



Annual Report

2004-05



GOVERNMENT OF
NEWFOUNDLAND
AND LABRADOR

Department of Fisheries and Aquaculture

**The Department of Fisheries and Aquaculture
Annual Report 2004-05
April 1, 2004 – March 31, 2005**



In accordance with government's commitment to transparency and accountability, I am pleased to submit to the House of Assembly the 2004-2005 Annual Report for the Department of Fisheries and Aquaculture.

Despite the ongoing challenges and structural issues facing the industry, the department continued to deliver on its mandate to promote and support professional and sustainable fisheries and aquaculture industries, for the benefit of the province.

Government also established the Independent Fish Processing Licensing Board to assess licensing applications and make recommendations based on established policies and procedures. The implementation of the new Fish Processing Policy Framework will guide the board and the department in making decisions for the long-term viability of the industry.

During the past year, the department made significant improvements to the quality assurance program in the processing sector to ensure the highest quality product makes it into the marketplace.

In recognition of the high operating costs and feed financing requirements in the aquaculture industry, government also created the Aquaculture Working Capital Loan Guarantee Initiative.

The department continues to represent the province's interests in our most valuable and precious resource industries, the fishery, and in aquaculture, one of its newest and most promising sectors.

A handwritten signature in cursive script that reads "Tom Rideout".

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

Table of Contents

Departmental Overview	1
Shared Commitments	5
Highlights and Accomplishments	7
Outcomes of Objectives	9
Challenges and Opportunities	16
Financial Statements	18

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 Newfoundland and Labrador fishing and aquaculture industries will:

- be viable, private-sector driven and sustainable;
- lead in the production of a diversified mix of high-quality products;
- command premium prices in the international marketplace; and
- be recognized as professional and vibrant contributors to the well-being of the province.

In support of this vision, the department delivered high-quality and cost-effective programs and services, in partnership with industry stakeholders and other government departments and agencies.

Mission

To support and promote the development of sustainable and viable fishing and aquaculture industries, which produce high quality and high value products.

The department achieved this by providing industry participants, other government organizations and the general public with programs and services in the areas of fisheries and aquaculture development, quality assurance, processing and aquaculture capacity management, and information services.

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 2004-05, the Department of Fisheries and Aquaculture had six lines of business:

- **Licensing** – The department licensed all fish processing operations, fish buyers and aquaculture facilities operating within the province.
- **Development and Diversification** – The department partnered with a range of agencies such as the Marine Institute (MI), the Canadian Centre for Fisheries Innovation (CCFI) and the Centre for Sustainable Aquatic Resources (CSAR) 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 provided a range of extension services to the industry, including the provision of technical aquaculture advice and aquatic animal health services.

- **Quality Assurance** - The department undertook a number of quality-related projects in 2004-05 and helped set quality standards and best practices for industry to follow. It regularly partnered with other agencies and institutions, such as the Marine Institute, to undertake quality-related projects.
- **Inspection and Regulatory Enforcement** - Through its inspection staff of 45 seasonal and permanent fisheries officers, the department conducted a province-wide fisheries inspection program intended to ensure compliance with its regulations and policies. To further enhance its enforcement capabilities, the department created a new Compliance and Enforcement Division with responsibility for delivering a new audit function and improved enforcement capabilities. The Aquaculture Branch also conducted a comprehensive inspection and regulatory program for the aquaculture sector.
- **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.
- **Policy Development and Planning** – The formulation of effective fisheries and aquaculture policies is a significant part of the activities of the department. The department liaised regularly with the federal government and other regulatory agencies and bodies, to shape fisheries and aquaculture policy that helps develop the full potential of the industry.

