

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, December 6, 2017

Legislative Chamber

**Department of Fisheries and Aquaculture
Re: Seafood Exports**

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Public Accounts Committee

Mr. Allan MacMaster (Chairman)
Mr. Gordon Wilson (Vice-Chairman)
Mr. Ben Jessome
Ms. Suzanne Lohnes-Croft
Mr. Brendan Maguire
Mr. Hugh MacKay
Mr. Tim Houston
Hon. David Wilson
Ms. Lisa Roberts

[Mr. Hugh MacKay was replaced by Ms. Rafah DiCostanzo.]

[Ms. Lisa Roberts was replaced by Ms. Lenore Zann.]

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

Ms. Nicole Arsenault,
Assistant Clerk, Office of the Speaker

Ms. Karen Kinley,
Legislative Counsel

WITNESSES

Department of Fisheries and Aquaculture

Mr. Frank Dunn,
Deputy Minister

Mr. Bruce Osborne,
Executive Director

Mr. Scott Hosking,
Director of Business Development



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, DECEMBER 6, 2017

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN

Mr. Allan MacMaster

VICE-CHAIRMAN

Mr. Gordon Wilson

MR. CHAIRMAN: Good morning, everyone. I call this meeting of our Public Accounts Committee to order. Today we have with us the Department of Fisheries and Aquaculture. Our topic will be seafood exports. I can tell you from the coast of Inverness County that it was a tremendous year for seafood - a very bountiful harvest.

I would like to remind everyone to place their phones on silent. We'll begin with introductions, starting with Ms. DiCostanzo.

[The committee members and witnesses introduced themselves.]

We also have Mr. Spicer from the Auditor General's Office with us this morning, and our guests. Perhaps you could introduce yourselves, beginning on my right here.

[The witnesses introduced themselves.]

Gentlemen, thank you for being here. This is a special day: the Halifax Explosion was 100 years ago today. At 9:04 a.m., we're going to have a moment of silence to recognize those who lost their lives on that day and to recognize the generosity that came upon the city from parts of this province and from around the world. We especially think of Boston, with the recent lighting of the Boston Christmas Tree that is donated from our province every year.

We're going to take a short pause now, before we go into your opening comments. I would like to time the moment of silence at 9:04 a.m. because that was the moment of the explosion. I know there are going to be some activities taking place in the City of Halifax today. I believe we'll likely be hearing the cannon go off, and some of the ships in the harbour may be signifying the moment of the explosion as well. We may hear that off in the distance.

Again, we would like to remember those people today. May they rest in peace, and may we think about them. In about one minute's time we will have the moment of silence.

Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: We should also recognize the 14 women who died at the Polytechnique in Montreal, known as the Montreal Massacre.

MR. CHAIRMAN: Yes, thank you for raising that. I wanted to give each their due, so yes.

It is about 10 seconds before 9:04 a.m. We will take a minute of silence to remember those who lost their lives in the Halifax Explosion. Thank you.

[A moment of silence was observed.]

MR. CHAIRMAN: Thank you. Mr. Dunn, would you like to proceed with your opening comments?

MR. FRANK DUNN: Good morning to all members of the committee. Thank you for welcoming us to your meeting this morning. It's the second time this year we have been asked to come to Public Accounts and talk about Nova Scotia's success for seafood exports.

I want to take a moment to introduce the department staff who are with me today. They will help me answer your questions as we proceed through the next two hours. On my left is Bruce Osborne. Bruce is the executive director of fisheries with the Department of Fisheries and Aquaculture. He has a Bachelor of Science in biology and a master's in marine management. He has worked in fisheries, aquaculture, and economic development and has been an executive director in the department for the last two years.

On my right is Scott Hosking. He is our director of business development. Scott has been with the provincial government since 1991. He has undertaken roles at the Department of Agriculture, Fisheries and Aquaculture, and in the former Economic and Rural Development and Tourism Department. His professional background touches on market research, investment, attraction, and domestic and international market development. Once again, thank you for inviting us.

Nova Scotia continues to see positive results from our seafood exports. For two years in a row, we have now become the biggest exporter of seafood in Canada. In 2016, that translates to \$1.8 billion in seafood sold to markets around the world. This is something that Nova Scotia should be very proud of. It is a sign of the leadership that industry is showing in looking for new innovative ways to supply global markets. It's also a sign that our future is tied to exports of other quality seafood and other products.

Our traditions are steeped in the fishery, and clearly the seafood industry is continuing to shape our future. You could call it our ocean advantage - clean, clear water and the ability to sustainably harvest from those waters. We have the knowledge and track record to supply global markets with top-quality seafood, and our fish harvesters, seafood processors, and exporting companies are doing it successfully every day. From here, we are reaching markets in the United States, Asia, and Europe and doing it in record times. We're delivering high-quality fresh and processed Nova Scotia seafood to a hungry world.

The hard work of industry along with government's commitment to supporting innovation and export market development is what has helped us reach our \$1.8 billion in seafood exports in 2016. That is a remarkable achievement, and I can't say enough to thank our seafood harvesters, our processors, and our exporters for making this possible. Not only are they driving our success as an exporter, but they are also developing jobs and economic opportunities in coastal and rural communities across the province.

To continue to grow the value we receive from our seafood exports, we have launched a Nova Scotia international seafood brand. The brand has been showcased at major international events like Seafood Expo North America in Boston and Seafood Expo Asia in China. These are some of the largest seafood shows in the world. I can tell you that the response has been positive and enthusiastic from exporters and buyers at these shows.

The sustainability of our resources and the industries that depend on them is important to us. That's why we're working with our partners in the industry and other levels of government to find ways to promote innovation and new ideas that contribute to sustainable growth.

With our partner, the federal government, we've invested in the new Atlantic Fisheries Fund announced earlier this year. With \$2.5 million in our current fiscal year, Nova Scotia's total investment over the seven-year span will be almost \$38 million. Once the contributions from the federal government and the provincial government and the Atlantic Provinces are considered, the value of the fund will exceed \$400 million.

This significant investment is one of our most important economic sectors, the fisheries. It will help grow our economy and create more jobs for young Nova Scotians and opportunities in our coastal and rural areas. Now we can do even more to support innovation, infrastructure, and science in our fishery with this new fund.

The success we're seeing in seafood exports and the other initiatives of our department speaks volumes about the hard work being done by our staff. There have been a lot of long hours put in by folks at this table and the staff throughout the department in a very professional manner. They are passionate about their work and about seeing Nova Scotia succeed.

Why are we doing this? Because we see the opportunities that are out there for Nova Scotia's seafood products and we see what it can mean for growing the economy and coastal communities. There's a booming demand for food, thanks to the expanding global middle class. That means great things are possible for our seafood producers.

By 2050, global food demand is expected to rise by 70 per cent. That's an opportunity that we're working hard to take advantage of. We're performing at a high level with our seafood exports and we'll continue to look for ways to derive even more value from what we catch. The potential for success is great.

I look forward to answering your questions and sharing more of the story of how our department is working with export success in Nova Scotia.

MR. CHAIRMAN: Thank you, Mr. Dunn. We'll move to Mr. Houston of the PC caucus, for 20 minutes.

MR. TIM HOUSTON: Thank you for the opening comments. We do have a marvellous product that we need to get to the world. You mentioned \$1.8 billion in exports, I think about \$1 billion of that goes to the U.S., somewhere in that range. With the current NAFTA talks, there could be significant changes to NAFTA, possibly even the dissolution of NAFTA.

Has the department done an analysis of what the impact on our seafood exports might be, should there be significant changes to the trade relationship between Canada and the U.S.? Have you done an analysis?

MR. FRANK DUNN: I can tell the member that we have done an analysis. I can tell the committee that in the early 2000s, exports to the United States were about 80 per cent of our exports. Currently they are little shy of \$1 billion - about \$952 million - which represents 52 per cent.

We want to diversify our markets. I think you can see by the trend that our analyses show that in the early 2000s a good portion of our seafood went to the United States. We now have diversified. We've moved into the Chinese market, which is about 14 per cent of our exports, and about 11 per cent in Europe, primarily through CETA. So although the U.S. market will always be important to Nova Scotia, basically because of its proximity to us, we do realize that we have to move to generate new markets and diversify where we export our product.

