

*Western Economic Diversification
& Pacific Fisheries Adjustment
An Evaluation*

Prepared for:

*Western Economic Diversification
Ottawa, Ontario*

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January 2002

Preface

Western Economic Diversification (WD) hired GSGislason & Associates Ltd. to evaluate a series of inter-related fisheries adjustment initiatives under the responsibility and guidance of WD.

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The project team has benefited from discussions with program clients, program administrators, community interests and others.

Notwithstanding this assistance, the authors have final responsibility for the analyses and conclusions of the study.

SUMMARY

The British Columbia salmon industry has been buffeted by resource declines, competitive forces, and weak markets since the mid-1990s. The result has been significant erosion of the revenue and employment base of the commercial and recreational fisheries, and the coastal communities dependent on the salmon resources in the province. Employment in the salmon industry today is only half of what it was in 1995.

The federal Department of Western Economic Diversification (WD) with a mandate to assist and stimulate small business in western Canada, has played a significant role in the adjustment process for affected people and communities. This study provides an evaluation of a series of inter-related adjustment initiatives under the responsibility and guidance of Western Economic Diversification.

WD & Fisheries Adjustment

The federal Department of Western Economic Diversification Canada (WD) has been actively involved in fisheries adjustment programs and activities since 1997. WD has been working in partnership with coastal Community Futures Development Corporations (CFDCs) to encourage business development and diversification of BC coastal communities affected by the downturn in the salmon industry.

Originally established in 1986, the 34 CFDCs in British Columbia operate as non-profit community economic development organisations responsible to community based volunteer boards of directors. Some of the key services provided by CFDCs include providing access to financing, providing technical services and support, and delivering business development programs. Of the 34 CFDCs in BC, 13 represent coastal communities.

The CFDCs as a group and individually are autonomous from WD. Decisions on loan terms and acceptable risk are made by each CFDC. This devolution of decision-making to the local community underlies the CFDC movement and WD's support for that movement.

The coastal CFDCs initially created the Fisheries Legacy Trust (FLT), a registered non-profit in 1997 to deliver a commercial fisheries loan program on behalf of DFO. Subsequently, the Trust has delivered more broad-based loan, contribution, and other programs and services.

WD, the coastal CFDCs, and the Fisheries Legacy Trust in combination have sponsored and delivered four broad classes of fisheries adjustment programs and activities, namely:

The Fisheries Legacy Trust Loan (FLTL) Fund – This loan fund operated by FLT and delivered by member CFDCs initially financed the acquisition of second or third commercial salmon licenses for stacking purposes. More recently, the fund has financed marine and other small businesses in coastal communities.

The Recreational Fishery Loan (RFL) Program – This loan program operated by the FLT and delivered by member CFDCs provided working capital loans to recreational fishing lodges and charter operations (the first year was interest-free).

The Community Economic Adjustment Initiative (CEAI) Program – This repayable loan and non-repayable contribution program funded community-supported economic adjustment projects. Funding decisions were made by a steering committee composed of community-based representatives but delivery was through the FLT and its member CFDCs.

Outreach, Coordination, and Other Activities – Other activities included the implementation, management, and coordination of the above programs and several separate adjustment activities such as information fairs for entrepreneurs, the Coastwide Initiatives (CWI) program for projects having broad benefits, seed funding for business exploration, etc. A Regional Fisheries Coordinator provided administrative and management services to the Fisheries Legacy Trust and the CEAI program.

Exhibit I presents a Summary Program Logic Model.

Program Take-Up and Expenditures

Actual program expenditures over 1997–98 to 2001–02 were \$45.2 million.

| Program | No of Clients/Projects | Actual \$000's |
|--|------------------------|----------------|
| 1. Fisheries Legacy Trust Loans (FLTL) | 244 | 11,243 |
| 2. Recreational Fishery Loans (RFL) | 136 | 6,137 |
| 3. CEAI Projects | 101 | 19,401 |
| 4. Outreach, Co-ordination, and Other | not applicable | <u>8,380</u> |
| | | <u>45,161</u> |

A total of \$3.38 million of the latter \$8.38 million comprise an overhead component to implement, manage, and monitor FLTL, RFL and CEAI programs.

Evaluation Workplan

We use multiple lines of evidence to address the evaluation questions. Where possible, we focus, on presenting program effectiveness on the communities “hardest hit” from the downturn in the salmon industry as defined by the BC Job Protection Commission in its 1998 report. During the study we spent 20 days visiting seventeen (17) communities to conduct interviews. These communities are: Masset, Port Clements, Queen Charlotte City, Skidegate, Prince Rupert, Terrace, Port Hardy, Port McNeill, Sointula, Alert Bay, Zeballos, Campbell River, Nanaimo, Port Alberni, Ucluelet, Tofino, and Duncan.

We conducted surveys of program clients: 72 FLTL clients, 50 RFL clients, and 56 CEAI clients.

We conducted several structured interviews: 35 CFDC, FLT and WD personnel; 11 CEAI Steering Committee members; and 21 community leaders/organizations. The community interviews included those with mayors, economic development officers, administrators, CFDC board members, etc.

We conducted six community case studies with each study including a site visit: Masset, Prince Rupert, Alert Bay, Sointula, Ucluelet, and Campbell River. The first five

are on the JPC “Hardest Hit” list. Together, the communities have suffered significant job losses in the commercial fishery, fish processing plants, and the recreational fishery.

The task of secondary data collection and analysis included a variety of activities:

- assembling and reviewing program descriptions, brochures, documentation, etc.;
- securing lists of FLTL, RFL, CEAI, and CWI projects and organizing them by CFDC service area, “hardest hit” community status according to the JPC, project type or class, etc.;
- contacting CFDCs to obtain status reports for FLTL and RFL loans;
- obtaining and organizing data from BC Stats, Statistics Canada, and DFO; and
- reviewing of relevant reports including the *Evaluation Framework* for this study and reports prepared for the JPC.

In particular, we have developed project and expenditure profiles according to the template of 50 coastal communities that the consultants developed for the BC Job Protection Commission (JPC). In this way, we are able to determine program concentration and impacts for the “hardest hit” communities.

Evaluation Results

Exhibit II summarizes the results of the evaluation exercise under three broad types of issues or questions – success, design and delivery, and rationale for each of the four program categories.

The four programs, as a package, have assisted in the economic transition and adjustment of the coastal communities of British Columbia. The Fisheries Legacy Trust Loan Program (FLTL), Community Economic Adjustment Initiative (CEAI), and the Outreach & Coordination (O&C) Program components performed better than the Recreational Fishing Loan (RFL) component.

In particular, the CEAI and O&C programs facilitated bottom-up community economic development, diversification, and capacity building for coastal communities affected by changes in the salmon industry. For most government assistance programs, it is difficult to target assistance to those most in need. The CEAI and Outreach & Coordination programs did succeed at focusing adjustment efforts at the “hardest hit” communities, a considerable achievement.

Future Direction

Four recommendations on broad program direction in the future are presented below:

Recommendation #1: The Recreational Fishery Loan (RFL) program should not be restarted. Lodges and charters have had sufficient opportunity to adjust and to adapt to the changed regulatory environment.

We recommend that WD undertake the appropriate and necessary steps to request from the federal Treasury Board the transfer of the capital base of the RFL program to the Fisheries Legacy Trust Loan (FLTL) program. This will contribute to the capitalization of the Fisheries Legacy Trust Loan fund. Any lodge or charter that needs a loan can apply to the FLTL program for a loan under standard commercial lending terms.

Recommendation #2: The Fisheries Legacy Trust Loan (FLTL) program is still needed and should be continued. There is no need to revive the original stacking loan component.

The FLTL program of the future will have a larger capital base if, as recommended above, its \$11 million original capital base is augmented by the \$6 million RFL capital base. Program expansion is warranted given the severe downturn in the forest industry that has affected many communities along the BC coast. An expanded FLTL program would allow the coastal CFDCs to direct more of their regular investment fund loans to forest and other business sectors.

Recommendation #3: A smaller, more narrowly focused CEAI program, a so-called “child of CEAI”, should continue for a fixed term. Not all the adjustment needs of coastal communities have been met. But, at the same time, true capacity building at the

community level means that external agencies do not provide in perpetuity funding for community adjustment.

We recommend that the \$4.3 million in repayable and conditionally repayable contributions, plus the accrued interest, that will potentially return to the Fisheries Legacy Trust be used to fund a smaller and more narrowly focused community economic adjustment program. The new program should provide non-repayable contributions only. Worthy community infrastructure projects are in greater need of assistance than business projects. This narrower focus also will eliminate the confusion between repayable and non-repayable criteria of the original CEAI program.

Small private-sector businesses can and should drive the economic adjustment of coastal communities. However, there exist more available sources for business loans, including the CFDCs themselves, than there exist financing options for community projects. This is especially true given the funding cutbacks at the provincial level and given the recent demise of Fisheries Renewal BC. Businesses in need of loans can apply to the FLTL program for a loan under standard commercial lending terms.

Recommendation #4: We recommend continuing, but also redefining, the outreach and coordination role of the CFDCs. The role should be expanded beyond the marine sector. This is especially important given the current severe downturn in the forest sector, a major source of jobs and income for BC coastal communities.

We realize that this recommendation for CFDC involvement in community outreach beyond the marine sector lies outside our evaluation mandate. However, the adjustment needs of coastal communities have expanded greatly and, in our view, no other agency is better-positioned to work with communities in identifying diversification opportunities. And there should be opportunity to cost share this expanded role.

Redefining and expanding the outreach and coordination role may require different skills sets from individuals performing this task. Strong business skills and credibility in various industry sectors, not only the fishery, are vital.

Exhibit I: Summary Program Logic Model

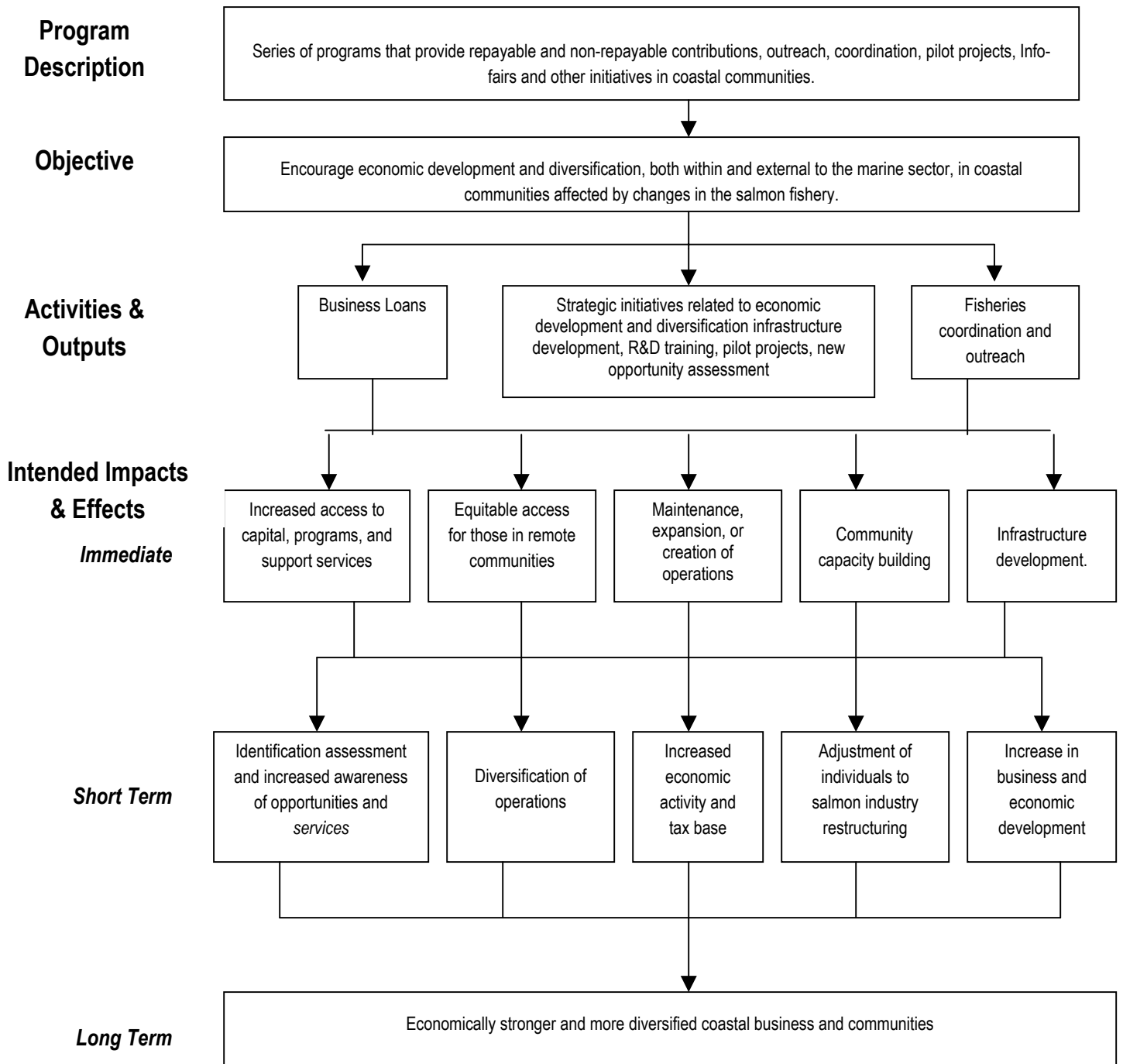


Exhibit II: Summary of Evaluation Results – WD Fisheries Adjustment Programs

| ISSUE/QUESTIONS | EVALUATION RESULTS |
|---|--|
| <p>A. SUCCESS</p> <p>Issue #1: What intended and unintended impacts and effects have resulted from the program?</p> | <p>FLTL - 244 loans for \$11.2 million made</p> <ul style="list-style-type: none"> - but poor takeup of Stacking Loan component (many stacking clients sold licences to DFO “buyback”) - 50% of loans to new, startup business - benefits to CFDC through cooperation and the founding of the Fisheries Legacy Trust - variation in service delivery/loan criteria across CFDCs, reflecting local decisions by CFDC Boards of Directors - loan portfolio performed better than expected (less than 5% loss rate) <p>RFL - 136 loans for \$6.1 million made</p> <ul style="list-style-type: none"> - clients diversified into other saltwater angling e.g. halibut, freshwater angling, or ecotourism - helped some operators stay in business - some CFDCs felt uncomfortable offering a subsidized loan program - late announcement/rushed nature of program resulted in less than normal due diligence - apart from two problem areas, loan portfolio performed better than expected <p>CEAI – contributions to 101 projects for \$19.4 million made (3/4 were non-repayable contributions)</p> <ul style="list-style-type: none"> - concentration of projects in waterfront improvements, museums/historic sites, tourist attractions, and trails & walkways - 46% of project applications approved at the ten Steering Committee meetings - for every \$1 of CEAI contribution, another \$2 leveraged from other funding sources - economic benefits: business development, direct job creation, spinoff jobs & businesses, economic diversification - broad community benefits: community cohesion, capacity building, civic pride - engendered cooperation among federal government |

departments

O&C - enabled all communities to have access to CEAI and other CFDC programs

- facilitated community consultation, conflict resolution, planning, capacity building
- the Regional Fisheries Coordinator was crucial to the success and accountability of the CEAI program

Issue #2: To what extent are the impacts and effects incremental in that they would not have occurred in the absence of the program?

FLTL - 75% incremental

- many "high risk" loans that banks would not underwrite

RFL - 50% incremental

- attractive interest rate lured some individuals who would normally go to bank

CEAI - 75% incremental

- accelerated timing of many projects
- more incremental for projects in remote, small, less sophisticated communities

O&C - fully 100% incremental

- CFDCs and others do not have time and money to travel to remote communities

Issue #3: To what extent have the activities of the various programs contributed to the achievement of objectives to date? To what extent, and over what time frame, will the activities contribute to future achievement?

FLTL - has enhanced business development and diversification

- benefits should grow as businesses mature and the economy improves

RFL - helped some to weather difficult business climate

- but some viewed as entitlement program

CEAI - assisted in community transition

- "kickstarted" the adjustment process, provided a catalyst for change
- several strategic projects had immediate impacts on communities, other projects will take longer to impact community economies

O&C - essential to success of CEAI program

B. DESIGN & DELIVERY

Issue #4: To what extent are the stakeholders satisfied with the programs? What elements of the programs are working effectively and what elements require improvement? What gaps in programs and services exist?

- FLTL** - clients generally satisfied
 - reflects use of existing delivery system and flexibility of CFDCs
 - business advice by CFDCs was useful
 - Prince Rupert area missed out on stacking loans
- RFL** - clients generally satisfied
 - reflects use of existing delivery system and flexibility of CFDCs
- CEAI** - clients generally satisfied, widespread support for the CEAI program within the communities
 - application process and business plan requirements not onerous, decisions made in timely manner
 - but clients expressed some concerns re: transparency of decisions, repayable vs. non-repayable criteria, the reliance of the committee on the 4 page summary and not the full proposal in decision-making
 - the Steering Committee makeup and process worked well
 - but some CFDCs submitted poor quality proposals and acted as advocates for proponents
- O&C** - clients satisfied, especially those in remote communities

Issue #5: Are these more effective and/or efficient ways to achieve the intended impacts and effects of the programs? What lessons can be learned from reviewing differences in the ways that the various programs were delivered?

- FLTL** - delivery costs modest at 3% of amount lent
 - all CFDCs should have used commercial lending criteria, and not relaxed criteria for FLTL loans
 - entrepreneurial spirit needs to be cultivated
- RFL** - delivery costs modest at 2% of amount lent
 - all CFDCs should have used commercial lending criteria, and not relaxed criteria for sport fishing loans
- CEAI** - delivery costs of Outreach & Coordination (O&C) of 15% of funds spent
 - considerable achievement since program offered outreach to remote communities to build capacity to respond to program requirements
 - remote communities need help in understanding/ accessing gov't adjustment programs
- O&C** - effectiveness depends on talent, enthusiasm, hard work, and business sense of individuals
 - little direction (at least initially), training, professional development for outreach workers

Issue #6: Did the programs reach the communities most in need of assistance?

- FLTL** - no formal focus on top 20 “Hardest Hit” communities of JPC
 - but 38% of loan funds went to the “Hardest Hit” communities (as compared to 28% of total coastal fishery job losses accruing to these same communities)
- RFL** - no formal focus on top 20 “Hardest Hit” communities
 - but 24% of loan funds went to the “Hardest Hit” communities
- CEAI** - had explicit focus on top 20 “Hardest Hit” communities
 - 55% of funding went to the 20 “Hardest Hit” communities (many of which are aboriginal communities)
 - plus another 18% went to aboriginal communities in Northern BC not on the JPC list
- O&C** - outreach had explicit focus on “Hardest Hit” communities, those communities most in need
 - enabled unincorporated areas, eg Sointula, to participate in CEAI programs

C. PROGRAM RATIONALE

Issue #7: Was the program an appropriate response to the needs identified?

- FLTL** - there was no need for stacking loan programs due to economic downturn of salmon fishery
 - there was a need for marine/other loans program since many CFDCs had “tapped out” their regular loan funds
- RFL** - #1 factor affecting business viability of lodges and charters was regulatory uncertainty
 - loan program addressed the repercussions not the cause
 - also served as visible demonstration that federal government was addressing recreational sector issues
- CEAI** - provided “patient capital” for businesses that took several years to generate cash flow
 - funded community projects that provided jobs directly and indirectly through serving as a platform for further business development e.g. tourism
 - CEAI program approach consistent with “bottom up” community economic development principle
- O&C** - without O&C, many communities would not have had access to CEAI
 - O&C left legacy of improved capacity to tackle future

community adjustment and planning needs

Issue #8: To what extent are the rationale and intended impacts of the program still valid? To what extent do they continue to make sense in light of the problems or conditions to which it is intended to respond? Are there specific added benefits from continuation?

- FLTL** - no rationale for restarting stacking loan component (it ended in November 1997)
 - decline in coastal forest industry suggests expanded need for marine loan funds to free CFDC regular loan funds
- RFL** - operations have had time to adapt
 - no need to restart the program (it ended May 1999)
- CEAI** - adjustment process is a 20+ year process
 - widespread belief that an adjustment and transition program is still needed, especially given decline in forest industry, but should be more broad based
- O&C** - some community capacity has been built
 - but coastal communities are hit by forest sector declines

Issue #9: In what manner and to what extent does the program complement, duplicate, overlap or work at cross purposes with other local, provincial, federal or private sector programs and services?

- FLTL** - no duplication with non CFDC funding sources
 - in some cases, clients could have accessed CFDC regular loan funds
- RFL** - no duplication with non CFDC funding sources
 - in some cases, clients could have accessed CFDC regular loan funds or the FLTL program (some clients got both FLTL and RFL loans)
- CEAI** - no duplication with other programs
 - complementary with other programs as exemplified by the many project partnerships developed
- O&C** - no duplication or overlap
 - helped develop partnerships

Acronyms

| | |
|------------------|--|
| <i>CEAI</i> | Community Economic Adjustment Initiative |
| <i>CFDC</i> | Community Futures Development Corporation |
| <i>CWI</i> | Coastwide Initiatives Program |
| <i>DFO</i> | Canada Department of Fisheries & Oceans |
| <i>FLT</i> | Fisheries Legacy Trust |
| <i>FLTL</i> | Fisheries Legacy Trust Loan Program |
| <i>HRDC</i> | Human Resources Development Canada |
| <i>O & C</i> | Outreach & Coordination |
| <i>JPC</i> | Job Protection Commission |
| <i>PAS</i> | Project Approval Summary |
| <i>PFAR</i> | Pacific Fisheries Adjustment and Restructuring |
| <i>RFL</i> | Recreational Fishery Loan Program |
| <i>WD</i> | Western Economic Diversification |

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1.0 INTRODUCTION

The British Columbia salmon industry has been buffeted by resource declines, competitive forces, and weak markets since the mid-1990s. The result has been significant erosion of the revenue and employment base of the commercial and recreational fisheries, and the coastal communities dependent on the salmon resources in the province.

The federal Department of Western Economic Diversification (WD) with a mandate to assist and stimulate small business in western Canada, has played a significant role in the adjustment process for affected people and communities. This study provides an evaluation of a series of inter-related adjustment initiatives under the responsibility and guidance of Western Economic Diversification.

1.1 Background

The amount and pace of change within the BC salmon industry during the 1990s has been unprecedented. These changes have resource, regulatory, technological, international trade, and market components.

A Decade of Dramatic Change

Several important events have occurred during the 1990s

Increase in Salmon Supply Worldwide – Since the late 1980s, the farmed salmon industry has grown rapidly and produced a consistent, quality product available year-round that is targeted at the high-end fresh market. Harvests of wild salmon in Alaska have reached all-time records. This increase in world supply of salmon, both wild and farmed, has dampened prices paid to BC processors and fishermen.

Removal of Trade Barriers – The salmon industry and its markets have become much more competitive with the removal of trade barriers starting with the 1988 General Agreement on Tariffs and Trade (GATT) ruling, then with the 1991 Canada-US Free Trade Agreement (FTA), and the 1994 North American Free Trade Agreement (NAFTA).

Continued Technological Change – Technological advances on vessels and in plants has meant that less time and/or labour is now required to harvest and process the available salmon catch.

Declines in Salmon Resource Abundance – In the mid 1990s, a regime shift in the ocean environment led to lower ocean productivity, lower ocean survival rates, and reduced salmon returns. The commercial catch of salmon that averaged 75,000 tonnes annually in the early 1990s fell below 20,000 tonnes in 1999 and 2000. Biologists forecast that in the foreseeable future, less salmon than in the 1980s and early 1990s will be available for First Nations, commercial, and recreational users.

Increased Focus on Conservation – The fisheries management plans of the federal Department of Fisheries and Oceans (DFO) during the 1990s have increasingly focused on conservation and sustainable fishing practices. This move reflects a number of influences including: the environmental movement, miscalculations of Fraser River sockeye run sizes, and the increasing uncertainty about levels of salmon returns. A conservation focus has resulted in risk averse management plans that move towards the adoption of selective fishing gear and practices that allow the fishing opportunities to target strong stocks while avoiding weak stocks.

Greater Regulatory Uncertainty – The industry has faced significant uncertainty within the regulatory environment. For example, in some years, regulations for daily recreational allowable catches, or “bag limits”, have been announced very late, sometimes even after the start of the season. The practice of late announcements has eroded the customer and revenue base of the recreational fishing sector. The lack of long term fishing plans for both recreational and commercial fisheries and issues of land claims resolution also contribute to the uncertainty.

The combinations of the factors described above have led to a greatly reduced revenue and economic base for the salmon industry and the people and communities dependent on that industry. The landed value of the commercial salmon harvest in the late 1990s declined by 80% from that in the late 1980s. Revenue to the recreational fishery declined by 40% or more in the late 1990s.

Federal Policy Response

The fundamental changes of the 1990s have led to a series of federal government policy responses.

The Mifflin Plan – On March 29, 1996, then federal Fisheries Minister Fred Mifflin announced the Pacific Salmon Revitalization Strategy. The program, which became known as the “Mifflin Plan” contained three stated objectives: conservation, economic viability, and partnership.

