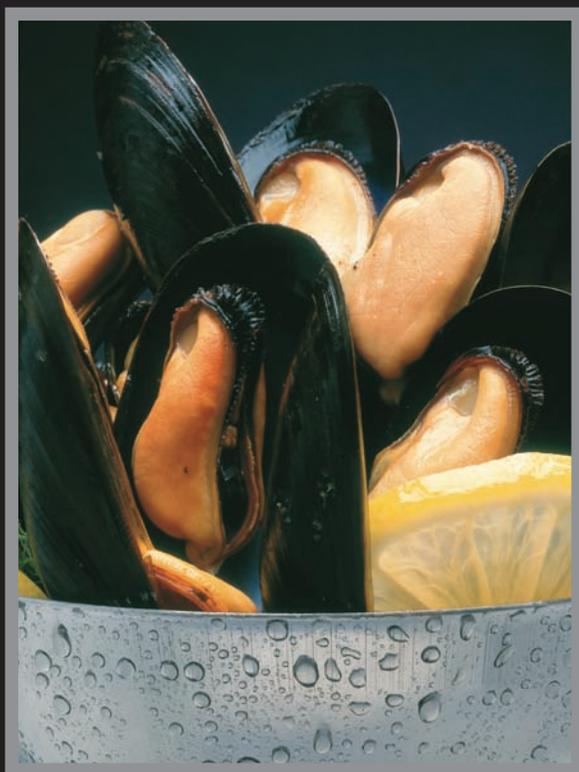


Department of Fisheries and Aquaculture Annual Report

2005 - 06




Newfoundland
Labrador

For Additional Information Please Contact:

Lori Lee Oates
Director of Communications
(709) 729 - 3733

www.gov.nl.ca/fishaq



**2005-2006 Annual Report
Department of Fisheries and Aquaculture**

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The Department of Fisheries and Aquaculture

Annual Report 2005-06

April 1, 2005 – March 31, 2006

In accordance with government's commitment to transparency and accountability, I am pleased to submit the 2005-2006 Annual Report for the Department of Fisheries and Aquaculture to the House of Assembly. This report has been prepared under my direction. I am accountable for the contents of this report.



The department had an active and productive year in 2005-2006. Government honored its commitment to address the collective bargaining recommendations in the Cashin report, to ensure a timely start to the 2006 fishery. The department worked with the Department of Human Resources, Labor and Employment and announced amendments to the Fishing Industry Collective Bargaining Act (FICBA).

Budget 2006 reaffirmed government's commitment to strengthen and diversify the aquaculture sector through an additional investment of \$4.2 million. This will greatly assist the pace of aquaculture development in the province.

Government will also invest \$3.5 million to create a new three-year \$10 million Aquaculture Capital Investment Program to grow the aquaculture sector resulting in the creation of more than 200 full-time equivalent jobs within the next two years. Budget 2006 also allocated \$360,000 for aquaculture industry support, doubling the investment over the previous year. An additional \$500,000 is earmarked to take the next step to commercialize cod aquaculture through the creation of a commercial-scale cod demonstration farm.

The effective development of the fishery continues to be a top priority for the Newfoundland and Labrador Government. An additional \$1.25 million will be directed to strengthen the fishing industry. It will be directed toward: implementation of the Strategy for the Recovery and Management of Cod Stocks in Newfoundland and Labrador (\$300,000), initiatives to address seafood trade and market barriers (\$265,000), the preparation of an oceans strategy and policy framework (\$135,000), fisheries development initiatives (\$250,000), the promotion of the province's seafood products (\$100,000), the Strategic Infrastructure Program (\$100,000) and towards a sealing industry campaign to counteract misinformation about this \$40 million-a-year industry (\$100,000).

The efforts undertaken by the department in 2005-06 to develop the fishery and aquaculture industry and the increased financial commitment from Government in both sectors clearly illustrates their value and importance to our province.

A handwritten signature in black ink that reads "Tom Rideout". The signature is written in a cursive, flowing style.

Tom Rideout, M.H.A.
Minister of Fisheries and Aquaculture

Departmental Overview

The Department of Fisheries and Aquaculture is responsible for overseeing the licensing and regulation of fish processing and aquaculture operations in the province. It also provides development and diversification programs and services to the fishing and aquaculture industries.

As a resource-based department, the Department of Fisheries and Aquaculture worked closely with other departments, agencies and key industry stakeholders in fulfilling its mandate.

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.

Legislative Authority

The department is guided and governed by the following legislation:

- Fish Inspection Act
- Fisheries Act
- Fisheries Restructuring Act
- Aquaculture Act
- Professional Fish Harvesters Act
- Fishery Products International Act
- Fish Processing Licensing Board Act

Lines of Business

In 2005-06, the Department of Fisheries and Aquaculture actively pursued the following six lines of business:

Licensing

The department licensed all fish processing operations, fish buyers and aquaculture facilities operating within the province. In response to the recommendations outlined in the Dunne Report, the Department appointed members to the Fish Processing Licensing Board. The Board is mandated to undertake an independent review of applications for new licences, changes in ownership, transfers and appeals and to make licensing recommendations to the Minister. In 2005-06, the Board held six meetings and considered 53 applications/appeals.



