

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, October 14, 2015

LEGISLATIVE CHAMBER

**Departments of Fisheries and Aquaculture, & Environment
Re: Aquaculture Monitoring**

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Public Accounts Committee

Mr. Allan MacMaster, Chairman
Mr. Iain Rankin, Vice-Chairman
Ms. Margaret Miller
Ms. Suzanne Lohnes-Croft
Mr. Brendan Maguire
Mr. Joachim Stroink
Mr. Tim Houston
Hon. Maureen MacDonald
Hon. David Wilson

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

Mr. Michael Pickup
Auditor General

Mr. Terry Spicer
Deputy Auditor General

WITNESSES

Department of Fisheries and Aquaculture

Mr. Kim MacNeil - Deputy Minister
Mr. Bruce Hancock - Director, Aquaculture
Mr. Roland Cusack - Fish Health Veterinarian

Department of Environment

Ms. Frances Martin - Deputy Minister
Mr. Adrian Fuller - Executive Director, Compliance Division



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, OCTOBER 14, 2015

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN

Mr. Allan MacMaster

VICE-CHAIRMAN

Mr. Iain Rankin

MR. CHAIRMAN: Good morning everyone, I call this meeting to order. With us today we have the Department of Fisheries and Aquaculture and the Department of Environment. We'll be discussing Chapter 3 of the Auditor General's June 2015 Report on aquaculture monitoring. I would ask everyone to turn their phones on silent and we'll begin with introductions, starting with Mr. Maguire.

[The committee members and witnesses introduced themselves.]

MR. CHAIRMAN: Thank you very much. We'll now begin with some opening comments. We do have two deputy ministers with us today. I will start with Mr. MacNeil.

MR. KIM MACNEIL: Good morning, thank you, Mr. Chairman, and good morning to all the committee members. Thank you for welcoming us to your meeting today. I'd like to take a moment to introduce the department staff who are with me this morning. On my left is Bruce Hancock, he's the department's Director of Aquaculture. Bruce has a Bachelor of Science degree in biology and a Master of Business Administration. He has over 20 years of experience in the aquaculture industry and has been the director of our Aquaculture Division for the last two years.

On my right is Dr. Roland Cusack. He's a graduate of the Atlantic Veterinary College and is the provincial fish health veterinarian. He has been employed with the department for 24 years and manages operations and staff at the Veterinary Pathology Lab in Truro.

Let me begin by thanking the committee for inviting us here to talk about the Auditor General's June 2015 Report and specifically the chapter in it on aquaculture monitoring. Today's discussion comes at an interesting point for our department and for the province as we are currently implementing significant reforms to modernize the regulation of aquaculture in Nova Scotia. By the time the Auditor General's Report was released in June that work had already started in the wake of the release of a report by Dalhousie University professors Meinhard Doelle and William Lahey, who conducted an independent review of aquaculture regulation in Nova Scotia.

The results of their review were released last December. The advice contained in that report and recommendations contained in the Auditor General's Report have been helpful to us as we have proceeded with the work that is necessary to move to a new era for aquaculture management. It confirmed for us what the department already knew, that we needed to change the way we were doing things.

I'm happy to report that change is happening. The fact that our colleagues from the Department of Environment are here today to speak to enforcement issues is just one example that we are already acting to modernize and improve the regulation of aquaculture in Nova Scotia. With the move of enforcement to Environment, we are able to separate the work of developing an economically, environmentally, and socially sustainable aquaculture industry from the important task of enforcing the standards that ensure compliance and build public confidence.

I want to acknowledge the hard work being done by terrific staff as we move to change the way aquaculture is being regulated in Nova Scotia. The nine recommendations contained in the Auditor General's Report and the advice received from Doelle and Lahey highlighted the areas we already knew had to be modernized. That was a confidence boost for the department because it confirmed for us that we are moving in the right direction.

I would like to highlight a few of the things that have already happened. In the Spring the provincial government passed changes to the Fisheries and Coastal Resources Act that created a new, independent Aquaculture Review Board to review all new applications for aquaculture development. There will be significant opportunities for Nova Scotians to have input to that new process.

The department initiated a review of all information management databases currently used by staff in the Aquaculture Division to identify needs and opportunities for a shared system that would make data entry easier across all divisions.

We're developing tracking tools for feedback from network partners and procedures to ensure applicants know what they need to provide when submitting an application for a new aquaculture site.

New regulations are being developed for licence and lease and aquaculture management that will provide a new system that is transparent and accountable to the

communities where aquaculture occurs. Formalizing audits on the environmental monitoring program has been identified as a priority outcome including timelines, documentation of results, and standards for communicating results to industry and to the public.

We are committed to continuous improvement and strengthening the way we identify, monitor, and manage risks so that Nova Scotians can be confident that the industry is operating in an environmentally and socially responsible and accountable way. Aquaculture regulation needed to change and it is changing. We are moving to a new era.

The aquaculture industry has the potential to create economic growth in communities where it makes sense based on scientific evidence. In order to support a viable and balanced approach that provides for environmentally stable practices and economic growth, the regulations are being overhauled to address significant gaps.

The Auditor General's Report and the Doelle and Lahey report provided us with guidance and advice that has improved the work we are doing to create a new approach to regulating aquaculture in Nova Scotia. Thank you.

MR. CHAIRMAN: Thank you, Mr. MacNeil. Ms. Martin, would you wish to provide us with some opening comments as well?

MS. FRANCES MARTIN: Thank you for the opportunity to present the work of the department as it relates to aquaculture monitoring and enforcement. As my colleague, Deputy Minister MacNeil, noted in his remarks, the inspection, compliance, and enforcement of the province's regulations governing aquaculture were transferred to the Department of Environment as of July 1st of this year.

The purpose of this move was to create a more unified, coordinated approach to protecting the public's health and the environment and our natural resources. We also wanted to separate the role of regulator from sector development, as my colleague has just referred to. Consolidating the province's environmental regulatory capacity enables staff to better access and share expertise and maximize opportunities. It also enables the non-regulatory staff to focus their efforts on growing the industry - in this case, the aquaculture industry.

By separating the two functions, we also reduce the potential for conflict that could arise when one department is responsible for both sector development and enforcement. As of July 1st of this year, when compliance inspection and enforcement staff from the Department of Natural Resources, the Department of Health and Wellness, Aquaculture and Fisheries Development were officially transferred to the Department of Environment, our goal has been to achieve an orderly transfer of all services to ensure all aspects of work is continued.

Maintaining business continuity was our number-one concern. Our focus now is on transformation, which includes developing a more consistent approach to compliance practices, sharing best practices, and achieving a more efficient and effective service delivery in keeping with the legislative responsibilities.

While we are working on a new permanent structure for the department, the structure will be based on research from other jurisdictions and on a new operational model for how the department will function in its new role. Fundamental to this work is our need to understand the important responsibilities and differences across a broad range of responsibilities. We aim to have a new permanent structure in place later this year.

Ultimately, our vision is to ensure better coordination and more efficient compliance, inspection, and enforcement processes. This won't happen overnight, but it is a key objective over the longer term, in keeping with the government's announcement last Spring. With this, I conclude my remarks, and thank you again for the opportunity to speak to you.

MR. CHAIRMAN: We will now begin with questions, starting with Mr. Houston of the PC caucus.

MR. TIM HOUSTON: Thank you for the opening comments. Just I guess for Deputy MacNeil, when I look at the summary of the Auditor General's findings here, some of the stuff - no detailed written guidelines for technical reviews, documentation supporting application approvals not complete, renewals taking 372 days. When I read through some of the things they found, it was pretty disappointing let's say.

I did hear in your opening comments that you said the Auditor General's findings kind of highlighted what was already known within the department. I guess before we get into the details, I'm just looking for your high-level reaction to when you saw the Auditor General's Report or when you started discussing with the Auditor General's staff some of the findings. Was it really just head-shaking kind of stuff that was already known to the department? What was your reaction? What was kind of the emotion you experienced when you heard these findings?

MR. KIM MACNEIL: I don't think it was a surprise. We certainly worked with the Auditor General in my time in government. We've always relied on the advice and recommendations of the Auditor General, and this case was no different.

We were certainly aware of some of those issues but to have them highlighted by the Auditor General, to enable to incorporate those into a regulatory framework, was certainly a benefit to the department.

His report also did state that in general the department issued aquaculture licences, leases, and renewals in compliance with the Act, regulations, and policies and that in

general, 10 new and 25 renewal applications that were reviewed were processed in accordance with the legislation and policies.

MR. HOUSTON: Sure, but I was just kind of more like - I thought they were pretty serious, particularly around the ones about not being sufficient documentation supporting the applications in the files, whether it was approved. We'll get into that but I was more curious as to what your personal reaction was to that and it was maybe not surprised.

