



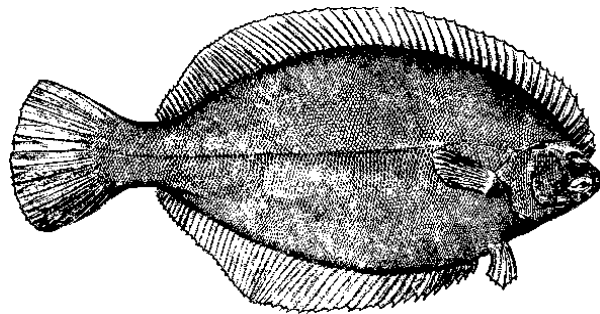
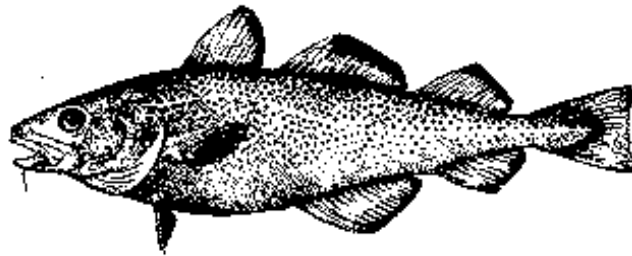
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Commercial Groundfish Fishery Profile

Gulf Region



**Policy and Economics Branch
Gulf Region
Department of Fisheries and Oceans
Moncton, New Brunswick**

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SECTION 1

Profile of the Groundfish Fishery

Background

The Atlantic groundfish fishery involves 54 groundfish stocks distributed in an area ranging from Davis Strait to Georges Bank.

Many groundfish stocks have been the subject of moratoria and reduced quotas since the early 1990's. Dramatic stock declines have required unique management measures, to protect declining biomasses. The objective of these measures, which includes new rules to limit bycatches and protect small fish, is the rebuilding of these stocks.

For the cod stocks in 4TVn, 4RS3Pn and 2J3KL, Total Allowable Catches (TACs) of 6,000 t, 7,500 t and 9,000 t respectively were announced for 1999 in order to undertake limited commercial fisheries. These levels were implemented in order to provide a better understanding of migration patterns, seasonal changes and biomass distribution of these cod stocks. The TAC includes all harvests in the sentinel fishery projects and bycatches in other groundfish fisheries. Groundfish stocks are managed either through the Northwest Atlantic Fisheries Organization (NAFO) for transboundary stocks or by Canada for stocks that are under Canadian jurisdiction.

For the NAFO-managed stocks, scientific advice is provided through the NAFO Scientific Council. Total allowable catches and allocations for the various countries are established at the annual meeting of NAFO Contracting Parties. The NAFO-managed 3LNO yellowtail flounder fishery re-opened in 1998 after being under moratoria for the past four years. Canada has instituted conservation measures in order to limit harvests of juvenile yellowtail flounder and the bycatch of American plaice in this fishery.

For Canadian-managed stocks, the Fisheries Resource Conservation Council (FRCC) provides its recommendations following the release of annual stock status reports by the Department of Fisheries and Oceans (DFO) scientists and a broad-based industry consultation process (carried out by the FRCC) on scientific and conservation measures required for each groundfish stock.

FRCC recommendations and previous years' management measures are reviewed by DFO with the aim of developing management options for the upcoming year.

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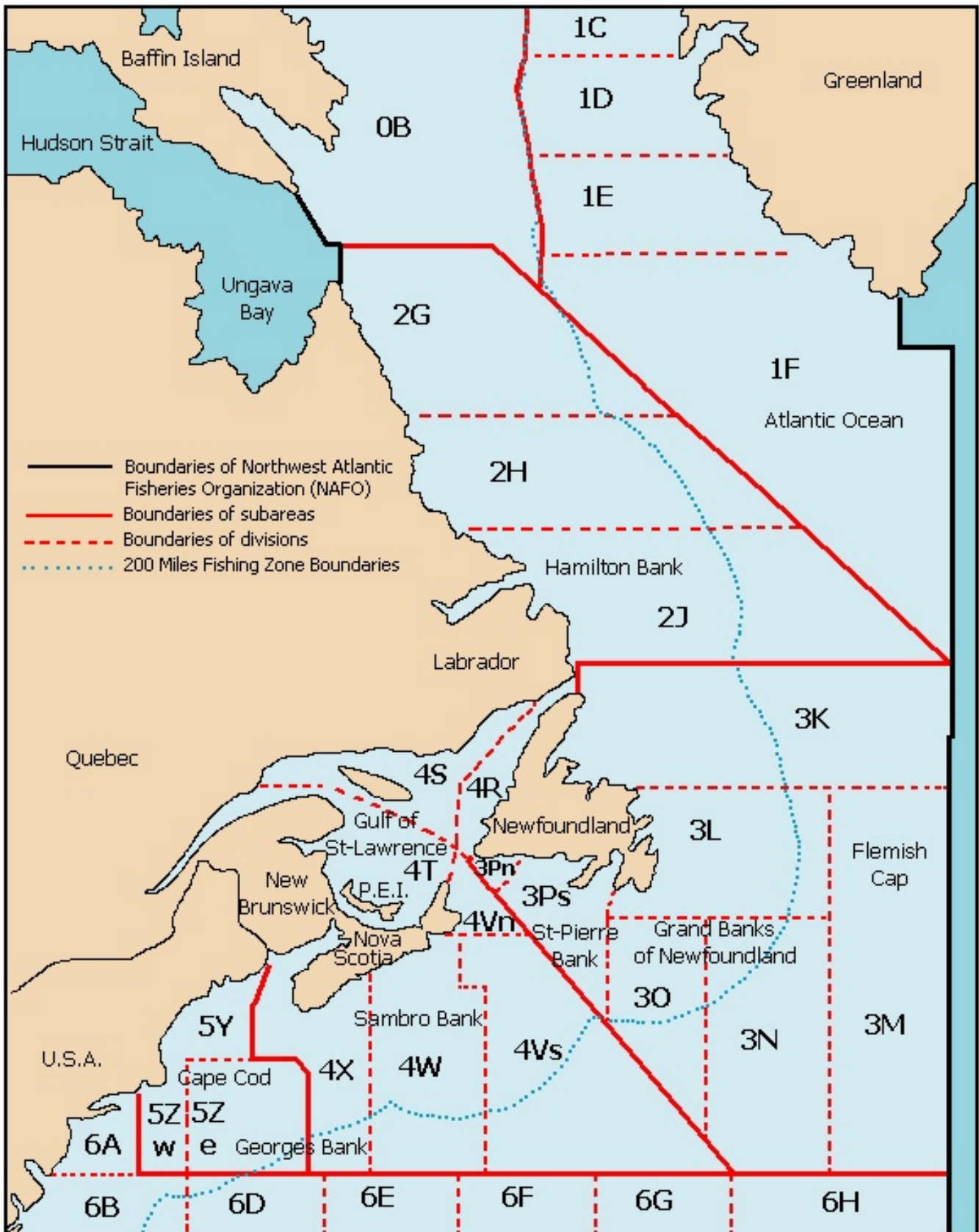
Management options are discussed with client groups prior to the finalization of the Integrated Atlantic Groundfish Fishery Management Plan.

This management plan provides an integrated picture of the groundfish fishery, including the latest scientific assessment picture, management measures, conservation and protection strategies and industry responsibilities with regard to conservation of groundfish stocks.

The Department is endeavouring to manage groundfish resources on an area basis; one that attempts to reflect an ecosystem approach. These three separate sectors are: stocks of the Grand Banks, Labrador Shelf and Davis Strait; Stocks of the Gulf of St. Lawrence; and Stocks of the Scotian Shelf, Bay of Fundy and Georges Bank.

This paper will focus on the groundfish fisheries that occur within the Gulf of St. Lawrence. The following map presents the boundaries of the Northwest Atlantic Fisheries Organization (NAFO).

Commercial Groundfish Fishery Profile



Stocks of the Gulf of St. Lawrence

Overview

The Gulf of St. Lawrence groundfish fishery is dominated by three species: cod north and south of Laurentian Channel, redfish in deep waters, and, to a lesser extent, American plaice in the southern Gulf. There are smaller localized directed fisheries for: Greenland halibut in the St. Lawrence estuary and western Gulf, witch flounder along the southwest coast of Newfoundland, white hake in Northumberland Strait, and winter flounder in inshore areas.

Description of the Fishery

In the Gulf of St. Lawrence, the fixed gear fleet uses gillnets, longlines, handlines and trapnets. The mobile gear fleets use otter trawls and Danish/Scottish seines.

The fixed gear fleet includes mainly vessels < 65', with the majority being < 45'. Many of the fishers are also involved in other fisheries. The mobile gear fleet includes several different vessel categories: vessels < 45'; vessels 45-65'; vessels 65-100' and the > 100' category.

Since the moratorium was announced in major groundfish fisheries (cod, white hake and redfish), fishers have exerted more effort in non-traditional species such as flounder, lumpfish and skate. Throughout the Gulf, the number of participants in the groundfish fishery has decreased substantially. Fishers have experienced great difficulties in fishing other groundfish species without exceeding the permitted level of by-catch.

The recreational groundfish fishery is also an important segment in the groundfish industry. Several hundred charter boat operators are established in the Gulf, especially in the southern portion.

To better describe the location of fishery, the Gulf of St. Lawrence is divided into two major groundfish fishing grounds: the Southern (4T) and the Northern Gulf (4RS, 3Pn).