MR. HOUSTON: Thank you for that. Fifty per cent is still a significant number. Changes to NAFTA - good, bad or indifferent - does the analysis show what might happen to that number?

MR. FRANK DUNN: As far as the NAFTA negotiations are concerned, I cannot answer how those negotiations will go. I can tell you that our Trade Minister at IGA, we work closely with him to ensure that our points are made on the fishery and how important it is.

[9:15 a.m.]

Equally important for us is to watch non-tariff barriers that the United States may implement when it comes to seafood, and talking specifically about the Seafood Import Monitoring Program and the Marine Protection Act that the United States has.

I think to answer the member, we do monitor what's going on in NAFTA and we're also aware of other non-tariff barriers that the U.S. may be implementing.

MR. HOUSTON: Has the department been in contact with Ottawa specifically about the NAFTA discussions around seafood?

MR. FRANK DUNN: I have had a general conversation with the deputy for Fisheries and Oceans Canada in Ottawa. It is a regular item that is on agendas when deputy ministers meet. I know that it was a regular item on the agenda when ministers met in Whitehorse last year, but on an ongoing weekly, and sometimes daily, basis it is the Department of Intergovernmental Affairs which deals directly with Ottawa and the negotiating team that is dealing with NAFTA.

MR. HOUSTON: Is that Minister MacLellan?

MR. FRANK DUNN: That is correct.

MR. HOUSTON: So Minister Colwell wouldn't be that involved in those discussions?

MR. FRANK DUNN: Not directly. He would be in contact with Minister MacLellan. Mr. MacLellan is the lead and the spokesperson for the trade file.

MR. HOUSTON: So you would express your concerns on behalf of the department to Mr. MacLellan, and he would take them to Ottawa.

MR. FRANK DUNN: That's correct.

MR. HOUSTON: Are you aware of any negotiations that might address seafood exports outside of the wide-ranging overall discussions? Are there any kind of separate discussions that you're aware of?

MR. FRANK DUNN: I know that there are a number of international negotiations going on. I know that TPP is currently being discussed - the Trans-Pacific agreement, which the United States has backed out of. I know that continues to be negotiated with the remaining parties, which includes Canada. There are discussions less so on CETA. That's primarily because the European agreement would have gone into effect on September 21st this year.

MR. HOUSTON: So there are different tables and different discussions. In terms of the seafood exports, I think it's kind of 50/50 between what we would call processed exports and unprocessed exports. The World Trade Organization released a report that talked about the unprocessed seafood could attract a 4 per cent tariff while processed seafood could attract a 10 per cent tariff if the NAFTA talks don't go the right way, I guess. I'd say that's a pretty big difference. I've read about that in numerous places. It's kind of widely discussed - the 4 per cent versus 10 per cent. I'm sure the department is probably aware of that.

Has the department done any analysis on the impact of our exports if that tariff structure was to come into play - the 4 per cent versus the 10 per cent?

MR. FRANK DUNN: I can start and perhaps Mr. Osborne can add. I was not aware of those numbers per se. I can tell you though that it is the department's direction that the more value-add - which is really the processing, I believe is what the member is talking about - is a priority for us. The more value-add that is added to our fresh product, the more economic growth and the more jobs, quite honestly.

MR. HOUSTON: I think that's the concern because under that scenario, those would attract the higher tariff, 10 per cent. It seems high to me, I don't know if the analysis has been done what the impact might be, though.

MR. CHAIRMAN: Mr. Osborne.

MR. BRUCE OSBORNE: I would just add that the markets certainly are fluid and the Nova Scotia industry responds to markets and where they can make the best profit for their product. So things that may happen in NAFTA may also be offset in other markets. Certainly one of the advantages of the CETA agreement is the removal of various tariffs on processed product, including lobster.

With respect to lobster, which a lot of it is exported live - that's a significant product for Nova Scotia and that's a significant demand product form for lobster, to sell it live. However, there are also growing demands for more processed lobster and we are seeing

efforts to produce more in processed form, so of course it would be a concern. As Deputy Frank Dunn has mentioned, our goal is to have more value added. We also know that the industry will respond to markets and put product where they can achieve the highest margins.

MR. HOUSTON: The tariffs are important, though, and I think that in a lot of ways that's what's holding back our blueberry industry - the significant tariff they face putting their product into Asia, versus product coming from other markets. It's important, for sure.

Do you have an analysis of what our seafood exports looked like before NAFTA came into existence? You may see that as relevant or you may see that as not relevant. Would it be relevant to look at how the exports looked before NAFTA?

MR. FRANK DUNN: We wouldn't have that information before NAFTA.

MR. HOUSTON: Would you think it's something that's worth looking at? Or is it the cart before the horse?

MR. FRANK DUNN: My personal opinion is we should concentrate on moving forward and growing the existing markets. Whenever we talk about tariffs in international trade, obviously they are of a concern to us. Often when the federal government negotiates new agreements, and whether it be NAFTA, tariffs are always on the table and it's part of the negotiation process to try to reduce those as much as possible.

My view is that we should continue to try to move forward as opposed to looking back when NAFTA wasn't in place.

MR. HOUSTON: Yes, but if part of the looking forward could, if you believe what you read - it's not all fake news, some of it might be - but if you believe what you read, NAFTA could have a big impact on our seafood exports.

I guess to that end I would say to you, in terms of looking forward at other markets, what are the prospects that the European market or the Chinese market or the broader Asian market could pick up additional supply that maybe can't find its way into the U.S. because it's priced out with tariffs? What are the prospects that the other markets could pick up the supply?

MR. FRANK DUNN: I'll start and then I'll have my director of business development kind of add to that. I would say that both of those markets are extremely important and can pick up a lot of potential loss in the U.S. market. I think you see that just by the history, as we move from 80 per cent to 52 per cent exports to the United States.

I can tell you, as an example, there's 13.5 billion people in China, the average consumption of seafood in the world is about 20 kilograms per person per year per capita.

In China that is double, that is 40 kilograms per capita, so there is a big market in China. As the middle class grows in China and wealth is accrued, they are big on conspicuous consumption so seafood is something that the Chinese are getting into.

On the CETA front, on the European front, I can tell you that with the implementation of CETA, 96 per cent of all the tariffs that applied to seafood have been eliminated, so the market in Europe will obviously grow because of the reduction in tariffs.

MR. HOUSTON: Maybe I'll ask a more specific question for the follow-up. If there is surplus supply - or if there's surplus or not, but if there is supply that's no longer destined for the United States and needs to go elsewhere, that could create surplus supply, which would have an impact on the price. Maybe you can just expand on that. Like, if we can't get it to the U.S., we have to get it elsewhere - is that going to impact the price?

MR. CHAIRMAN: Mr. Hosking.

MR. SCOTT HOSKING: As Deputy Dunn mentioned, we are certainly looking to diversify markets - China - for the statistics he has just indicated are very significant. Another one of importance with China is that there is a 16-million metric ton demand for seafood in China that they don't think they'll be able to fill by 2020. To put that into perspective, Nova Scotia's annual harvest is 240,000 tons. So the demand in China alone is absolutely mind-boggling.

As part of our trade development efforts, we've been moving into central China a little bit - Chongqing, for example. When you go there, they're not even familiar with a lobster. They'll take a picture because they've never seen one with claws. So the opportunity to continue to expand what we're doing in China is very significant and we will continue to work on that. One of our focuses will be to extract greater value from what we're harvesting and exporting now.

CETA is offering significant opportunity as well. We're already getting calls from Italy, Spain, and even France. We were a little bit less competitive in those countries because of the 8-per cent tariff. With that removed, we can compete with the U.S., and we believe we have a finer product, a higher-quality product, so those doors are opening up. We're beginning to develop promotional plans to build around the Brussels Seafood Show in April, where we can have both Nova Scotia-specific events and Atlantic Canadian events to continue to create awareness of what we have to offer - the quality. So there will be activities at the shows, but also very specific events focused on buyer-to-buyer connections, retail, food service. So there are a lot of things we can do that we feel very confident about.

