

Chapter 8

The Atlantic Groundfish Strategy

Follow-up

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The Atlantic Groundfish Strategy

Follow-up

Main Points

8.1 We believe the government's efforts to implement the recommendations in our October 1997 Report Chapter 16 on The Atlantic Groundfish Strategy (TAGS) have been satisfactory.

8.2 New fishery restructuring and adjustment measures are being implemented. In contrast to our observations of 1997, the eligibility criteria for the new measures are clear, logical and applicable. The accountability framework established for the measures corrects the shortcomings we had identified in TAGS: it clearly defines the responsibilities of the organizations involved, sets out an overall strategic plan and provides for a formal co-ordination mechanism.

Background and other observations

8.3 The objective of TAGS (1994–98) was to restructure the fishery industry in Atlantic Canada to make it economically viable and environmentally sustainable.

8.4 Close to \$1.9 billion was allocated to TAGS. Most of the funding was used to provide income support to the some 40,000 fishers and plant workers affected by the groundfish moratorium.

8.5 In October 1997, we urged the government to carefully examine the impact of the decisions made under TAGS in order to benefit from the valuable lessons that could be learned.

8.6 This follow-up examined progress to date in addressing our 1997 recommendations. Some of our observations in this chapter relate to TAGS and others to the Atlantic fishery restructuring and adjustment measures announced in June 1998.

8.7 Human Resources Development Canada completed an evaluation of the labour adjustment component of TAGS. It also reviewed the duration of eligibility of TAGS participants. The departments involved in implementing the new measures now have considerable information on the profile of the targeted populations, in sharp contrast to the situation that prevailed when TAGS was developed.

8.8 We believe the orderly way in which the departments are implementing the new fishery restructuring and adjustment measures represents satisfactory progress.

Introduction

8.9 In our October 1997 Report, we urged the government to carefully examine the consequences and impacts of the decisions made under The Atlantic Groundfish Strategy (TAGS) in order to benefit from the valuable lessons that could be learned. That audit covered the measures established by Fisheries and Oceans and Human Resources Development Canada (HRDC) to account for the delivery of TAGS, and the labour adjustment component administered by HRDC.

8.10 As our 1997 Report was going to press, HRDC initiated consultations on the impact that the end of TAGS would have on provinces, communities, families and individuals in Atlantic Canada and Quebec. The results of these consultations were presented in the Post-TAGS Review Report (Harrigan Report).

8.11 According to the report:

One of the strongest messages from the consultations is that government policy makers must avoid a 'one-size-fits-all' approach when they consider options for the post-TAGS environment. The situation differs greatly from place to place, influenced by such factors as the relative strength of the local and regional economies or the availability of alternative employment, either inside or outside the fishery.

8.12 For its part, the Standing Committee on Fisheries and Oceans held a series of hearings on fisheries management and TAGS. In March 1998, it tabled the Baker Report in the House, recommending that TAGS be extended to May 1999 along with the early retirement and voluntary licence retirement programs wherever fishing capacity could be reduced. Other recommendations concerned the creation, with community input, of a federally funded infrastructure and job diversification program directed

toward those most affected by the collapse of the Atlantic groundfish fishery.

8.13 TAGS, which had been aimed at restructuring the fishery industry in Atlantic Canada to make it economically viable and environmentally sustainable, ended on 29 August 1998.

Fishery restructuring and adjustment measures

8.14 On 19 June 1998, the government announced a series of measures designed "to provide individuals with options for their future, to help fishing communities diversify their economies and to encourage and capitalize on opportunities in a new economy." Some of the measures apply to communities and individuals not only in Atlantic Canada and Quebec but also on the West Coast.

8.15 The objectives of the restructuring and adjustment measures are to:

- bring closure to TAGS;
- continue the restructuring of the Atlantic groundfish fishery;
- conserve and protect West Coast salmon stocks;
- assist individuals and communities with adjustment; and
- ensure balance and equity between regions.

The government has said that these objectives are to be achieved in consultation with provincial governments, where required.

8.16 A total of \$760 million will be allocated to implement the measures on the East Coast. At the time of the announcement, the Minister of Fisheries and Oceans indicated that Atlantic groundfish stocks would take many years — possibly decades — to rebuild, and that even then the sector would not be able to support the same number of fishers and fishery workers.

**The Atlantic
Groundfish Strategy
ended on 29 August
1998.**

8.17 The measures offer a variety of initiatives to help people who permanently exit the fishery prepare for new opportunities. They focus on long-term strategies for human resource and community economic development that equip individuals and communities with the skills and assistance they need to prepare for life beyond the fishery. Exhibit 8.1 lists the measures that apply to the East Coast and shows the funds allocated to each over several years.

8.18 When the government announced the measures, it stressed that they were to be finalized in consultation with provinces and stakeholders. It emphasized that the federal government alone could not address these issues: governments, industry, unions and individuals would have to work together to find lasting solutions to these challenges.

8.19 Overall, the new fishery restructuring and adjustment measures are similar to the initiatives offered under TAGS. However, they do differ in some respects: they take into account individuals and communities on the West Coast as well; there is no ongoing income support; participation of eligible individuals is voluntary; and they are not linked by a common objective — each measure has its own objective.

Focus of the follow-up

8.20 The purpose of the follow-up was to assess the progress made in addressing the observations and recommendations in our October 1997 Report Chapter 16 on The Atlantic Groundfish Strategy. HRDC agreed with our recommendations and, in August 1998, submitted a report to the Standing Committee on Public Accounts on the actions it had taken.

