
REVIEW
DIRECTORATE

DIRECTION GÉNÉRALE
DE L'EXAMEN

**EVALUATION OF THE CANADIAN FISHERIES
ADJUSTMENT AND RESTRUCTURING PROGRAM
LICENCE RETIREMENT PROGRAMS
EVALUATION REPORT
May 2002**

TABLE OF CONTENTS

EXECUTIVE SUMMARY	I
1.0 INTRODUCTION.....	1
2.0 OBJECTIVES AND SCOPE OF THE EVALUATION	1
3.0 METHODOLOGY	2
4.0 PART “A” - ATLANTIC	3
4.1 CFAR ATLANTIC.....	3
4.2 ATLANTIC GROUND FISH LICENCE RETIREMENT PROGRAM (AGLRP)	3
4.3 EVALUATION FINDINGS	5
4.3.1 Newfoundland Region.....	5
4.3.2 Maritimes (Scotia-Fundy) Region	9
4.3.3 Gulf Region	13
4.3.4 Quebec Region	16
5.0 PART “B” – PACIFIC	20
5.1 CFAR PACIFIC	20
5.2 PACIFIC SALMON COMMERCIAL LICENCE RETIREMENT PROGRAM (PSCLRP)	20
5.3 EVALUATION FINDINGS	21
6.0 LESSONS LEARNED	26
6.1 INFORMATION SHARING	26
6.2 CONTROL OF RE-ENTRY	27
6.3 DATABASE MAINTENANCE.....	27

EXECUTIVE SUMMARY

INTRODUCTION

In August 1998, the federal government approved the Canadian Fisheries Adjustment and Restructuring (CFAR) Program, a five-year program to address problems with the commercial groundfish fishing industry on the East Coast and the commercial salmon fishing industry on the West Coast. CFAR Atlantic provided \$750 million for several inter-related labour market and economic development initiatives aimed at reducing economic dependence on the groundfishery, with the primary program element consisting of the Atlantic Groundfish Licence Retirement Program (AGLRP) with a budget of \$250 million. Pacific CFAR provided \$400 million for three separate initiatives, with the largest financial commitment of \$195 million focused on the Pacific Salmon Commercial Licence Retirement Program (PSCLRP).

In accordance with funding requirements for CFAR, the Department of Fisheries and Oceans (DFO) has undertaken an evaluation of the Pacific Commercial Licence and Atlantic Groundfish Licence retirement programs. The purpose of the evaluation is to assess the program by reviewing and determining the *relevance* of the Program, *adequacy* of Program design and delivery, and *success* of the Program through the use of a survey of fishers, interviews and document review.

CFAR ATLANTIC

CFAR Atlantic was designed to help individuals, communities, and the fishing industry adjust to the closure of the Atlantic groundfishery by:

- Providing assistance to individuals to support their transition from the fishery;
- Creating work opportunities outside the fishery; and
- Restructuring the fishery.

A central theme of CFAR was to help affected or displaced fishers to return to or make the transition to the economic mainstream.

ATLANTIC GROUND FISH LICENCE RETIREMENT PROGRAM (AGLRP)

The program objectives for the four Atlantic Coast regions were to permanently remove core and non-core groundfish licence holders with primary focus on licence holders who were eligible under TAGS; to achieve a more diversified and economically viable fishery by retiring licence holders who are less viable and diversified; and, to retire those licences for which bid prices provide the best value. AGLRP was guided by three principles: voluntary participation, permanent exit from the fishery, and Program priority given to licence holders with the greatest dependency on the fishery. The AGLRP involved competitive bidding through successive rounds of a “reverse auction” process. Under this process, a licence holder determined the value of their groundfish licence and submitted a bid for evaluation. Independent Industry Advisory

Committees assisted DFO in each region in the evaluation and assessment of the licence retirement bids.

Regional headquarters, national headquarters, Human Resources Development Canada and Canada Customs and Revenue Agency worked well together in information sharing and communication, in their quest to reach primary target licence holders, and in the overall delivery of the program.

Newfoundland Region

The Newfoundland Regional goal was met for Core fishers but not for non-Core fishers. Regional managers and members of the Fishing Industry Review Board believe that non-Core fishers did not bid because they would be required to exit completely from the fishery. Many of these fishers are earning considerable money going to sea as crew. Non-Core licences will revert to the Department eventually since they are not transferable.

Newfoundland fishers expressed a mix of views concerning the success of the program. The results of the survey indicated that among those, whose bids were accepted, the prevailing point of view was that they, as individuals, lost both employment and a way of life as a result of the program.

Maritimes (Scotia-Fundy) Region

Regional flexibility such as the ability to transfer non-groundfish licences to other Core fishers within two years contributed to the success of the program. All goals on number of licences retired and costs per category of fisher were met or exceeded.

A high proportion of participants were unable to identify any positive impact of the program on their personal situation. With respect to employment status the majority of the successful bidders were retired, self-employed, employed full-time or part-time.

Gulf Region

In the Gulf Region, specific sub-goals were not met but the overall goal was and the budget was not exceeded. As a result, a greater reduction in licenced capacity in the Region was achieved. The Region experienced a slightly higher cost per bid than expected. Nevertheless, the budgetary limitation was respected.

The results of the survey of fishers indicated that few saw the program as affecting them in a positive way. The majority thought that it had not affected them or could not tell in what way it had affected them.

Quebec Region

The Quebec Region did not meet the goal for licences retired, exceeded average expectations of licence cost and did not exceed the overall budget. Nonetheless, the region removed 40 per cent of the licenced groundfish capacity by buying out 13 per cent of the licence holders. In the Region, applicants indicated that the program had not affected them or that they could not tell how it had affected them. A few respondents indicated that the program had affected them in

a positive way. The key positive impacts were that there were now fewer fishers and that there were more fishing opportunities. The survey also showed that the relative proportion of positive responses was similar from fishers who accepted a buy out and those who had not. Of those accepting retirement, the key negative impacts noted were that they did not have a job.

CFAR PACIFIC

The Pacific CFAR Program included three broad initiatives:

- Restructuring the commercial fishing industry and diversifying fishing opportunities;
- Rebuilding the resource; and
- Community economic development and adjustment for people at risk.

PACIFIC SALMON COMMERCIAL LICENCE RETIREMENT PROGRAM (PSCLRP)

The Pacific Salmon Commercial Licence Retirement Program (PSCLRP) was created to undertake the first of these initiatives, namely reducing the Pacific salmon fleet. The objectives of the PSCLRP were to:

- Remove up to 1,500 commercial salmon licence vessels;
- Reduce the level of dependence on a fluctuating salmon resource;
- Provide more viable livelihoods for those who remained;
- Promote the transition to a more selective and diversified fishery; and
- Address resource reallocation issues.

The design and delivery of the program included a reverse auction process similar to that of the AGLRP. The goal was to remove up to 1,500 out of a total of 3,306 eligible licences. DFO was assisted by an independent Industry Advisory Committee responsible for the evaluation and assessment of the licence retirement bids.

The PSCLRP objectives were directly linked to reducing fleet over-capacity and this was understood by DFO staff and the majority of commercial salmon licenced vessel owners.

Due to lessons learned in a similar program (the 1996 Pacific Salmon Revitalization Strategy) the program was administered quickly and there were very few problems with program delivery.

As a result of PSCLRP, there is potential for an increase in the average allowable salmon catch per vessel. This should result in increased viability of the remaining fishers. In spite of this potential, eighty-one per cent of successful applicants, 64 per cent of unsuccessful applicants and 71 per cent of non-applicants considered that the program had not been helpful to them. Among the reasons given were that there is no work available, the reduction in vessels and licences is not good for other industries, quotas have gone up, and native issues remain unresolved.