Southern Gulf (4T)

There is no fishery from January to April because of ice conditions. In the spring, the mobile fleet (otter trawlers and Danish seiners) begin their fishery. This fishery is very seasonal, vessels follow the migration of groundfish into the Gulf and again out of the Gulf in the autumn. The fishery is carried out mainly in two areas: between the Magdalen Islands, Prince Edward Island and Cape Breton

(known as the eastern Gulf), and in the western portion of 4T off the Gaspé coast, Miscou and the Bay of Chaleur. The catches of groundfish (in the eastern Gulf) peak in May, June and October as the groundfish congregate off Cape Breton for their migration to the Scotian Shelf. Catches in the Western area peak in July and October. There is normally a decline in August and September when groundfish is more dispersed. The fishing pattern is the same for the Danish seiners and otter trawlers. The fixed gear fishery is prosecuted mainly in the summer months when the cod gets closer to shore. Catches by this gear sector normally peak in June, July, August and also in November.

Northern Gulf (4RS, 3Pn)

The groundfish fishery begins with mobile gear vessels (otter trawlers) in late January/early February in the southern part of 4R. The fleets are usually forced by ice conditions to move their operations each day in order to avoid the ice. The fishing activity by the mobile fleet sector in southern 3Pn ends by mid-march. The fishery in southern 4R3Pn is called the “winter fishery”. In Western Newfoundland, the late spring and early summer groundfish fishery is mainly prosecuted by the fixed gear fleet sector while mobile gear vessels concentrate their effort on other species such as shrimp. The mobile fleet sector resumes their fishing activity in the autumn in the northern portion of 4R.

The above primarily relates to the traditional cod fishery that has been closed for a period of five years. The majority of fishing in recent years has been undertaken by fixed gear fishermen. A limited directed hook-and-line fishery was permitted for 4RS3Pn cod in 1997.

The Groundfish Industry in the Gulf Region

Before the Cod Moratorium

In the five years (1988-1992) leading up to the cod moratorium, groundfish landings in the Gulf Region averaged 47,893 metric tonnes, for an average landed value of \$23.1 million.

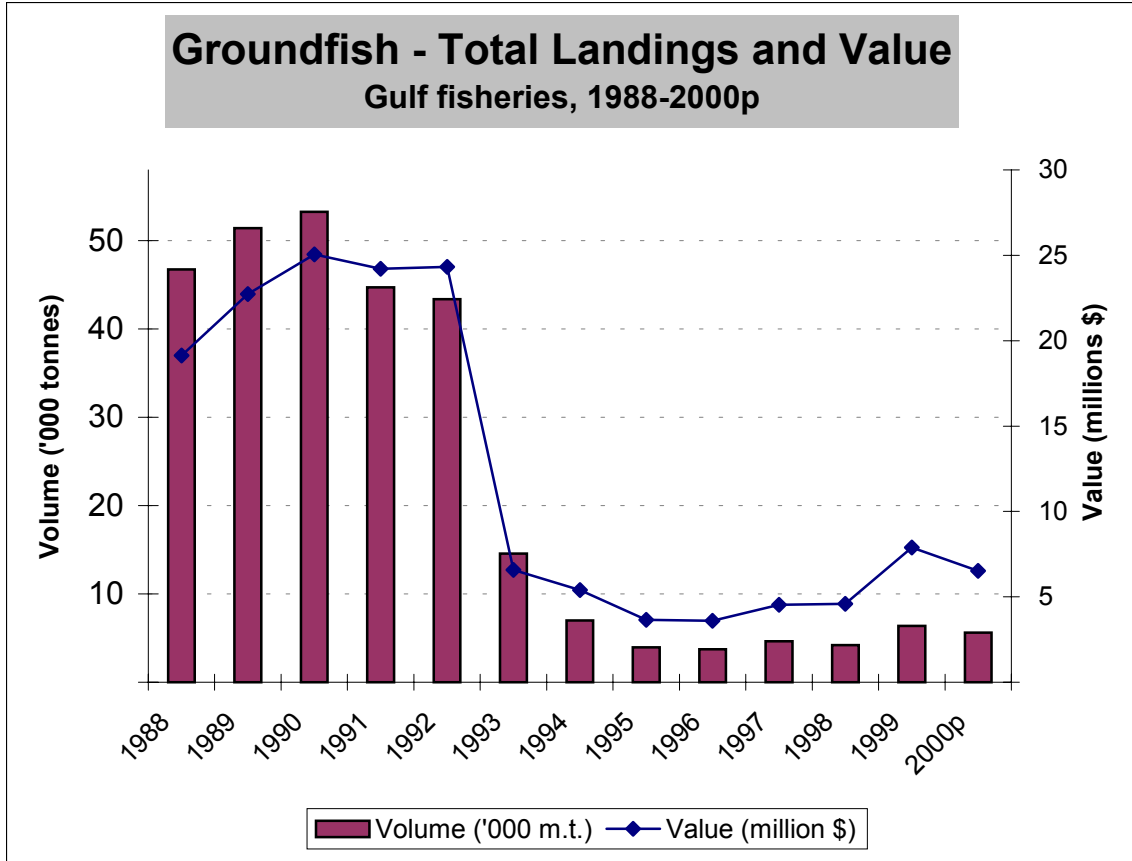
A peak was reached in 1990 when groundfish landings were at 53,265 metric tonnes and the value of these landings was \$25.4 million. During this year, cod was the dominant groundfish species with landings of 25,432 metric tonnes valued at \$14.8 million. Other important groundfish species included redfish, american plaice, winter flounder, greysole, white hake, halibut and pollock. A total of 54 processing plants and/or fish markets were involved in the processing of groundfish in 1990 and these plants provided employment to approximately 2,500 plant workers. Surveys of both plants and plant workers in the Gulf Region were

Commercial Groundfish Fishery Profile

conducted in 1992, 1995 and in 2000. The results of these surveys can be found in Appendix 9.

In 1990, the 4TVn cod quota was set at 53,000 metric tonnes. In 1991, the quota was reduced to 48,000 metric tonnes and in 1992 it was further reduced to 43,000 metric tonnes. By 1993, this quota was drastically reduced to 13,000 metric tonnes and the fishery was eventually closed mid-way through the season (August 31, 1993). This fishery would remain under moratorium for the next five years. Figure 1 reflects the total groundfish landings and value for the period 1988 to 2000 (see Appendix 10 and 11).

Figure 1



To illustrate the importance of groundfish in the Gulf Region, we have compared the total landings and the value for the years 1989 and 1999 (figure 2, 3, 4, 5).

Figures 2 and 3 reflects the total groundfish landings as compared to other species for the years 1989 and 1999.

In 1989, groundfish landings were at 51,418 metric tonnes and represented 31% of the total landings for the Gulf Region. The groundfish landings were very significant in that they created a lot of work activities for the plant workers and the processing plants.

By 1999, the groundfish landings had decreased to a total of 6,373 metric tonnes and represented only 5% of the total landings for the Gulf Region.

Figure 2

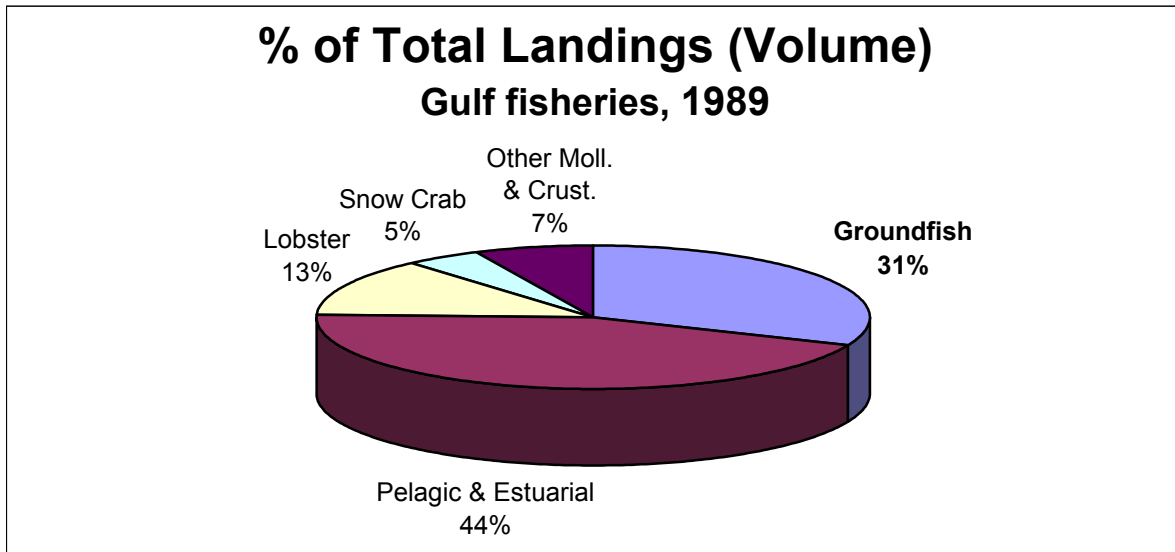
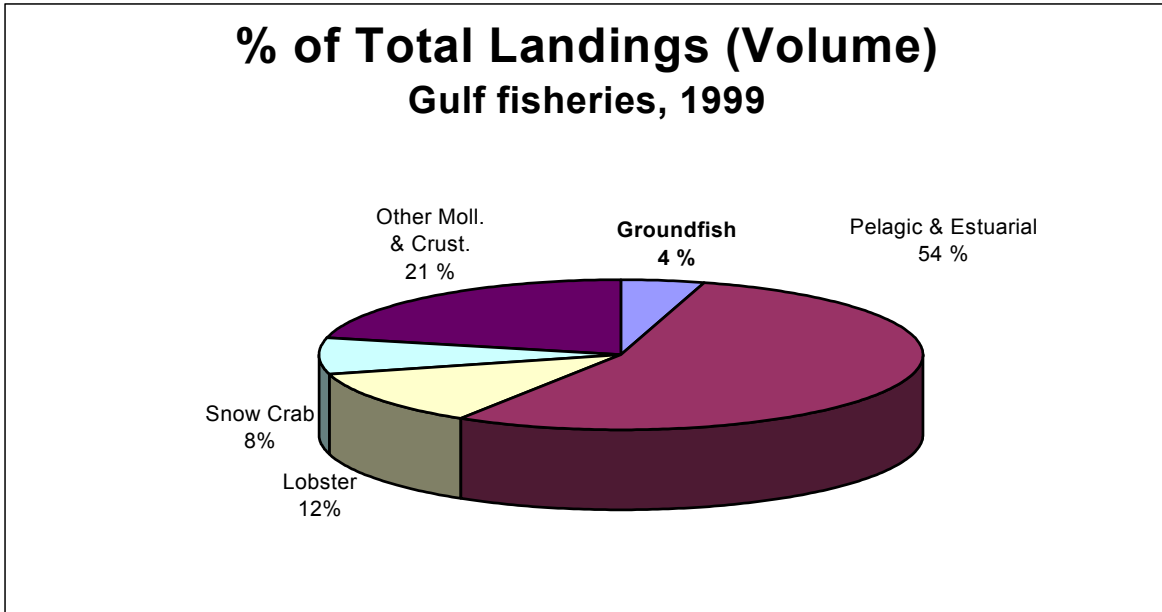


Figure 3



Commercial Groundfish Fishery Profile

Figures 4 and 5 provides the percentage of total landed value for groundfish species for the years 1989 and 1999.

