



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Fisheries and Oceans

FOPO • NUMBER 012 • 2nd SESSION • 41st PARLIAMENT

EVIDENCE

Monday, February 24, 2014

—
Chair

Mr. Rodney Weston

Standing Committee on Fisheries and Oceans

Monday, February 24, 2014

• (1535)
[English]

The Chair (Mr. Rodney Weston (Saint John, CPC)): I call the meeting to order. I'd like to thank our guest for being with us here today.

Ms. Salmon, I know you're no stranger to this committee and not a lot has changed in the procedures with our committee.

Having said that, we'll welcome you and ask you to proceed with your presentation.

Ms. Ruth Salmon (Executive Director, Canadian Aquaculture Industry Alliance): Thank you, Mr. Chairman, and thanks for the invitation.

I'm not a stranger to the group, but there are a few new faces, so it's good to be here.

I'll just get the slides going here.

The Chair: We'll just suspend for a moment until you're ready.

• (1535) _____ (Pause) _____

• (1540)

Ms. Ruth Salmon: Thank you very much, Mr. Chairman.

For those of you who don't know, we're a national industry association headquartered here in Ottawa, representing the interests of Canadian seafood farming operators, feed companies, and suppliers, as well as provincial finfish and shellfish aquaculture associations.

I will be talking about CETA today—obviously, that's why you invited me here—and the benefits to our industry. But I wanted to start by talking about aquaculture worldwide and the potential that exists for aquaculture, because it's really pertinent to the discussion. Aquaculture is the fastest growing food industry in world, with an annual growth rate of 6% to 7% per year. That's a very large annual growth rate, so you might be asking what's fuelling that increased demand.

The FAO has a very compelling message about the global demand for food. They tell us that collectively we face a huge challenge to attain food security for a population that will exceed 9 billion by 2050, which is a 34% increase over today's population. They also project that we will need an additional 50 million tonnes of seafood to meet that demand—and we know that the wild fishery can meet less than half of that. The FAO director general, Dr. Árne Mathiesen, spoke to our annual meeting in November. He said that because Canada is an advanced and environmentally conscious country, we

have "...a chance to lead the way: to disseminate the knowledge, secure investments, and contribute significantly to achieving our common goal of global food security."

Other influential international organizations are starting to see and talk about the benefit of aquaculture. A new World Bank report estimates that in 2030, 62% of all the seafood we eat will be farm-raised to meet the growing demand.

In December our association welcomed the recommendations contained in the newly released Conference Board of Canada study of how to improve the economic viability of Canada's seafood industries. This study confirmed the vital role of farmed seafood in Canada's future food supply and the unique opportunity it provides in terms of new jobs and growth. In addition to recommendations from this standing committee in the closed containment report, we were very pleased to see that the Conference Board report called for the creation of a federal aquaculture act to help achieve increased growth, employment, investment income, and export opportunities.

The Conference Board study also highlighted the health and nutritional importance of increasing the share of seafood in Canadians' diets. It's well recognized that seafood contributes to human health but Canadians are not even eating the minimum amount of seafood recommended by Health Canada. By ensuring greater awareness and access to healthy, nutritious seafood products, our industry can contribute to the potential reduction in health costs, thus an additional benefit to the Canadian economy.

Looking at aquaculture today, we're valued at just over \$2 billion. We employ over 14,000 full-time workers, and we farm in every province and the Yukon. The bulk of our production comes from the two coasts, but we do farm in every province. The value of our industry is a third of the value of Canada's fisheries production. Approximately 80% of farmed seafood is exported.

However, many of you in this committee know that Canada has the potential to do so much more. Canadian aquaculture grew rapidly from the early eighties to the end of the nineties. But since that time, even considering small pockets of growth—and we've seen pockets of growth in Newfoundland—overall industry growth has basically been stagnant. Despite our enormous competitive advantages, Canada's share of the world's farmed fish market has fallen by 40% during the past decade. We now account for only 0.2% of global aquaculture production. This stagnation has taken place while other producers in New Zealand, Norway, Scotland, and Chile have raced ahead. As a result, our rural communities are forgoing greater prosperity, our food processors are losing out on export opportunities, and our economy is missing out on potential growth. But not only is this a missed opportunity for Canada at a time when there is such a huge demand for food globally, it's really a missed opportunity for the world.

• (1545)

The natural question, then, is why we have flatlined.

The principal challenge confronting our sector is the complicated set of regulations that restrict growth and limit investment. Rapid development of the sector in the eighties and nineties resulted in a myriad of federal, provincial, and local regulations. Many of these were implemented before commercial-scale aquaculture was even a significant activity. A patchwork approach resulted, and many of the policies and regulations are reactive and inefficient.

As many of you know, we're regulated by the Fisheries Act, which is a wildlife management act that was never intended for an innovative food production sector. It doesn't even mention the word "aquaculture". It is a piece of legislation that dates back to Confederation, when commercial aquaculture didn't even exist.

