

# QUÉBEC FISHERIES FUND





# 1. Purpose

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Canada's fish and seafood industry operates in a rapidly shifting environment where competition is intensifying, consumers are increasingly emphasizing product quality and sustainability, and access to the global market is becoming more difficult (for example, certification, traceability and other import measures). The Quebec Fisheries Fund (QFF) will stimulate innovation in the fish and seafood sector in Quebec and support it in its development and adaptation.

## 2. OBJECTIVES

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The QFF is in line with the DFO's and the CCG's Departmental Results Framework by directly supporting the core responsibility of managing Canada's fisheries. It also complements the implementation of the 2018-2025 action plan for the commercial fishing and aquaculture industry in Quebec. The objectives of this shared-contribution program between the governments of Quebec and Canada are as follows:

1. Increase productivity, competitiveness, quality and sustainability in the fish and seafood sector;
2. Strengthen the industry's ability to adapt to changes in the ecosystem, including changes related to climate change, and identify innovative responses to their impacts on the fish and seafood sector;
3. Enable the fish and seafood sector to stand out through innovation to deliver high-quality, sustainable products.

## 3. DEFINITIONS FOR THE PURPOSES OF THE PROGRAM

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" **Recipient** " means an eligible applicant according to the description given in Appendix A of this Agreement;

" **Eligible costs** " means all costs directly related to delivery of a project under the QFF;

" **Fiscal year** " means the period beginning on April 1 and ending on March 31 of the following year;

" **Ministers** " means the federal Minister of Fisheries, Oceans and the Canadian Coast Guard and the Quebec Minister of Agriculture, Fisheries and Food;

" **Federal minister** " means the Minister of Fisheries, Oceans and the Canadian Coast Guard, as well as any person authorized to act on his/her behalf;

" **Provincial minister** " means the Quebec Minister of Agriculture, Fisheries and Food, as well as any person authorized to act on his/her behalf;

" **DFO** " means the Department of Fisheries and Oceans;

" **MAPAQ** " means the Quebec Department of Agriculture, Fisheries and Food;

" **Party / Parties** " mean the minister or ministers, or the federal and Quebec governments, who or which are parties to this Agreement, as well as any person authorized to act on their behalf;

" **Program components** " means the three action components under the QFF, namely, Innovation, Infrastructure and Scientific Partnerships;

" **Fish and seafood** " means products made from fish and seafood caught in the wild or produced from aquaculture operations;

" **Program** " means the QFF program within the meaning of Appendix A of this Agreement;

" **Project** " means one or several specific activities, together forming a unit or a whole;

## **4. EXPECTED OUTCOMES OF THE PROGRAM**

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The needs, benefits and expected outcomes will have to be demonstrated for each project proposal submitted. The Program is expected to achieve the following outcomes:

- A contribution to economic growth;
- Recognition of the fish and seafood sector in Quebec as a world leader in supplying high-quality, sustainable fish and seafood products;
- A range of sustainable, value-added fish and seafood products;
- Adoption of processes and development of innovative products by the fish and seafood sector in Quebec;
- Enhanced knowledge of transitioning ecosystems affected by climate change;
- Adoption of adaptation measures for transitioning ecosystems affected by climate change;
- Critical infrastructure adapted to the changing conditions of the ecosystems.

## **5. ELIGIBLE RECIPIENTS**

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Eligible recipients under the Program's innovation, infrastructure and science partnership components are listed below. These recipients must live in Quebec and be active in the activities (for example, research and development, or science) related to fish and seafood harvesting, processing or aquaculture, or support such activities.

- Commercial, for-profit enterprises, including the following:
  - sole proprietorships;
  - partnerships (unincorporated businesses owned by more than one person);
  - cooperatives; and
  - incorporated entities.
  
- Non-commercial, non-profit enterprises, including the following:
  - industry associations;
  - post-secondary institutions;
  - research and innovation institutions;
  - academics; and
  - Indigenous organizations or groups that are not commercial enterprises.

All eligible recipients must have the legal capacity to enter into a contribution agreement.

## **Redistribution of funds**

When a recipient delegates authority to a third party or redistributes funds from contributions to the third party, the recipient remains responsible for fulfilling its obligations under the funding agreement to the Quebec Department of Agriculture, Fisheries and Food, and the Department of Fisheries and Oceans (hereafter the contributing parties). Neither the program or service objectives, nor the expectations of transparent, fair and equitable services shall be compromised by the delegation or redistribution of funds from contributions.

Recipients will select applicants and third parties who are eligible recipients for the component concerned, as defined above. Recipients cannot act as agents of the governments of Quebec or Canada when making distributions.