The Mifflin Plan involved four main fleet rationalization measures for 1996

- An \$80 million DFO-funded voluntary license retirement program, commonly referred to as the “buyback” program;
- Single gear licensing – a license holder could fish using only one gear type;
- Area licensing – two areas for seine, three areas for gillnet, and three areas for troll; and
- Allowing for the purchase of additional licenses in order to fish other areas or using other gear (referred to as “stacking”).

The March 29, 1996 announcement also reaffirmed DFO’s commitments to risk averse management and conservation as the number one priority for the department. This meant that the department would reduce harvest rates, encourage selective harvesting techniques, curtail interception fisheries, and encourage harvesting of salmon closer to home spawning streams.

Two reviews of the plan were commissioned in 1996: the *Fishing for Answers* report by the provincial BC Job Protection Commission (*Gislason et al., 1996*) and the *Tangled Lines* report by both the federal and provincial governments (*Federal-Provincial Review, 1996*). A common theme of the two studies was the problems created by the lack of specific adjustment programs for displaced workers and communities severely impacted by the changes to the salmon industry.

As an update to its earlier work, the BC Job Protection Commission was asked by the Government of Canada and the Province of British Columbia to analyse the 1997 salmon season and the challenges facing BC's commercial and recreational fishing sectors. The resulting *Fishing for Money* report (Gislason et al, 1998). examined: the financial viability of the industry, its long term outlook, the socio-economic impacts to communities, and transition and adjustment measures, including a review of past efforts and an assessment of future requirements. The study indicated among other things that without further fleet reduction the fleet would not be viable. Moreover, several special transition and adjustment programs targeting displaced workers and affected communities should be launched.

Pacific Fisheries Adjustment and Restructuring (PFAR) Program – On June 19, 1998, the federal Fisheries Minister announced sweeping changes to the BC salmon fishery, both commercial and recreational sectors. The announcement placed severe restrictions on fishing opportunities and introduced conservation-based fishing techniques as well as restructuring the commercial salmon fishery.

The Minister also announced the federal government commitment to spend approximately \$400 million on three broad types of initiatives:

1. Restructuring the Fishery – \$200 million for another voluntary license retirement program (also known as the “buyback” program) and to assist the conversion to selective fishing techniques.
2. Rebuilding the Resource – \$100 to protect and to rebuild the habitat; and
3. Helping People and Communities – \$100 million for long-term adjustment and economic development.

The third initiative of \$100 million for people and communities was undertaken by four federal departments: Western Economic Diversification (WD), Human Resources Development Canada (HRDC), the Department of Indian Affairs and Northern Development (DIAND), and Department of Fisheries and Oceans Canada (DFO). DFO was the lead federal agency.

Significant Job Loss

The number of commercial salmon licenses has declined from 4367 in 1995 to 2217 in 2001, as a result of the various “buyback” programs. The number of commercial and recreational salmon industry jobs has declined by half from approximately 26,000 to 13,000 (*Gislason and Lam, 2000*).

| | Early 1990s | Today | Job Loss |
|---------------------------------|---------------|---------------|---------------|
| Commercial Sector Jobs | | | |
| Skippers & Deckhands | 10,430 | 3,990 | 6,440 |
| Plant Workers | 5,540 | 3,360 | 2,180 |
| Tendermen & Suppliers | <u>1,415</u> | <u>600</u> | <u>815</u> |
| | 17,385 | 7,950 | 9,435 |
| Recreational Sector Jobs | | | |
| Lodges & Charters | 3,200 | 2,300 | 900 |
| Suppliers | <u>5,425</u> | <u>3,170</u> | <u>2,315</u> |
| | 8,625 | 5,470 | 3,155 |
| TOTAL | <u>26,010</u> | <u>13,420</u> | <u>12,590</u> |

DFO has reported that the total number of Fisher Registration Certificates or FRCs issued in the Pacific Region declined from 19,167 in 1995 to 8,966 in 2000. Each skipper or deckhand on a commercially licensed vessel must have an FRC. The bulk of the decline in FRCs would be attributable to the decline in the salmon fishery.

1.2 WD & Fisheries Adjustment

The federal Department of Western Economic Diversification Canada (WD) has been actively involved in fisheries adjustment programs and activities since 1997. WD has been working in partnership with coastal Community Futures Development Corporations (CFDCs) to encourage business development and diversification of BC coastal communities affected by the downturn in the salmon industry.

Originally established in 1986, the 34 CFDCs in British Columbia operate as non-profit community economic development organisations responsible to community-based volunteer boards of directors. The mission of the CFDCs is to nurture entrepreneurship, diversify and strengthen local businesses, and build a better future for their communities. Some of the key services provided by CFDCs include providing access to financing, providing technical services and support, and delivering business development programs. Of the 34 CFDCs in BC, 13 represent coastal communities.

The CFDCs as a group and individually are autonomous from WD. CFDC workers are not government employees. Loan terms and acceptable risk in the loan portfolios can differ across CFDCs. These decisions are made by the local Board of Directors in discussion with the Manager and the Investment Subcommittee (if it exists) for each CFDC. This devolution of decision-making to the local community underlies the CFDC movement and WD's support for that movement.

The coastal CFDCs initially created the Fisheries Legacy Trust (FLT), a registered non-profit, in 1997 to deliver a commercial fisheries loan program on behalf of DFO. Subsequently, the Trust has delivered more broad-based loan, contribution, and other programs and services.

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The Recreational Fishery Loan (RFL) Program – This loan program operated by the FLT and delivered by member CFDCs provided working capital loans to recreational fishing lodges and charter operations.

The Community Economic Adjustment Initiative (CEAI) Program – This loan and contribution program funded community-supported economic adjustment projects. Funding decisions were made by a steering committee composed of community-based representatives but delivery was through the FLT and its member CFDCs.

Outreach, Coordination, and Other Activities – Other activities included the implementation, management, and coordination of the above programs and several separate adjustment activities such as information fairs for entrepreneurs, the

Coastwide Initiatives (CWI) program for projects having broad benefits, seed funding for business exploration, etc.

These programs and activities had a total budget of \$46.6 million from 1997–98 through the 2001–02 fiscal year (see Exhibit 1).

1.3 Program Take-Up and Expenditures

Actual program expenditures at \$45.2 million over 1997–98 to 2001–02 were somewhat less than the \$46.6 million budgeted amount (see Exhibit 2).

| Program | No of Clients/Projects | Actual \$000's |
|--|-------------------------------|-----------------------|
| 5. Fisheries Legacy Trust Loans (FLTL) | 244 | 11,243 |
| 6. Recreational Fishery Loans (RFL) | 136 | 6,137 |
| 7. CEAI Projects | 101 | 19,401 |
| 8. Outreach, Co-ordination, and Other | not applicable | <u>8,380</u> |
| | | <u>45,161</u> |

Exhibit 1: WD Fisheries Adjustment Budget

| Program Component | Budget (\$000's) | | | | | Total |
|---|------------------|---------------|--------------|---------------|------------|---------------|
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 | |
| 1. Fisheries Legacy Trust Loan Fund | 5,500 | 5,460 | | | | 10,960 |
| 2. Recreational Fishing Loan Program | | 7,000 | | | | 7,000 |
| 3. Community Economic Adjustment Initiative | | 5,000 | 7,000 | 8,290 | | 20,290 |
| 4. Outreach, Co-ordination, and Other | | | | | | |
| Regional Fisheries Coordinator Office | | 150 | 150 | 150 | 115 | 565 |
| Fisheries Adjustment Coordinators | 600 | 840 | 1,040 | 1,040 | 520 | 4,040 |
| Outreach Workers | | 300 | 760 | 530 | | 1,590 |
| Coastwide Initiatives | | 850 | | | | 850 |
| Info-Fairs | 110 | 120 | 130 | 130 | | 490 |
| Special Needs | 200 | | | | | 200 |
| Seed Funding | | <u>650</u> | | | | <u>650</u> |
| <i>Subtotal</i> | 910 | 2,910 | 2,080 | 1,850 | 635 | 8,385 |
| Total | <u>6,410</u> | <u>20,370</u> | <u>9,080</u> | <u>10,140</u> | <u>635</u> | <u>46,635</u> |

Source: WD and Fisheries Legacy Trust

Notes: Money committed in one year may be spent in subsequent years

The FLTL, RFL, and CEAI programs have access to the interest earned on loans and/or program capitalization to meet some of their overhead costs. In addition, an estimated \$3.38 million of the Outreach, Co-ordination, and Other activities comprise an overhead component to implement, manage, and monitor the three programs (see Exhibit 2).

The Fisheries Legacy Trust Loan Fund and Recreational Fishing Loan Fund figures are derived from information provided by each of the 13 coastal CFDC members of the Fisheries Legacy Trust. These figures differ from information available from WD for several reasons. The latter source includes some loans that were approved by the CFDCs but subsequently declined by the clients; includes some clients who applied for loans but the loans were not approved by the CFDC; includes some loans that predate the launch of the FLTL or RFL loan program etc.

The FLTL amount exceeds the budgeted amount since the FLTL could underwrite second-generation loans from loan repayments made by first generation clients.

The CEAI and CWI figures were provided by the Fisheries Legacy Trust. The CEAI project expenditures exceed the budget available since the CEAI program had access to interest earned in its capital base. The other expenditure figures in Exhibit 2 are equal to the budgeted amounts for those activities.

The budgeted figures of Exhibit 1 and the actual expenditure levels of Exhibit 2 should be considered estimates. We provide additional details by individual CFDC on program expenditure and activity in the evaluation sections 3 to 6 to follow

1.4 Evaluation Scope

The scope of the evaluation includes the following economic development, adjustment, and diversification programs targeted at BC coastal communities for which the Department of Western Economic Diversification is accountable:

- Fisheries Legacy Trust Loan Fund,
- Recreational Fishing Loan Program,

- Community Economic Adjustment Initiative, and
- Outreach, Co-ordination, and Other activities.

The first three are specific programs while the latter is comprised of a variety of initiatives.

The evaluation covers a mix of programs, not all of which are under the direct control of WD and not all of which were launched subsequent to or as a result of the June 1998 PFAR announcement. Nevertheless, we call the above package of adjustment programs “WD Fisheries Adjustment Programs” in this report.

The scope of the evaluation reflects the recommendations made in the Evaluation Framework study and endorsed by WD (FERENCE Weicker & Company, 2001).

Exhibit 2: WD Fisheries Adjustment Expenditures

| Program Component | No. of Clients/Projects | \$000s |
|--|-------------------------|----------------------|
| 1. Fisheries Legacy Trust Loan Fund (FLTL) | 244 | 11,243 |
| 2. Recreational Fishing Loan Program (RFL) | 136 | 6,137 |
| 3. Community Economic Adjustment Initiative (CEAI) | 101 | 19,401 |
| 4. Outreach, Co-ordination, and Other (OCO) | | |
| Regional Fisheries Coordinator Office ^a | not applicable | 565 |
| Fisheries Adjustment Coordinators | not applicable | 4,040 |
| Outreach Workers ^b | not applicable | 1590 |
| Coastwide Initiatives | not applicable | 845 |
| Info-Fairs | not applicable | 490 |
| Special Needs | not applicable | 200 |
| Seed Funding | not applicable | <u>650</u> |
| Subtotal | not applicable | <u>8,380</u> |
| Total | not applicable | <u>45,161</u> |

a coordinator's salary plus office, travel, audit, and communication costs

b salaries plus travel costs

Source: FLT & RFL information from survey of CFDCs, CEAI & CWI information from Fisheries Legacy Trust, other items from budgeted amounts

Notes: An estimated \$3.38 million of the outreach and coordination expenditures comprise an overhead component to implement, manage, and monitor FLTL, RFL, and CEAI programs. This amount is based on 100% of the Regional Fisheries Coordinator office, 50% of Fisheries Adjustment Coordinator, and 50% of Outreach Worker costs. The vast majority of this overhead is attributable to the CEAI program.

1.5 Evaluation Objectives

The evaluation addresses:

- The success of the various programs including the extent to which objectives were met and including program impacts.
- The appropriateness of program design and delivery including efficiency, equity of access, and level of awareness and acceptance.
- The relevance of the program components at their inception and the degree to which they are still relevant.

1.6 Report Outline

Initially, we outline our approach and methodology. Thereafter, we describe and evaluate the four groups of programs or activities. Finally we provide some recommendations. The remaining sections of the report are:

| Section | Subject |
|---------|---|
| 2 | Approach and Methodology |
| 3 | Fisheries Legacy Trust Loans – Evaluation Results |
| 4 | Recreational Fishing Loans – Evaluation Results |
| 5 | CEAI – Evaluation Results |
| 6 | Outreach, Coordination and Other – Evaluation Results |
| 7 | Recommendations |

The text is supported by several Appendices.

2.0 APPROACH AND METHODOLOGY

To investigate the evaluation issues or questions involves a combination of primary and secondary information collection activities. As outlined in Section 1, these questions address the effectiveness and impacts, the design and delivery, and the underlying rationale of the various program components.

2.1 Program Logic Model

The Summary Program Logic Model (see Exhibit 3) presents the linkages between program objectives, program activities/output, and the intended impacts and effects of the programs. In essence, the evaluation addresses to what extent objectives were achieved and to what extent the intended impacts and effects were realized.

Appendix A presents separate Program Logic Models for each of the four broad program components.

2.2 Overview of Workplan

We use multiple lines of evidence to address the evaluation questions. Where possible, we report program effectiveness and impacts on the communities “hardest hit” from the downturn in the salmon industry as defined by the BC Job Protection Commission in its 1998 report (Gislason et al 1998).

The study involved surveys of 178 program clients, 67 structured interviews, 6 community case study visits, and a variety of secondary data collection and analysis. During the study we spent 20 days visiting seventeen (17) communities to conduct interviews. These communities are: Masset, Port Clements, Queen Charlotte City, Skidegate, Prince Rupert, Terrace, Port Hardy, Port McNeill, Sointula, Alert Bay, Zeballos, Campbell River, Nanaimo, Port Alberni, Ucluelet, Tofino, and Duncan.

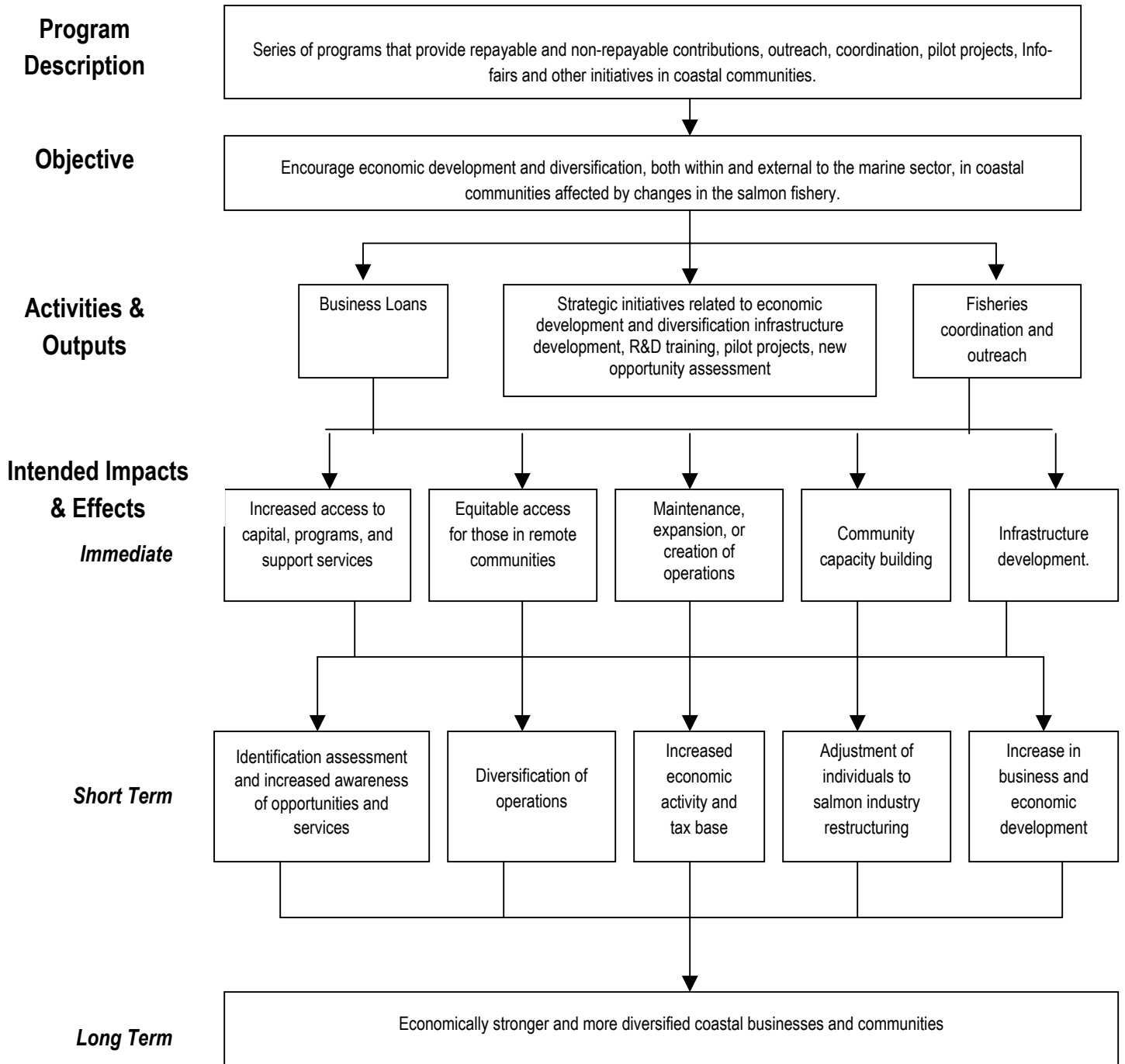
Our project reporting to WD included:

- submission of a workplan (August 30, 2001),
- a mid-term presentation of results-to-date (October 5, 2001), and

- a follow-up presentation to the annual planning meeting of the Fisheries Legacy Trust (November 1, 2001).

Below, we present details on our primary and secondary information collection activities.

Exhibit 3: Summary Program Logic Model



Client Surveys

We conducted surveys of the clients of the FLTL, RFL, and CEAI programs.

| | Completed Surveys | Total No. of Clients | Survey Coverage |
|----------------------------|--------------------------|-----------------------------|------------------------|
| Fishery Legacy Trust Loans | 72 | 244 | 30% |
| Recreational Fishery Loan | 50 | 136 | 37% |
| CEAI Projects | <u>56</u> | <u>101</u> | <u>55%</u> |
| | <u>178</u> | <u>481</u> | <u>37%</u> |

We developed three different survey instruments. Each survey consisted of about 10 questions plus an Overall Assessment Scoring System. The interview guides were pre-tested and some minor refinements were made.

WD Regional Headquarters (RHQ) did not have on file lists of names, addresses, and contact information for FLTL and RFL clients. The CFDCs have this responsibility under their contract with WD. Therefore, in order to obtain the requisite loan information, we were required to contact each of the 13 CFDCs individually. The Regional Fisheries Coordinator of the Fisheries Legacy Trust provided client contact information for the CEAI program.

We conducted the FLTL and RFL surveys by telephone. Interviews were 10 to 30 minutes in duration. We conducted about half of the CEAI survey by telephone and the other half in-person (in conjunction with case study community visits). CEAI client interviews generally lasted from 30 to 90 minutes depending on the interest and time available by the respondent.

Structured Interviews

We conducted structured interviews with CFDC, FLT, and WD personnel; the CEAI Steering Committee; and community leaders and organizations.

| | Completed Interviews |
|-----------------------------------|-----------------------------|
| CFDC, FLT, & WD personnel | 35* |
| CEAI Steering Committee members | 11 |
| Community Leaders & Organizations | <u>21</u> |

all 13 coastal CFDC Managers, the Regional Fisheries Coordinator of the FLT, 3 WD personnel, 7 Fisheries Adjustment Coordinators, 4 Outreach Workers, and 7 CFDC Loan Managers/Officers.

The 21 community interviews included those with mayors, economic development officers, administrators, CFDC board members, etc. Most of the community interviews were conducted in person during the visits to conduct community case studies.

Exhibit 4: “Hardest-Hit” Communities According to CEAI Guidelines

| JPC 1998 Hardest-Hit Communities | | Tricorp Heavily Impacted Aboriginal Communities | |
|----------------------------------|------------------------------------|---|-----------------|
| 1. | Kyuquot | 1. | Gitwangak |
| 2. | Ahousaht & Area | 2. | Gitanyow |
| 3. | Alert Bay & Area | 3. | Gitsegukla |
| 4. | Sointula & Area | 4. | Gitwinkisihlkw |
| 5. | Hartley Bay | 5. | Gingoix |
| 6. | Sayward | 6. | Kitsumkalum |
| 7. | Masset & Area | 7. | Kitkatla |
| 8. | Central Coast | 8. | Laxgalts’ap |
| | Klemtu | 9. | Old Masset |
| | Bella Bella | 10. | Hartley Bay |
| | Bella Coola | 11. | Kitamaat |
| 9. | Kitkatla | 12. | Lax Kw’alaams |
| 10. | Ucluelet | 13. | Gitlaxdamix |
| 11. | Port Hardy | 14. | Gitanmaax |
| 12. | Quadra Island/Cortes Island & Area | 15. | Kispiox |
| 13. | Zeballos | 16. | Metlakatla |
| 14. | Tofino | 17. | Skidegate |
| 15. | Prince Rupert | 18. | Telegraph Creek |
| 16. | Bamfield | 19. | Moricetown |
| 17. | Qualicum Beach | 20. | Taku River |
| 18. | Ladysmith | 21. | Kitselas |
| 19. | Skidegate & Area | | |
| 20. | Parksville | | |

Source: Appendix J, Guidelines for the Community Economic Adjustment Initiative Project Fund, August, 1999

We developed a semi-structured interview format or guide for each of the three types of interviews. The guides were just that – a guide – and permitted considerable latitude in questioning. The interview took from 30 minutes to 2 hours depending on the knowledge, interest, and time available of the respondent.

We conducted the majority of structured interviews in person, e.g., 10 out of the 13 coastal CFDC managers were interviewed face-to-face.

Community Case Study Visits

We conducted six community case studies with each study including a site visit. The intent was to explore in greater detail the particular circumstances, adjustment challenges, community impacts and “lessons learned” for the communities under study.

We chose the following six communities:

Masset is an isolated community in the Queen Charlotte Islands or Haida Gwaii that has suffered the loss of salmon fishing, the closure of the BC Packers fish plant, and job losses in other sectors (e.g., forestry, the closing of CFB Masset).

Prince Rupert, on the North Coast, has suffered major job losses in salmon fishing and processing as well as job losses in other sectors (e.g., forestry, the Port).

Alert Bay is an isolated island community off the north end of Vancouver Island with a high proportion of aboriginal fishermen.

Sointula, also an isolated island community off the north end of Vancouver Island, has relied on commercial fishing as the backbone of its economy since it’s founding near the turn of the century.

Ucluelet is a resource-dependent community on the west coast of Vancouver Island that has lost significant fishing jobs and forestry jobs in recent years.

Campbell River is a regional larger centre on Vancouver Island with significant commercial and recreational fishery sectors.

Together, the communities have suffered significant job losses in the commercial fishery, fish processing plants, and the recreational fishery. Alert Bay is an isolated community with a major aboriginal population, and several others have significant aboriginal populations. The first five communities – Masset, Prince Rupert, Alert Bay, Sointula, and Ucluelet – are included in the 20 hardest hit communities according to the 1998 JPC report (Exhibit 4).

For each community, we interviewed the Mayor. (In the case of the unincorporated community of Sointula, we interviewed the administrator.) We conducted interviews with CEAI committee members who resided in the community, local economic development representatives, other community leaders, and several CEAI project proponents.

Secondary Data Collection

The task included a variety of activities including:

- assembling and reviewing program descriptions, brochures, documentation, etc.;
- securing lists of FLTL, RFL, and CEAI projects and organizing them by CFDC service area, “hardest hit” community status according to the JPC, project type or class, etc.;
- contacting CFDCs to obtain status reports for FLTL and RFL loans;
- obtaining and organizing data from BC Stats, Statistics Canada, and DFO; and
- reviewing of relevant reports including the *Evaluation Framework* for this study (FERENCE Weicker & Company, 2001), reports prepared for the JPC (Gislason et al, 1996 and Gislason et al, 1998), etc.

In particular, we have developed project and expenditure profiles according to the template of 50 coastal communities that the consultants developed for the BC Job Protection Commission (JPC). In this way, we are able to determine program concentration and impacts for the “hardest hit” communities.

The appendices to this report present the results of this secondary data collection and analysis. Appendix B profiles the six case study communities, their labour force, participation in salmon fishery, and their take-up of WD fisheries adjustment programs.

2.3 Evaluation Issues Matrix

Exhibit 5 presents a matrix of *Issues-Indicators-Methods* under the three evaluation categories of success or impacts, design and delivery, and rationale or need.