In terms of now, you mentioned in the opening comments that you are implementing some changes coming out of the Doelle-Lahey report and also from the AG's report. You also mentioned that the regulations are still being overhauled. Now the minister recently said that we can expect new regulations in October. Here we are, halfway through October, do you agree with that statement that we can expect new regulations in October?

MR. KIM MACNEIL: I believe we can expect regulations this Fall, I think as the minister stated, and we are working towards that now. We do believe that it's important that we get the regulations right. There has been a lot of information that has come in and gone into these regulations. We've had the Doelle-Lahey report that's over a year and a half of consultation that was done and went into that report. We've also had the nine recommendations from the Auditor General, as well as a review of best practices from other areas that have successful aquaculture programs.

MR. HOUSTON: I think in terms of - like there's a lot of people waiting for these regulations, obviously. I know in my area there's a lot of people who applied for licences and that's going back a year now since that process started, sometimes multiple years for them. So people are definitely waiting for the regulations to come and if they are coming in the Fall, that will be good.

I wonder if you can give us kind of a sneak preview as to what would be the change in regulations that you are most proud of.

MR. KIM MACNEIL: I guess there are several themes around these regulations and the new . . .

MR. HOUSTON: Just in the interest of time, if you pick one that you are most proud of, because I know people are anxiously awaiting these. Residents want to feel that things are being done properly and the fishers want to feel that they have an opportunity.

MR. KIM MACNEIL: Certainly. I think accountability is a huge one. There are going to be defined rules, greater transparency, and independent compliance and enforcement that will contribute to that. I think that's the biggest change people will see.

MR. HOUSTON: That will be a suite of regulations that we can expect to see in the Fall.

MR. KIM MACNEIL: It will be a regulatory package.

MR. HOUSTON: Just stepping away from that a little bit, you talked about the separation of roles between the two departments. I'm just wondering if you can just kind of clarify for me, who is actually responsible for the promotion of doing business in Nova Scotia's fishing industry? Who is responsible for that kind of business development side of things?

MR. KIM MACNEIL: I think we feel that the business development side is the area of expertise of the business itself. We see ourselves as enabling the industry to reach its maximum potential.

MR. HOUSTON: Would you see yourself as advocating for industry?

MR. KIM MACNEIL: We certainly hope to understand industry, and I think the consultations that we've had with industry and the public form a part of that regulatory regime. We feel with the rules being clearer, it will make it easier for industry to function, as well as the openness and clarity of this will provide the public with the confidence they need to see that we're doing what is necessary to make this industry sustainable in the province.

MR. HOUSTON: In terms of advocating and marketing of the industry and stuff, obviously there was a lot of talk about the lobster levy where under the lobster levy government would kind of put itself into the role of helping promote the industry. Can you tell us the status of the lobster levy? Sometimes we heard it was going to be a certain amount and then it wasn't going to happen - and then it was on, it was off. I wonder if you could just kind of give some clarity for us, as to whether there will be a lobster levy.

MR. KIM MACNEIL: Sure. I think that the legislation, as you are aware, has been put in place to allow that to happen, but any levy and what is done with the money that's collected from the levy will be in the hands of industry.

MR. HOUSTON: Do you expect that there will be a lobster levy?

MR. KIM MACNEIL: I would expect if the industry wants to move forward with the levy, then we'll be there to support that and have the appropriate legislation in place to make that happen.

MR. HOUSTON: That would just be one kind of marketing initiative. Does the department have any other marketing initiatives planned maybe for other species?

MR. KIM MACNEIL: We're doing promotion on Nova Scotia seafood and certainly on the agricultural side - agricultural products - and the minister is participating in that. The minister has been to China, as has the Premier. We do believe that we have an opportunity there to promote Nova Scotia lobster.

MR. HOUSTON: It's early days, but there is a new Trans-Pacific Partnership. Has the department had any time to focus on that, and what opportunities might come out of that for Nova Scotia?

MR. KIM MACNEIL: There are certainly some opportunities, but there are also some concerns. As you're aware, we haven't yet seen a final draft of the Trans-Pacific Partnership. I was in Atlanta with our industry folks, and the minister and myself met down there with the Minister of International Trade and expressed to him our concern, especially in the areas of supply management.

MR. HOUSTON: But in terms of the fisheries . . .

MR. KIM MACNEIL: Yes, we certainly see a lot of potential there in terms of fisheries with the trade. Having said that, we have yet to see a final version of that agreement so we'd really like to be able to get a look at that before I could comment on it.

MR. HOUSTON: I was just curious if you've done any thinking or a review on what it might mean for the fisheries.

I'm going to go back to the AG's findings because we did chat a little bit about whether or not you were surprised and what the department felt about them. There's one there where it says, 372 days to approve a renewal application on average. That's a really long time and I'm just wondering - this audit was conducted from 2012 to 2014, so we're pushing three years now. Was there nobody in the department who kind of stuck their hand up and said hold on folks, we have a problem, it's taking too long? How do you respond to something like that? It's an enormous amount of time for a - that was a renewal application.

MR. KIM MACNEIL: I wouldn't disagree with that and I think that's because of a situation like that and as pointed out by the Auditor General, the system had to change. In some cases that feedback - and I'm not speaking to that specific case - in some cases there are delays due to industry requiring to provide feedback as well.

MR. HOUSTON: That 372 was the average.

MR. KIM MACNEIL: In some cases it's the industry that hasn't provided. I think what's more important than the 372 days - and I think this comes out in the Auditor General's Report - is that it's important that we provide definitive timelines for industry. That's what they're looking for. I think if we told people that they would be happy that it would take 371 days when they started a process, then at least they'd be aware of how that process works.

A lot of the issues I've been in - I've worked in a regulatory environment for most of my career, for over 20 years. It's the certainty that regulations provide that is appealing to industry. I think the situation we had before was that there wasn't a certainty, there weren't defined time frames for industry that they knew the government was going to meet.

MR. HOUSTON: But there will be a start in the Fall, I guess, with the new regs.

MR. KIM MACNEIL: Yes, the aim of these regulations certainly is to provide that certainty for industry.

MR. HOUSTON: In terms of the Aquaculture Review Board, has that board been established? Have people been appointed to that board? I think you referenced in your opening comments that this is a board to review applications.

MR. KIM MACNEIL: That board has not been appointed yet. That's a three-person board.

MR. HOUSTON: It's a three-person board, okay, so it will be there but it's not there yet.

MR. KIM MACNEIL: Correct.

MR. HOUSTON: And do you have a time frame as to when you would expect to appoint people to that board? I guess in the absence of that board there's nothing happening on applications, would that be fair to say?

MR. KIM MACNEIL: It's fair to say that there is nothing really happening on applications until the new regulations are in place. We could also say that it would make sense that that board is in place when the regulations are enacted.

MR. HOUSTON: I did read somewhere in the documentation that there was a date of December 2016 that they expect the processing delays on applications to be corrected, I think. There was some significance to December 2016 around applications.

I guess I'll ask the question a little differently; so if we have regulations this Fall, and then following that we would have an appointment of a board and some implementation of the regulations, what would be a reasonable date to expect before we would start to see applications moving through the system again? It sounds like it is a year off, and December 2016 might have been the context that I read that date. Are we a year away from seeing applications start to be reviewed and approved?

MR. KIM MACNEIL: No, I would hope that it won't, it will be a lot less than a year before we start to see applications being reviewed.

MR. HOUSTON: Okay, would you hesitate to put a date on that? Would you stick one on there?

MR. KIM MACNEIL: It's difficult in that the regulations would have to be in place so a lot of that would depend on at what point in time the regulations are in place.

MR. HOUSTON: So the regulation package will come out in the Fall. The minister said October but give or take, it's going to come out in the Fall. Are they then in place when that package comes out? What's the next steps?

MR. KIM MACNEIL: I think there would be the committees that would be announced. There is also a science committee, in addition to the review board.

MR. HOUSTON: So the regulatory package that comes out in the Fall then needs to go through a committee review process?

MR. KIM MACNEIL: No, sorry, that's not - there are other pieces to the regulatory package and so once the regulations are in place and we would hope that at the same time those committees that are going to be required, I think that have been already mentioned, once they are in place then we would be ready to move forward. As far as an exact date, that's very difficult.

MR. HOUSTON: I don't want to belabour it but it's of great significance to many people, including many people I represent. So this Fall we would see a regulatory package come out of the new regulations and simultaneously, or shortly thereafter, we would see people appointed to the Aquaculture Review Board and then maybe some other boards, I'm not sure, but then it's kind of "game on" with the new system?

MR. KIM MACNEIL: Yes, I would say as soon as possible after that time, we would begin to process applications.