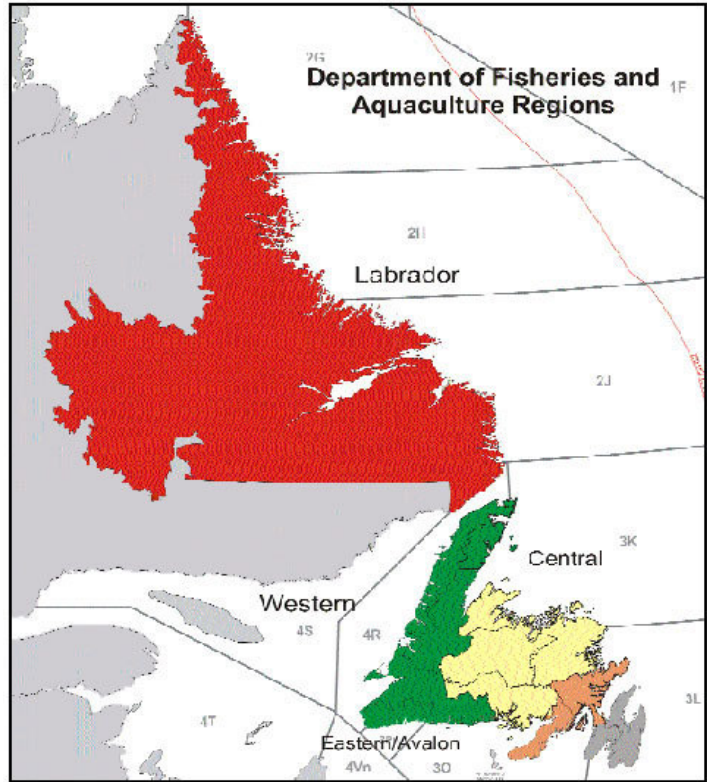
Departmental Profile

The Department of Fisheries and Aquaculture had 121 employees including permanent, temporary and seasonal staff. The department's headquarters is located in St. John's with 48 staff. The Aquaculture Branch is headquartered in Grand Falls with 21 staff. The total actual net expenditure of the Department for 2004-05 was \$6.81 million, while gross expenditures totalled \$8.46 million. Policy and Planning comprised \$1.49 million of the actual net expenditure. Regional Services comprised \$2.42 million, while Fisheries Programs comprised \$0.27 million of the actual net expenditure. Approximately \$1.68 million was expended on Aquaculture Development and \$0.23 million was for the Minister's Office and \$0.72 for General Administration.