But I think it's important, when we look at what has kept the industry stalled, to stress the important point that our industry is not looking for less regulation—we are a food-producing industry, and regulation is very important—but is looking for more efficient and appropriate regulation. In response to this need, our sector launched a comprehensive national aquaculture development strategy in 2012 to advocate for legislative, regulatory, and policy reform. The next slide illustrates some of the growth that is projected in our industry, if we can get the kind of regulatory, legislative, and policy reforms we are hoping for. It shows that over the next 5, 10, and 15 years there is significant investment waiting to come to Canada.

In the first five years, for example, the slide indicates—we're currently at 160,000 tonnes—that we could move to 200,000 tonnes, without even an increased footprint, by just approving amendments and allowing for more efficiencies. From there, after 10 years and 15 years, with new sites there would be a significant increase in growth and jobs for Canada.

This projected growth not only impacts economic activity for rural and coastal communities, but would also allow us to capitalize on trade agreements such as CETA.

Now that we've talked about the potential of aquaculture and about how Canada is falling behind, let's take a closer look at CETA. For us, the EU is the largest seafood import market in the world, and

it's a growing market. And it is not just for farmed seafood: Canada's fish and seafood exports to the EU are currently \$400 million.

These exports have attracted an average tariff anywhere between 11% and 25%, making access very difficult. In fact, I was talking to one of my members this morning, who farms sturgeon caviar, and he said that the tariff for him has been 20%, while the tariff on European caviar coming into Canada has been 3%. With CETA, we've been told that 96% of tariff lines will become duty-free immediately upon signing the agreement, and others will be duty-free within seven years. This is obviously very encouraging news, and we hope it is actually the case.

What is the current situation and the near-term opportunity? As you can imagine, with limited potential to increase farmed seafood production, any new markets require diverting products from existing markets. When you add the high tariff rates to this supply limitation, you can see why the EU has not been a priority export market for us. When CETA is implemented, however, those companies that are doing business in the EU now will look to expand. Companies that have expressed interest in expanding are in farmed salmon—particularly value-added products—sablefish, oysters, mussels, and sturgeon caviar. However, if the industry is allowed to grow, the EU will become a natural new market for high-end value-added farmed seafood products. This will also result in new jobs here in Canada, as the value-added products will require additional labour.

Our association supports and applauds the federal government for its work on CETA; however, our industry requires increased growth and competitiveness to really take significant advantage of this new market opportunity. Aquaculture in Canada offers tremendous opportunities. Working together we can renew a vibrant aquaculture industry in Canada and unlock the full range of economic, environmental, and public health benefits that flow from a competitive, sustainable, growing farmed seafood sector.

• (1550)

In our mind, that will require regulatory reform, which we are working on with DFO, a national aquaculture act, and a vision for growth.

Thank you, Mr. Chairman. I am happy to answer any questions.

The Chair: Thank you very much, Ms. Salmon.

We're going to start out with a 10-minute round.

Mr. Chisholm.

Mr. Robert Chisholm (Dartmouth—Cole Harbour, NDP): Thank you very much, Mr. Chairman.

Ms. Salmon, it's a pleasure to have you before the committee.

I have to tell you, though, that I wish we were having a fulsome discussion about aquaculture and its pros and cons. You presented material that I certainly am familiar with, and it continues to impress me by the potential, the growth, and the expansion of aquaculture around the world and here in Canada.

Of course, with that expansion come a few problems, one could say. The Cohen Commission report on the west coast had a section in it—the final report by the commissioner—that talked about finfish aquaculture, open-pen finfish aquaculture, and the impact it had. It was interesting.

What I most took from what he said was that he didn't think that in all the testimony he heard, we could deny there is an impact. It's a question of degree. Then he went on to make some recommendations, which we're still hoping to discuss further. Likewise, there are some issues on the east coast. Some of my colleagues will want to ask you a couple of things about that.

My point is that it's an important issue in this country, and an issue....I would love to see the end of the table filled with people directly involved in aquaculture, people involved in the traditional fisheries who have some concerns, some scientists, and people involved in regulation, so that we could really have a fulsome discussion of the industry and where it intersects with what else is going on, on our coasts, and for that matter, in fresh water.

That's not what we're here for. We're here to talk about CETA. I appreciate some of the things you've raised about the whole market issue. That, of course, is important as well. We need to make sure that we have some idea of how we're going about this and that we're doing it the right way. But markets are extraordinarily important too.

I was curious about the...Countries like Scotland, Norway, and other countries have been doing this a lot longer than we have. You talked about sturgeon caviar and that our Canadian producers were meeting. I think you said, 20% tariffs to export, and yet the import duties were in the area of 3%.

I wonder if you could talk about products like smoked salmon and mussels, and fresh salmon as well. What are the tariffs coming into the country? When we talk about any industry—and this trade deal, or any other trade deal—it's not just about the markets we can access but about the competition we open ourselves up to. That raises some concerns. So if you wouldn't mind....

