Add a Species

Oysters for Culture on Mussel Leases

Standing Committee on Agriculture and Fisheries

Department of Agriculture and Fisheries
March 18, 2016

Profile of the Oyster Industry

- Industry is comprised of the fishery and aquaculture with many participants working in both sectors

- The world famous PEI (Malpeque) oyster has been harvested for the marketplace from the fishery and from aquaculture leases since the late 1800's

- Both sectors rely on the presence of natural seed
  - Wild seed collection is used to supply oysters for aquaculture and enhancement of public beds

Oyster Fishing Industry

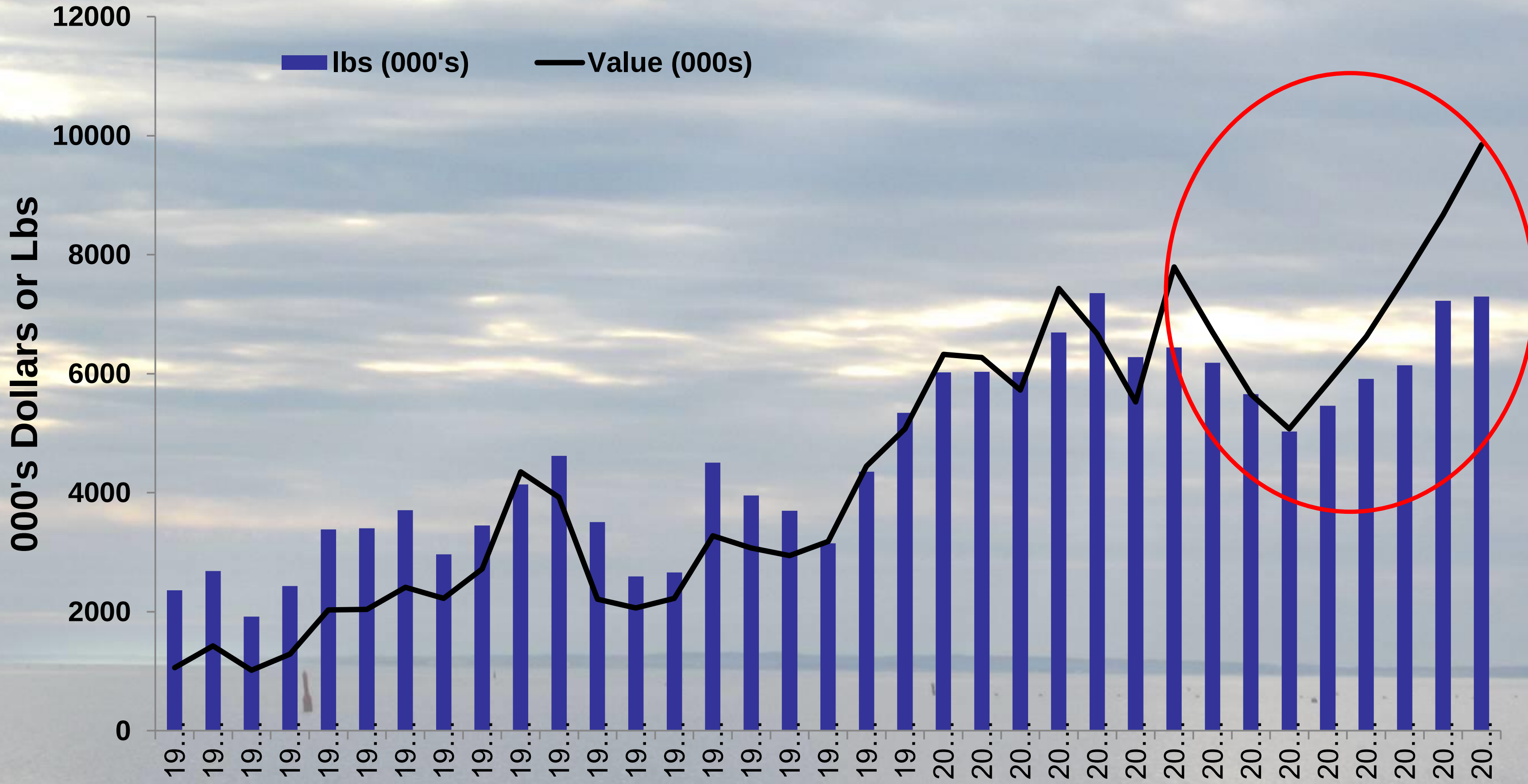
- Fishers use “tongs” for harvest
- There are two seasons
  - Spring - May 01 to July 15
  - Fall - Sept 15 to Nov 30
- ***Many fishers also have oyster leases for holding or growing oysters***