In 1989, the groundfish landings in the Gulf were valued at \$22.7 million and represented 13% of the total landed value for the Gulf Region. In terms of ranking, the value of groundfish was second only to lobster and was higher than snow crab, pelagic and estuarial, and other molluscs and crustaceans.

Ten years later, in 1999, the value of groundfish had decreased to \$7.9 million and represented only 3% of the total landed value in the Gulf Region. In terms of ranking with other species, groundfish was now ranked last.

Figure 4

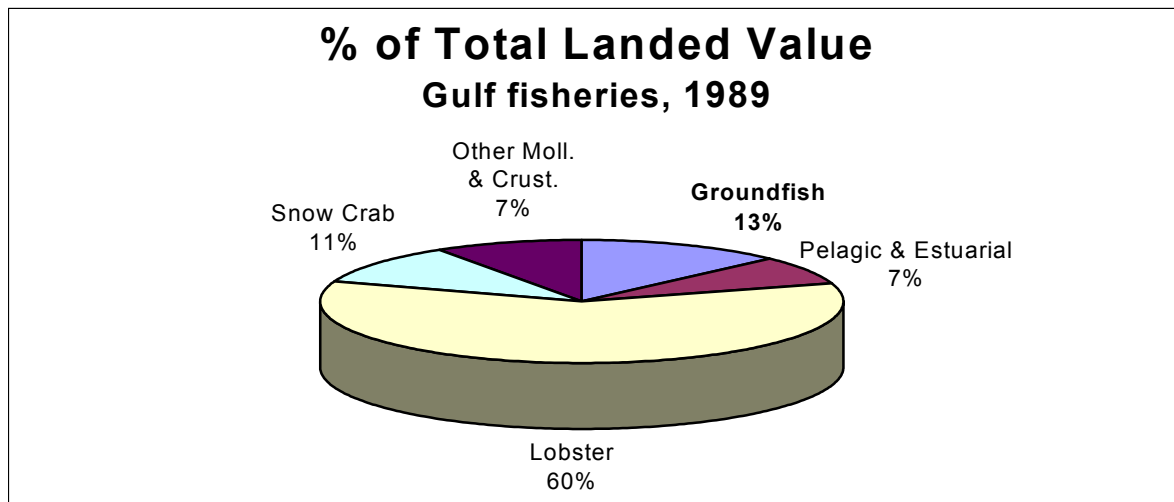
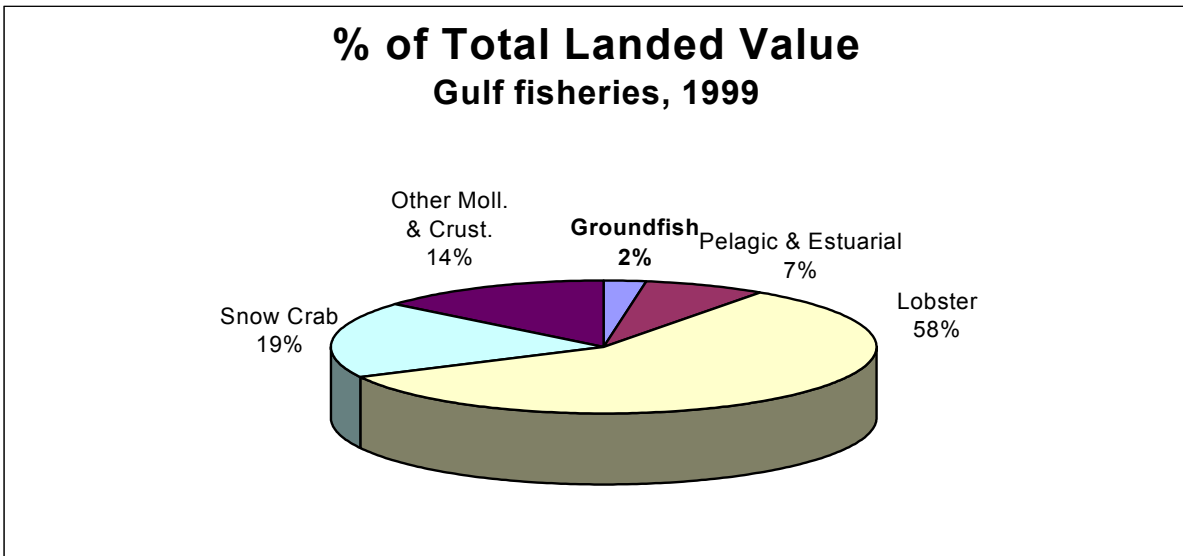


Figure 5



Fleet Structure

The Individual Transferable Quota (ITQ) Management System

This section will provide a description of the individual transferable quota management system currently in place for the mobile gear groundfish specialist fleet, based in 4T, with vessels less than 65 feet. This program was developed in three stages, first for the vessel from 50'-65' in 1989, with the vessels from 45'-49' integrated into the program in 1992. The vessels less than 45' established a separate program in mid 1992.

Prior to 1989, the mobile gear fleet was managed under competitive quotas for various groundfish species. Up to 1988, there was only one mobile gear quota category for 4T cod, that being for all vessels < 100'. Discussions began in 1987 to implement an ITQ program for mobile gear vessels between 65' and 100'. This program made it necessary to implement splits in the various groundfish quotas accessed by the mobile gear fleet. This resulted in a separate quota for 4T cod fished by mobile gear with vessels between 45' and 65'.

The 45'-65' fleet

This specific fleet category was faced with problems that were characteristic of fleets with an excess of capacity – overcapitalization, poor returns to labour and capital, short harvesting periods as vessels raced for available quota, and gluts in the processing sector. In 1988, the DFO implemented trip limits in an attempt to control some of these problems, but this proved ineffective. Members of the industry began to pressure the DFO to investigate the possibility of introducing an ITQ system, similar to that which was already in place in western Newfoundland. In the fall of 1988, the Gulf Groundfish Advisory Committee (GGAC) established a working group for the purpose of developing an ITQ program for the fleet.

The working group's first task was to segregate the fleet, based on access to other types of fisheries. This fleet consisted of 197 vessels between 45' and 65' with two distinct groups. One group had access to crab, shrimp, or lobster fisheries, while the other was wholly dependent on the groundfish fishery. It was decided and agreed to by the fleets, that the fleet should be separated based on their access to other fisheries. The allocation of quota for this purpose was to be based on the historical catches between 1984 and 1986.

Those vessels that held crab, shrimp, or lobster licences received separate competitive quotas for 4T cod in 1989, although no separate quota for the lobster vessels was allocated until 1991 as these vessels were traditionally inactive in the

mobile gear fishery. This left 103 vessels that were wholly dependent on groundfish. Of these, 14 were vessels with a home port in the Scotia-Fundy Region. These vessels established an ITQ program with individual shares based on their historical performance. Table 1 presents the sharing arrangements in 1988 and 1989, after the fleet separations had been completed.

Table 1
Quota Allocations for Mobile Gear Fleet 45'-65'

Year	Fleet	No. Of Vessels	Quota			Mgt. System
			4T Cod	4RS3Pn Cod	4T Plaice	
1988	45'-65' mg	197	20,375	5,675	3,800	Comp
	< 45' mg	538	4,500		4,200	Comp
1989	50'-65' ITQ	73	17,900	2,970	2,480	ITQ
	45'-65' crab	49	1,500	-	360	ITQ
	45'-65' shrimp	38	700	1,615	150	ITQ
	45'49' lobster	7	*	*	*	Comp
	45'-65' Scotia Fundy	14	1,240	-	-	ITQ
	45'-49' grdfish only	16	1,240	-	810	comp
	< 45'	538	4,800	500	4,200	comp

* No specific quota was allocated to this fleet sector until 1991 when 19 t of 4T cod and 20 t of 4T American plaice were allocated.

The remaining 89 vessels developed a formula for the initial allocation of quota that was based on the economic viability of a vessel by length category. Each vessel within a five foot length interval (45-49, 50-54, 55-59, 60-65) would receive a basic allocation of cod, for example 180 mt for the 50'-54' group. This amount was calculated as the amount needed to reach a minimum, cash basis break even. This would be split between 4T and 4RS3Pn cod depending on the historical fishing patterns of each vessel. This allocation accounted for approximately 80% of the total cod quota available to these vessels. The rest was allocated based on the historical performance of each vessel during the 1984 to 1986 period. A standard equal amount of 4T American plaice was also allocated to each vessel.

