



Ocean Pride
FISHERIES LTD
136 JACQUARD RD, PO BOX 402
LOWER WEDGEPORT, NOVA SCOTIA
CANADA B0W 2B0

Councillor Lucien LeBlanc
Municipality Of The District of Argyle
27 Courthouse Road, RR#2
Tusket, Nova Scotia

May 6th, 2020

Dear Councillor LeBlanc:

Re: Ocean Pride Fisheries Ltd.

In 1868, the Department of Fisheries was one of the original four Federal Departments that formed the Government of Canada. This was in recognition of the significant contribution fisheries made to the economy of that era. Today, that contribution remains just as significant. Fisheries and Oceans Canada (DFO) has the constitutional commitment to directly manage Canadian fisheries. This historic renewable resource supports the economic viability of tens of thousands of fishermen and plant workers, as well as hundreds of processing companies, including Ocean Pride Fisheries Ltd. It is these companies that form the economic foundation of rural coastal communities throughout Nova Scotia and Atlantic Canada.

Attached is a brief overview of our past and present efforts in developing a highly integrated sea cucumber fishery/processing facility based in the Municipality of Argyle, Nova Scotia.

In addition, this letter has an attached detailed outline explaining the current risks and the challenges our company is facing in dealing with DFO, Maritimes Region.

We are seeking your support, in the way of a letter from the Municipality and potentially a seat at the table to voice your support in person, in dealing with DFO in an effort to ameliorate what we perceive are unnecessary risks imposed by DFO.

We look forward to your earliest response.

Sincerely,

Jules LeBlanc
President OPFL

Ocean Pride Fisheries Ltd. (OPFL) Overview

- OPFL has been processing sea cucumbers since 1999.
- After 12 years of exploratory fishing, in 2011, DFO Minister approved Limited Entry, an Enterprise Allocation (EA) of 800 t and an access area of 4W offshore.
- OPFL is currently Canada's largest vertically integrated company that both harvests and processes North Atlantic Sea Cucumber.
- OPFL's investment is based on access to multiple zones under a *Territorial User Rights for Fisheries* (TURF) management strategy utilizing a rotational harvesting approach.
- After 2011, DFO changed the management/harvesting strategy and restricted OPFL to 2 zones within 4W offshore, for no identifiable reason.
- OPFL recently provided DFO with a 10-year Harvest Management Strategy encompassing best practices, per FAO, including referencing other sea cucumber fisheries.
- OPFL's Harvest Strategy requested DFO to approve a 10-year co-management TURF management strategy.
- OPFL's objective for their Sea Cucumber harvesting and processing is to achieve long-term economic and biological sustainability via Maximum Sustainable Yield.
- Financial viability remains the principle objective for OPFL in today's dire financial economic environment. To survive this potential negative financial circumstance OPFL must maximize their economies-of-scale to create full employment and output whenever possible.
- OPFL annually generates up to \$5 million in local, regional, Provincial and national economic contributions via employment and purchasing of goods and services during optimum processing operations.
- OPFL is expanding production in NS of Nutraceutical processing that will utilize sea cucumber by-products and previously un-used sea cucumber parts. This requires increased capital costs and will increase technical employment opportunities.
- DFO Maritimes Region unilaterally imposed a 2-tiered Science and Management system for lower valued fisheries. Sea cucumber falls into a Tier II fishery. This provides decreased access to DFO Fisheries Management and Science support. The transfer of these costs to OPFL creates an unfair balance of costs between NFDL and Maritimes sea cucumber fisheries.
- OPFL has responded by:
 1. Hiring retired DFO Science and Fisheries Management expertise to off-set DFO's decrease in support.
 2. In support of stock assessments, OPFL has invested in high-tech sea-bottom survey camera equipment including an OLEX bottom sonar system to survey benthic habitat.
 3. OPFL is employing local university academics to determine sea cucumber life-history traits, via studying telomeres, and to conduct genetic research studies.
 4. OPFL has broadened their scope of research and engagement via an *Atlantic Fisheries Funding* (AFF) involvement.
- OPFL's principle goal is to achieve Marine Stewardship Council (MSC) certification for the 4W offshore sea cucumber fishery as soon as possible.



