters, plant workers, processors and other industry stakeholders. In total, over 40 meetings were held throughout Newfoundland and Labrador with approximately 800 participants. In addition, the Newfoundland and Labrador Government participated in approximately 40 meetings organized by the FFAW.

Commitment for 2007-08

Objective:

By 2008, the department will have developed and implemented public policy measures to strengthen the province's fishing industry, with emphasis on the fish processing sector which falls under the province's constitutional responsibility.

Measure 1:

Developed public policy measures to strengthen the province's fishing industry with emphasis on the fish processing sector.

Indicators:

- Conducted consultations with the processing sector on Fisheries Renewal Policies for the processing sector.
- Prepared policy paper on policy measures for government approval.
- Held discussions with processor organizations and the FFAW to develop a Fish Auction on a pilot basis for cod in NAFO zone 3Ps.
- Worked with the Department of Innovation Trade and Rural Development (INTRD) and the Department of Finance to enhance the Fisheries Loan Guarantee Program.

Measure 2:

Implemented public policy measures to strengthen the province's fishing industry with emphasis on the fish processing sector.

Indicators:

- Reviewed the role of the Fish Processing Licencing Board to assist in fishing industry renewal.
- Implemented new fish processing licensing policies to support the renewal of the processing sector.
- Rolled out a new and expanded Technology and New Opportunities Program.



Premier's Meeting on Newfoundland and Labrador Fishery

STRATEGIC ISSUE **2** Aquaculture Investment



Farmed mussels

What it means

Abundant marine resources, progressive siting and sustainability policies and a proactive government have resulted in this province being considered a prime location for aquaculture development in Canada. To meet this opportunity, considerable new private and public sector investment is needed.

Goal 2

By 2008, the Department of Fisheries and Aquaculture will have developed an expanded aquaculture investment strategy and supported its implementation.

Objectives

By 2007, the Department of Fisheries and Aquaculture will have developed an investment strategy.

Indicators and Accomplishments 2006-07

2.1 Conducted investment strategy workshops to engage internal and external partners.

Due to significant private sector interest and investment in the salmonid sector, our focus has shifted from completing workshops to meeting with internal and external stakeholders to ensure that they are aware of the investment that is taking place and the many opportunities for their participation. The Department gave presentations to private sector companies; the Minister of Fisheries and Aquaculture presented at the capital investment session in AquaVision 2006; staff met with representatives from Glitner Bank and Robobank regarding aquaculture investment opportunities and engaged INTRD in planning for a supplier mission to AquaNor 2007.

2.2 Identified and assessed potential investment incentives such as investment tax credits, capital access program and public-sector investment fund.

Aquaculture Branch staff engaged the Department of Finance, Treasury Board and INTRD in talks on options for a capital financing program. DFA implemented the Aquaculture Capital Incentive Program and continued the Aquaculture Working Capital Loan Guarantee Program.

2.3 Prepared strategy document and workplan.

Due to the extent of the investment and expansion occurring in the industry, a strategy document and workplan to attract investment were no longer necessary. Instead, an assessment of the salmonid sector was completed both to identify areas requiring support and to encourage continued investment, long term sustainability and orderly development of the industry.

Commitment for 2007-08

Objective:

By 2008, the Department of Fisheries and Aquaculture will have implemented an investment strategy.

Measure 1:

Implemented the aquaculture investment strategy.

Indicators:

- Completed the development of an investment strategy for salmonids.
- Specific plans for implementation of strategies identified to support the salmonid industry developed by stakeholder committees.
- Submitted budget requirements of specific strategies for salmonid aquaculture into the governmental budget process.



Nature Sea Farms - Fortune Bay

STRATEGIC ISSUE **3** Commercialization of Cod Aquaculture



Examining diagnostic samples

What it means

On a global scale, Atlantic cod is considered the next major farm species to be commercialized. The primary impediment to the commercialization of cod aquaculture in Newfoundland and Labrador is the lack of private-sector investment. A commercial scale demonstration project is a means to prove the economic viability of cod aquaculture and attract private-sector investment.

Goal 3

By 2008, the Department of Fisheries and Aquaculture will have initiated the strategic development, start-up and operation of a commercial scale Atlantic cod demonstration farm.

Objectives

By 2007, DFA will have developed a strategy to establish a commercial scale demonstration initiative to prove the economic viability of cod aquaculture.

Indicators and Accomplishments 2006-07

3.1 Established a steering committee to oversee project implementation.

A steering committee comprised of representatives from DFA, DFO, Newfoundland Aquaculture Industry Association (NAIA), Atlantic Canada Opportunities Agency (ACOA) and the Canadian Centre of Fisheries Innovation (CCFI) was formed.