Not everyone in the fleet found this formula acceptable. The 16 vessels between 45' and 49' did not agree with the formula, and decided to remain in a competitive pool outside of the ITQ program. This left a total of 73 vessels from four provinces involved in the program. The following table gives the distribution of these vessels by province and vessel length.

Table 2
Distribution of Vessels by Length & Province 1989

	Quebec	N.B.	N.S.	P.E.I.	Total
50'-54'	-	2	7	1	10
55'-59'	37	1	2	-	40
60'-64'	9	12	2	-	23
Total	46	15	11	1	73

The 73 vessels were allocated a total of 23,350 tonnes in three different stocks in 1989. These allocations have changed through the years as a result of changes in the overall TACs for each stock, or as a result of small shifts in the sharing formulas between fleet and gear sectors as determined by the annual groundfish management plans. These changes are depicted in Table 3.

Table 3
Allocations by Stock to ITQ Fleet

Stock	1989	1990	1991	1992	1993 ¹	1994
4 T cod	17900	17560	16527	13918	4649	closed
4RS3Pn cod	2970	2230	1457	1442	1341	closed
4T Am. plaice	2480	2480	2480	2480	1645	1645
Total	23350	22270	20472	17840	7635	1645

The program commenced in 1989 as a one year pilot program. The evaluation of this one-year trial determined that there was a high degree of satisfaction with the program on the part of the fishermen. Given this experience, in 1990 the program was implemented on a 10 year basis, with provision for review after 5 years.

The 45'-49' Fleet

As mentioned previously, this fleet sector decided against participating in the ITQ program in 1989, and continued to fish on a competitive basis. The fleet continued to experience problems related to excess capacity and low levels of available quota. Another attempt was made to examine the concept of an ITQ management system for this fleet in early 1991. A working group of fishermen and DFO representatives was appointed by the Gulf Groundfish Advisory

¹ Includes quota allocated to the 45'-49' ITQ vessels that joined the program in 1993. As well, these quotas were adjusted in September, 1993 when the cod fisheries in 4T and 4RS3Pn were closed for the remainder of the year.

Committee to examine the feasibility of introducing an ITQ system for this fleet in 1992. A program was developed that allocated 4T cod and 4T American plaice based on historical catches, with some minor adjustments. The program was approved and became operational during the 1992 fishing season. In 1993, this fleet was integrated into the 50' to 65' ITQ fleet and administered under the same guidelines. The following table shows the distribution of this fleet by province.

Table 4
Distribution of Vessels by Province (45' – 49')

Que.	N.B.	P.E.I.	N.S.	Total
5	4	5	1	15

The < 45' Fleet

This fleet consisted of 538 licence holders, with highly variable degrees of dependency on groundfish. The fleet was spread over four provinces (N.S., N.B., P.E.I., and Que.), and managed under two different licensing regimes. Those licence holders in the Gulf Region were under the bonafide licensing policy, while those in Quebec were under the standard Atlantic Licensing policy. There were also vessels in this fleet that were developing as groundfish specialists, relying heavily on the mobile gear groundfish fishery, in particular for cod, for a large percentage of their income. These specialists were purchasing large, high capacity vessels (“super 44s”), and their preferred harvesting strategies were very much at odds with the more traditional generalist approach. This difference led to a great deal of conflict and disagreement within the fleet.

Several approaches were tried to resolve these problems. The fleet was split into two groups, based on their geographic location. Gulf North consisted of the vessels with home ports in New Brunswick and the Gaspé Péninsula, while Gulf South consisted of the vessels from P.E.I., N.S., and the Magdalen Islands. This split was instituted in an attempt to allow all licence holders, regardless of their home port, a chance to prosecute the fishery, given the migratory pattern of the 4T cod stock. Other measures that were tried included weekly and daily trip limits, various sub-quotas by time of year, and assorted opening dates for fisheries.

Given the tremendous fishing capacity of this fleet, and the declining quotas available to it, these measures were not adequate. Matters came to a head in the spring of 1991 when the spring quota for 4T Gulf South cod was reached. In prior years, the DFO had transferred cod quota from the fixed gear quota to allow this fleet to continue fishing. Because of the declining nature of this stock in 1991, the

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DFO needed the consent of the fixed gear fleet to effect the transfer. Since the fixed gear fleet refused to consent to the transfer, the mobile fleet was through fishing.

This precipitated the establishment of two working groups by the Gulf Groundfish Advisory Committee, one for Gulf North and one for Gulf South, to develop a long term management and rationalization plan for these fleets. These groups developed plans for the generalist fleet, but all licence holders were given the option of remaining within the generalist fleet, or leaving this fleet and receiving an ITQ based on their historical performance. The actual formula differed between Gulf South and Gulf North, but both were loosely based on historical catch. In the South, those without lobster or crab licences received a higher percentage of their historical catch than holders of those licences. In both areas, those that decided to take an ITQ lost their bonafide status, lost access to groundfish fishing in the Northumberland Strait, and were reclassified as commercial fishermen. This loss of bonafide status applied only to Gulf Region fishers, as the Quebec Region did not have a bonafide policy.

The program was implemented mid way through the fishing season of 1992, and licence holders had until early 1993 to finalize their decision. In total, 45 opted for the ITQ program, 18 in Gulf North and 27 in Gulf South. The following table outlines the distribution of these vessels by province.

Table 5
Distribution of ITQ Vessels by Province (< 45')

	Que.	N.B.	P.E.I.	N.S.	Total
Gulf North	14	4	-	-	18
Gulf South	7	-	13	7	27
Total	21	4	13	7	45

The following table outlines the distribution of 4T and 4RS3Pn cod quota between the ITQ and the competitive fleets after the establishment of the program. The table presents the quotas for the 1993 fishing season.

Table 6
Quota Distribution < 45' Mobile Gear 1993
(metric tonnes)

	ITQ Fleet (North & South)	Competitive Fleet (North & South)
4RS3Pn cod	191	0
4T cod	875	663
Total	1066	663

Impacts of the ITQ Program

While most vessels in any given year are active, 1993 exhibited a different pattern because of the drastically reduced 4T cod quota. Some fishers transferred quota temporarily to others, feeling it would not be viable to fish at that low level of catch. Others decided to wait until the fall fishery off Cheticamp, N.S. in order to maximize catch rates and reduce operating costs. These fishers had their plans disrupted when the closure of the 4T cod fishery was announced at the end of August 1993.

The 1994 Groundfish Management Plan announced the closure of the two cod stocks fished by these fleets, 4TVn and 4RS3Pn, and reductions in the redfish quota, as well as cuts in other minor stocks.

It is difficult to ascertain the effect that the individual transferable quota system has had on the conservation of groundfish stocks. While it is evident that stocks have suffered drastic declines in the early 90's, there is no evidence at this time to suggest that there was any relationship between the introduction of ITQ programs and these declines. These programs were only introduced on the condition that they be accompanied by an adequate dockside monitoring program, which was done. To discourage highgrading at sea, the DFO implemented increased observer coverage. Efforts were made to reduce the catch of small fish by increasing mesh sizes and by closing areas when small fish were present. It must be remembered that most of these measures were applied to all gear and fleet sectors, regardless of the management regime, ITQ or competitive.

Licensing policy changes under TAGS

A reformed Licensing Policy which was implemented on December 20, 1995, changed the categorization for all fishers where vessels less than 65 feet were used. The structure adopted was that of the core group, comprising a maximum

number of enterprises holding multiple licences and directed by a professional fisher.

In the Gulf Region, in order to qualify as a member of the core group, a person must meet the following criteria;

- Be the head of an active fishing enterprise that has fished full-time in 1994 and 1995 and have a fishing vessel in the fishery; and

For the Bonafide fishers:

- have the Bonafide status
- hold one key licence (key licences are snow crab, lobster (category A), groundfish (but not handline), scallop tuna and herring).

For non-Bonafide fishers:

- hold either two key licences or one key licence and have fished for a full season with minimum landings of \$25,000 from his own licences for two of the years 1993, 1994, 1995. Key licences are shrimp, snow crab, lobster (category A) and groundfish ITQ only.
- fishers holding only one key licence and not meeting \$25,000 landing level will have two years to qualify by acquiring a second key licence from another fisher.

As a result of this new Licensing Policy, the great majority of Bonafide fishers (99%) that were operating vessels less than 50 feet became core fishers. The total number of core fishers in the Gulf Region in 2000 was approximately 3,400.

SECTION 2

Support Program for the Industry during the Moratorium

As a result of declines in Atlantic groundfish stocks in the late 1980's, the federal government initiated a series of fisheries related programs starting in the early 1990's.

The following pages will describe the four major programs implemented during the last decade to respond to the impact of the collapse of groundfish stocks on the fishery workers and communities.

NCARP – Northern Cod Adjustment and Recovery Program

On July 2, 1992, the Minister of Fisheries and Oceans announced a two-year moratorium on fishing northern cod (NAFO fishing area 2J3KL). The moratorium took effect immediately. Thousands of fishers and plant workers were affected by the moratorium and required income assistance. To meet their need, the Minister announced the Northern Cod Adjustment and Recovery Program (NCARP), to provide immediate income assistance to fishers and plant workers affected and to prepare for a significantly reduced fishery in the future.

The DFO part of NCARP had four components:

1. Income Replacement Program
2. Vessel Support Program
3. Early Retirement Program
4. Licence Retirement Program

The projected cost of the Department of Fisheries and Oceans components of NCARP was \$587 million. The program ended in May 1994. Although this program had very little effect on Gulf Region fishers, it would set the stage for future assistance programs in the Gulf Fisheries and in all Atlantic Regions and Quebec.

AGAP – Atlantic Groundfish Adjustment Program

On April 23, 1993, the Minister of Fisheries and Oceans announced a transitional adjustment program for fishers and plant workers affected by quota cuts throughout the Atlantic groundfish industry.

Up to \$191 million was provided in assistance for individuals, including employment and training options for affected workers, as well as assistance to fishing communities in the Atlantic provinces and Quebec.