In addition, we're moving down to southeast Asia. I talked about China, but southeast Asia - we've been to Vietnam this Fall, in September, but also countries like Singapore. Tremendous opportunities, increasing middle class, wanting to buy premium

seafood. It's just a matter of where we want to focus to expand those markets and supply and demand. As soon as we increase those demands, the price should go up. So we feel that with very aggressive promotional market development activities, we will be able to address that, but we need to keep it in motion.

Even three to five years from now, we're looking at countries like India. We're not doing anything there now, but there is a big federal government emphasis and focus on what may come of India. It's almost the population of China - expanding middle class - but there are issues with supply chain, with cold chain. We want to be ready to take a look at that once we've continued to make progress in other markets.

There are markets around the world that offer a lot of opportunity for high quality premium seafood. The supply and demand should impact that price.

MR. HOUSTON: So the risks that NAFTA presents - it does present a risk - is, I guess you would say, severely mitigated by opportunities elsewhere in the world. Does that sum it up, really?

MR. FRANK DUNN: We believe it could substantially mitigate those risks, yes.

MR. HOUSTON: If you look out into the future - so 50 per cent to the U.S. now - I think you said 14 to Asia, 11 per cent to Europe - that was kind of the top-level ones. What does that mix look like in 10 years?

MR. FRANK DUNN: Sorry - in 10 years, what will the mix be? I don't think I can guess what the future will bring. I think part of our strategy is all about market development.

MR. HOUSTON: What would you like it to be? If it's not 50 per cent to the U.S., where does that number settle out, then?

MR. FRANK DUNN: I think we would continue to drive the diversification number. Do we, as a department, have a specific number that we want to get to as far as export percentages to various countries around the world? I would say no, but we do have goals when it comes to actual export values. We have already reached the One Nova Scotia goal when it comes to Nova Scotia seafood exports, and that's double. The goal was to double by 2020. We have done that well in advance of that. Our goal is to continue. Simply because we have reached the goal of One Nova Scotia, the Ivany goal, we're going to continue to move forward and grow exports.

MR. HOUSTON: What's the product with the greatest potential for export after lobster? Where is the most growth going to come from after lobster?

[9:30 a.m.]

MR. HOSKING: I think it could be - snow crab represents some examples, although there's declining issues with respect to the product that's available. We're looking at actually some of the species that haven't traditionally been harvested in the past. This isn't in any particular order - things like jellyfish. The Chinese have no jellyfish left, so they're looking to us to explore if it's a possibility for here. We have seen our sea cucumber numbers go up. Again, we have harvest limitations on that, but they can increase.

One of our areas of focus as far as new products may be underutilized species. We have been working a little bit more on things like silver hake, how we can work with our industry to promote that, to enhance the brand, and to increase the value of that product. But who knows where the other - as Deputy Dunn mentioned, the snow crab, the shrimp, the scallops, those are always going to be in demand. Again, there are some supply changes that will occur. But our goal is to increase the value of those through promotion, market expansion, working very closely with industry on the value-adding side as well. There's many directions, I guess.

MR. CHAIRMAN: You have just about one minute left.

MR. HOUSTON: Okay. In terms of the various trade shows that the department goes to, there's obviously some success from those, I would say. Are you able to measure how successful those trade shows are? In other words, if you went to four trade shows last year, which I think maybe you did, if you could only go to three this year, would you know which one to drop? What kind of analysis do you do on the impact that the presence at a trade show might have?

MR. HOSKING: After each show that we participate in - and there's various government entities involved with that; we're not the only one - there's analysis. There are surveys completed on the export sales resulting from meetings that took place during the show, six months following, and 12 months following. I don't have those numbers in front of me, but after each show, we try to evaluate. One of the biggest indicators is the increasing interest in companies to participate in . . .

MR. CHAIRMAN: Order. I'm sorry to interrupt, but time has expired. We'll move to the NDP caucus. Mr. Dave Wilson.

HON. DAVID WILSON: Thank you for you being here. I think it's extremely important, especially at this time of year, with certain areas of the province working towards their catch. Hopefully, over the winter break here, people will be safe.

I do want to continue on with the line of questioning my colleague was trying to get some information on, and that's around the free trade agreements that we have. Often we hear about the TPP, CETA, and NAFTA. The everyday Nova Scotian I think just wants

to know that our product and our province benefit from the exports that we see, especially around our seafood product.

Just going back to the export value of our lobster to the U.S., it was about 80 per cent. We're at about 50 per cent or 52 per cent now. Over what time did that decline? How many years ago was it 80 per cent compared to today?

MR. FRANK DUNN: The 80 per cent number would have been in the early 2000s, so we're looking at 15 years approximately.

MR. DAVID WILSON: With any trade negotiations or agreements, there are winners and losers. I would definitely agree with our seafood industry around CETA, we're looking to win there. But on the flipside, when you look at dairy products and cheese products, we may be impacted here in our province.

I know it just started in September, I believe, the launch of that. You had indicated 11 per cent export to Europe. I think going to a question that my colleague asked, what is your expectation? We are at 11 per cent, how will you judge if the department, the government, the industry is successful in five years' time? Is it 25 per cent in the European market or do you have those figures? Have you kind of put them down on paper, saying this is our target for the European market, for example?

MR. FRANK DUNN: We would not have specific targets for specific markets, global markets around the world, but we do have global targets that we want to achieve. I believe my colleague described how we determine whether we're being successful with regard to our export activities in market development and that's really about a number of things.

Mr. Hosking talked about seafood shows. There are also missions that we go on. Often when the minister attends these overseas exhibitions or missions, he has many meetings with individuals to try to promote Nova Scotia and exports. It's really a multitude of things that we do on an export-specific basis to grow the economy. I mentioned the \$1.8 billion that we are now at in 2016, we'd like to double that again, if we can, so we're really striving for a larger number.

We don't have specific numbers for specific countries and in some ways I find that less important, as long as we know that we're driving the business there and it's growing and we reach our more global target.

MR. DAVID WILSON: Have you noticed a difference in the negotiations or the market or the relationship with maybe some of the European countries, the Asian countries? I see a huge opportunity because of the relationship with the U.S. and many of those countries overseas. Are you seeing the effect of the U.S. Government and their ability maybe to not make friends across the globe? Is there an opportunity for us to expand and

are you seeing that with maybe not as an inviting opportunity that the U.S. is giving the rest of the world when it comes to trade and export? Are you feeling that when you meet with people, especially overseas?

MR. FRANK DUNN: Maybe I can give a bit of a high level answer and Mr. Hosking can then elaborate. Scott has travelled with the minister overseas on a few occasions and probably can give you some examples to answer your question.

I can tell you that culture is very important and you talked about friendships and relationships and maybe the current U.S. stature may not be quite as high as it was in the past. I can tell you that one of the reasons why our minister travels overseas to China as much as he does is that in the Chinese marketplace and in the culture of the Chinese people, personal relationships are very important. Ministers of the Crown are held in high regard in China, to the point where a minister travels to China with some other companies from Nova Scotia, the minister is much more capable of opening some doors for Nova Scotia companies and exporters than they could if they were there on their own.

I would say I believe the minister has travelled to China nine times in the last two years and he has developed some very strong personal relationships with both businesses in China and with government members in China.

Scott, I don't know if you want to elaborate on some specifics.

MR. HOSKING: There are many examples when we are participating in shows and events. The minister's presence is very much appreciated by the Nova Scotia companies, so much so that if there's a meeting between a potential buyer, they'll pull the minister over to shake hands with him, because in the eyes and minds of the Chinese community, there's great prestige and credibility associated with shaking the hand of an elected government official. That is a real bonus to him being there - not only between our Nova Scotia company and the Chinese company, but in the eyes of the additional Chinese companies that are there. We then have a potential buyer of our product, and when he goes to sell that product, the fact that he has a picture with the minister really solidifies his reputation. So you cannot underestimate the importance of having the minister present at those activities.

In China, too, a lot of times you might have some big food company that is actually a government-run institution. I think there's real benefit to having a government person from our province working with our industry, of course, under the leadership of the industry, with those companies because it's like a government to government.

