



**CANADIAN  
AQUACULTURE**  
INDUSTRY ALLIANCE

ALLIANCE DE L'INDUSTRIE  
**CANADIENNE DE  
L'AQUACULTURE**

*Farming Canadian waters with care.*

*Faire l'élevage en milieu aquatique canadienne avec soin.*

# Pre-Budget Submission to the House of Commons Standing Committee on Finance

Prepared by the Canadian Aquaculture Industry Alliance

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## Executive Summary

Global demand for seafood is growing - by seven to nine percent a year - yet traditional capture fisheries are either at maximum exploitation levels or in decline and can meet less than half the current demand for seafood. Aquaculture provides heart healthy, affordable protein for a hungry world and bolsters coastal communities in Canada with a low impact, sustainable industry.

Aquaculture is currently valued at \$2.1 billion to the Canadian economy (DFO 2009 figures) and commercial aquaculture operations exist in every province as well as in the Yukon. The sector accounts for one third of the total value of Canada's fisheries production. However, after a quarter-century of development, Canadian aquaculture still has considerable untapped potential. None of the major aquaculture species produced in Canada has demonstrated appreciable growth in the last ten years and Canada is falling behind on the world stage.

The aquaculture industry in Canada has the potential to make a much larger contribution to rural development, job creation, domestic and international trade, as well as food security and economic growth.

The Canadian aquaculture industry is regulated by the *Fisheries Act*, a piece of legislation that dates back to Confederation when commercial aquaculture in Canada did not exist. Rapid development of the sector resulted in a combination of federal, provincial and local regulations, many of them implemented before commercial scale aquaculture was even a significant activity. As a result, many of these policies and regulations are reactive and inefficient.

The development of national legislation – an **Aquaculture Act** - would clearly identify government mandates and industry roles and responsibilities, while ensuring a high level of environmental stewardship.

For Canada to become a global leader, the way forward is clear. We need a federal Aquaculture Act that would result in increased investment and growth, the creation of additional full time, sustainable jobs in rural Canada and ultimately, lead to greater food security for Canada.

Based on the evidence presented in this submission, the single recommendation put forward by the Canadian Aquaculture Industry Alliance (CAIA) for Budget 2012 is:

**That the Government of Canada support the development of a federal Aquaculture Act, which would provide both a long-term framework for aquaculture development in Canada and recognize aquaculture's growing importance to Canada's economy.**



## About the Canadian Aquaculture Industry Alliance

The Canadian Aquaculture Industry Alliance (CAIA) is the lead advocate for aquaculture in Canada, CAIA's mandate is to promote commercial aquaculture development in Canada, to strengthen the sector's reputation, ensure public acceptance and, most importantly, ensure legal and regulatory certainty for aquaculture development in Canada.

CAIA represents Canadian aquaculture operators, feed companies and suppliers, as well as provincial finfish and shellfish aquaculture associations.

## Aquaculture for Food Security

The global population is growing, with resultant demand for food and protein also increasing.

This increased demand for protein puts a strain on finite natural resources, such as land and fresh water. Therefore, land-based livestock production will not be able to continue growing fast enough to accommodate our expanding need for protein. Aquaculture is more efficient.

Global demand for seafood is also growing - by seven to nine percent a year - yet traditional capture fisheries are either at their maximum exploitation levels or in decline and can meet less than half the current demand for seafood. Without aquaculture, a global shortfall of approximately 50-80 million tonnes of fish and seafood is projected in the next two decades. Clearly, more than ever before, **we need to farm the seas to feed the people.**

## Canadian Capacity for Growth

According to a recent socio-economic report produced by Fisheries & Oceans Canada, aquaculture is worth 2.1 billion dollars to the Canadian economy. There are 14,500 full-time equivalent jobs and commercial aquaculture operations exist in every province as well as in the Yukon. The sector accounts for one third of the total value of Canada's fisheries production. However, after a quarter-century of development, Canadian aquaculture still has considerable untapped potential. Unfortunately, none of the major aquaculture species produced in Canada has demonstrated appreciable growth in the last ten years.

As the demand for seafood increases, finfish and shellfish farming companies in other jurisdictions around the world are meeting growing demand by ramping up production. Unfortunately, the same does not hold true for Canada's aquaculture industry and as a result, Canada is falling behind on the world stage, and losing investment opportunities to our competitors.

With untapped marine resources, world-class scientists and a skilled workforce, Canada has the potential to become a major player on the global aquaculture stage. Finfish and shellfish farming has become the only source of year-round employment in many coastal Canadian communities — particularly those where wild fisheries and forestry are in decline.



## An Aquaculture Act for Canada

While regulation is essential to protect the environment and sustain fisheries, it follows that the regulatory environment must **also enable a competitive industry to flourish**. It must be efficient, effective, consistent and purposeful.