3.2 Business model ratified by steering committee.

Working with consultants, the committee developed a report outlining the technical, financial and marketing parameters for the development of a cod demonstration farm. Possible governance structures were explored but could not be finalized until all project partners are in place and the project is fully funded

3.3 Governance structure ratified by steering committee.

Taking into account the best knowledge of cod aquaculture available, the report developed a business model for a pre-commercial cod aquaculture operation on which to base the demonstration farm. Ratification cannot occur until decisions are made in respect to the funding of the project and any resulting adjustments are made to the model.

3.4 Secured financial sources.

The provincial financial portion is in place. Private sector financial commitments have been made through the RFP process. DFA met with DFO and ACOA to review potential federal funding options and will be working with the successful private company to finalize the proposal that is submitted to the federal government for consideration.

Commitment for 2007-08

Objective:

By 2008, DFA will have initiated the start up and operation of the cod aquaculture demonstration farm.

Measure 1:

Initiated the start up and operation of a cod aquaculture demonstration farm.

Indicators:

- Identified private-sector investment and involvement in cod aquaculture based upon RFP submissions.
- Engaged DFO and ACOA regarding a federal contribution.
- Finalized the implementation plan with private-sector and federal agencies.
- Completed site selection for cod demonstration farm.
- Purchased equipment and all site equipment placed for a May 2008 stocking.
- Completed contracts with hatcheries for cod fingerlings for a May 2008 stocking.



McGrath Cove South Experimental Cod Aquaculture Site

STRATEGIC ISSUE 4 Trade and Tariff Barriers



Discussions with international trade representatives, Moscow

What it means

The majority of seafood products produced in this province are exported internationally. Some key markets have tariff and non-tariff barriers in place that restrict market access. While the federal government is constitutionally responsible for international trade, it is critical to the province that the province's and the fishing industry's views are represented at various international forums such as the World Trade Organization (WTO) and bilateral trade discussions.

Goal 4

By 2008, the Department of Fisheries and Aquaculture will have supported the reduction of the trade barriers to optimize the value of the province's seafood sector.

Objectives

By 2007, the Department of Fisheries and Aquaculture will have human resources dedicated to address seafood trade issues, increased trade intelligence activities, and information within the department.

Indicators and Accomplishments 2006-07

4.1 Completed staffing actions.

DFA hired a Trade Analyst who will focus primarily on seafood trade issues and increased trade intelligence activities.

4.2 Held industry meetings to develop a seafood trade barrier reduction strategy.

The intent of this indicator was to develop an approach to seafood trade barrier reduction through increased participation in trade intelligence activities as opposed to a definitive strategy. To this end, DFA met with industry, trade officials in Ottawa and Europe, and completed research on EU seal product bans.

4.3 Prepared reports on Newfoundland and Labrador trade issues.

Staff prepared departmental reports on various trade issues.

4.4 Conducted trade research on trends and seafood trade opportunities.

DFA consults regularly with Foreign Affairs and International Trade Canada (DFAIT), Innovation, Trade and Rural Development (INTRD), and Justice on trade issues and strategy. DFA is completing research and compiling data on seafood trends and trade opportunities.

4.5 Prepared a trade barrier reduction strategy.

Preparation of trade research and a barrier reduction strategy is ongoing by DFA. The department is challenged in that the federal government is constitutionally responsible for international trade.

Commitment for 2007-08

Objective:

By 2008, the Department of Fisheries and Aquaculture will have developed and implemented a strategy to address trade issues and presented its trade positions to the federal government.

Measure 1:

Developed a strategy to address trade issues and presented its trade positions to the federal government.

Indicators:

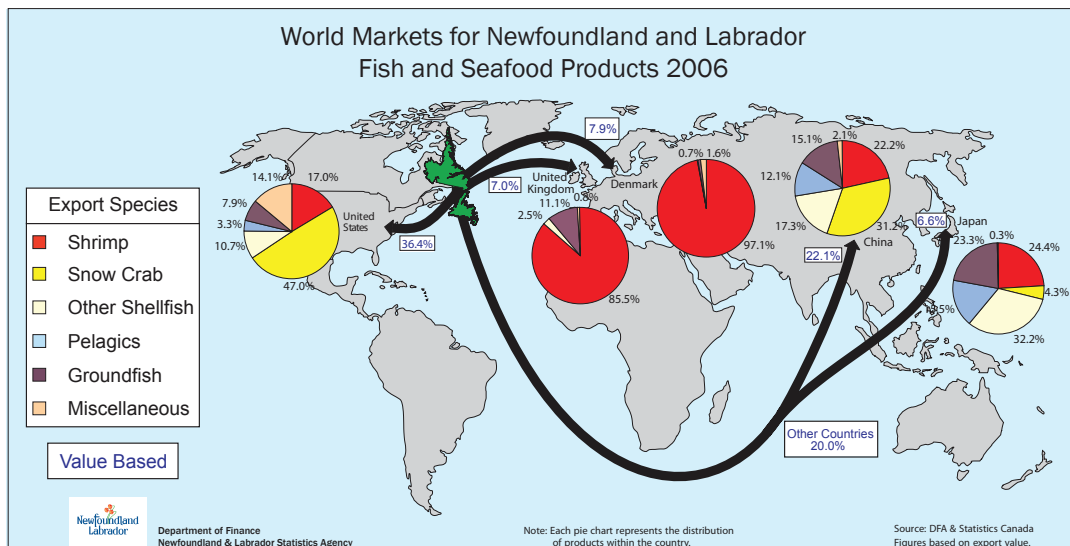
- Developed a report outlining the province's position on seafood trade issues.
- Developed a provincial position, in conjunction with the federal government and industry, addressing seafood trade issues.
- Conveyed the department's trade position to the Government of Canada, Department of Innovation Trade and Rural Development (INTRD) and industry.

Measure 2:

Implemented a strategy to address trade issues.

Indicators:

- Worked with industry and government to implement a shrimp strategy on exporting cooked and peeled shrimp to the EU.
- Conveyed DFA's position on fish-related products for trade purposes to DFAIT.
- Further developed trade relations with countries such as China and Russia through both government and industry contacts.
- Worked with DFAIT and industry to address key issues such as the trade bans on seal products.



STRATEGIC ISSUE **5** Communications



Minister Rideout speaking at AquaVision 2006, Norway

What it means

Communications is a key component of creating public awareness and the department has placed a priority on increasing awareness of the fishing and aquaculture industries and their associated issues and challenges.

Goal 5

By 2008, the Department of Fisheries and Aquaculture will have increased public awareness about the province's fishing and aquaculture industries.

Objectives

By 2007, the Department of Fisheries and Aquaculture will have developed materials and strategies to increase public awareness.

Indicators and Accomplishments 2006-07

5.1 Developed material for speaking tours.

DFA prepared presentations for delivery to various groups and audiences.

5.2 Established essay contests in schools.

The essay contest has been developed and implementation was delayed until 2007-08 to allow staff to address other departmental priorities.

5.3 Prepared and implemented a sealing industry communications strategy.

DFA has developed and is implementing a communications and advocacy strategy to support the sealing industry. This included meeting with European parliamentarians, environmental groups, European journalists and federal and provincial governments. The department expanded its website to include the sealing industry. DFA prepared sealing information packages for international distribution.

5.4 Delivered presentations by departmental staff to schools and community groups.

Presentations were delivered to various community groups and schools throughout the year.

5.5 Measured baseline data on public awareness.

Due to the prominence of the issues that arose in the fishery during the 2006-07 fiscal year and the possibility that the measurement results might as a consequence be skewed, a decision was made to delay the measurement of baseline data on public awareness until 2007-08.

Commitment for 2007-08

Objective:

By 2008, the Department of Fisheries and Aquaculture will have increased public awareness of the province's fishing and aquaculture industries.

Measure 1:

Increased public awareness of the province's fishing and aquaculture industries.

Indicators:

- Completed speaking engagements with business audiences.
- Awarded a scholarship for the school essay contest.
- Prepared translated sealing industry information packages for key audiences in Europe.
- Worked with sealing industry organizations on further implementing DFA's approach to sealing industry communications and advocacy.
- Delivered presentations to schools and community groups.
- Measured the baseline data on public awareness.
- Redesigned and rolled out the DFA Website.



Minister Rideout with Ralph Lysyshyn, Canadian Ambassador to Russia

STRATEGIC ISSUE **6** Seafood Market Development



Cooked and peeled shrimp

What it means

It is critical that the seafood industry, in co-operation with government, develop and employ more effective techniques in promoting our seafood products in national and international markets.

Goal 6

By 2008, the Department of Fisheries and Aquaculture will have implemented market exploration and marketing initiatives designed to increase the viability of the seafood industry.