## **6. ELIGIBLE ACTIVITIES**

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Various activities will be eligible for funding under each Program component, i.e., innovation, infrastructure, and science partnerships.

### **1. INNOVATION COMPONENT**

Activities eligible for support under the Innovation component:

- Research and development leading to innovations that contribute to the sustainability of the fish and seafood sector;
- Undertake pilot projects and test new innovations;
- Undertake activities to market these innovations;
- Initiatives that support the setting up of partnerships or networks for innovation activities in the sector, in accordance with Program objectives.

### **2. INFRASTRUCTURE COMPONENT**

Activities eligible for support under the Infrastructure component:

- Adopt or adapt new technologies or new processes or equipment to improve the efficiency and sustainability of the fish and seafood sector;
- Provide training associated with the adoption or adaptation of new technologies, new processes or equipment.

### **3. SCIENCE PARTNERSHIPS COMPONENT**

Activities eligible for support under the Science Partnerships component:

- Research into the impacts of ecosystem changes on fish stocks and distribution and the commercial fishery;
- Scientific activities to support the implementation of sustainable harvesting technologies;
- Initiatives that support the setting up of partnerships or networks for innovation activities in the sector, in accordance with Program objectives.

## **7. ELIGIBLE COSTS**

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Costs eligible for financial assistance are costs that are directly related to the execution of a QFF-related project, as follows:

- salaries, employee benefits and other labor costs, including mandatory benefits from the employer;
- professional and technical services, and other contractual services;
- conferences and meetings;
- training;
- rental, leasing or chartering of office space, rooms, groups of rooms, a building or facilities;
- construction costs and related expenses;
- purchase or rental of machinery and equipment;
- maintenance and repairs;
- materials and supplies;
- insurance expenses related to agreement activities;
- costs associated with building or operating permits;
- costs associated with attending or giving presentations at conferences, symposia, workshops, meetings or exhibitions;
- travel costs and related expenses;
- publication services;
- printing and imaging costs;
- postage, transport, express services and road transport costs;
- telecommunications, communications and network services;
- communications research services;
- cost and expenses associated with obtaining eco-certification or similar certifications; and
- indirect administrative costs up to 10% of all other eligible costs.

Costs other than those indicated herein are not eligible, including the cost of construction of a vessel, a building, the expansion of a plant, unless the Departments expressly agree in writing.

## **8. GOVERNMENT ASSISTANCE STACKING**

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The maximum amount of total public funding (federal, provincial and municipal governments) for the same costs eligible under this Program will not exceed the following percentages:

- For non-commercial organizations: 100% of the total eligible costs of the activity;
- For commercial recipients with up to 19 employees: 90% of the total eligible costs;
- For commercial recipients with 20 to 499 employees: 75% of the total eligible costs;
- For commercial recipients with 500 or more employees: 50% of the total eligible costs.

This stacking limit must be adhered to when assistance is offered. If actual total government assistance for a recipient exceeds the stacking limit, the parties shall modify the level of assistance (and seek repayment, as required) so that the stacking limit is not exceeded.

## **9. IN-KIND CONTRIBUTION**

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In-kind contributions are goods and services that contribute to the implementation of a project and do not require the applicant to disburse funds. In-kind contributions are included in the general stacking limit calculations.

To be eligible, in-kind contributions:

- must be essential to the success of the project;
- are resources that, if not provided, should be purchased or obtained under contract by the recipient;
- reflect fair value and are justified by the applicant in its application; they must also be confirmed by the manager during the project evaluation process and throughout the project's life cycle.

## **10. CONTRIBUTION AMOUNT**

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The contribution amount is determined based on the recipient's application and the stacking limits, maximum amount payable, fair market value of the proposed costs, funds available in the Program budget, and the evaluation of the project recommended by the Quebec Fisheries Fund Secretariat.

The recipient will provide detailed information on the total project costs in its application, and specify all funding sources.

## **11. MAXIMUM PAYABLE AMOUNT**

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The maximum contribution amount payable by the parties under the Program's Innovation and Infrastructure components is \$2,500,000 per project. The maximum annual amount is \$1,000,000.

The maximum amount payable under the Science Partnerships component is \$1,000,000 per project. The maximum annual amount is \$500,000.

## **12. BASIS OF PAYMENT**

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Payments must be made based on one or more of the following criteria:

- the completion of pre-determined key stages of the project or activity, which will be specified in the contribution agreement because they are specific to each project;
- the reimbursement of eligible costs; and
- a costing formula, used to determine funding needs at key points during the project's life cycle, and calculated by adding up the eligible costs budgeted at various points to calculate the payments.