The main components of this program were:

1. Training
2. Transitional Fisheries Adjustment Allowance (TFAA)
3. Vessel Support Program
4. Plant Workers Adjustment Program (PWAP)

TAGS – The Atlantic Groundfish Strategy

On April 19, 1994, the Minister of Fisheries and Oceans and the Minister of Human Resources Development, announced a comprehensive five year \$1.9 billion program of adjustment and income support for an estimated 40,000 displaced Atlantic groundfish fishers and plant workers.

The Atlantic Groundfish Strategy (TAGS) became effective on May 16, 1994. It replaced the Northern Cod Adjustment and Recovery Program (NCARP) and the Atlantic Groundfish Adjustment Program (AGAP) which ended on May 15, 1994.

The TAGS program was designed to provide income support and other adjustment measures to people whose livelihood had been most seriously affected by the collapse of Atlantic groundfish resources.

Two key elements of TAGS were the voluntary Groundfish Licence Retirement Program and the Early Retirement Program which were administered by the Department of Fisheries and Oceans. Both programs were aimed at reducing overcapacity in the harvesting sector of the Atlantic groundfish fishery.

The purpose of the Groundfish Licence Retirement Program was to reduce harvesting capacity through the permanent withdrawal of active groundfish licences. The program was voluntary and it provided fishers with an opportunity to leave the fishing industry with financial compensation for their licences. The program was opened to all groundfish licence holders operating a vessel of less

than 100 feet in length. In addition, fishers had to be eligible to receive benefits under TAGS and be able to meet the Special Eligibility Criteria (SEC).

In 1994, there was a total of 2,041 groundfish licences in the Gulf Region. Of these, 263 licence holders were eligible for TAGS and 234 of these also met the Special Eligibility Criteria (SEC) – see Appendix 13. Therefore only these 234 licence holders were eligible for the Groundfish Licence Retirement Program.

To deliver this program, the Minister of Fisheries and Oceans announced the establishment of four Harvesting Adjustment Boards (HAB's), composed of knowledgeable individuals from the private sector. These independent boards located in St. John's, Halifax, Moncton and Quebec were to advise the Minister on a harvesting capacity reduction strategy. They oversaw the Groundfish Licence Retirement Program and provided impartial advice to the Minister through their evaluation of individual proposals for licence retirement. The objective of these boards was to retire the maximum harvesting capacity at the lowest cost per unit of capacity removed. The HAB's were also mandated to apply a Reverse Auction Process in assessing individual bid applications.

Round 1 of the program was announced on January 31, 1995 with a closing date of March 31, 1995. The Minister announced the results of the first round of bidding on October 11, 1995. Round 2 was announced on December 20, 1995 with the deadline for applications set at February 23, 1996. The Minister announced the results on the second round on August 8, 1996.

A total of 478 licences were retired in the four Regions at a cost of approximately \$60 million. In the Gulf Region, 10 groundfish licences, including 7 ITQ's, were retired at a total cost of \$1.9 million (See Appendix 5)

CFAR – Canadian Fisheries Adjustment and Recovery Plan

On June 19, 1998, the Government of Canada announced a \$730 million fishery restructuring and adjustment initiative for the Atlantic groundfish industry. Measures included licence retirement, early retirement, a final cash payment to TAGS clients, labour market adjustment measures and support for economic development.

Following is a breakdown of funding for each component:

1. Licence Retirement	\$250 M
2. Early Retirement	\$ 65 M
3. Final Cash Payment	\$180 M
4. Adjustment Measures	\$135 M
5. Economic Development	<u>\$100 M</u>
Total	\$730 M

The purpose of this program was to assist individuals and coastal communities to adjust to opportunities outside of the fishery and to lay the foundation for an economically and environmentally viable, and self-reliant fishery.

The licence retirement component of this program was delivered by the Department of Fisheries and Oceans and a detailed description of this program can be found in section 3 of this report.

In addition to these various support programs, DFO also established other measures/programs that provided some financial support to the groundfish industry. Some of these measures/programs are described in the following pages.

Sentinel Survey

With the closure of the cod directed fishery in 1993 on many of the stocks in the Northwest Atlantic, information on the status of the stocks from the commercial fishery was no longer available to scientists of the Department of Fisheries and Oceans for stock assessment. This information was previously being used in combination with information from research vessel surveys to assess the status of the resources. The Fisheries Resource Conservation Council (FRCC) recommended that DFO put in place a program of sentinel surveys to collect such information and the Minister subsequently accepted this recommendation.

Sentinel survey protocols were designed by combining fishers' knowledge regarding traditional fishing areas with a scientific protocol which would ensure that the data would not be biased and would produce the maximum amount of information.

The sentinel program in the southern Gulf of St. Lawrence began in northern New Brunswick in 1994 with one project involving two vessels. By year 2000, the program in the Gulf Region had an overall budget of \$1.1 M and was comprised of 12 projects involving 30 fixed gear vessels and 9 mobile gear vessels.

Vessels are chartered by the Department through the various fishers associations, and fishers must follow a strict protocol. Fishers are also allowed to sell their catches. This program has allowed a certain number of groundfish fishers to remain active during the moratorium and has provided DFO biologists with valuable information on the trends in the stocks.

Other Species Dependence

Snow Crab – Exploratory Zones E and F

On May 19, 1995, the Department of Fisheries and Oceans announced the creation of two exploratory crab fishing areas. One of these areas was located in deeper waters along the Laurentian Channel north of the Magdalen Islands (Zone E) and the other between the Magdalen Islands and Cape Breton (Zone F). These two fishing areas were identified as non-traditional snow crab fishing areas in Zone 12, in the 1995 management plan.

The exploration of these areas allows DFO to collect biological and commercial data in order to better understand the status of these stocks in relation to crab fishing area 12.

It was decided that the inactive groundfish fishers affected by the moratorium would be given priority access to these two exploratory zones. A total of eleven fishers from both Gulf and Laurentian Regions participated in this fishery in 1995. In 1996, the number of exploratory permits was increased from 11 to 22 and in the 1997 management plan, the number of permits was increased to 24. In 2000, a total of 12 fishers from the Gulf Region and 12 fishers from the Laurentian Region were active in these two zones. These 24 fishers were able to share a total of 451 metric tonnes of snow crab.

Snow Crab Temporary Allocation

In addition to the exploratory zones, groundfish dependent fishers were also allocated snow crab on a temporary basis in 1995, 1996 and 1997. The zone 12 snow crab co-management approach allowed for the sharing of the resource with non-traditional fishers, including natives, inshore and groundfish dependent fishers.

In 1996, a total of 546 metric tonnes were allocated to groundfish dependent fishers in the Gulf Region and in 1997, the amount shared was 338 metric tonnes. This sharing did allow a significant number of inactive groundfish fishers to generate a reasonable economic benefit from the snow crab fishery.

Shrimp Allocation

On May 22nd, 1998, the Minister of Fisheries and Oceans announced a five year co-management initiative for Quebec and New Brunswick fishermen in the Gulf of St. Lawrence shrimp fishery and an increase of 15.8% in the Total Allowable Catch (TAC), – (23,187 tonnes).

This co-management initiative with the shrimp fishers provided for a temporary sharing of the resource once the quota allocated to this group exceeded a certain threshold. Therefore, the core groundfish fishers in Gulf New Brunswick, Gulf Nova Scotia and Prince Edward Island were allowed to participate in the shrimp fishery on a temporary basis.

In 1998 and 1999, groundfish dependent fishers in New Brunswick were allocated a total of 430 metric tonnes of shrimp each year, while those in Nova Scotia and Prince Edward Island were each allocated 75 metric tonnes each year. In 2000, the groundfish fishers in New Brunswick were allocated 810 metric tonnes of shrimp while those in Nova Scotia and Prince Edward Island were each allocated 85 metric tonnes of shrimp. Again, the sharing of the shrimp resources has allowed a significant number of groundfish fishers to prosecute this fishery and generate a reasonable revenue.

The Re-opening of the Cod Fishery in the Gulf (4T)

In March of 1998, the Fisheries Resource Conservation Council (FRCC) recommended that the southern Gulf cod directed commercial fishery remain closed. However, the FRCC recommended that removals of up to 3,000 tonnes be allowed for the purpose of conducting an index fishery, a program to collect additional information on the stock, the sentinel surveys and to cover by-catches in other fisheries. The Minister of Fisheries and Oceans accepted this advice and made the announcement on May 27, 1998.

On June 1st, 1999, the Minister announced that the fishery for cod in NAFO zone 4TVn, which had been closed since 1993, would re-open with a TAC of 6,000 metric tonnes. The TAC has remained at this level for both 2000 and 2001.

Biologists continue to be concerned about the low recruitment level of this stock and it appears that recovery can be expected to be slow.

SECTION 3

The Atlantic Groundfish Licence Retirement Program

The \$250 million Atlantic Groundfish Licence Retirement Program (AGLRP) was announced on June 19, 1998, as part of the federal government's \$730 million Canadian Fisheries Adjustment and Restructuring (CFAR) Program for the Atlantic groundfish industry.

The Atlantic Groundfish Licence Retirement program was guided by three principles: it was voluntary; it was targeted primarily to TAGS eligible licence holders; and it required a permanent exit from the fishery.

Objectives

The objectives of the licence retirement program were to:

- Permanently remove up to 3,000 groundfish licences from the Atlantic fishery, with the primary focus on licence holders who were eligible under the Atlantic Groundfish Strategy (TAGS).
- Achieve a more diversified and economically viable fishery by retiring licence holders who were less viable and less diversified relative to others within a specific area.
- Retire those licences for which the bid amounts provided the best value.

The licence retirement program was opened to all groundfish licence holders in Atlantic Canada and Quebec with vessels less than 65 feet length overall.