Exhibit 5: Matrix of WD Fisheries Adjustment Program Issues, Indicators, & Methods

| Issues/Questions | Indicators | Information/Methods |
|---|--|--|
| A. Success | | |
| 1. What intended and unintended impacts and effects have resulted from the program? | <ul style="list-style-type: none"> ▪ Program profile & take-up ▪ Current loan status ▪ New businesses | <ul style="list-style-type: none"> ▪ Client surveys ▪ Loan status survey ▪ Program documents |
| 2. To what extent are the impacts and effects incremental in that they would not have occurred? | <ul style="list-style-type: none"> ▪ Clients seeking other funding sources ▪ Adherence to program criteria ▪ Informed opinion | <ul style="list-style-type: none"> ▪ Client surveys ▪ CFDC, FLT, & WD interviews ▪ Community interviews, e.g., financial institutions ▪ Specialized reports |
| 3. To what extent have the activities of the programs contributed to the achievement of their objectives to date? To what extent, and over what timeframe, will the activities contribute to future achievement? | <ul style="list-style-type: none"> ▪ Objectives achievement ratings ▪ Informed opinion | <ul style="list-style-type: none"> ▪ Client surveys ▪ CFDC, FLT & WD interviews ▪ Community interviews ▪ Synthesis of findings |
| B. Program Design and Delivery | | |
| 4. To what extent are the stakeholders satisfied with the programs? What elements of the program are working effectively and what elements require improvement? What gaps in programs and services exist? | <ul style="list-style-type: none"> ▪ Satisfaction ratings ▪ Potential clients not served | <ul style="list-style-type: none"> ▪ Client surveys ▪ CFDC, FLT, & WD interviews ▪ CEAI committee interviews ▪ Community interviews ▪ Program documents |
| 5. Are there more effective and/or efficient ways to achieve the intended impacts and effects of the program? What lessons can be learned from viewing differences in the ways that various programs were delivered? | <ul style="list-style-type: none"> ▪ Informed opinion ▪ Variations in CFDC delivery ▪ Costs of delivery | <ul style="list-style-type: none"> ▪ Client surveys ▪ CFDC, FLT, & WD interviews ▪ CEAI Committee interviews ▪ Program budgets |
| 6. Did the programs reach the communities most in need of assistance? | <ul style="list-style-type: none"> ▪ Program profile & take-up ▪ Take-up by "hard hit" communities | <ul style="list-style-type: none"> ▪ Program documents ▪ Analysis of "hard hit" communities ▪ JPC reports |
| C. Rationale | | |
| 7. Were the programs an appropriate response to the needs identified? | <ul style="list-style-type: none"> ▪ Fishery job losses ▪ Changes in the fishery ▪ Informed opinion | <ul style="list-style-type: none"> ▪ JPC reports ▪ Client surveys ▪ CFDC, FLT & WD interviews ▪ Community interviews |
| 8. To what extent are the rationale and intended impacts of the program still valid? To what extent do they continue to make sense in light of the problems or conditions to which it is intended to respond? Are there potential added benefits from continuation? | <ul style="list-style-type: none"> ▪ Informed opinion | <ul style="list-style-type: none"> ▪ Changes in coastal communities |
| 9. In what manner and to what extent do the programs complement, duplicate, overlap, or work at cross purposes with other local, provincial, federal, or private sector programs and services? | <ul style="list-style-type: none"> ▪ Informed opinion | <ul style="list-style-type: none"> ▪ CEAI committee interviews ▪ CFDC, FLT, & WD interviews ▪ Community interviews |

3.0 FISHERIES LEGACY TRUST LOAN PROGRAM

The Fisheries Legacy Trust Loan (FLTL) Program provides loans to small businesses (see Exhibit A.1, Appendix A). This loan fund, operated by the Fisheries Legacy Trust (FLT) and delivered by member CFDCs, initially financed the acquisition of salmon licenses for stacking purposes. More recently, the fund has financed marine and other small businesses in coastal communities.

This section provides a description and evaluation of the FLTL program. The evaluation draws on the following information sources and activities:

- a survey of 72 FLTL program clients (out of 244 total program clients);
- interviews with 30 personnel from CFDC, the FLT, and WD;
- interviews with 21 community leaders;
- six community case study profiles;
- a review of the loan status of each of the 244 loans;
- a review of loans issued to the “hardest hit communities”; and
- other secondary data, reports, etc.

3.1 Background, Design, and Delivery

Licence Stacking Loans and the Creation of the Trust

In January 1997 DFO announced a \$35.7 million package of incentives to help fisherman and communities adjust to the impacts of the “Mifflin Plan”. The package was the federal response to the recommendations contained in the tripartite panel report entitled “Tangled Lines”. DFO believed that many licence holders wished to stack another licence but did not have access to credit through traditional lending institutions such as banks and credit unions. Thus the incentives included \$5 million to facilitate access to credit for existing commercial salmon licence holders to stack another salmon licence onto their salmon vessel.

DFO subsequently released a “Letter of Interest” seeking an existing institution with experience in community-based lending to deliver the “Salmon Licence Stacking Loan

Program.” DFO sought a single entity with which to contract to deliver the program. In response, the coastal CFDCs submitted a proposal to DFO that entailed the creation of a new legal trust, “the Fisheries Legacy Trust”. DFO accepted the proposal and the Trust comprising 11 coastal CFDCs was registered as a non-profit organization in 1997. The Trust was later expanded to include CFDC Haida Gwaii in 1998 and CFDC Pacific Northwest in 1999 as these CFDCs were established.

The capital base of the stacking loan fund was \$5.5 million – \$5 million from DFO and \$0.5 million from the initial 11 coastal CFDCs in the Trust. Although the “Salmon Licence Stacking Loan Program” ended November 30, 1997, the fund is a revolving loan fund. As the stacking loans were repaid, funds became available for second-generation loans.

Exhibit 6: Key Characteristics of the Fisheries Legacy Trust Loan Fund

| | |
|-----------------------|---|
| Name | Fisheries Legacy Trust Loan (FLTL) Fund |
| <i>Established</i> | Spring 1997 |
| <i>Funding</i> | Total funds of \$10.96 million <ul style="list-style-type: none"> ▪ Fund originally established for licence stacking loans with \$0.5 million from the coastal CFDCs and \$5 million from DFO; ▪ Marine and other loans were added in April 1998 as WD topped up funds by \$5.46 million (\$420,000 for each of the 13 CFDCs). |
| <i>Current Status</i> | Loan fund is still active: <ul style="list-style-type: none"> ▪ Loans are no longer available for stacking purposes; ▪ Marine and Other Loans can be issued until March 31, 2008 and the fund is to be wound up by March 31, 2001 |
| <i>Objective</i> | Different objectives for the two loan components” <ul style="list-style-type: none"> ▪ Stacking Loans – to help existing fishing license holders to finance the purchase of additional licenses to fish additional areas or gears (“stacking”); ▪ Marine and Other Loans – to diversify, stabilize, and expand the economic and employment base of fishing communities by providing financing for small and medium sized businesses. |
| <i>Activities</i> | Again, different activities for the two components: <ul style="list-style-type: none"> ▪ Until November 30, 1997, financing of up to \$250,000 for license stacking; ▪ After November 30, 1997, financing of up to \$125,000 for business ventures in marine related industries. Criteria were subsequently expanded to include any business venture regardless of sector if the proponent was a current or ex-fishermen. |
| <i>Terms</i> | Security and equity requirements determined by individual CFDCs, and <ul style="list-style-type: none"> ▪ Stacking Loans - interest rate of prime plus 2% and loan term of 5 years, and ▪ Marine and Other Loans – variable interest rates (typically prime plus 1%-4%) and variable loan terms (typically 3 to 7 years). |
| <i>Eligibility</i> | Individuals whom traditional financial institutions would not normally serve and who had the ability to pay back the loans. <ul style="list-style-type: none"> ▪ Stacking Loans- Owners of licensed salmon vessels ▪ Marine and Other Loans – Owners of marine-related businesses and ex- or current fishermen starting new businesses. |
| <i>Delivery</i> | The Fisheries Legacy Trust (FLT) was created by the coastal CFDCs to deliver the stacking loan program. Individual CFDCs adjudicated and managed loans and loan portfolios: <ul style="list-style-type: none"> ▪ CFDCs retained 100% of interest on stacking loans and 50% of interest on marine and other loans as a management fee; ▪ The principal on the loan repayments are returned to the fund to provide second-generation loans. |
| <i>Outputs</i> | 244 loans totaling \$11.2 million: <ul style="list-style-type: none"> ▪ 19 stacking loans totaling \$1.7 million ▪ 225 marine and other loans totaling \$9.5 million. |

Marine/Other Loans

On December 1, 1998, the coastal CFDCs started to make small business loans to the marine sector using the stacking loan repayments and funds remaining from the original loan fund. Demand for the loans was strong so WD provided \$420,000 for each of the CFDCs comprising the Trust for a total of \$5,460,000 to “top up” the Fisheries Legacy Trust Loan fund

The FLTL is an ongoing revolving loan program. The fund receives one half of interest earned on each loan to cover costs relating to fund administration, program promotion, due diligence review, and related mentoring and counseling services. (In its first six months under the Licence Stacking Program, the Fund received all the interest earned.). In July 1999, eligibility was expanded to include businesses outside the marine sector if the business owner was a current or an ex-fishing industry worker.

The CFDCs generally used normal lending practices in the delivery of the program , although the “Salmon Licence Stacking Loan” component had some special features . No special application forms or processes were required. Exhibit 6 presents an overview of the FLTL fund.

3.2 Evaluation Results – Program Success

Issue #1: What intended and unintended impacts and effects have resulted from the program?

Program Take-up

The Fisheries Legacy Trust Loan fund has provided 244 loans totalling \$11.2 million from December 1997 through the summer of 2001 (see Exhibit 7).

| | Number | \$000 |
|-----------------------|---------------|---------------|
| Stacking Loans | 19 | 1,694 |
| Other Loans | <u>225</u> | <u>9,549</u> |
| | <u>244</u> | <u>11,243</u> |

The Stacking Loan demand of 19 loans underwritten and \$1.7 million in loan principal was significantly less than that projected by DFO; the DFO budget for the program was \$5.0 million. The \$11.2 million total loans written exceeds the original capital base of \$11.0 million in Exhibit 1 because of the second-generation loans that have been issued.

Loan funds were used to open a new business, buy an existing business, and to expand and/or to diversify an existing business. Several loans also provided working capital and emergency bridge financing. Businesses financed included: commercial fishing, fish processing and/or distribution, aquaculture, sport fishing lodges/charters/resorts/supply stores, ecotourism, retail stores, etc.

Exhibit 7: Fisheries Legacy Trust Loan Program Clients by CFDC, 1997-2001

| CFDC | Number of Loans | | | Loan Funds \$000s | | |
|-------------------|-----------------|------------|------------|-------------------|--------------|---------------|
| | Stacking | Other | All | Stacking | Other | All |
| 16-37 | 2 | 18 | 20 | 164 | 276 | 440 |
| Alberni-Clayoquot | 1 | 29 | 30 | 75 | 1,190 | 1,265 |
| Cariboo-Chilcotin | 0 | 6 | 6 | 0 | 619 | 619 |
| Central Island | 4 | 26 | 30 | 440 | 1,397 | 1,837 |
| Cowichan | 3 | 16 | 19 | 234 | 620 | 854 |
| Haida Gwaii | 0 | 2 | 2 | 0 | 122 | 122 |
| Mt. Waddington | 0 | 25 | 25 | 0 | 1,245 | 1,245 |
| North Fraser | 1 | 9 | 10 | 106 | 472 | 578 |
| Nuu-Chah-Nulth | 0 | 33 | 33 | 0 | 1,277 | 1,277 |
| Pacific Northwest | 0 | 4 | 4 | 0 | 118 | 118 |
| Powell River | 0 | 12 | 12 | 0 | 427 | 427 |
| Strathcona | 4 | 36 | 40 | 403 | 1,272 | 1,675 |
| Sunshine Coast | <u>4</u> | <u>9</u> | <u>13</u> | <u>272</u> | <u>514</u> | <u>786</u> |
| | <u>19</u> | <u>225</u> | <u>244</u> | <u>1,694</u> | <u>9,549</u> | <u>11,243</u> |

^a Excludes loans that were approved but did not proceed

Source: Survey of CFDCs

New Business Startup

The FLTL program has assisted in new business startup in coastal communities.

All the 19 stacking loans went to existing commercial salmon fishing enterprises. The FLTL client survey suggests that about half of the remaining 225 marine and other loans went to new businesses.

Loan Performance

The review of the status of all 244 FLTL loans as of October 2001 gave the following:

| | Loans | | \$000s | |
|----------------|---------------|-------------------|---------------|-------------------|
| | Number | Percentage | Amount | Percentage |
| Paid-off | 61 | 25% | 2,314 | 21% |
| Performing | 142 | 58% | 7,129 | 63% |
| Not performing | 14 | 6% | 773 | 7% |
| Default | <u>27</u> | <u>11%</u> | <u>1,027</u> | <u>9%</u> |
| | <u>244</u> | <u>100%</u> | <u>11,243</u> | <u>100%</u> |

The default category includes a variety of adverse outcomes: bankruptcies, asset seizures, legal proceedings, and loans written off. In many cases, the administering CFDC has been able to recover in full the principal and the accrued interest. The CFDC managers have indicated that the actual loss on the portfolio amounts to less than 5%, a rate commensurate to that of their Regular Investment Fund. Several CFDC managers indicated that they were pleasantly surprised as to how well this portfolio performed.

We should point out more than one half of the 19 licenses purchased using the stacking loan fund were subsequently sold to the PFAR “Buyback” program of DFO. Proceeds from the sale were then used to pay off or to pay down the FLTL loans.

Other Impacts

CFDC managers indicate that the creation of the Fisheries Legacy Trust as a single entity required the individual CFDCs to communicate better and to work more co-

operatively. The cooperation provided benefits not only to the FLTL loan delivery process but also to a range of other initiatives.

Some CFDCs also point out that delivery of the FLT Loan program has resulted in an increased knowledge of the communities they serve and also has raised the profile and the stature of the CFDCs within their service area. In addition, the managers have gained a better understanding of communities outside their service area.

Other Comments

We offer some comments on differences in CFDC delivery:

- A few sport fishing businesses received both FLT and RFL loans.
- Some CFDCs provided a second FLTL loan to a business to help them pay off their first loan; this practice enabled the CFDCs to maintain the original loan in the “performing” category.
- Some CFDCs were very proactive on the FLTL loan front and advertised extensively, others were more reactive.
- One CFDC, the Nuu-Chah-Nulth Economic Development Corporation (NEDC), issued significantly more loans to fishing enterprises than did the other CFDCs.
- Some CFDCs issued FLTL loans to fund pre-season fishing expenses (e.g., painting the hull, new nets, etc.) while other CFDCs would not authorize loans for these purposes.
- Different CFDCs demonstrated different risk tolerances in their FLTL loan portfolios; these differences appear to reflect differences in direction provided by each CFDC’s Board of Directors.
- Some CFDCs applied normal due diligence, security, and equity requirements on their FLTL loan portfolio (such as, at least 25% equity); other CFDCs offered some leeway or “forgiveness” on standard criteria and due diligence.

Differences are to be expected given that the policies and procedures of each CFDC are intended to reflect community needs and direction from its local Board of Directors.

Issue #2: To what extent are the impacts and effects incremental in that they would not have occurred in the absence of the program?

Incrementality

We estimate that about 75% of the FLTL loans are incremental. The FLTL client survey indicated that of the 72 clients interviewed, 37 or 51% had been turned down by another financial institution before approaching the CFDC. Assuming half of the remainder would also be incremental yields the estimated 75% incrementality.

Many small business sector loans, particularly those for the marine sector, are “high risk” loans. Many CFDC managers interviewed said that banks were no longer financing the acquisition of fishing assets and that the banks were in fact divesting themselves of their fishing portfolio. Banks and other traditional financial institutions do not recognize fishing licenses as secure assets; fishing licences cannot be used as collateral to secure loans (Sinha, 1999).

Businesses that banks consider to be financeable are highly dependent on an individual’s capability and willingness to offer security. That is, banks primarily provide security-backed loans. Several individuals indicate that they had approached the local CFDC because the banks would not issue a loan without their house or other assets outside the fishing business as security. The security requirements of the CFDC are typically less onerous because many CFDCs lend money on the basis of anticipated cash flow.

Incrementality of loans for a particular CFDC is closely tied to its risk tolerance. Some CFDCs, in the interest of seeking very low default rates, are very risk averse and insist on significant security and accept only good credit risks. Other CFDCs are willing to accept more high-risk loans and to lend on the basis of anticipated cash flow.

Some CFDCs insist that the potential client demonstrate that the business is not “bankable”, i.e. that the business has been turned down for loans by banks and other traditional lending institutions. Other CFDCs rely on their local business knowledge to make this determination, still others do not enforce this criterion.

If a business plan is considered “too good” and the individual has not sought a bank loan, some CFDCs report that they would turn down such a potential client. Other

CFDCs indicate that they have never turned down a loan applicant who would likely have been able to obtain a bank loan.

Issue #3: To what extent have the activities of the FLTL Loan program contributed to the achievement of objectives to date? To what extent, and over what time frame, will the activities contribute to future achievement?

The FLTL program launched in 1997 is still relatively new. Accordingly, it is premature to assess its long-term beneficial impacts.

However, the significant take-up of the program, the wide variety of businesses financed, and the fact that most of those businesses are still operating, all suggest that the FLTL program has enhanced business development and diversification in coastal communities. This business development in turn has enhanced the employment and taxation base of coastal communities.

Many of the businesses financed are start-up businesses, businesses that have problems attracting financing. As these businesses mature beyond their formative stages, and as the economy of the province improves, these businesses will provide a substantial economic contribution to their communities over the next 5 to 10 years and beyond.

3.3 Evaluation Results – Program Design and Delivery

Issue #4: To what extent are the stakeholders satisfied with the programs? What elements of the programs are working effectively and what elements require improvement? What gaps in programs and services exist?

Exhibit 8: Overall Client Assessment – FLTL Loan Program

Client Assessment

Survey respondents were asked:

To what extent to you agree or disagree with the following statement on a scale of 1 to 5, with a score of 1 meaning “strongly disagree” and a score of 5 meaning “strongly agree”. (A score of 3 is neutral.)

| Statement | <u>Average Score by Client Type</u> | | | % Favourable Score* |
|--|-------------------------------------|-------|-----|---------------------|
| | Commercial Fishery | Other | All | |
| 1. The FLTL program has helped my business to be sustainable | 4.1 | 4.4 | 4.3 | 89% |
| 2. Other loan funds were not accessible | 3.7 | 3.8 | 3.8 | 71% |
| 3. Program design & delivery were efficient. | 4.2 | 4.4 | 4.3 | 85% |

* A favourable score refers to a score of at least 4.

Note – total of 72 survey respondents – 31 commercial fishing or processing, and 41 other loans.

Client Satisfaction

Clients are generally satisfied with the delivery of the program (see Exhibit 8). The application process and business plan requirements were not onerous, decisions on loans were made relatively quickly, and the CFDC staff were professional and helpful. Such client satisfaction likely reflects the fact that the normal CFDC delivery process was used.

In addition, several clients appreciated the flexibility of the CFDCs to renegotiate loan terms when business circumstances changed. The perception is that CFDCs are more flexible than traditional lending institutions.

Many clients are thankful for the business advice, business mentoring, and other business services available through the CFDC and its staff. These services are not normally available through a bank or credit union.

Gaps in Service

The Prince Rupert CFDC did not open until April 1999, a date after the conclusion of the Licence Stacking component of the FLTL loan program. As a result, licence holders in the Prince Rupert area – an area with a high concentration of fishermen – did not have access to stacking loans unless they contacted the CFDC in Terrace. Only one licence holder applied to CFDC 16/37 in Terrace.

Even though the Greater Vancouver and Greater Victoria areas do not have CFDCs (which are designed to serve smaller centres and rural areas), the FLT made special arrangements with CFDCs in neighbouring areas to provide stacking loan services to fishermen residing in these urban areas.

Issue #5: Are these more effective and/or efficient ways to achieve the intended impacts and effects of the FLTL loan program? What lessons can be learned from reviewing differences in the ways that the various programs were delivered?

Program Delivery Costs

Program delivery costs for the loan program were modest. The program used existing delivery systems. The member CFDCs were able access to one-half of the interest paid on marine and other loans (and all the interest on stacking loans) to meet administrative costs.

We estimate that 10% or about \$340,000 of the \$3.38 million total costs of Outreach & Coordination in Exhibit 2 was attributable to delivery of the FLTL program. This represents 3% of the \$11.2 million lent.

Lessons Learned

Each community and each CFDC differ. Some CFDCs applied normal commercial lending criteria to potential FLT loans, e.g., viability, due diligence, security, equity criteria, etc. Others applied less stringent criteria than they would for loans from their Regular Investment Fund. As a consequence, the loan portfolios of some of these CFDCs have performed poorly and their Boards have directed the tightening of FLTL criteria.

It appears prudent to apply normal lending criteria to FLTL loans. A loan in default serves the interests of no one, not the investors, the CFDC or the community at large. As one CFDC manager told us, “ we try not to set people up for failure”. At the same time, different circumstances do exist in different communities. In many coastal communities, particularly those in the north, there is a dependence on large interests – the fishery, the forest products company, the Port or government – to provide an economic base for the community. The entrepreneurial spirit needs to be nurtured and cultivated over time before the FLTL loan demand will reach levels in other regions.

Delivery Differences

Apart from the greater adherence to due diligence and commercial lending criteria, we could not identify any significant problems with the delivery process across CFDCs.

Issue #6: Did the FLTL loan program reach the communities most in need of assistance?

The FLTL program did not focus on servicing the “hardest hit” communities. The intent was to support businesses most in need of assistance – those that were viable but were unable to obtain financing through traditional means – and not to support particular communities over others. The 1998 JPC study report that the 20 “Hardest Hit” communities in terms of fishing job issues comprised 28% of total fishing job losses. CFDC records indicated that 37–38% of FLTL loans went to entrepreneurs in “hardest hit” communities.

Loans

\$000s

| | Number | Percentage | Amount | Percentage |
|---------------|------------|-------------|---------------|-------------|
| “Hardest-hit” | 90 | 37% | 4,285 | 38% |
| Other | <u>154</u> | <u>63%</u> | <u>6,958</u> | <u>62%</u> |
| | <u>244</u> | <u>100%</u> | <u>11,243</u> | <u>100%</u> |

Finally, we note that many of the “hardest hit” communities are isolated aboriginal communities where transportation issues, low local demand, and large distances to markets severely inhibit business development. Barriers to business development encompass more issues than merely access to capital.

3.4 Evaluation Results – Program Rationale

Issue #7: Was the program an appropriate response to the needs identified?

No Need for Stacking Loans

In the spring of 1997, there were about 600 stacked licenses on salmon vessels and DFO anticipated that several hundred more would be stacked. Today, the number of stacked salmon licences totals only about 375. The demand for licence stacking (and associated financing) was severely over-estimated by DFO – of the \$5 million allocated by DFO for stacking loans, only \$1.7 million was issued (see Exhibit 7). The anticipated demand for stacking loans did not materialize mainly because the economics of the commercial salmon fishery deteriorated dramatically.

Increased Funding Needed for Marine and Other Sector Loans

Many CFDCs report that in early 1998, their regular investment funds for general small business loans were almost fully subscribed and that they could no longer service new clients. At the same time, there existed a need for loan capital to finance new ventures, many of which were launched by ex-fishing industry workers. Several CFDC managers and loan officers indicate that if funds had existed in their regular loan funds, they would have been able to provide loans to marine sector clients. That is, although additional funds were needed, there was no need to establish a separate program.

Several individuals point out that the ceiling on FLTL loans was \$125,000 compared to \$75,000 for regular CFDC loans. Still others note the difficulty in targeting money for

fisheries adjustment purposes without a dedicated fund. Moreover, under the federal Treasury Board Guidelines, the use of the original DFO \$5 million needed to be consistent with the provisions of subsection 3.1 of the *Fisheries Development Act*. Design and delivery of the FLTL program were consistent with established CFDC policies and procedures.

In short, the FLTL program was required because:

- There existed a demand for loans; and
- That demand could not be met through the existing capital base of the CFDCs; and
- Accountability purposes necessitated a separate program.

And, the program was compatible with CFDC procedures for administrative ease.

Issue #8: To what extent are the rationale and intended impacts of the program still valid? To what extent do they continue to make sense in light of the problems or conditions to which it is intended to respond? Are there specific added benefits from continuation?

The rationale for the licence stacking component of the FLTL program is not valid given the fundamental economic and biological changes in the salmon industry in recent years.

However, in our view, the FLTL program with its present objective of providing marine and other loans is still needed. Several communities including the lower Sunshine Coast and the Cowichan region have sponsored marine sector strategies for community economic development and renewal (Community Marine Resource Transition Committee, 1998 and Cowichan Marine Fisheries Committee, 1999). The marine sector is a key underpinning of the priorities identified by community interests. The basic rationale of the FLTL program is still sound.

At the same time, coastal communities in BC today are being devastated by forest sector job losses. The economic development challenges in many coastal communities

are more challenging today than three to four years ago. In the coming months and years, member CFDCs in the Fisheries Legacy Trust will likely be inundated by loan requests from individuals without ties to the fishing industry and from businesses outside the marine sector, that is, individuals and businesses that do not qualify for FLTL loans. Maintaining the FLTL program would ensure that the CFDCs have the capital base in the Regular Loan Fund to meet this anticipated demand.

