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Canada's Seafood Farmers: Submission for the 2023 Pre- Budget Consultations

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List of Recommendations

Recommendation 1: That the government prioritize domestic food production and establish a sector development mandate for the sustainable farm-raised seafood sector in Canada. Specifically:

- Establish food security as a foundational component of policy and funding decisions for sustainably farmed seafood as part of the broader agri-food approach
- Formalize a sector development mandate at Agriculture and Agri-Food Canada for the production, processing of and market access for sustainable farm-raised seafood in Canada

Recommendation 2: That the government provide shellfish farmers with the necessary supports to grow their business and protect against risks, especially in light of devastating losses due to Hurricane Fiona in Atlantic Canada. This includes:

- Increase funding (currently unchanged for 20 years) for the Canadian Shellfish Sanitation Program (CSSP), co-managed by CFIA, ECCC and DFO
- Fund a new pilot program that will help insulate shellfish farmers from catastrophic climate and weather events, similar to business risk management programs currently available to land-based farmers

Recommendation 3: That the government increase financial support for innovation in the aquaculture sector to secure Canada's position as a global leader in sustainably farmed seafood. This includes:

- Increase program support for innovation in aquaculture technologies
- Provide program support for investments in the rainbow trout sector needed to implement Canada's new animal welfare code for finfish

Introduction

An integral part of the agri-food industry, Canada's sustainable seafood farmers:

- generate **over \$1 billion** of farm-gate sales per year,
- provide **jobs for more than 20,000 Canadians** in rural, coastal and Indigenous communities,
- boast one of the **lowest carbon footprints** of any protein, and
- **work in collaboration with many Indigenous communities** in the development of Canada's sustainable seafood future.

Canadian sustainable farm-raised seafood producers are making important contributions to Canada's economic development, food security, emissions reductions, and Indigenous communities economic development and have considerable potential to support these goals into the future.

The Canadian farm-raised seafood sector is a global leader in sustainability, innovation and partnerships with Indigenous peoples. Yet as noted by experts, we are far from realizing Canada's full potential, perhaps the greatest bio-physical potential in the world for aquaculture development. In fact, the sector has had no volume growth for close to twenty years and we are falling further behind other countries that are making strategic investments in innovation and policy decisions to drive growth in the aquaculture sector.

Securing a safe source of sustainable farm-raised seafood for Canadians and the growing global population requires a robust, science-based regulatory framework, a policy environment that is supportive of sustainable growth and deliberate investment in innovation, while providing farmers with the tools that they need to weather a changing climate. The following three recommendations detail what Canadian seafood farmers need in the next federal budget to contribute to Canada's goals:

Recommendation 1: With food security and price inflation being top concerns for Canadians, the government should formalize a growth strategy for domestic production and processing of sustainable farm-raised seafood.

Food security and cost inflation are top concerns for millions of Canadians. Securing domestic food production and processing capacity in order to sustainably feed Canadians and a growing global population – especially the most vulnerable – is of primary importance. So too are government efforts to grow the rural, coastal and Indigenous workforce and address climate change and Indigenous reconciliation. Continuing to reduce vulnerabilities to global supply chain disruptions and securing ample, affordable and sustainable food for Canadians should feature prominently in the government of Canada's policy and funding priorities in budget 2023.

With the longest coastline in the world, abundant fresh water lakes, the youngest agri-food workforce and cutting-edge technologies in place, Canada has the potential to produce more fish, shellfish and seaweed and to keep more of the supply chain jobs (including processing higher-value products) in Canada. Throughout the pandemic, the farm-raised seafood sector contributed to

Canada's food security, maintaining production and processing – virtually uninterrupted – and continuing to stock grocery store shelves with fresh, healthy, affordable, home-grown food.

In order to foster existing capacity and grow Canada's sustainable domestic food production ability, the Government of Canada should:

- **Prioritize domestic food security and increasing food production as top considerations in policy and funding decisions in budget 2023:** Canada's domestic seafood production capacity must not only be protected, but fostered through supportive regulatory, political and policy decisions. Political and regulatory and funding decisions for the farm-raised seafood sector should prioritize domestic food security and productivity in the policy and decision-making process. This must include a focus on supply-chain resiliency to ensure Canada has the ability to get our products to the markets that need them most.
- **Formalize a sector development mandate at Agriculture & Agri-Food Canada (AAFC) for the sustainable farm-raised seafood sector:** Canada supports and markets growth in our land-based food production. We must do the same for our seafood. The sustainable aquaculture sector in Canada is currently governed by a patchwork of federal, provincial and local regulations and policies. Federally, the Department of Fisheries and Oceans (DFO) is the sector's federal regulatory lead, but the department is poorly "tooled" for sector development and there are negative perceptions of conflict of interest with the department. The federal government needs to adopt, fund and implement a proactive vision for Canada to be the best, most sustainable farmed seafood producer in the world and set a target with provincial partners for sustainable growth, as seen in other jurisdictions such as Norway and New Zealand. The promotion and support for our sustainable seafood farming sector should be shifted to Agriculture and Agri-Food Canada to drive innovation and sustainable growth, while DFO should focus on and strengthen its key responsibilities of peer-reviewed science evaluation and regulation.