Oyster Aquaculture

- Oysters are grown on bottom (BOT) or in suspension on surface leases (OB)
- Variety of new culture techniques being used for suspension culture

Profile of the Oyster Industry

- Past production peak of 2004 was met in 2013 and 2014. Demand is strong and value is increasing
  - More choice product and/or overall higher price



Oyster Shore Prices

RANGE			
	LB	**PECK**	**PECK**
Year	**Mussels**	**Choice Oysters**	**Standard Oysters**
2011	$ 0.55 - 0.65	$22.00 - 26.00	$ 8.00 - 10.00
2012	$ 0.50 - 0.70	$20.00 - 26.00	$ 8.00 - 10.00
2013	$0.60 - 0.70	$22.00 - 26.00	$ 8.00 - 10.00
2014	$0.60 - 0.70	$22.00 - 30.00	$ 8.00 - 12.00
2015	$0.60 - 0.70	$25.00 - 30.00	$ 8.00 - 12.00
AVERAGE			
2011	$ 0.59	$ 24.60	$ 9.69
2012	$ 0.60	$ 23.09	$ 9.02
2013	$ 0.65	$ 24.00	$ 9.00
2014	$ 0.65	$ 27.63	$ 9.41
2015	$ 0.65	$ 29.16	$ 10.50

Profile of Oyster Markets

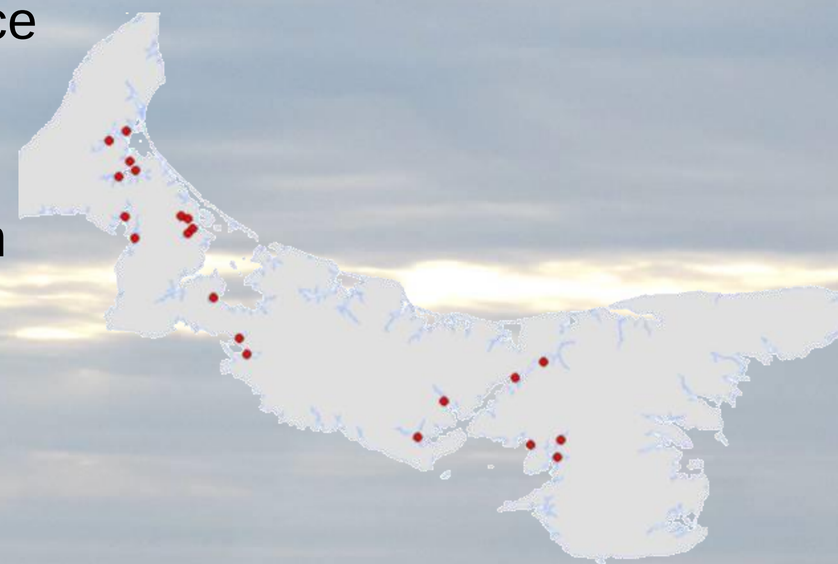
- PEI is the largest oyster producer in Atlantic Canada
- PEI production (7.3 million lb’s 2014) is small in comparison to the North American production
- Oyster culture in NB is growing and NS/US have potential for growth
- PEI buyers and key markets report:
  - There are two separate markets – standard (retail) and choice (retail and food service market)
  - Markets are very strong and continue to grow
  - The market demand for PEI oysters is greater than the supply (standards and choice)
- Opinion from a respected seafood market consultant (John Sackton) is that the market for oysters will continue to grow