MR. HOUSTON: And then processing applications. I do want to talk about - I guess I have about five minutes in this round, so I do want to talk about where the industry goes from here. Obviously, the Ivany report talked about doubling exports and doubling fish exports. I did look at some of the mandate's forecasts from the department and there are a lot of short-term forecasts here.

I guess initially, before I get into these numbers, what does the department consider short term? I'm looking at current value of seafood product, preparation for packaging - \$893 million. Then it says short-term target, \$950 million. What does the department consider to be the short term when they're formulating that target?

MR. KIM MACNEIL: With the Chair's permission, I request that Mr. Hancock address that.

MR. BRUCE HANCOCK: Actually, I think you're talking about aggregate numbers for total fisheries out of Ivany, is that correct?

MR. HOUSTON: Yes.

MR. HANCOCK: So it's not specifically an aquaculture question and I'd have to get back to you on that one.

MR. HOUSTON: So the time frame, short term, I assume is maybe three to five years, but if you're not clear then that's okay.

In looking at where the industry may go, in terms of how big it could get, if we think of species like lobster, has there ever been any talk - and all species, not just lobster - but changing seasons, is that something that the department looks at? Expanding seasons, moving seasons around, shortening seasons to kind of maximize the haul - is that something that would fall under the department's mandate in terms of at least analyzing it and then making a recommendation to the feds if necessary?

MR. KIM MACNEIL: Normally that is, as you are aware, in the area of the federal government in that they tightly control any fishing seasons. Any work that we would do like that would be at the request of the industry and the fishermen themselves.

MR. HOUSTON: So if you were approached, you could do some analysis and advocate on their behalf to the federal fisheries?

MR. KIM MACNEIL: That is certainly possible.

MR. HOUSTON: Is that something that has happened, at least in your term there?

MR. KIM MACNEIL: Not that I'm aware of.

MR. HOUSTON: So there is not much talk of the seasons inside the department.

MR. KIM MACNEIL: No.

MR. HOUSTON: Should there be?

MR. KIM MACNEIL: I think again that's up to the industry. I don't think it's appropriate for the provincial government to step in there without the support of the industry to change start times or seasons.

MR. HOUSTON: I guess that kind of circles back to almost where I started about who is responsible for promoting industry. So we have a segregation of duties, compliance to another department, and we have knowledgeable staff in the fisheries - scientists and fishers alike and they're very smart people. I'm just wondering, what are the types of things they focus on? That would strike me as an area where staff might say, I wonder - let's look at this, what if this happened? But it's not necessarily something that has taken place inside the department?

MR. KIM MACNEIL: I would not say that we've never discussed that, but certainly our focus these days in the department is on other areas. It's focused explicitly on the aquaculture regulations these days. That is our main area of focus.

MR. HOUSTON: Just quickly, in my last couple of seconds, I wonder, do you have a departmental estimate of the number of people that could be employed in aquaculture - the number that are employed now and the number that could be employed over the next five years?

MR. HANCOCK: We have approximately 600 people that are employed in the aquaculture industry directly. That doesn't include indirect employment. In terms of what the growth could be, we definitely see that there are opportunities for growth in the province, and we would think that the rise in employment would be proportional to the level of growth that we could get in terms of farm-gate value.

MR. CHAIRMAN: Order, the time has expired. We'll move now to Ms. MacDonald with the NDP caucus.

HON. MAUREEN MACDONALD: Thank you very much and thank you for this. This is both an interesting topic and an important one. I want to start first by just asking a bit about - again picking up on my colleague's questions around the industry - the Auditor General has told us that part of the reason he looked at this department was, in fact, the whole question of the potential for growth and the public conversation that this is an area that holds prospect for economic growth, which we all acknowledge is something that our province needs, an expansion of our GDP and opportunities for employment and opportunities for export development.

At the same time we all are very aware that some aspects of aquaculture in particular are very controversial, the salmon open pen in particular, with respect to the impact it has on the environment. There's a tension there, as we're all aware, and how we adopt regulations and make them the best regulations possible, I think, are pretty significant questions on how we proceed there.

The Doelle-Lahey report was developed to address that tension. I want to ask, how many of those recommendations will be accepted? All of them? Some of them?

MR. KIM MACNEIL: We've certainly addressed, we feel as we go forward and the minister has stated that we have addressed, all the recommendations in the Doelle-Lahey report. We don't have those regulations yet so how they'll - I think they aim to meet the intent of the Doelle-Lahey report. From the Doelle-Lahey report we talk about clarity that would be in the regulations around rules, thresholds, processes and procedures. They are going to be clearly defined so that everyone can easily find out what aquaculture licence holders are required to do. Talk about transparency, site applications, lease and licence decisions, and monitoring results will be made public in a timely manner.

There's an opportunity for public input. Interested stakeholders in the public will now have many opportunities to provide input on lease and licence applications. There will be accountability with defined rules, greater transparencies, and independent compliance and enforcement, and they should all contribute to additional accountability, as well as one of the things that Doelle-Lahey focuses on: research and development. The department is committed to better defining and increasing its role in the coordination and support of aquaculture research and development.

The department has already supported several projects that will improve the aquaculture industry's sustainability and help inform regulatory decision making, such as codes of practice, third-party certification readiness, and a survey of lobster fishermen's concerns.

MS. MACDONALD: Doelle-Lahey recommended a division between regulating the industry by the Department of Fisheries and Aquaculture and monitoring the environmental issues in the Department of Environment. I'm wondering if you can explain to us how the regulatory framework will address that specific recommendation to ensure that the Department of Fisheries is no longer the regulator from the environmental end.

MR. KIM MACNEIL: Sure. I think the decision that was already made in the commencement, I guess, of staff, former staff from the Department of Environment who were responsible for enforcement moving to the Department of Environment really is fulfilling what Doelle-Lahey saw as a separation between the promotion and development of the industry and the enforcement of the regulations.

MS. MACDONALD: With your permission, I would like to have the Deputy Minister of Environment expand on that a bit more.

MR. CHAIRMAN: Ms. Martin.

MS. MARTIN: The Doelle-Lahey report, as well as the AG's Report, was very helpful in guiding us. Since April and the decision to move the fisheries enforcement staff to Environment, we've been doing some planning to be ready for not only the responsibility that we took on July 1st under the current regulations, but also anticipate regulations that will be out later in the Fall. We've had extensive discussions with the Department of Fisheries and Aquaculture, understanding how they carried out inspection and enforcement while they bore that responsibility.

As well, as I indicated earlier, the Doelle-Lahey report and the AG's Report gave us guidance in terms of where we needed to improve our efforts in terms of instilling a trust in the public that the regulations were being properly enforced. We are continuing in those discussions to ensure that we have clarity.

The Department of Fisheries and Aquaculture is responsible for sector development. The Department of Environment is responsible for compliance and enforcement. There is a natural sharing of information that's necessary there, but we're also very clear in terms of the necessary independence that Environment requires as the regulator to ensure that we can do the inspections and take the appropriate action if we see a violation.

MS. MACDONALD: In April of this year, CBC reported that Fisheries had said the moratorium on new leases would be lifted by the end of the summer. Given that summer is behind us more or less - I still have fruit flies in my kitchen, unfortunately, so I think maybe summer is still here, but I think summer is behind us. I'm sure you indicated that there are people waiting and I'm wondering, how many people are waiting? How many applications do you have in the queue? How has the industry reacted to being told a large chunk of the industry is still a ways away from implementation?

MR. KIM MACNEIL: We have been working with industry all along. The department is aware of challenges that the pause on accepting new applications and certain types of amendments have placed on the industry. As you know, the regulations must be approved and implemented before the department begins to accept any new ones. We'd like to resume processing applications as soon as possible, but we do believe that it's more important in the long run for the industry that we take the necessary time to get the framework correct so that it addresses the many concerns identified by the stakeholders, industry, and the public.

We believe that the new framework will strengthen public and investor confidence in aquaculture in the province, and therefore provide the right environment responsible for growth. Certainly, in discussions that we've had with industry, they support that we take the time to get this right.

MS. MACDONALD: I sit on the One Nova Scotia Coalition, as you're aware. Research is being done by various departments on some of the goals and objectives coming out of the commission on the economy, which we refer to as the Ivany commission. I know that the department has done some analysis looking at the goal of expanding aquaculture production in the next five-year period from its current value of \$54 million to approximately \$270 million or \$280 million, if my memory serves me right. That seems like an astronomical growth in the industry.

I'm wondering if you could confirm that analysis and provide that analysis to the committee to help us further understand where we're going as a province with respect to this particular industry.

MR. KIM MACNEIL: Sure, we can provide that analysis, but to answer your question in full, I'd request that Mr. Hancock reply.

MR. CHAIRMAN: Mr. Hancock.