Objectives

By 2007, the Department of Fisheries and Aquaculture will have solicited industry input on government's seafood marketing strategy.

Indicators and Accomplishments 2006-07

6.1 A questionnaire developed and responses received from industry.

DFA surveyed industry on potential market development and trade initiatives and through a questionnaire format.

6.2 Consultations held with industry and other government departments.

DFA worked with industry and other government departments to identify mechanisms to support the improved marketing of Newfoundland and Labrador seafood products.

6.3 Research conducted on new marketing opportunities.

DFA completed various market research and intelligence initiatives, research and development projects, and participated in several trade missions and trade shows.

Commitment for 2007-08

Objective:

By 2008, the Department of Fisheries and Aquaculture will have developed and implemented government's new seafood marketing strategy.

Measure 1:

Developed government's new seafood marketing strategy.

Indicators:

- Completed a comprehensive analysis of the options for establishing the Newfoundland and Labrador Seafood Marketing Council (NLSMC).
- Determined how the Newfoundland and Labrador Seafood Marketing Council will be established.
- Identified priority market promotion development initiatives and events in consultation with industry.

Measure 2:

Implemented government's new seafood marketing strategy.

Indicators:

- Established the Newfoundland and Labrador Seafood Marketing Council.
- Worked with NLSMC to develop a seafood marketing strategy and promotional program for 2008-2010.
- Organized additional outgoing trade missions.
- Participated in additional international trade shows.
- Organized additional incoming seafood buyer missions.



International Boston Seafood Show 2007

STRATEGIC ISSUE **7** Quality Assurance



Diagnostic sampling

What it means

Quality assurance initiatives are critical to maintaining and enhancing Newfoundland and Labrador's position as a supplier of high-quality seafood to world markets. The department will focus on initiatives to further enhance the commitment to quality assurance in the province's seafood industry.

Goal 7

By 2008, the Department of Fisheries and Aquaculture will have implemented initiatives designed to further enhance the quality of Newfoundland and Labrador seafood products.

Objectives

By 2007, the Department of Fisheries and Aquaculture will have expanded initiatives designed to further enhance the quality of Newfoundland and Labrador seafood products.

Indicators and Accomplishments 2006-07

7.1 Established a government/industry working group on quality assurance.

A Terms of Reference was developed by DFA and circulated to the main industry associations for review. The associations were asked to participate on a government-industry working group on quality assurance. Government is awaiting industry agreement to participate in the group.

7.2 Developed training materials.

DFA introduced the Quality Compliance and Enforcement Program, a modular training program designed to enhance and expand the skills of inspection staff. The department updated the Inspectors Procedures Manual to further assist staff in performing quality assurance inspections. Fisheries staff developed and circulated guides and pamphlets aimed at promoting quality awareness and the rationale for having fish produced in licensed facilities.

7.3 Developed a ticketing system to enforce the quality regulatory regime.

A ticketing system is under development, and pending amendments to the Provincial Offences Act, will be implemented in 2008.

7.4 Assessed new technologies, particularly harvesting technologies, to enhance seafood quality.

The department completed several seafood quality projects in relation to developing species fisheries such as whelk and sea cucumber. Other projects include the evaluation of a collapsible bagging system designed for small inshore crab vessels.

Commitment for 2007-08

Objective:

By 2008, the Department of Fisheries and Aquaculture will have implemented new initiatives designed to further enhance the quality of Newfoundland and Labrador seafood products.

Measure 1:

Implemented new initiatives designed to further enhance the quality of Newfoundland and Labrador seafood products.

Indicators:

- Redeployed inspection staff to concentrate on areas of increased harvesting and processing activity.
- In conjunction with the College of the North Atlantic, introduced the Quality Compliance and Enforcement Program (QCEP) designed to enhance the ability of DFA staff to perform quality assessments.
- Delivered workshops and seminars and provided information on quality assurance.
- Expanded evaluation of onboard handling systems on vessels which employ bulk stowage.
- Established a government/industry quality working group to address issues of concern, and developed a regular meeting schedule.
- Consulted with the Federal Government on the introduction of intrinsic quality issues as criteria in Management Plans for commercial fisheries.
- Implemented a new ticketing system to enforce the quality assurance regime.



Fresh herring

STRATEGIC ISSUE **8** The Province's Voice in Fisheries and Oceans Management



Triton

What it means

The final decisions on the management of fisheries resources are made by the federal Minister of Fisheries and Oceans, taking into account advice and input from various sources. The Government of Newfoundland and Labrador is seeking a greater say in regional, national and international management decisions associated with fish stocks adjacent to this province.