The number of seine licences removed was 144 per cent of the goal, and the number of troll gear licences removed was 105 per cent of the goal. However, the gillnet gear category was under the

goal at 86 per cent. The overall result was that the total number of licences retired was 98 per cent of goal (1,409 compared to the goal of 1,440), for a total cost of \$191.9 million. This was \$800,000 more or approximately one per cent over budget. The Program retired a total of 42 per cent of commercial salmon fishing licences. Because it achieved its goals at an average cost per licence removed lower than the goal maximum, the PSCLRP is deemed to have been cost-effective and to have provided good value for money.

Conclusion

The evaluation indicated that the AGLRP and PSCLRP's objectives were clearly defined and well understood. Regional differences were addressed to meet the need for regional flexibility to address issues applicable to the specific characteristics of each region. There was effective co-ordination and information sharing between regions, headquarters, Human Resources Development Canada and Canada Customs and Revenue Agency in their quest to reach primary target licence holders in the delivery of the program. Program success indicators point to the fact that the program was a success and it met value-for-money criteria of economy, efficiency and effectiveness while meeting program goals.

AGLRP and PSCLRP Lessons Learned

There are three lessons to be learned related to information sharing, control on re-entry and the preservation of databases as follows:

- Because the Department was not permitted to use SIN numbers as a unique identifier for fishers, there was no sure method for ensuring a match of individuals paid under each program. The potential for duplication and overpayment existed. In future programs, negotiations on how to avoid duplication and reclaim overpayment should be part of the program operational framework.
- Regional enforcement people indicated that they had not been provided with either a supplementary budget or specific priorities related to the prevention of re-entry by fishers. Future programs of this type should consider enforcement and, if necessary, provide for enforcement resources.
- The Regions have created significant databases related to the program. It is probable, that once the program has terminated, without maintenance, the databases will soon become unusable. To preserve historical records and a potential research tool, the Department should consider preservation of the Regional databases.

1.0 INTRODUCTION

In August 1998, the federal government approved the Canadian Fisheries Adjustment and Restructuring (CFAR) Program as the basis for addressing problems with the commercial groundfish fishing industry on the East Coast and the commercial salmon fishing industry on the West Coast. The five-year program contained a series of program elements at varying termination dates for both the Atlantic and Pacific fisheries. CFAR Atlantic provided \$750 million for several inter-related labour market and economic development initiatives aimed at reducing economic dependence on the groundfishery, with the primary program element consisting of the Atlantic Groundfish Licence Retirement Program (AGLRP). Pacific CFAR provided \$400 million for three separate initiatives, with the largest financial commitment focused on the Pacific Salmon Commercial Licence Retirement Program (PSCLRP). This report is divided into two sections: Part "A" focuses on the Atlantic Groundfishery Licence Retirement Program, while Part "B" focuses on the Pacific Salmon Commercial Licence Retirement Program.

2.0 OBJECTIVES AND SCOPE OF THE EVALUATION

In accordance with funding requirements for CFAR, the Department of Fisheries and Oceans (DFO) has undertaken an evaluation of the Pacific Commercial Licence and Atlantic Groundfish Licence retirement programs. The purpose of the evaluation is to determine the:

- Relevance of the licence retirement program in terms of:
 - Clear definition of Program objectives; and
 - Meeting the objectives of the Program
- Adequacy of the design and delivery in terms of:
 - Effective co-ordination among Headquarters and regions, and among regions;
 - Information sharing with Human Resources Development Canada (HRDC) and Canada Customs and Revenue Agency (CCRA);
 - Reaching primary target licence holders groups;
 - Adequate controls to prevent re-entry into the fishery and legal implications;
 - Efficient and appropriate controls for budget allocation, payments, accounting, and records of expenditures; and
 - Problems encountered and addressed to ensure adequate delivery.

- Success of the Program in terms of:
 - Design and delivery to meet national and regional needs;
 - Adequacy and distribution of allocated resources to achieve Program objectives in relation to the agreed-upon formula;
 - Meeting Program goals;
 - Fairness, equity and cost-effectiveness of the reverse auction process;
 - Effectiveness and efficiency of the Industry Advisory Boards and/or independent advisory approach;
 - Achieving the objective of reducing the number of fishers within categories and meeting the guidelines on cost per bid;
 - Achieving the objective of reducing fleet size and reducing the number of participants in the fishery;
 - Contributing toward improved economic viability of the remaining fishing enterprises;
 - Impacts on individuals whose bids were accepted and on those whose bids were not accepted;
 - Messages in the communications strategy that CFAR measures would represent the end of special programming; and
 - Representing good value for money.

3.0 METHODOLOGY

The methodology for this evaluation included the review of all relevant documentation, including the CFAR Terms and conditions, the Harrigan Report, HRDC's Evaluation of The Atlantic Groundfish Strategy (TAGS), HRDC's Post-TAGS Review Report, the Report of the Auditor General on TAGS, the Interim Report on AGLRP, internal DFO working documents, press releases, and direct mail communication with Atlantic and Pacific fishers.

Interviews were held with program officers in Headquarters, Atlantic Canada and Pacific regions. Also, interviews were held with the Industry Advisory Committees responsible for bid assessments. In addition, a structured telephone questionnaire was administered to a

representative sample of fishers in all regions to produce supplementary information on the impact of the Program from the perspective of successful, unsuccessful and non-bidding fishers.

4.0 PART “A” - ATLANTIC

4.1 CFAR ATLANTIC

CFAR Atlantic was designed to help individuals, communities, and the fishing industry adjust to the closure of the Atlantic groundfishery by:

- Providing assistance to individuals to support their transition from the fishery;
- Creating work opportunities outside the fishery; and
- Restructuring the fishery.

A central theme of CFAR was to help affected or displaced fishers to return to or make the transition to the economic mainstream, and to provide access to regular programming for any future adjustment and income support needs. The CFAR Plan also included a strategy to communicate the message that the Program was the end of special programming for individuals and communities affected by the collapse of the Atlantic groundfishery.

CFAR also was designed to respect federal and provincial roles in the policy areas of the fishery, income support, and adjustment programming. Consultations with provinces and stakeholders took place on Program design and implementation.

4.2 ATLANTIC GROUND FISH LICENCE RETIREMENT PROGRAM (AGLRP)

CFAR allocated approximately \$250 million in funding for AGLRP programming for the Quebec, Maritimes (Gulf), Maritimes (Scotia-Fundy) and Newfoundland regions of DFO.

Licence retirement had previously been used to reduce the size of the harvesting sector, thereby balancing environmental sustainability of the resource with the number of people who depend on it, as well as providing more viable livelihoods for those who remain. Groundfish licence retirement initiatives had been employed on the East Coast since 1992 in the Northern Cod Adjustment and Recovery Program (876 licences) and TAGS (478 licences). These retirements, combined with licensing policy measures, had resulted in a 30 per cent reduction in Atlantic groundfish licences.

AGLRP was guided by three principles: voluntary participation, permanent exit from the fishery, and Program priority given to licence holders who were eligible under TAGS. It was open to all groundfish licence holders operating a vessel less than 65 feet in length. The goal was the removal of up to 3,000 additional groundfish licences and fishers.

The specific objectives of AGLRP were to:

- Permanently remove up to 1811 Core and 1002 non-Core groundfish licence holders from the Atlantic fishery, with the primary focus on licence holders who were eligible under TAGS;
- Achieve a more diversified and economically viable fishery by retiring licence holders who were less viable and diversified; and
- Retire those licences for which the bid amounts provided the best value.

A central goal of AGLRP was to achieve a better balance between the resources available and the number of people who depend on them for their livelihood. The program also was concerned with more comprehensive objectives such as ‘adjustment and renewal of the harvesting sector’, and ‘achieving permanent and verifiable reduction of both people and capacity’.

The AGLRP involved competitive bidding through successive rounds of a “reverse auction” process. Under this process, a licence holder determined the value of his/her groundfish licence and submitted a bid which was evaluated against bids from other licence holders who were similar in terms of Core/non-Core status, vessel size and gear type.