Development and Diversification

The department partnered with a range of agencies such as the Marine Institute (MI), the Canadian Centre for Fisheries Innovation (CCFI), the Centre for Sustainable Aquatic Resources (CSAR) and the Centre for Aquaculture and Seafood Development in conducting fisheries development work. In an effort to further develop and diversify our fishery, the department contributed to the development of commercial fisheries (eels, toad crab, sea urchins, scallop, sea cucumber and shrimp) through resource surveys.

The Aquaculture Branch continued to promote a range of extension services to the industry, including the provision of technical aquaculture advice and aquatic animal health services.

Quality Assurance

The department initiated and promoted a number of quality-related projects in 2005-06 and continued to set quality standards and best practices. It partnered with agencies and institutions, like the Marine Institute, to undertake quality-related projects.

Inspection and Regulatory Enforcement

The department's inspection staff of 35 seasonal and permanent fisheries officers conducted a province-wide fisheries inspection program intended to ensure compliance with its regulations and policies. The Aquaculture Branch also conducted a comprehensive inspection and regulatory program for the aquaculture sector.

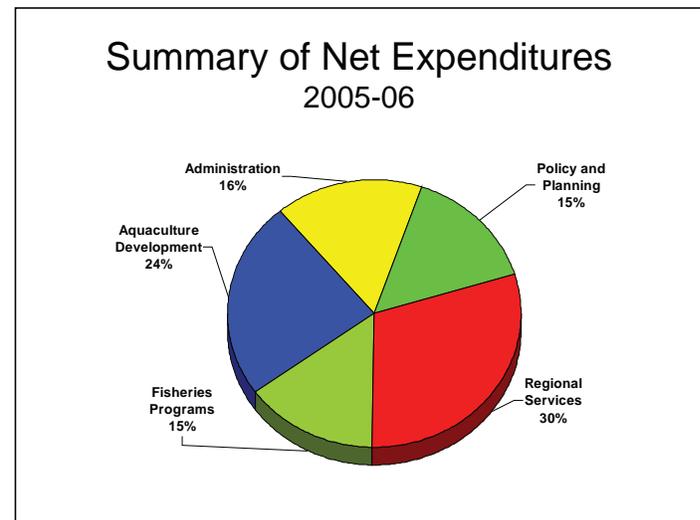
The Compliance and Enforcement Division was created in May 2005 stemming from a recommendation in the Dunne Report. The new division's primary responsibilities include the delivery of a new audit program and expansion of the enforcement capabilities of the department.

Infrastructure Support

Despite a shift to community-owned and privately operated facilities, the department still provided infrastructure support to facilities under its ownership. The department also provided engineering, technical and other support where the private sector is not able to fulfill this role, such as in the provision of ice and refrigeration equipment for baited trawl units.

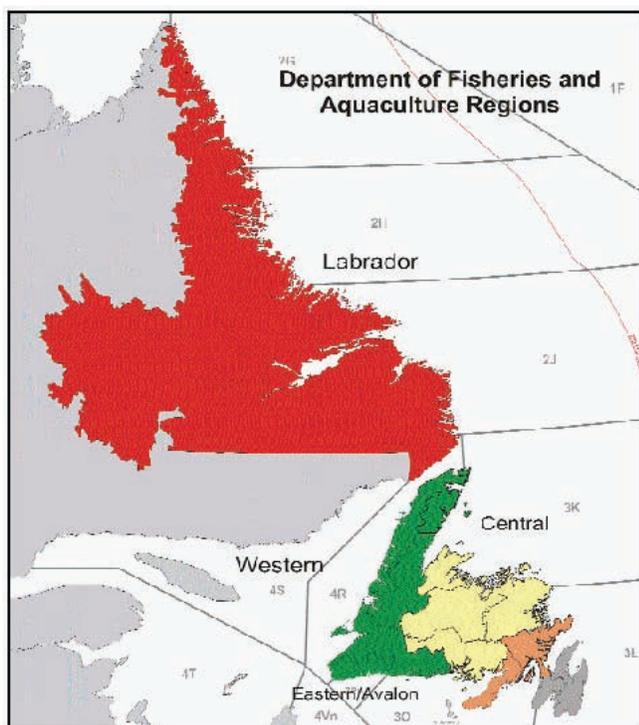
Policy Development and Planning

The formulation of effective fisheries and aquaculture policies is a significant part of the activities of the department. The department interacts regularly with the federal government and other regulatory agencies and bodies, to develop fisheries and aquaculture policy.



Departmental Profile

The Department of Fisheries and Aquaculture had 133 employees in 2005-06 including permanent (98), temporary (7) and seasonal staff (28). The department's headquarters is located in St. John's and the Aquaculture Branch is headquartered in Grand Falls. The total actual net expenditure of the Department for 2005-06 was \$7.20 million, while gross expenditures totalled \$9.21 million. Policy and Planning comprised \$1.09 million of the actual net expenditure. Regional Services comprised \$2.16 million, while Fisheries Programs comprised \$1.06 million of the actual net expenditure. Approximately \$1.72 million was expended on Aquaculture Development and \$1.17 million for General Administration.



Key Activities

The department engaged in a range of activities/initiatives in the fishing and aquaculture sectors including:

- movement to a single-species licensing system and the implementation of a new processing policy framework;
- participation in the Canada/Newfoundland Labrador Action Team for Cod Recovery;
- release and acceptance of the report on the raw material sharing (RMS) pilot project (Cashin Report) conducted during the 2005 fishing season. The report recommended that government end the RMS system and contained 16 further recommendations on collective bargaining in the fishing industry, general industry issues and federal provincial policy;
- following through on its commitment to address the collective bargaining recommendations in the Cashin Report, the department and the Department

of Labour and Employment, through the Labour Relations Agency, introduced amendments to the Fishing Industry Collective Bargaining Act (FIBA) to ensure a timely start to our fishery.