Ms. Ruth Salmon: I'm happy to address it. I don't have the specifics in terms of each product, but certainly exporting for us is anywhere between 11% and 25%. My understanding is that most of the competing products coming in don't have that high a level, so from all my discussions with members, whether they're salmon or mussels, they're at a competitive disadvantage.

Now, that's not to say that some haven't made inroads into the European market, because it's a market that really values high-quality, high-end products, and many of our products fit that kind of a niche market. We wouldn't export, at this stage, fresh farmed salmon into the EU; because of the tariffs, it makes more sense to go to the United States.

I think once you've levelled that playing field, you'll see that this will become a market that has stronger appeal for a wider variety of products. Right now it just isn't that viable for the majority. It's viable

for a few high-end products—they can still do well given that tariff—but not for the majority.

Again, it comes back down to growth, because it's hard to look for new markets when you don't have a sense that your industry and your production will grow.

• (1555)

Mr. Robert Chisholm: Right.

Just quickly, to take P.E.I. mussels as an example, have you heard any concern from that industry about CETA and the potential competition, and/or do you have any idea what the tariffs are specifically with respect to mussels?

Ms. Ruth Salmon: I don't have a number for mussels. It would be in the 11% to 25% range, but I can get that for you specifically.

I know that a couple of my members who farm mussels in P.E.I. are currently doing some vacuum-packed mussels. As soon as the tariffs are reduced, they're looking to make that a significant market.

Mr. Robert Chisholm: They'll be ready to go.

Ms. Ruth Salmon: Everybody is watching it very closely and is very excited about the possibility of what that will mean.

Mr. Robert Chisholm: Thank you.

Ms. Ruth Salmon: To go back to your first question, we're happy at any time to talk about the industry. We'd always be open to having that discussion, and so would—

Mr. Robert Chisholm: Yes, I'm sure you would be. I appreciate that. I wanted to raise it because I knew you would look forward to that opportunity.

Ms. Ruth Salmon: Absolutely.

Mr. Robert Chisholm: Maybe we'll get some other committee members speaking to that.

Ms. Ruth Salmon: We've been well studied, but we're happy to share more.

Mr. Robert Chisholm: Yes. Thank you very much.

I'll turn it over to my colleague now.

The Chair: Mr. Cleary.

Mr. Ryan Cleary (St. John's South—Mount Pearl, NDP): Thank you, Mr. Chair.

Thank you, Ms. Salmon, and thank you for your opening remarks. A few things struck me about your opening remarks. Number one, you mentioned that Canadian seafood products account for 0.2% of global aquaculture production, which is interesting, and that companies will obviously look to expand with this Canada-EU free trade deal. The lowering of tariffs is seen as a great thing for our seafood markets, and we can do nothing but expand.

The third thing I found interesting about your opening remarks was that you spoke about the principal challenge confronting Canada's aquaculture sector as being a complicated set of regulations that restrict growth and limit investment. Now, some people say that our aquaculture regulations and rules aren't strict enough, but let me come to my question.

It was uncovered by the local media in my province of Newfoundland and Labrador just a few months ago that \$33 million had been paid in compensation to Gray aquaculture for five outbreaks of infectious salmon anemia on the south coast of the province. Again, that was a total of \$33 million. The Minister of Fisheries and Oceans stated that the Gray aquaculture company needed to be compensated a high amount so that there's an incentive to report disease outbreaks in the water.

For me, if that's actually the case, that's a reflection of the fact that it's that clear that federal regulations are lacking.

Moving on to my question, what are your thoughts on Canada's regulations for open net-pen aquaculture, and how does the reality of ISA and culls impact trade with the European Union? You can't effectively trade if you don't have a stable, reliable product. Would you say that's the case?

Ms. Ruth Salmon: Oh, absolutely. When you get into discussions around fish health, it's a global issue. ISA is not a Canadian problem. Fish health, as with any other agricultural commodity, deals with health issues.

I would say that we have a very good system of early detection so that we can minimize and reduce the spread. CFIA works closely with our industry on that. No one likes to have a fish health issue or an outbreak, but I would say that this government has the controls in place in order to be able to deal with it quickly and expeditiously.

• (1600)

Mr. Ryan Cleary: If we've had major fish culls, not just in Newfoundland and Labrador but also in the Maritimes, and as a result of those culls we've had millions and millions of dollars in compensation, I can't say it impacts the quality, because the quality of Atlantic salmon and char is fantastic, fabulous, but it does impact the brand, the reputation of that product.

Do you think that with the Canada-EU free trade deal our ability to capitalize on that incredible market is going to be jeopardized because of our diseased fish, our fish culls, our escapement, and some of the negativity that's been surrounding the industry?

Ms. Ruth Salmon: You have to realize that this is a global industry. Because we're here, we think we're the only ones who have issues in our industry. But, in fact, other countries as well have fish health issues. Escapements, for example, have gone down globally. This industry is not that old. It's 35 years old. We've come a long way since the beginning in terms of knowing more about where to farm and how to farm sustainably. The science has been done by DFO. We're in a position now of being among the best in the world in terms of growing a high-quality and responsible product.