Issue #9: In what manner and to what extent does the program complement, duplicate, overlap or work at cross purposes with other local, provincial, federal or private sector programs and services?

We could find no significant duplication, overlap, or conflict with other non-CFDC loan programs. But, as mentioned earlier, many of the clients could have been served by the CFDCs using their regular loan fund if the funds were available. The banks have been withdrawing from fishing and other “high risk” loans for several years. The CFDCs with their focus on small business provide coastal communities provide a niche lending service. The CFDCs also note that one of the goals of startup financing and business advice is to help businesses achieve a point where the next growth phase could be financed through banks and traditional lending institutions. Examples can be provided by the CFDCs.

4.0 RECREATIONAL FISHERY LOAN PROGRAM

The Recreational Fishery Loan (RFL) program provided loans to salmon fishing lodges and charter boats (see Exhibit A.2, Appendix A). The loan program was operated by the FLT and delivered by member CFDCs.

This section provides a description and evaluation of the RFL loan program. The evaluation draws on the following information, sources and activities:

- a survey of 50 RFL program clients (out of 136 total program clients);
- interviews with 35 personnel from CFDC, the FLT and WD;
- interviews with 21 community leaders;
- six community case study profiles;
- a review of the loan status of each of the 144 loans;
- a review of loans issued to the “hardest hit” communities; and
- other secondary data, reports, etc.

4.1 Background, Design, and Delivery

In late 1997, the coastal CFDC members of the Fisheries Legacy Trust met in Nanaimo to discuss the business and community needs for fisheries adjustment services. The CFDCs compiled a list of potential initiatives in order of priority. A loan program to lodges, charters and retail suppliers, marinas, etc. was identified as a lower priority item. The list and minutes from the meeting were forwarded to WD and DFO.

In June 1998, DFO and the federal government announced sweeping changes to the BC salmon industry, both commercial and recreational. According to the announcement, “for those recreational business affected in the short-term, interest free loans will also be offered through Western Economic Diversification”. Six months of discussions ensued between DFO, WD, and recreational industry groups such as the Sport Fishing Institute. Apparently, interest rates were actively discussed. DFO wanted zero interest for the full term of the loans, however both WD and the FLT felt strongly that such an

interest holiday would compromise their mandate and their reputation in coastal communities as operating on a strictly business case basis.

In December 1998, DFO launched the Recreational Fishery Loan (RFL) program, a short-term program that would operate from January 1999 to May 1999. The federal government wanted to conclude the RFL program before the height of the recreational fishing season. The Fisheries Legacy Trust (FLT) and its member CFDCs would deliver the program. With the Fisheries Legacy Trust Loan (FLTL) program, the coastal CFDCs formed the umbrella Fisheries Legacy Trust and submitted a formal proposal to DFO (see Section 3); with the Recreational Fishery Loan (RFL) program, the FLT did not actively seek to deliver the program.

Exhibit 9: Key Characteristics of the Recreational Fishing Loan Program

| | |
|-----------------------|---|
| Name | Recreational Fishing Loan (RFL) Program |
| <i>Established</i> | January 1999 |
| <i>Funding</i> | Treasury Board approved \$7 million in funding on November 26, 1998 |
| <i>Current Status</i> | Loans have been distributed based on applications received by May 15, 1999. No new loans have been issued. |
| <i>Objective</i> | To assist owners of fishing lodges and charter boat operations to maintain their operations and to adjust to the restructuring of the Pacific salmon fishery by developing more selective, sustainable, and diversified recreational fishing operations |
| <i>Activities</i> | To provide working capital loans of up to \$100,000 to owners of fishing lodges and \$25,000 to owners of charter boat operations. |
| <i>Terms</i> | <p>Terms of the loans included:</p> <ul style="list-style-type: none"> ▪ Interest at prime and an Interest holiday to December 31, 1999; ▪ No repayments required until October 31, 1999, (subsequently extended to December 31, 2000); ▪ Repayments by December 15, 2005 with a maximum term of 6 years; ▪ Security and equity requirements determined by issuing CFDC |
| <i>Eligibility</i> | <p>Owners of fishing lodges and charter boat operations who</p> <ul style="list-style-type: none"> ▪ Required transitional funding but were unable to meet traditional lending requirement to access working capital; ▪ Could demonstrate loss of income in 1998 resulting from dependence on the salmon fishery; ▪ Possessed a plan to diversify their business and increase their revenue base; and ▪ Were able to repay the loan. |
| <i>Delivery</i> | <p>In June 1998, DFO announced that WD and its associated CFDCs would be delivering a loan program for the recreational fishing industry. Individual CFDCs adjudicated and managed loans and loan portfolios:</p> <ul style="list-style-type: none"> ▪ CFDCs retained one-half of the earned interest as a management fee; ▪ Treasury Board approval included a plan to return the principal on loan repayments to the issues CFDCs, however, WD has yet to submit the required written request to Treasury Board for implementation; ▪ Principal on repayments continue to reside with the FLT. |
| <i>Outputs</i> | <p>Total of \$6.1 million for 136 loans:</p> <ul style="list-style-type: none"> ▪ 52 loans totaling \$4.2 million to fishing lodges ▪ 84 loans totaling \$1.9 million issued to charter operations. |

The RFL allowed fishing lodges and fishing charters to access “working capital” loans for amounts of up to \$100,000 and \$25,000 respectively. In the delivery of the program, the CFDCs generally relied on their normal lending practices except that DFO specified the interest rate (zero until December 31, 1999 and prime thereafter) and the loan term (no repayments required until December 31, 2000 and loan retirement by December 15, 2005). No special application forms or processes were required. The federal government produced a special brochure for the program and advertised widely.

Initially, each of the CFDCs was given a specific allocation of the \$7 million funding. Midway through the application period, CFDCs experiencing weak loan demand returned a share of their allocation to the Trust which in turn distributed the funds to CFDCs with strong loan demand.

Each of the coastal CFDCs received one half of the interest earned on each loan to cover the costs of fund administration, program promotion, due diligence receive etc. The original intent was that the CFDCs would have access to the principal repayments as well, but presently these reside in a separate FLT bank account. The FLT and member CFDCs are waiting for WD to make a formal request to federal Treasury Board to execute this part of the contract. Exhibit 9 summarises the RFL program

4.2 Evaluation Results – Program Success

Issue #1: What intended and unintended impacts and effects have resulted from the program?

Program Take-up

The Recreational Fishery Loan Program provided 136 loans for \$6.1 million from January 1998 through May 1998 (see Exhibit 10).

| | Number | \$000 |
|-------------------|------------|--------------|
| Loans to Lodges | 52 | 4,203 |
| Loans to Charters | <u>84</u> | <u>1,934</u> |
| | <u>136</u> | <u>6,137</u> |

Diversification activities pursued by lodges and charters included:

- other saltwater angling, e.g., halibut, rockfish;
- freshwater angling, e.g., fly fishing and heli-fishing; and
- ecotourism, e.g., sea kayaking, whale watching, diving.

Loan funds were used for a variety of activities: advertising, website development, travel to trade shows, computer equipment upgrade, upgrade to accommodation facilities or campsites, new charter or dive boats, new equipment such as motors or GPS systems, marina overhaul, and working capital. Some

Exhibit 10: Recreational Fishing Loan Program Clients by CFDC, 1999

| CFDC | Number of Loans | | | Loan Funds \$000s | | |
|-------------------|-----------------|-----------|------------|-------------------|--------------|--------------|
| | Lodge | Charter | All | Lodge | Charter | All |
| 16-37 | 5 | 3 | 8 | 498 | 62 | 560 |
| Alberni-Clayoquot | 8 | 4 | 12 | 660 | 94 | 754 |
| Cariboo-Chilcotin | 6 | 0 | 6 | 565 | 0 | 565 |
| Central Island | 3 | 2 | 5 | 215 | 49 | 264 |
| Cowichan | 3 | 10 | 13 | 205 | 250 | 455 |
| Haida Gwaii | 1 | 0 | 1 | 24 | 0 | 24 |
| Mount Waddington | 9 | 3 | 12 | 623 | 62 | 685 |
| North Fraser | 2 | 35 | 37 | 160 | 875 | 1,035 |
| Nuu-Chah-Nulth | 1 | 2 | 3 | 100 | 33 | 133 |
| Pacific Northwest | 2 | 5 | 7 | 117 | 97 | 214 |
| Powell River | 1 | 1 | 2 | 100 | 25 | 125 |
| Strathcona | 6 | 15 | 21 | 461 | 302 | 763 |
| Sunshine Coast | <u>5</u> | <u>4</u> | <u>9</u> | <u>475</u> | <u>85</u> | <u>560</u> |
| | <u>52</u> | <u>84</u> | <u>136</u> | <u>4,203</u> | <u>1,934</u> | <u>6,137</u> |

^a Excludes loans that were approved but did not proceed

Source: Survey of CFDCs

operators note that they would not be in businesses today without the RFL loan program. Other operators have started to market “fishing trips” and not “salmon fishing trips” with very good results.

Loan Performance

The status of all 136 RFL loans as of October 2001 are as follows:

| | Loans | | \$000s | |
|----------------|------------|-------------|--------------|-------------|
| | Number | Percentage | Amount | Percentage |
| Paid-off | 23 | 17% | 771 | 13% |
| Performing | 76 | 56% | 3,083 | 50% |
| Not performing | 21 | 15% | 1,199 | 20% |
| Default | <u>16</u> | <u>12%</u> | <u>1,084</u> | <u>17%</u> |
| | <u>136</u> | <u>100%</u> | <u>6,137</u> | <u>100%</u> |

The default category includes a variety of adverse outcomes: bankruptcies, asset seizures, legal proceedings, and loans written off. In many cases, the administering CFDC has been able to recover in full the principal and the accrued interest. The overall performance of the RFL program is highly influenced by two situations First, one fishing lodge received (in addition to an FLTL loan) three separate RFL loans of \$100,000 from three different CFDCs and now is in default of its loan obligations. Second, five fishing lodges in the Central Coast (served by the Cariboo–Chilcotin CFDC) are refusing to repay RFL loans totaling almost \$0.5 million. Apparently these lodges are lobbying the federal government in Ottawa to convert the loans into interest free loans for the full loan term, or to turn the loans into grants, or some other consideration.

Aside from these two situations, most CFDC managers indicate that the actual loss on the portfolio will amount to less than 5%, a rate commensurate to that of their regular investment fund. They indicated that they were pleasantly surprised as to how well this portfolio performed.

Other Comments

We offer some additional comments

- Some CFDCs felt uncomfortable delivering the RFL program because they viewed it as a subsidy program for a particular client class and they normally try to convey to the local business community that the CFDCs treat clients equally.
- It is not clear whether boats, motors, and some other equipment items purchased with loan funds met the “working capital” requirement of the program.
- Some CFDCs underwrote both RFL and FLTL loans to a lodge or charter.
- The interpretation of eligibility criteria appeared to vary across CFDCs. For example, a charter boat operator with two boats might be deemed by one CFDC as eligible for two \$25,000 loans and by another CFDC as eligible for only one \$25,000 loan.
- The RFL loan program was implemented late, i.e., six months after the June 1998 PFAR announcement; there was a rush to subscribe clients before the May 15, 1999 deadline.
- At least one CFDC has indicated that due to the rushed nature of the program, it was unable to conduct normal due diligence and as a result the portfolio is demonstrating high non-performance and default rates.

Issue #2: To what extent are the impacts and effects incremental in that they would not have occurred in the absence of the program?

Incrementality

We estimate that about 50% of the RFL loans are incremental. The RFL client survey indicated that of the 50 clients interviewed, only 9 or 18% had been turned down by another financial institution before approaching the CFDC. Assuming one third of the remainder would also be incremental results in the 50% incrementality estimate. (It

appears that the attractive interest rate drew many lodges and charter to the program though they would qualify for bank loans.)

Many small business sector loans, particularly those for the marine sector, are “high risk” loans. Many CFDC managers we interviewed have stated that banks are no longer financing fishing businesses, commercial or recreational.

What banks consider to be financeable is highly dependent on what the individual is capable and willing to offer as security. That is, banks provide primarily security-backed loans. The security requirements of the CFDC are less onerous as many CFDCs lend money on the basis of anticipated cash flow. Some individuals indicated that they approached the CFDC because the bank would not issue a loan without their house or other assets outside the fishing business as security. Lodges can usually offer land and buildings although many lodges operate on leased or Crown Land. Many charter operators have other jobs or other sources of income and can offer non-charter assets as security.

Incrementality of loans for a particular CFDC is closely tied to its risk tolerance. Some CFDCs, in the interest of seeking very low default rates, are very risk averse and insist on significant security and accept only good credit risks. Other CFDCs are willing to accept more high-risk loans and to lend on the basis of anticipated cash flow.

Some CFDCs insist that the potential client demonstrate that the business is not “bankable”, i.e. that the business has been turned down for loans by banks and other traditional lending institutions. Other CFDCs rely on their local business knowledge to make this determination, still others do not enforce this criterion.

If a business plan is considered “too good” and the individual has not sought a bank loan, some CFDCs report that they would turn down such a potential client. Other CFDCs indicate that they have never turned down a loan applicant who would likely have been able to obtain a bank loan.

Issue #3: To what extent have the activities of the RFL program contributed to the achievement of objectives to date? To what extent and over what time frame, will the activities contribute to future achievement?

The Recreational Fishery Loan program has enabled many sports fishing lodges and charters to stay in business during a difficult business climate, and has helped others to diversify and to adapt their businesses in response to a fisheries management regime increasingly focused on conservation and selective fishing. However, it also appears that several others used the RFL loan program simply because it offered below-market interest rates or because it was available and they viewed it as an entitlement.

4.3 Evaluation Results – Program Design and Delivery

Issue #4: To what extent are the stakeholders satisfied with the programs? What elements of the programs are working effectively and what elements require improvement? What gaps in the programs and services exist?

Client Satisfaction

Clients are generally satisfied with the delivery of the program (see Exhibit 10). The application process and the business plan requirements were not onerous, the decisions on loan applications were made expeditiously, and the CFDC staff was professional and helpful. This in large part reflects the fact that the normal CFDC delivery process was used.

In addition, several clients appreciated the flexibility to renegotiate loan terms when business circumstances changed. The perception was that CFDCs were more flexible than were traditional lending institutions.

Gaps in Service

DFO had determined that eligibility for the RFL program should be restricted to recreational fishing businesses that provide and enable the angling experience on the water, that is, only lodges and charters would be eligible. Supply businesses such as sport fishing tackle shops and marinas would not be eligible. Some CFDC managers

and loans officers viewed this eligibility criterion as a problem. WD in fact proposed to DFO that the loan program include such supply businesses. However, some sport fishing retail stores, while ineligible for RFL loans, were able to access loans under the Fisheries Legacy Trust Loan program (see Section 3.)

Even though the Greater Vancouver and Greater Victoria areas do not have CFDCs (CFDCs are designed to serve smaller centres and rural areas), the FLT made special arrangements with CFDCs in neighbouring areas to provide recreational fishing loans in these two urban centres.

Exhibit 11: Overall Client Assessment – RFL Loan Program

Client Assessment

Survey respondents were asked:

To what extent to you agree or disagree with the following statement on a scale of 1 to 5, with a score of 1 meaning “strongly disagree” and a score of 5 meaning “strongly agree”. (A score of 3 is neutral.)

| Statement | Average Score by Client Type | | | % Favourable Score* |
|--|------------------------------|---------|-----|---------------------|
| | Lodge | Charter | All | |
| 1. The RFL program has helped me to diversify my business. | 4.1 | 3.7 | 3.9 | 76% |
| 2. Other loan funds were not accessible | 3.9 | 3.2 | 3.3 | 41% |
| 3. Program design & delivery were efficient. | 4.3 | 4.7 | 4.6 | 96% |

* A favourable score refers to a score of at least 4.

Note – total of 50 survey respondents – 20 lodges and 30 charters..

Exhibit Issue #5: Are these more effective and/or efficient ways to achieve the intended impacts and effects of the RFL program? What lessons can be learned from reviewing differences in the ways the various programs were delivered?

Program Delivery Costs

Program delivery costs for the RFL program were modest. The program used existing delivery systems. The member CFDCs were able access to half of the interest paid on RFL program loans to meet administrative costs.

We estimate that 5% or about \$170,000 of the \$3.38 million total costs of Outreach & Coordination in Exhibit 2 were attributable to delivery of the RFL loan program. This represents 2% of the \$6.1 million lent.

Lessons Learned

Each community and each CFDC differ. Some CFDCs applied normal commercial lending criteria to potential RFL loans, e.g., viability, due diligence, security, equity criteria, etc. Others applied less stringent criteria than they would for loans from their regular investment fund. This was due in part to the rushed nature of the RFL program.

It appears prudent that normal lending criteria should have been used for RFL loans. A loan in default serves the interests of no one, not the investors, the CFDC or the community at large.

Delivery Differences

Apart from the greater adherence to due diligence and commercial lending criteria, we could not identify any real problems with the delivery process across CFDCs.

Issue #6: Did the RFL loan program reach the communities most in need of assistance?

The RFL program was not a community adjustment program per se. The RFL program did not focus on servicing the “hardest hit” communities. The intent was to support businesses most in need of assistance – those that were viable but were unable to

obtain financing through traditional means – and not to support particular communities over others.

The 1998 JPC study reported that the 20 “Hardest Hit” communities in terms of fishing job issues comprised 28% of total fishing job losses. CFDC records indicated that 23–24% of RFL program loans went to lodges and charters in these “hardest hit” communities.

| | Loans | | \$000s | |
|---------------|------------|-------------|--------------|-------------|
| | Number | Percentage | Amount | Percentage |
| “Hardest-hit” | 31 | 23% | 1,443 | 24% |
| Other | <u>105</u> | <u>77%</u> | <u>4,694</u> | <u>76%</u> |
| | <u>136</u> | <u>100%</u> | <u>6,137</u> | <u>100%</u> |

However, the FLTL did redistribute RFL program funds from those CFDCs experiencing weak loan demand to those CFDCs with strong loan demand. In this way, the RFL program did direct loan funds to those regions most in need.

4.4 Evaluation Results – Program Rationale

Issue #7: Was the program an appropriate response to the needs identified.

At the time of the PFAR announcement, the number one factor affecting business viability of the sportfishing sector was the uncertainty and late announcements of the catch or “bag” limits and other regulations. The year 1999 as well as 1998 were very difficult years for the sport fishing sector due to regulatory uncertainty. The RFL loan program helped the industry deal with the repercussions of the problem but not with the underlying problem itself.

Some individuals we interviewed note that there was another need that the RFL program served. The federal government was spending over \$200 million under the

PFAR program on assistance to the commercial fishery through the buying back of salmon licences, forgiving fees for licences, etc. The Recreational Fishery Loan program was a visible way for the federal government to demonstrate that it was also assisting the recreational sector.

Issue #8: To what extent are the rationale and intended impacts of the program still valid? To what extent do they continue to make sense in light of the problems or conditions to which it is intended to respond? Are there specific added benefits from continuation?

Fishing lodges and charter operations have had time to adapt to the new sport fishing regulatory environment. Most of those who can adapt have already done so.

The industry reports that DFO did a much better job in years 2000 and 2001 in providing early signals as to the general direction of the sport fishing regulations. This helped the industry immensely. But more progress on this front needs to be made including an earlier formal announcement of the regulations

In our view, there is no rationale for restarting the Recreational Fishery Loan program (unless there is another degradation of regulatory uncertainty)

Issue #9: In what manner and to what extent does the program complement, duplicate, overlap or work at cross purposes with other local, provincial, federal or private sector programs and services?

We could find no significant duplication, overlap, or conflict with other non-CFDC loan programs. But as mentioned earlier, many of the clients could have been served under the regular investment funds of the CFDCs (if the fund had loan funds available).

5.0 COMMUNITY ECONOMIC ADJUSTMENT INITIATIVE PROGRAM

The Community Economic Adjustment Initiative (CEAI) provided repayable and non-repayable contributions to businesses and communities for community-supported economic adjustment projects (see Exhibit A.3, Appendix A). A Steering Committee comprised of community-based representatives made decisions on funding but delivery was through the FLT and its member CFDCs.

This section provides a description and evaluation of the program. The evaluation draws on the following information sources and activities:

- a survey of 56 CEAI program clients (out of 101 total program clients);
- interviews with 35 personnel from CFDC, the FLT, and WD;
- interviews with 11 members of the CEAI Steering Committee;
- interviews with 21 community leaders;
- six community case study profiles;
- a review of funding to the “hardest hit” communities; and
- other secondary data, reports, etc.

5.1 Background, Design, and Delivery

In August 1998, the Minister of Fisheries and Oceans requested advice from coastal mayors of the Resource Sub-Committee of the Union of BC Municipalities (UBCM) on community adjustment and transition needs arising from the change in the salmon fishery. On January 12, 1999, the Minister announced the Community Economic Adjustment Initiative (CEAI) as part of the “Helping People and Communities” initiative of PFAR.

Funding decisions for the economic diversification program were to be made by a Steering Committee composed 16 community representatives – four coastal mayors, four CFDC representatives, four representatives from aboriginal organisations (such as an aboriginal capital corporation), and one representative from each of the four federal government departments involved in the PFAR program (WD, DFO, HRDC, and DIAND). Two provincial representatives were later added. While the Committee was responsible

for making funding decisions, delivery of the CEAI program was through the Fisheries Legacy Trust (FLT) and its member CFDCs.

CEAI Objectives and Program Design

The CEAI was created to encourage long-term sustainable economic development and diversification in coastal communities affected by changes in the salmon fishery (see Exhibit 12). The program provided contributions to projects that would:

- help diversify the local economy;
- have tangible and sustainable economic benefits such as job creation;
- have community support;
- leverage other (private or public) funding; and
- were not eligible for funding under an existing program.

Exhibit 12: Key Characteristics of the Community Economic Adjustment Initiative

| | |
|-----------------------|---|
| Name | Community Economic Adjustment Initiative |
| <i>Established</i> | January 1999 |
| <i>Funding</i> | Total funds of \$20.3 million: <ul style="list-style-type: none"> ▪ Initial funding by WD of \$13.3 million over a two year period, ▪ Additional \$7 million contributed by DFO on April 25, 2000 to extend the program to July 31, 2001. |
| <i>Current Status</i> | Completed. <ul style="list-style-type: none"> ▪ The mandate of Steering Committee expired July 31, 2001. Disbursements must be completed by March 31, 2002. ▪ As repayable contributions are repaid into the Trust, a new pool of money will be created. A revised program akin to the CEAI is being developed by the CFDCs and WD. |
| <i>Objective</i> | To encourage long term sustainable economic development and diversification in coastal communities affected by changes in the salmon fishery. |
| <i>Activities</i> | Maximum contribution of \$250,000. <ul style="list-style-type: none"> ▪ Repayable contributions for commercial or for-profit projects ▪ Non-repayable for not-for-profit projects |
| <i>Terms</i> | Repayable contributions at prime interest with repayments to be completed by December 31, 2006. |
| <i>Eligibility</i> | Projects to create economic opportunities and/or to diversify the local economy. <ul style="list-style-type: none"> ▪ Applicants could be private businesses, non-profit organizations, industry associations, or local governments. ▪ Proponents needed to show: strong community support, economic diversification, tangible and direct results, lack of eligibility for funding under existing programs, and funding partners ▪ Priorities for community partnerships and “hard hit” coastal communities |
| <i>Delivery</i> | Funding decisions by Steering Committee with assistance of CFDCs <ul style="list-style-type: none"> ▪ Special Fisheries Coordinators and Outreach workers at CFDCs helped to develop and screen projects using a two stage application process – initial concept and full proposal. CFDCs also administered contributions. ▪ CFDCs forwarded summaries of recommended projects to the Program Steering Committee (composed of mayors and representatives from First Nations, CFDCs, and federal and provincial representatives) that met quarterly to make funding decisions. |
| <i>Outputs</i> | 101 projects totaling \$19.4 million <ul style="list-style-type: none"> ▪ 25 projects receiving \$4.3 million in repayable contributions ▪ 76 projects receiving \$15.1 million in non-repayable contributions |

Funding levels were to be applied on a case-by-case to permit flexibility in addressing local needs, especially those of small, remote communities where access to other funding sources is limited.

Contributions up to \$250,000 were available. If the project was a commercial venture, then the contributions were to be repayable. Some community-based projects with small commercial components were provided both repayable and non-repayable contributions. Proponents of community-based projects seeking non-repayable contributions were required to demonstrate that the project would lead to sustainable economic benefits for the community. Priority was given to projects that offered the greatest opportunity to leverage funding from other sources. The CEAI program would not fund 100% of a project's costs.

Program Delivery

In early 1999, the Committee met twice to determine project guidelines and procedures (Fisheries Legacy Trust, 1999). The application process was a two-step process. Potential applicants submitted a two-page project concept to the local CFDC. If the project was deemed to meet the basic CEAI guidelines, then the CFDC invited the applicant to develop a full proposal. Businesses needed to demonstrate that the project was economically viable. All projects were required to meet all legislative, regulatory, and policy requirements prior to submission to the Steering Committee so that projects could commence within 90 working days

Local CFDCs reviewed the proposals. Only those projects recommended by the CFDC were to be forwarded to the Steering Committee. Rather than having Committee members read the entire proposals, four page Project Approval Summaries (PASs) of the recommended projects were prepared by the CFDCs for review. For a project to be considered at a Committee meeting, proposals had to be submitted to the CFDC 20 days prior to the announced meeting date to allow the CFDC time to consider the proposal and to prepare the PAS.