- Introduction of a Raw Material Sharing System for crab in 2005;

The Compliance and Enforcement Division was created in May 2005 stemming from a recommendation in the Dunne Report.

- participation in several RAP (Regional Advisory Process) sessions and other advisory committees related to fisheries management;
- participation in the Canadian delegation to the Northwest Atlantic Fisheries Organization (NAFO);
- delivering a comprehensive Quality Assurance Program to industry stakeholders as part of the department's Inspection Program;
- completion of approximately 7,000 inspections, which included monitoring dockside landings, and raw material and pre-production areas in processing plants;
- licensing 117 primary fish processing facilities;
- licensing 184 aquaculture sites throughout the province;
- the continuation of the Aquaculture Investment Prospecting Initiative, which promoted investment opportunities to investors within and outside the province;
- an Aquaculture Working Capital Loan Guarantee Initiative to improve access to working capital

financing for qualified salmonid aquaculture companies;

- a Freshwater Resource Assessment for salmonid aquaculture to explore hatchery development opportunities in the province;
- completion of audits of fish buyers and processors throughout the province;
- completion of a compliance program, through the new Compliance and Enforcement Division, to ensure industry compliance with the Fish Inspection Act, regulations and departmental policies, procedures and directives;
- delivered and co-ordinated a range of development projects with various industry partners such as the Marine Institute, the Fish, Food and Allied Workers Union (FFAW) the Canadian Centre for Fisheries Innovation and the Centre for Sustainable Aquatic Resources; and
- participation in the following international seafood expositions:
 - International Boston Seafood Show
 - International West Coast Seafood Show
 - European Seafood Exposition.

Shared Commitments

The Department of Fisheries and Aquaculture worked with many departments, agencies and groups to fulfill its mandate. The department co-operated with the Department of Innovation, Trade and Rural Development by providing input and analysis on fisheries-related proposals submitted to that department.

The Aquaculture Branch worked closely with the Department of Innovation, Trade and Rural Development and the Department of Finance to deliver the Aquaculture Working Capital Loan Guarantee Program.

In November 2005, the department, in partnership with the federal government, released “A Strategy for the Recovery and Management of Cod Stocks in Newfoundland and Labrador.”

Fishing and Aquaculture Industry Stakeholders

The Department consulted and worked regularly with a range of industry stakeholders and associations, including the Association of Seafood Producers (ASP), and the Fish, Food, and Allied Workers/Canadian Auto Workers Union (FFAW/CAW) on strategic policy issues and developments in the industry. The department also consulted the Professional Fish Harvesters Certification Board on matters relating to the professionalization and certification of harvesters. As a member of the National Seafood Sector Council, the department also participated in the development of seafood training programs aimed at enhancing quality assurance.

The Department also worked closely and consulted extensively with the aquaculture industry stakeholders and private sector companies to grow the industry. These included the Newfoundland Aquaculture Industry Association (NAIA), the Department of Fisheries and Oceans (DFO), Memorial University and the Marine Institute.

Federal-Provincial Relations

The department worked with its federal counterpart, the Department of Fisheries and Oceans, on licensing issues, fisheries management and conservation policies, fisheries development initiatives and oceans management activities.

The provincial department has responsibility for licensing fish processing plants in the province, while the federal Canadian Food Inspection Agency (CFIA) certifies plants for the export of products.

The department was involved with the federal government on a number of resource management policy initiatives. The department was represented on the Fisheries Resource Conservation Council (FRCC) and attended the Northwest Atlantic Fisheries Organization's annual meeting. The department ensured that the province's interests were represented on federal policy development initiatives relating to international and internal trade, foreign fishing, emerging fisheries and aquaculture development. The department also provided input to the Atlantic Canada Opportunities Agency (ACOA) on fisheries-related proposals received by that agency.

In November 2005, the department, in partnership with the federal government, released "A Strategy for the Recovery and Management of Cod Stocks in Newfoundland and Labrador." The department requested funding to implement cod recovery related projects in 2006-07.



In the area of aquaculture, the department worked closely with the various federal departments, including Environment Canada, Transport Canada, ACOA and DFO, in developing the industry. The department provided regular input into federal policy on aquaculture industry development and regulation, and was involved in the ongoing development of the federal Aquaculture Policy Framework to promote the interests of aquaculturists. The department also worked with the Aquaculture Management Directorate of DFO on industry initiatives, and participated in international forums on aquaculture, such as the North Atlantic Salmon Conservation Organization (NASCO).