Provincial Plans

- NB has announced plans to quadruple production by 2025 and will double the area available for oyster culture immediately
- NS is increasing production and are encouraging oyster culture, aquaculture diversification and use of underutilized leases
- BC is also growing their industry, in relation to the strength of the market

PEI Response

- The province is a strong supporter of both the fishing and aquaculture sectors
- Enhancement Program in place since 1970's
- Oyster Monitoring Program
- Quality Oyster Aquaculture Program
- Aquaculture Futures Program
- Funding for marketing and research projects for both sectors
- Department staff takes the lead in a number of research initiatives

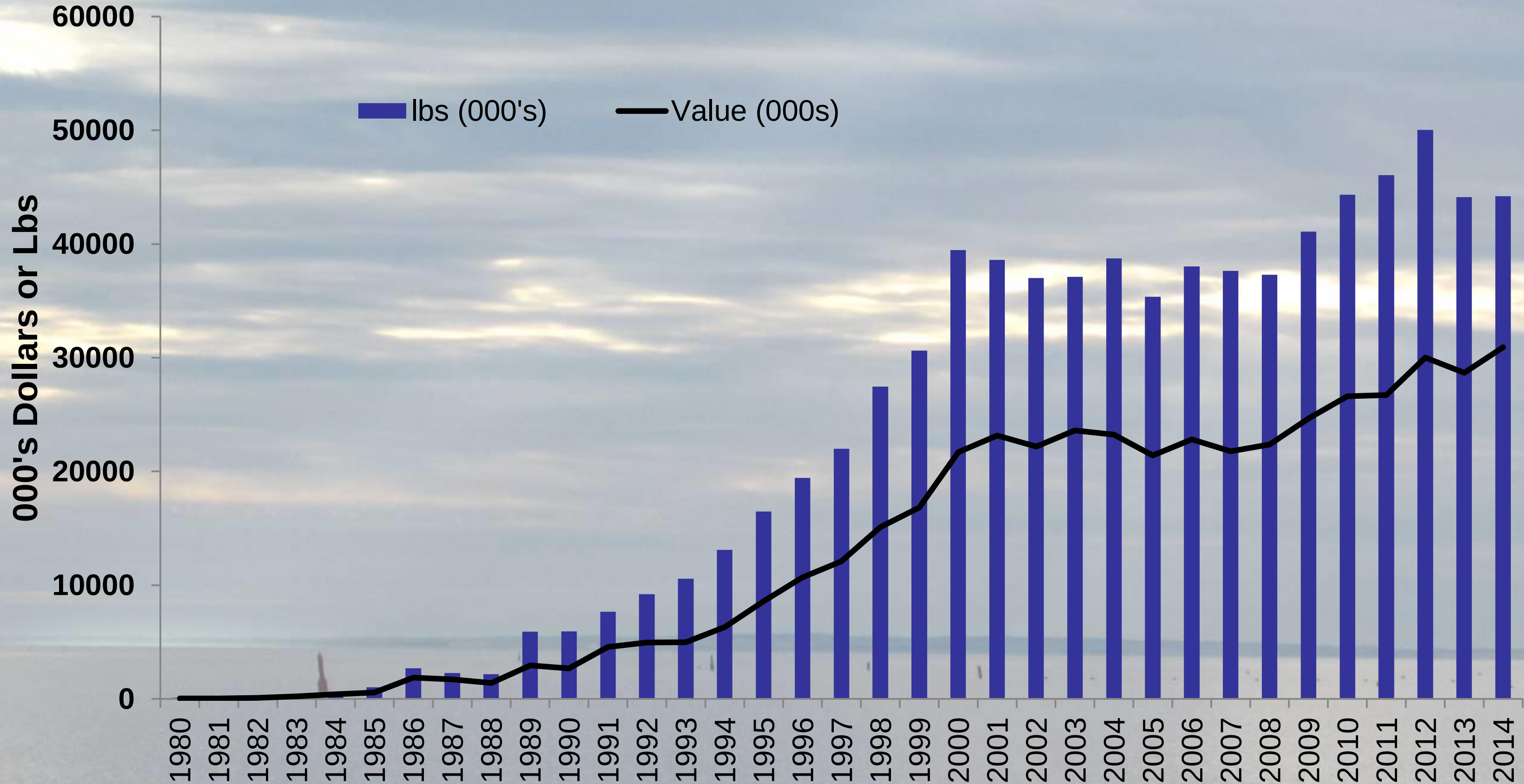


Profile of the Mussel Industry

- 100+ growers
- 317 leases
- 11,233 acres
- 8 Processing plants
- 1,500 employed
- 80% of Canadian production

Profile of the Mussel Industry

- Annual landings in the 1980's of 100,000 lbs has grown to annual production of 40 to 50 million lbs and a landed value of $30 million
- Success story for PEI - industry was built by growers and local manufacturers who were innovative and entrepreneurial



PEI Aquaculture Leasing Program

- In early 1912 the practice of bottom leasing to grow oysters was recognized as a provincial authority
- In 1928 the Province signed an agreement with the Federal Department of Fisheries to transfer the responsibility for issuing leases to the Federal Government
- The agreement was reaffirmed with the signing of a MOU in 1987

PEI Aquaculture Leasing Program

- DFO is responsible for the management and delivery of all leasing services in PEI
- In 1999 the management structure of the Leasing Program was modified with the creation of a tri-party Board to co-manage and co-fund the Program
- The Leasing Program is co-funded – 40% Industry (through lease fees), 30% DFO, and 30% DAF

Leasing Management Board Membership

- The Aquaculture Leasing Management Board (ALMB) has representation from:
  - PEI Cultured Mussel Growers Association
  - Island Oyster Growers Group
  - PEI Shellfish Association
  - Fisheries and Oceans Canada
  - PEI Department of Agriculture and Fisheries
- Board is independently chaired
- *Role of the board is to make policy recommendations to DFO*
- DFO is the final decision making body in all leasing matters
- This management structure is unique in Canada

Background