Recommendation 2: Support the modernization of the federal framework for Canada's shellfish farming sector

The shellfish farming sector has the potential to be positioned as an important contributor to Government of Canada priorities in Indigenous reconciliation, climate change mitigation, innovation and blue economy development. Canada's Indigenous peoples have been sustainably farming shellfish for millennia, and growing production capacity for shellfish sites is an economic priority for many Indigenous peoples and communities. Farm-raised shellfish are a demonstrably sustainable protein, helping to improve local water quality, restore marine ecosystems, and with a very low carbon footprint. There are over 2,600 shellfish farms in Canada, with production totals averaging over \$100 million per year. Prince Edward Island is the largest producer, followed by British Columbia, New Brunswick, Nova Scotia and Newfoundland. Many farms are small-scale, family-run, providing important economic opportunities and good jobs for rural, coastal and Indigenous communities.

Canadian sustainable farm-raised shellfish is a small sector with huge potential. Globally, demand for seafood is strong and growing and the ability to sustainably expand production in Canada is almost limitless. Wild production alone cannot meet this demand. Projections based on the UN FAO/OECD show that by 2030, Canadian shellfish production could reach almost 58,000 tonnes – a 36% increase over 2019 levels.

To grow and optimize our sustainable farm-raised shellfish sector on all coasts, the Government of Canada should:

- **Increase funding to CSSP in federal budget 2023:** The tri-partite (ECCC-CFIA-DFO) program overseeing the safety of the shellfish sector is the Canadian Shellfish Sanitation Program (CSSP). The program has not received any funding increases (including inflationary) for twenty years. Gaining access to more growing waters to raise safe and sustainable shellfish is a top priority for many Indigenous and coastal communities in Canada. These communities are often in remote locations, and the costs to assess the growing waters are prohibitive with the current restricted budget for the Program. An increased budget to improve monitoring capacity to reclassify harvest and growing areas along Canada’s vast coastlines, and modernize the program, should be a top priority for federal budget 2023.
- **Provide funding for a Business Risk Management (BRM) Pilot Program for Shellfish:** Like land farmers, Canadian sustainable shellfish growers face significant operational risks – primarily related to environmental and climate events – that can be devastating for this sector composed almost entirely of small- and medium-sized businesses. *Early estimated losses for Atlantic shellfish farmers due to Hurricane Fiona are at minimum over \$50M.* BRM programs are provided to land-based farmers in Canada to mitigate loss of livestock, and shellfish farmers, many of whom are small, family-run businesses, need access to the same program support. Securing funding for a pilot program to be established for the shellfish sector, in federal and provincial budgets in 2023, is a top priority for the sector.

Recommendation 3: Secure Canada’s position as a global leader in sustainable farm-raised seafood by increasing support for innovation, including new technologies

Canada is a global leader in sustainably farm-raised seafood. Finfish, shellfish and seaweed farmers in Canada are on the cutting edge of global technologies and innovative practices to reduce environmental impacts, improve animal welfare, and increase competitiveness in the global market. Investment in ocean-based proteins is a smart investment: the global *High-Level Panel for a Sustainable Oceans Economy* (to which Canada is a signatory) has concluded that such investments carry a 10:1 benefit ratio and connect with all the priorities of this government: environmental, health, social and economic.

Federal support for aquaculture innovation is needed in two ways: first, by providing positive signals for the longer-term investment outlook for the sector and second, by providing tailored and sufficient program support for Canadian seafood farmers and the sector’s supply chain. Over the

past several years, uncertainty over the future length of licenses for salmon farming in British Columbia has dramatically slowed capital spending and investments in innovation. Federal government program support has been provided via DFO's Fisheries and Aquaculture Clean Technology Adoption Program (FACTAP), which expires in 2023.

In order to strengthen Canada's leadership innovation capacity and delivery, the Government of Canada should:

- **Increase program support and eligibility for innovation:** The program scope should be broad and cover: new and alternative technologies to advance greater separation between wild and farmed salmon; low-carbon/hybrid energy systems for aquaculture barges and other energy generation; advancing species diversification across Canada; advances in monitoring and analytics; and adoption of innovation in smaller production facilities across Canada.
- **Provide program support for investments needed to implement Canada's new animal welfare code.** Canada's first Code of Practice for the Care and Handling of Farmed Salmonids was released in 2021 after several years of development by independent experts and industry. The Code provides an important benchmark for animal health and welfare indicators. Limits on stocking density (in net pens and land-based systems), fish handling requirements and predator control strategies are just a few examples of the areas covered by the new code. Partnership support for equipment and technology is needed, particularly for rainbow trout producers in Ontario and Nova Scotia.

In summary, Canada's sustainable farmed seafood sector is poised to: advance Canada's objectives of domestic food supply and security; reduce carbon emissions; grow employment and economic opportunity in rural, coastal and Indigenous communities; and capitalize on the opportunity to expand our blue economy. With the right policy and market signals, Canada's sustainable aquaculture sector is ready to be a major contributor to Canada's future strength.

About the Canadian Aquaculture Industry Alliance (CAIA)

Canadian Aquaculture Industry Alliance (CAIA) represents over 95% of the aquaculture industry production (volume and value) in Canada, including finfish, shellfish and seaweed sectors, marine and freshwater operations, regional aquaculture associations, feed suppliers and other companies across the aquaculture value chain in Canada. e would be pleased to meet with you at your earliest convenience to discuss these solutions.

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