Highlights and Accomplishments

Several noteworthy highlights and accomplishments occurred during 2005-06 included:

- Nature Sea Farms (Barry Group) was the first aquaculture company in 2005-06 to obtain funding through the Aquaculture Working Capital Loan Guarantee Program.
- Approximately eight companies in 2005-06 received a total of \$113,527 from the Aquaculture Innovation Program.
- The Newfoundland Aquaculture Industry Association (NAIA) partnered with the Department of Fisheries and Aquaculture to update the Newfoundland and Labrador Aquaculture Strategic Plan, originally developed in 2000.
- The Department of Fisheries and Aquaculture provided funds to the NAIA to undertake an Atlantic cod demonstration farm business plan to further develop this sector.
- Industry stakeholders and the Department of Fisheries and Aquaculture continued to pursue an aquaculture framework agreement with the federal government. The Canadian Council of Fisheries and Aquaculture Ministers consider this a key initiative for the full and effective development of the Canadian aquaculture industry.
- The department provided support to the Atlantic Cod Genomics and Broodstock Development Project, designed to produce elite broodstock for cod aquaculture through gene mapping and selective breeding.
- In November 2005, the Minister of Fisheries and Aquaculture participated in a joint aquaculture initiative in Ottawa to inform federal representatives about the importance

of the aquaculture industry to rural and coastal Canadians. Canada's aquaculture industry was showcased over a two day period to Members of Parliament and Senators in an attempt to secure a cooperative approach between the federal and provincial governments for the continued development of the industry.

- The salmonid sector of the Newfoundland and Labrador aquaculture industry produced a record 5,000 mt worth \$26.7M in 2005-06, a 50 percent increase in volume and a 56 percent increase in value from the previous year.
- In September 2005, NAFO adopted a reform process. This included a review of the structure and Convention of NAFO and reform of the decision-making process. In this context, NAFO will also seek to strengthen monitoring control and surveillance measures, the role of observers and follow-up on infringements. The Province is seeking a greater role for the coastal state (i.e. Canada) in the management of straddling stocks.
- The department's Resource Policy and Development Division was reorganized into the new Sustainable Fisheries and Oceans Policy Division, increasing the province's emphasis on oceans management and foreign overfishing.
- The new Seafood Diversification and Development Division continued to pursue fisheries development opportunities with continued emphasis on public and private-sector partnerships to develop the harvesting, processing and marketing sectors.
- The department, through licensing directives, continued in 2005-06 to promote greater value-added production of snow crab. It is committed to achieving at least 10 percent value-added production, a significant increase from the less than 2 percent level of 2003.
- In 2005, the department announced new Fish Processing Licensing Policy guidelines to establish a more stable and competitive processing sector. The new licensing system now issues licences on an individual species basis based on reported activity. The new policy now introduces numerous performance criteria which must be achieved in order to maintain licences.
- The department began working with the federal government on the development of a formal role for the province in oceans and coastal management. This involved the establishment of a Regional Oversight Committee (ROC), as well as the Canada/ Newfoundland and Labrador Committee on Oceans Management (CNLCOM).
- The department, through a consultant, developed an electronic auction system, which can be tailored to a variety of species and fisheries.
- The department budgeted approximately \$450,000 for fisheries development and diversification projects in 2005-06. Twenty-five projects were undertaken throughout all regions of the provinces; some of these included:
 - ongoing initiatives to improve the quality of shrimp being landed by inshore vessels;
 - comparative analysis was completed on boxed versus bagging methods for shrimp; as well,

The salmonid sector of the Newfoundland and Labrador aquaculture industry produced a record 5,000 mt worth \$26.7M in 2005-06.

- quality research was undertaken on color and other attributes as a measure of final product quality;
- several sea cucumber projects were completed involving resource identification using underwater video technology and biological assessments, as well as resource identification studies in the Western Region of the department;
- ongoing projects in the Labrador Region to determine the biomass and potential fishing grounds for toad and stone crab;
- projects involving the development of the whelk fishery and work on improving handling practices and final whelk quality for international markets;
- research work to identify opportunities to further improve the commercially valued species through 'by-product' recovery. Crab, shrimp, aquaculture waste materials, capelin and other by-products, can be very valuable when fully utilized for silage, feeds and nutraceutical products;
- various fisheries development projects were completed involving market development of aquaculture species, cod quality comparative analysis of various harvesting gear in the Western and Labrador Regions, abundance survey work on hagfish and soft shell clams. Work also continues on processing discards recovery, plant effluent assessments, by-product development and seaweed drying technology;
- demonstration of cod pot technology in Labrador conducted in partnership with the Marine Institute;
- a partnership with industry, DFO, Marine Institute/MUN and the Canadian Centre for Fisheries Innovation to develop onboard whelk grading equipment to address onboard handling efficiency, quality and resource conservation. The design and fabrication work for the whelk grader was undertaken by a Newfoundland and Labrador fabricator;

- assisting with funding for sea cucumber biomass biological studies and working with industry reviewing offloading methods

Results of Departmental Focus Areas

Through its participation in Government's Program Renewal process and other internal review initiatives, the department continued its work on several key focus areas in 2005-06, originally identified during its 2001-2004 planning process. The Department will be guided in the future by its recently completed 2006-08 Strategic Plan.

In consultation with industry and key stakeholder groups, the department continues to work on the following focus areas:

1. Balancing Processing Capacity with Resource Availability

The Department of Fisheries and Aquaculture continued to focus on ensuring that the processing capacity in the province is in balance with available fish resources.

Its objective is to promote a viable and self-reliant fish processing sector which has a regional balance between processing capacity and resource availability. Members of the Fish Processing Licensing Board, established by DFA in early 2005, were appointed in 2005-06. The issue of balancing processing capacity with the available resource is one of the key considerations made by the Board in its licensing decisions. The department continued to implement policies to help balance processing capacity with the available resource. These policies include the elimination of financial support for primary product production and the adoption of licence transfer policies, which would permit the consolidation of two or more plants.

The number of processing plants declined in 2005 in part due to the department's licensing policies and strategies. The number of primary processing licences issued has steadily declined from 213 in 1997 to 123 in 2003 to 116 in 2004 and 114 in 2006.