Approved bidders were required to:

- Surrender their groundfish licence (and Core designation if applicable);
- In Newfoundland, surrender their other commercial fishing licences (except tuna, crab, and shrimp); in the other regions, transfer their other commercial fishing licences to another core enterprise within two years;
- Surrender their Personal Fishing Registration Number (in Newfoundland, they had to surrender their status as a Professional Fish Harvester); and
- Leave the commercial fishery permanently.

Within this framework, the Program was delivered by each region, based on consultations with industry stakeholders, and adapted to respond to the particular industry situation in each region. Independent Industry Advisory Committees assisted DFO in each region in the evaluation and assessment of the licence retirement bids. Funds were allocated to Program applicants through a reverse auction process resulting in a program with the lowest cost, the best value for money, and accommodation for regional variations. The Industry Advisory Committees were provided with guidelines to assist in the selection of accepted licence retirements. Each Committee

developed criteria for assessing bids within the principles established for the Program. They were expected to select and apply assessment factors that were relevant and appropriate to their specific region.

The composition of the Industry Advisory Committees was established by each Regional Director General to represent the interests of the fishing industry in each region, ensure transparency, and facilitate evaluation of the bids. For example, in Newfoundland, the role of Industry Advisory Committee was played by the Fishing Industry Renewal Board (FIRB), comprised of four industry members. The mandate of each Industry Advisory Committee was to provide analysis and ranking of bids, provide recommendations to the Regional Director General, and remove the maximum numbers of licences with the funds available, while ensuring fairness across fleet sectors and gear types. Each Regional Director General approved the recommended bids before informing licence retirement applicants of their accepted bid.

Advisory Committees were provided with flexibility to apply, on a case-by-case basis, to a DFO Oversight Committee chaired by the ADM Policy for approval of payments in excess of the approved Terms and conditions. The responsibilities of the Oversight Committee also included the review of the process, monitoring of performance, and determination of steps to achieve Program objectives.

The following sub-sections present evaluation findings for the Newfoundland, Scotia-Fundy, Gulf and Quebec regions in Atlantic Canada.

4.3 EVALUATION FINDINGS

4.3.1 Newfoundland Region

Relevance of the Program

The objectives of the AGLRP were ‘voluntary, permanent, measurable exit of groundfish licence holders from the Atlantic groundfishery’. The objectives were clear and understood by participants in Newfoundland. The survey revealed that fishers knew the purpose of the Program and understood the conditions associated with bid acceptance. Regional personnel and members of the Fishing Industry Renewal Board (FIRB) believed that sufficient bids for Core licences would be obtained in upcoming rounds to meet the licence retirement take-up goal established in the revised Terms and conditions. With respect to non-Core enterprises, neither the Region nor the FIRB believed that the goal would be met.

Adequacy of Program Design and Delivery

With respect to information sharing in the Newfoundland Region, there was considerable co-operation between regional offices of HRDC, CCRA and DFO. As a result of this close co-operation and information sharing, there were fewer instances of incorrect identification of fishers than occurred elsewhere. Nevertheless, the refusal by the Privacy Commissioner to allow use of the SIN number resulted in the lack of a common unique identifier for fishers. This lack, coupled with the existence of parallel payment streams and the risk of overpayment constituted a flaw in the program.

Over 30 information sessions were held in communities throughout Newfoundland, organised by the FIRB, to explain and promote the Program to all fishers holding groundfish licences. Information kits containing brochures and application forms with all relevant information on the Program were sent to over 6,000 licence holders. The survey of Newfoundland fishers indicated that most learned about the program from departmental information and application kits and from department sponsored media releases. The quality and quantity of information on the Program was considered satisfactory and helpful.

Both regional staff and members of the FIRB noted that moral suasion was the major deterrent to re-entry of retired fishers. Everyone in a community knew who had taken a payout to get out of the fishery. There was no formal allocation of resources or adjustment of priorities with respect to enforcement.

The FIRB was considered to have applied the appropriate factors and criteria in its assessment of the bids for the Region. It also required the appropriate approvals to authorize expenditures against budget, in accordance with AGLRP Terms and conditions. The results of the survey of fishers indicated that they understood that the FIRB, not DFO personnel, made decisions on bids. Although only half of the fishers claimed to know what reverse auction was, in conversation most could explain how the process worked.

Neither regional management nor FIRB members reported encountering any problems with the Program and how it was implemented.

Program Success

Program Design

The Newfoundland Region comprised 6,631 of the total of 12,950 groundfish licences in Atlantic Canada. However, since the Newfoundland Region was most dependent on groundfish and most severely affected by the cod moratorium, the Program was primarily designed to address fisheries adjustment and restructuring needs in this Region. One primary feature of AGLRP essential to achieving the adjustment and restructuring of the Newfoundland fishery included permanent exit and the non-transferability of any licences other than crab, shrimp and tuna after the announcement date of the Program in June 1998. As a result of this feature, over

the 12 rounds of the program, the retirement of 1,763 groundfish licences through the Program, and a further 150 removed by the early retirement provision of TAGS, have resulted in the removal of over 6,200 **other** licences from the Newfoundland fishery. Of these 811 lobster, 602 capelin, and 97 scallop licences, all key to fishing enterprises, were permanently retired.

Resource Allocation and Objectives

The resources expended to date have been adequate to achieve Program objectives in relation to the agreed-upon formula. The amount programmed for Newfoundland to retire Core and non-Core licences was adequate. Considering that licence retirement was voluntary, regional management established appropriate resource goal levels and average retirement costs.

Reverse Auction

The reverse auction process was viewed by Program officials as fair, equitable and cost-effective. However, the survey indicated that almost half the fishers believed the process to be unfair or somewhat unfair. In response to questions related to what kind of process would have been preferable to the reverse auction, both successful and unsuccessful bidders responded that they wanted payments to be net of taxes, they would have preferred a fixed amount or an amount based on years in the fishery and age, or they would have liked open bidding. Although only half of the fishers claimed to know what reverse auction was, in conversation most could explain how the process worked. Industry advisors viewed the voluntary participation component of the Program as particularly desirable as it enabled fishers to participate in the Program on a strictly voluntary basis, as warranted by their individual circumstances.

Industry Advisory Committee

The FIRB was viewed by DFO Program administrators as an effective and efficient method to obtaining an understanding of the potential impact of the Program prior to implementation. Ongoing discussion with the FIRB and the union contributed to the collection of accurate perceptions about the Program, thereby avoiding unanticipated negative consequences in the Program implementation phase. A level of trust in the FIRB contributed to the perception of fairness and transparency in Program implementation. The survey of fishers revealed that, of those who were aware of the structure of the Advisory Committee, one half thought that it worked somewhat well or very well.

Goals

There were 6,631 eligible licences in the Newfoundland Region with an estimated goal of 2,296 licence retirements. While the overall goal for Core and non-Core licence retirement was not met, DFO Newfoundland points out in respect of Core licences, if the 111 Core licences retired under the Early Retirement provisions of TAGS are considered, a total of 1,355 Core licences have been retired since 1998. This total meets the goals established for Core licence retirement. With respect to non-core enterprises, from early on in the program, neither the region nor the FIRB expected that the goal would be met. They believe the major reason was that with a re-opened cod fishery and a booming crab and shrimp fishery, non-core fishers were not inclined to

exit completely from the fishery as required by the conditions of the program and continued to go to sea as crew. Eventually, all non-Core licences will revert to the Department in any case because these licences lapse on the death of the licence holder. Due to the higher numbers of Core licences in the mix, the average cost of retirement for all licences was therefore higher than projected.

The Program in Newfoundland is regarded by DFO regional personnel and by FIRB members as a success. The Program, in their view, is a continuation of a process begun in the Newfoundland Region in 1992. Since 1992, there has been a 50 per cent reduction in groundfish licences from 9,441 to the current 4,681. In addition, because of the policy of retirement of all licences, there has been a significant reduction in the numbers of non-groundfish licences as well; lobster 35% reduction, capelin 44% reduction and herring 32% reduction.

The following table shows the goals established for the Region of Newfoundland and the results obtained after twelve rounds.