MR. HANCOCK: I'd like to begin by saying that our focus certainly for the last year, if not two years, has been the implementation of the regulatory framework. There has been an element of looking at where potential opportunities could be, and we see opportunities right across the spectrum: land-based, marine farming, shellfish, and finfish.

Some of the numbers, I can't speak to those specific numbers that you're referring to right now. What I can say is that certainly there has been evidence in other jurisdictions where there has been growth similar to the numbers you were just referring to right now. So we know that it's possible to grow an aquaculture industry, but again, our focus up to this point has been the development of the regulatory framework.

We really do believe that this is going to be an enabling piece of work that will help businesses grow. It will provide business certainty and it will provide the public confidence that's required to make this a socially acceptable industry.

In terms of specific plans for each sector, because you would have to have a really detailed plan that would identify the opportunities and the constraints. We have a very diverse industry in Nova Scotia which makes it a strong industry in one sense, that we don't have all our eggs tied up in one basket, but it can also make it challenging because your focus is not necessarily tied to just one species.

We haven't begun that analysis of each individual sector yet to see where that opportunity would be. I would also echo our deputy's comments that ultimately it will be business that drives how this is done. Clearly the province has a role to play that the planning that goes ahead works in relationship to other users and an impact on the environment. Ultimately those business decisions, where the most growth will take place, will happen with businesses.

MS. MACDONALD: My next question is with respect to a bit of a discrepancy in timelines in terms of what the department is doing with respect to getting regulations in place following Doelle-Lahey and responding to the Auditor General's Report. The Auditor General made some recommendations and if I'm correct, the department indicated it would take 18 months to respond to those recommendations or to implement those recommendations from the Auditor General's Report. I'm wondering, why will it take 18 months to do that?

MR. KIM MACNEIL: I think that as it's written in the AG's Report, it's a maximum of 18 months. We've already begun much of that work and, in fact, we were working on some of those issues while the Auditor General was at our department. There was a recognition by the department two years ago that change was required, and certainly that was reaffirmed with Doelle-Lahey and certainly the Auditor General's Report.

MS. MACDONALD: One of the things that Doelle-Lahey called for is the capacity of the department to be significantly enhanced. I would assume that would mean inspectors and others to process applications and be on the ground visiting sites and what have you. Has this been the case? Has there been an enhancement of the capacity of the department?

MR. KIM MACNEIL: I think in some respects we've already had an enhancement of the capacity. We had five inspectors working in the department that had moved over to the Department of Environment, and certainly with the capacity that the Department of Environment has, that team now has the full support and all the resources of that department and its enforcement capabilities, its training, the equipment, the knowledge, and the expertise that goes with that of having a large group together like that. So we've already seen that part of it.

As far as what goes on in the department, I think it's important that the resources that are required to implement the regulations are in place, so I think the number of people - resources, the staffing - has to be proportional to what's required in the regulations.

MS. MACDONALD: Yes, of course. So five people have moved, but I guess what I'm trying to - have you received any new capacity? If we're going to expand the activity and have more rigorous regulatory framework and what have you, it will probably require some new resources as well.

MR. KIM MACNEIL: I think there is potential for new resources and there is also the potential to reallocate the resources in the department to better focus the work that we're doing.

MS. MACDONALD: So the answer is no. There are no new resources yet, but potential.

MR. KIM MACNEIL: No, we don't have those new resources. They would follow any regulations that would be passed, and of course, in a budget as well.

MS. MACDONALD: One of the concerns that you hear a lot out in the public, and certainly Doelle-Lahey and the Auditor General both talked about fish disease - disease in the fish - as a key concern. I understand that there are separate regulations with respect to aquatic animal health, or will that be part of the regulations that are being developed? I don't understand exactly how that's going to work.

MR. KIM MACNEIL: That will be part of the package.

MS. MACDONALD: That will be part of what we will see this Fall as well. My last question is around this advisory group. I think one of the things that Doelle-Lahey was very clear about was the value of having broad-based consultation of all of the different stakeholders: the Mi'kmaq, municipalities, environmental groups, and industry groups. Are they participants in the development of the regulations or are there any consultations

going on with these various organizations, given that there isn't a regulatory advisory panel in place right now as the regulations are being drafted?

MR. KIM MACNEIL: The minister does have an advisory panel of seven people, a cross-section of industry, folks tied to environmental groups, and he has been working with them and has personally met with them as we develop a regulatory package.

MS. MACDONALD: So this is kind of an informal - it's not the formal advisory group. It's informal. Can we be provided with the names of those individuals?

MR. KIM MACNEIL: Absolutely.

MS. MACDONALD: Thank you. I think the last question I would have is about - you made reference to best practices. I know that there was a delegation - there has been at least one delegation that has gone to Norway previously, which is the largest aquaculture producer in the world. I'm wondering, what are the lessons you've learned from places like Norway? We haven't had a chance to talk about land-based aquaculture production, but I'm interested in exploring that as well. What's the main lesson that has been garnered . . .

MR. CHAIRMAN: Order, please. We will have to wait for that answer for the next round, if you wish to ask it again at that time. We will now move to Mr. Rankin and the Liberal caucus.

MR. IAIN RANKIN: I just have one question before we move on to some of my colleagues and it revolves around the same question of the enforcement of the activities being transferred to Environment. I guess I'm looking at it from the other side - instead of more resources, I'm just wondering if there are efficiency gains to be made. The second part to that would be, realizing that compliance standards would be different for various industries - there's also DNR enforcement going to Environment - I realize the compliance standards are quite different, but will the process be more streamlined and be more congruent, and will there be any way of having more predictability within the department across the spectrum for all industry?

MS. MARTIN: Certainly, more consistency is one of the important aims. We now have in our field staff about 230 employees, and as I indicated in my opening remarks, those involve inspectors on the public health side, conservation officers, fisheries officers, food safety, meat, and so on, as well as the environment inspectors that were with the department for some time.

We have the benefit in our department that we have staff whose job it is to ensure that we have consistency in the actions that we take. For example, with the fisheries officers coming over, one of the advantages we have is, regardless of the inspections that take place anywhere in this province, we are able to ensure that they undergo a review and that the industry and the public can expect a consistent sort of approach to enforcement, regardless

of what part of the province an aquaculture development may be in place. That certainly is one of the real advantages we see in combining enforcement staff.

MR. RANKIN: What about investigating and responding to complaints? Does that kind of fall under the same - Recommendation 3.7 from the Auditor General was asking for a better system for addressing that. Would that be the same?

MS. MARTIN: Yes, that's certainly one of the very important recommendations from the AG's Report - how do we handle concerns coming in from the public? We're in discussions now with the Department of Fisheries and Aquaculture, but in acting upon that recommendation, we do anticipate having some more rigour around how Nova Scotia Environment, in this case, records complaints from the public coming in, how we act on those complaints, and the timeliness around which we address the complaints, as well as the feedback to the individual who may have given us a concern.

Another important part of that, of course, is having a number that the public is aware that they can call should they have a concern, so that they know when they have a concern, how to reach the department.

MR. RANKIN: Would that be the same number for all types of complaints, not just aquaculture? Would that work with, say, solid waste or some of the others?

MS. MARTIN: It will be a consistent number, yes.

MR. RANKIN: Thank you.

MR. CHAIRMAN: Mr. Stroink.

MR. JOACHIM STROINK: Thank you very much for your presentation today. I just want to touch on a couple of things. One, Paragraph 3.14 of the Auditor General's Report talks about the relocation of the Aquaculture Division to Shelburne, and I just want to get an understanding of what kind of effect that played on the department's monitoring and licensing capability.

MR. KIM MACNEIL: As you're aware, in the Auditor General's Report, it says, "The relocation of most of the Aquaculture Division and resulting loss of staff likely contributed to a backlog and delay in processing aquaculture site renewal applications."

I think we can say there certainly was an impact, but I believe we've moved beyond that now. Really, for the last two years, the department has been working on an enhanced regulatory system with new staff. We had very dedicated staff at the time that the folks were sent to Shelburne. They were professional and loyal, and many had been with the department for years. There was an impact as most of those staff either retired or chose to stay in Halifax.

Jumping forward to the current situation, we have staff in Shelburne who are also very professional. They're innovative and energetic, they have a great leader, and we're really proud of the work that they've done to prepare these regulations.

MR. STROINK: Great, thank you, and I have just one other question I kind of want to touch base on. Cooke Aquaculture has been one of the main forefronts in Nova Scotia. I guess there are concerns about the way they've done business and I think that's where the regulatory piece comes into play, where that's going to change.

I guess I want to look at the State of Maine, which does a phenomenal job in the aquaculture industry, and it is Cooke who is the primary person down there so they can work within a framework to be successful. As this is such an important industry for Nova Scotia, I just kind of want to see where the relationship is with Cooke, how they're going to change, and how they can become better stewards within Nova Scotia, looking at Maine and seeing what they've done there. I'm just trying to look at it in a positive light.