Methodology for Bid Assessment

Shortly after the announcement of the groundfish licence retirement program, a series of consultative meetings were held with all of the groundfish industry stakeholders in the Gulf Region.

One of the main changes of this licence retirement program, compared to the 1995-96 program under TAGS, was that it was opened to all groundfish licence holder operating a vessel under 65 feet in length. This meant that in the Gulf fisheries, some 2,000 groundfish licence holders were eligible for the program, compared to 234 during the first licence retirement program.

During our consultations with the groundfish fishers' associations and the provinces, it was pointed out that the program should be designed to target the groundfish specialists or, in other words, fishing enterprises that depended on

groundfish for their livelihood. In the industry's opinion, a reduction in the number of these enterprises would have a significant impact on the groundfish fishing capacity in the Gulf.

Some of the principles of the program was that priority would be given to core fishers and to those eligible for TAGS. Also, participation in the program meant that the applicant had to permanently exit the fishery. During our consultations with the industry, fishers noted that a series of factors must be taken into consideration when developing a bid assessment formula. Some of these factors included; the debt on the vessel; the resale value of the vessel; the fisher's age; the family situation (i.e. Whether he has a son who would like to take over); the tax implications of participating in the program; historical revenues, or in other words, his standard of living; his employment opportunities outside the fishery; the number of years in the industry; future prospects with regards to the return of the groundfish fishery; potential crab and shrimp allocation; the loss of access to various support programs such as employment insurance, the fisher's personal financial situation; etc.

Ideally, the bid assessment formula should be able to take into account the various factors that are considered important to the fishers when they submit their bid. However, it was impossible to consider all of these factors, much less quantify them.

The Policy and Economics Branch developed a matrix that would be used to facilitate the bid assessment process. The matrix took into account the historical catches and the degree of dependency on groundfish for each fisher. The historical catches for each fisher were based on the average of the best three years in terms of volume of fish, for the seven-year period, from 1986 to 1992. The degree of dependency was based on the average percentage of groundfish landings, in terms of value, during the seven-year period 1986 to 1992.

Two other very important factors were considered in the bid assessment process; the fisher's status (core versus non-core) and whether the fisher was eligible for TAGS or not.

The Reverse Auction Process

The Atlantic Groundfish Licence Retirement program was much like the licence retirement program that was held under TAGS. The program consisted of a bidding process known as a "reverse auction". This method is more flexible than a fixed price method and is more sensitive to individual circumstances and to regional and fleet sector differences.

Under the reverse auction process each fisher;

- Determines the value of his groundfish licence, recognizing that he must also surrender his Personal Fishing Registration (PFR) and his core status if applicable;
- Submits a bid indicating the amount of money he determines to be the value of retiring his licence, and permanently exiting the fishery.

The reverse auction method is a competitive process. Each bid is evaluated and ranked against bids from other licence holders who are similar in terms of core, non-core status, vessel size and gear type. As mentioned previously, this method also considers the historical catches and the degree of dependency on groundfish for each fisher.

Independent Review Committee

According to the Terms and Conditions of the Program approved by Treasury Board, Regional Directors General were to manage the Program and have flexibility in the application of the Terms and Conditions. To ensure objectivity and transparency, the assessment and ranking of bids was to be carried out by an Independent Review Committee appointed in each Region. The composition of the Committee was to be determined by the respective RDG and varied from Region to Region to accommodate the fishing industry, ensure a transparent process and facilitate the evaluation of bids. The mandate of this Committee was to provide analysis and ranking of bids, provide recommendations to the RDG and remove the maximum number of licences with the funds available while ensuring fairness across fleet sectors and gear types.

In the Gulf Region, the Independent Review Committee was made up of two consultants, one an accounting consultant and the other a fisheries consultant. The Region felt that this Committee was totally unbiased, it was arm's length and it was accepted by all stakeholders of the groundfish industry, including provincial governments. The Region strongly believed that this arrangement fully met the spirit of the requirement of the Treasury Board Terms and Conditions, and it was also very cost effective.

A file was kept for each fisher that participated in the program. Each bid was assigned a number and the information on the bid was entered into a spreadsheet program. All pertinent information was verified with our licensing files and the historical landings and dependency on groundfish were determined by using our statistics data bank. The gross bid amount was adjusted downward by \$20,000 if the fisher was TAGS eligible and by \$10,000 if he had a core status. The revised bid was then divided by a matrix factor that considered the degree of dependency

on groundfish and the historical landings. All computed bids received during each round were then ranked in descending order by dollar value. The independent Review Committee was then provided with the spreadsheet and were asked to review all bids and make recommendations to the RDG. For confidentiality purposes, the names of each bidder was not provided to the Committee.

In certain instances, low bids from fishers with no groundfish landings could not fit into the matrix. These bids were assessed by the Committee on the dollar value alone.

Conditions of Acceptance

All successful bidders were advised in writing and given 21 calendar days to make their final decision. Fishers who decided to retire their groundfish licences were required to sign a Licence Retirement Agreement and abide by the following conditions:

The fisher understands and agrees that in accepting this offer he must:

- Immediately surrender his groundfish licence;
- Immediately surrender his Personal Fishing Registration (PFR) and core status if applicable.
- Dispose of all other commercial fishing licences that he holds within 24 months. These licences can only be re-issued to a core fisher in accordance with DFO licensing policy. The fisher understands that he will not be able to use these other licences for fishing during this period. In the event that the fisher is unable to dispose of his licence (s) within the required period, the licence(s) will be revoked by the Department.
- Leave the commercial fishery permanently.

Final Cash Payment

Individuals who were eligible for TAGS on August 29, 1998, were eligible to receive a lump sum Final Cash Payment (FCP). This payment was paid by Human Resources Development Canada (HRDC) in two instalments, one in September 1998 and the other in January 1999. The maximum payment was the amount of TAGS benefits clients would have received if the TAGS program had continued to its original termination date of May 1999.

Those who opted for licence retirement or early retirement, were not eligible for the Final Cash Payment. Therefore, those that had received the FCP and had their Licence Retirement bid accepted, had their payment made pursuant to the Atlantic Groundfish Licence Retirement Program reduced by the amount of the FCP.

Early Retirement Program

Individuals who were eligible for TAGS as of January 1, 1998 and who were between the ages of 55 and 64 on December 31, 1998 were eligible for benefits under the Early Retirement component. This program was also administered by Human Resources Development Canada in cooperation with the provincial governments.

Fishers who opted for Early Retirement were not eligible to participate in the Atlantic Groundfish Licence Retirement Program. They did however have the opportunity to choose which components better suited their personal situation. Licence holders who met the early retirement criteria could still apply to the groundfish licence retirement program. If their bids were rejected, they still had 21 days from the end of their last bidding round to apply for Early Retirement.

In summary, fishers in the Gulf Region had the option of participating in three separate measures under CFAR, provided they met the eligibility criteria. They could choose between the Final Cash Payment, Early Retirement or Licence Retirement. No individual was allowed to take advantage of more than one of these measures.

Participation

The Region was given the flexibility of conducting rounds at its' own pace. The reverse auction works best under conditions of multiple rounds run in quick succession, providing bidders with clear signals regarding the competitiveness of their bids. A total of five rounds were conducted from 1998 to 1999.

Round One

The first round of the Program began in September 1998 and closed on November 6th, 1998. A total of 73 bids were received. These bids were then classified according to the following fleet category; ITQ, groundfish specialist and groundfish generalist. The ITQ groundfish licences are those that have a percentage share of quota attached to the licences. The groundfish specialist fish competitively and have 50% or more of their revenue derived from groundfish. The groundfish generalist are those licences that are marginal or inactive and are generally held by core fishers. Of the 73 bids received, 18 were recommended for acceptance by the Independent Review Committee and 17 decided to retire their groundfish licences. A fisher whose bid was approved could still decide not to participate in the Program. However, if he turned down an approved bid, he was not eligible to submit a bid in any subsequent rounds.

Commercial Groundfish Fishery Profile

The results of the first round of the program showed that the average dollar amount of the bids accepted by the fishers were as follows:

- Individual Transferable Quota (ITQ) \$178,333
- Groundfish Specialist (Competitive) \$116,906
- Groundfish Generalist (Inactive or marginally active): \$ 22,500

All groundfish licence holders in the Gulf Region were provided with the results of each round. This provided them an indication of what the Independent Review Committee considered competitive bids, by fleet category. The total amount of funding spent in round one was \$2,167,159.

Round two

The second round of the Program started on December 18th, 1998 and closed on January 15th, 1999. A total of 52 bids were received during this round and of these 43 were repeat bidders. The Independent Review Committee reviewed these bids and recommended that 18 of these be accepted by DFO. One fisher decided not to retire his licence, therefore, another 17 groundfish licences were retired in this round.

The results of the second round of the Program showed that the average dollar amount of bids accepted by fleet category were as follows:

- Individual Transferable Quota (ITQ) \$262,155
- Groundfish Specialist (Competitive) \$148,000
- Groundfish Generalist (Inactive or marginally active): \$ 30,000

The total amount of funding spent in round two was \$3,307,400.

Round Three

The third round of the Program began on February 4th, 1999 and closed on March 5, 1999. A total of 33 bids were received during this round and 25 of these were repeat bidders. The independent Review Committee recommended 11 of the bids, however, two fishers declined our offer to retire their licences. Therefore, a total of 9 groundfish licences were retired during this round and the cumulative total after three completed rounds was 43 licences.

The combined results of the first three rounds of the Program showed that the average dollar amount of the bids accepted by fleet category were as follows:

- Individual Transferable Quota (ITQ) \$239,411
- Groundfish Specialist (Competitive) \$127,955
- Groundfish Generalist (Inactive or marginally active): \$ 25,166

The total amount of funding spent in round three was \$1,417,000. After three completed rounds, a total of \$6,891,559 had been spent to purchase 43 groundfish licences.