Newfoundland Region Results

Type	Licences		Average Costs		Total	
	Goal	Actual	Goal	Actual	Budget	Cost
Core	1363	1244	\$120,000	\$119,270	\$163,560,000	\$148,371,268
Non-Core	933	519	\$25,000	\$21,106	\$23,325,000	\$10,954,250
TOTAL	2296	1763	\$81,415	\$90,372	\$186,930,000	\$159,325,518

Fleet Size and Fishing Participants

No specific data on the relationship between the licence retirement programs, including the AGLRP, and fleet size reduction and/or redistribution was readily available. Although the Newfoundland Region has extensive database records and could probably produce tables showing registration changes by boat size over each year of the Program, a cause-effect relationship between the Program and the changes in registrations would be difficult to establish.

Economic Viability

The value of landings is increasing for active fishers. However, the amount of the increase in value that is due to fewer fishers pursuing the same resource, versus the amount of the average increase due to the pursuit of higher value species, has not been determined. Nevertheless, fishers who remain in the fishery in Newfoundland are, on average, increasing their economic intake. The increase in average landed value is directly related to the current high landing of snow crab and shrimp and the current high value of these species.

Impact on Fishers

Newfoundland fishers expressed a mix of views concerning the success of the Program. The results of the survey indicated that among those whose bids were accepted, the prevailing point

of view was that they, as individuals, lost a great deal as a result of the Program. Twenty per cent of them felt that they made a mistake accepting the bid and retiring. Over a third believed that they had been adversely affected financially. Almost 40 per cent regretted the loss of their way of life, while many felt that not being allowed to fish was a decidedly negative thing. While just over 10 per cent of successful bidders had full time work and a further 24 per cent were employed part time, 40 per cent of those whose bids were accepted claimed that they were unemployed and looking for work.

However, it is worth noting that the ability to retire with dignity and leaving a more lucrative fishery for those who remain, were both expressed as objectives of the Program. The survey showed that one fifth of the Newfoundland fishers whose bids had been accepted claimed that they were retired and that the Program had provided them with that option. Among Newfoundland fishers who were still in the fishery, that is, those fishers whose bids had not been successful, almost 20 per cent believed that there were more or better opportunities in the fishery for those left. Ten per cent believed that they could now earn more money from better catches.

Communications

The Program communication process was effective in reaching all fishers, helped by “wharf talk”, which added to the general publicity. It is extremely unlikely that any eligible fisher in Newfoundland has not received all of the information available on the Program and its conditions. The survey clearly indicated that Newfoundland fishers received their information from departmental information/application kits, believed that the information was accurate and helpful and, as a result, understood the Program and the conditions accompanying the bid process.

Value for Money

The definition of value for money used in this evaluation included consideration of economy, efficiency and effectiveness. Based on these categories, we can conclude that Newfoundland has achieved value-for-money.

4.3.2 Maritimes (Scotia-Fundy) Region

Relevance of the Program

The evaluation indicated that the Program objectives were clearly defined and well understood in the Scotia-Fundy Region. More than 80 per cent of the successful and unsuccessful bidders who participated in the Program appropriately cited that the purpose of the Program was to reduce the number of fishers, while 20 per cent of successful and 29 per cent of unsuccessful applicants believed the purpose to be reduction of the numbers of fishers going after a limited stock of fish. While the application of rules on the sale or transfer of licences varied between regions, in the opinion of DFO managers, some differences were acceptable because of the need for regional flexibility to address issues specific to each region. All the programs Terms and conditions have

been met in the administration of the Program with regard to goals and accepted bid limits.

Adequacy of Program Design and Delivery

Coordination between DFO Headquarters and the Region and between regions was adequate and appropriate. Similarly, coordination between DFO, HRDC and CCRA headquarters and regional operations was fully satisfactory.

Information sharing procedures were in place at both the Headquarters and regional levels to address the lack of a common numerical identifier for licence holders. Although DFO was not permitted to use the SIN number as a unique identifier and there were parallel payments streams originating with the different departments, no significant problems were encountered.

The Program was adequately designed to reach all primary licence holders through direct mail-out of information to all fishers with a Personal Fishing Registration number in the Scotia-Fundy Region. All successful and unsuccessful bidders were informed of the results at the end of each bidding round. Unsuccessful bidders were encouraged to bid again in a subsequent round. Fishers were informed of the final round of the bidding process to ensure that all interested licence holders were given the opportunity to bid. Accepted bidders who subsequently refused payment were not eligible to bid in subsequent rounds. Information on the Program and results from each bidding round were provided to the media through press releases. The survey indicated that 74 per cent of successful bidders first became aware of the Program through DFO or through the media.

Control over the re-entry of retired licence holders was primarily maintained by the licencing system for Scotia-Fundy. DFO's enforcement branch was informed of retired licence holders but no specific action was taken to monitor re-entry to the fishery outside of the regular enforcement procedures by the Department. Budget allocations and expenditure controls were considered adequate and appropriate.

No problems of delivery were evident in the Program. However, in the event of a potential overpayment resulting from a failure to deduct a Final Cash Payment, DFO has no means to recover these funds. That being said, the amount of overpayment encountered to date was not material in relation to total Program costs. A joint review by DFO and HRDC identified only a few cases of overpayment.

Program Success

Program Design

Fishing industry characteristics in the Scotia-Fundy were viewed by Program administrators and industry advisors as warranting an exemption from the permanent exit provision. However, this exemption was not provided and the Program was administered in a manner consistent with terms and conditions. Nonetheless, regional flexibility in administering other Program components, such as the ability to transfer non-groundfish licences to other Core fishers within two years, contributed to the success of the Program.

Resource Allocation and Objectives

The goals for the Region of Scotia-Fundy were to remove 388 licences, for an average cost of \$119,876 and a total cost of \$38.6 million. Resources allocated to the Scotia-Fundy Region were sufficient to meet Program goals within the bid limits established. All Program goals and licence retirement goals were met or exceeded. The average cost for each licence was also less than projected. Part of the reduction in cost can be attributed to the fact that the Scotia-Fundy fishing industry has less dependence on groundfish than other regions. Regional Program administrators indicated that the majority of retired licences were under-utilised, producing less value than more actively utilised licences. The reduction in the number of under-utilised licences will not have an immediate impact in the reduction of capacity. However, the retirement of these licences would have eliminated the potential of their being reactivated in the event of a recovered groundfish industry.

Reverse Auction

Program officials viewed the reverse auction process as fair, equitable and cost-effective. The survey indicated that fishers, however, were less happy with the process. The survey found that of those respondents that indicated that they understood the reverse auction process, only 51 per cent of the successful bidders and 34 per cent of the unsuccessful bidders felt the process to be fair. They also resented the fact that payments were taxable. Industry advisors viewed the voluntary participation component of the Program as particularly desirable as it enabled fishers to participate in the Program on a strictly voluntary basis, as warranted by their individual circumstances. Also, a differential in bid amounts between first and final bidding rounds was viewed as a reflection of the inherent value of the licences to specific fishing enterprises.

Industry Advisory Committee

In the Scotia-Fundy Region, an Industry Advisory Steering Committee was created to provide advice to the Industry Advisory Committee responsible for licence retirement on factors that should be considered in assessing bids. The Steering Committee's input was viewed as effective, efficient and cost-effective. The Industry Advisory Committee performed its work with due regard to efficiency and economy in the use of public funds. These advisory committees also played an important role in their liaison with the industry, contributing to transparency and objectivity in the administration of the Program.

Goals

There were 3,325 eligible licences in the Scotia-Fundy Region with an estimated goal of 322 licence retirements. All goals on number of licences retired and costs per category of fisher were met or exceeded. At the end of seven bidding rounds, 388 licences were retired at an average cost of \$73,748, which is substantially less than the average cost of \$119,130 projected in the original Program design.

The following table shows the goals established for the Scotia-Fundy Region and the results obtained.