MR. KIM MACNEIL: If it's okay with the Chair, I'll ask Mr. Hancock to address that.

MR. CHAIRMAN: Mr. Hancock.

MR. HANCOCK: A good comment and I'd like to follow up on that in that you can see in other jurisdictions in the world where you have a good regulatory framework, it enables growth. It also enables different users of that common resource to get along well together, so it really does not have to be an either/or scenario.

Certainly the recommendations from the Doelle-Lahey Report, a big part of their work was looking at other jurisdictions. Maine was featured quite prominently in there. In fact, several of their recommendations tie very closely into what the Maine model is. So as the deputy mentioned, we're addressing all those recommendations that were put into Doelle-Lahey.

I just think it goes to point - not to name individual companies, but with a proper system in place where the rules are clearly defined, where you have transparency in the decision-making process in the results that are issued, you have accountability because of those features and what has been done with the Department of Environment. Those are the things that lead to a positive outcome, no matter what the company is that's involved, and it doesn't matter what the species is.

We're fairly excited and confident that the new framework we're putting forward will create a type of environment here in Nova Scotia similar to what you saw in Maine.

MR. STROINK: Can we also touch on the finfish, then we have the shellfish as another component of aquaculture in Nova Scotia? I guess you look at northern New Brunswick where the industry has grown quite dramatically compared to our industry here

in Nova Scotia. What do you see is going to happen there, especially on the North Shore and those areas?

MR. HANCOCK: Another good observation. You look at the North Shore oyster industry in Nova Scotia and it's worth less than \$1 million a year; you go to northern New Brunswick, it's worth about \$7 million a year; and Prince Edward Island is around \$7 million or \$8 million a year.

We have a lot of untapped potential on the North Shore but we do know from experience that the old processes we used did not adequately address everybody's concerns, and again we're hopeful that the new framework we're putting forward will again enable that development. It won't be the framework just as the framework - there needs to be policy built around it too. So it's about looking down the road and seeing where you want this industry to be and building the appropriate policies to support that. So I think that is the role that our department can really play. It's a unique position that the province is in, in that we do have that jurisdictional authority in the marine water space to do that with aquaculture.

MR. STROINK: Great, thank you very much.

MR. CHAIRMAN: Ms. Miller.

MS. MARGARET MILLER: Thank you for being here. It's a very interesting subject for an area - Hants East doesn't have a whole lot to do with the fishing industry, unless you're counting the Shubenacadie River and some of the bass that's coming out of there.

It's an exciting time in aquaculture and fisheries, and I know with the goal to double the value of seafood exports, it's really exciting. Minister Colwell has been very vocal about your department. He's talking all the time about the future growth that we can expect in our economy from that sector. Can you tell me a little bit more about the research and development programs that are going on? I know we went to see Perennia a while ago and there are a lot of positive things going on there. Can you expand on that?

MR. HANCOCK: Research and development, again, in the Doelle-Lahey report was identified as something that the province could really play a lead role in, from a couple of different angles. I think research and development is required to address some of those concerns that have been raised by other stakeholders in terms of interactions between marine-based farming and other users in the environment. So that's a key component.

It was acknowledged in Doelle-Lahey that there were gaps that needed to be filled, but I think on the development side of things, which is probably more leaning in terms of your question, it really is a relatively new industry - at least to this part of the world. It has been around about 30 or 40 years and if you relate that to the agriculture sector, it's a very

new industry. So it means that there is a lot of room for innovation and improvement on how things are done. That is best addressed through research and development.

The other thing that's unique about aquaculture - although I suppose somewhat similar to agriculture - is that some of the challenges that you face are very unique to the specific environment that you're working in, so you can't necessarily take research that was done in another part of the world and directly apply it to what was done here. So there really is a need for that research and development to be done in this province.

We think there is a big role to play for the province to help coordinate that research and development. Right now there are a lot of different bodies that are involved in research and development. Nova Scotia is certainly blessed with the fact that we have a lot of academic institutions and research institutes that are focused on the ocean sciences. So we have a lot of resources that we can use on this.

I would say one of the challenges that we face though is having the coordination and the focus. I think that's a role that we can play.

With respect to Perennia, I've heard a lot of great things about the work that Perennia does in relation to supporting the agriculture sector in the form of product innovation. Certainly there has been a shift through the direction of the minister to incorporating fisheries and aquaculture in Perennia's mandate. I think it will be exciting to see as they build up that capacity there to see what they could do. So yes, we recognize the need for research and development, and I think the province could play a real lead in directing that.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: Unlike the member for Hants East, the South Shore is a hot spot for aquaculture and I take great interest, as do some of my constituents and beyond my constituents.

I really have confusion with the gap that exists between the federal regulations and the provincial regulations. There seems to - the reporting system, there is documentation, but not necessarily needing to report. I'd like you to explain if, going forward, we will see improvement in this gap.

MR. KIM MACNEIL: I think what you're referring to is around the fish health. With the Chair's permission, I'd ask that Dr. Cusack address that question.

MR. CHAIRMAN: Dr. Cusack.

MR. ROLAND CUSACK: There are different reporting requirements for different levels of government and different regulations. In Canada, there are two federal

departments that look at aquatic animal health in the farming sector. One is the Canadian Food Inspection Agency that have a list of diseases that are reportable directly to them.

This is very similar to the agriculture model. In fact, it's in the same regulation - or pets, for that matter. The federal government regulates certain diseases, and they have a list of reportable diseases.

What the Auditor General's Report is saying, and again in Doelle-Lahey, that the province as well can and should go forward with having reportable disease items in regulations that are of concern to the Province of Nova Scotia. That's what we would be aiming for in looking at our new regulations, that there would be federal listed diseases that would be required to be reported to the federal government but other diseases that would be reported to the province.

Now on top of that, Fisheries and Oceans Canada also has fish health protection regulations and other regulations of aquatic animal health in their jurisdiction as well, so there really are two federal departments and the provincial Department of Fisheries and Aquaculture involved.

MS. LOHNES-CROFT: There seems to be that it is not necessary to report when there's a disease outbreak. There's to be records kept but when treatments are applied and whatnot, there doesn't seem to be - that information doesn't seem to have to go forward provincially. Am I correct?

MR. CUSACK: Currently the provincial fish health program is focused more on a program and a service provision to farmers. What our veterinary program is composed of, and the Auditor General's Report refers to this, is that we are primarily a veterinary service. So our veterinary staff when they get a call from a farmer - and the Auditor General's Report again outlined that all the finfish farmers in Nova Scotia report and work with the veterinary staff of the province, so it's not like the province is unaware of the aquatic animal health issues that are coming forward. The farmers themselves come forward, as they would for veterinary services for their dogs or cats, horses or for their farm animals, the veterinarians are informed.

The recommendation is that we go forward not only in a program with the veterinary components of it but we look at a formalized reporting structure, that was a recommendation. I think that's one that we're happy to acknowledge and accept.

MS. LOHNES-CROFT: So we will see improvement in that reporting system?

MR. CUSACK: Absolutely.

MS. LOHNES-CROFT: Can we look forward to better collaboration between the feds and the province with regulating and monitoring the food safety and the health of the fish?

MR. CUSACK: Absolutely. There is very good collaboration between the federal government and the provincial governments on animal health issues and food safety. That's a continual programming issue that would continue.

MS. LOHNES-CROFT: That seems to be a consistent question I'm asked, as a politician, and as a politician we do a lot of dinners and salmon is often served. I've noticed more and more in recent years that people, when they see salmon served at a dinner, they are wondering if it is open-pen, closed-pen salmon, if it's wild salmon. Can you tell me if my salmon that I eat at these dinners is safe?

MR. CUSACK: Yes, I can tell you it is safe. There are the same food safety standards for farmed salmon as there are for all farm animals: they have to go through plants that are registered by the CFIA and are processed in the same way. So yes, the salmon that makes it to market is salmon that is approved and very safe to eat.

MS. LOHNES-CROFT: Thank you.

MR. CHAIRMAN: Mr. Maguire, you have 44 seconds.

MR. BRENDAN MAGUIRE: A quick question and then we'll get at it later. Does it make sense to process applications, the backlog of applications, without the new regulations?

MR. KIM MACNEIL: No, we've had conversations with industry and through the consultation that we've done that we are not processing new applications until the new regulations are in place.

MR. MAGUIRE: So we're waiting for the new regulations and then we'll start the processing?

MR. KIM MACNEIL: Correct.

MR. MAGUIRE: There's 44 seconds.

MR. CHAIRMAN: Thank you, Mr. Maguire. We'll move to Mr. Houston.