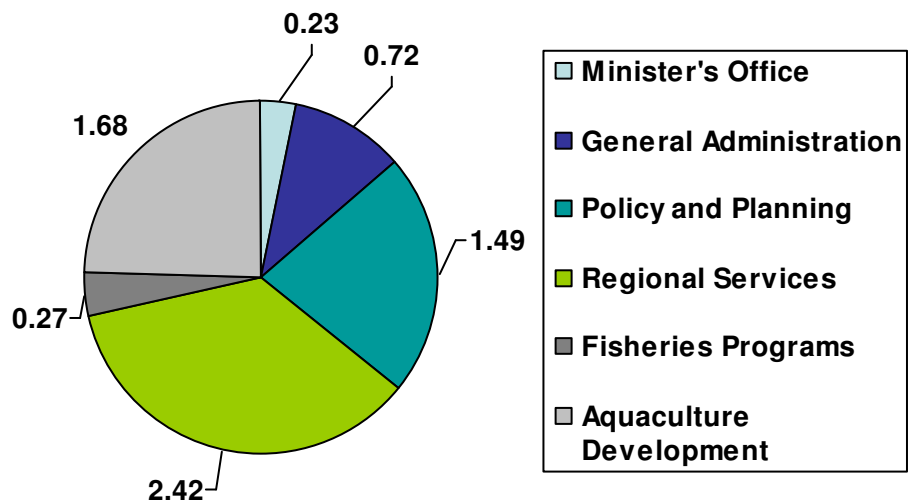
Key Activities

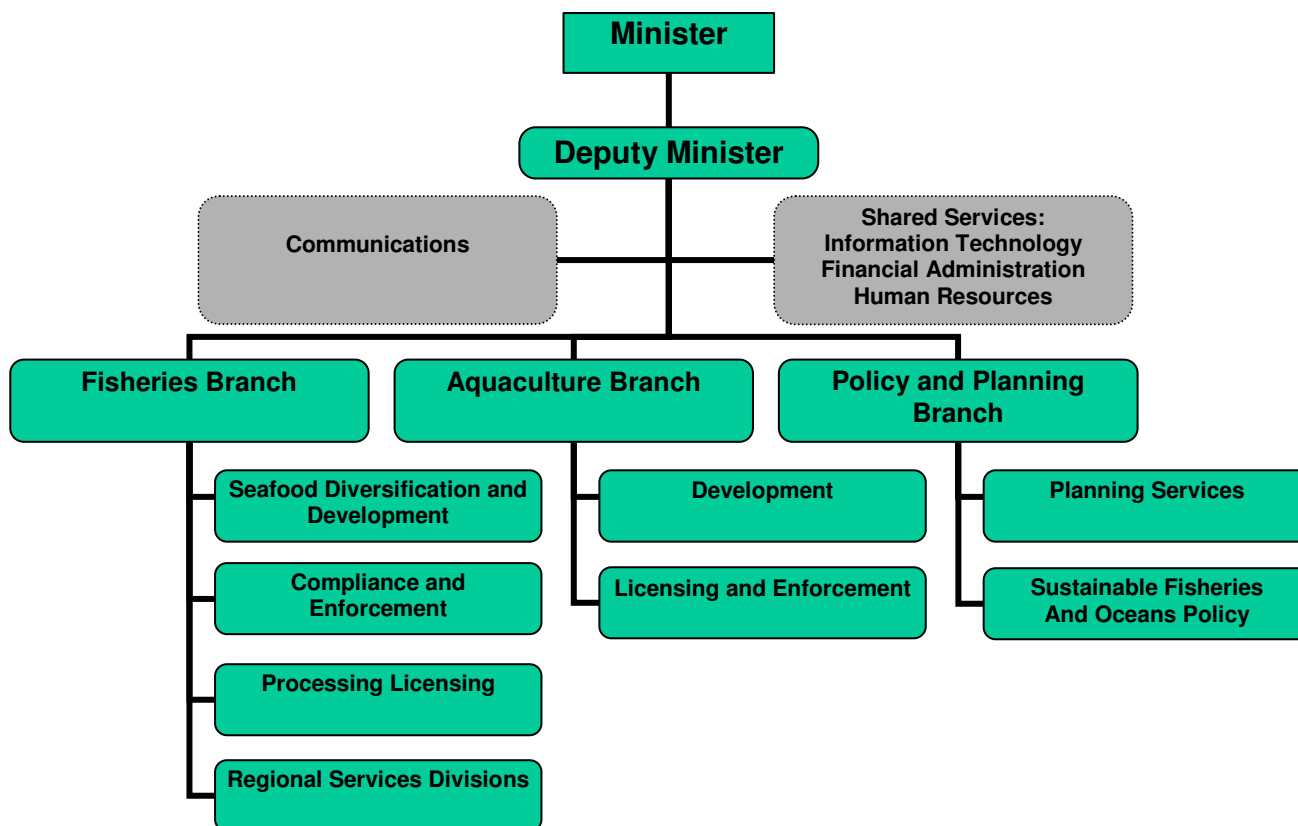
The department engaged in a range of activities and initiatives associated with the fishing and aquaculture sectors during the year, including:

- participation in the Canada/Newfoundland Labrador Action Team for Cod Recovery;
- 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 processing facilities and 175 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 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;
- delivered and co-ordinated a range of development projects with various industry partners such as the Marine Institute, 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.



Summary of Actual Net Expenditures (2004-2005)
Millions of Dollars





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.

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 Aquaculture Branch worked closely and consulted extensively with its industry stakeholders to grow the industry. These included the Newfoundland Aquaculture Industry Association (NAIA), the Department of Fisheries and Oceans (DFO), 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, and fisheries development initiatives. 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.

The department partnered with the federal government on a Cod Recovery Strategy for Newfoundland and Labrador. The objective is to develop a long-term plan to promote recovery of cod stocks adjacent to the province. A major workshop was held in February 2005 with interested stakeholders to solicit their views. The final report will be completed in 2005-06.