Regrettably, the regulatory system for Canada's aquaculture industry has evolved into a vast, complicated and fragmented structure of rules. Some say it has simply reached the point of "over-regulation" – that Canada's regulatory structure is redundant, burdensome, costly and confusing.

The Canadian aquaculture industry has laboured under poorly designed policy and regulations for years, utilizing primarily the Fisheries Act to manage the industry at the federal level. The current regulatory system in Canada for aquaculture is cumbersome, made up of in excess of 70 pieces of legislation across the country in all jurisdictions – which are often disconnected, and sometimes even in conflict.

The Fisheries Act was invoked nearly a century ago for capture fishery management and resource conservation. It is basically a wildlife management act and is not focused on the process of farming in the aquatic environment. Instead of an adequate management framework for aquaculture, existing regulations have erected costly barriers to aquaculture development and growth, and have created uncertainty for investors. **In fact, lost opportunities for the industry have amounted to hundreds of millions of dollars over the past 20 years.**

As a direct result of this regulatory uncertainty and burden, aquaculture volume in Canada has varied only slightly between 155,000 and 175,000 tonnes over the past decade. If anything, total production was slightly lower in 2010 than in 2000.

**Canada is the world's only major farmed seafood producing country without national legislation specifically designed to govern and enable its aquaculture industry.**

Other jurisdictions such as Norway, Chile, New Zealand, Scotland, Ireland, Australia and the United States have all enacted federal aquaculture legislation. These jurisdictions compete directly in the marketplace with our products and have shown year-over-year growth in farmed finfish and shellfish production.

**A recent national survey commissioned by CAIA<sup>1</sup> found that Canadians overwhelmingly support regulated expansion of the aquaculture industry and an Aquaculture Act to support that growth.**

- *Eight-in-ten Canadians (81 percent) either strongly support (40 percent) or somewhat support (41 percent) a national Aquaculture Act. Only 4 percent oppose national legislation.*

As a result, the best course of action would be the development of a new act, specifically developed for Aquaculture. Properly developed, an **Aquaculture Act** would clearly identify government mandates, as well as industry roles and responsibilities, while protecting the environment. It is industry's view that an

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Seafood Survey: Public Opinion on Aquaculture and a National Aquaculture Act,  
<http://www.aquaculture.ca/files/CAIA-PUBLIC-REPORT-May-2011.pdf>

Act would result in increased investment and growth, the creation of additional full time, sustainable jobs in rural Canada and ultimately, lead to greater food security for Canada.

## **Business Case for an Aquaculture Act**

CAIA has recently commissioned the development of a Business Case, which will outline the merits and implications of developing an Aquaculture Act. Included in the document will be:

- A description and analysis of the key elements of aquaculture legislation in other jurisdictions,
- An analysis of problems arising from the current regulatory system in Canada (e.g., the main issues, examples of how the current system creates unwarranted additional costs, restricts market access and hinders innovation),
- An analysis of the potential socio-economic gains that could accrue to Canada from implementing an Aquaculture Act.

The Business Case will address key issues that are of interest to the Committee, including how an Aquaculture Act could play a role in helping Canada achieve a sustained economic recovery, create quality sustainable jobs, keep taxation rates low while achieving a balanced budget, and attain high levels of job growth and business investment in order to ensure shared prosperity and a high standard of living for all Canadians.

A copy of the final report will be available to submit to the Standing Committee on Finance in October, 2011.

## **Budget Expectations**

The development of an Aquaculture Act and allocation of necessary resources could be achieved at minimal cost to the Federal Government.

While this issue will be dealt with more specifically in the Business Case, an Act could involve a short term increase in government expenditures – mostly for programming and staff. It is expected that such costs would be offset by increased tax revenues generated from growth in the Canadian aquaculture industry.

## **Concluding Remarks**

Based on the evidence presented in this submission, the single recommendation put forward by the Canadian Aquaculture Industry Alliance (CAIA) for Budget 2012 is:

**That the Government of Canada support the development of a federal Aquaculture Act, which would provide both a long-term framework for aquaculture development in Canada and recognize aquaculture's growing importance to Canada's economy.**



The development of an Aquaculture Act would also fit well into recent government initiatives on rural development, bringing certainty, security and facilitating growth in a sector currently constrained by conflicting legislation. It would also be an ideal fit with the government's Red Tape Reduction Commission, established after the 2010 federal budget and now chaired by Maxime Bernier, Minister of State (Small Business and Tourism)

In addition to this submission, I am requesting to appear on behalf of the Alliance before the Standing Committee on Finance during their pre-budget consultations to be held this fall in Moncton, NB.

Should you require any further information regarding my submission, please do not hesitate to contact me.

Sincerely,

Ruth Salmon  
Executive Director