MR. HOUSTON: I just want to come back to a couple of things that I touched on earlier. It took me a couple of minutes to put my fingers on the pieces of paper, I'm not as quick as Graham Steele was when he was on this committee. I was looking at the statement of mandate for the department. I can table this.

I do want to come back to - in the statement of mandate it talked about the value of aquaculture, fish and seafood harvested, current value \$53 million, and then it said short-term target \$70 million. I was kind of asking about what does short term mean and maybe we can come back to the committee on what short term means?

My colleague was saying in the One Nova Scotia Coalition committee meetings they were talking about the value of aquaculture at about \$280 million by 2020, I think, and that is only five years. I guess the question - and I can table this for the deputy's benefit - the short-term target of \$70 million, would that be a number that was developed by your department?

MR. KIM MACNEIL: Yes, and Mr. Hancock can provide additional information around that, where that number came from and its due date.

MR. CHAIRMAN: Mr. Hancock.

MR. HANCOCK: In terms of short term we would be looking at a year in advance, so that would be based on what we know the production plans are of industry, of course, subject to them bringing their crop through to successful completion.

MR. HOUSTON: Would there exist a breakdown of the \$70 million by species, some sort of analysis behind the \$70 million?

MR. HANCOCK: I'm sure when we came up with that we would have broken it down, but I don't have that information with me.

MR. HOUSTON: Okay, maybe that would be something you could send to the committee in due time.

MR. HANCOCK: What I can tell you is our current stats - the numbers for 2014 have just been released - aquaculture just went over the \$60 million a year mark and over 70 per cent of that was from finfish operations.

MR. HOUSTON: That's helpful, thank you. The other thing we were talking about was the new regulations come out in the Fall, that triggers committee set-ups and stuff like this. I did notice - I'm looking at the department's Action Plan on the Auditor General's Recommendations, at the recommendation, "The Department of Fisheries and Aquaculture should determine why application process delays are occurring and correct them." Under the department's Expected Completion Date was, "The Department expects to have its new administrative processes with predictable timelines in place by December 2016." I don't want to put words in the deputy's mouth, but I think I heard him say that December 2016 is kind of the worst-case scenario and that they would be in place before that.

My question would be, if the regulations come out in the Fall, do things immediately spring to life at that time in terms of starting to process applications or are there more processes that have to be developed behind the regulations? I guess what I'm trying to get to is, my colleague was asking if it makes sense to process applications in the absence of proper regulation. Obviously, I heard your answer, but I'm trying to find out, when will applications start to be processed? Looking at this, it doesn't seem like that's

going to happen this Fall; even though the regulations will be there this Fall, it's probably going to take some time.

In the response to the AG's recommendations the department kind of gave itself, I guess, 18 months at the time, which is now just a little over a year. Can you give any kind of clarity to when applications could start going through the system?

MR. KIM MACNEIL: Well, many of the regulatory and policy pieces are already being implemented, but it will take some time processing the initial applications. Certainly there are going to be issues that we would want to resolve if it's a new process.

MR. HOUSTON: Yes, understood, but when would that actually start? It's going to take some time to start processing them once it starts, but the question would be, when can people reasonably expect the wheels to start churning and the process to start actually happening where an application comes off the desk and gets into somebody's hands and they start to review it?

MR. KIM MACNEIL: I see that happening shortly after the regulations are enacted. We're certainly preparing now to receive applications. As recommended by the Auditor General, we're looking at our databases as well as addressing the other recommendations that he made so that when the regulations are enacted, we can move forward.

MR. HOUSTON: So maybe a year from now, if we were to be sitting here, we'd have some applications going through the system. I don't want to belabour it, but I have constituents whose livelihoods are on hold while this happens.

MR. KIM MACNEIL: I think the best thing that we can say to that is with the new regulatory regime, we'll be able to give definitive time frames as to when that will take place, which we couldn't prior to these new regulations.

MR. HOUSTON: When the new regulations come out in the Fall, those timelines will be in there?

MR. KIM MACNEIL: That's correct.

MR. HOUSTON: So in the next couple of months, people would know what to expect.

MR. KIM MACNEIL: Yes.

MR. HOUSTON: I do want to go back a bit to the recommendations of the Doelle-Lahey report. Did the department accept the Doelle-Lahey recommendation to designate three classifications for aquaculture? In other words, they would designate areas as green, yellow, or red in terms of suitable for aquaculture, not suitable for aquaculture - these types

of things are going to go through a designated area as green, yellow, or red. Did the department accept that recommendation?

MR. HANCOCK: In terms of the classification scheme, I would draw your attention to the Fisheries and Coastal Resources Act. We actually have a mechanism in the current Act that we have, and even with the changes that were adopted in the Spring, that really can provide a very similar mechanism to what was put forward in Doelle-Lahey.

In the Act right now, the Executive Council can actually declare an area as an aquaculture development area, another area as a provisional aquaculture area, and a third place as a no-aquaculture area. That is very similar to the green, yellow, and red classification scheme that was put forward by Doelle-Lahey.

I think one of the weaknesses that we saw in the classification scheme put forward by Doelle-Lahey was the fact that it was only about salmon farming. As you would know from the area that you represent, salmon farming is really not an issue - it's about shellfish operations.

MR. HOUSTON: So Doelle-Lahey made a recommendation that had some validity but there's a better way to do it, and the better way already exists. I think you said that the Executive Council can designate areas. Is that something that they have been doing or will now start to do?

MR. HANCOCK: It was a tool that had not been used. It's certainly something that would still exist going forward as a mechanism to do that. I think the other thing that's clear in the Doelle-Lahey report is that they saw that classification scheme not as a prerequisite for the initiation of development to begin again, they saw that as a potentially useful tool to aid in and enable development. We would see the current system that's in the Act right now as a similar type of tool that could be used in the future, but that is not required to initiate being open to accept new applications.

MR. HOUSTON: I think that particular recommendation did hold some water with me. It seemed to make sense that if you have people living in areas that are worried about shellfish aquaculture taking place and it's not suitable for it, it makes sense to give them some peace of mind that this is designated as a red area, and they don't have to worry about that.

Whether it's green, yellow, or red - whatever the case may be - I sense that the department understands the relevance of that recommendation and I hope they move forward in some shape of that, whether it's with existing stuff. I do hope that is one that comes to the front on that.

Mr. Hancock might answer this, but in terms of the building up of the regulations, there has been consultation with various groups and I think there have been consultations with industry - some meetings and stuff like that. I wonder if you can say, what has industry

been telling you? Is it just simply that we need to know the rules and we can get started? What's the kind of concern that industry has expressed to you?

MR. HANCOCK: I think you're exactly right on with that. The message that we've received from industry - I mean, obviously they want to see the details of what's in the regulations, but the overriding message has been: please show us what the rules are, we just need to know that they're clear, easily understood, and they apply equally to everybody. That's what they're looking for.

MR. HOUSTON: Okay, and that makes sense. Then they'll start to get that clarity soon.

This may be a question for Dr. Cusack but it has to do with the testing of the waters. It ties into - does the department advocate for industry and provide assistance to industry on certain areas? I think the CFIA does do some testing of certain waters for certain bacteria and toxins. I'm wondering if you're familiar with the bacterium vibrio parahaemolyticus.

MR. CUSACK: Vibrio parahaemolyticus is the name of the bacterium. It is one that has been noted this particular summer occurring in coastal waters, particularly where the water temperatures are warm. Towards the end of the summer of 2015 it was extremely warm weather that occurred in the water and there was some detection of that particular bacterium.

MR. HOUSTON: I do want to acknowledge that we have some visitors here with us this morning so welcome, folks.

Is that one that the CFIA would normally test for in their suite of tests? If not, should it be? Is that one that the department has looked at asking them to test for as well?

MR. CUSACK: That particular bacterium is of concern for the CFIA so they would have their quality management program set up with shellfish farmers to detect the possibility of that being in the product, so there's a whole regulatory regime around protecting . . .

MR. HOUSTON: That's after it has been - that's in the product after it has been harvested? I'm just wondering if it would make sense to kind of front-end load that testing, actually testing the water.

MR. CUSACK: That request has been coming from industry as of late because again, this is a new issue that has arisen. Right now, to my knowledge, there's no pretesting on the government side for the water itself, that's not something, and again, this is an issue that has arisen just very recently.

MR. HOUSTON: But is it one - I guess the question would be, is that one that - is there a role for the department in that? Would the department advocate on behalf of

industry to the CFIA to test for this? There are two questions there: could the department do that; and the second question would be, is that something the department would do?

MR. CUSACK: Well, there is potential, given resources to do an array of different things. At this point that is an item that the CFIA manages. We could conduct discussions with the CFIA about that issue, but right now we don't have a program or facilities or funding to do such . . .