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 implementation of the federal Aquaculture Policy Framework to promote the interests of aquaculturists. The department also worked with the federal Office of the Commissioner for Aquaculture Development and the Office for Sustainable Aquaculture 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 2004-05. Some of these highlights included:

- In June 2004, the Government of Newfoundland and Labrador signed a Memorandum of Understanding (MOU) which saw the province acquire the Enterprise Allocations of Highliner Foods Inc. and enabled a local company to operate the Arnold's Cove fish plant.
- Egg-to-plate, or full-cycle cod aquaculture, proceeded with advances made in hatching, early rearing and in cage grow out. An aquaculture site in Fortune Bay was stocked with 60,000 cod fry.
- The salmonid industry continued the trend of focusing on Atlantic salmon, but companies are beginning to look at steelhead as a viable option, based upon the price and stable market situation.
- The Aquaculture Branch continued the investment prospecting campaign initiated in 2003. The campaign targeted Canada and Norway in raising the profile of the Newfoundland and Labrador aquaculture industry. In 2004, the campaign was expanded to mussels and included the potential for marketing in Europe.
- The department assisted members of the aquaculture industry to develop their technical skills and knowledge through the Aquaculture Innovation Program. The program provided a non-payable grant of 50 percent of the costs of a project, with the industry responsible for the balance. Innovation funding totalling \$79,093 was provided to organizations involved with the farming of mussels, cod, trout and salmon.
- In 2004, the government, through the Department of Fisheries and Aquaculture and the Department of Innovation, Trade and Rural Development, announced an Aquaculture Working Capital Loan Guarantee Initiative to promote the continued development of the province's salmonid aquaculture industry. This initiative was implemented to assist both existing and new industry players in financing the working capital requirements of their businesses.
- The department was involved in the establishment of the *Task Force on Fostering a Sustainable Salmon Farming Industry for Atlantic Canada* to review and report on the salmon industry in Atlantic Canada.
- The department was a member of the Canadian Council of Fisheries and Aquaculture Ministers (CCFAM) Task Group on Aquatic Invasive Species, which completed a National Action Plan on this important issue.
- The department announced the members of the new Fish Processing Licensing Board in February 2005. The new board, chaired by Mr. Richard Cashin, provided industry members with a stronger voice in fish processing policy decisions. Government has adopted a new, more transparent policy framework based on key recommendations of the Dunne Report.
- In November 2004, the department stressed to the federal government the need for a sustained funding commitment to combat foreign overfishing. Government was encouraged by the federal government's budget commitment of \$15 million to address this serious problem.

- In early 2005, the department expressed concern to the federal government about their plans for reduced investments in marine fisheries science and sought clarification on federal budget decisions as they relate to fisheries and ecosystems science.
- 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.
- A new Seafood Diversification and Development Division was formed through reorganization during the year and will oversee fisheries development opportunities. There will be a greater emphasis on public and private-sector partnerships to develop the harvesting, processing and marketing sectors.
- Through licensing directives, the department was able to promote greater value-added production of snow crab from less than two percent in 2003 to 10 percent of production in 2004.
- The department completed a raw material shares pilot project for the shrimp processing sector, building on the recommendations of the Vardy Panel Report and the Gregory/Broderick Implementation Report.
- The department, through a consultant, developed an electronic auction system, which can be tailored to a variety of species and fisheries.
- The department undertook several resource development and diversification projects; these included:
 - a resource harvesting and processing project in the Central Region, involving exploratory fishing of jellyfish using fixed gear;
 - a sea cucumber identification survey in the Strait of Belle Isle and Hare Bay;
 - a partnership with St. Anthony Basin Resources Inc. for the exploratory fishing of shrimp panel pots;
 - a sea cucumber water loss and retention study with the Marine Institute to gather reliable data on sea cucumber weight loss;
 - a sea cucumber biological resource assessment and underwater camera habitat observation with the Marine Institute and the Canadian Centre for Fisheries Innovation;
 - a partnership with the Marine Institute, the Canadian Centre for Fisheries Innovation, Memorial University of Newfoundland involving the design, construction and testing of processing machinery for sea cucumber; and,
 - resource survey and gear demonstration projects totalling \$94,200 to help diversify the Labrador fishing industry.