Despite a slight increase in the number of snow crab licenses issued in 1997 in response to an increased resource that year, the number of snow crab licenses issued has steadily declined over the last several years. Prior to 1997, there were 21 active snow crab operations. After expansion, the number of snow crab operations went to 41 in 2003, to 39 in 2004 and decreased further to 37 in 2005 and 2006.

2. Maximizing the Value of Newfoundland and Labrador Fisheries and Aquaculture Resources on a Sustainable Basis

In response to resource uncertainties in certain species and because of the shift from groundfish to shellfish, the department focused on maximizing returns to the province's economy from all of its fish resources. The department continued to help the fishing industry maximize production value through:

- further development of underutilized species;
- improvement of the quality of species harvested;
- diversification in products produced and the production of higher-valued products;
- increased market access for Newfoundland and Labrador fish products; and,
- improved utilization of discarded fish by-products.

The department continued to support the development of fisheries for underutilized or non-utilized species in 2005-06, as well as improvements to more traditional fisheries.

Twenty-five projects were undertaken with various agencies and partners like the Marine Institute and the Canadian Centre for Fisheries Innovation, to further enhance the value of our harvesting and processing sectors. In 2005-06, the department directed \$450,000 toward industry diversification and development work. Some of these initiatives undertaken in 2005-06 include:

- **Inshore Shrimp** - The department conducted ongoing initiatives to improve the quality of shrimp landed by inshore vessels. Comparative analysis was done on boxed shrimp versus bagging methods. As well, quality research was undertaken on colour and other attributes as a measure of final product quality.
- **Sea Cucumber** – The development of a sea cucumber fishery continues to be a priority for the department. Several sea cucumber projects were undertaken involving resource identification using underwater video technology and biological assessments, as well as resource identification studies in the Western Region of the department. Research is ongoing on new unloading methods, sorting tanks and other technological initiatives to make the sea cucumber fishery even more viable.

Other work completed by the department in 2005-06 included cod potting research work in the Labrador Straits, in partnership with the Marine Institute, toad and stone crab surveys in Labrador, and fish by-product yield studies utilizing shellfish, aquaculture waste products and other fishery by-products.

Departmental staff continued work on a number of initiatives in 2005 to maximize the value and utilization of Newfoundland and Labrador fisheries and aquaculture resources on a sustainable basis:

- Staff continued to monitor quality of fish at dockside and in the plants and provided

recommendations to improve handling practices and proper icing techniques. The department's Quality Assurance Program was again well received by industry. The department conducted its own quality assessments and completed approximately 7,000 inspections.

- The department continued to promote Newfoundland and Labrador seafood at international and national seafood marketing and promotional expositions such as the International Boston Seafood Show, the International West Coast Seafood Show (Los Angeles), the European Seafood Exposition (Brussels), and the Newfoundland and Labrador Marine Show.

The department worked with industry to ensure compliance with Canadian Environmental Assessment Act (CEAA) guidelines. It also maintained development policies relating to code of containment, site separation and single year class sites. The department has established management plans and policies to ensure long-term sustainability of the environment.

3. Maximizing the Economic Potential of the Aquaculture Industry

The aquaculture industry expanded significantly in 2005-06. The department's goal is to maximize the economic potential of the industry by working closely with industry and the Newfoundland Aquaculture Industry Association (NAIA) and through the provision of a range of technical, administrative, veterinary and planning services. Government through the Department of Fisheries and Aquaculture has increased its financial commitment to the aquaculture sector in 2005-06 with the introduction of the Aquaculture Working Capital Fund and the Aquaculture Innovation Fund.

Other steps taken by the department in 2005-06 to maximize the economic potential of the aquaculture industry included:

- providing extension services, technical and veterinary services to the industry;
- increasing aquaculture production and markets through the department's programs and policies;
- encouraging private-sector investment into the industry; and
- requiring the highest quality standards for the aquaculture sector.

With the department's assistance:

- private-sector investment continued in the Bay d'Espoir aquaculture industry;
- a variety of direct industry programs supported industry efforts to adopt innovative technologies, upgrade employees' skills and expand existing markets; and
- farm sites for salmon and steelhead were identified and assessed to ensure that biological conditions were suitable.

The aquaculture sector offers considerable development potential for our rural regions.

Creating new employment opportunities in rural regions of the province is the focus of government's new initiatives to strengthen and diversify the fishery and aquaculture sector. With less than 10 percent of our province's aquaculture space being utilized, the aquaculture sector offers considerable development

potential for our rural regions. In order to unleash this great potential, the department is expected to considerably increase its financial support to the aquaculture sector in 2006-07. This increased commitment is expected to accelerate the growth and development of the province's aquaculture sector.

4. Securing Newfoundland and Labrador's Share of Fish Resources

The erosion of Newfoundland and Labrador's interests on matters of resource access and allocation in favour of non-Newfoundland and Labrador interests remains a concern for the department. The department's goal is to take appropriate action and measures to secure its share of adjacent fish resources. The department continued to promote the principles of adjacency and historical participation by:

- participating in the Atlantic Fisheries Policy Review (AFPR), which commenced in 1999, (Phase I of the review was completed in March 2004 and portions of Phase II began in 2004-05);
- aggressively pursuing strategies to protect the province's interests in NAFO-managed stocks; and
- representing the province's interests at the Canada/France Advisory Committee and in other international forums and bilateral agreements.