## **13. PROPOSAL PRESENTATION OR IDENTIFICATION PROCESS AND EVALUATION**

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Applicants shall submit the following information to determine their eligibility for this Program:

- applicant's name;
- name of the applicant's institution, agency or organization;
- the purpose or objective of the applicant's institution, agency or organization;
- a statement of the purpose and objectives of the contribution funding application and their relationship to the objectives set out in these terms and conditions;
- a description of the proposed activities (including the implementation schedule), expected results and long-term measures (for example, monitoring and maintenance);
- the budget for the proposed activities, listed by expenditure category, as well as the cash flow for the proposed project;
- an overview of the current and proposed capacity to provide the project deliverables;
- identification of all confirmed or expected funding sources, including the contribution expected under this Program, as well as in-kind contributions;
- any amounts payable to the government;
- financial documents.

Applications will be accepted openly. They will be accepted until the annual available budget has been allocated. Filing of applications will be suspended until funding becomes available for the next fiscal year. A project call may be issued as needed to solicit projects related to priority sectors determined jointly by the parties.

### **Evaluation process**

Projects will be reviewed to determine eligibility based on four key criteria:

- Is the recipient eligible?
- Are the activities and costs eligible?
- Have the maximum funding amounts and stacking limits been adhered to?
- Does the project contribute to one or more QFF objectives as described on page 1?

When it has been determined that funding is available in the Program and that the above eligibility criteria have been met, the projects will then be evaluated based on the departmental priorities of Quebec and Canada, and the following criteria:

#### **1. Objectives specific to each component**

The project's contribution to the achievement of the objectives of each component will also be evaluated and include, without being limited to, the following:

- **Innovation** : Contribution to the development or commercialization of new technologies or new products, processes or equipment that enhance the sector's productivity, competitiveness or sustainability.
  - The project responds to a major problem or issue of the fish and seafood sector;
  - The project contributes significantly to the sustainable development of fish and aquaculture;



- The project contributes to increasing competitiveness by improving productivity and sustainability;
  - The project facilitates technology transfer or research commercialization through closer collaboration with the fish and seafood industry.
- **Infrastructures** : Contribution to the adoption, adaptation or installation of new technologies or new products, processes or equipment that enhance the sector's productivity, competitiveness or sustainability.
    - The project responds to a major problem or issue of the fish and seafood sector;
    - The project contributes significantly to the sustainable development of fish and aquaculture;
    - The project contributes to increased competitiveness by improving productivity and sustainability.
  - **Science Partnerships** : Contributing to a greater understanding of, and greater ability to adapt to, changes in the ecosystem and their impacts on commercial fisheries.
    - The project could lead to peer-reviewed scientific findings.
    - The project could inform resource management or end-user decisions.
    - The project facilitates technology transfer or research commercialization through closer collaboration with the fish and seafood industry.

## 2. Collaboration and extent of benefits

Projects will be evaluated for potential practical benefits to the sector. As such, proposals will be evaluated based on, without being limited to:

- Collaboration between several stakeholder groups in the fish and seafood value chain (for example, university researchers and other researchers, fishers and fish farmers or processors);
- The benefits of the contribution support multiple parties and not just the individual recipient.

## 3. Project Rationale

Project proposals will be evaluated by taking into account the quality of the content. They must demonstrate the feasibility of the project and the proponent's ability to successfully carry out the project. Aspects that will be considered include, without being limited to:

- the completeness, clarity and soundness of the conclusive data in the work plan and application;
- the probability of achieving the expected results within the proposed time frame;
- the benefits for the client, operating environment, and Quebec economy;
- an analysis indicating that the impact of the support will not result in undue competition for existing competitors;
- the proposed budget is appropriate and the project risks, including the potential to achieve the objectives with a minimum of difficulty, have been considered;
- it is profitable;
- technical, financial and management capacity, human resources, including intellectual property management capacity, the capacity and appropriateness of scientific resources and expertise, and the ability to manage financial pressures and risks.

#### **4. Other considerations**

Special attention may be given to projects that Quebec identifies as key projects or that respond to its priorities, or that are consistent with the Government of Canada's overall objectives.

In the event of high demand for investment in similar projects, the quality of which is found to be equivalent, the funding recommendations will aim to maximize benefits for the sector.

## **14. REPORTING**

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The following will be requested from recipients as part of their financial and performance reporting obligations:

- the actual costs incurred;
- the actual financial assistance received and its source;
- the outcomes obtained as a result of the activities carried out.

Additional mandatory reporting requirements may be required.