It's unfortunate when these things happen. But our reputation for farmed seafood products is excellent. We're heading to the Boston seafood show in March. Our problem will be that we won't be able to meet the demand of the buyers. They understand. The people who

are in the industry understand there are issues that we continue to work on and improve. And we'll do that. This is a continuous improvement industry.

Looking at where the industry was 10 years ago, we've made leaps and bounds. All of our salmon-farming companies in Canada right now are certified to a third-party audit. It's not only strict government regulations; we're audited to third-party standards.

I understand your concern, and we will continue to do more research on fish health issues. But it hasn't impacted the good reputation of our product.

Mr. Ryan Cleary: Thank you.

The Chair: Thank you, Ms. Salmon.

Ms. Davidson.

Mrs. Patricia Davidson (Sarnia—Lambton, CPC): Thanks very much, Mr. Chair. I'm going to be splitting my time with Mr. Weston, so maybe you can give me a nod when my half of the 10 minutes is up.

Ms. Salmon, it's so nice to see you again. It's a pleasure to have you back at our committee. I probably first met you when we were doing our two-year study on the aquaculture industry.

Ms. Ruth Salmon: That's right.

Mrs. Patricia Davidson: So we have done a fairly extensive study on that.

Ms. Ruth Salmon: You have.

Mrs. Patricia Davidson: It's a real pleasure to see you here again.

In your presentation today, and probably when you were at the agricultural committee as well, you talked about there being over 14,000 individuals employed in Canada in the aquaculture industry. I know that during that study we talked a lot about that being mainly in rural and coastal communities, and the impacts on those communities. But you're saying today it was suggested that in 15 years, with a push in production, the number could triple.

Ms. Ruth Salmon: Right.

Mrs. Patricia Davidson: Could you tell me a little bit about how you came to those numbers? Do you factor in the CETA impact when you're talking about those numbers?

Also, maybe you could talk a bit about how Canada's share of the world's market has fallen by 40% in the past decade. I find it interesting that we can grow that rapidly and lose that much of it. And is CETA going to have a huge impact on our world market?

•(1605)

Ms. Ruth Salmon: The projections made on growth, first of all, sound like a lot. In fact, the kind of growth we're talking about is measured growth and it's partly because of marketing. It would be unwise to grow in a huge way and try to dump a lot of product on the market. It's important that if we begin to grow again in Canada we do it in a staged and measured approach. At the same time, we based some of the jobs on the multiplier effect of having spinoff benefits for suppliers. It's based on some of the work that, I think it was Gardner Pinfold, did for DFO a few years ago. They came up with the multiplier effect that if you have one farming job this is two and a half times other jobs. We basically based our projections on some of that early work that Gardner Pinfold did. Again, I think it's important to stress that we are looking for growth in this industry because, except for Newfoundland, we have...and even with that growth in Newfoundland you still take the national average and we've been flatlined for 13 years. That's really where the 40% drop in market share comes from because all of the other countries are growing at a 6% to 7% annual increase. The graph goes like that and we're flatlined. The difference is that 40%. We did grow rapidly in the 1980s and early 1990s and since then there has been nothing. That's really where the discrepancy comes, where the other countries are continuing to grow, despite their own challenges. It's despite challenges, despite continual issues that we work on, but they're still able to see growth and we haven't.

Does that help answer? Was there something else at the end that you wanted?

Mrs. Patricia Davidson: No. I think that clarifies it.

Just to continue along that some line then, having the trade agreement in place with the EU before the U.S. is seen in a lot of areas as being a major achievement. Do you see that in the aquaculture industry?

Ms. Ruth Salmon: Again, It all comes back down to growth. Because of the agreement we'll see some shifting of markets because then the EU starts to look really attractive. For example, the majority of our product goes to the U.S. and Canada. North America is our major market, there's no question, because we can ship fresh product in a short period of time and that gives us that competitive advantage towards, for example, Chile.

However, no business wants to put all their eggs in one basket, so many of them are in other markets, Asia, Europe, there's some product even going to Australia, Russia, and Brazil. You'll see that there will be a shifting more to the EU because of CETA, that it just starts to look more favourable. But it still is sort of shifting rather than actually increasing growth and being able to really capitalize on that in a significant way. You'll see a bit of a shifting of the deck chairs but to actually really see the significant impact we would need to grow the industry.

Mrs. Patricia Davidson: I guess I'm done.

Thank you.

The Chair: Mr. Weston.

Mr. John Weston (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC): How much time do I have left?

The Chair: Five minutes.

Mr. John Weston: Thank you.

Thanks for coming, Ms. Salmon.

My colleague Ryan Cleary mentioned earlier that the regulations are not strict enough, but I read in a recent article by Peter O'Neil in the *Vancouver Sun* a quote from DFO spokeswoman Melanie Carkner who said that Canada has some of the strictest regulations in the world. I wonder if you might just want to comment on those two perspectives.