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Ocean Pride Fisheries Ltd. (OPFL), a family owned and operated Nova Scotian seafood company, began processing sea cucumbers in 1999 and evolved to become Canada's largest vertically integrated sea cucumber company selling and exporting to the global food-service industry. In 2011, after a decade of investing heavily in Canadian exploratory sea cucumber fisheries, the Federal Minister of Fisheries and Oceans Canada (DFO), approved a Limited-Entry Sea Cucumber harvesting licence for OPFL with an Enterprise Allocation of 800 MT. This approval included designating geographical areas of access (specific zones called AOAs) within the offshore area of NAFO Division 4W, near Sable Island. These AOAs were intended to be managed sustainably by OPFL to avoid a "*Tragedy of the Commons*" scenario. To avoid the unsustainable harvesting of a virgin stock of a sessile species like sea cucumbers, a rotational fishing strategy was applied. This strategy required fishing several AOAs until Catch per Unit Effort (CPUEs) declined to a specific level, then shifting fishing effort to alternate AOAs while leaving previously fished AOAs fallow. The United Nations Food and Agriculture Organization (FAO) terms this type of fishery a *Territory User Rights Fishery (TURF)*.

"Where such tenure of marine fishing grounds exists it is in the best interest of those who control it not to overfish [...]. In contrast, where such resources are public property, [...] it is in the best interest of the fisherman to catch all he can. Because he cannot control the fishery, the fish he refrains from catching will most likely be caught by someone else." R.F Johannes (1981)

Initially, DFO authorized two of the eight AOAs for OPFL to harvest sea cucumbers. The original objective of the fishery, as agreed to by both the DFO Sea Cucumber Resource Manager (pre-2011) and OPFL, was to apply a rotational harvesting strategy. Since 2013, OPFL has consistently requested approval to apply the rotational fishery strategy, as originally intended. In response, DFO stated they didn't "think" a rotational fishery strategy was the most appropriate approach to mitigate the risks of unsustainable harvesting these two sea cucumber AOAs.

During the past year DFO has gradually begun to accept the concept that a rotational harvest strategy can minimize these risks. This became evident during the DFO 2019 CSAS meeting. Though DFO now supports rotational harvesting, they are challenging OPFL as to why a multi-access area is required within the TURF. This position is illogical.

OPFL is confident that by following the established and practiced FAO principles for sustainable sea cucumber harvesting strategies two key goals can be accomplished: (1.) Achieve Maximum Sustainable Yield (MSY) and (2.) Maximize Economic Prosperity.

In fact, the FAO describes Fisheries Management as

"the focus on providing food and income for people's livelihoods by managing fishing activities. The Ecosystem Approach to Fisheries (EAF) is an attempt to deal with fisheries in a holistic way through recognition of wider economic, social and cultural benefits that can be derived from fisheries resources and their ecosystem."

In small-scale fisheries, like sea cucumber, FAO stresses that communities who rely on these fisheries must be considered within fishery ecosystems rather than apart from them.

Given the dire economic circumstances now facing Nova Scotia as a Province, Canada as a Country, and Globally, an urgent need exists for a fact-based consistent sea cucumber fishery management approach which is critical to sustain a positive flow of capital investment, employment, and rural development.

OPFL's annual contribution to the Nova Scotia economy is in excess of \$5 Million including labour and fisher wages, freight and transport, R&D surveys and primary and secondary product development, as well as many goods and services purchased locally and from across the country. This number doubles as it applies to the down-stream value to the local and provincial economy. OPFL also contributes substantially to annual provincial taxes and employs up to 100 employees and contractors during peak season. In addition, OPFL contributes approximately \$200,000 in superannuation to the Receiver General for Canada.