The province continued to hold the firm position that fish resources adjacent to this province should benefit the people of Newfoundland and Labrador.

The department pursued this goal of accessing our fair share of fish resources by:

- participating in the Atlantic Fisheries Policy Review with industry and the Government of Canada in this review; and

- attending and contributing to the 27th annual meeting of the Northwest Atlantic Fisheries Organization (NAFO) from September 19-23, 2005 in Tallin, Estonia.

5. Supporting Community-Based Fisheries Infrastructure

As part of its objective to have a viable, diversified and professional fishing industry, the department continued in 2005-06 to provide support to community groups and agencies to own, manage and operate their own facilities. The department sought to help improve the availability of community-based fisheries infrastructure throughout the province by:

- maintaining financial support for strategic community-based fisheries infrastructure; and
- passing ownership of government-owned fisheries facilities, such as community stages and slipways, to community-based organizations.

Prior to its infrastructure divestiture initiative, which began in the early 1990s, the department owned and administered 312 facilities, including fish plants, marine service centers, community stages and slipways. As of 2005, the department had divested of 243 facilities.

- In 2005, the department administered 86 special assistance grants to community-based organizations in all regions of the province, for a total of \$200,000. Projects included wharf and slipway repairs and infrastructure upgrading. This funding also enabled groups receiving grants to leverage additional funds from other agencies.
- There were 22 maintenance and repair projects carried out in 2005-06, for a total of \$50,000 to cover repair projects department-owned facilities.



- The department spent \$42,000 from capital funding on such activities as new refrigeration equipment for baited trawls units and other facility upgrading work.
- Major wharf construction remained a federal responsibility and the department continued to encourage the federal government to invest in strategically-located fisheries infrastructure.
- The department has divested of 23 of its 25 Marine Service Centers. Government is actively seeking to divest of the remaining infrastructure.

6. Improving Co-operation with the Federal Government

Developing and maintaining a co-operative relationship with the federal government on significant matters and issues relating to the fishing and aquaculture sectors was an important goal of the Department of Fisheries and Aquaculture. Maintaining such a co-operative working relationship assisted clients in achieving more effective delivery of programs and services, and increased benefits from marine fish resources.

The department maintained a co-operative relationship with the federal government by actively participating in a variety of federal/provincial/territorial committees, meetings, working groups and other

structures at the ministerial and officials' level. Some of these activities were:

- Atlantic Council of Fisheries and Aquaculture Ministers (ACFAM);
- Federal/Provincial Atlantic Fisheries Committee (FPAFC) and working group;
- Canadian Council of Fisheries and Aquaculture Ministers (CCFAM);
- Northwest Atlantic Fisheries Organization (NAFO), (the department is a member of the Canadian delegation);
- Regional and Atlantic-wide fisheries advisory committees;
- Fisheries Resource Conservation Council (FRCC);
- Regional/Zonal Advisory Process (RAP/ZAP) sessions;
- Canada/France Advisory Committee meetings;
- The department's participation in several CCFAM Task Groups relating to oceans, aquatic invasive species, aquaculture and aquatic species at risk; and
- The department chaired the Working Group on Natural Resource Processing and actively participated in many international trade issues with the Department of Foreign Affairs and International Trade. Priority issues for the Department were European Union shrimp and groundfish tariffs and the United States Marine Mammal Protection Act (MMPA).

7. Promoting Fish Stock Recovery

Many of our groundfish stocks remained at critically-low levels and the department continued to be proactive in having this issue addressed at the federal level. The department's goal in this area was to take the necessary steps to promote the recovery of our groundfish stocks.

As part of its approach in promoting the recovery of groundfish stocks, the department:

- supported the 2006-2010 seal management plan;
- participated on the Fisheries Resource Conservation Council (FRCC);
- continued to make strong representations to NAFO on fisheries conservation and management issues;
- supported the establishment of Total Allowable Catches (TACs) consistent with scientific advice; and
- supported the Fisheries Conservation Chair at Memorial University. The Chair focused on several aspects of fisheries science and management including:
 - the collapse and rebuilding of groundfish stocks in Atlantic Canada;
 - surveys and stock assessment using conventional and acoustic technologies; and
 - an ecosystem-based approach to management and conservation.

The province believes that alternatives to the current NAFO regime, such as custodial management, must be pursued, as we continue to witness violations in foreign fishing activity outside 200 miles, which are impeding the rebuilding of several groundfish stocks.

8. Professionalization of the Fishing Industry

The fishing industry is changing to become a more efficient, professional and self-sustaining industry. The department supported the professionalization of the fishing industry and worked closely with the Professional Fish Harvesters Certification Board to achieve this goal.

The board and the department both strived to have the commercial fishery recognized as a professional and self-sustaining industry and to recognize fish harvesters who have an economic dependence on the fishing industry. The professionalization of fish harvesters continued to be supported by the department and the vast majority of fish harvesters. The department administered the board's enabling legislation and worked with the board to help fish harvesters achieve their professionalization objectives.

9. Supporting the Implementation of New Fish Price Settlement Mechanism

Interest-based bargaining is no longer contained in the Fishing Industry Collective Bargaining Act. Parties can use the Final Offer Selection (FOS) model as a basis for collective bargaining to negotiate fish prices.