I can give you an example - not specifically of that, but the minister just got back from China and we mentioned wild blueberries. There was a big agreement signed between Oxford and a company - it's a government-run entity - a massive importer of food products called COFCO. The fact that the minister was there - obviously, he wasn't involved in the

signing but he was there in the pictures, and in every picture the minister was there. It just really underlines the credibility of the companies that they're doing business with. I forget, the media numbers came in yesterday but millions of people saw these articles. So any situation, event, promotion where he can speak, participate in, the media attention and focus is really important.

MR. DAVID WILSON: Great, thank you for that. I do understand that relationship with the Asian market and how important it is to have that. It's just as important to make sure that they understand where the product comes from and that it's - I know we were working on kind of an Atlantic Canada promotion, what's in place to make sure they know this lobster came from Nova Scotia? I mean, in this day and age with the technology - I believe I remember seeing some time ago a UPC code or band code where you could scan it and it would show you where the lobster came from on the bands for the claws. Is that program or a similar program still in effect? Yes, it's important to have that government relation, but I think it's more important to let people know exactly where it came from and that promotes our province.

MR. FRANK DUNN: Mr. Chairman, I believe the member is talking about our lobster quality program that we put in place. As the number one exporter of seafood in Canada - almost 30 per cent now - we do believe and agree that it is important in some ways to distinguish our product. That is not to say that we don't know the importance of the Canadian brand.

I mentioned in my opening comments about a Nova Scotia brand, 45° North 63° West, which is our brand - I don't believe I'm allowed to do that. (Laughter) We have a brand and it's been launched and we are currently developing criteria by which companies in Nova Scotia can use that brand. That brand is about quality and the reference to the lobster quality program is a pilot project that we have initiated.

Three Nova Scotia companies have been involved in exporting lobster to China. It is a pilot where we are endeavouring to improve the quality of the lobster. I mentioned earlier that premium product equals premium price. That is an example of what we're doing with folks across the globe. Our brand is an example of how we are attempting to distinguish Nova Scotia seafood so that it's recognizable when it comes to product development and marketing.

MR. DAVID WILSON: In regard to the businesses that are involved in seafood exports, do you keep track of the individual businesses or companies involved? Are you able to tell us how many Nova Scotia-owned companies are involved in export? How many would you consider small- or medium-sized business? I'm wondering if you can give us a bit of detail on the companies that are benefiting from increased exports - what they look like. Are they Nova Scotia companies? Are they much larger companies? Is that information held at the department? Are you able to share that with us?

[9:45 a.m.]

MR. HOSKING: We don't have any specific data on that type of information and review of what's going on. What we do know is that there are an increasing number of companies participating in the whole trade international venue. In November, there were two shows - the China Seafood Show and Food Hospitality China. For the first time, we had close to 30 companies in market. So that continues to increase the number of companies participating. Diversified companies - not just lobster companies - all different forms of product. Again, not just seafood. It's wine, distilled products, maple syrup, wild blueberries - I mentioned that earlier.

So we don't have any specific data on the total number of companies that are exporting, but the signs and signals from what we see and the interest that we get, the calls we get, participation in all the internationals, educational activities that we conduct - it is increasing, but we don't have any specific data.

MR. FRANK DUNN: A quick comment: most of our seafood companies in Nova Scotia would be small- to medium-sized, family-run businesses.

MR. DAVID WILSON: On the harvesting side, I know there has been much discussion over the years on family-owned businesses and how they continue on through the years. Are you able to give us a percentage of family-owned, multi-generational operations in the province? Do you keep those statistics, or is that something that's just - you know about it if you're from that community, because you know they've owned that boat for 30, 40, or 50 years? Do you keep those kinds of stats on the harvesting side of things?

MR. FRANK DUNN: The harvesting side would be a federal responsibility. I can tell you that there are about 13,000 fish harvesters in Nova Scotia.

MR. DAVID WILSON: I want to talk a little bit about the federal government and the relationship with Nova Scotia. You mentioned the Atlantic Fisheries Fund. What are the priorities for that fund? Are you able to outline those for us, for the investment that will come from that fund?

MR. FRANK DUNN: There are three primary priorities that are often described as pillars of the Atlantic Fisheries Fund when it's discussed. One would be science and partnerships. The second one would be infrastructure. The third one would be research and development and innovation.

MR. DAVID WILSON: When was that fund announced? Has there been any money awarded to any of those sectors - especially some of the research and that? We're in a great position with the number of universities we have here in Nova Scotia. Has any funding been allocated or any specific target amount of money been issued so far?

MR. FRANK DUNN: The fund was announced, I believe, in March 2017. It is jointly funded by the federal government and the provincial governments. The federal government moved their funding requests through their budget process over the summer. The Province of Nova Scotia has included \$2.5 million in the Department of Fisheries and Aquaculture budget for the 2017-18 season.

There have not been any announcements yet on applications from that fund. I believe I'd be correct in saying there haven't been any announcements yet, even on an Atlantic perspective, and that's really because all the provinces are getting caught up with regard to approvals and budget requirements.

My understanding is there are applications before the secretariat of that fund now and the way the process works is the applications are reviewed by the secretariat, which is housed at Fisheries and Oceans in BIO on the Dartmouth side. There is a working group which we have staff part of, and any application which applies to Nova Scotia will eventually come through a steering committee of deputies to the appropriate minister. So if there's an application for a Nova Scotia project, it will eventually get to our minister and the final sign-off will be done by him before it moves to the federal government.

MR. DAVID WILSON: Okay, thank you for that. I do want to jump back again - I knew I jumped over something that I wanted to touch on. Of course, we know the majority of our fishing vessels and operators come from small coastal communities. What's being done to make sure that those smaller operators - more importantly, the coastal communities - benefit from an increase in exports so that those funds get back to those rural communities? We all know the demographic shift of the out-migration of our rural communities, many of them coastal communities. What's being done to make sure that those communities benefit from CETA, from TPP, even from NAFTA - that those funds get back to those communities? I don't know if the deputy can say anything on that specifically.

MR. FRANK DUNN: I can say with certainty, and we say this often, we should not be afraid to say that we want our Nova Scotia seafood companies to make money. When we talk about growing the economy, that's really what it's all about. When a company in Digby or in Shelburne - or wherever it may be in Nova Scotia - makes money, they hire individuals from the local community and the tax base in Nova Scotia grows. That allows us to be able to fund a whole host of other things that people may not think are related to fisheries - whether that's our health care system or our education system - which all would benefit indirectly in the long run, people in coastal communities right from Yarmouth through to Sydney.

MR. CHAIRMAN: Thank you. The time has expired, so we'll move to the Liberal caucus and Mr. Maguire.

MR. BRENDAN MAGUIRE: I've got about a million questions here, but the Progressive Conservative member and the NDP member raised some interesting concerns and questions. One of the things I wanted to touch on was about the question around if we ever do have a potential surplus - let's use lobster, shrimp, scallop, snow crab for example. If we ever get to a point where we're so negatively impacted by NAFTA that we'll have a surplus, do you foresee an issue of us being able to get that to a profitable market?

MR. FRANK DUNN: I don't believe that it's an issue. As we mentioned earlier, the demand for seafood products primarily in Asia and in China far exceeds what we may lose on the U.S. side. I don't want to leave committee members with the feeling that I believe that at the end of the day NAFTA is going to fail and we'll be in real trouble when it comes to seafood exports. I'm optimistic at the end of the day that trade with the United States, particularly on seafood, is as important to us as it is to the United States.

With regard to your question on whether there would be a surplus of product if NAFTA failed, I would say that would not be the case.

MR. MAGUIRE: Over the last few years we've seen the rollout of a Nova Scotia brand - I think I saw the brand on your ties there - what kind of impact has that had on our seafood and what kind of economic impact have we seen? Furthermore, what kind of consultation did you do? Who did you speak to, and who did you go through to roll out such a brand? In your opinion, why was it important?

MR. HOSKING: Over the last number of years, we have been involved with an increasing number of promotional events and activities. It could be food service, retail, or online. Every time we would go forth, we would have a different look and feel with what we were doing. We didn't have a consistent message, imaging, nothing iconic necessarily representing Nova Scotia.