Ms. Ruth Salmon: I think that we do have opponents who don't feel that it would ever be strict enough. But when you look at what this industry is, the level of requirements, the level of monitoring, the level of reporting that's required, when we've done internal reviews compared to other countries we're certainly at the top. That's not to say that they don't have a good regulatory framework, but certainly, in terms of degree of requirements, we're actually at the top. I think that our opponents probably don't think it would ever be enough, but when you actually look at what the companies are being asked to do and the standards they are being held to...and I think it's reflective of the fact that so many of our companies are now third-party certified, which indicates they've met the government standards and they're going one step beyond.

•(1610)

The Chair: All right, Ms. Salmon.

Mr. Chisholm, do you have a point of order?

Mr. Robert Chisholm: Yes.

Mr. Chairman, I just wanted to clarify that what Mr. Cleary said about regulation—he raised a question—should not be characterized as indicating that he's an opponent or that we're opponents of the industry. It was merely a question to the witness about the fact that this issue arose in Newfoundland, and whether it was an indication, perhaps, that there was a problem with the stringency of the industry.

I wouldn't want people who are watching or who will be reading this at some later date to get the impression that the government side is for and the opposition is against. That's not the way we presented this at all, and that's not the way that question was presented.

The Chair: Thank you, Mr. Chisholm.

That's actually not a point of order; that's a point of clarification or debate, I would say.

Anyhow, thank you.

Mr. John Weston: Anyway, I'm glad we had the discussion.

Mr. Chair, could you give me a two-minute warning?

The Chair: Yes.

Mr. John Weston: Ms. Salmon, you also commented on the limits of production capacity. You also made that comment before our agriculture committee. You mentioned the sturgeon eggs, for instance. I suspect that's Northern Divine, which comes from the Sunshine Coast area in the riding I represent.

Ms. Ruth Salmon: That's right.

Mr. John Weston: You mentioned that, for them, there's been a drastic reduction in the tariffs, from 20% to 4%.

For any of the producers you're thinking about, from where do you think this shift will occur in order to accommodate the new markets that the European Union presents through CETA?

Ms. Ruth Salmon: Again, it's hard to know what each company's marketing decisions are going to be. But particularly for those already in the EU market—and in this case, Northern Divine is—it would make sense for them to develop those markets to a larger degree, because then it starts to really be.... If it's beneficial now, it will be beneficial when that 20% comes down to zero.

Where they're taking that from, I'm not exactly sure, but since the North American market is our significant number one market, any diversion will probably come from that.

Mr. John Weston: Thank you.

I wonder, given the opening of, or at least the resumption of, review of new aquaculture licences.... And by the way, I want to hasten to add that the resumption is outside the Discovery Islands archipelago, consistent with the Cohen inquiry recommendation. Do you see an increase in capacity that might accommodate this wonderful new market opened up by our minister of international trade, the government's work on CETA?

Ms. Ruth Salmon: Absolutely. There's no question now in British Columbia that they're able to deal with amendments, that they're able to be open for new applications, and that this is directly related to new markets. Any time you have growth, you need to align that growth with market development, so companies will be doing this, the two at the same time, and the EU just starts to look so much more attractive than it has in the past.

Mr. John Weston: Closed containment was a subject that certainly we reviewed as part of our aquaculture report. One of our recommendations was that the country ought to look at the creation of a closed containment centre of excellence. Cohen also talked about closed containment. One of the issues has always been the commercial viability of closed containment.

Do you see, with the opening of the European markets, a new interest in closed containment salmon or other aquaculture?

•(1615)

Ms. Ruth Salmon: There's always going to be a mix of production systems within our industry, and so I think growth can come at all levels. We've always been very encouraging of continuing to do research and development, so we'd support any kind of additional work in terms of centres of excellence. So much of our industry is actually.... A third of the life of a salmon is in closed containment in a hatchery, so we already have a lot of expertise, and any new expertise is only going to help that aspect of the business as well. The existing industry has the potential to grow sustainably and

responsibly in addition to other arenas, such as closed containment, so I would say that there's opportunity for both.

Mr. John Weston: I have many more questions but the chair is indicating that time is up so, again, thanks for being here.

The Chair: Thank you, Mr. Weston.

Mr. MacAulay.

Hon. Lawrence MacAulay (Cardigan, Lib.): Thank you very much, Mr. Chair.

Ms. Salmon, it's good to have you again.

Ms. Ruth Salmon: I'm happy to be here.

Hon. Lawrence MacAulay: We're happy to have you here too. Has the mussel industry in Prince Edward Island changed enough to meet the requirements of the demand that will take place? Why I'm asking this question is, number one, I do not believe that the price of the blue mussel has increased to a proper price, if I may say. Are there any recommendations you would have to this committee on what the government could do or what the industry should do in order that we reap the best price?

I want you to do the talking but the truth is you're going to the Boston seafood show, and we do not have any more fish to sell, really.

Ms. Ruth Salmon: That's right.