MR. HOUSTON: I guess that comes back to what I was trying to get to before, in terms of does the department see an advocacy role in terms of - that would be an example where possibly the department could advocate on behalf of industry to - would you consider doing this task, the CFIA. In other areas it could be seasons; in other areas it could be promotions.

It all comes back to maybe for my final question, maybe I'll wrap up with the deputy on this one and just ask the deputy, are these the types of things that the department would look at advocating for on behalf of industry?

MR. CHAIRMAN: Order. I do apologize but our time has expired. We'll have to move to Ms. MacDonald with the NDP caucus.

MS. MACDONALD: It was a very good question, actually. I'm just wanting to help out my colleague, the member for Halifax Chebucto with respect to concerns he seems to have about the moving of the department's Aquaculture Division out of downtown Halifax, closer to a fishing community. I'm just wondering if the current government has any plans to relocate the Aquaculture Division back to downtown Halifax. Have you been advised of that?

MR. KIM MACNEIL: No, definitely not.

MS. MACDONALD: Thank you. Earlier when I asked you about how many are waiting in the queue for approval, I don't believe I received an answer to that so I'm wondering if you could tell us, how many new applications are waiting to be processed and could you give us a breakdown of the type of aquaculture that would be associated with the various applications?

MR. HANCOCK: I can tell you that we know there's interest from various sectors - shellfish, finfish, land-based. As you know, we've still been accepting applications throughout this process so there really has been no change in that. It was only the marine sites that there was a pause put on while this process took place. Having said that, there is no backlog of applications because we fully anticipate in our new framework that the application process will be quite different. In the interests of operators who want to put an application in, in the interests of other stakeholders that want to see what this new process looks like, we just have not accepted applications. So we don't have a specific number that we can offer, but I can tell you that there is interest.

MS. MACDONALD: As of March 2014 there were 274 approved aquaculture sites in the province but not all of those sites were actively engaged. I'm wondering if you could tell us how many of those sites were actively engaged and then give us, again, the breakdown between the various forms of aquaculture.

MR. HANCOCK: Certainly, and if you'll excuse me I'll refer to my notes here, I don't have that off the top of my head. We have 292 licences that were issued. Just for everybody's information, to do aquaculture in the province you have to have a licence and that's whether you're on land or in the ocean. If you're going to farm in the ocean you need to lease a piece of Crown land from the province to carry out that activity, so that's the lease. Commonly we refer to these as lease and licences, but in the context of land-based it's just licences.

Overall we have 292 licences that are issued and 260 of those are marine sites; 38 of those 260 are finfish and this year there were 13 of those 38 that were active. I can tell you, I don't have the specific numbers for it, part of the reasons for the inactivity in the other sites can range from: it's a site that's being fallowed, so it's between production cycles; it's a site that may never have been one that was overly successful for growing finfish, but the licence holder still has that site, so it has been active for a period of time. In other instances its companies that have growth plans and plan to use those sites. There are a variety of reasons why the site might be inactive.

There are 222 marine shellfish sites and in 2014, 111 of those were active so exactly 50 per cent were inactive. It would be for similar reasons in those instances where it's usually for business reasons why they haven't been used. We also have 32 land-based licences and in 2014, 22 of those 32 were active, and land-based would include your hatcheries, but also some of the grow-out facilities that are there for salmon that people are aware of.

MS. MACDONALD: When the new regulatory regime comes into effect, will there be any grandparenting of existing production sites or will the new regulations apply retroactively?

MR. HANCOCK: The new regulations will apply to all existing sites.

MS. MACDONALD: One of the things that the Doelle-Lahey report recommended that there be mandatory public hearings with respect to new site applications, I believe. Is this something that will be incorporated into the new regulations - mandatory public hearings?

MR. HANCOCK: Our proposed new regulations will offer a lot of opportunity for public input, so I think we will have addressed that one. Not just for new applications, I would add too, but for other procedures that we do as well.

MS. MACDONALD: So we'll have to wait and see, I guess, what that really looks like. Can you give us some idea of how companies are evaluated at renewal time, when licences are up for renewal?

MR. HANCOCK: In terms of our current system that we have in place right now?

MS. MACDONALD: Yes.

MR. HANCOCK: We'll be looking at the performance of the operator on that site to make sure that they've met our various regulations that we have in existence at this time. We'd also be referring back to their initial development plan that they had submitted and whether they're adhering to that development plan or not.

So there are various factors that would come into play. Also, a big part of it is assessing what their plans are for the next term of their lease.

MS. MACDONALD: I think Doelle-Lahey also recommended that small- and medium-size businesses be provided with assistance to deal with a new regulatory framework. Is that something that your department will be looking at or is looking at, or is that a conversation with the Department of Business and Nova Scotia Business Inc.? What is the delineation of responsibilities with respect to that recommendation?

MR. HANCOCK: I think the way that we've designed the proposed framework is one that goes a long way to addressing the concept of proportionality in terms of the regulations. So we're hoping that the framework that we've put forward will not be overly burdensome for small- and medium-size businesses.

Having said that, we recognize the fact that the department has a role to play in assisting industry to meet those new responsibilities that they're facing. So that will come in a lot of different forms, and it may not be just something that is limited to our department, depending on the nature of what the requirement is.

Again though, I would stress that we've done our best in the draft of these regulations to allow for some flexibility and to address that issue of proportionality that was talked about in Doelle-Lahey.

MS. MACDONALD: Is there one part of the sector that should be focused on more within the diverse industry in terms of its value, its potential?

MR. HANCOCK: I think all the different species that we're growing in this province have equal potential. I would hope that we design a system that doesn't favour one over the other. Again, I go back to the thing that it's ultimately a business decision, where investors want to invest their money. It's our job to create a framework that's a level playing field for everybody.

MS. MACDONALD: I want to ask you about the land-based sites. What regulatory framework are they subjected to? Are there modifications going on there as well?

MR. HANCOCK: Good question. Again, I would say that they have to be licensed just like the marine ones. They also have to submit development plans to us. There is a little bit of a difference with the land-based facilities. The Department of Environment plays a role in that they have to get a permit for water extraction, because in most cases these operations are having to use freshwater in their operations. It would also fall under the jurisdiction of Environment in terms of any releases that might come into waterways from an operation such as that.

In terms of our role in this, certainly from a fish-health perspective, we've been extremely active on land-based facilities. Right now the Environmental Monitoring Program that we have in place does not include land-based facilities, it is something that we're looking at. Again, that is covered in terms of some very generic rules by the Department of Environment, but we would like to take a look at it to see if there's a more specific role that we should play. The regulations that we're proposing provide an opportunity to build some language and rules around that.

MS. MACDONALD: Has the department done any economic analysis on the potential for land-based aquaculture in terms of its potential for growth and expansion from what we currently have? If so, what have you determined?

MR. HANCOCK: We have not done one for all forms of land-based because it can take a lot of forms. I think that's one of the challenges, is the word that gets used, and I think in a lot of cases people are thinking of that purely in the context of grow-out of something like Atlantic salmon. A large percentage of our land-based operators right now are hatchery operations that produce smolt to supply marine sites, but there can also be shellfish hatcheries which are licensed as sites. Also, we're a world leader in producing baby halibut, so we have a halibut facility. So there's a lot of variety in our hatchery system that we have.

There was one study that was done and concluded, I believe it was a year ago, and it was to look at the feasibility of raising Atlantic salmon on a land-based facility, so that's one that was specific to that specific type of grow-out.

MS. MACDONALD: My last question will be about the harmonization of the regulatory requirements in this province with the other Atlantic Provinces. We're attempting to do more harmonization. What are we doing with respect to harmonizing these new regulations with our neighbours?

MR. HANCOCK: In terms of our new regulatory framework right now, first and foremost our objective was to address the issues that were raised in Doelle-Lahey and we accepted all the recommendations of the Auditor General, so that really was our priority. Having said that, we're very aware of what's going on in the other provinces, not to

mention that many of the companies that operate in Nova Scotia also operate in some of the other Maritime Provinces. So there would certainly be an advantage to industry to have some efficiencies there so that there's not an entirely different framework in each province.

MR. CHAIRMAN: Order, please. I'm sorry, we do have to move on to the Liberal caucus. Mr. Maguire.

MR. MAGUIRE: Even with potential world-class regulations about to be announced by the minister in the department, one of the obstacles that you will always run into is communication and education around farm fishing. What are the obstacles that you see in order to get some widespread recognition of how good this industry can be? We see success in Scotland, in Maine, in Australia with the bluefin tuna, and apparently Japan, which is a leader in fresh fish, is now starting to farm tuna also. What do we need to do to get to that kind of acceptance by the general public?