Members were appointed to the first Standing Fish Price Setting Panel in March 2006 by the Minister of Human Resources, Labour and Employment and the Minister of Fisheries and Aquaculture. Government continues to work to implement the collective bargaining provisions of the Cashin Report in a timely manner. The Fish Price Setting Panel will address some of the annual price disputes faced in the industry, including the setting of a price, if necessary.

10. Health and Safety in the Harvesting, Aquaculture and Processing Sectors

There are new challenges affecting the safety and health of processing workers, fish harvesters and fish farmers. The department's goal was to work with industry and other departments and agencies to

identify and help resolve safety problems in the fishing and aquaculture industries.

The department encouraged the Department of Fisheries and Oceans to review its vessel replacement rules with a goal of allowing harvesters to use vessels which are more appropriate for today's fisheries. The department continued to participate in the SafetyNet initiative, a community research alliance on health and safety in marine and coastal work. The department supported research on:

- occupational asthma in shellfish processing workers;
- cumulative trauma disorders in snow crab processing workers; and
- fish harvesters' occupational health and fishing vessel safety.

The department, in co-operation with DFO, Transport Canada, and the Newfoundland Aquaculture Industry Association (NAIA), worked to ensure that all aquaculture sites are in compliance with the federal Navigable Waters Protection Act. The department identified and prioritized aquaculture sites that should be reviewed in relation to the site inspection program. The department assisted member companies' divers with the Newfoundland Salmonid Grower's Association and other commercial aquaculture divers on the South coast with competency standards for commercial aquaculture diving.

Challenges and Opportunities

Building on our achievements in 2005-06, the department will, in consultation with its industry stakeholders in the fishing and aquaculture sectors, continue to develop the fishing and aquaculture industries and capitalize on various opportunities despite several challenges.

Challenges include:

- balancing processing capacity with the supply of fish available;
- working to ensure the recovery of groundfish stocks, particularly Gulf cod and Northern cod;
- addressing the fishing behaviour of foreign fleets outside Canada's 200-mile limit (particularly as it relates to straddling stocks);
- the delivery of effective fisheries resource management, which is currently compromised by incomplete scientific knowledge and reduced federal scientific resources;
- identification of new sources of funding for fisheries development and diversification;
- addressing the ongoing issues and structural problems in the province's shrimp fishery to achieve the maximum benefit and value from the resource;
- tariff/non-tariff barriers to international trade in fish products, involving mussels, seal, groundfish and shrimp;
- protection of our share of fish resources adjacent to the province from various non-Newfoundland and Labrador interests;
- expanding and developing the sealing industry to its full potential and minimizing the impact the seal population is having on the recovery of cod stocks;
- addressing issues related to the collective bargaining process to establish fish prices in an efficient and timely manner;
- further development of initiatives aimed at enhanced quality assurance of seafood products on a consistent basis across the province;

- providing essential extension services, such as veterinary and technical support service as the aquaculture sector continues to develop;
- securing the financial support/investment required to fully develop the aquaculture industry;
- the identification and provision of modern and accessible wharves to facilitate aquaculture industry expansion; and
- increasing in-province hatchery capacity, addressing fish health concerns and guaranteeing a local supply of fingerlings for the aquaculture industry.

Opportunities include:

- The government and the department have an opportunity to expand on the successful aquaculture investment program currently in place.
- The Aquaculture Working Capital Loan Guarantee Initiative, announced in 2004, is a valuable incentive to potential investors interested in investment opportunities in the industry.
- The mutually-agreed industry and government aquaculture strategy developed in 2001 is expected to provide structured growth in the egg-to-plate cod sector. The Cod Aquaculture Demonstration Farm Business Plan was completed in 2005 and industry stakeholders are now pursuing funding sources and partners to implement this initiative.
- The Canadian Council of Fisheries and Aquaculture Ministers (CCFAM) has directed the national Aquaculture Task Group to work towards a national Aquaculture Framework

Agreement. It will focus on addressing issues that are negatively impacting aquaculture development within all jurisdictions in Canada.

- Decreasing mussel supplies in Europe represents an opportunity for the Province's mussel sector.
- Building on the success of our past fisheries diversification efforts, development opportunities exist for underutilized species development (hagfish, sea cucumber and toad crab), quality enhancement, by-product utilization and secondary processing.
- The next round of World Trade Organization (WTO) meetings will provide the department with an opportunity to have input into the elimination of major tariffs and non-tariff barriers. Negotiations have many hurdles to overcome before an agreement is possible.
- Significant value-added and diversification opportunities exist for the sealing industry, particularly involving the pharmaceutical and nutraceutical industries.
- The Government of Canada has an opportunity and a duty to enhance the conservation and management of straddling fish stocks through such measures as custodial management, effective implementation of the United Nations' Fisheries Agreement (UNFA), and reform of NAFO, including improvements to NAFO's surveillance and enforcement measures. The department will continue to press for such measures.