Hon. Lawrence MacAulay: We're not getting the proper dollar for the fish we are selling. That's a problem for us all. I know it's not under your jurisdiction, but when you look at the lobster issue, when they're getting the lobster for little or nothing, that's a sad situation. I'd like you to comment.

Ms. Ruth Salmon: You're absolutely right that the price paid to the grower, and even to the retailer, hasn't changed very much when it comes to mussels, so it's a very wonderful product for the price. It's huge value, so I agree it probably should be higher.

Hon. Lawrence MacAulay: Can I just say this? You could find the blue mussel in South America, all over Europe, and they're selling all the product. What do we need to do to get it up there?

Ms. Ruth Salmon: One of the first requirements—and I'm talking about industry here—is that collectively they all have to be on the same page.

Hon. Lawrence MacAulay: I'm a farmer.

Ms. Ruth Salmon: You can't have somebody increase the price and somebody else not support that. So industry has to be collaborative and cooperative, and agree that this is what they want to do. We haven't seen that yet. The demand is strong, and I agree that it would be much more viable for the industry if that price could come up, but everybody has to agree to it, and that's challenging.

Hon. Lawrence MacAulay: Would you be saying to me in a political manner that the fact is the price is the lowest price offered for the person that sells. Is that correct?

Ms. Ruth Salmon: It's unfortunate, but that ends up being the case.

Hon. Lawrence MacAulay: That is sad, and I do not know what the recommendations are, but just as an example, I toured a massive seafood show in Shanghai and by the time I found a Canadian lobster about three feet down in the freezer...and I know we say it's not the federal government, it's not this and not that, but we need to promote our product better, and reap the funds that we should.

I would like you to comment, and probably it's a bit of an unfair question. First of all, how much seafood is produced in the world today?

Ms. Ruth Salmon: In the world? You've got me there.

Hon. Lawrence MacAulay: All right, but you're saying that by 2030 we'll need 50 million tonnes more.

Ms. Ruth Salmon: Exactly.

Hon. Lawrence MacAulay: If that kind of an increase were projected in the automotive industry, I wonder what you would see for an injection in the country.

Ms. Ruth Salmon: That's an interesting question.

Hon. Lawrence MacAulay: With no answer, and I understand there'll be no answer, but it is sad because no matter what government seems to be around we never seem to be able to focus on the fishing industry, but if it's something else—

Ms. Ruth Salmon: It's a real opportunity for aquaculture. Unfortunately we know the wild fishery is not going to increase, it's going to stay level at best.

•(1620)

Hon. Lawrence MacAulay: That's right.

Ms. Ruth Salmon: So I think it does provide that huge opportunity for us to have a bigger role in it, and at the same time provide a healthy, high quality product. I think that deficit does provide a real opportunity for us.

Hon. Lawrence MacAulay: I see also that they have removed the moratorium on the farms in British Columbia. How do you see that affecting? Did you answer that?

Ms. Ruth Salmon: No, it's a good question. That's going to be a very helpful move because there has been no growth in British Columbia, and British Columbia does have a lot of potential to grow both shellfish and finfish. This just is back to business as usual whereby companies can submit amendments for greater efficiencies, changes, look at new sites.

In some cases some of the new sites will be in a more environmentally sustainable location than the existing ones.

Hon. Lawrence MacAulay: Could you elaborate a bit on that? Would that be farther from the coast? The concern is that jobs will be lost where there is more need to put quota.

Ms. Ruth Salmon: There are just a couple of examples, because now we know more than we did in the eighties in terms of what makes a good site, and so with no ability to make changes...we, in a couple of cases, can now make some changes that will be environmentally sustainable changes. It just requires that ability for government to accept amendments. So now they're doing that, we're going to see some positive things happen. We'll not only see

growth happening, but we'll see some good changes for the environment too.

Hon. Lawrence MacAulay: Thank you.

As Ms. Davidson has indicated, we've heard a lot in the last two years and had a lot of people before this committee on closed containment and the open-net concept. I'd like you just to elaborate a bit on the cost of production in the closed containment. Do you see that being where we could see a large expansion?

Ms. Ruth Salmon: To date the viability is not there. So if we're looking to increase production to service new markets and to help Canada move forward, it's not the area that's going to give it to us immediately because there's still a lot of work to be done, as your colleague said earlier. So I think it's important that we do that work and we continue to do research, and then both will be able to move forward.

Hon. Lawrence MacAulay: You would see it as a requirement for the Government of Canada to make sure that we have the best technology possible for the closed containment.

Ms. Ruth Salmon: Absolutely, but I think we have opportunities in our existing traditional farming methods that we haven't taken advantage of, that are sustainable and responsible, that we can quickly move forward on so that we can make up some of the loss that we've experienced, and at the same time not give up on research and continued efforts into other technology. Absolutely, when it comes to technology, we've improved technology of farm systems, technology of monitoring equipment. The technology just continues to improve, and that also needs to involve closed containment as well.

Mr. John Weston: A point of clarification, Mr. Chair.