MR. KIM MACNEIL: I think we touched briefly on this before; it's all around transparency, clarity, accountability, and also research and development - all of those were brought up in the Doelle-Lahey report. We talked about clarity around the rules, and processes and procedures being identified for people. Transparency - we've recently updated our website so people can have access to a lot of information that in the past hadn't been made available, so they will be able to look at site applications, lease and licence decisions, and monitoring results. They will all be made available in a timely manner.

As Bruce also mentioned, we're looking at more public input in this process so that the stakeholders will have more opportunities than they had in the past to participate in those licence and lease applications.

We're also committed, as pointed out in Doelle-Lahey, to research and development, to better understand what's taking place. We feel that being in Nova Scotia, we're in a great location to have some of the best researchers in the world look at some of the issues that we face.

MR. MAGUIRE: So this has the potential to be a major economic driver, especially in rural Nova Scotia, but it also has the potential to be a very hot topic or sticking point for some. Have your department and the minister done the adequate consultation with not just stakeholders but other jurisdictions that have had success around this type of fishing?

MR. KIM MACNEIL: Yes, I believe we have. We've engaged stakeholders through a minister's advisory committee. We've taken into consideration the Doelle-Lahey report, a year and a half of consultations, and looking internally at the department; the Auditor General made nine recommendations, which we're fully supporting.

Also, staff and/or in some cases the minister have visited British Columbia that has a very active aquaculture industry and a very sound regulatory system, which we know will be of interest to our colleagues at Nova Scotia Environment. We've spoken to and met with

officials in Maine, and in fact Mr. Hancock here has been to Norway to meet with the folks there; they are leaders in the industry.

So yes, we've received input in a variety of ways, but I also want to say that that input isn't going to stop once the regulations come out. Again, as Doelle-Lahey recommended, this should be an ongoing process. It should be a process of continuous improvement, and that's really what we intend to follow through with.

MR. MAGUIRE: So it's fair to say that this has been a fairly open and transparent process. You've all been at this for well over a year now - what kind of impact do you see this having economically on Nova Scotia, in particular rural Nova Scotia?

MR. HANCOCK: Right now aquaculture plays a big role in the rural economy. As I mentioned, our farm-gate value is around \$60 million a year, and that's just the direct farm-gate sales. That does not reflect the processing that occurs, it doesn't reflect the feed mill operations that we have in Truro, all the logistical support that backs that up. So it's an industry that's worth substantially more than that number, and I think any improvements we can have will have a real effect.

The other key thing about aquaculture, it's not done in Halifax, it's not an urban industry. It's done in the rural areas where the growth is needed the most. The other nice thing about aquaculture is it plays well with the assets that we already have in the province. Clearly it produces seafood, and we are a seafood-producing province so we have the infrastructure to support it. But in terms of workforce, it's something that people in rural areas are used to working with.

MR. MAGUIRE: And I get my last question before I pass on. As someone who lives and grew up in a fishing community - when it came time to meet with the stakeholders, did you go across Nova Scotia and speak to the processing plants, the fisher people and have conversations? What were their concerns and what do you feel was the general feeling coming out of those meetings?

MR. HANCOCK: We relied heavily again on the Doelle-Lahey process. They held a total of 42 meetings in 21 communities around the province, so their reach went very far. I don't think it's fair to boil it down to just a couple of common issues that came up, because in many cases it was unique to the region that they were operating in.

That being said, I think the part that comes out on this is that people want to see what the benefits are going to be for their community. They want to know that it's not going to interfere with current users that are there - so whether it's the commercial fisheries, tourism, or even recreational cottage users. They also want to make sure it's not going to hurt the environment. So in very general terms, that's what people raised. Again, it was a fairly exhaustive process with a lot of feedback.

MR. MAGUIRE: It sounds like you're saying, it's fair to say, that they've been consulted and spoken to.

MR. CHAIRMAN: Just for the record, perhaps you could verbalize your response there just so that we catch it in Hansard. I think you agreed with the member's statement?

MR. HANCOCK: Yes, I do agree.

MR. CHAIRMAN: Thank you. We'll move to Ms. Lohnes-Croft.

MS. LOHNES-CROFT: When these regulations are brought out later this Fall, can we be assured that community groups and environmental groups will see some of the changes, at least, that they have been pressing for?

MR. HANCOCK: Yes, again, working on the recommendations from Doelle-Lahey and from the Auditor General, I think people will see that we've done a very good job of addressing all those issues that have been brought up.

MS. LOHNES-CROFT: So I should have fewer emails to my office. I just want to talk about the transition to putting regulations into the Department of Environment. Do you see this as being a benefit to Nova Scotians in enforcing the activities that are going to happen in fisheries and aquaculture in the future?

MS. MARTIN: Yes, certainly, we do see it as a benefit. We are working for some of the uniformity and consistency. As indicated in the AG's Report, there were procedures and guidelines that would really benefit how the sector is regulated. It would also contribute to the public confidence that the sector is properly regulated. With Nova Scotia Environment, we do have a fair degree of expertise to draw upon, recognizing that the fisheries officers were a relatively small group - just four or five individuals - who were trying to do the field work as well as all the documentation that's necessary.

So with the transfer of staff to the Department of Environment, we do feel that we have the critical mass and the benefit from the other enforcement areas that are coming in and we can draw from the best practices across the board and ensure that as the industry grows that they are clear on what the requirements are from an enforcement point of view, and the public can have greater confidence in those requirements being enforced. As I indicated earlier, if they have concerns, who they can call and assurances that their concerns will be followed up.

MR. CHAIRMAN: Ms. Miller.

MS. MILLER: You talked at length about what your department has been doing to address recommendations, both from the Auditor General's Report and the Doelle-Lahey report. I'm wondering if you can expand once again, sort of clarify, on the steps that you're

taking to address those reports and what will actually change in the way aquaculture is regulated in Nova Scotia.

MR. KIM MACNEIL: We've done a lot of work already. We've recently made renovations to the fish-health lab in Truro that were authorized in the winter of 2014. We also engaged a consultant in 2014 to begin writing specific regulations around aquatic animal health. As you know, we made changes to the Fisheries and Coastal Resources Act this past Spring in the Legislature that allowed us to implement the regulations that we're speaking of now.

There was also a minister's regulatory advisory committee that was established this summer. It met three times to provide the minister with advice on the new regulatory framework.

We've engaged folks from other provinces, our federal counterparts, and we've also involved the Mi'kmaq officially and we've officially consulted the Mi'kmaq during this process.

MR. CHAIRMAN: Are there any further questions? Hearing none, we will move to closing comments. Mr. MacNeil and then Ms. Martin.

MR. KIM MACNEIL: I appreciate the opportunity to come here today and we certainly appreciate the unanimous support that the changes to the Fisheries and Coastal Resources Act received in the last session. This is a great opportunity for Nova Scotia, we feel strongly and we're passionate about it as a department and the staff are passionate, as is the minister, that this is an incredible opportunity, as recognized by the Ivany commission.

I'd like to thank the staff who are here with me today and I'd also like to thank all the department staff who are working towards a new regulatory regime and putting in a lot of late hours and a lot of time that they are never going to get back. We certainly appreciate the work they do for Nova Scotians, and we are committed to continuous improvement and strengthening the way we monitor and manage risks so that Nova Scotians can be confident that the industry is socially responsible and environmentally acceptable. Thank you.

MR. CHAIRMAN: Thank you, Mr. MacNeil. Ms. Martin.

MS. MARTIN: Great, thank you very much. I do want to thank you very much for the opportunity to highlight some of the work that is underway in terms of the transfer of responsibility for enforcement and compliance and, as well, highlight some of the work that we'll be doing into the future to ensure that we have an efficient compliance inspection and enforcement for this sector. That is a big opportunity for Nova Scotians and we can grow it in a way that we'll be ensuring that the industry is well regulated and the public has confidence that we're taking the necessary steps.

MR. CHAIRMAN: Thank you, Ms. Martin. Thank you everyone for your participation today. We have just a couple of items of committee business. We've received correspondence from the Nova Scotia Provincial Lotteries and Casino Corporation. You have that, if you have any questions please contact myself or our committee clerk.

We had a meeting last June 24th where members expressed considerable interest with respect to follow-up chapters of Auditor General Reports. The Vice-Chair and myself met with the Auditor General's Office subsequent to that, and the Auditor General will now be presenting a separate report each year that will be focused on follow-up. That will be presented prior to the Spring performance report, so that is what has come out of that June meeting.

Our next meeting date is October 21st, where we will have the Department of Finance and Treasury Board to discuss Chapters 5 and 6 of the February 2015 Auditor General's Report. We will be having a briefing on that with the Auditor General immediately following this meeting.

I will call a recess until that briefing. Thank you.

[The committee adjourned at 10:53 a.m.]