Scotia-Fundy Results

Type	Licences		Average Costs		Total	
	Goal	Actual	Goal	Actual	Budget	Cost
Core	272	316	\$139,191	\$88,262	\$37,860,000	\$27,890,915
Non-Core	50	72	\$10,000	\$10,048	\$500,000	\$723,453
TOTAL	322	388	\$119,876	\$73,748	\$38,600,000	\$28,614,368

Fleet Size and Fishing Participants

The department did not maintain separate data files on fleet size in the Scotia-Fundy Region. Industry advisors indicated that many larger vessels made redundant by the retirement of the licence holders were sold to fishers in the Newfoundland Region crab fishery. Industry advisors also indicated that the licence retirement Program did not substantially reduce the number of fishers in the Region, as many of the licences retired were under-utilised. Displaced crew likely were employed by other fishing enterprises in the Region.

Economic Viability

As noted above, the numbers of fishers were not reduced substantially because of the numbers of inactive licences. Nevertheless, landed values for all species in the Scotia-Fundy Region have increased substantially in the last 10 years. Eighteen per cent fewer vessels are registered in the Region and nine per cent fewer fishers are in the industry than in 1990. This reduction in vessels and fishers has contributed to increased income for the remaining fishers and vessels. The landed value per vessel has increased from \$75,073 to \$123,733, and income per fisher has increased from \$29,932 to \$44,499 in the year 2000.

Impact on Fishers

In the assessment of the program impact, a large proportion of fishers (43 per cent of successful bidders and 83 per cent of unsuccessful bidders) were unable to identify any positive impact of the Program on their personal situation. However, 20 per cent of successful bidders felt that the timing of the Program was appropriate and 19 per cent of the successful bidders were able to retire. In addition, 20 per cent of successful bidders felt that they made a mistake or regretted having accepted the purchase of their licence.

At a community level, 34 per cent of successful bidders and 21 per cent of the unsuccessful bidders felt that the Program was very or fairly helpful to the community. However, this number was outweighed by the 60 per cent of successful bidders and 75 per cent of unsuccessful bidders who felt that the Program was not very or not at all helpful to the community. A similar view was held by 70 per cent of fishers who did not participate in the Program.

With respect to the current employment status of Program participants, 24 per cent of successful bidders were self-employed, employed full-time or part-time, but another 17 per cent of successful bidders were unemployed and looking for work. Fifty-five per cent of the successful bidders were retired. Overall, about 63 per cent of the successful bidders were 55 years of age or above.

Communications

Communications with fishers in the Region was timely and consistent. About 75 per cent of successful bidders and about 63 per cent of unsuccessful bidders were either somewhat or very satisfied with communications on the Program. The message that AGLRP represents the end of special programming for the groundfishing industry was consistently provided. However, the number of programs for the Atlantic groundfishing industry in the last 10 years has created a measure of scepticism about the credibility of the message.

Value for Money

Based on the achieved regional results, the licence retirement Program achieved good value for money in terms of economy, efficiency, and effectiveness.

4.3.3 Gulf Region

Relevance of the Program

Gulf Region staff understood that the Region was to permanently remove 54 Core groundfish licence holders. This was noted in all communications from Headquarters and reflected in the budget allocated to the Region for AGLRP. The objective of facilitating a more diversified and economically viable fishery was also understood and was reflected in the selection criteria of the Region. To meet this objective, the Region had to identify the less diversified (i.e., single licence holders) and the less viable (e.g., not lobster fishers). These were built into the selection criteria that were unique to this region. A matrix was developed to give weight to certain types of fishers and thus reflect this objective. The reverse auction process was based on accepting the lowest bids and the matrix developed by the Region to prioritise bids by category and amount was designed to ensure that objectives were met.

The Region communicated the Program objectives to members of the fishing community, principally through consultative sessions, press releases, and by mailing the application and other written communications to targeted groups. The survey of fishers revealed that

communications from DFO was the most frequently mentioned source of information about the Program and its objectives. Fishers also understood the objectives of the Program and cited them in their responses.

Adequacy of Program Design and Delivery

Interviews with both Headquarters and regional staff showed that there was extensive interaction between the two groups from the beginning and throughout the design and delivery of the Program. There were weekly conference call meetings in the early stages of implementation. Staff in both regions and Headquarters indicated that co-ordination between the regions and Headquarters was excellent.

Consultation and co-ordination with HRDC and with Canada Customs and Revenue Agency was difficult in the Gulf Region. The lack of a common unique identifier for fishers receiving payments from DFO and HRDC's final cash payment represented a known program flaw. However, DFO Regional personnel were not permitted by government privacy rules to use the SIN number as a unique identifier.

The survey of fishers clearly showed that the primary target licence holder groups were reached. More precisely, the Program reached almost all single licence holders, including the less viable licence holders. Those with large quotas were removed and licenced capacity was reduced by approximately 30 per cent.

Appropriate controls were put in place to prevent re-entry of retired fishers. All DFO offices were given the list of retirees to ensure that new licences would not be issued to these individuals. However, the Region does not have the resources to monitor and prevent re-entry.

Care was also taken to ensure that appropriate budget allocation and expenditure controls were in place. Procedures were developed for receiving and verifying applications. Budget allocations and controls were effective and all bids were assessed against Program limitations. The Region stayed within its total budget over the five rounds. Staff checked for the need to hold back payments when monies were owed to the Crown. Any monies owing were deducted from the amount to be paid to the applicant with the accepted bid.

Neither regional nor Headquarters staff identified any problems in the delivery of the Program. The survey of fishers indicated that both approved and not approved applicants were satisfied with the process. When asked for suggestions for improvements, they made recommendations related to program design rather than to program delivery.

Program Success

Program Design and Delivery

The Gulf Region was able to develop specific selection criteria appropriate to both national and regional needs. It chose to target high capacity core fishers, selecting the removal of fishers with a large licenced capacity rather than the removal of a large number of licence holders. This enabled the Program to be flexible enough to permit a higher average cost for approved applications than in other regions (\$148,000 versus \$81,415 in Newfoundland, \$106,738 in Quebec, and \$119,130 in Scotia-Fundy). In addition, a smaller Industry Advisory Committee was used and several rounds of bidding were held in a very short period.

Resource Allocation and Objectives

The Gulf Region goal was to remove 54 licences for an average cost of \$148,000 and a total cost of \$8.1 million. The Region did not exceed its overall budget, although there was some variation related to the specific categories of licences targeted for removal. Overall, the resources allocated were adequate to achieve Program objectives. Resources were allocated in accordance with Program specifications, and Program goals for the Region were met.

Reverse Auction

Staff and Industry Advisory Committee members believed that the reverse auction was fair, equitable, and cost-effective, and that all potential bidders were provided with the same information. The survey of fishers indicated that many licence holders (even of those whose bid was approved) did not understand the reverse auction process, or only understood part of it. However, as in other regions, it is not clear whether it was the word or the process that was not understood. Less than half of those who stated that they understood the process believed it to be fair. However, the reasons given related more to the Program than to the reverse auction process. For instance, one reason given was that “they should not have required that we permanently retire from the fishery”. The overall evidence shows that the reverse auction process was fair, equitable, and cost-effective.

Industry Advisory Committee

Gulf Region personnel indicated that the Industry Advisory Committee, consisting of an accountant and a fisheries consultant under contract to the department, was effective and efficient. The Committee members indicated that they had not heard of any complaints from fishers. More than half the fishers surveyed indicated that they were aware of the Committee and believed that it worked fairly or very well.

Goals

There were approximately 520 eligible licences in the Gulf Region, with an estimated goal of 54 licence retirements. In the Gulf Region, specific sub-goals were not met but the overall goal was and the budget was not exceeded. As a result, a greater reduction in licenced capacity in the Region was achieved. The Region experienced a slightly higher cost per bid than expected. Nevertheless, the budgetary limitation was respected.

The following table shows the goals established for the Gulf Region and the results obtained.