## **15. NON-REPAYABLE AND REPAYABLE CONTRIBUTIONS**

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### **15.1 NON-REPAYABLE CONTRIBUTIONS**

- Contributions to non-profit organizations will not be repayable.
- Contributions to for-profit organizations will not be repayable in the following situations:
  - the contribution is less than \$100,000 and the administrative burden of repayable contributions is not justified;
  - the benefits of the contribution support multiple parties and not just the individual recipient;
  - the contribution is primarily intended to support basic research and development, including payments by a granting council or other government entity whose mandate is to promote research and development.

### **15.2 REPAYABLE CONTRIBUTIONS**

Contributions to for-profit businesses that do not fall into the above category will be repayable, with or without conditions.

#### **15.2.1. Repayable contributions with conditions**

Repayable contributions with conditions can be used to fund projects where the risk shared between the QFF Program and the recipient is deemed necessary to stimulate activity, such as when technical or commercial risks are high. These projects may include activities related to research and development, the adoption or adaptation of new high-risk technologies, and the commercialization of new products. The specific conditions for parameters 1

and 2 below that will trigger repayment will be indicated in the contribution agreements:

1. Repayment depends on the occurrence or compliance with certain conditions. The amount to be repaid is related to the gains obtained by the recipient as part of the project.
2. Product sales from the project or productivity gains are among the factors that may trigger repayment and affect the amount that is due in whole or in part.

The determination of the amount owing will be directly related to the project's success factors, which will be based on a percentage of annual gross sales from a particular product or market. The determination of the amount due will be guided by the parameters set by the steering committee during the evaluation stage. These parameters will take into account the evaluation of expected outcomes, the ability to repay, and a reasonable expectation on the part of the governments of Quebec and Canada to be repaid within a period of 10 years.

The contribution agreement must clearly define the parameters established for repayment, including a timeline for meeting the conditions, when the repayable amount is calculated, and the payment deadlines set. The repayment period will normally begin after the completion date of the project. Repayment will not be triggered if the project outcomes are not consistent with the success factors.

A fixed-interval repayment plan (for example, monthly, quarterly, semi-annual, annual) will be required. This should be realistic given the particular circumstances of the applicant and the expected project outcomes, while taking into account that the contribution must be repaid within a reasonable time frame.

#### **15.2.2. Repayable contributions without conditions**

Contributions to for-profit businesses will be repayable without conditions in one or more of the following cases:

- a) the project analysis indicates that the recipient's ability to repay the funding provided is not reliant upon the achievement of the project's success factors, or
- b) the recipient requests this type of handling.

Repayable contributions without conditions are contributions that the contributing parties expect to be reimbursed for, regardless of whether or not the project is successful or of the benefits arising from it. When a contribution is repayable without conditions, the amount must be repaid in full. Repayment is based on a pre-determined fixed schedule that takes the following into account:

- a) cash flow or anticipated benefits of the project;
- b) useful life of the goods being funded, if applicable;
- c) expected performance;
- d) recipient's overall financial health and stability; and,
- e) recipient's cash flow or overall repayment ability, regardless of the project's success.

A fixed-interval repayment plan (for example, monthly, quarterly, semi-annual, annual) will be required. This should be realistic given the particular circumstances of the applicant and the expected project outcomes, while taking into account that the contribution must be repaid within a reasonable timeframe.

## **16. INTELLECTUAL PROPERTY RIGHTS**

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Intellectual property rights that arise in connection with a project will be conferred on the recipient or granted to the recipient by a third party by way of a licence. Where required to administer the program or where it serves good public purposes and does not adversely affect the recipient's objectives, both parties may negotiate with the recipients an intellectual property licence developed by the recipients or through a third party. Usage rights related to these documents may include the translation and/or publication of the intellectual property on the parties' websites, in the form of print documents or other publications.

Where the recipient makes use of traditional Indigenous knowledge when preparing a report or other documents and a copy of the information is provided to the parties, the contribution agreement should specify the usage to be made of the information by the recipient or the parties.

## **17. CANADA'S OFFICIAL LANGUAGES REQUIREMENTS**

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This Program will take into account the federal government's relevant official languages obligations, which are set out in the Official Languages Act, associated regulations, and federal government policies in that regard. The Program will not change the Department of Fisheries and Oceans' obligations with regard to providing bilingual services to the public, establishing a work environment that is conducive to the use of both official languages, and ensuring that the vitality of official language minority communities remains unaffected.

## **18. EFFECTIVE DATE AND DURATION OF PROGRAM**

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The program starts on April 24, 2019, and end on March 31, 2024, or when the available credits run out, whichever occurs first.