

The ITCs also include the Special R&D Credits which apply to capital and current expenditures on R&D, such as the salaries of researchers. Business in general has long complained about the drawn-out procedures required to obtain this tax credit. Fish farmers have, however, apparently had additional difficulties in using this taxation provision due to the lack of guidelines from Revenue Canada on what constitutes R&D in fish farming. Participants believe that, as a developing industry, aquaculture is involved in R&D on a daily basis.

Some fish farmers have mentioned that, considering the Federal Business Development Bank's mandate, it should be more responsive to the needs of the aquaculture industry. The bank offers a number of programs that would presumably be of substantial relevance to the aquaculture industry: a loan guarantee program, term loans, and a venture capital program whose object is to help finance companies with high growth potential but little access to capital markets. It seems that these programs would have to be adjusted to meet this industry's rather unique requirements. It should be noted, however, that a loan program to assist mussel growers was recently implemented and it is to be administered through the FBDB.

b) Banking Sector Views on Aquaculture Financing

The banking industry in British Columbia recognizes that aquaculture has the potential to become very significant in the economy of British Columbia within the next decade. It qualifies this, however, by stating that its potential will only be realized if all limiting input factors relating to infrastructure, management expertise, production techniques, financing and markets are identified and resolved on a sound long-term business basis. The specific factors cited by the banks for limiting their involvement in the financing of the industry are as follows.

As the BC industry has not yet completed a full crop growth and harvest cycle, it has not established an operational track record. As a consequence, there is a lack of normative financial data which could be used to assess the operational feasibility and credit-worthiness of entrepreneurs involved in aquaculture. This problem is apparently being addressed jointly by the BCSFA and the Ministry of Lands and Forests; they are collecting data needed to develop financial ratio norms for the industry, for example, the ratio of feed costs to total operating expenditures for various sizes of profitable farms. The banks have indicated their willingness to assist in this respect.