Round Four

The fourth round of the Program started in mid-March 1999 and closed on April 16, 1999. A total of 17 bids were received during this round and 16 of these were repeat bidders. Only one bid was recommended by the Independent Review Committee and the fisher decided to reject our offer to retire his licence.

As a result of the low participation rate in round four and the lack of bids being considered competitive, it was decided that the fifth and final round of the Program would only be conducted in late fall.

Round Five

The fifth and final round of the Program was officially announced on November 17, 1999, with a closing date of December 10, 1999. A total of 23 bids were received during this round and 18 of these were repeat bidders. Ten of these bids were recommended for acceptance by the Independent Review Committee. One fisher declined our offer to retire his licence and therefore 9 groundfish licences were retired. The total amount of funding spent in round five was \$1,020,166.

Final Results

At the end of the fifth round, it was apparent that the interest in the Groundfish Licence Retirement Program had fallen. The low participation rate in the fourth and fifth rounds was certainly an indication that fishers who wanted to exit the fishery on a permanent basis had already done so. By the end of the fifth round, approximately 90% of our allocated funds had been spent, therefore, it was decided that the Program would be terminated.

In the five rounds of the Program, 96 individual fishers submitted a total of 198 bids, valued at \$42.4 million. The value of bids received fluctuated from a low of \$20,000 to a high of \$850,000. Of the 198 bids received, 58 were recommended for acceptance by the Independent Review Committee; 6 fishers declined our offer to retire their licences and therefore 52 groundfish licences were retired at a total cost of \$7,911,725 and an average cost per licence of \$152,149.

In terms of provincial representation, 66 bids were received from Gulf New Brunswick and 18 of these were accepted; 55 bids were received from Gulf Nova

Scotia and 19 of these were accepted; and 77 bids were received from Prince Edward Island and 15 were accepted. Based on the number of accepted bids, 45% of the licence retirement budget was spent in Gulf Nova Scotia, 30% was spent in Gulf New Brunswick and 25% was spent on Prince Edward Island. The initial budget was not broken down by province since bids were accepted based on the best value for money.

In terms of age structure, the final results indicate that older fishers demonstrated more interest in the Licence Retirement Program. Of the 52 fishers who decided to retire their groundfish licences, only 2 were in their thirties, 9 were in their forties, 21 were in their fifties, 19 were in their sixties and 1 was in his seventies. The average age of all participants in the Program was 55.7 years.

The 52 groundfish licences retired under the Licence Retirement Program can be broken down into three separate fleet categories. A total of 19 licences were retired under the ITQ fleet category. Another 22 licences were retired by fishers that were categorized as groundfish specialist. Finally, a total of 11 licences were retired by fishers that were considered groundfish generalist.

Certainly, the biggest impact of the Groundfish Licence Retirement Program was in the ITQ fleet. At the start of the Program, there was a total of 53 ITQ groundfish licences in the less than 65 feet category in the Gulf Region. There were 23 ITQ licences in the less than 45 feet category and 30 ITQ licences in the 45 to 65 feet category. A total of 6 licences were retired in the less than 45 feet category and 13 licences were retired in the 45 to 65 feet category. These 19 retired ITQ licences represents a reduction of more than one third of the fleet.

One of the main objectives of the Program was to target fishers that were TAGS eligible and designated as core fishers. The final results indicate that 36 of the 52 licences retired were held by TAGS eligible fishers and 47 of the 52 licences were held by core fishers.

The tables found in Appendices 1 to 8 provide all the pertinent information related to the Atlantic Groundfish Licence Retirement under TAGS and CFAR.

SECTION 4

The Groundfish Fishery of the Future:

Fleet Structure – ITQ Program

The Gulf of St. Lawrence Groundfish ITQ Programs expired on December 31, 1999 for the 45' to 65' fleet and the less than 45' fleet. This fleet is comprised of all the enterprises based in the following NAFO divisions or sub-divisions: 4R, 4S, 4T, 3Pn, 4Vn, for which a quota is identified in the Atlantic Groundfish Management Plan. This fleet is further subdivided into three groups as follows:

Group A - Enterprises based in 4RS – 3Pn

Group B - Enterprises based in 4T

Group C - Enterprises based in 4Vn

A request was made by the industry to amalgamate the less than 45' fleet and the 45' to 65' fleet for Group B only (Gulf and Laurentian Regions). Following extensive consultations with all stakeholders, the Department of Fisheries and Oceans accepted this request. This fleet is now referred to as the Groundfish ITQ Program for vessels less than 65 feet and is comprised of 79 licence holders, including 45 from Laurentian Region and 34 for the Gulf Region.

The Management Committee for the Groundfish ITQ Program met with DFO representatives from the Gulf, Laurentian and Newfoundland Regions for a complete review of the administrative guidelines to reflect changes to the programs such as the amalgamation of these two fleets and to make adjustments as warranted.

The revised administrative guidelines were approved by the ADM – Fisheries Management on October 4th, 2000. The duration of the ITQ Program is for 9 years and it expires on May 14, 2009.

Dependence of Fleet Sector on various species

As mentioned previously, there are 34 ITQ licence holders remaining in the less than 65' fleet in the Gulf Region. The breakdown by province is as follows: 14 licences in Gulf New Brunswick, 8 in Gulf Nova Scotia and 12 in Prince Edward Island.

During the last three years, 1999, 2000 and 2001, the 4TVn cod quota has been set at 6,000 metric tonnes. This means that the 34 ITQ licence holders in the Gulf have a total of 651 metric tonnes of cod to share amongst themselves during each

of these three years. If we examine the 34 individual allocations, the range fluctuates from a low of 4.0 tonnes or 8,800 pounds to a high of 40.0 tonnes or 88,000 pounds. Evidently these amounts of cod are certainly well below the amounts required by fishers to achieve economic and financial viability.

In the Gulf New Brunswick for example, the cod allocated to the ITQ fleet has been transferred to a few groundfish fishers within the fleet, while the others have been directing for other species such as exploratory snow crab (Zone E), shrimp, on a temporary basis, or participating in the sentinel survey. It is safe to say that this fleet could not survive on groundfish alone.

In Gulf Nova Scotia, 4 of the 8 ITQ licence holders also hold an inshore crab licence in Area 19. This fleet has also been fishing some groundfish, snow crab in exploratory zone F and participating in the sentinel surveys.

In Prince Edward Island, the 12 ITQ licence holders have been fishing some exploratory snow crab in Zone E, some groundfish, lobster, and participating in the sentinel surveys. Some of these fishers have also been inactive in the fishery during the last several years.

For many of these groundfish dependent fishers, the last 8 years have been difficult ones. Some have been able to remain active in the fishery, however, for most of these fishers, there has been no long-term security in terms of permanent access to a specific fishery.

Bought-Back Quota

In the Gulf Region, following two groundfish licence retirement programs (7 rounds), a total of 62 groundfish licences have been retired (see Appendix 12). A total of 10 licences were retired under TAGS in 1995-96 (see Appendix 5) and another 52 licences were retired under CFAR in 1999-2000 (see Appendix 6). A total of 26 of these licences were ITQ licences and therefore, had a percentage share of cod and american plaice quota attached to the licences. The other 36 retired licences were competitive licences including 23 mobile gear licences and 13 fixed gear licences.

As of May 31, 2001, the percentage of bought-back quota for 4T cod and 4T american plaice, was 19.2834% and 16.8217% respectively (See Appendix 8). For the 2001 fishing season, the TAC for 4T cod was set at 6,000 metric tonnes while the TAC for 4T american plaice was 2,000 metric tonnes. Based on these TAC's, the bought-back percentage share represents 430.983 metric tonnes of cod and 153.751 metric tonnes of american plaice.

If we go back to the pre-moratorium period (1992), the level of 4T cod was 43,000 metric tonnes, while the level of 4T american plaice was 10,000 metric tonnes. Based on these levels, the percentage of bought-back quota would represent 3,509 metric tonnes of cod and 768 metric tonnes of american plaice.

The Department of Fisheries and Oceans has not yet decided how the bought-back quota would be re-allocated on a permanent basis. Before a final decision is made, DFO will certainly be consulting with all the stakeholders of the groundfish industry. Although the AGLRP has been terminated for more than a year in the Gulf Region, the program is still ongoing in Newfoundland Region. The official termination date of the program is August 29, 2001.

Conclusion

Following two groundfish licence retirement programs in Atlantic Canada, the Gulf Region has managed to reduce the number of ITQ licence holders from 61 to 34. However, the low level of both 4T cod and 4T american plaice stocks will not allow these fishers to achieve economic and financial viability. The outlook for both of these stocks appears to be for a slow recovery.

These fishers have managed to survive by fishing other species such as snow crab, shrimp or by participating in the sentinel surveys.

The Atlantic Groundfish Licence Retirement Program has allowed a number of fishers to leave the groundfish fishery with financial compensation. A great majority of the fishers that chose to leave the fishery were older fishers and therefore were closer to retirement.

The remaining groundfish dependent fishers are certainly in a very precarious situation given the low level of both cod and plaice stocks and their anticipated slow recovery. These fishers are faced with only a few options if they intend to remain in the fishery. One of these options is to diversify into the multi-species inshore enterprise with lobster being the main specie. Another option is for these fishers to buy into the midshore snow crab or shrimp fishery, however, the cost associated with buying such a licence makes this option almost prohibitive.

The groundfish dependent fishers will have to carefully assess their situation and evaluate the various options that are available to them. They should continue to work in close cooperation with DFO and try to develop a strategic direction that will allow them to make a decent living from the fishery.