The Steering Committee met quarterly to make funding decisions during a one to two day meeting. Decisions on specific projects were made by consensus. Projects could be

approved, rejected, or deferred for later consideration. In deferral situations, the Committee normally sought further information or clarification of some points from a proponent. Repayable contributions were issued at prime interest. Successful proponents receiving either repayable or non-repayable CEAI contributions entered into contribution agreements with their local CFDC which was responsible for CEAI administration and monitoring. The FLT oversaw the entire process.

Ten Steering Committee meetings were held between June 1999 and July 2001 to review proposed projects. In mid-2000, the Fisheries Minister added two representatives of the provincial government, both Board members of Fisheries Renewal BC, to the Steering Committee. The Committee meeting of July 19, 2001 was the last. The funds have been distributed and the Committee disbanded. A subcommittee of the Steering Committee has been charged with determining how best to use the contribution repayments that will be returned to the Fisheries Legacy Trust over the next several years.

WD launched a new publication “Networks” that described the CEAI program, its objectives, eligibility criteria, application process and projects funded. Between April 1999 and July 2001, WD published eight issues of “Networks”.

5.2 Evaluation Results – Program Success

Issue#1: What intended and unintended impacts and effects have resulted from the program?

Program Take-up

From June 1999 to July 2001, the Community Economic Adjustment Initiative (CEAI) contributed funds totaling \$19.4 million to 101 projects (see Exhibit 13)

| Type of Project | Number | \$000s |
|---------------------------|------------|---------------|
| Commercial (Repayable) | 25 | 4,305 |
| Community (Non-Repayable) | <u>76</u> | <u>15,096</u> |
| | <u>101</u> | <u>19,401</u> |

Five projects received both repayable and non-repayable contributions. These projects are classified as repayable in the above table. A few projects received conditionally repayable grants; again these are classified as repayable.

The program has funded a wide variety of projects (Exhibit 14):

| Type of Project | Number of Projects |
|------------------------|---------------------------|
| Waterfront Improvement | 27 |
| Museum/Historic Site | 18 |
| Attraction | 18 |
| Trail or Walkway | 11 |
| Aquaculture | 8 |
| Community Facility | 4 |
| Fish Processing | 4 |
| Other Food Products | 2 |
| Experimental Fishery | 1 |
| Fish Harvesting | 1 |
| Forest Products | 1 |
| Other | <u>6</u> |
| | <u>101</u> |

The types of projects most commonly funded were: waterfront improvements, museums and historic sites, tourist attractions, and trails or walkways. Together, these projects comprise 73% of the total. Many costal communities are looking to tourism as a means of economic diversification and employment generation. Appendix C gives a complete list of all CEAI projects.

Exhibit 13: CEAI Projects by CFDC, 1999-2001

| CFDC | Number of Loans ^a | | | CEAI Funds \$000s ^a | | |
|-------------------|------------------------------|---------------|------------|--------------------------------|---------------|---------------|
| | Repayable ^b | Non-Repayable | All | Repayable ^b | Non-Repayable | All |
| 16-37 | 1 | 12 | 13 | 65 | 3,051 | 3,116 |
| Alberni-Clayoquot | 1 | 8 | 9 | 250 | 1,627 | 1877 |
| Cariboo-Chilcotin | 3 | 5 | 8 | 541 | 1,090 | 1631 |
| Central Island | 1 | 1 | 2 | 157 | 293 | 450 |
| Cowichan | 0 | 2 | 2 | 0 | 215 | 215 |
| Haida Gwaii | 1 | 8 | 9 | 125 | 1,400 | 1,525 |
| Mount Waddington | 5 | 14 | 19 | 1,125 | 2,226 | 3,351 |
| North Fraser | 0 | 2 | 2 | 0 | 450 | 450 |
| Nuu-Chah-Nulth | 3 | 6 | 9 | 515 | 1,329 | 1,844 |
| Pacific Northwest | 5 | 9 | 14 | 962 | 1,787 | 2,749 |
| Powell River | 1 | 0 | 1 | 200 | 0 | 200 |
| Strathcona | 4 | 6 | 10 | 365 | 1,064 | 1,429 |
| Sunshine Coast | <u>0</u> | <u>3</u> | <u>3</u> | <u>0</u> | <u>564</u> | <u>564</u> |
| | <u>25</u> | <u>76</u> | <u>101</u> | <u>4,305</u> | <u>15,096</u> | <u>19,401</u> |

Source: Fisheries Legacy Trust information

a Excludes loans that were approved but did not proceed

b Includes a few conditionally repayable contributions

Exhibit 14: CEAI Projects Profile 1999 to 2001

| Type of Project | Number of Projects | | | CEAI Funds \$000s | | |
|--|--------------------------|-----------|------------|--------------------------|--------------|---------------|
| | Hardest Hit ^a | Other | Total | Hardest Hit ^a | Other | Total |
| Aquaculture | 7 | 1 | 8 | 1,572 | 125 | 1,697 |
| Attractions | 8 | 10 | 18 | 982 | 2,051 | 3,033 |
| Community Facility | 3 | 1 | 4 | 700 | 250 | 950 |
| Experimental Fishery | 0 | 1 | 1 | 0 | 250 | 250 |
| Fish Harvesting | 1 | 0 | 1 | 41 | 0 | 41 |
| Fish Processing | 2 | 2 | 4 | 500 | 332 | 832 |
| Forest Products | 1 | 0 | 1 | 125 | 0 | 125 |
| Museum/Historic Site | 10 | 8 | 18 | 2,029 | 1,746 | 3,775 |
| Other Food Products | 1 | 1 | 2 | 192 | 62 | 254 |
| Trail or Walkway | 7 | 4 | 11 | 1,404 | 931 | 2,335 |
| Waterfront Improvement | 12 | 15 | 27 | 2,039 | 2,852 | 4,891 |
| Other | <u>5</u> | <u>1</u> | <u>6</u> | <u>1,018</u> | <u>200</u> | <u>1,218</u> |
| | <u>57</u> | <u>44</u> | <u>101</u> | <u>10,602</u> | <u>8,799</u> | <u>19,401</u> |
| Type of Assistance | | | | | | |
| Repayable ^b | 14 | 11 | 25 | 2,643 | 1,662 | 4,305 |
| Non-Repayable ^c | <u>43</u> | <u>33</u> | <u>76</u> | <u>7,959</u> | <u>7,137</u> | <u>15,096</u> |
| | <u>57</u> | <u>44</u> | <u>101</u> | <u>10,602</u> | <u>8,799</u> | <u>19,401</u> |
| Type of Community or Organisation | | | | | | |
| Primarily Aboriginal | 25 | 23 | 48 | 4,851 | 4,842 | 9,693 |
| Mixed Aboriginal | 10 | 2 | 12 | 1,624 | 417 | 2,041 |
| Non-Aboriginal | <u>22</u> | <u>19</u> | <u>41</u> | <u>4,127</u> | <u>3,540</u> | <u>7,667</u> |
| | <u>57</u> | <u>44</u> | <u>101</u> | <u>10,602</u> | <u>8,799</u> | <u>19,401</u> |

Source: CEAI project list provided by Fisheries Legacy Trust

^a Top 20 "hardest hit" communities based on rankings in the JPC report (Gislason et al, 1998)

^b Includes some conditionally repayable loans

^c Five projects received both repayable and non-repayable contributions (3 in "hardest hit" communities). These five projects are counted as repayable.

Project Approval Rate

A total of 237 projects were submitted for consideration by the Steering Committee at the ten meetings between June 1999 and July 2001.

| Decision | No. of Projects | \$000 Requested |
|----------------------|------------------------|------------------------|
| Approved | 110 | 20,913 |
| Rejected or Deferred | <u>137</u> | <u>25,285</u> |
| | <u>237</u> | <u>46,198</u> |

The Steering Committee approved a total of 110 projects, but proponents of nine of these are not proceeding with their projects. That is, 101 of the 110 projects have gone ahead. Of the 127 projects not approved, 81 were rejected and 46 projects were deferred to a subsequent meeting pending more information to be submitted. Many projects initially deferred by the Steering Committee eventually received funding at a later meeting.

Leveraged Funding

Funding sources other than the CEAI for CEAI-approved projects include a variety of other loan (repayable), grant (non-payable), equity, in-kind, and other funding. In fact, the securing of other funding, or “leveraged” funding was a requirement for project approval. Exhibit 15 displays the total funding profile of all 101 CEAI projects.

| Funding Source | \$000s | Percentage |
|---------------------------------|---------------|-------------------|
| CEAI Repayable & Non-Repayable | 19,401 | 31% |
| Other Repayable & Non-Repayable | 20,859 | 33% |
| Other, e.g., equity, in-kind | <u>22,355</u> | <u>36%</u> |
| | <u>62,615</u> | <u>100%</u> |

The \$19.4 million in CEAI funds represented 31% of the project budget total of \$62.6 million. So, the CEAI program helped to “leverage” another \$2 for every \$1 of CEAI funds. Other funding partners for CEAI projects include: BC Millennium Projects, DFO, HRDC, Fisheries Renewal BC, Parks Canada, BC Hydro, Skeena Native Development Society, Gwaii Trust, Nanaimo Port Authority, DFO Small Craft Harbours, and several forest companies.

However, while CEAI funding was normally conditional on project proponents securing other funding or contributions, in many cases funding from other sources, especially public sources such as Fisheries Renewal BC and HRDC, similarly was dependent on project proponents securing CEAI funding. Therefore, it is difficult to attribute all of the non-CEAI project costs of \$43.3 million solely to the ability of the CEAI program to “leverage” funds.

Exhibit 15: Funding Profile of CEAI Projects 1999-2001

| | \$000s | Percentage |
|---|----------------------|-------------|
| CEAI Funding | | |
| Repayable | 3,570 | 18% |
| Conditionally Repayable | 735 | 4% |
| Non-Repayable | <u>15,096</u> | <u>78%</u> |
| Total | 19,401 | 100% |
| Other Funds & Contributions | | |
| CFDC & Public Agency Repayable ^a | 433 | 1% |
| Public Agency Non-Repayable ^b | 12,657 | 29% |
| Commercial Loans ^c | 7,769 | 18% |
| Equity ^d | 16,925 | 39% |
| In-Kind ^e | 2,494 | 6% |
| Other ^f | <u>2,936</u> | <u>7%</u> |
| Total | 43,214 | 100% |
| Total Investment | <u>62,615</u> | |

Source: CEAI

a For example, First Nations Agricultural Lending Authority

b For example, Fisheries Renewal, HRDC, Parks Canada, DFO

c Loan from a traditional lending institution such as a bank or credit union

d May include in-kind contribution from proponent

e For example, donated timber, donated labour, etc.

f For example, private foundations, revenues, etc.

Also, the value attributed by some proponents to “equity” or “in-kind” contributions appears suspect. Several proponents offered project budgets with an equity component that was already spent in a previous project phase. Or, the entire cost of the previous phase was deemed to be the equity portion. The CEAI guidelines clearly specified that already spent funds could not be used as an equity contribution. In some cases, labour offered as “in-kind” seems to have been expended several years back, or timber and trail right-of-ways may have been valued at inflated rates. In other situations, the “in-kind” contribution refers to the use of office, equipment, and staff of the proponent.

Economic Benefits to Communities

The CEAI projects have facilitated new business startup, employment generation, and economic diversification of coastal communities. The projects provide not only direct construction and operation jobs in the facility itself, but also indirect jobs through supply businesses and through spin-off business created. For example, a wharf or museum can spur visitor expenditures in accommodation facilities, restaurants, retail stores, etc.

Exhibits 16 and 17 profile two successful projects with lasting economic repercussions and long coattail effects on their communities:

- the Zeballos Wharf Revitalization project
- the Northcoast Biotoxin and Water Quality Project

These two projects demonstrate that CEAI projects can provide platforms from which new and expanded business can prosper, e.g., motels and restaurants in Zeballos, shellfish farms in the Prince Rupert area.

Based on the Project Approval Summaries (PASs) for each CEAI project, we estimate the employment associated with all the 101 CEAI projects to be:

| | | |
|----------------------|------------|---------------------------|
| Project Construction | 600 | Jobs |
| Project Operations | 200 | Full-time, Full-year Jobs |
| | <u>880</u> | Other Jobs |

1,080

The above job estimates for CEAI projects, in most cases, exclude indirect jobs or jobs based away from the project site, e.g., tourist spending at restaurants.

As noted earlier, not all the economic benefits associated with CEAI projects can be attributed solely to the CEAI program. However, several proponents indicate that the CEAI funds, coming as they did from the federal government, helped to attract other funding sources that might not otherwise have been secured.

Exhibit 16: Zeballos Wharf Revitalization Project

| | |
|---------------------------|--|
| <i>Project</i> | <p>In 1989, the DFO-funded dock in Zeballos burnt down and was not replaced. This meant that the passenger and cargo ship Uchuck III and other larger vessels could no longer dock in Zeballos. Contributions from the CEAI program funded the re-building of the Zeballos dock in 1999-2000.</p> |
| <i>Funding</i> | <p>The \$325,000 cost of the project was shared by CEAI (\$250,000 non-repayable), the Village of Zeballos (\$70,000), and the provincial government (\$5,000). As well, Western Forest Products contributed timber.</p> |
| <i>Economic Benefits</i> | <p>After the dock was rebuilt, the Uchuck III resumed weekly service to Zeballos. On Monday afternoons during the summer, 30-40 visitors would arrive on the vessel and stay overnight, spending money on accommodations, meals, water taxis and tours, and in the shops. Some visitors later made return visits on their own. In addition, several large fishing boats and two naval boats also stopped in Zeballos.</p> <p>There is potential for large pleasure craft, ecotourism vessels, pocket cruises, etc to visit. Several tour businesses are planning to expand their operations next year. And, the Uchuck III may visit twice a week next year thus enabling elongated stays by visitors.</p> |
| <i>Community Benefits</i> | <p>The entire community, aboriginal and non-aboriginal, supported the project and worked together to ensure the rebuilding of the dock. The wharf is a focal point of community pride and volunteers worked to clean up the waterfront.</p> |
| <i>Role of Outreach</i> | <p>An outreach worker from CFDC Mount Waddington was located in Zeballos. The individual was critical to the project's success through: engendering trust in the community, explaining the CEAI process in plain language, dealing with DFO on fisheries issues, organizing community meetings on the project, and providing the CFDC with insights on local issues.</p> |

Exhibit 17: North Coast Biotoxin and Water Quality Project

| | |
|---------------------------|--|
| <i>Project</i> | <p>The project provides Paralytic Shellfish Poison (PSP) and other biotoxin and water quality testing services for the North Coast. Without water quality testing capability, the North Coast has been unable to re-open wild commercial shellfish fisheries that have been closed or to launch new shellfish farms. The CEAI program helped to: 1) fund the recruitment of a trained scientist/manager, 2) obtain the certification of Northern Laboratories Ltd. by the federal government for biotoxin extract preparation and water quality testing, and 3) investigate alternative technologies such as phytoplankton monitoring and the MIST ALERT test.</p> |
| <i>Funding</i> | <p>The total cost of the \$346,000 project was borne by several partners:</p> <ul style="list-style-type: none">• \$250,000 (non-repayable) from CEAI• \$71,000 from Fisheries Renewal BC,• \$25,000 from HRDC <p>The project also received in-kind support towards the administrative/overhead costs of the program from the Skeena-Queen Charlotte Regional District.</p> |
| <i>Economic Benefits</i> | <p>The Humpback Bay Oyster project, also the recipient of a CEAI contribution, is the first shellfish farm in the North Coast area to produce and sell product. The project only became feasible after the introduction of local biotoxin testing. The oyster farm delivered its first product to market in October 2001. Also, a commercial bivalve fishery in the North Coast is in development. This fishery would not occur without the testing centre.</p> <p>The biotoxin and phytoplankton testing will help potential aquaculture investors in the siting of operations.</p> <p>The current plan is for the federal government eventually to assume responsibility for local biotoxin and water quality testing. The CEAI program provided critical start-up funding to establish the testing centre and enabled the federal government to become involved through a steering committee.</p> |
| <i>Community Benefits</i> | <p>The project trains volunteers in communities to conduct the biotoxin and water quality sampling. Many aboriginal people have been harvesting shellfish for food in areas that are unclassified because of the lack of water quality information. For example, members of the Metlakatla First Nations harvest clams on a beach opposite where raw sewage is discharged. Now, contamination levels can be tested to ensure safety to human health. The project is raising local awareness about shellfish biotoxins and water quality issues.</p> |

Other Impacts

The CEAI program brought broad community benefits. Diverse community interests were forced to work together to conceive, design and implement a project that had community support. This cooperation resulted in much better projects than would have been forwarded otherwise, and left a legacy of community capacity to tackle future community issues. The resulting projects provided role models, built confidence and were a focal point of community pride. In some cases, inter-community cooperation has been enhanced, e.g. the museums of Masset, Port Clements, Skidegate and Sandspit are planning to do some joint marketing. Several aboriginal communities noted that the museums constructed would have the added benefit of provided a venue for aboriginal children to learn about their culture.

The CEAI program also has benefited the CFDCs themselves through capacity building within the CFDC movement. CEAI and the Fisheries Legacy Trust provided the impetus for individual CFDCs to communicate better and to work more co-operatively. For example, it was common for one CFDC to request information on the PAS and other documentation from another CFDC. Another example is the periodic meetings held by the CFDC managers of 16/37, Pacific Northwest, and Haida Gwaii in northern BC. The cooperation provided benefits not only to the CEAI delivery process, but also to a range of other initiatives.

Some CFDCs also indicated that delivery of the CEAI program resulted in an increased knowledge of the communities they served and also raised the profile and the stature of the CFDCs within their service area. Prior to CEAI, many CFDCs had limited experience with aboriginal people. In addition, the managers gained a better understanding of communities outside their service area.

Issue #2: To what extent are the impacts and effects incremental in that they would not have occurred in the absence of the program?

We estimate that about 75% of the projects are incremental in that they would not have proceeded within 2 years without the CEAI contribution.

Some proponents said the project would go ahead eventually, but on a delayed time line and potentially at a reduced scale. These savvy and determined individuals were knowledgeable about alternative funding sources, both within government and outside government, e.g. the Vancouver Foundation.

It is the less sophisticated proponent, often at a disadvantage living in a remote community, who was less likely to proceed with their project without CEAI funding. In particular, unincorporated communities such as Sointula, have a very difficult time accessing Regional District and provincial government funds.

The CEAI program also engendered greater communication and cooperation between the four federal government departments – WD, DFO, HRDC and DIAND. This inter-departmental cooperation has proved invaluable on a number of other initiatives unrelated to CEAI.

Issue #3: To what extent have the activities of the CEAI program contributed to the achievement of objectives to date? To what extent, and over what time frame, will the activities contribute to future achievement?

The businesses and projects funded under the CEAI program since 1999 are still relatively new. Accordingly, it is premature to assess their long-term beneficial impacts. However, the significant take-up of the program, the variety of projects supported, the immediate impacts of several strategic projects, and the widespread support for the program all suggest that the CEAI program has assisted in the transition from the traditional fishery to alternative and sustainable economic activities in coastal communities.

Moreover, the program has been successful at targeting those communities hardest hit by restructuring in the fishery (see Issue #6). Community adjustment is a 20+ year process. CEAI has “kickstarted” the adjustment process, provided some concrete success stories, built capacity in communities, and provided a foundation for

communities to continue the adjustment process. The CEAI program acted as a catalyst for needed change. Coastal communities are in a much better position today to accomplish this than in 1998, prior to the launch of the CEAI program.

5.3 Evaluation Results – Program Design and Delivery

Issue #4: To what extent are the stakeholders satisfied with the programs? What elements of the programs are working effectively and what elements require improvement? What gaps in programs and services exist?

Client Satisfaction

Clients are generally satisfied with the delivery of the program (see Exhibit 18). The application process and business plan requirements were not onerous, the quarterly Steering Committee meetings facilitated timely decisions, and the CFDC staff were professional and helpful. In particular, many clients comment that they could never have developed a successful proposal without the help and encouragement of the Fisheries Adjustment Coordinator and/or the Outreach Worker (see Section 6)

Nevertheless, clients did have some complaints or issues:

- Some clients thought that there was considerable latitude by the Steering Committee in the interpretation of the program guidelines. The decision-making process was perceived as not transparent in some situations, e.g., the determination of repayable versus non-repayable contributions.

Exhibit 18: Overall Client Assessment – CEAI Program

Client Assessment

Survey respondents were asked:

To what extent to you agree or disagree with the following statement on a scale of 1 to 5, with a score of 1 meaning “strongly disagree” and a score of 5 meaning “strongly agree”. (A score of 3 is neutral.)

| Statement | <u>Average Score by Client Type</u> | | | % Favourable Score* |
|--|-------------------------------------|-----------|-----|---------------------|
| | Commercial | Community | All | |
| 1. The CEAI program has helped my community in transition and diversification. | 4.5 | 4.6 | 4.6 | 96% |
| 2. Other funds were not accessible. | 4.1 | 3.6 | 3.8 | 85% |
| 3. Program design & delivery were efficient. | 4.0 | 4.0 | 4.0 | 87% |
| 4. Special adjustment programs are still needed for coastal communities. | 4.9 | 4.8 | 4.8 | 98% |

* A favourable score refers to a score of at least 4.

Note – total of 56 survey respondents – 19 commercial projects receiving repayable contributions and 37 community projects receiving non-repayable contributions. (5 of the 19 commercial projects also received non-repayable CEAI contributions.)

- Proposal requirements seemed to change over time, e.g., it was only at the July 2001 meeting the Steering Committee required that projects meet Canadian Environment Assessment Act (CEAA) standards.
- Proponents put a lot of effort into their full proposals but the Steering Committee did not necessarily review the full proposals as time did not permit. Instead, the Committee read a four page Project Approval Summary or PAS (but Committee members could access the full proposals if they wished). Both the Steering Committee review and decision process depended critically on the PAS, but some CFDCs prepared PASs that did not accurately describe the proposed project or that did not accurately present the merits of the project.
- Some proponents created new organizations specifically to manage projects (e.g. a museum) but were only reimbursed by the CFDC after demonstrating proof of payment to suppliers. This arrangement created cash flow difficulties for many proponents although some were able to arrange for a line of credit. Cash flow issues also meant that many projects were separated into several phases as cash permitted. This delayed completion of projects and increased budgets.

With respect to the first complaint – the perceived lack of transparency in decision making by some quarters – we note that: 1) the CEAI guidelines were published in the “Networks” newsletter and made available to the applicants through the CFDCs 2) the decisions were published in “Networks” and unsuccessful applicants were provided with the reasons, in writing, for their rejection 3) unsuccessful applicants had the option of receiving a debriefing and 4) a decision appeal process was put in place.

Steering Committee Satisfaction

Members of the CEAI Steering Committee think that the project review process worked well. The committee size was not cumbersome, the Committee represented a wide range of community interests, the quarterly meeting schedule resulted in timely decisions, and the consensus approach to decision-making allowed more full

discussion of the pros and cons of each project (one noted that aboriginal people make decisions by consensus). Moreover, the decision to exclude Committee members from the room when a project in their locale was being discussed was supported by the majority of those we interviewed. The exclusion obviated the perception that communities with representation on the Committee would receive preferential treatment. In short, Committee decisions were fair and based on project merits.

Several committee members expressed disappointment at the poor quality of proposals recommended and submitted by some CFDCs. They expected obvious “non-starters” to be declined at the CFDC review stage. Some CFDCs did not feel it was their job to decline projects with widespread community support. Compounding this was the committee’s impression that some CFDCs had become advocates for certain projects at the expense of the impartial review that they were expected to provide. This perhaps reflects the fact that the same individuals were involved in the design, delivery and approval process for projects.

Several Steering Committee members also noted that the addition of the two provincial representatives created some disruption as they were, understandably, not familiar with the decision-making process of the Committee and how that process had evolved. Some members indicated that the provincial representatives were unduly concerned with whether projects would hire displaced fishermen, a legitimate criterion and one that was included in the CEAI guidelines, that up to then had received little attention (since the CEAI was a community adjustment program and not a worker adjustment program – HRDC provided worker adjustment services). However, others feel that the inclusion of the provincial representatives, once the community focus of the CEAI program was explained, was valuable as the two provincial representatives brought broad fisheries knowledge and expertise on potential Fisheries Renewal support for projects to the table.

Gaps in Service

We could not identify any gaps in service.

Issue #5: Are there more effective and/or efficient ways to achieve the intended impacts of the CEAI loan program? What lessons can be learned from reviewing differences in the ways that the various programs were delivered?

Program Delivery Costs

The CEAI program had access to the interest earned on the CEAI funds to meet administrative costs. We estimate that 85% or about \$2,870,000 of the \$3.38 million total costs of Outreach and Coordination in Exhibit 2 was attributable to delivery of the CEAI program. This represents 15% of the \$19.4 million CEAI funds expended.