Gulf Region Results

Type	Licences		Average Costs		Total	
	Goal	Actual	Goal	Actual	Budget	Cost
Core	54	47	\$148,000	\$165,420	\$8,100,000	\$7,774,725
Non-Core	0	5	\$0	\$27,400	\$0	\$137,000
TOTAL	54	52	\$148,000	\$152,149	\$8,100,000	\$7,911,725

Fleet Size and Fishing Participants

In the Gulf Region, 52 groundfish licence holders were removed, representing 2.6 per cent of the total number of groundfish licence holders. Of these licence holders, 52 percent had other licences. No data are available on either fleet sizes or the extent of capacity reduction, although regional staff members indicate that capacity was reduced.

Economic Viability and Impact on Fishers

The results of the survey of fishers indicated that, of the refused applicants who remain in the fishery, few saw the Program as affecting them in a positive way. The great majority (96 per cent) indicated that it had not affected them at all or that they could not tell how it had affected them. Of those who did not apply to the Program, only six per cent indicated that it had affected them in a positive way and 70 percent thought that it had not affected them or could not tell in what way it had affected them. A higher proportion of approved applicants (17 per cent) were inclined to attribute a positive impact to the Program.

Communications

Formal communications sent to eligible licence holders contained no specific message that the AGLRP would be the end of special programs. Nevertheless, regional staff clearly understood the message stating that this was the end of special programming.

Value for Money

The Gulf Region met the objectives of the program. Given that the efficient and effective meeting of financial objectives represents value for money, we can conclude that value for money was achieved.

4.3.4 Quebec Region

Relevance of the Program

Quebec Region staff understood that the Region was to remove 122 Core groundfish licence holders and to further remove 19 non-Core licence holders. The objective of facilitating a more diversified and economically viable fishery was reflected in the selection criteria of the Region. The Region communicated these objectives to the fishing community principally through

consultative sessions, press releases, and by mailing the application and other written communications to targeted groups. The survey of fishers indicated that they most frequently mentioned DFO as their source of information. The objectives of the Program were understood by the fishers.

The Region retired 107 Core licence holders and 22 non-Core licence holders for a total of 129. While the total expected number of licence to be retired was 141, this expectation was not met. However, Quebec Region staff felt that the potential for additional acceptable bids was very low and not worth the cost of an additional round. Regional staff believed that they had met their goal while respecting the budgetary limitations. They point out that about 13 per cent of the total numbers of eligible licences were retired but that these licences represent about 40 per cent of the total groundfish licenced capacity for the Region.

Adequacy of Program Design and Delivery

Staff from the Region and Headquarters indicated that co-ordination between them was excellent. Co-ordination among the regions was also deemed to be good. However, as in other regions, the restriction on the use of a common unique identifier for fishers, the existence of parallel payment streams, and the risk of overpayment complicated communications among the principal departments making payments to fishers. Information sharing between DFO, HRDC and CCRA was not as good as it could have been.

The results of the survey of fishers showed that everyone in the Quebec Region targeted by the AGLRP were aware of the Program. The Program reached the primary goal licence holder groups and, according to regional personnel, removed 40 per cent of licenced capacity for groundfish.

Appropriate controls were in place to prevent re-entry of retired fishers. All DFO offices were given the list of retirees to ensure that new licences would not be issued to these individuals. The province of Quebec was also given a list to ensure that it did not issue a Personal Fishing Registration (PFR) to retired licence holders. However, the Region does not have the resources to monitor and prevent re-entry.

Care was also taken to ensure that appropriate budget allocation and expenditure controls were in place. Procedures were developed for receiving and verifying applications. Budget allocations and controls were effective and all bids were assessed against Program limitations. The Region stayed within its total budget over the five rounds. Staff checked for the need to hold back payments when monies were owed to the Crown. Any monies owing were deducted from the amount to be paid to the applicant with the accepted bid.

Neither Headquarters nor regional staff identified any problems in the delivery of the Program. Responses from fishers show that, in general, they were satisfied with the process.

Program Success

Program Design

The Quebec Region was also able to identify its own selection criteria. The Region chose to target the removal of a larger proportion of groundfish licence holders. In order to achieve this, it targeted all sub-groups of licence holders.

The Regional Industry Advisory Committee was formed of one representative from each of the three industry associations in the Region and presided by an independent management consultant/accountant. In the Quebec Region, the ability to schedule rounds as frequently as possible was also a key to meeting regional needs.

Resource Allocation and Objectives

The goal for the Quebec Region was to remove 141 licences for an average cost of \$106,738 and a total cost of \$15.1 million. The Region did not meet the overall goal and exceeded the average goal for each licence retired. Nonetheless, the region removed 40 per cent of the licenced groundfish capacity and did not exceed the overall budget. The Region estimated that the cost of additional rounds and the estimated take-up did not warrant the need for another round. Overall, the resources allocated were adequate to achieve Program objectives.

Reverse Auction

The results for the Quebec Region are similar to those in other regions. From an internal perspective, the bid assessment process was fair, equitable, and cost-effective. However, the process does not appear to have been well understood by fishers. Again, it is not clear whether the fishers did not understand the process or if they did not know that the process was called a reverse auction. Over half of the approved and over one third of the refused applicants believed the auction process to be fair.

Industry Advisory Committee

In the Quebec Region, staff believed that the Industry Advisory Committee was effective and efficient. The Region determined the composition of its advisory committee based on industry consultations and decided on three industry representatives. More than half the applicants surveyed indicated that they were aware of the Committee and believed that it worked fairly well or very well.

Goals

There were approximately 990 eligible licences in the Quebec. The retirement goal was 141 licences. The Region did not meet the goal for licences retired, exceeded average expectations of licence cost and did not exceed the overall budget. Nevertheless, the Region did not believe that goal numbers would be met by adding another round of bids and therefore ended the program.

The following table shows the goals established for the Quebec Region and the results obtained after five rounds.

Quebec Region Results

Type	Licences		Average Costs		Total	
	Goal	Actual	Goal	Actual	Budget	Cost
Core	122	107	\$115,369	\$132,929	\$14,875,006	\$14,223,405
Non-Core	19	22	\$9,211	\$25,494	\$175,000	\$560,872
TOTAL	141	129	\$106,738	\$114,607	\$15,050,006	\$14,784,277

Fleet Size and Fishing Participants

In the Quebec Region, 129 groundfish licence holders were removed, representing 13.3 per cent of the total number of groundfish licence holders. No data are available on the extent of capacity reduction, although regional staff indicated that licenced capacity was reduced by approximately 40 per cent. No data on fleet sizes is available.

Economic Viability and Impact on Fishers

In the Quebec Region, 70 per cent of approved applicants and 76 percent of those who did not apply indicated that the program had not affected them or that they could not tell how it had affected them. A few respondents indicated that the Program had affected them in a positive way. The key positive impacts were that there were now fewer fishers and that there were more fishing opportunities.

The survey of fishers also showed that the relative proportion of positive responses is similar from fishers who accepted a buyout and those who had not. However, those who had not accepted retirement were more likely to state that they were not affected or that they could not tell how they were affected. Of those who had accepted retirement, the key negative impacts noted were that they did not have a job (33 per cent of all respondents), their lifestyle had been negatively affected (17 per cent), they were not allowed to fish any more (17 per cent), and they regretted accepting DFO's bid because they miss fishing (15 per cent).

Communications

Formal communications sent to eligible licence holders contained no specific message that the AGLRP would signify the end of special programs. Nevertheless, regional staff clearly understood the message stating that this was the end of special programming.

Value for Money

While the Region did not meet fully the objectives of the program, regional staff claimed to have removed 40 per cent of the licenced groundfish capacity by removing 13 per cent of the licence holders. The Region did not believe that the benefits of an additional round were worth the costs. By efficiently and effectively meeting Program objectives, value for money was achieved.

5.0 PART “B” – PACIFIC

5.1 CFAR PACIFIC

In June 1998, the federal government announced \$400 million for the CFAR plan on the West Coast. It had been recognised for a number of years that the economic viability of the Pacific commercial salmon fishery was in jeopardy due to a high cost structure, over-capacity, reduced numbers of salmon available and low prices. Broadly speaking, CFAR was aimed at fundamentally restructuring the fishing industry and helping people and communities adjust to the change.