APPENDIX 1

GULF REGION

ATLANTIC GROUNDFISH LICENCE RETIREMENT PROGRAM

UNDER CFAR

AVERAGE PRICE PAID BY FLEET CATEGORY

FINAL RESULTS

Fleet Category	# of Licences	# of Bids Received	# of Bids Accepted	Average Price Paid per Licence for the Accepted Bids
<u>ITQ</u>				
< 45'	23	20	6	\$190,000
45' < 65'	30	39	13	\$270,723
Total	53	59	19	\$245,232
Groundfish Specialist (Competitive)	35	51	22	\$132,325
Groundfish Generalist (marginal or inactive/generally core)	1,935	88	11	\$31,015
Total	1,935	198²	52	\$152,149

² Round one: 73 bids received
 Round two: 52 bids received of which 43 were repeat bidders
 Round three: 33 bids received of which 25 were repeat bidders
 Round four: 17 bids received of which 16 were repeat bidders
 Round five: 23 bids received of which 18 were repeat bidders

APPENDIX 2

GULF REGION

ATLANTIC GROUND FISH LICENCE RETIREMENT PROGRAM UNDER CFAR

AVERAGE VALUE BY CATEGORY OF FISHER

FINAL RESULTS

	Recommended Bids	Accepted Bids	Total Value (\$)	Average Value (\$)
<u>Core</u>				
TAGS	37	35	\$7,015,559	\$200,445
Non-TAGS	16	12	\$759,166	\$63,264
Sub-Total	53	47	\$7,774,725	\$165,420
<u>Non-core</u>				
TAGS	1	1	*	*
Non-TAGS	4	4	*	*
Sub-Total	5	5	137,000	\$27,400
Total	58	52	\$7,911,725	\$152,149

* Some numbers have been intentionally omitted for confidentiality purposes.

APPENDIX 3

GULF REGION
ATLANTIC GROUND FISH LICENCE RETIREMENT PROGRAM
UNDER CFAR
SPENDING BY PROVINCE, BY ROUND
FINAL RESULTS

	N.B.	N.S.	P.E.I.	TOTAL
Round I	\$485,000	\$787,159	\$895,000	\$2,167,159
Licences Bought	5	5	7	17
Round II	*	*	*	\$3,307,400
Licences Bought	3	9	5	17
Round III	*	*	*	\$1,417,000
Licences Bought	5	3	1	9
Round IV	-	-	-	-
Licences Bought	-	-	-	-
<u>Round V</u>	*	*	*	\$1,020,166
Licences Bought	5	2	2	9
Totals	\$2,347,166	\$3,598,559	\$1,966,000	\$7,911,725
Licences Bought	18	19	15	52

* Some numbers have been intentionally omitted for confidentiality purposes.

APPENDIX 4

GULF REGION
ATLANTIC GROUND FISH LICENCE RETIREMENT PROGRAM
UNDER CFAR
SPENDING BY PROVINCE, BY ROUND – FOR ACCEPTED BIDS
FINAL RESULTS

		Recommended	Accepted	Value
Round I	N.B.	5	5	\$485,000
	N.S.	5	5	\$787,159
	P.E.I.	8	7	\$895,000
	Total	18	17	\$2,167,159
Round II	N.B.	3	3	*
	N.S.	10	9	*
	P.E.I.	5	5	*
	Total	18	17	\$3,307,400
Round III	N.B.	6	5	*
	N.S.	3	3	*
	P.E.I.	2	1	*
	Total	11	9	\$1,417,000
Round IV	N.B.	0	0	0
	N.S.	0	0	0
	P.E.I.	1	0	0
	Total	1	0	0
Round V	N.B.	5	5	*
	N.S.	2	2	*
	P.E.I.	3	2	*
	Total	10	9	\$1,020,166
Totals	N.B.	19	18	\$2,347,166
	N.S.	20	19	\$3,598,559
	P.E.I.	19	15	\$1,966,000
Total Region		58	52	\$7,911,725

* Some numbers have been intentionally omitted for confidentiality purposes.

APPENDIX 5

GULF REGION
GROUND FISH LICENCE RETIREMENT PROGRAM UNDER TAGS
1995 AND 1996
PERCENTAGE QUOTA BOUGHT BY PROVINCES (2 ROUNDS)
ITQ FLEET 45 - 65'

	# Licences	Cod %	American Plaice %
New Brunswick	3	4.6351	6.5672
Nova Scotia	0	0	0
Prince Edward Island	1	0.3455	0.6825
Total	4	4.9806	7.2497

ITQ FLEET LESS THAN 45'

	# Licences	Cod %	American Plaice %
New Brunswick	0	0	0
Nova Scotia	1	0.6228	1.0035
Prince Edward Island	2	1.7212	1.4096
Total	3	2.3440	2.4131

* Before Fleet Amalgamation

APPENDIX 6

GULF REGION

ATLANTIC GROUNDFISH LICENCE RETIREMENT PROGRAM

UNDER CFAR - 1999-2000

PERCENTAGE QUOTA BOUGHT BY PROVINCES (5 ROUNDS)

ITQ FLEET 45 - 65'

	# Licences	Cod %	American Plaice %
New Brunswick	6	7.6854	9.4575
Nova Scotia	6	7.0933	3.1778
Prince Edward Island	1	0.2972	1.0093
Total	13	15.0759	13.6446

ITQ FLEET LESS THAN 45'

	# Licences	Cod %	American Plaice %
New Brunswick	0	0	0
Nova Scotia	2	6.4243	0.3129
Prince Edward Island	4	6.4091	3.5706
Total	6	12.8334	3.8835

* Before Fleet Amalgamation

APPENDIX 7

GULF REGION

ATLANTIC GROUND FISH LICENCE RETIREMENT PROGRAM

FINAL RESULTS OF BOTH PROGRAMS COMBINED

PERCENTAGE QUOTA BOUGHT BY PROVINCES (7 ROUNDS)

ITQ FLEET 45 - 65'

	# Licences	Cod %	American Plaice %
New Brunswick	9	12.3205	16.0247
Nova Scotia	6	7.0933	3.1778
Prince Edward Island	2	0.6427	1.6918
Total	17	20.0565	20.8943

ITQ FLEET LESS THAN 45'

	# Licences	Cod %	American Plaice %
New Brunswick	0	0	0
Nova Scotia	3	7.0471	1.3164
Prince Edward Island	6	8.1303	4.9802
Total	9	15.1774	6.2966

* Before Fleet Amalgamation

APPENDIX 8

GULF REGION

Atlantic Groundfish Licence Retirement Program
 Final Results of Both Programs Combined
 Percentage quota Bought by Provinces following Amalgamation of the Two
 Fleets in the Gulf

Province	# Licences	Cod %	American Plaice %
New Brunswick	9	10.3687	11.5540
Nova Scotia	9	7.0861	2.6586
Prince Edward Island	8	1.8286	2.6091
Total Percentage of Bought-Back Quota	26	19.2834	16.8217

APPENDIX 9

Gulf Region

Number of Groundfish Plants and Plant Workers

1992

Area	Number of Plants	Number of Plant Workers
New Brunswick	22	1,070
Prince Edward Island	14	803
Nova Scotia	6	278
Total	42	2,151

1995

Area	Number of Plants	Number of Plant Workers
New Brunswick	5	246
Prince Edward Island	3	125
Nova Scotia	2	23
Total	10	394

2000

Area	Number of Plants	Number of Plant Workers
New Brunswick	6	190
Prince Edward Island	2	107
Nova Scotia	3	35
Total	11	332

Appendix 10

Groundfish Landings (Volume) – Gulf Region

Metric Tonnes

1988 – 2000

Year	Cod	All Groundfish	Total Landings Gulf Region
1988	24,058	46,741	188,058
1989	25,935	51,418	181,987
1990	25,432	53,265	199,137
1991	17,338	44,694	157,911
1992	15,049	43,348	153,006
1993	1,968	14,556	125,125
1994	959	6,987	165,110
1995	675	3,949	162,701
1996	800	3,719	143,192
1997	983	4,622	139,932
1998	1,307	4,215	137,033
1999	3,198	6,394	150,310
2000 p *	3,235	5,620	157,151

* p: preliminary

Appendix 11

Groundfish Landed Value – Gulf Region

(in 000's)

1988 – 2000

Year	Cod Landed Value	Total Groundfish Landed Value	Total Landed Value Gulf Region
1988	\$9,871	\$19,141	\$206,276
1989	\$12,117	\$22,738	\$183,482
1990	\$14,791	\$25,046	\$162,740
1991	\$13,342	\$24,216	\$187,241
1992	\$12,640	\$24,321	\$210,414
1993	\$1,661	\$6,573	\$200,292
1994	\$888	\$5,390	\$292,073
1995	\$499	\$3,663	\$362,570
1996	\$763	\$3,601	\$281,770
1997	\$979	\$4,536	\$275,820
1998	\$1,509	\$4,584	\$273,227
1999	\$4,654	\$7,898	\$326,521
2000 p *	\$3,994	\$6,519	\$354,996

* p: preliminary

Appendix 12

Gulf Region - Licence Retirement Program

Number of Licences Retired

Atlantic Groundfish Licence Retirement Program

TAGS
(1995-96) 2 rounds

Province	ITQ	Competitive		Total
		Mobile	Fixed	
N.B.	3	-	-	3
N.S.	1	1	1	3
P.E.I.	3	1	-	4
Total	7	2	1	10³

Atlantic Groundfish Licence Retirement Program

CFAR
(1998-1999-2000) 5 rounds

Province	ITQ	Competitive		Total
		Mobile	Fixed	
N.B.	6	6	6	18
N.S.	8	7	4	19
P.E.I.	5	8	2	15
Total	19	21	12	52⁴

³ Of the seven ITQ licences, 3 were held by commercial fishers, 3 were held by full-time fishers and one was held by a bonafide fisher, while the three competitive licences were held by bonafide fishers.

⁴ Of the 52 licences retired, 47 were held by core fishers and 5 were held by non-core fishers.

APPENDIX 13

3 - Profile of Fishers - Gulf Region - 1994