Normally, the administrative costs of a federal government grant and contribution program will lie in the realm of 15–20% of funds disbursed. The administrative costs of the CEAI program lie within this range, a considerable achievement given the program offered outreach services to communities, often remote, to build capacity to respond to the program requirements.

Lessons Learned Regarding Delivery Differences

Some CFDCS should have conducted more due diligence and better review of projects before recommending them for approval to the Steering Committee. Also, project proponents should have been able to review the draft PAS, but not the CFDC recommendation, before the PAS was presented to the Committee. (Some CFDCS did follow this procedure). This would have ensured that the PAS accurately described the project and the community and economic benefits.

Issue #6: Did the CEAI program reach the communities most in need of assistance?

Assistance for the “hardest-hit” communities was an explicit focus of the CEAI program. The Steering Committee reserved a pool of \$5 million to be potentially available to the 20 hardest hit communities according to the 1998 JPC report – \$250,000 for each. The intent was to allow those communities, many of which are aboriginal, the time to develop the capacity to submit an acceptable proposal without the fear that all the CEAI funds would have been expended by that time. In addition, aboriginal communities in the Tricorp service area in Northern BC received priority

consideration. However, no monies were earmarked to individual communities as an entitlement. The “hardest hit” communities still had to develop good projects that met the guidelines.

Over one half the CEAI projects funded and over one-half the CEAI funds went to projects in the 20 “Hardest Hit” communities (see Exhibit 14):

| | Projects | | \$000 CEAI | |
|---------------|------------|-------------|---------------|-------------|
| | Number | Percentage | Amount | Percentage |
| “Hardest Hit” | 57 | 56% | 10,602 | 55% |
| Other | <u>44</u> | <u>44%</u> | <u>8,799</u> | <u>45%</u> |
| | <u>101</u> | <u>100%</u> | <u>19,401</u> | <u>100%</u> |

Of the 20 “hardest hit” communities on the JPC list, only two – Qualicum Beach and Parksville – did not have a CEAI project in their area.

In addition, another \$3,443,000 for 14 projects went to aboriginal communities in the TRICORP service area that were not on the original JPC list. The proportion of CEAI projects (56%) and the proportion of funds (55%) associated with the 20 “hardest hit” communities greatly exceeded their 28% share of total fishing job losses as indicated in the JPC report (Gislason et al, 1998).

Exhibit 14 also displays the share of CEAI funds going to aboriginal communities, a priority area of federal government adjustment assistance (many of the aboriginal communities are also the “hardest hit” communities).

| | Projects | | \$000 CEAI | |
|-----------------------------------|------------|-------------|---------------|-------------|
| | Number | Percentage | Amount | Percentage |
| Primarily Aboriginal | 48 | 47% | 9,692 | 50% |
| Mixed Aboriginal & Non-Aboriginal | 12 | 12% | 2,041 | 11% |
| Primarily Non-Aboriginal | <u>41</u> | <u>41%</u> | <u>7,668</u> | <u>39%</u> |
| | <u>101</u> | <u>100%</u> | <u>19,401</u> | <u>100%</u> |

It is clear that the CEAI program was successful at focusing on the communities most in need of assistance.

5.4 Evaluation Results – Program Rationale

Issue #7: Was the program an appropriate response to the needs identified?

The CEAI program was an appropriate response to the needs of coastal communities for transition and adjustment assistance. The CEAI program was able to provide loans to some businesses that will likely not generate cash flow for several years (e.g., a farmed abalone venture in Sointula) but that offer substantial future potential. That is, the CEAI program could take a longer-term view than other traditional lending institutions. Also, the CEAI program was able to fund community infrastructure, infrastructure that can provide a service base or a platform for other businesses such as ecotour operators, restaurants etc.

Furthermore, the CEAI program was flexible enough to recognize the special needs of small, isolated, often aboriginal, communities. Such communities often need time and assistance to marshal community interests in developing proposals that the community as a whole can support and that fell under the guidelines of the CEAI program.

The community-based approach to CEAI project approval, first through the local CFDC and then through the community-based Steering committee, worked well. The approach is consistent with the bottom-up approach espoused by community economic development practitioners and in fact is consistent with how CFDCs actually operate. As one individual stated, “in order to change to happen, it must be community-based.”

Issue #8: To what extent are the rationales and intended impacts of the program still valid? To what extent do they continue to make sense in light of the problems or conditions to which it is intended to respond? Are there specific added benefits from continuation?

The CEAI program provided a significant impetus to capacity building, community planning, and economic renewal to coastal communities affected by the downturn in the salmon industry. Communities are more capable today to tackle adjustment issues than they were three years ago. Nevertheless, community adjustment is a 20+ year

process and the work has just started. CEAI clients that we interviewed are almost unanimous that an adjustment and transition program is still needed (see Exhibit 17).

Issue #9: In what manner and to what extent does the program complement, duplicate, overlap or work at cross purposes with other local, provincial, federal or private sector programs and services?

We could find no significant duplication, overlap, or conflict with other non-CFDC loan programs. In fact, the CEAI projects attracted several partnerships from federal, provincial, and municipal governments, from non-profit agencies, and from the private sector. This demonstrates the complementary aspect of the CEAI program with other programs and services.

6.0 OUTREACH, COORDINATION, AND OTHER ACTIVITIES

This package of programs includes activities that supported the implementation, management and coordination of the FLTL, RFL and CEAI programs. It also included separate adjustment activities such as information fairs for entrepreneurs, and the Coastwide Initiatives (CWI) program for projects having broad benefits. See the program logic model in Exhibit A.4, Appendix A.

This section provides a description and evaluation of the Outreach, Coordination & Other (OCO) programs. The evaluation draws on the following information, sources and activities:

- interviews with 35 personnel from CFDC, the FLT and WD
- interviews with 11 CEAI Steering Committee members
- six community case study profiles
- secondary data, program reports etc.

Exhibit 19 summarizes the OCO program.

6.1 Background

The OCO program has seven quite diverse roles or functions:

- Regional Fisheries Coordinator Office – the administrative role of the Regional Fisheries Coordinator plus office, travel, audit and communication activities. Much of the Coordinator’s time is devoted to the financial management and record keeping of the various Fisheries Legacy Trust programs, especially the CEAI program. With respect to the CEAI program, the Coordinator:
 - provided administrative support to the workings of the Steering Committee, i.e. sending out notices and materials before meetings; minutes of meetings; letters of acceptance, rejection or deferral to applicants

- liaised with CFDC managers as to CEAI guidelines and procedures
 - generally met with each proponent and personally viewed the proposed project site
 - reviewed each full proposal submitted to the Committee
 - briefly described each project at Steering Committee meetings as introduction to Committee discussion (the Coordinator was not a member of the Steering Committee); the Coordinator also answered questions from the Committee on project details
- Fisheries Adjustment Coordinators – provide each coastal CFDC with the ability to understand and coordinate fisheries adjustment responses and CFDC programs such as the FLTL, RFL and CEAI.

Exhibit 19: Key Characteristics of Outreach, Co-ordination, and Other Activities

| Name | Outreach, Co-ordination, and Other Activities |
|-----------------------|--|
| <i>Established</i> | Started initially in 1997 |
| <i>Funding</i> | <ul style="list-style-type: none"> ▪ Expanded Outreach & Co-ordination – \$4.7 million as part of the initial \$18 million CEAI announcement in January 1999 ▪ Coastwide Initiatives – \$850,000 contributed by WD and DFO to the Fisheries Legacy Trust in April 1998. ▪ Other – In 1997 & 1998, WD directly funded CFDC Fisheries Coordinators, community info-fairs, and other studies/initiatives |
| <i>Current Status</i> | Most funding completed |
| <i>Objective</i> | <ul style="list-style-type: none"> ▪ Outreach & Co-ordination – To help deliver CFDC programs, especially the CEAI and especially for remote communities; Regional Fisheries Coordinator provided administration, management and accountability for Fisheries Legacy Trust activities ▪ Coastwide Initiatives – To encourage collaboration between communities and among regions along the coast to rebuild and strengthen local economies ▪ Others – Facilitate adjustment and diversification |
| <i>Activities</i> | <p>Funding for:</p> <ul style="list-style-type: none"> ▪ Outreach & Co-ordination – Regional Fisheries Coordinator and Fisheries Adjustment Coordinators & Outreach Coordinators at the coastal CFDCs ▪ Coastwide Initiatives – Contributions of up to \$250,000 per project ▪ Other – Community Info Fairs, other local fisheries coordination activities |
| <i>Eligibility</i> | <ul style="list-style-type: none"> ▪ Outreach & Co-ordination – Each of the 13 coastal CFDCs got a Fisheries Adjustment Coordinator, outreach workers focused on remote communities ▪ Coastwide Initiatives – projects must be sponsored by at least three coastal CFDCs |
| <i>Delivery</i> | <ul style="list-style-type: none"> ▪ Outreach & Co-ordination – At individual CFDCs; Regional Fisheries Coordinator had a Vancouver office ▪ Coastwide Initiatives – CFDCs screen and put forward proposals which are reviewed by committee of CFDC managers |
| <i>Outputs</i> | <ul style="list-style-type: none"> ▪ Outreach & Coordination – Hiring of a Regional Fisheries Coordinator, Fisheries Adjustment Coordinators at 13 coastal CFDCs, and 8 Outreach Coordinators (helped develop \$19.4 million in CEAI projects) ▪ Coastwide Initiatives – 30 projects funded for a total of \$845,000 ▪ Other – Hosted several Info fairs, funded feasibility studies etc. that helped communities in transition and diversification |

- Outreach Workers – to provide awareness and help in accessing CFDC programs, especially the CEAI, and non-CFDC programs to remote communities.
- Coastwide Initiatives (CWI) Program – funded fisheries projects that provided broad-coastwide benefits; proponents required sponsorship by one CFDC, support by 2 more, and approval by all 13 for their project to proceed. Appendix D provides a complete CWI project list.
- Info-Fairs – were staged to make local interests familiar with federal government assistance programs available to individuals, businesses and communities (typically these Info-Fairs were part of an ocean-based conference or CFDC tradeshow).
- Special Needs – funding was provided to coastal CFDCs for issues identification, analyses and monitoring of impacts related to the “Mifflin Plan”.
- Seed Funding – was provided to coastal CFDCs to assess the potential of several promising ocean-related and development opportunities e.g. feasibility studies.

The first three initiatives – Fisheries Coordinator Office, Fisheries Adjustment Coordinators and Outreach Workers – comprise three quarters of the funding for this group as a whole. The evaluation that follows below focuses on these first three initiatives, what we call Outreach & Coordination (O&C), a subset of the broader OCO group of initiatives.

6.2 Evaluation Results – Program Success

Issue #1: What intended and unintended impacts and effects have resulted from the program?

The O&C program has allowed communities with different levels of planning capacity to access CFDC adjustment programs, most specifically the CEAI.

Fisheries coordinators and outreach workers visited communities to:

- Make the communities aware of available programs
- Help the community build capacity to respond to opportunities
- Facilitate community consultation and long term community planning
- Build community partnerships

The individuals acted as a resource person in both fisheries and non-fisheries areas. Initially the focus was enabling access to the CEAI program, but later on the focus broadened to more community capacity building, liaison with DFO on environmental assessment etc. Many fisheries coordinators and outreach workers became a catalyst for community action. They engaged in conflict resolution and built up trust in the community.

The benefits of the O&C role in some cases were both surprising and profound. For example, the Fisheries Coordinator in Powell River CFDC, a marine biologist, launched a Marine Resource Advisory Committee in the area, a committee that developed a community-based aquaculture plan. He identified the economic opportunity for the commercial harvest of the “varnish clam”, found funding to sponsor the basic research to satisfy DFO scientists as to its biological sustainability, got an experimental fishing licence issued, test marketed the product, and oversaw the October 2001 opening of the new “savory clam” fishery (he got the name legally changed from “varnish clam” for marketing purposes). He also helped a group of prawn fishermen: 1) start their own prawn marketing company, 2) forge a strategic alliance with an existing fish processing facility that was under-utilized, 3) conduct market research targeting Japan through the Canadian embassy in Tokyo and the Consulate in Osaka, and 4) develop contacts with Japanese brokers importing crustaceans.

Other examples exist such as the outreach worker in Sayward who was instrumental in launching the “Sayward Futures Society”, a not-for-profit community economic development (CED) society. Some O&C workers provided business mentoring to potential entrepreneurs.

Finally, in our view, the successes of the CEAI program identified in Section 5 could never have happened without the talent and dedication of the Regional Fisheries

Coordinator. Some CEAI clients did speculate that he had too much influence on decisions made by the committee. However, the committee members that we interviewed rejected this assertion. Rather the whole CEAI process, given the complexities involved and the large amounts of money in question, needed a strong hand to maintain accountability of the program. The CEAI program could never have succeeded without an able and experienced coordinator.

Issue #2: To what extent are the impacts and effects incremental in that they would not have occurred in the absence of the program?

The O&C role is fully incremental. The CFDC or another organization would not have Fisheries Coordinators and Outreach Workers. CFDCs do not have the budgets to travel to isolated communities to make them aware of their programs.

Issue #3: To what extent have the activities of the program contributed to the achievement of objectives to date? To what extent, and over what time frame, will the activities contribute to future achievement?

The O&C role was essential to the success of the CEAI program. The O&C workers have helped to build local capacity and supported bottom-up, locally-driven solutions to community adjustment and diversification.

It was essential to have the Outreach and Coordination function “to help the communities help themselves”. At the program outset, many communities did not have the capacity to respond to the CEAI proposal call.

6.3 Evaluation Results – Program Design and Delivery

Issue #4: To what extent are the stakeholders satisfied with the programs? What elements of the programs are working effectively and what elements require improvement? What gaps in programs and services exist?

Stakeholders were generally satisfied with the program. Many small communities brought CEAI projects forward that would not have come forward without the help and guidance of the Fisheries Adjustment Coordinators and Outreach Workers. Remote communities had few “shelf-ready” ideas and did not have expertise at proposal writing. In many cases, the O&C workers helped to break down these barriers.

Issue #5: Are there more effective and/or efficient ways to achieve the intended impacts and effects of the program? What lessons can be learned from reviewing differences in the ways that the various programs were delivered?

There were two different models of delivery of outreach services that the CFDCs utilized. The first involved the O&C staff being stationed at the CFDC with the individuals spending substantial time on travel to fishing communities. The benefit to this service delivery model is that the outreach worker is integrated into the workings of the CFDC and can obtain better day-to-day direction. The disadvantage is that the O&C worker is an outsider to the community.

The second delivery model involved hiring outreach workers in the remote communities themselves to work with the local community. The benefit of this service delivery model is that the outreach worker has acceptance in the community and knows local issues. The disadvantage is that the O&C worker is at some distance from CFDC management and therefore has to be trusted to work independently without much supervision.

It was the decision of the local CFDC as to what model to follow and as to what individual(s) to hire. Both service delivery models can work and both can fail. In our opinion, the success of the outreach worker depended on the talent, enthusiasm, hard work, and business sense of the individual hired.

It appeared that both some very good and some bad hiring decisions were made. Several outreach workers noted that there was lack of supervision and/or feedback in their job from the CFDC at least initially. They had to “create their own job”.

The nature of the Fisheries Coordinator and Outreach role required much independence but at the same time, the workers did require direction. They did not always receive it. Tied to this is the need identified by some O&C workers for training and professional development.

We also note that in the one or two cases the CFDC did not hire an outreach worker. Rather it provided funding for potential proponents to hire consultants to write proposals for them. In these cases, the local capacity building did not materialize.

As noted in Section 5, some O&C workers, while helping proponents immensely in composing their CEAI proposal response, became advocates for the projects that they helped to develop. This created some difficulty when the local CFDC had to decide whether to recommend such projects for approval by the Steering Committee.

In some cases, Outreach Workers were placed in another community organization office such as a Band Office. This created some confusion and potentially a conflict of interest/time as to who the individual actually was working for. In at least one case, an individual from Greater Vancouver was hired to provide outreach service to a remote community. This did not work well.

Issue #6: Did the Outreach, Coordination and other programs reach the communities most in need of assistance?

The O&C program did reach the “Hardest Hit” communities most in need of assistance. Outreach workers were hired in such communities as Sayward, Zeballos, Alert Bay, Ahousaht, the Skidegate area and Sointula. Moreover, O&C workers traveled to smaller communities such as the Hazelton area, Kyoquot and Hartley Bay to work with community interests.

Over half of CEAI project funds went to the top 20 “Hardest Hit” communities (see Section 5). The O&C workers allowed these isolated communities to access the CEAI program.

Communities in unincorporated areas, such as Sointula, noted that they have great difficulty participating in government assistance programs. No such barrier existed for the CEAI program due to the availability of an Outreach Worker to work with the community.

6.4 Evaluation Results – Program Rationale

Issue #7: Was the program an appropriate response to the needs identified?

Without the O&C role, the CEAI program would not have been able to meet the mandate to facilitate economic adjustment for “Hardest Hit” communities. These communities simply would not have been able to access the program without the O&C help.

Issue #8: To what extent are the rational and intended impacts of the program still valid? To what extent do they continue to make sense in light of the problems or conditions to which it is intended to respond? Are there specific added benefits from continuation?

Coastal communities today have enhanced capacity to address their adjustment and transition needs. However, many of these needs have escalated and shifted in light of the severe problems that the forest industry is experiencing. Needs are no longer isolated on fisheries adjustment issues.

Issue #9: In what manner and to what extent does the program complement, duplicate, overlap or work at cross purposes with other local, provincial, federal or private sector programs and services?

There is no duplication or overlap with other community services. No other government agency provides an O&C role.

7.0 RECOMMENDATIONS

This study has provided an evaluation of a series of inter-related adjustment initiatives under the responsibility and guidance of Western Economic Diversification. The evaluation has documented the successes and challenges in the design, delivery and outcomes of each program component. This closing section offers four recommendations for the future direction of each of the four program types: Recreational Fishery Loan (RFL) program, Fisheries Legacy Trust Loan (FLTL) program, Community Economic Adjustment Initiative (CEAI), and Outreach and Coordination (O&C).

Recommendation #1: The Recreational Fishery Loan (RFL) program should not be restarted. Lodges and charters have had sufficient opportunity to adjust and to adapt to the changed regulatory environment.

We recommend that WD undertake the appropriate and necessary steps to request from the federal Treasury Board the transferal of the capital base of the RFL program to the Fisheries Legacy Trust Loan (FLTL) program. This will contribute to the capitalization of the Fisheries Legacy Trust Loan fund. Any lodge or charter that needs a loan can apply to the FLTL program for a loan under standard commercial lending terms.

Recommendation #2: The Fisheries Legacy Trust Loan (FLTL) program is still needed and should be continued. There is no need to revive the original stacking loan component.

The FLTL program of the future will have a larger capital base if, as recommended above, its \$11 million original capital base is augmented by the \$6 million RFL capital base. Program expansion is warranted given the severe downturn in the forest industry that has affected many communities along the BC coast. An expanded FLTL program would allow the coastal CFDCs to direct more of their regular investment fund loans to forest and other business sectors.

Recommendation #3: A smaller, more narrowly focused CEAI program, a so-called “child of CEAI”, should continue for a fixed term. Not all the adjustment needs of coastal communities have been met. But, at the same time, true capacity building at the

community level means that external agencies do not provide in perpetuity funding for community adjustment.

We recommend that the \$4.3 million in repayable and conditionally repayable contributions, plus the accrued interest, that will potentially return to the Fisheries Legacy Trust be used to fund a smaller and more narrowly focused community economic adjustment program. The new program should provide non-repayable contributions only. Worthy community infrastructure projects are in greater need of assistance than business projects. This narrower focus also will eliminate the confusion between repayable and non-repayable criteria of the original CEAI program.

Small private-sector businesses can and should drive the economic adjustment of coastal communities. However, there exist more available sources for business loans, including the CFDCs themselves, than there exist financing options for community projects. This is especially true given the funding cutbacks at the provincial level and given the recent demise of Fisheries Renewal BC. Businesses in need of loans can apply to the FLTL program for a loan under standard commercial lending terms.

Recommendation #4: We recommend continuing, but also redefining, the outreach and coordination role of the CFDCs. The role should be expanded beyond the marine sector. This is especially important given the current severe downturn in the forest sector, a major source of jobs and income for BC coastal communities.

We realize that this recommendation for CFDC involvement in community outreach beyond the marine sector lies outside our evaluation mandate. However, the adjustment needs of coastal communities have expanded greatly and, in our view, no other agency is better-positioned to work with communities in identifying diversification opportunities. And there should be opportunity to cost share this expanded role.

Redefining and expanding the outreach and coordination role may require different skills sets from individuals performing this task. Strong business skills and credibility in various industry sectors, not only the fishery, are vital.

