



PRESS RELEASE

A VIABLE MARINE ATLANTIC: IT'S A CONSTITUTIONAL RIGHT

March, 30, 2016, St. John's NL – Newfoundland's valuable aquaculture sector warns that without a federal subsidy, Marine Atlantic will create an unfair and unequal economic relationship with other Maritime Provinces. According to the Newfoundland Aquaculture Industry Association (NAIA) the loss of federal subsidies could lead to a doubling of freight rates resulting in higher costs of goods and services for every Newfoundlander and Labradorian who chooses to call this place home.

On February 6, 2016 Oceanex Inc., a shipping company based in St. John's, filed an application with the Federal Court of Canada to conduct a judicial review of commercial rates effective on April 1, 2016. In its application to the federal court, Oceanex challenged the Terms of Union, and if successful, could potentially lead to the elimination of the federal subsidy to the Marine Atlantic. According to reports, the Auditor General of Canada conducted two independent legislative audits on Marine Atlantic and neither indicated a problem with the legal authority for Marine Atlantic to receive federal subsidies from Ottawa.

"For the most part, our established and emerging markets whether in Canada, United States, Asia or the EU dictate that product has to be fresh. Salmon, trout and our organic blue mussels are in high demand around the world – if they are fresh", explains Mark Lane, the Executive Director of NAIA. "Fresh products must be shipped to market on a daily basis and for that we need Marine Atlantic".

Lane continues, "Delayed travel scenarios are not an option if we are to remain globally competitive. Economic diversification is critical to long-term economic growth of this province. We strongly believe that seafood farming and the fishing industries are sustainable avenues to achieving economic diversity, ultimately reducing our government's fiscal reliance on a revenue stream generated from a single natural resource. Now is not a time to penalize these industries."

Since Newfoundland joined Canada in 1949, its statutory relationship with Canada has been governed by the Terms of Union. This instrumental document defines the powers and obligations that the provincial and federal governments would assume upon union, and guaranteed that the Canadian constitution would apply to Newfoundland and Labrador as equally as any other province. The Terms of Union that were accepted and adopted upon Newfoundland and Labrador's entrance into Confederation were not only meant to provide a ferry service to the mainland, but also to make the cost of transporting goods to the province competitive in relation to rates on the mainland. According to NAIA, the federal transfer payments to offset costs of transportation between mainland Canada and the Province are a right for every Newfoundlander and Labradorian. In fact, most Canadians benefit from subsidized public transportation.

In recent years, the Newfoundland and Labrador aquaculture industry has achieved \$200 MILLION in total market value, producing nearly 25,000 MT of premium seafood and creating 1000s of employment opportunities in rural coastal communities; contributing in excess of \$100 MILLION annually to the total GDP.

“Thousands of jobs in rural coastal communities throughout our province and seafood farming enterprises operating in Newfoundland and Labrador could be in jeopardy with a potential 100% increase in transportation costs to cross the Gulf of St. Lawrence”, said Lane.

If this challenge of the Canadian Constitution and Terms of Union were to succeed, then the increased costs would simply be passed onto the end consumer of the product. Such increased costs for importing or exporting products, would affect Newfoundland businesses’ ability to survive. “To put it into context” says Lane, “if Newfoundlanders and Labradorians think that \$7.99 for a head of cauliflower is expensive now, without a federal subsidy it could be \$20... or perhaps more”.

For more information:

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