The Pacific CFAR program included three broad initiatives:

- Restructuring the commercial fishing industry by further reducing the salmon fleet, moving to selective harvesting, and diversifying fishing opportunities;
- Rebuilding the resource through increased efforts in protecting and rebuilding salmon habitat; and
- Community economic development and adjustment for people at risk.

5.2 PACIFIC SALMON COMMERCIAL LICENCE RETIREMENT PROGRAM (PSCLRP)

The Pacific Salmon Commercial Licence Retirement Program (PSCLRP) was created to undertake the first of these initiatives, namely reducing the Pacific salmon fleet. The objectives of the PSCLRP were to:

- Meet conservation objectives through the removal of up to 1,500 commercial salmon licence vessels;
- Reduce the level of dependence on a fluctuating salmon resource;
- Provide more viable livelihoods for those who remained;
- Promote the transition to a more selective and diversified fishery; and
- Address resource reallocation issues.

The Pacific CFAR licence retirement component was designed to achieve a substantial reduction in the number of licenced salmon vessels in the commercial fleet. This approach thereby aimed

to balance the environmental sustainability of the resource with the number of people who depend on it, as well as provide more viable livelihoods for those who remain.

The program had a budget of \$195 million. The design and delivery of the program included a reverse auction process similar to that of the AGLRP, whereby salmon vessel owners who wished to retire their licence in exchange for a specific sum of money could bid on the amount they would accept. The process involved taking the lowest bids, which differed for each of the three gear types (gillnet, troll and seine). As one objective was to remove salmon licenced vessels, priority was given to those bids from vessel owners with a single salmon licence or those with more than one salmon licence who were bidding to retire all salmon licences. Since the program was implemented in 1998, the federal government has spent a total of \$191.7 million to retire 1,406 licences. The goal was to remove up to 1,500 out of a total of 3,306 eligible licences.

The Pacific licence retirement program was different from the Atlantic program in that salmon licences are attached to vessels and are available in limited numbers. Approved bidders were required to surrender their salmon licence eligibility, which was then taken permanently out of circulation. Individuals who have surrendered their licence do not have to leave the commercial fishery permanently. An individual can, in fact, purchase another salmon licence from another vessel, if the owner is willing to sell. The total number of licences, however, does not increase.

The emphasis of the PSCLRP is on value for money within each of the three gear sectors - seine, gillnet and troll. Other factors that could be considered when comparing bids include vessel length, gear selectivity, catch history, age, and residency of vessel and of licence holder.

The administration of the Pacific program was the same as in Atlantic Canada, where DFO was assisted by an independent Industry Advisory Committee responsible for the evaluation and assessment of the licence retirement bids. The Committee provided advice and recommendations to the Regional Director General on all bids received. Approval of licence retirement bids rested with the Regional Director General.

5.3 EVALUATION FINDINGS

Relevance of the Program

The PSCLRP objectives were directly linked to reducing fleet over-capacity, a problem that had been evident for many years. The program also had a goal to removing up to 1,500 salmon licences as the first priority to achieving a number of inter-related objectives. The fishing community and observers generally agreed that it was necessary to reduce the fleet and fishing capacity. Evidence showed that the primary purpose of the Program was clearly defined and understood by DFO staff and the majority of salmon commercial licenced vessel owners.

Some specific elements of the objectives included in the program Terms and Condition were not achieved. However, based on interviews with staff and Industry Advisory Committee members, the program achieved its substantive objectives in terms of the reduction of salmon catching capacity.

Adequacy of Program Design and Delivery

Based on interviews with Headquarters and regional staff, there is evidence that extensive care was taken in the design of the Program to ensure that appropriate controls were in place. The program design and delivery benefited from a number of factors. The high profile of the program, its connection to CFAR, and its importance as a key factor in dealing with the commercial salmon fishery on the West Coast meant that the program was given a high priority within DFO and the other departments involved in CFAR. There was extensive interaction and coordination between regional and Headquarters personnel during the program design phase and implementation. Another extremely important factor was the fact that the PSCLRP had similar objectives and a similar licence retirement process as the 1996 Pacific Salmon Revitalization Strategy (PSRS), and was able to benefit from the experience gained previously. A number of staff involved in developing and delivering the PSCLRP had participated in the earlier initiative.

As an example, the PSCLRP regional delivery staff examined the audit of the PSRS and adjusted processes to avoid the problems identified in the audit of the earlier initiative. As a result, there were few problems related to budgetary controls and payments.

The program also made use of an Industry Advisory Committee to make decisions about which applications to accept. The Committee, which was made up of experienced fishers from all three gear types with many years of fishing experience, provided credibility to the process. The Chair, a lawyer who had led the 1996 PSRS, provided valuable experience and knowledge. The Committee kept all dealings related to the application process and accepted prices as highly confidential, acting on a “need to know basis”. They did this because they believed that the success of the reverse auction process relied on uncertainty among the bidders. For this reason, the only information provided to those not directly concerned with delivering the program was the summary report from the Industry Advisory Committee. The Committee also decided in the first round to accept only those few bids (99 of 1,124) that were considered to provide good value, consistent with the average prices paid in the 1996 PSRS. This decision set expectations for prices to be paid by the program, and resulted in many applicants putting in lower bids in the second and third rounds than the first. Overall, the Advisory Committee was acknowledged to have played a key role in the success of the program.

There was also an extensive communications effort to ensure that all eligible commercial licenced vessel owners were fully aware of the program and their options. At the start of the first round, an application package was sent to each eligible vessel owner, with the results of the just completed survey of vessel owners, the application form, and other reports on the requirement for changes in the structure of the industry. A toll free line was set up to provide advice to

licence owners, and members of the Industry Advisory Committee participated in answering questions during several rounds. An additional mailing of frequently asked questions (FAQs) was also sent out. In total, by the end of the program, eight mailings had been sent out to eligible licenced vessel owners. Based on the survey responses, applicants were generally satisfied with the application package they received, with about 85 per cent of respondents saying that they were very or fairly satisfied.

Program Success

Design and Delivery

Extensive coordination between Headquarters and the Pacific Region was a major factor in meeting both national and regional needs. In addition, a survey sent to all eligible vessel owners in June 1998 collected input on the makeup of the Industry Advisory Committee, eligibility, and the criteria used to decide on priorities. Also, previous experience of Advisory Committee members using a reverse auction process with the 1996 federal Pacific Salmon Revitalization Strategy significantly contributed to the design and efficient delivery of the Program.

Resource Allocation and Objectives

Resources available were almost perfectly matched to those needed to achieve objectives. A total of \$191.1 million was allocated to remove 1,440 vessels, and \$191.9 million (or 100.4 per cent of the goal) was utilized to remove 1,409 (or 97.8 per cent of goal) vessels. The additional \$800K required were reallocated from other elements of the West Coast CFAR funding envelope. The Industry Advisory Committee determined that it had essentially achieved program objectives and that acceptance of further bids would have been at a price out of line with those accepted.

Reverse Auction

Industry Advisory Committee Members felt that the reverse auction was fair and equitable. It had been used in 1996 and had achieved a high level of industry support and high demand from fishers for licence retirement. However, eligible vessel owners had mixed opinions about the process. Approximately one quarter of survey respondents said that they did not understand the process. This was in spite of the many communications mechanisms used, including multiple mailings and the open line with Industry Advisory Committee members answering questions. A majority of vessel owners surveyed also said that they considered the reverse auction process unfair (58 per cent of successful applicants, 68 per cent of unsuccessful applicants and 47 per cent of those who did not apply). The most frequent reason given for considering it unfair was that the prices offered were not related to fair market value or that prices received were inequitable. Those that considered it fair gave as key reasons that vessel owners made their own decision and that the process was accessible to everyone.