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Appendix A

Logic Models

Exhibit A.1: Fisheries Legacy Trust Fund – Logic Model

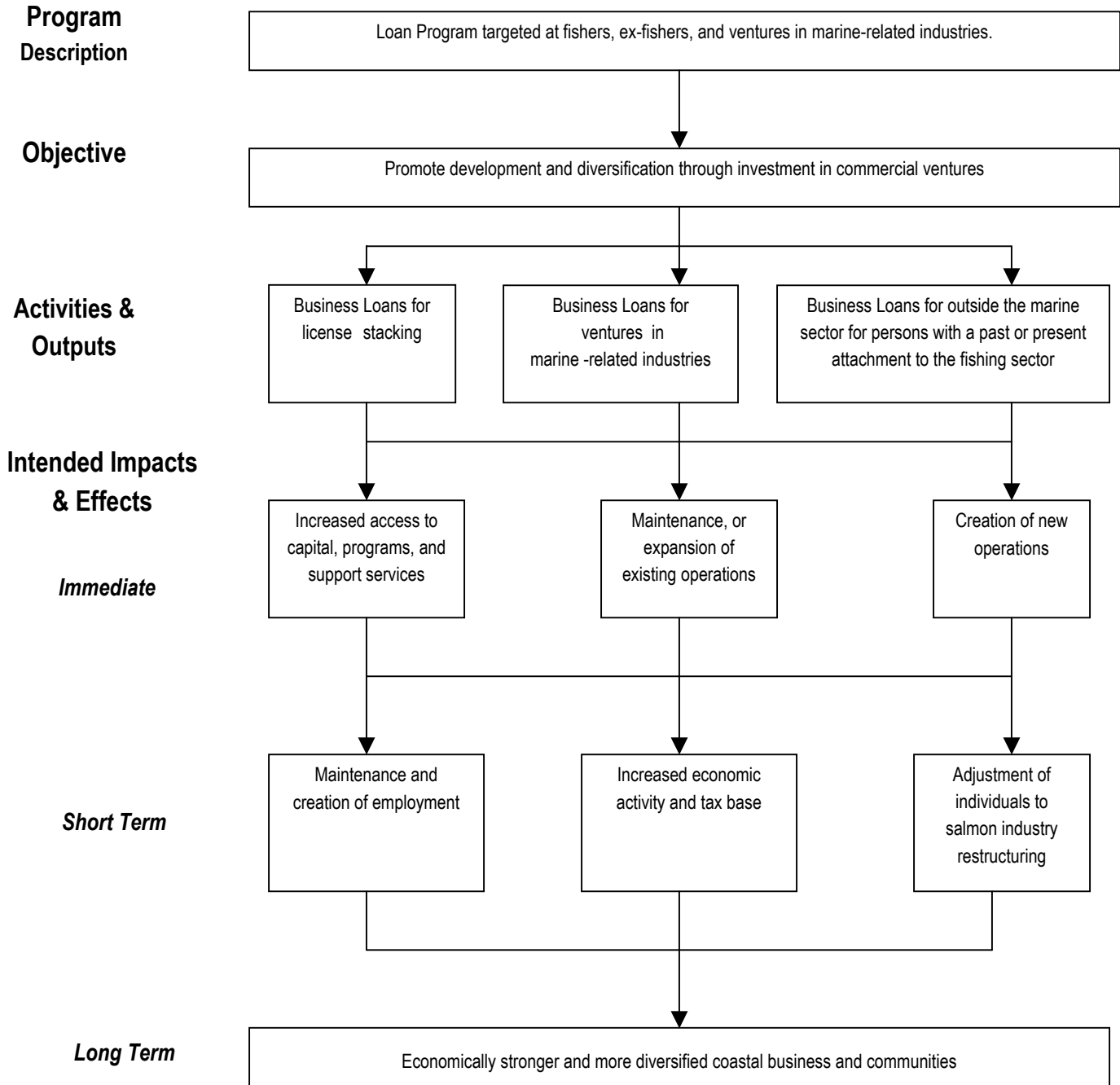


Exhibit A.2: Recreational Fisheries Loan Program – Logic Model

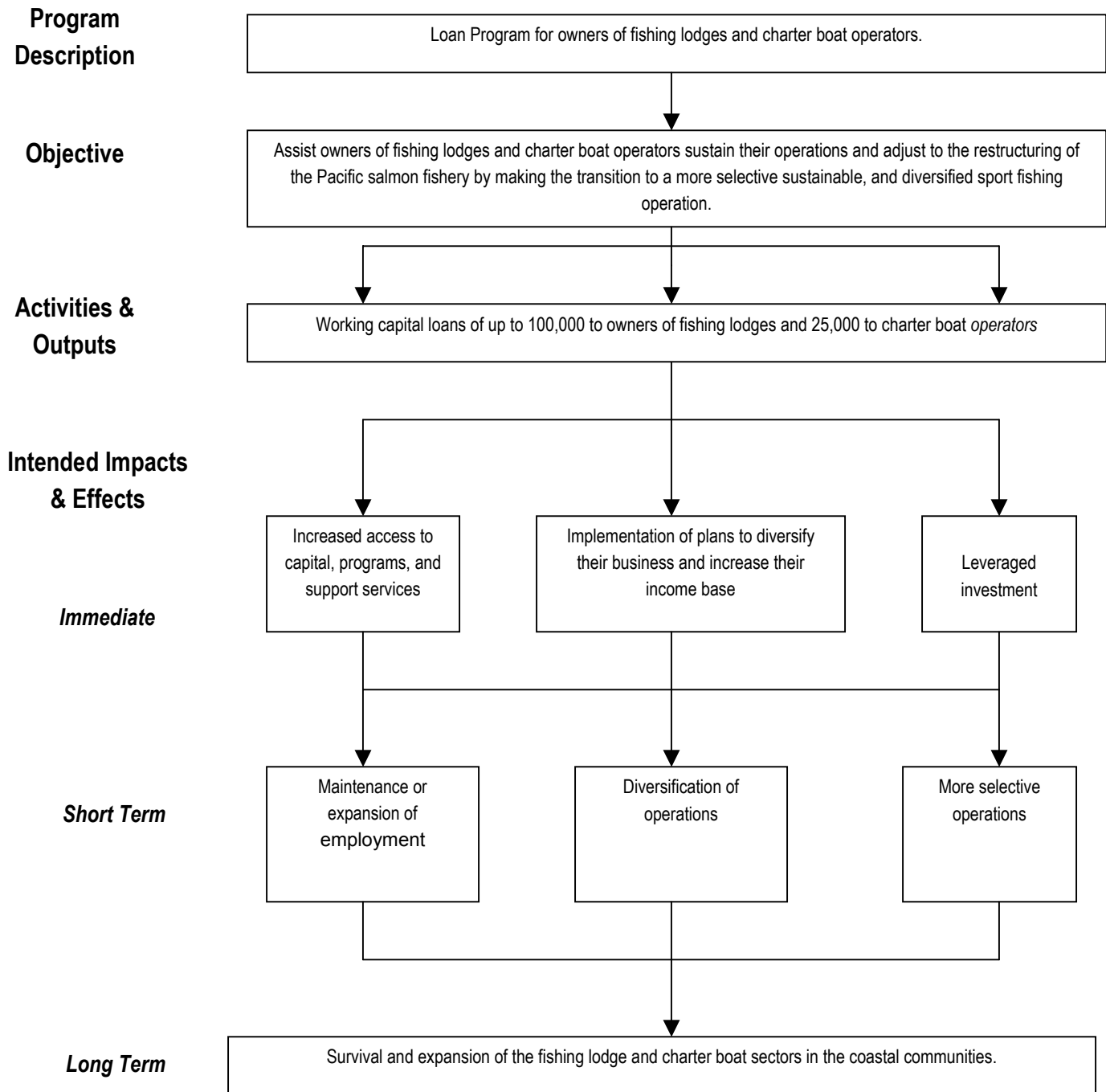


Exhibit A.3: Community Economic Adjustment Initiative – Logic Model

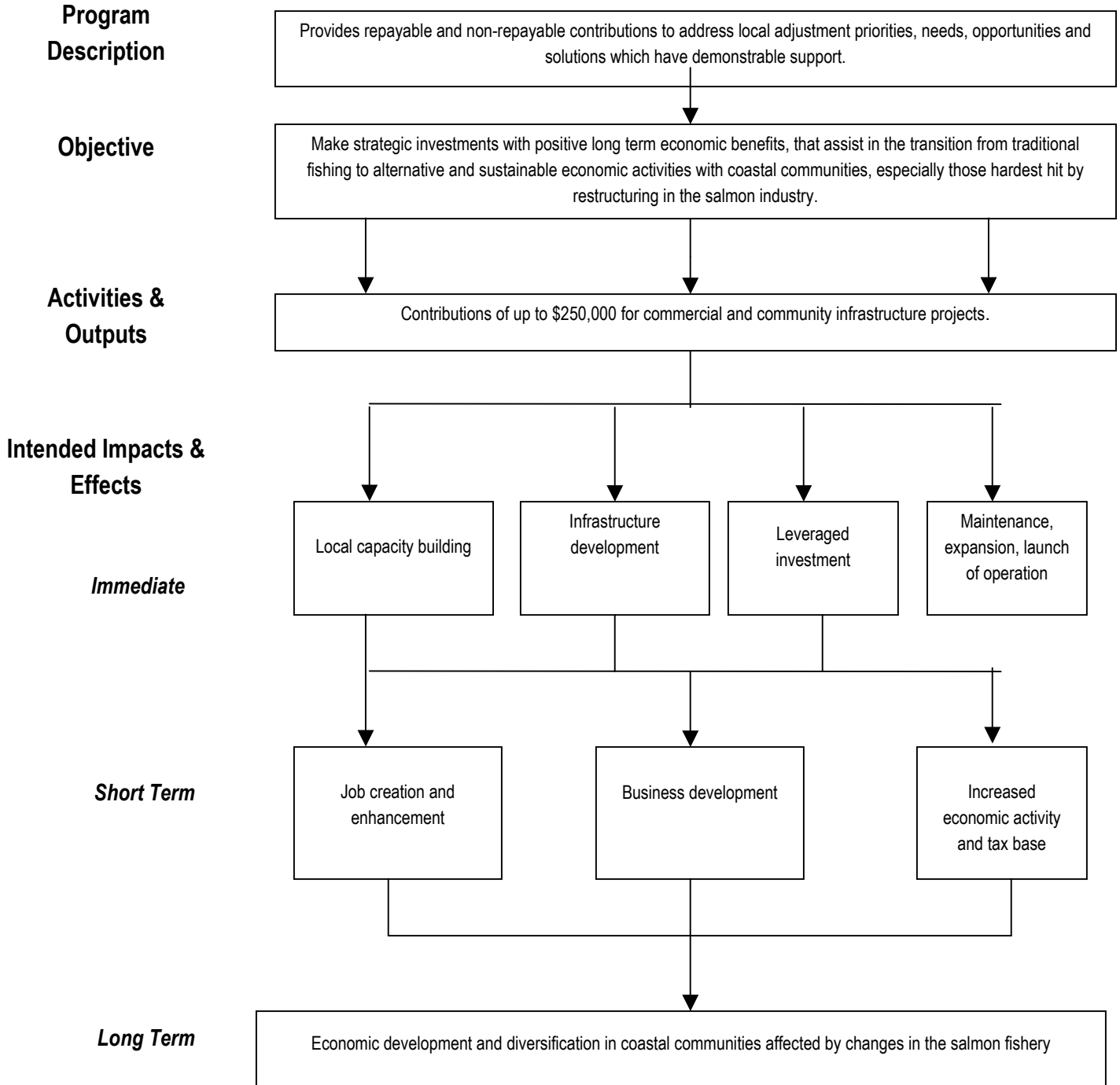
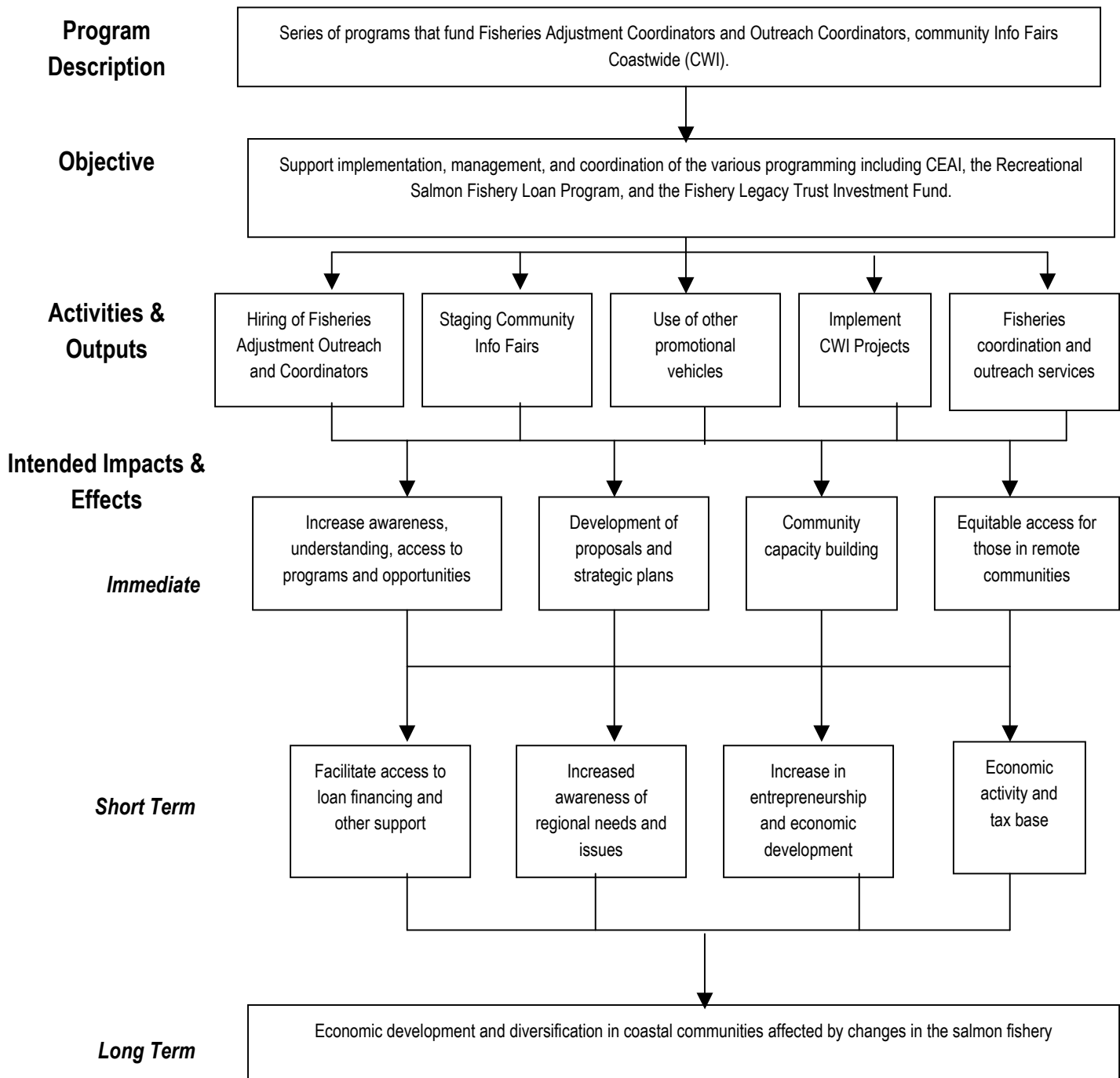


Exhibit A.4: Outreach, Coordination, and Other Activities – Logic Model



Appendix B

Community Case Study Profiles

Exhibit B.1: Community Case Study Profile – Masset Area

Community Description

The Masset Area encompasses the Village of Masset, the reserve of Old Masset, Port Clements, and northern Graham Island in the Queen Charlotte Islands (Haida Gwaii). The area lies in the traditional territory of the Haida people and approximately 40% of the population is aboriginal. The economy of Masset has been severely impacted by recent declines in the fishing and forestry sectors as well as the closure of the Canada Forces base several years ago. The Masset area is served by CFDC of Haida Gwaii based in Masset.

1996 Census Data

| | | | |
|-----------------------|-------|-----------------------|-------|
| Total Population | 2,543 | Labour Force | 1,405 |
| Population 15 years + | 1,850 | Employment | 1,245 |
| | | Unemployment Rate (%) | 11% |

Note – 2001 Census data will be released starting in Spring 2002

Commercial Fisheries Profile

| | Masset | | Pacific Region | |
|--|------------|-----------|----------------|--------------|
| | 1995 | 2000 | 1995 | 2000 |
| No. of Salmon Licenses | | | | |
| Seine | 5 | 1 | 536 | 276 |
| Gillnet | 15 | 9 | 263 | 1406 |
| Troll | <u>17</u> | <u>4</u> | <u>1,288</u> | <u>535</u> |
| Total | <u>37</u> | <u>14</u> | <u>4,367</u> | <u>2,217</u> |
| No. of Fisher Registration Certificates (FRCs) | <u>151</u> | <u>62</u> | <u>19,167</u> | <u>8,966</u> |

** excludes Masset skippers on processing-company owned vessels – an estimated 4+ hired seine skippers lost their jobs between 1995 and 2000).*

WD Loans & Contributions

| | Number | Repayable | \$000s | |
|---------------------------------|----------|------------|---------------|-----------------|
| | | | Non-Repayable | Total |
| Fisheries Legacy Trust Loans | 1 | 35 | | 35 |
| Recreational Fishing Loans | 0 | 0 | | 0 |
| CEAI Projects | | | | |
| Delkatla Wildlife Sanctuary | | | 100 | 100 |
| Dixon Entrance Maritime Museum | | | 250 | 250 |
| Village of Masset Boiler System | | 125 | 125 | 250 |
| Hiellen Visitor Site | | | 200 | 200 |
| Port Clements Shoreline Park | | | 212 | 212 |
| Total CEAI Projects | <u>5</u> | <u>125</u> | <u>887</u> | <u>1,012</u> |
| Total | <u>6</u> | <u>160</u> | <u>887</u> | <u>\$ 1,047</u> |

Exhibit B.2: Community Case Study Profile – Prince Rupert Area

Community Description

The Prince Rupert area includes the communities of Prince Rupert, Port Edward, Oona River, and Porcher Island, on the north coast of the province. As with many coastal communities, the local economy has traditionally been driven by the fishing and forestry sectors. The Prince Rupert area has the second largest concentration of fish processing facilities in BC after the Greater Vancouver area. Prince Rupert is also a major shipping port and is a stop for many Alaskan cruise ships during the summer. Significant uncertainty exists regarding the future of the Skeena Cellulose pulp mill, the largest employer in the area. The Prince Rupert area is served by CFDC Pacific Northwest based out of Prince Rupert.

1996 Census Data

| | | | |
|-----------------------|--------|-----------------------|-------|
| Total Population | 18,185 | Labour Force | 9,935 |
| Population 15 years + | 13,470 | Employment | 8,235 |
| | | Unemployment Rate (%) | 17% |

Note – 2001 Census data will be released starting in Spring 2002

Commercial Fisheries Profile

| | Prince Rupert | | Pacific Region | |
|--|---------------|------------|----------------|--------------|
| | 1995 | 2000 | 1995 | 2000 |
| No. of Salmon Licenses | | | | |
| Seine | 15 | 8 | 536 | 276 |
| Gillnet | 218 | 97 | 263 | 1406 |
| Troll | <u>65</u> | <u>27</u> | <u>1,288</u> | <u>535</u> |
| Total | <u>298</u> | <u>132</u> | <u>4,367</u> | <u>2,217</u> |
| No. of Fisher Registration Certificates (FRCs) | <u>1,122</u> | <u>735</u> | <u>19,167</u> | <u>8,966</u> |

** excludes Prince Rupert skippers on processing-company owned vessels – an estimated 5+ hired seine skippers lost their jobs between 1995 and 2000).*

WD Loans & Contributions

| | Number | Repayable | \$000s | |
|---|-----------|------------|---------------|-----------------|
| | | | Non-Repayable | Total |
| Fisheries Legacy Trust Loans | 6 | 200 | | 200 |
| Recreational Fishing Loans | 7 | 214 | | 214 |
| CEAI Projects | | | | |
| Browser Guard | | 125 | | 125 |
| First Nations Entrance Sculptures | | | 69 | 69 |
| Humpback Bay Oyster | | 87 | | 87 |
| Millennium Waterfront Walkway | | | 250 | 250 |
| Mus. of Northern BC/Tsimshian TC Centre | | | 250 | 250 |
| Northcoast Biotxin & Water Quality | | | 250 | 250 |
| Prince Rupert Custom Processors | | 250 | | 250 |
| Oona River Marine Research Centre & Lab | | | 18 | 18 |
| North Pacific First Nations Village | | | 250 | 250 |
| Total CEAI Projects | <u>9</u> | <u>462</u> | <u>1,087</u> | <u>1,549</u> |
| | <u>22</u> | <u>876</u> | <u>1,087</u> | <u>\$ 1,963</u> |

Exhibit B.3: Community Case Study Profile- Alert Bay Area

Community Description

Alert Bay area includes the Village of Alert Bay, the reserves Alert Bay 1 and 1A (all of which lie on Cormorant Island) and Kingcome Inlet. The majority of the people of Alert Bay are aboriginal. Cormorant Island lies within the traditional territory of the Namgis First Nation and is also home to other members of the Kwakwaka'wakw Nations. Alert Bay is a rural, resource-dependent island community whose economic cornerstone has been the commercial fisheries, particularly the salmon fishery. Alert Bay is serviced by the Mount Waddington CFDC based in Port McNeill. A small car and passenger ferry operates several times daily between Cormorant Island, Malcolm Island (Sointula), and Port McNeill

1996 Census Data

| | | | |
|-----------------------|-------|-----------------------|-----|
| Total Population | 1,397 | Labour Force | 725 |
| Population 15 years + | 1,035 | Employment | 550 |
| | | Unemployment Rate (%) | 24% |

Note – 2001 Census data will be released starting in Spring 2002

Commercial Fisheries Profile

| | Alert Bay | | Pacific Region | |
|--|------------|------------|----------------|--------------|
| | 1995 | 2000 | 1995 | 2000 |
| No. of Salmon Licenses | | | | |
| Seine | 20 | 9 | 536 | 276 |
| Gillnet | 24 | 17 | 263 | 1406 |
| Troll | <u>3</u> | <u>1</u> | <u>1,288</u> | <u>535</u> |
| Total | <u>47</u> | <u>27</u> | <u>4,367</u> | <u>2,217</u> |
| No. of Fisher Registration Certificates (FRCs) | <u>250</u> | <u>140</u> | <u>19,167</u> | <u>8,966</u> |

** excludes Alert Bay skippers on processing-company owned vessels – an estimated 10+ hired seine skippers lost their jobs between 1995 and 2000).*

WD Loans & Contributions

| | Number | Repayable | \$000s | |
|--------------------------------------|-----------|------------|---------------|------------|
| | | | Non-Repayable | Total |
| Fisheries Legacy Trust Loans | 4 | 117 | | 117 |
| Recreational Fishing Loans | 1 | 30 | | 30 |
| CEAI Projects | | | | |
| Alert Bay Boardwalk | | | 250 | 250 |
| Alert Bay Fishing Pier | | | 100 | 100 |
| Alert Bay Revitalization & Heritage | | | 57 | 57 |
| Da'Naxda'Xw Cultural Tours | | | 75 | 75 |
| U'Mista Cultural Centre Expansion | | | 250 | 250 |
| Nunwakola Cultural Society Big House | | | 100 | 100 |
| Total CEAI Projects | <u>6</u> | <u>0</u> | <u>832</u> | <u>832</u> |
| | <u>11</u> | <u>147</u> | <u>832</u> | <u>979</u> |

Exhibit B.4: Community Case Study Profile – Sointula Area

Community Description

The Sointula area includes the unincorporated area of Malcolm Island. The island was settled by Finnish immigrants in the early 1990s. A small car and passenger ferry operates several times daily between Malcolm Island, Cormorant Island (Alert Bay), and Port McNeill on northern Vancouver Island. Sointula is a rural, resource dependent island community whose economic cornerstone has been the commercial fishery. Sointula is served by the Mount Waddington CFDC based in Port McNeill.

1996 Census Data

| | | | |
|-----------------------|-------|-----------------------|-----|
| Total Population | 1,053 | Labour Force | 610 |
| Population 15 years + | 820 | Employment | 560 |
| | | Unemployment Rate (%) | 8% |

Note – 2001 Census data will be released starting in Spring 2002

Commercial Fisheries Profile

| | Sointula | | Pacific Region | |
|--|------------|------------|----------------|--------------|
| | 1995 | 2000 | 1995 | 2000 |
| No. of Salmon Licenses | | | | |
| Seine | 8 | 2 | 536 | 276 |
| Gillnet | 69 | 50 | 263 | 1406 |
| Troll | <u>8</u> | <u>4</u> | <u>1,288</u> | <u>535</u> |
| Total | <u>85</u> | <u>56</u> | <u>4,367</u> | <u>2,217</u> |
| No. of Fisher Registration Certificates (FRCs) | <u>231</u> | <u>118</u> | <u>19,167</u> | <u>8,966</u> |

** excludes Sointula skippers on processing-company owned vessels – an estimated 2+ hired seine skippers lost their jobs between 1995 and 2000).*

WD Loans & Contributions

| | Number | Repayable | \$000s | |
|---------------------------------------|----------|------------|---------------|---------------|
| | | | Non-Repayable | Total |
| Fisheries Legacy Trust Loans | 1 | 36 | | 36 |
| Recreational Fishing Loans | 0 | 0 | | 0 |
| CEAI Projects | | | | |
| Malcolm Island Abalone Hatchery | | 250 | | 250 |
| Mateoja's Heritage Trail & Bere Point | | | 62 | 62 |
| Sointula Museum Expansion | | | 150 | 150 |
| Wild Island Foods Co-operative | | | 192 | 192 |
| Total CEAI Projects | <u>4</u> | <u>250</u> | <u>404</u> | <u>654</u> |
| Total | <u>5</u> | <u>286</u> | <u>404</u> | <u>\$ 690</u> |

Exhibit B.5: Community Case Study Profile – Ucluelet

Community Description

The Ucluelet area includes the District of Ucluelet, Port Albion, and the Ittatsoo reserve. Ucluelet was traditionally the home base for the West Coast (of Vancouver Island) troll fishery. Ucluelet has lost many forestry-based jobs and businesses in the last 10 years due to cessation of logging in many parts of the Clayoquot Sound area. With the recent development of the Roots Lodge and Reef Point, tourism is becoming a more important contributor to the economy. The Ucluelet area is served by CFDC Alberni-Clayoquot and by the Nuuchah-Nulth Economic Development Commission, which operates as a CFDC for its 14 member nations based on Vancouver Island. Both CFDCs operate out of the Port Alberni area.

1996 Census Data

| | | | |
|-----------------------|-------|-----------------------|-------|
| Total Population | 1,849 | Labour Force | 1,055 |
| Population 15 years + | 1,385 | Employment | 915 |
| | | Unemployment Rate (%) | 13% |

Note – 2001 Census data will be released starting in Spring 2002.

Commercial Fisheries Profile

| | Ucluelet | | Pacific Region | |
|--|------------|-----------|----------------|--------------|
| | 1995 | 2000 | 1995 | 2000 |
| No. of Salmon Licenses | | | | |
| Seine | 0 | 0 | 536 | 276 |
| Gillnet | 2 | 0 | 263 | 1406 |
| Troll | <u>35</u> | <u>13</u> | <u>1,288</u> | <u>535</u> |
| Total | <u>37</u> | <u>13</u> | <u>4,367</u> | <u>2,217</u> |
| No. of Fisher Registration Certificates (FRCs) | <u>201</u> | <u>79</u> | <u>19,167</u> | <u>8,966</u> |

WD Loans & Contributions

| | Number | Repayable | \$000s | |
|-------------------------------|-----------|------------|---------------|---------------|
| | | | Non-Repayable | Total |
| Fisheries Legacy Trust Loans | 7 | 251 | | 251 |
| Recreational Fishing Loans | 1 | 100 | | 100 |
| CEAI Projects | | | | |
| <i>Eco-Industrial Park</i> | | | 250 | 250 |
| <i>Wild Pacific Trail</i> | | | 250 | 250 |
| <i>Ucluth Cultural Centre</i> | | | 141 | 141 |
| Total CEAI Projects | <u>3</u> | <u>0</u> | <u>641</u> | <u>641</u> |
| | <u>11</u> | <u>351</u> | <u>641</u> | <u>\$ 992</u> |

Exhibit B.6: Community Case Study Profile – Campbell River

Community Description

The Campbell River area includes the District of Campbell River and the Campbell River and Quinsam reserves, all located on mid-Vancouver Island, but excludes Quadra and Cortes Islands. Forestry is the most significant primary industry although fishing, both commercial and recreational, is an important contributor to the local economy. The area is world renowned for the recreational fishing opportunities. The Campbell River area is served by the Comox-Strathcona CFDC, based in Campbell River.