There was a lot of discussion on what we could do to address that, thus the development of a Nova Scotia seafood brand, representing somewhere between 27 per cent and 37 per cent of the Canadian exports. We thought that was absolutely essential because really within the country, we are the seafood powerhouse.

Although there's some great stuff going on with Brand Canada, we thought we need the flexibility to do our own events, activities, and promotion - always linked into Brand Canada because nobody can underestimate the importance of Brand Canada and the equity that exists and what it means to the world. So somehow linking Brand Canada into a Nova Scotia branding effort made sense for us so that we could have that, so people would identify something specific instead of always looking a little bit different, messages that weren't always consistent - always good messages but not consistent.

So we went forth, and industry consultations were part of it. We had multiple brand options at first, narrowed it down to one, and developed what you have seen, the 45° North 63° West. We have been building ever since.

Our first launch was actually in China, Shenzhen, in April 2016. We were lucky to have the Premier on board as part of that. We launched it here in Nova Scotia in March 2017 and then in the Boston seafood show in March and then April in the Brussels seafood show. Those were the first stages of development, to go around and introduce it.

It's really interesting, some of the feedback we have been getting from buyers internationally. They said, we love Brand Canada, but a Nova Scotia component to that really adds a bit of uniqueness, maybe even more of an exotic feel than just Canada alone. It's not just for seafood products, but we can get it on things like wild blueberry wine. It's not just Canada - it's something a little bit unique and different, a little bit more special.

We feel very confident in what we have developed. It has that reflection of premium, high quality. We didn't want it to look like some of the iconic images necessarily because where we want to go strategically is like a refined premium product - not that there's anything wrong with those iconic images at all. But we looked at what was going on in Europe, in the U.S., and around the world at different brands and what was successful, those brands that reflected what we wanted to do as an industry. That was all part of the review and an analysis process. It wasn't done quickly. We ensured that it would achieve the goals that we wanted it to. We're continuing to go forth and build that. We don't have any specific analysis on the economic impact yet.

One thing I can tell you is that industry is interested in making better utilization of it. We're working through a process right now to allow them to eventually be able to do that. But we want to continue to build that and make it a strong component of everything we do strategically because as I mentioned, we want to extract greatest value from our resource, greatest dollar per kilo. Strategically promoting a brand that's of a premium quality better allows us to do that.

MR. MAGUIRE: Are all seafood exports now under that brand? What I'm hearing is that the point is to create an elite product that could hopefully withstand a seafood market that fluctuates quite a bit. I grew up near or in a fishing village, and we have seen our fisher people go from middle class to upper middle class and poor and all over the place because of the price of lobster and halibut and products like that.

Is the point to create a product that could withstand the fluctuation of these markets a little better than how it has done over the last 50 years or 100 years?

MR. HOSKING: Our approach to date has been for the Nova Scotia provincial government to have a brand that they can use.

[10:00 a.m.]

MR. HOSKING: Our approach to date has been for the Nova Scotia provincial government to have a brand that they can use internationally to support our industry. It's the face of the trade shows. We actually have a website. Everything we do is under that umbrella, that promotional image about premium, high-quality - not necessarily elite but just anything that we can do to encourage that message, to extract the greatest value.

I think that all works its way down to all the coastal community and all the fishers, but I don't think there's anything we can do to guarantee that. What it does is, it gives us a foundation and messaging and imaging that will reflect that quality, so we're doing whatever we can to work with the industry.

Industry is obviously the main part of this. But it's to work with them to ensure that they have a platform that allows them to jump off easily, using a brand eventually. Again, this is just our brand at this point, but we will be working with industry into the future maybe to allow them specifically to use it. We haven't worked all that through exactly yet.

MR. MAGUIRE: What has been the reaction of the fisher communities to this brand over the last few years? Have you received feedback?

MR. HOSKING: It has been very positive. As with anything new, there's obviously some discussion and commentary that has allowed us to improve, whether it's imaging or messaging, but the feedback has been very positive. People want to use it. They want to make it part of their promotional marketing activities. We hope to develop it so that they can use it more specifically in their own operations. It has been very positive. They feel confident now that they have a common look, feel, image that can be utilized to reflect what we're all about.

MR. MAGUIRE: I want to go back to exports and the Ivany report. There was some very direct messaging toward your department and toward the industry in general. How much growth have we seen over the last 10 years to our export market? Have we achieved the Ivany report's recommendations? If not, how close are we? If so, where do we go from there?

MR. FRANK DUNN: We have the growth over the 10 years. I can get that for you. I don't have it right off the top of my head. I can tell you that the growth since 2012, when the One Nova Scotia report was released, has more than doubled. I believe the baseline for 2012 of our exports in seafood was around \$920 million; it has changed slightly as new information comes in. We're now at over \$1.8 billion, so our seafood exports have more than doubled in five years.

MR. MAGUIRE: What have you attributed that to? I'm sitting here thinking, maybe we should put your group in charge of all exports if you are able to double it since 2012. In all sincerity, what do you attribute that kind of growth to?

MR. FRANK DUNN: It's a question we could probably talk about for a very long time. I would suggest to you that the drive that the department has had and the involvement that our current minister has in promoting not only seafood exports but all exports when it comes to Nova Scotia commodities around the globe has been very important.

I can tell you that our direction to export and market quality premium product has helped in achieving that goal, simply because of the price. I can tell you that not only price but also volume has contributed to the increase in export demand, and we have the numbers here. I don't have them right off the top of my head. The volume of almost all of our seafood commodities in the last five years has increased.

I know there has been discussion before about exchange rates and what that means to export development. Obviously when the Canadian dollar is where it is now compared to the U.S. it has a benefit when it comes to our exports. That's part of doing business in foreign countries.

I can tell you though, although we don't have specific detail, the exchange rate price in volume would by far be the majority of the reasons why from a market perspective that our exports have grown. I truly believe it's because the department has a laser-like focus when it comes to exports.

Our job is to grow the economy in Nova Scotia. To do that, we need to seek out new export markets. I'm actually quite proud of what we've done, and it started long before I sat in the chair that I'm in now. I truly believe it's about passion that the staff at the Department of Fisheries and Aquaculture have, particularly in our market development group, to look for new markets around the world. It's a big reason why we are where we are today.

MR. MAGUIRE: I wanted to talk a little bit about volume and demand. You spoke about the potential demand by 2020 in the Chinese market. It seems more and more people are eating seafood. My understanding is we haven't even touched the India market and a few other large markets. How do we keep up with the demand? If we are the seafood powerhouse for Canada and we're producing - was it 245? - how do we keep up with such a large demand for seafood?

Eventually - and I go back to the cod industry - we potentially plateau or decrease. There's only so much in the ocean, so how do we keep our footprint? How do we keep up with that demand and how do we continue to keep this a profitable industry without overfishing?

MR. FRANK DUNN: One of our key mandates or directions that we have followed - and I think you've heard me say before - it's not all about volume and continuing to harvest more seafood commodities. For us it's about the realization that there is a market and a demand for our product - realizing that we can't provide in total for that demand globally, but what we can do is look to ensure that our product achieves the highest price possible. The way that we've gone about doing that is the quality and the value to products that we can add.

I think that direction is very important and to the realization that what we don't want to do is fish beyond a sustainable way.

MR. MAGUIRE: Right. There's a gentleman who lives just down the road from me. Sam is his name. You guys are probably pretty familiar with him. We call him Sea Cucumber Sam. Sam has created this market for sea cucumbers along with the help of the provincial government, Chinese government, and ACOA. You mentioned jellyfish. Is there anyone in the department actively looking at different species of fish or shellfish that could potentially be marketable? Really, if anyone in this room has ever seen a sea cucumber, nobody would think that you'd want to eat those things, but apparently, there's a market for them in China. Is anyone looking at different avenues for revenue, new streams?

MR. OSBORNE: Certainly. Perhaps I'll just talk about sea cucumber for a minute. Although to some of us it may seem new, work on developing sea cucumber probably goes back at least 20 years. I think sea cucumber is one of those species where we had the product, but maybe the market didn't want it many years ago, or certainly not at price points that made it that viable.