Outcomes of Objectives

The department will be engaged in the coming year with strategic planning pursuant to the *Transparency and Accountability Act*. The strategic objectives identified in this section were prepared during the department's 2001-2004 planning process.

The department, working with industry and key stakeholder groups, has identified 10 strategic objectives.

1. **Balancing Processing Capacity with Resource Availability**

The current state of fish stocks requires the Department of Fisheries and Aquaculture to be vigilant in ensuring that the processing capacity in the province is in balance with the available resources.

The department's goal was to promote a viable and self-reliant fish processing sector which has a regional balance between processing capacity and resource availability. In an effort to reconcile processing capacity with resource availability and to provide industry members with a stronger voice in fish processing policy decisions, the new Fish Processing Licensing Board was established in early 2005.



As part of its objective to achieve a viable processing industry, the department adopted policies which will have the effect of reducing the number of fish plants. 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 2004 as a result of the department's licensing policies and strategies. The number of primary processing licences issued has steadily declined from 213 in 1997 to 122 in 2003 and 117 in 2004. In response to an increase in the snow crab resource in 1997, the department issued new snow crab licences that year. Prior to this date, there were 21 active snow crab operations. After expansion, the number of snow crab operations went to 39 in 2003 and remained the same in 2004.

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

Faced with resource uncertainties in some species and a shift from groundfish to shellfish as the main species, the department's goal was to maximize the returns to the province's economy from all of its fish resources.

Through the provision of services and the implementation of its policies and procedures, the department supported the fishing industry to 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 sponsored ongoing fisheries development initiatives in 2004 to further diversify the seafood harvesting and processing sectors. Several projects were completed with other agencies, such as the Marine Institute and the Canadian Centre for Fisheries Innovation that served to further enhance the value of our harvesting and processing sectors. In 2004, the department invested \$500,000 toward this industry diversification and development work.



Examples of specific initiatives undertaken in 2004 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. Further expansion of this research work is planned for 2005-06.
- **Sea Cucumber** – Six sea cucumber projects were completed involving resource identification in the Strait of Belle Isle and Southern Labrador. Research was also done on water retention and underwater analysis, onboard handling and quality initiatives, and improved eviscerating/processing equipment. Sea cucumber processing has become a significant employment generator on Fogo Island.

Other work completed by the department in 2004 included cod potting research work in the Labrador Straits, toad crab surveys in Labrador and fish by-product yield studies utilizing shellfish, aquaculture waste products and other fishery by-products. Only about ten percent of available fish by-products is utilized. A major objective of the department is to increase this recovery effort significantly.

The department also participated in the following activities in 2004 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 continued to receive support throughout the industry. The department conducted its own quality assessments and completed approximately 7,000 inspections.
- The department promoted 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.

All aquaculture sites undergo a full federal Environmental Assessment process to determine any potential impacts before being licensed. Operators had to collect baseline data that was monitored through samples through the operational phase. 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 has developed significantly in the province in recent years. The department's goal is to maximize the economic potential of the industry by continuing to work closely with industry and the Newfoundland Aquaculture Industry Association (NAIA) and by providing a range of technical, administrative, veterinary and planning services. Despite some challenges in the aquaculture sector over the past few years, the increased private-sector investment in the industry will result in further growth and development.



The department achieved this goal of maximizing aquaculture development by:

- 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 assistance 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.

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

Concern has been expressed over the past few decades about the erosion of Newfoundland and Labrador's interests on matters of resource access and allocation in favour of non-Newfoundland and Labrador interests. 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 and Canada/Greenland bilaterals 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:

- involvement on the External Advisory Board and participation with industry and the Government of Canada in this review;
- the department's participation at the 26th annual meeting of the Northwest Atlantic Fisheries Organization (NAFO) from September 13-17, 2004 in Dartmouth, Nova Scotia.