Goal 8

By 2008, the Department of Fisheries and Aquaculture will have increased the voice of the Government of Newfoundland and Labrador on marine fisheries and oceans management.

Objectives

By 2007, the Department of Fisheries and Aquaculture will have promoted positions on regional, national, and international fisheries management decisions which are in the best interest of the province.

Indicators and Accomplishments 2006-07

- 8.1 Active participation in the NAFO reform process:
Attended delegation meetings;
Conducted analysis of reform options; Prepared position papers.

DFA has been involved in NAFO reform through its attendance at working group meetings and the NAFO annual meeting. The province continued to support custodial management and was seeking enhanced coastal state responsibilities in NAFO. An analysis of reform options was completed. A position paper was not prepared, rather, a letter from Minister Rideout was forwarded to the Minister of Fisheries and Oceans outlining the province's position.

- 8.2 Completed bilateral discussions with the Government of Canada on joint management of the province's fishing industry: Meetings held with federal government; Prepared position papers.

DFA strengthened its role in fisheries management in the province through initiatives such as cod recovery and oceans management. DFA has initiated several projects under a cod recovery program and has begun developing a provincial coastal and ocean strategic policy framework. The department has played a leadership role on the coastal/oceans management file within the province as well as on a national and international level.

- 8.3 Completed a review of the Canada/France Fisheries Agreement: Completed a cost-benefit analysis of the agreement; Held consultations; Completed report.

DFA was actively involved and assumed a leadership role in the assessment of the merits of the re-negotiation of the Canada-France Fisheries Agreement.

Commitment for 2007-08

Objective:

By 2008, the Department of Fisheries and Aquaculture will have engaged the Government of Canada on the negotiation of a Canada-Newfoundland and Labrador Oceans Management Agreement.

Measure 1:

Engaged the Government of Canada on the negotiation of a Canada-Newfoundland and Labrador Oceans Management Agreement.

Indicators:

- Conducted bilateral discussions with DFO on a Canada-Newfoundland and Labrador Oceans Management Agreement.
- Prepared paper/note on the provincial position regarding NL government's role in coastal and oceans management.
- Consulted with other relevant provincial departments on coastal management issues.
- Reached an agreement with DFO on the form and structure of a bilateral agreement on coastal and oceans management.



Minister Rideout at the Fisheries Committee of the European Union Parliament in Brussels

Challenges and Opportunities Ahead

Our fishery is a global industry operating in an international market and influenced by the characteristics of that marketplace. This presents us with both opportunities and challenges. Some of the challenges we face include:

Challenges

- The continued rise of the Canadian dollar has a negative impact on the industry.
- The proposed federal Fisheries Act does not give priority to adjacency and historical participation and there is a lack of guarantee of provincial representation on organizational structures for fisheries management.
- International trade falls under the jurisdiction of the federal government making it challenging for the Province to effect change.
- Government and industry must work together to attract investment capital worldwide and ensure investors achieve attractive returns which will in turn encourage investment in aquaculture.
- Overcapacity in the processing sector and the resulting plant closures and job losses pose a challenge to government, industry, workers and communities.

Many of our rural economies are dependent on the fishery. Decreasing ocean fish stocks and global market pressures have and will continue to stress the processing sector. Internationally, processing work is shifting to low-cost producing regions of the world and thereby putting pressure on profit margins for products produced in this province. In this environment, we must be committed, innovative and open in our search for opportunities to grow the Newfoundland and Labrador economy. Some opportunities we are investigating and will pursue include:

Opportunities

- Today's fishery and aquaculture sectors require a high level of skill and training particularly with respect to issues of safety, quality assurance, sustainability and stewardship. Both sectors rely heavily on technology and science. We continue to work with various groups to support and promote the continued professionalism of all participants.
- Policy changes and new investments expected to flow from Fishing Industry Renewal will provide opportunities to strengthen the province's fishing industry.
- There is a potential to increase the value of the industry through better resource utilization; targeting niche markets; diversifying markets; and, improving market access.
- Aquaculture development offers rural communities a means to sustain their economies, to provide business and employment opportunities in processing, supply and service sectors and to ease the flow of out-migration.
- Newfoundland and Labrador has some of the last remaining areas available for aquaculture sites in eastern Canada and approximately ninety percent of those potential sites are available for development.



Department of Fisheries and Aquaculture

The Petten Building
30 Strawberry Marsh Road
P.O. Box 8700
St. John's, NL
A1B 4J6

online: www.gov.nl.ca/fishaq
December 2007