Did I hear that the question was, is it a requirement of the Government of Canada to make sure that the industry has the best technology? Is that what the question was?

The Chair: Mr. MacAulay, maybe you could clarify that.

Hon. Lawrence MacAulay: I indicated that all governments need to be involved in all the promoting, the marketing, and improving of the technology. I also said that all governments are at fault when it comes to the fishery. What I made as an example was if another industry—

The Chair: Please continue with your line of questioning, Mr. MacAulay.

Hon. Lawrence MacAulay: Thank you, Mr. Chair.

I do not wish to criticize anybody, but the only thing that I see is that there's always a problem with the fishery. No matter what goes on there's always a problem with the fishery. But you would have to agree, Ms. Salmon, that 50 million tonnes per year in 15 years' time is certainly a massive opening for the fishing industry, and it's going to have to be your groups, people like you and your farming, whether it's closed containment or open-net concept, who will have to produce this food, because there's going to be no more in the wild.

Ms. Ruth Salmon: I absolutely agree that food security is a key issue. Where we need to work in partnership with government is to find that regulatory and legislative reform. Industry has the money to invest. Industry will invest in new technology. So I guess in answer to your question about whether it's government's responsibility, in partnership we have a responsibility, but it is not industry that's asking government for money. Industry will invest in new technology, and has done that, if it's the appropriate technology to enhance and improve their business. So we're not looking for any kind of a handout; we're looking for a partnership so that we have a regulatory framework that is secure and we have business certainty. There is money to invest that's going elsewhere.

Maybe just a point to add is that when I talked to my salmon farming members across Canada, they've said that globally only 7% of all the money is coming into Canada for salmon farming, and it should be 20% or 25%. So the money is there if the environment is conducive for growth.

• (1625)

Hon. Lawrence MacAulay: I fully agree with you, and I am certainly not criticizing any government. I'm just encouraging...and indicating that I do not believe a lot of governments have done what they needed to do, because of the situation that we're in today. We have an opportunity to bring a lot of new money into this country. It's right here. The demand is going to be needed. It's now a job for governments to decide they're going to invest and produce this product.

In regard to eco-certification, I can't help but think about what happened to the seal industry. And it's not the seal industry itself; we have probably one of the most humane seal industries in the world. But our opponents were able to indicate to the world that it was not that way.

When you look at what's taking place in this country with sea lice, etc., do you see that becoming a problem? And looking at the eco-certification, what do you see developing as a difficulty?

We want to do this right. We want to get a good piece of this money.

Ms. Ruth Salmon: I agree. I think it may allude to my answer a while back. There are challenges in any kind of farming operation, whether it's health of the animal or pest control or a number of things. Globally the industry is experiencing, and moving forward on, all those fronts. Yes, we are challenged with sea lice; so are other countries. They're doing research, as we are.

I don't see it impacting our certification. In fact, the way we operate and manage our farms is absolutely first-rate. That doesn't mean that there are not challenges we have to deal with. If a fish is sick, we have to treat it. But all of that is under strict regulations and third-party audit.

So we know there's not really a problem with certification.

Hon. Lawrence MacAulay: Thank you very much. I'm done.

The Chair: Thank you, Mr. MacAulay.

Mr. Sopuck.

Mr. Robert Sopuck (Dauphin—Swan River—Marquette, CPC): Thanks.

Just before I start, I'd like to make a comment about Mr. Chisholm's intervention. I would make the point that given the immediate negative and aggressive questioning of Ms. Salmon regarding her industry, it is completely understandable that some of us would come to the conclusion that net-pen aquaculture will fall into line with all of the rural natural resource industries that the NDP would like to see out of business.

In terms of a specific question, Ms. Salmon, regarding your comments about how you would like streamlined and efficient regulations, can you be more specific on exactly what you would like to see in terms of regulatory change?

Ms. Ruth Salmon: I think I mentioned to you that we've launched this national strategy and are working closely with DFO and Agriculture and Agri-Food Canada to look at what reforms are needed. We've developed a policy document that we tabled in November with DFO. We're looking at all the line items of things that we think need to be changed, and they agree. I think we're making some good progress on having our requirements in line with their work-plan—some specific policies, some specific regulations that need to be refined, tweaked. I can send you the document.

• (1630)

Mr. Robert Sopuck: Could you give me some specific examples, just a few? Are we talking about the siting of the facilities, or the rotation of the facilities? What are we talking about?

Ms. Ruth Salmon: One of the things just right off the top that needs to be refined is licence and lease terms. We feel it needs to be consistent across the country. In some provinces it's as much as 20 years, and in some provinces it's an annual licence. Those are the kinds of things that I think DFO is open to looking at. We're right now in the middle of what's called the aquaculture activities regulations. It's going to allow companies the ability to use certain substances if they're approved. That hasn't been the case.

There's a number of them, and I'm happy to share the document so you get a better look. But I'm pleased to say that we're getting some good support from DFO on this.