1996 Census Data

| | | | |
|-----------------------|--------|-----------------------|--------|
| Total Population | 29,274 | Labour Force | 15,730 |
| Population 15 years + | 22,520 | Employment | 13,995 |
| | | Unemployment Rate (%) | 11% |

Note – 2001 Census data will be released starting in Spring 2002

Commercial Fisheries Profile

| | Campbell River | | Pacific Region | |
|--|----------------|------------|----------------|--------------|
| | 1995 | 2000 | 1995 | 2000 |
| No. of Salmon Licences | | | | |
| Seine | 24 | 17 | 536 | 276 |
| Gillnet | 71 | 36 | 263 | 1406 |
| Troll | <u>68</u> | <u>30</u> | <u>1,288</u> | <u>535</u> |
| Total | <u>163</u> | <u>83</u> | <u>4,367</u> | <u>2,217</u> |
| No. of Fisher Registration Certificates (FRCs) | <u>1,008</u> | <u>514</u> | <u>19,167</u> | <u>8,966</u> |

** excludes Campbell River skippers on processing-company owned vessels – an estimated 10+ hired seine skippers lost their jobs between 1995 and 2000).*

WD Loans & Contributions

| | Number | Repayable | \$000s | |
|------------------------------------|-----------|------------|---------------|-----------------|
| | | | Non-Repayable | Total |
| Fisheries Legacy Trust Loans | 8 | 207 | | 207 |
| Recreational Fishing Loans | 12 | 456 | | 456 |
| CEAI Projects | | | | |
| Agrimarine Value Added Chum | | 83 | | 83 |
| Campbell River Maritime Centre | | | 250 | 250 |
| Discovery Harbour Marina Expansion | | 96 | | 96 |
| Gilda's Box of Treasures Theatre | | 124 | | 124 |
| Total CEAI Projects | <u>4</u> | <u>303</u> | <u>250</u> | <u>553</u> |
| | <u>24</u> | <u>966</u> | <u>250</u> | <u>\$ 1,216</u> |

Appendix C

CEAI Project List

C.1: Community Economic Adjustment Initiative Projects Approved by Steering Committee

| CFDC | No. | Community | Project Name | Type of Project | Hard-Hit? | CEAI Funds | | Approved |
|-------------------|---------|------------------------------------|---|------------------------|----------------|----------------|------------------|------------------|
| | | | | | | \$ Repayable | Non-Repayable | |
| 16/37 | 214 032 | Atlin | Atlin Brewery Bay Marina Expansion | Waterfront Improvement | TRI | | 166,914 | 4/26/2001 |
| | 214 029 | Gingolx | Saxwhl Lisims Harbour Improvement | Waterfront Improvement | TRI | | 250,000 | 11/30/2000 |
| | 214 015 | Gitanyow | Gitanyow Historic Village Project | Museum/Historic Site | TRI | | 250,000 | 4/13/2000 |
| | 214 014 | Gitwangak | Gitwangak Heritage Village | Museum/Historic Site | TRI | | 250,000 | 4/13/2000 |
| | 214 021 | | Lax'Skiik Clan Eco-Cultural Tourism | Attraction | TRI | | 250,000 | 7/6/2000 |
| | 214 011 | Greenville | Gitxaat'in Harbour Development | Waterfront Improvement | TRI | | 250,000 | 1/13/2000 |
| | 214 008 | Hazelton | Ksan Historical Village & Museum | Museum/Historic Site | No | | 249,075 | 9/23/1999 |
| | 214 013 | Kispiox | Kispiox Visitor Centre and Base Camp | Attraction | TRI | | 250,000 | 4/13/2000 |
| | 214 018 | Kitamaat | Kitamaat Village Community Dock | Waterfront Improvement | TRI | 65,264 | 184,736 | 11/30/2000 |
| | 214 012 | Kitseles | Kitseles Canyon Historic Site | Trail or Walkway | TRI | | 250,000 | 2/22/2001 |
| | 214 009 | Kitsumkalum | Community Campground & Boat Launch | Attraction | TRI | | 250,000 | 11/30/2000 |
| | 214 010 | New Aiyansh | Gitlakdamix Arts and Cultural Centre | Attraction | TRI | | 200,000 | 7/19/2001 |
| | 214 022 | Old Hazelton | Skeena River Dock & Historic Walk | Trail or Walkway | No | | 250,000 | 2/22/2001 |
| | | | Total for 16/37 | | | | 65,264 | 3,050,725 |
| Alberni-Clayoquot | 205 014 | Coastwide | Tanner Crab Fishery Joint Venture (CR) | Experimental Fishery | not applicable | 250,000 | | 8/31/1999 |
| | 205 002 | Port Alberni | Maritime Discovery Centre | Museum/Historic Site | No | | 170,570 | 7/6/2000 |
| | 205 003 | | McLean Mill | Museum/Historic Site | No | | 176,064 | 9/23/1999 |
| | 205 024 | | Migrant Ship Project | Attraction | No | | 75,000 | 7/6/2000 |
| | 205 008 | | Multi-Purpose Community Facility | Community Facility | No | | 250,000 | 7/6/2000 |
| | 205 001 | | Port Alberni Harbour Quay Marina | Waterfront Improvement | No | | 250,000 | 6/18/1999 |
| | 205 020 | Tofino | Unloading Wharf | Waterfront Improvement | JPC | | 205,000 | 11/30/2000 |
| | 205 026 | Ucluelet | Eco Industrial Park | Other | JPC | | 250,000 | 2/22/2001 |
| | 205 031 | | Wild Pacific Trail Project | Trail or Walkway | JPC | | 250,000 | 7/19/2001 |
| | | Total for Alberni Clayoquot | | | | 250,000 | 1,626,634 | 1,876,634 |
| Cariboo Chilcotin | 225 010 | Bella Bella | Big House Restaurant/Brown's Complex | Community Facility | JPC | 250,000 | | 1/13/2000 |
| | 225 032 | Bella Coola | Bella Coola Harbour Expansion | Waterfront Improvement | JPC | | 143,000 | 4/26/2001 |
| | 225 023 | | Nuxalk Ice Plant | Fish Harvesting | JPC | 40,725 | | 7/6/2000 |
| | 225 031 | | Nuxalk Nation Community Centre | Community Facility | JPC | | 250,000 | 2/22/2001 |
| | 225 019 | Klemtu | Kitasoo Cultural Building and Museum | Museum/Historic Site | JPC | | 250,000 | 4/13/2000 |
| | 225 034 | | Klemtu Community Dock | Waterfront Improvement | JPC | | 197,500 | 2/22/2001 |
| | 225 001 | | Kitasoo Salmon Aquaculture (CR) | Aquaculture | JPC | 250,000 | | 1/13/2000 |
| | 225 033 | Oweekeno | Techno Lodge | Other | JPC | | 250,000 | 4/26/2001 |
| | | Total for Cariboo Chilcotin | | | | 540,725 | 1,090,500 | 1,631,225 |
| Central Island | 202 008 | Ladysmith-Chemainus #18 | Chemainus First Nation's Community Centre | Community Facility | JPC | | 200,000 | 11/30/2000 |
| | 202 005 | Nanaimo | Fisherman's Market in Nanaimo Basin | Waterfront Improvement | No | 157,000 | 93,000 | 7/6/2000 |
| | | | Total Projects for Central Island | | | 157,000 | 293,000 | 450,000 |
| Cowichan | 213 012 | Cowichan Bay | Wharfinger's Office Complex | Waterfront Improvement | No | | 15,000 | 4/26/2001 |
| | 213 006 | Crofton | Crofton Sea Walk | Trail or Walkway | No | | 200,000 | 7/19/2001 |
| | | | Total for Cowichan Region | | | 0 | 215,000 | 215,000 |

| | | | | | | | | |
|------------------|---------|----------------------|--|------------------------|----------------|---------|------------------|------------------|
| Haida Gwaii | 236 009 | Masset | Delkatla Wildlife Sanctuary | Attraction | JPC | | 100,000 | 1/13/2000 |
| | 236 007 | | Dixon Entrance Maritime Museum | Museum/Historic Site | JPC | | 250,000 | 9/23/1999 |
| | 236 022 | | Village of Masset Boiler System | Other | JPC | 125,000 | 125,000 | 4/26/2001 |
| | 236 014 | Old Massett | Hiellen Visitor Site | Museum/Historic Site | JPC & TRI | | 200,000 | 1/13/2000 |
| | 236 021 | Port Clements | Port Clements Shoreline Park | Trail or Walkway | JPC | | 212,014 | 2/22/2001 |
| | 236 023 | Queen Charlotte City | Queen Charlotte City Dock Repairs | Waterfront Improvement | JPC | | 62,000 | 7/19/2001 |
| | 236 006 | Sandspit | Mount Moresby Adventure Camp | Attraction | JPC | | 200,758 | 7/6/2000 |
| | 236 011 | Skidegate | Carving into the New Millenium | Attraction | JPC & TRI | | 58,268 | 9/23/1999 |
| | 236 012 | | Qay'lnagaay Heritage Centre | Museum/Historic Site | JPC & TRI | | 191,732 | 9/23/1999 |
| | | | Total for Haida Gwaii | | | | 125,000 | 1,399,772 |
| Mount Waddington | 229 039 | Alert Bay | Alert Bay Boardwalk | Trail or Walkway | JPC | | 250,000 | 4/13/2000 |
| | 229 059 | | Alert Bay Fishing Pier | Waterfront Improvement | JPC | | 100,000 | 7/19/2001 |
| | 229 003 | | Alert Bay Revitalization & Heritage | Attraction | JPC | | 57,120 | 6/18/1999 |
| | 229 043 | | Da'Naxda'Xw Cultural Tours | Attraction | JPC | | 75,000 | 7/6/2000 |
| | 229 008 | | U'Mista Cultural Centre Expansion | Museum/Historic Site | JPC | | 250,000 | 6/18/1999 |
| | 229 024 | Ehatis | Ehatis Oysters | Aquaculture | JPC | 250,000 | | 7/19/2001 |
| | 229 058 | Kingcome Inlet | Nunwakola Cultural Society Big House | Attraction | JPC | | 100,000 | 7/19/2001 |
| | 229 023 | Port Hardy | Harbour Walkway & Nature Trail | Trail or Walkway | JPC | | 250,000 | 4/13/2000 |
| | 229 048 | | Keltic Seafoods | Fish Processing | JPC | 250,000 | | 11/30/2000 |
| | 229 057 | Port Hardy, Nanaimo | Kwakiutl Sablefish Hatchery | Aquaculture | not applicable | 125,000 | | 7/19/2001 |
| | 229 049 | Port McNeill | Inner Harbour Seawall & Dock | Waterfront Improvement | No | | 250,000 | 4/26/2001 |
| | 229 002 | Sointula | Malcolm Island Abalone Hatchery | Aquaculture | JPC | 250,000 | | 1/13/2000 |
| | 229 031 | | Mateoja's Heritage Trail & Bere Point | Trail or Walkway | JPC | | 62,000 | 7/6/2000 |
| | 229 056 | | Sointula Museum Expansion Project | Museum/Historic Site | JPC | | 150,000 | 7/19/2001 |
| | 229 013 | | Wild Island Foods Co-operative | Other Food Products | JPC | | 192,000 | 11/30/2000 |
| | 229 042 | Various | Pacific Aurora Tours | Attraction | not applicable | 250,000 | | 7/6/2000 |
| | 229 015 | Winter Harbour | Winter Harbour Waterfront Revitalization | Waterfront Improvement | No | | 110,200 | 9/23/1999 |
| | 229 046 | Zeballos | Zeballos River and Estuary Tourism | Trail or Walkway | JPC | | 130,000 | 7/19/2001 |
| | 229 001 | | Zeballos Wharf Revitalization Project | Waterfront Improvement | JPC | | 250,000 | 6/18/1999 |
| | | | Total for Mt. Waddington | | | | 1,125,000 | 2,226,320 |
| North Fraser | 211 001 | Mission | Xa:ytem Year 2000 Cultural Living | Museum/Historic Site | No | | 250,000 | 1/13/2000 |
| | 211 015 | Small coastal towns | SFI Coastwide Marketing Implementation | Other | not applicable | | 200,000 | 2/22/2001 |
| | | | Total for North Fraser | | | | 0 | 450,000 |
| Nuu-Chah-Nulth | 207 007 | Ahousaht | Ahousaht Harbour Development | Waterfront Improvement | JPC | | 250,000 | 4/26/2001 |
| | 207 006 | Bamfield | Bamfield Community Abalone (CR) | Aquaculture | JPC | 235,262 | | 7/6/2000 |
| | 207 005 | | Numukamis Bay Shellfish Aquaculture | Aquaculture | JPC | 175,000 | 75,000 | 11/30/2000 |
| | 207 008 | Friendly Cove | Infrastructure Improve. Yuquot Site | Attraction | No | | 231,894 | 2/22/2001 |
| | 207 002 | Hesquiaht | Harbour Development Project | Waterfront Improvement | JPC | 105,000 | 145,000 | 7/6/2000 |
| | 207 004 | Kyuquot | Kyuquot Community Enhancement | Waterfront Improvement | JPC | | 186,105 | 7/6/2000 |
| | 207 012 | Nitinaht Lake | Nitinaht Lake Waterfront & Roadway | Waterfront Improvement | No | | 150,000 | 4/26/2001 |
| | 207 013 | Uchucklesaht Village | Eihlateese IR #2 Dock Replacement | Waterfront Improvement | JPC | | 150,000 | 7/19/2001 |
| | 207 010 | Ucluelet | Ucluth Cultural Tourism Centre | Attraction | JPC | | 140,629 | 7/19/2001 |
| | | | Total for Nuu-Chah-Nulth | | | | 515,262 | 1,328,628 |

| | | | | | | | | | |
|--------------------------|---------------------|-----------------------------|---|-------------------------------|------------|--------------------|---------------------|---------------------|------------------|
| Pacific Northwest | 203 031 | Hartley Bay | Gitga'at (Hartley Bay) Cultural Centre | Attraction | JPC & TRI | | 250,000 | 11/30/2000 | |
| | 203 104 | Kitkatla | Kitkatla Nation Abalone Rehabilitation | Aquaculture | JPC & TRI | 250,000 | | 1/13/2000 | |
| | 203 022 | Metlakatla | Laxspa'aws Pike Island Development | Trail or Walkway | TRI | | 231,000 | 1/13/2000 | |
| | 203 047 | Oona River | Oona River Marine Research Centre & Lab | Other | JPC | | 17,637 | 7/19/2001 | |
| | 203 021 | Port Edward | North Pacific's First Nations Village | Museum/Historic Site | JPC | | 250,000 | 4/13/2000 | |
| | 203 020 | Port Simpson | Lax Kw'alaams Fish Plant Upgrade | Fish Processing | TRI | 250,000 | | 1/13/2000 | |
| | 203 035 | | Lax Kw'alaams Longhouse & Boardwalk | Attraction | TRI | | 219,700 | 2/22/2001 | |
| | 203 011 | Prince Rupert | Browser Guard | Forest Products | JPC | 125,000 | | 9/23/1999 | |
| | 203 048 | | First Nations Entrance Sculptures | Museum/Historic Site | JPC | | 69,300 | 7/19/2001 | |
| | 203 013 | | Humpback Bay Oyster | Aquaculture | JPC | 86,675 | | 9/23/1999 | |
| | 203 030 | | Millennium Waterfront Walkway | Trail or Walkway | JPC | | 250,000 | 7/6/2000 | |
| | 203 033 | | Mus. of Northern BC/Tsimshian TC Centre | Museum/Historic Site | JPC | | 250,000 | 11/30/2000 | |
| | 203 103 | | Northcoast Biotoxin & Water Quality | Other | JPC | | 250,000 | 8/31/1999 | |
| | 203 014 | | Prince Rupert Custom Processors | Fish Processing | JPC | | 250,000 | 9/23/1999 | |
| | | | Total for Pacific Northwest | | | | 961,675 | 1,787,637 | 2,749,312 |
| | Powell River | 233 001 | Lund | Lund Harbour Redevelopment | Attraction | No | 200,000 | | 4/13/2000 |
| | | | | Total for Powell River | | | 200,000 | 0 | 200,000 |
| Strathcona | 210 001 | Campbell River | Agrimarine Value Added Chum | Fish Processing | No | 82,443 | | 6/18/1999 | |
| | 210 017 | | Campbell River Maritime Centre | Museum/Historic Site | No | | 250,000 | 1/13/2000 | |
| | 210 015 | | Discovery Harbour Marina Expansion | Waterfront Improvement | No | 96,300 | | 1/13/2000 | |
| | 210 020 | | Gilda's Box of Treasures Theatre | Attraction | No | 124,229 | | 1/13/2000 | |
| | 210 026 | Comox | Comox Harbour Revitalization | Waterfront Improvement | No | | 250,000 | 2/22/2001 | |
| | 210 002 | Courtenay | Old Post Office Renovation Project | Museum/Historic Site | No | | 150,000 | 1/13/2000 | |
| | 210 024 | Denman Island | Capital Expansion of Mushroom Facility | Other Food Products | No | 62,500 | | 11/30/2000 | |
| | 210 022 | Quadra Island | Kwagiulth Museum Renovation | Museum/Historic Site | JPC | | 168,000 | 7/6/2000 | |
| | 210 030 | Sayward | Kelsey Bay Harbour Expansion | Waterfront Improvement | JPC | | 75,120 | 7/19/2001 | |
| | 210 016 | | Kelsey Bay Harbour Revitalization | Waterfront Improvement | JPC | | 170,920 | 1/13/2000 | |
| | | Total for Strathcona | | | | 365,471 | 1,064,040 | 1,429,511 | |
| Sunshine Coast | 220 002 | Gibsons | Gibsons Landing Harbour Improvement | Waterfront Improvement | No | | 250,000 | 6/18/1999 | |
| | 220 001 | Madeira Park | Madeira Park Waterfront Revitalization | Waterfront Improvement | No | | 63,621 | 6/18/1999 | |
| | 220 004 | Sechelt | Sechelt Maritime Gateway Project | Waterfront Improvement | No | | 250,000 | 7/6/2000 | |
| | | | Total for Sunshine Coast | | | 0 | 563,621 | 563,621 | |
| TOTALS | | | | | | \$4,305,397 | \$15,095,877 | \$19,401,274 | |

Projects Approved by CEAI Steering Committee but Not Proceeding

| CFDC | No. | Community | Project Name | Type of Project | Hard-Hit? | \$ Repayable | Non-Repayable | Approved |
|--------------------------|---------|-------------------------|------------------------------------|------------------------|----------------|--------------------|------------------|--------------------|
| 16/37 | 214 027 | Gitsegukla | Gitsegukla Hemp Project | Other Food Products | TRI | 125,000 | | 4/26/2001 |
| Alberni-Clayoquot | 205 025 | Multiple Nuu-Chah-nulth | Halibut Proposal | Community Licences | not applicable | 250,000 | | 11/30/2000 |
| Cariboo Chilcotin | 225 011 | Bella Bella | Bella Bella Fisheries Limited | Fish Processing | JPC | 250,000 | | 4/13/2000 |
| Haida Gwaii | 236 017 | Masset | Omega Packing Company Limited | Fish Processing | JPC | 150,000 | | 1/13/2000 |
| Mount Waddington | 229 005 | Alert Bay | Cormorant Island Wood Processing | Forest Products | JPC | 110,000 | | 6/18/1999 |
| | 229 004 | Sointula | Malcolm Island Harbour Improvement | Waterfront Improvement | JPC | | 150,000 | 6/18/1999 |
| | 229 022 | Telegraph Cove | Telegraph Cove Dock Infrastructure | Waterfront Improvement | No | 250,000 | | 1/13/2000 |
| Pacific Northwest | 203 038 | Prince Rupert | Dogfish Proposal | Fish Processing | JPC | 29,500 | | 2/22/2001 |
| Strathcona | 210 029 | Comox Valley | Tilapia Aquaculture Facility | Aquaculture | No | 125,000 | | 2/22/2001 |
| TOTALS | | | | | | \$1,289,500 | \$150,000 | \$1,439,500 |

Notes:

CR - conditionally repayable

JPC - Job Protection Commission, *Fishing for Money, 1998*

TRI - Tricorp Heavily Impacted Communities

Appendix D

Coastwide Initiative Project list

Exhibit D.1: Coastwide Initiative Projects Funded by Fisheries Legacy Trust

| CFDC | No. | Location | Project Name | Type of Project | CWI Funds (\$) |
|-------------------|------------------------------------|--|---|-------------------------|------------------|
| 16/37 | CWI-009 | Terrace | Field Stream Manual | Marketing/Communication | 11,500 |
| | CWI-027 | Gingolx | Saxwhl Lisims Harbour | Waterfront Improvement | 10,000 |
| | Total for 16/37 | | | | 21,500 |
| Alberni-Clayoquot | CWI-030 | Port Alberni | Investor Forum 2000 | Financing | 20,000 |
| | CWI-041 | East Vancouver Island | Investor Forum 2001 | Financing | 15,000 |
| | Total for Alberni Clayoquot | | | | 35,000 |
| Central Island | CWI-010 | Mid Vancouver Island | Aquaculture Technology Centre | Aquaculture | 40,000 |
| | | Total Projects for Central Island | | | |
| Cowichan | CWI-029 | Cowichan Valley | BC Tuna Fishermen's Association | Industry Association | 10,000 |
| | CWI-038 | Cowichan Valley | Value-Added Albacore Tuna Feasibility | Fish Processing | 10,000 |
| | Total for Cowichan Region | | | | 20,000 |
| Haida Gwaii | CWI-032 | Masset | Fish Waste Processing | Other | 10,000 |
| | | Total for Haida Gwaii | | | |
| Mount Waddington | CWI-004 | Port Hardy | MTI Crayfish R&D | Aquaculture | 81,000 |
| | CWI-028 | Sointula | Northern Abalone Technology R&D | Aquaculture | 38,500 |
| | CWI-040 | Bella Bella | Heiltsuk Hotel & Tourism Feasibility Study | Attraction | 10,000 |
| | Total for Mt. Waddington | | | | 129,500 |
| North Fraser | CWI-021 | Coastwide | Successful Coastwide Stories | Marketing/Communication | 20,000 |
| | CWI-023 | Fraser River | Fraser River Fishing Consortium | Selective Fishing | 63,000 |
| | CWI-024 | Fraser River | Fraser River Discovery Centre Marketing Plan | Attraction | 5,000 |
| | CWI-025 | Mission | Fraser Valley Watersheds Coalition Plotter | Conservancy | 10,000 |
| | CWI-031 | Mission | Mission of Streams Resource Centre Pilot Project | Conservancy | 5,000 |
| | CWI-043 | Agassiz | Chehalis FN Salmon Enhancement Study | Enhancement | 11,800 |
| | Total for North Fraser | | | | 114,800 |
| Nuu-Chah-Nulth | CWI-001 | Port Alberni | Model Development for Licence Bank | Community Licences | 25,676 |
| | CWI-020 | Port Alberni | Aquatic Conservation Trust Sustainable Fisheries | Fish Harvesting | 60,400 |
| | CWI-034 | Nuu-chah-nulth Region | Financial Mgmt/Business Dev. Workshops | Capacity Building | 20,000 |
| | Total for Nuu-Chah-Nulth | | | | 106,076 |
| Pacific Northwest | CWI-026 | Prince Rupert | Sablefish Hatchery Location Study | Aquaculture | 20,000 |
| | | Total for Pacific Northwest | | | |
| Powell River | CWI-028 | Powell River | Theodosia Salmon Enhancement | Enhancement | 180,000 |
| | CWI-033 | Area C | Savoury Clam Fishery Development | Fish Harvesting | 10,000 |
| | CWI-036 | Powell River | Travel Lift & Marine Service Facility Feasibility | Waterfront Improvement | 10,000 |
| | CWI-039 | Lasqueti Is. / Powell River | Aquaculture Techniques for Northern Abalone | Aquaculture | 10,000 |
| | Total for Powell River | | | | 210,000 |
| Strathcona | CWI-018 | Nanaimo | Cultured Crustacean Equity Capital | Aquaculture | 90,000 |
| | CWI-037 | Georgia Strait | Porphyra (Seaweed) Industry Feasibility Study | Aquaculture | 18,030 |
| | CWI-044 | Union Bay | Waste to Wealth R&D | Other | 10,000 |
| | Total for Strathcona | | | | 118,030 |
| Sunshine Coast | CWI-035 | Pender Harbour | Museum & Boat Building School Feasibility Study | Attraction | 10,000 |
| | CWI-042 | Gibsons / Sechelt | Outdoor Education Facility Feasibility Study | Other | 10,000 |
| | Total for Sunshine Coast | | | | 20,000 |
| | | | | TOTALS | \$844,906 |

Projects Approved by FLT but Not Proceeding

| CFDC | No. | Location | Project Name | Type of Project | CWI Funds (\$) |
|-------------------|------------|------------------------|------------------------------|--------------------------|-----------------------|
| Alberni-Clayoquot | CWI-011 | Clayoquot Sound | Spawn-on-Kelp Video | Marketing/Communications | Not Funded |
| Cowichan | CWI-019 | Cowichan Valley | Co-op Video | Marketing/Communications | Not Funded |
| Haida Gwaii | CWI-003 | Masset | Omega Dogfish Processing | Fish Processing | Not Funded |
| Mount Waddington | CWI-016 | North Vancouver Island | Box Crab Distribution Study | Fish Harvesting | Not Funded |
| Strathcona | CWI-012 | Discovery Passage | Harvesting from Oyster Rafts | Aquaculture | Not Funded |
| Sunshine Coast | CWI-002 | Coastwide | Community Hatchery Study | Enhancement | Not Funded |
| Sunshine Coast | CWI-013 | Sunshine Coast | Tilapia Farm Development | Aquaculture | Not Funded |
| Sunshine Coast | CWI-017 | Sunshine Coast | Entrepreneurship Training | Other | Not Funded |
| | | | | TOTALS | \$0 |