- The ability for a lease holder to add a species for culture was added as policy to provide leaseholders the opportunity to harvest alternate species from their leases (e.g quahaugs on oyster leases)
  - To permit this the leaseholder was provided an option to “add a species” to their lease
  - A variety of mussel leases and oyster leases have added a species to allow for diversification (oysters, clams, scallops, etc.)
  - The Policy allowed the species to be added to the whole lease
- Recently some members of the oyster industry became concerned by the apparent amount of mussel leases where oysters could be grown

Background

- As a result of the concerns
  - The ALMB made a recommendation to DFO to place a <u>temporary</u> suspension on the acceptance of new applications to add oysters to a mussel lease and DFO put a suspension in place
  - ALMB conducted a detailed review of the Policy and the issues and developed 4 Policy amendment options for Board and industry discussion

Background

- Policy Review included:
  - Review of current policy on add a species
  - Review of the discussions with industry and the industry viewpoints surrounding the current policy
  - Information on current lease status in PEI (SUR, BOT, OB);
  - Current information on oyster production and market demand
  - Decision making process related to add a species in other jurisdictions
  - Development of options for amendments
- Four different options were developed as a result of the review with the Board recommending one as the preferred option

Add a Species Policy - Options

- Option 1 - Moratorium

- Option 2 - Suspension Lifted – Area for oyster culture within the lease where production would occur not identified

- Option 3 - Suspension Lifted – Area for oyster culture within the lease where production would occur specifically identified (GPS coordinates and OB designation)

- Option 4 - Suspension Lifted –production limited for oyster culture (maximum 5, 10, etc. acres per lease)

Policy Option 1

Option 1 - Moratorium

- Without increased production, the oyster industry (cultured and public) will be prevented from taking advantage of the increased demand in the market place
- Could result in a broader impact on further oyster development in all sectors (cultured and public)
  - Eg. if for economic/production reasons then the moratorium would have to be across all sectors limiting growth in both sectors
- A moratorium does not allow for any flexibility in managing the Leasing Program
- Moratoriums are difficult to rescind