Over the last 20 years or so, through changes in the market, through work by the companies that were involved in sea cucumber to develop products that were acceptable to the market, we find ourselves today in a time when sea cucumber is in high demand, both globally in the market and a lot of interest for people getting involved in the sea cucumber industry.

The gentleman you mentioned has, in the past few years, become very active. There are a number of companies in Nova Scotia that have been active in sea cucumbers for quite some time, so it's a success story. It's not an overnight success story, but it does show how these species we know we have that maybe don't have an obvious market today could have one.

The department has been involved in various ways with a range of different species. More recent examples would be, as Mr. Hosking mentioned, things like jellyfish. When these requests come back from these missions, if it's something we don't know about, we task staff to immediately investigate and find out what we have - is anybody licensed for it? Do we have that species? - and we start from there.

There is a history with other species where there has been work in the past and we have quite a bit of knowledge about different species. Sometimes it's waiting for the right market opportunity when the world wants it.

MR. MAGUIRE: The demand for lobster, halibut, swordfish, some of the premium shrimp, scallops - as that demand increases, the price will more than likely increase. Are you looking at other products that can be brought in or fished to support middle-class families that maybe can't afford lobsters 20 years down the road?

MR. OSBORNE: I think if you look at the list of species, one of the hallmarks of Nova Scotia's industry is diversity.

MR. CHAIRMAN: Order. I'm sorry, we can't go into that one as much as you'd like, but perhaps you'll have a chance in the next round.

We'll go back to Mr. Houston for 13 minutes.

MR. HOUSTON: I do want to talk about aquaculture, specifically shellfish and oysters. Fisheries and Oceans Canada statistics show that P.E.I. does 15 times the dollar value that Nova Scotia does in shellfish production. Newfoundland and Labrador does five times as much and New Brunswick does three times as much, but there have been no new approved aquaculture shellfish sites in Nova Scotia in 2017 or 2016.

The new regulations that are in place in Nova Scotia are detested by industry, by the harvesters. They are viewed as being kind of pushed down and forced upon them. The harvesters see this as a big impediment to growing that industry here in Nova Scotia.

The other Atlantic Provinces, the other Maritime Provinces, are doing so much more in dollar value in exports than us, and we have harvesters who are kind of feeling handcuffed. How do we get ourselves on the right track here?

MR. OSBORNE: With respect to shellfish, there are a number of factors. One of the things you mentioned is no new leases approved. I think that was part of your question. One of the factors with the shellfish aquaculture industry is that we actually have quite a few underutilized or non-utilized leases.

Part of the department's priority in developing aquaculture and achieving our goals there is not only about growth through new sites. It's also about ensuring that existing sites are fully utilized. There are reasons why some of the sites are not utilized. Areas of the province with respect to oysters have been impacted by a disease called MSX, which was very devastating to the industry a number of years ago.

[10:15 a.m.]

The department, working directly with industry leaseholders and with the Aquaculture Association of Nova Scotia and other partners have been working very actively to find ways to re-establish that industry and address and mitigate the impacts of MSX. We have some projects under way around that.

Part of our new regulations allows us to have a use-it-or-lose-it program where folks that are not utilizing their leases, the department now has a process to go through where we can bring those leases back and then actually re-issue them to somebody who wants to get into the business. That's a new feature of our regulations. In the past, we could not hold that licence and re-issue it, it would simply be lost. So that's an aspect of trying to get more activity and more growth out of the existing ones.

Since the new regulations and processes have been put in place, there is a fair bit of activity going on within all aquaculture processes for approvals and applications and things. Since January 2016, we have completed 92 renewals of sites, 12 assignments of sites - that's transferring sites around - six amendments, and a land-based site has been approved. We also have other decisions that are more administrative in nature, and those would be three new land-based sites, two experimental, six assignments, three gear amendments, two species amendments, and 41 renewals. We also have boundary amendments, some of which are for shellfish.

There's a lot going on with respect to shellfish in particular, even though at this point in time you may not have seen any new sites issued.

MR. HOUSTON: I think three years ago there was a two-year moratorium put on new sites for shellfish - for oysters. Three years ago, a two-year moratorium. Would it be safe to say that there will be no new sites issued until the department feels that the under-utilized sites are being utilized?

MR. OSBORNE: No. I do want to be clear about that. It's not an either/or - it's both. I just wanted to make the point that there are a lot of existing sites that could be producing more than they are now. For a variety of reasons, they're not and we're working on those. Certainly new sites are a possibility as well.

MR. HOUSTON: They are a possibility, but they're not happening.

MR. OSBORNE: It requires applications. We're open for marine shellfish applications, suspended culture. The only shellfish applications that we're not considering at this particular moment would be bottom-culture oysters. The reason for that is there's an issue around leasing of areas that are essentially commercial harvesting beds. We are working to develop a strong policy around that, but certainly we're open for business now for folks to apply for suspended culture of mussels, oysters, a whole variety of species.

MR. HOUSTON: You're developing a policy for that. Do you have an expectation of when the policy might be . . .

MR. OSBORNE: I don't have a date for you today, but it is something that we're actively working on. I can tell you in the North Shore area there are 40 issued leases today. One of the areas with some of those leaseholders is wanting to - they were originally issued for bottom culture only, so oysters without gear just on the bottom. What we are working on with those folks is some of them are applying to add suspended culture, which can potentially increase their productivity on those leases.

MR. HOUSTON: I do have a specific question about relay sites and the season-round relay sites. The season for the relay leases is April 15th to August 24th. That's a distinct period of time, with a pure start and end date. It seems to me that the season could be influenced more so by water temperatures than the date. The harvesters often say that what matters is the water temperature, not the date on the calendar. I don't know if it's the feds or the province that looks at that. Would it be provincial, the season for oyster harvesting on relay?

MR. OSBORNE: I think what you might be referring to would be federal rules around movement of those oysters from areas to a relay lease for clean-water opening. I think that would be more federal.

MR. HOUSTON: So that's a federal thing, but the province could look at it and maybe help them with the feds, I guess, if it made sense to your department.

MR. OSBORNE: The federal government, of course, manages the wild fishery and is responsible for the sustainability of the wild stock. They have various rules that do occasionally interact with shellfish farmers. That would be one of them.

MR. HOUSTON: I do want to ask about Northern Pulp, the new effluent treatment plant. Fishers in the area are very concerned. They are interested in what might happen with the new treatment facility. Is it something the department has looked at, the relationship between the fisheries and the effluent treatment plant?

MR. FRANK DUNN: We have been monitoring the situation in Pictou and the Northern Pulp mill. I know that the mill has met with fishers in the area at least once or maybe twice privately. I know that there are currently public consultations going on yesterday and today in the Pictou area.

It is a very complex file with several government departments that are involved in it. Transportation and Infrastructure Renewal is the lead department around the actual work on and development of the effluent plant.

MR. HOUSTON: A very specific question - has your department reached out to the fishers to understand their concerns and try to work with them to help alleviate their concerns?

MR. FRANK DUNN: I know that our staff have talked to individual fishers who have contacted our office. I know that our office has provided Northern Pulp with a list of the stakeholders, i.e. the fishers who would potentially be impacted by a change. I believe that my minister has also talked to fishers as well.

MR. HOUSTON: So you believe the minister has talked to the fishers?

MR. FRANK DUNN: I believe there have been a few telephone conversations with fishers, yes.

MR. HOUSTON: The Nova Scotia Seafood Alliance has asked for a moratorium on new fish plant licences. Are you aware of that ask?

MR. FRANK DUNN: Yes.

MR. HOUSTON: And is there a response to it?

MR. FRANK DUNN: The request for a moratorium on fish buyers' licences is part of a broader ongoing review that the department is working on when it comes to buyers' licences in Nova Scotia. We have met with several organizations. We continue to meet with them, seeking their recommendations or positions on certain aspects of fish buying.

The Seafood Alliance has suggested a moratorium. They did that publicly last year, actually, at the minister's fish conference. It is a policy recommendation that the industry group has presented to the department, and we will consider that as we move through the policy review.

MR. HOUSTON: I do hear chatter, discussion I guess, about the entry of the Chinese into our seafood market here, buying plants and that type of stuff. Has the department looked at whether it's true or not or how widespread it is? Do you have any tracking of Chinese ownership of facilities here in the province?