Industry Advisory Committee

DFO followed the advice provided by surveyed vessel owners for the makeup of the Industry Advisory Committee and included an independent Chair, representatives from the three gear types, and two independent members. According to Advisory Committee members and DFO staff, the Committee's selection process was very effective and efficient, in part due to the extensive experience of individual Committee members and to the Committee's credibility as a board independent from DFO's direct influence. However, survey respondents provided a somewhat different perspective. Twenty-nine per cent of successful applicants surveyed said that they did not know that an independent committee was being used to assess bids rather than DFO employees. Of those who were aware of the Committee, about half felt that it worked very or fairly well, with a larger proportion of accepted applicants being positive (60 per cent) than unaccepted ones (40 per cent).

Goals

All evidence and analysis point to the PSCLRP being extremely successful. The following table compares actual program results to goals in terms of number of licences retired for each gear type, and the maximum average cost per bid that was permitted under the program's Terms and Conditions.

Pacific Program Results – Comparison of Actual Number of Licences Retired and Cost/Licence to Goals for Each Gear Type

Category	Number of Licences			Cost / Bid		
	Goal	Actual	Percent of Goal	Goal Maximum	Average	Percent of Goal
Seine	150	216	144%	\$500,000	\$436,000	87%
Troll	440	462	105%	\$90,000	\$86,000	96%
Gillnet	850	731	86%	\$90,000	\$84,000	93%
Total	1,440	1,409	98%	\$130,000	\$136,000¹	105%

The number of seine licences removed was 144 per cent of the goal, and the number of troll gear licences removed was 105 per cent of the goal. However, the gillnet gear category was significantly under the goal at 86 per cent. (The Industry Advisory Committee overseeing the acceptance of bids reported that not enough gillnet licences were offered at a reasonable price). The overall result was that the total number of licences retired was 98 per cent of goal (1,409 compared to the goal of 1,440), for a total cost of \$191.9 million. This was \$800,000 more or approximately one per cent over budget. The Program retired a total of 42 per cent of salmon commercial fishing licences.

¹ Represents the weighted average cost, as calculated by multiplying the actual number of licences retired by the actual average cost for each gear type.

Fleet Size and Fishing Participants

The PSCLRP had a secondary objective of removing vessels and participants from the fleet. Due to the nature of the Pacific licensing system, this could not be done directly but only through licence retirements. The program placed a priority on removing vessels with single salmon licences in order to remove vessels. Removal of the 1,409 licences resulted in the direct removal of 1,007 fishing vessels from the fleet. This is about 30 per cent of the total fleet at the beginning of the program. In addition, about 200 of those vessels that had licences to fish for both salmon and other species, can no longer fish for salmon.

Economic Viability and Impact on Fishers

Analysis shows that, with the removal of over 30 per cent of commercial salmon fishing licences and the same allowable catch, there will be a substantial increase (over 40 per cent) in the average allowable salmon catch per vessel. This should result in increased viability of the remaining fishers. In spite of this analysis, survey results from fishers who did not apply and bidders who were unsuccessful were not very positive. Eighty-one per cent of successful applicants, 64 per cent of unsuccessful applicants and 71 per cent of non-applicants considered that the program had not helped the community. Among the reasons given were that there is no work available, the reduction in vessels and licences is not good for other industries, quotas have gone up, and native issues remain unresolved. In terms of negative impacts of the program on individual fishers, successful applicants mentioned negative financial impacts (24 per cent), the absence of job prospects (19 per cent), negative changes in their lifestyle because they can no longer fish (14 per cent) and the inability to sell their boat (11 per cent). On the positive side, many unsuccessful applicants (17 per cent) said that there are now fewer fishers.

Communications

Review of press releases and mailings to eligible vessel owners, as well as interviews with DFO staff showed that there was no formal message that the PSCLRP would be the end of special programs on the West Coast. However, it was clearly understood by staff and the Advisory Committee, and communicated to the fishing community, that this Program would be the major initiative in dealing with fishing over capacity. On the West Coast, unlike the East Coast, there was no extended series of programs to support the fishing industry. While the message was not explicit, based on interviews with Industry Advisory Committee members, they, and the community, treated the program as the single major federal effort to rationalize the West Coast salmon fishing situation that could be expected.

Value for Money

Finally, the PSCLRP is deemed to have been cost-effective and to have provided good value for money. The reverse auction process is by design the best method to remove the most licences for a given sum, as it accepts bids at the price that the owner is willing to accept. Any other method, such as setting a price, would result in a higher average cost per bid. In addition, the strategy used by the Industry Advisory Committee was an important factor in setting the level of expectations for potential bidders at a reasonable price, linked to actual market value. In a

number of cases, owners who were unsuccessful in the first round lowered their bids in the second and third round after receiving information about the actual prices paid. An analysis showed that about \$14 million less was paid to owners who bid lower in the second and third round, compared to the amounts that would have been paid based on their first round bids.

Taking into account that the program achieved 98 per cent of the goal in terms of licences removed, with an average cost per licence removed lower than the goal maximum for all three gear types, and also considering feedback from interviewees and evidence collected in the evaluation, the PSCLRP has achieved excellent value for money.

6.0 LESSONS LEARNED

The evaluation indicated that the program objectives were clearly defined, well understood and that regional differences were used to meet the need for regional flexibility to address issues applicable to the specific characteristics of each region.

Program success indicators suggest that the program was a success and met value-for-money criteria of economy, efficiency and effectiveness.

Nevertheless, there were some lessons learned which could be applied to other programs of this nature in future. These are related to information sharing and control on re-entry.

While not specifically addressed in the evaluation framework, consideration should be given to the possibility of preserving the CFAR databases to be utilised in any future programs. The Regions now have well-defined and maintained databases on fishers, program results and the bidding process. These should be preserved in departmental archives.

6.1 INFORMATION SHARING

As noted elsewhere in this report, Human Resources Development and Fisheries and Oceans both had active programs in support of fishers to help them restructure out of the industry. Both of these programs involved payments to the same groups of people. However, the manner in which people were identified in the different departmental systems, the time frame and the classification of the nature of the payments was different.

Because the department was not permitted to use SIN numbers as a unique identifier for fishers, there was no sure method for ensuring a match of individuals paid under each program. The potential for duplication and overpayment existed.

In practice, the difficulty was overcome by co-operation between the departments as noted in the evaluation. Consequently, there were few overpayments although DFO and HRDC identified 38 duplicate payments through joint manual comparison of lists. Negotiations attempting to identify the best methods to address possible recovery of overpayments have not been

concluded.

Recommendation: In future programs involving interrelated payment processes where duplication could occur, negotiations on how to identify the common client base, compare payment streams to avoid duplication and the best method to reclaim overpayments would be better done as part of the program operational framework.

6.2 CONTROL OF RE-ENTRY

The evaluation indicated that the main mechanism for preventing re-entry of fishers who have agreed to permanent exit from the fishery is moral suasion, that is, peer pressure of other fishers who would object, sometimes vigorously, to an individuals' re-entry after having accepted money to retire permanently.

However, Regional enforcement people indicated that they had not been provided with either a supplementary budget, other resources or specific instructions and priorities related to the prevention of re-entry. This has led to a 'business-as-usual' approach to prevention of re-entry by the enforcement officers.

While the lack of a specific enforcement effort has not caused any apparent problem with respect to fishers re-entering the fishery after accepting payment to permanently exit, in the absence of prevalent peer pressure to prevent it, re-entry could have become a major issue given the lack of enforcement resources.

Recommendation: Future programs of this type should consider the manner of enforcement and, if necessary, provide for enforcement resources.

6.3 DATABASE MAINTENANCE

The Regions have created significant databases related to the program. These databases provide integrated information from available sources and create, update and maintain a significant body of information on the program and the participants.

Such databases have a common characteristic. After the program ends, maintenance stops and the material is archived. However, it is probable, that once the program has terminated, without maintenance, the databases will soon become unusable.

Recommendation: If for no other reason than databases are valuable historical records which could be used for research purposes, the department should give some consideration to the preservation of the Regional databases.