APPENDIX I

Statement of Expenditures and Related Revenue Summary

Department of Fisheries & Aquaculture

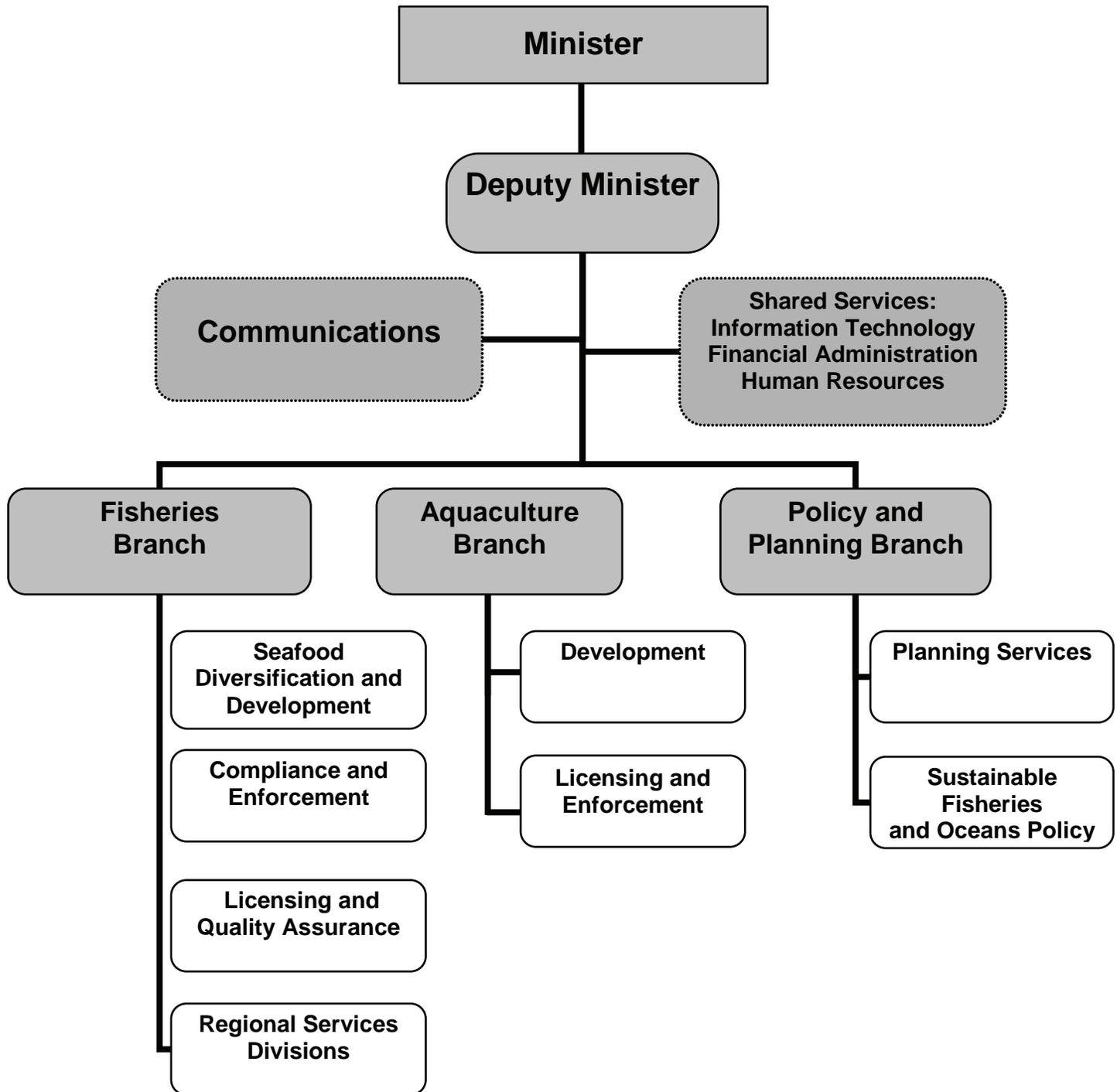
**Statement (unaudited) of Expenditure and Related Revenue Summary
For the year Ended March 31, 2006**

	Estimates		
	Actual \$	Amended \$	Original \$
<u>Executive and Support Services</u>			
Minister's Office			
Minister's Office	255,550	268,700	256,900
General Administration			
Executive Support	755,228	774,300	730,000
Administrative Support (Capital)	160,432	160,500	36,000
Policy and Planning Services			
Planning and Administration	565,627	652,500	708,000
Revenue	(1,560)	(2,000)	(2,000)
Resource Policy and Development	526,477	567,000	599,400
Executive and Support Services Subtotal	2,261,754	2,421,000	2,328,300
<u>Fisheries Development</u>			
Regional Services			
Administration and Support Services	2,159,757	2,298,800	2,306,800
Revenue	(46,607)	(40,400)	(40,400)
Fisheries Facilities	48,018	65,000	65,000
Fisheries Programs			
Seafood Diversification /Development	1,625,987	2,045,800	2,141,500
Revenue		(60,000)	(60,000)
Licensing and Quality Assurance	1,069,624	1,184,400	1,189,000
Revenue	(1,929,895)	(2,107,000)	(2,107,000)
Compliance and Enforcement	293,889	394,500	414,900
Fisheries Development Subtotal	3,220,773	3,781,100	3,909,800
<u>Aquaculture Development</u>			
Administration and Support Services	1,751,923	1,798,200	1,793,800
Revenue	(32,480)		
Aquaculture Development Subtotal	1,719,443	1,798,200	1,793,800
Total	\$7,201,970	\$8,000,300	\$8,031,900

APPENDIX II

Department of Fisheries and Aquaculture Organizational Structure

Department of Fisheries and Aquaculture Organizational Structure





Newfoundland Labrador

Department of Fisheries and Aquaculture

The Petten Building

30 Strawberry Marsh Road

P.O. Box 8700

St. John's, Newfoundland and Labrador, Canada

A1B 4J6

TEL (709) 729 - 3723 **FACSIMILE** (709) 729 - 6082

www.gov.nl.ca/fishaq/