Mr. Robert Sopuck: I'm pleased to see that. Too often industries ask for streamlined and efficient regulations without being specific, so I'm glad you have specifics.

You talked about the outside investment potential. Can you elaborate on that? Do we have international aquaculture companies that want to invest in Canada but currently are prevented from doing so?

Ms. Ruth Salmon: It's a good question. Last year, over \$500 million was invested in salmon farming aquaculture globally. The majority of our companies in British Columbia are part of international companies. Those companies are also investing in Norway, Chile, and Scotland. Even our companies on the east coast are also investing in other areas besides Canada. When we looked at it all, only 7% of that amount was coming back to Canada, which is really just maintenance dollars—turning the lights on, doing that kind of thing. It's not money for new capital investment.

At the boardroom tables of these global companies, they're looking to see who has opportunity for growth and where that investment dollar is going to go, and Canada doesn't have it, so we don't get it. It's there to invest. If we had the climate and the certainty to attract new investment, we'd get it.

Mr. Robert Sopuck: On the environmental issues related to aquaculture.... On the positive side—and I think most of the environmental issues are positive for aquaculture—given that Atlantic salmon are the prime fish grown in net-pen facilities, it's true that we will never have to fish wild Atlantic salmon stocks again. Is that correct?

Ms. Ruth Salmon: That's absolutely correct.

Our industry takes pressure off the wild stocks, and that's an important piece. We know it's aquaculture that's going to meet this growing demand and we can do that, and we can do that sustainably. It's an important thing.

Mr. Robert Sopuck: Actually, to me, that is the most important benefit of aquaculture.

Regarding freshwater aquaculture—I happen to come from Manitoba, and prairie Canada has untapped potential. There's that facility that you're aware of in Lake Diefenbaker. Can you talk a little bit about the potential for aquaculture growth in the inland freshwater regions of Canada?

Ms. Ruth Salmon: It's huge. We haven't even examined the potential there because we're focused on getting a foundation for some of the other more existing products. When we talk about potential for aquaculture, it's not just on the two coasts. It's in every province and there are all kinds of lakes that can have aquaculture and lots of land-based facilities that could augment existing agricultural operations.

Mr. Robert Sopuck: What species of fish could we grow in fresh water? What's the potential for freshwater aquaculture?

Ms. Ruth Salmon: Rainbow trout is an obvious one and Arctic char is another. Even species that we haven't even grown in Canada yet—tilapia is another one that we're involved in.... I think that you can even see new species starting out if we had that energy to start growing and diversifying to new species.

• (1635)

Mr. Robert Sopuck: In one of your answers to Mr. MacAulay, I thought I heard you say that there are technologies out there that we have not taken advantage of for our aquaculture industry. Did I hear that right?

Ms. Ruth Salmon: I'm not sure that I said we haven't taken advantage of it. What I meant to say was that industry will be the

first to take advantage of something if it's appropriate or the right thing to do. When you look at all the levels of changes in technology—whether it's systems for the farm, monitoring systems, environmental testing systems, or cage strength—there are so many different types of technology that industry will move to quickly. The information is there and they'll move to it if it's the right thing to do. I'm sure they'll continue to find new technologies, but Canada is certainly leading in that arena as well.

Mr. Robert Sopuck: My colleague, Mr. Weston, talked about the recommendation from one of our reports regarding a centre of excellence for aquaculture. Is that something that the industry would support? I don't want to put you on the spot, but would they also support that financially?

Ms. Ruth Salmon: I wouldn't be able to comment on that until we actually saw the proposal, but in general the industry is supportive of and invests in research and development, so it certainly is a possibility.

Mr. Robert Sopuck: Can you discuss the state of aquaculture research in Canada now? Do we have universities that have researchers who specialize in aquaculture research, and what are they investigating?

Ms. Ruth Salmon: We do; there are several. Dalhousie University just announced a chair of sustainable aquaculture, and it is being funded in part by industry. So there certainly are universities that are doing work. Of course, DFO is doing work as well.

I would say that there is less production-oriented or practically oriented research; much of the research is more regulatory. Not to downplay the importance of that, I would say that compared with some of our competitors, we are not funding that production-related research anymore.

Mr. Robert Sopuck: I certainly agree with that, because in agricultural schools at universities a large portion of what they do relates to production.

Where in the world is the best production research being done, and what are they keying on?

Ms. Ruth Salmon: I would say that even in terms of feed Canada is doing some very good research in cooperation with feed research centres in Chile and feed research centres in Norway.

I would have to get back to you on this question, but we certainly have a sense of what's going on. This is not to say that we don't have research going on in Canada; I just think that we could do more in that production-related stream.

Mr. Robert Sopuck: Thanks.

The Chair: Thank you very much, Mr. Sopuck.

Ms. Salmon, I want to say thank you very much on behalf of the committee for coming to appear before us today and for taking the time to answer our questions. We appreciate your time.

Thank you.

We'll suspend for a few minutes and then will go in camera.

[*Proceedings continue in camera*]

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>