MR. OSBORNE: It is something that is topical and has been brought up, and certainly stories in the media as well, about a concern or an interest there. We don't necessarily track specifically. We have requirements that you must meet to be a licensed facility - to either have a new licence issued to you or to acquire a licence. That's what we follow, so anybody that does become a buyer or a processor in Nova Scotia has met those criteria, specifically around tracking. What someone's nationality is, is not something that we do.

MR. CHAIRMAN: The time has expired. We'll move to the NDP and Ms. Zann.

MS. LENORE ZANN: Thank you very much. I really appreciate you guys being here today. I'm sitting in for my colleague Lisa Roberts.

I was very interested in that last exchange, as my colleague for Pictou East said that fishermen are actually interested in what's going on there in Pictou County, but in fact, fishermen are very concerned, as you probably know, about what the plans are with Northern Pulp and the effluent and where it's going to be going in the Northumberland Strait.

Most of us know that public consultations are held before the plant details are submitted. It's not really, I don't think, correct with the process, but have the department, you, or the minister seen a plan for the effluent plant yet? Have you seen the plans for the effluent yet?

MR. FRANK DUNN: I have personally not seen a plan.

MS. ZANN: Do you know if the minister has seen anything? Have they provided anything to him to give him an idea of where the pipes will be going out into the Northumberland Strait?

MR. FRANK DUNN: Not to my knowledge, but I can't answer that. I can't answer for the minister.

MS. ZANN: Perhaps you could find out and get back to me. I think that would be something that the Minister of Fisheries and Aquaculture would be - or should be - very interested in and concerned about, since it will definitely affect the fisheries in Nova Scotia and P.E.I. From what I'm hearing, many of the fishermen and fisherwomen - the Fishermen's Association - have deep concerns, which you'll be hearing about.

One thing I wanted to know - I'm hoping that the department is actually working with coastal communities to ensure that the fisheries continue to be sustainable and that economic benefits continue to flow back into the communities. In light of that, is the Department of Fisheries and Aquaculture participating in the environmental assessment process for Northern Pulp's new effluent facility?

MR. FRANK DUNN: I think it would be premature to answer that question. I don't believe that Northern Pulp has actually filed their proposal to initiate an environmental assessment yet.

MS. ZANN: When that does happen, if it hasn't happened yet, I'm hoping that you will also be involved in that process. Are you planning on that?

MR. FRANK DUNN: That's something we would need to determine when the application is filed.

MS. ZANN: Has the department seen any test results of what is currently flowing out of Boat Harbour? Could you perhaps provide a list of the chemicals and their levels that have been coming out so far in that area?

MR. FRANK DUNN: I cannot, but it would be the Department of Environment that would monitor the discharges. That would be a question best put to the Department of Environment.

MS. ZANN: You don't see those? They don't provide you with those details that obviously can affect the fisheries and the shellfish and things like that that are being fished in that area? They don't provide that to you on a regular basis?

MR. FRANK DUNN: They do not provide statistics directly to me - keeping in mind that I believe the effluent is currently discharged into Boat Harbour, not into the Northumberland Strait.

[10:30 a.m.]

MS. ZANN: Yes, but there are tests that have been done that would show the levels of chemicals and things like that that are coming out into the water. They say that it goes into Boat Harbour, but it goes beyond Boat Harbour. They have been saying that a lot lately. They say, well it's nothing new that the pipes are going to be going out into the Northumberland Strait because it's already going out there anyway.

In any case, has your department made any recommendations concerning the effluent historically and perhaps pre-emptively for this new plant? Have you ever made recommendations historically, or do you have any plans to make some pre-emptively for the new plant?

MR. FRANK DUNN: Not to my knowledge have we made recommendations around effluent. I should restate that many of the questions that are being asked are in the purview of the Department of Environment. When it comes to the new decision around an effluent plant and an outfall, that would be considered by Environment when the company actually files the application for an environmental assessment.

MS. ZANN: That would make sense. I am the Critic for Environment, so I'm very interested in the co-relation between the environment and our aquatic life and therefore our seafood products as well and the livelihoods of our fishing folks.

I heard you say a few times that Nova Scotia is the seafood powerhouse of Canada. Given that, do you have any concerns about the health and sustainability of any particular

species, things that impact some of the sea creatures around that Northern Pulp area? For instance mussels - I noticed that mussels have been said to have a disease now, a cancerous disease, leukemia. I'm just wondering if there are other mollusks that are being affected. Obviously, I'm concerned also about the lobsters.

What recommendations are you making regarding the lobster breeding grounds, where Northern Pulp is currently planning to pipe their effluent into the Northumberland Strait? I understand that part of this is a federal responsibility, but I would like to know what exactly your concerns might be and hear what your recommendations are or your comment about this very important and valuable industry in Nova Scotia.

MR. FRANK DUNN: The member is correct that it is primarily a Fisheries and Oceans Canada responsibility when it comes to the sustainability of any seafood commodity.

I will reiterate that the application for the effluent plant and the outfall plant hasn't been filed yet. That will be a Nova Scotia Environment responsibility to review that environmental assessment, and Fisheries and Aquaculture will provide any information that Environment may request from us. I can't comment on specifics until the application and assessment are filed.

MS. ZANN: You may or may not be aware, but consultations are going on right now, the last couple of nights. In fact, it doesn't seem that it's appropriate to have consultations without an actual plan submitted and publicly viewable. How can people be consulted if there's no plan and it's not even publicly viewable? The fishermen and fisherwomen can't even see it, and your department hasn't seen it. I would suggest that this is putting the cart before the horse.

As you have stated, we need to look after this great resource that we have if we truly want to be the seafood powerhouse of Canada and remain in that position. I believe the environment and the fisheries and aquaculture sectors have to work hand in hand in order to create and sustain a really balanced nutrient that we can provide to our own people and to the world and, at the same time, keep our environment clean too.

For instance, do you have any ideas about the amount of water that is used by Northern Pulp and what effect this daily water usage has had on aquaculture on the West River and Pictou Harbour?

MR. FRANK DUNN: That would be a question that the Departments of Natural Resources and Internal Services would be able to answer. I don't know that.

MS. ZANN: So again, you have never been provided with any of the details about how that affects the seafood and the industry in that area?

MR. FRANK DUNN: I have not, no.

MS. ZANN: Are you aware if the minister has had those consultations or been provided any of that information or asked for it?

MR. FRANK DUNN: I can't answer that question.

MS. ZANN: You don't know?

MR. FRANK DUNN: I'm not aware of it.

MS. ZANN: Does that mean you don't know whether he has, or you can't or don't want to answer that question?

MR. FRANK DUNN: I don't know.

MS. ZANN: The latter, you don't know. Okay, thank you very much.

We know that Nova Scotians need greater access to healthy food and increased food security, and the department has clear goals for exports. But it seems like there are no specific goals related to ensuring that Nova Scotians have access to affordable, locally produced healthy food. How is your department working to balance the focus on the exports and the need to feed our people who are here in the province?

MR. HOSKING: One of the programs that we have in place as a government is Select Nova Scotia. We continually work with Select to promote both agriculture and seafood products to create knowledge, awareness, and understanding of what products we do produce, harvest, and process. That continued growth of the focus on supporting local producers, harvesters, and processors is one of our main strategic directions in addressing that. Select has been in place now - I'm not sure how many years, probably at least 10 to 15 years. We continue to work with it and support it.

In addition to Select Nova Scotia, we work with Taste of Nova Scotia - two similar programs. One has a slightly more local focus versus an international focus. Also including the restaurant sector - it's not just trying to work with the retail component but also the food service sector as well, encouraging the purchase of local product as much as possible. We find that local retailers - Sobeys and Superstore - are all very interested in the whole local game right now. Food services as well - it's a real promotional value-add to indicate that you are supporting local. Whether it's produce, seafood, wine, cider, or whatever it may be, there's a real drive to do that.

We think continually trying to support all those players and create that knowledge, awareness and understanding working back to the local suppliers, harvesters, whoever it

may be, to ensure they are successful. So some of the smaller players as well as larger players will be in place to assist in the whole food security scene.