OPFL processes all their own catch and utilizes virtually every part of the sea cucumber. Frozen and dried products, including nutraceuticals, are processed for food service and retail markets.

OPFL has recently acquired additional local property and are finalizing the design for a high-value nutraceutical processing facility with the intention of building and manufacturing by spring of 2021. This large capital expenditure requires a sustainable supply of sea cucumbers to minimize economic risks and secure long-term markets and employment for the rural community of Wedgeport, Nova Scotia, and surrounding areas.

This expansion will allow OPFL to fully utilize the sea cucumber and eliminate any and all waste. This is a position very few companies find themselves in, where they are able to take in a renewable natural resource and utilize the product in its entirety.

OPFL recently provided a detailed 10-year 4W Sea Cucumber Harvesting Strategy document to DFO which outlined how, when, where and why rotational harvesting was an optimal harvest strategy, utilizing multiple AOAs.

During the past 2 decades OPFL has worked diligently to minimize both economic, biological and government-imposed risks. DFO has advised OPFL that they cannot review the Harvest Strategy document within three months as the Resource Manager is too busy and there is no DFO Scientist (due to a hiring freeze) to provide adequate comment of the veracity of our requests and proposals. OPFL responded by stating they have a very competent in-house Science and Management team and offered to implement the entire Harvesting Strategy in a co-management approach.

DFO Maritimes Region has implemented a two-tiered Science and Management approach where-by high-valued fisheries, i.e. offshore scallop, snow crab and lobster, have full DFO Science and Management support while dozens of smaller fisheries like sea cucumber have one, often junior, Scientist or newly hired fisheries manager who must simultaneously oversee up to 14 other fisheries. No other region has this segregated Science and fishery management approach.

This scenario creates an economic imbalance between regions and provinces. For example, NL fishers and processors rely on DFO to conduct sea cucumber research and management while the Maritimes Region fishery is forced to rely on one DFO scientist and a resource manager that are over-extended with multi-fisheries. This shifts the onus of financial costs from DFO to the licence holders to provide resources to offset the lack of DFO contributions.

This circumstance creates a double whammy of un-competitiveness:

1. Maritimes Region licence holders must contribute financial resources to subsidize/support the Science and Management of the fishery while NL licence holders do not.
2. This translates into increasing the costs of harvesting, processing and marketing for Maritimes Region licence holders.

OPFL was neither consulted on this new DFO Maritimes Region Science and Management two-tiered approach nor provided an opportunity to express reservations and concerns regarding DFO imposing increased economic risks and costs.

The following are initiatives OPFL has implemented to self-fund sea cucumber Science and Management requirements that compensate for DFO's stated lack of support for established limited entry fisheries through the two- tiered approach:

1. hired a retired DFO Scientist to oversee science and research work
 - (i) Yearly reports of fishery dependent indicators
 - (ii) Oversees all survey work and provides reports to DFO
2. invested in a sea-bottom camera system to perform visual surveys of stock biomass
3. partnered with Acadia University and University of Massachusetts to help develop the camera survey techniques
4. supported and engaged one other licence holder on the Scotian Shelf to invest in an OLEX system for sea-bed bottom-mapping to better direct the fishery and effort
5. currently working with Scotian Shelf license holders and local Universities to study life-history characteristics of the North Atlantic Sea Cucumber

OPFL has identified the following government-imposed risks:

1. the lack of DFO Science and Management resources for sea cucumbers
2. DFO's lack of support for co-management of the sea cucumber fishery
3. DFO's failure to recognize and authorize the original intent of rotational fisheries throughout 4W offshore including the original 8 AOAs agreed to prior to 2011
4. DFO unilaterally imposed a two-tiered Science and Management approach

Conclusion:

To avoid economic risks and to support continuing capital investment and employment for the rural community of Wedgeport, Nova Scotia, and surrounding areas, the original objective of applying rotational harvesting throughout the 4W offshore sea cucumber fishery must be reinstated. If not, OPFL's ability to sustainably harvest sea cucumbers will be negatively impacted.