5. **Supporting Community-Based Fisheries Infrastructure**

As part of the department's objective to have a viable, diversified and professional fishing industry, it continued to provide support to community groups and agencies to own, manage and operate their own facilities. Our goal was to help improve the availability of community-based fisheries infrastructure throughout the province by:

- maintaining special 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 the divestiture initiative, which commenced in the early 1990s, the department owned and administered 312 facilities, including fish plants, marine service centers, community stages and slipways. By the end of 2004, the department had divested of 241 facilities.

- In 2004, the department administered 93 special assistance grants to community-based organizations in all regions of the province, for a total of \$200,000. This funding enabled these groups to leverage additional funds from other agencies. Typical projects included wharf and slipway repairs and infrastructure upgrading.

- There were 30 maintenance and repair projects carried out in 2004-05, for a total of \$86,000, to cover projects such as repairs to department-owned baited trawl units and removal of underground fuel tanks at marine service centers.
- The department spent \$35,580 from capital funding on such things as new refrigeration equipment for baited trawls units and marine service center 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 22 of its 25 marine service centers. The remaining three are leased. Government is actively seeking to divest of this 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 strived to achieve this goal by:

- improving the co-operative relationship between the department and the federal government; and
- improving consultation, co-operation and information sharing between the department and the federal government through participation on federal/provincial working groups and ministerial councils.



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 and Canada/Greenland bilateral meetings;
- The department's participation in several CCFAM Task Groups relating to oceans, aquatic invasive species, aquaculture and capacity management; 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. It also believed there must be greater emphasis on fisheries management resources to address the overpopulated seal resource.



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

- supported an increase in the total allowable seal harvest;
- participated on the Fisheries Resource Conservation Council (FRCC);
- continued to make strong representations to NAFO on fisheries conservation and management issues;
- believed 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;
- 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.

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.



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. In addition, the department directed considerable effort and resources to eliminate shore-fastened moorings on aquaculture sites.



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 and Transport Canada continued to work closely together to ensure that both regulatory agencies address mooring-related issues.

Challenges and Opportunities

Building on our achievements in 2004-05, 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.

The department continues to be very concerned with the fishing behavior of foreign fleets outside the 200-mile limit. The fishing industry and the department will continue to push for an effective management regime for straddling fish stocks currently managed by NAFO. The department will continue to press the Government of Canada to seek alternatives to the current management regime outside of Canada's 200-mile limit. Considering the persistent fishing violations on the part of certain foreign nations and NAFO's poor response to dealing with the problem, the department takes the position that Canada should pursue a custodial management approach.

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;
- 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, particularly the seal, groundfish and shrimp sectors;
- 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 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 the Fisheries Diversification Program (FDP), fisheries 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.
- 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.



Department of Fisheries & Aquaculture			
Statement (unaudited) of Expenditure and Related Revenue Summary			
For the year Ended March 31, 2005			
	Actual	Estimates	
	\$	Amended	Original
		\$	\$
Executive and Support Services			
Minister's Office			
Minister's Office	232,871	256,900	256,900
General Administration			
Executive Support	717,697	730,000	730,000
Policy and Planning Services			
Planning and Administration	450,696	637,400	693,300
Revenue	(4,581)	(2,000)	(2,000)
Resource Policy and Development	1,046,563	1,128,000	1,127,400
Subtotal	2,443,246	2,750,300	2,805,600
Fisheries Development			
Regional Services			
Administration and Support Services	2,409,208	2,642,200	2,408,100
Revenue	(20,696)	(49,400)	(49,400)
Fisheries Facilities	35,580	65,000	65,000
Fisheries Programs			
Technical Services	263,591	414,300	414,300
Processing and Marketing	934,378	1,144,400	1,204,400
Licensing and Quality Assurance	684,406	1,436,400	1,573,200
Revenue	(1,599,641)	(2,107,000)	(2,107,000)
Fisheries Diversification Program			
Canada/NL Agreement on Economic Development and Fisheries Adjustment	(16,743)	0	0
Subtotal	5,133,329	6,296,200	6,314,200
Aquaculture Development			
Administration and Support Services	1,681,829	1,902,000	1,884,000
Revenue	(1,048)		
Total	\$6,814,110	\$8,198,200	\$8,198,200

For Additional Information Please Contact:

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