MS. ZANN: I would also like to say that that's all good. Value-added I think is very interesting, too, the same with agriculture . . .

MR. CHAIRMAN: Order. Time has expired. We'll move back to the Liberal caucus and Mr. Maguire.

MR. MAGUIRE: I want to go back to aquaculture and oysters. What kind of growth are we seeing in the oyster industry over the last few years? What kind of value are we seeing from the aquaculture oysters? Are they on par with non-aquaculture oysters in the market?

MR. OSBORNE: First let me speak about oysters. There is a tremendous global demand for oysters right now. One of the interesting things about oysters as a product is the uniqueness of place and brand, and often you will see oysters that are known for the place they come from. In this region, we all know about the famous Malpeque oyster, but there are more and more. If you are in an oyster bar today you will see a variety of oysters that are each labelled based on where they come from. Those products typically would be a combination of farmed oyster product as well as wild harvest.

It certainly is a product that lends itself to both sources, so there's a tremendous interest and demand for oysters. We see these activities as complementary and that the commercial harvest of oysters, which has gone on for generations in certain parts of Nova Scotia, is good for the province.

We also, through using aquaculture techniques - primarily off-bottom suspended culture - that's an area where the aquaculture industry has moved forward in terms of the production - the number of oysters you can get from a given area. By moving oysters off bottom and using floating technologies and things, you can really increase the production.

It's certainly an area that the department is very interested in. We have folks in the industry here in Nova Scotia now using those technologies. It certainly is an area that we see has promise for significant increases of oyster production in Nova Scotia. It is an area that we are very interested in.

MR. MAGUIRE: When it comes to added value, especially with the oyster industry, is it work being done by your department or are you working with universities and colleges to create more ways to increase the value of our oysters and potentially create new products?

MR. OSBORNE: The typical product for an oyster and perhaps the highest value product is live, fresh oyster. I don't eat oysters myself so I can't really speak to those

qualities, but people who do like oysters look for certain features and quality. Perhaps the best value added you can do with an oyster is to ensure that if you're farming them, that your farming techniques are producing the right cup, the right size, the right cleanliness. If you're commercially harvesting them, one of the important things is that you're properly grading them and selling the right product into the right market based on the grade. That ensures the customers are satisfied and that they're getting what they're buying.

Ultimately, producing and growing the best quality oyster that meets the market requirements for size and shape and all those things is perhaps the best form of value added. I don't know if Scott has anything to add.

MR. MAGUIRE: It's fair to say a lot of science has gone into the process. I want to go back to foreign markets. Obviously, a lot of time, energy, and resources have gone into building a proper supply chain to the Chinese market. What have you learned from that process that we can transfer? We don't want to just reinvent the wheel to enter into the India market or the Middle Eastern markets. What have we learned that we can transfer from our experiences in the Chinese market to, let's say, the India market, which has 1.2 billion or 1.3 billion people?

MR. HOSKING: There has been a significant amount of learning with respect to what we've done in the Chinese marketplace, particularly around lobster and what we've tried to do to instill that knowledge of a quality product and what goes into a quality product with our lobster quality program - a significant amount of consumer knowledge, awareness, and understanding of how we're trying to differentiate that.

When we put in place the certifications, audit standards, one of the things that is absolutely essential is to create the value and the mind of the consumer as to why this is a premium value-added product. In addition, working with the players in the marketplace to ensure that they understand what's necessary and how they can benefit from what we're trying to do is key. We put in place an initiative that enhances a product, the quality. It's essential that all the players in the chain can benefit.

[10:45 a.m.]

But there is also a realization that there are some limitations too. What we have here in Nova Scotia as far as a cold chain may not be the situation in another country. Our lobster-handling practices are obviously state-of-the-art. To put that in place in a different country can be a bit of a challenge. That will be the situation certainly in India. That's one of the things that's recognized, that they don't have that continuous supply chain.

I guess the key learnings are, number one, you have to create an understanding of the value so that all players in the chain can benefit. If the consumers aren't willing to pay for a premium quality product that they can't very specifically observe, it's harder to get the value out of that. Also, moving back into the chain, the distributors and shippers have

to understand how they can benefit. It's all about everybody making a dollar along the way. It's very much in the area of consumer knowledge, awareness, and understanding, and shipper/distributor knowledge, awareness, and understanding about the benefits that can be gleaned along the way.

MR. MAGUIRE: I understand the importance of diversifying our marketplace. We want to make sure that not one foreign market has a monopoly on our product and therefore could potentially have some kind of influence over the cost of that product. How difficult is it going to be to break into the Indian market? Are they aware of our product? Will you guys be attending the international - India is having an international seafood AGM or market (Interruption) Expo, sorry, trade show. Everyone is just throwing words at me now. It's at the end of January. Will you guys be attending that?

MR. HOSKING: No, and I don't want to go too far with the Indian discussion because that's something we're looking at into the future. We're just beginning to do the evaluations, the analysis, and understanding what the opportunities are. At this point, we're in no way ready to jump into the marketplace. We have to be strategic and focused. China, the EU, and what's going on with the U.S. really are taking all of our attention and time. I don't think we fully addressed the opportunities that do exist there.

When India is mentioned, it's mentioned as a market that we need to consider in maybe three to five years. Again, the federal government is starting to tout the possibilities that may exist within India. It's certainly not a step we're going to take over the next couple of years, but I think in any continued growth and development and strategic directions, you need to have those next places that may offer an opportunity, not now maybe but again in three to five years.

We don't have any immediate plans to step into the Indian marketplace. I think we really need to understand what may be possible there because of the size and magnitude of the marketplace.

MR. MAGUIRE: One of the members touched on aquaculture a little bit. What do you see as the potential future of the growth of aquaculture in Nova Scotia, and what kind of impacts could it have on rural Nova Scotia?

MR. FRANK DUNN: Our belief is that there's a huge opportunity for aquaculture in Nova Scotia. I believe I mentioned earlier that the latest cash receipts out of aquaculture operations are around \$55 million. We would like to get close to \$300 million on the aquaculture side.

Also, by 2030, almost two-thirds of the seafood consumption globally is anticipated to come from aquaculture. There is a huge opportunity on the aquaculture side, but it does not come without challenges. There have been challenges in Nova Scotia. The department has taken a very informed, slow pace, I think some would say, with regard to aquaculture.

We had an independent study done, there has been a strategy developed, there have been aquaculture regulations formed.

The minister has established an aquaculture advisory group, which is made up of many stakeholders, including industry representation and NGOs. He has established a science advisory group to advise him on the science of aquaculture. He has appointed an aquaculture panel, an independent panel which will review applications for new sites. I believe we've set the groundwork and the foundation for a very solid aquaculture industry in Nova Scotia.

MR. MAGUIRE: You say that you've purposely gone slow and a lot of things have been put in place. Is it fair to say this is not just for the safety but also for understanding, education, buy-in to this industry by communities?

MR. FRANK DUNN: That would be correct. A long process to ensure that it's as much an education process as anything, particularly for coastal communities in Nova Scotia, to be able to understand what aquaculture means and what it could mean to their communities, both from an economic as well as environmental sustainability perspective.

MR. MAGUIRE: So one word, how important is aquaculture going forward to the economy of Nova Scotia?

MR. FRANK DUNN: I think it will be very important.

MR. MAGUIRE: That's more than one word. (Laughter)

MR. CHAIRMAN: Thank you. Are there any further questions from the Liberal caucus?

Hearing none, Mr. Dunn, would you like to provide some closing comments?

MR. FRANK DUNN: Thank you, Mr. Chairman. I would just like to thank Mr. Osborne and Mr. Hosking who were with me today to help answer members' questions and to thank the committee for inviting us. We look forward to being invited back again. Thank you.

MR. CHAIRMAN: Thank you, always a pleasure to have you. Thank you for being with us today.

Our next meeting is next week, on December 13th. We are going to have the Department of Health and Wellness, the Nova Scotia Health Authority, and the College of Physicians and Surgeons to discuss physician recruitment.

Is there any further business to come before the committee?

Hearing none, this meeting is adjourned.

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