Policy Option 2

- **Option 2 - Suspension Lifted – Area within lease where production would occur <u>not</u> identified**

  - Difficult to manage and to determine if leaseholder is adhering to the site development plan (i.e. may be randomly scattered over entire lease)

  - Difficult to monitor and report on quantity of production by species

Policy Option 3

Option 3 - Suspension Lifted (Area within the lease where production would occur is <u>specifically</u> identified (GPS coordinates and OB designation)

(Additional evaluation parameters to be developed by ALMB to ensure proper management of aquaculture sites)

- Allows flexibility to choose most suitable areas for oyster culture on the lease
- Amount of area identified for oyster culture is based on a specific plan
- Area is clearly marked as OB and coordinates are identified in the lease contract (oyster growing area only).
- If site is fully utilized, application can be amended
- Policy will apply retroactively to SUR leases already approved for oyster culture

Policy Option 4

- **Option 4 - Suspension Lifted – Production limited (maximum 5, 10, etc. acres)**
    - Lack of flexibility in responding to market demand
    - Unique situations may arise where requirements for additional water column area for oysters are required (e.g. vibrio, over wintering, shallow water)

Add a Species Policy Option 3

- ALMB selected Option 3 as the preferred option

Rationale

- Policy clearly defines the rate of oyster production from SUR (mussel) leases
- Area where oysters are grown will be clearly identified for management purposes
- For the collection of statistics, information on production will be available
- Access to water column oyster leases has been difficult to obtain for oyster growers (i.e. converting bottom leases with inadequate water depths, riparian issues, and moratorium on new water column oyster leases). This provides a better opportunity for oyster growers to obtain appropriate leases.
- There is a strong demand in the market place for PEI oysters. Provides new opportunities for oyster culture while the alternative - limiting production - may result in lost business opportunities. Markets may be filled from product from other areas.

Rationale

- Policy provides opportunities for unique situations that may arise where requirements for additional water column area for oysters are required such as: holding for processing, holding for cleansing or over-wintering of gear
- Currently there are areas in some SUR mussel leases that are under-utilized because of shallow areas that do not support mussel culture (i.e. areas within South Lake, Savage Harbour, Rustico Bay). These policy will allow for full utilization of the leases
- Good farming practices include diversification of crop. Should issues occur with mussel culture, diversification would allow continuation of the business

Add a Species Policy

- Consultations were held with the Executives of the member groups on the ALMB
- The groups conducted further consultations with their general membership (with assistance of a facilitator)
- Each organization then came back to the Board with support/non-support on the preferred option
- Consensus was not reached, with two organizations in support and one with non-support (PEISA)

Going Forward

- Leasing Management Board has provided its recommendation to DFO, along with information on the inability of the Board to obtain consensus

- DFO is deliberating on the recommendation, and the Board is anticipating a decision for the next meeting (March 30)

Questions?

Other Canadian Shellfish Fisheries

Location	Species	Landed Weight	Landed Value
Newfoundland (DFO, 2015)	Sea Scallops	2,438,429 lbs	$2,905,581
Newfoundland (DFO, 2015)	Iceland Scallops	601,033 lbs	$499,469
BC (Underwater Harvesters, 2016)	Geoduck	3,300,000 lbs	$47,000,000
Nova Scotia (DFO, 2015)	Sea Scallops	140,593,193 lbs	$162,413,000
Nova Scotia (DFO, 2015)	Clams/Quahogs	4,565,773 lbs	$3,346,000
Newfoundland (DFO, 2015)	Clams/Quahogs	49,989,818 lbs	$42,034,000
New Brunswick (DFO, 2015)	Sea Scallops	7,841,842 lbs	$9,207,000
New Brunswick (DFO, 2015)	Clams/Quahogs	1,060,000 lbs	$1,163,000
Quebec (DFO, 2015)	Clams/Quahogs	2,469,177 lbs	$1,169,000
Quebec (DFO, 2015)	Scallops	1,235,000 lbs	$1,705,000