8.21 Two of our recommendations applied directly to TAGS and four others looked to the future. This follow-up focussed on action related to the new fishery restructuring and adjustment measures. Further details on the scope and criteria of our work are provided at the end of the chapter, in **About the Follow-up**.

Observations

TAGS Recommendations Addressed

A program evaluation of good quality was conducted

8.22 In our October 1997 chapter, we recommended that HDRC continue its efforts to evaluate the labour adjustment component of TAGS and report on the results, thus contributing to an enlightened discussion of all programs of this type that might be considered in the future.

8.23 The Department completed its evaluation and released its final report in April 1998. We found that for the most part, the evaluation asked the right questions and formulated them appropriately. The evaluation also provided valuable answers to those questions. Some observations supported elements of TAGS and others were critical of its results, objectives and implementation. The evaluation made several observations that could be useful to the Department in the development of new programs.

Exhibit 8.1

Fishery Restructuring and Adjustment Measures – East Coast

Measures	Funding (\$ millions)
Licence retirement	250.0
Final cash payment – TAGS income support	164.5
Adjustment measures	150.5
Economic development measures	100.0
Early retirement	95.0

Duration of eligibility of TAGS participants was reviewed

8.24 We recommended that HRDC ensure that the review of eligibility of TAGS participants in the Newfoundland, Prince Edward Island and Nova Scotia regions be completed as soon as possible; and that it consider whether the review should be extended to all TAGS participants. The purpose of that recommendation was to ensure, through a uniform review of the supporting documentation, that the eligibility criteria had been applied equitably.

8.25 The Department agreed with the recommendation and undertook to complete the review of eligibility files for all regions covered by TAGS. The files reviewed were those of participants whose duration of eligibility was less than five years, the group in which errors were most likely to have occurred. Fifty-two percent of some 40,000 TAGS participants fell into this category.

8.26 At the time of our follow-up, 97 percent of the files identified for review had been completed. We are satisfied with the rigour of the review, and the results confirm that there had been a very high rate of error.

Improvements Evident

Better information was used in developing the new measures

8.27 We had also recommended that the government ensure that for initiatives of this magnitude, departments have enough time to develop strategies that take into account completed analyses and possible options. In its August 1998 report to the Public Accounts Committee the Department stated:

The *Post-TAGS Review Report*, along with other reports and studies, such as the Auditor General's Report, The East Coast (Baker) Report, work done on the *Employment Insurance Act* Part II, the Formative Evaluation of

TAGS and the Final Evaluation of TAGS, served as a basis in formulating possible options to address the post-TAGS situation.

8.28 In May 1997, the government announced that it would examine the impact of the end of TAGS on individuals, communities and provinces. The Post-TAGS Review Report (Harrigan Report), released in January 1998, presented the results of that review. The consultations with interested parties that were part of the review provided indications of not only the needs to be addressed but also possible directions and options.

8.29 Further, in October 1997 HDRC conducted an analysis of the population affected by TAGS, particularly those who would still be eligible when it ended. The Post-TAGS Review Report presented the results of that analysis as well.

8.30 The departments now have access to more specific data for establishing the profile of target clients, which was not the case when TAGS was being developed. In fact, as shown by the analyses conducted for the Post-TAGS Review Report, it is possible to establish precisely the number of individuals who may be eligible for different measures, their place of residence, level of education, age and family status. The various studies that were conducted, including those for the program evaluation, have contributed to this improved information and made possible more accurate forecasts.

8.31 Our review of the supporting documents indicated that the new measures were developed on the basis of completed analyses and took into account various options.

The new measures were launched in an orderly way

8.32 We had recommended that the government ensure that any future strategy of this magnitude be launched in a systematic way. In its response to the

The files reviewed were those of participants whose duration of eligibility was less than five years, the group in which errors were most likely to have occurred.

Public Accounts Committee, the Department indicated that in establishing the new fishery restructuring and adjustment measures it had considered the lessons learned from the implementation of TAGS.

8.33 It pointed out that interdepartmental meetings are being held on a regular basis, thereby ensuring a co-ordinated, systematic and consistent approach to the implementation of the measures. An operational plan had also been developed that outlined key activities, indicated who would be responsible for each, and provided specific time frames. We verified that this response was accurate.

8.34 Consultations on several of the measures announced last June were held with the provinces, unions and other stakeholders before the measures were finalized, and their details were not announced until the end of July. Negotiations on the early retirement package are ongoing, as this is a federal-provincial cost-shared program. At this writing, agreements had been signed with Newfoundland, Nova Scotia and Prince Edward Island.

8.35 The adjustment measures comprise several components, including self-employment, new skills development, wage subsidies, term job creation and mobility assistance. Delivery of the employment benefit and support measures under Part II of the *Employment Insurance Act* has been devolved to two of the five provinces. Agreements have to be negotiated to offer these services (except for the term job creation component, which is delivered by the federal government) to clients who are eligible for employment insurance. Negotiations with one of those provinces is under way.

8.36 The fact that the various measures are to be implemented in sequence could be seen as limiting the choices available to clients. However, our review found that suitable mechanisms

have been established to avoid that possibility.

8.37 As part of our follow-up, we visited the Newfoundland Region and some Human Resource Centres of Canada to determine whether staff had adequate information and tools to implement the new measures. We observed that the staff had access to clear information and to guidelines. These offices, like headquarters, are following an operational plan that outlines the activities, indicates who is responsible for each, and provides specific time frames. This plan is closely followed and updated regularly.

8.38 In our view, the implementation of measures under HRDC's responsibility is moving forward in an orderly way.

Eligibility criteria are tailored to the measures

8.39 In 1997, we recommended that given the problems encountered in applying TAGS eligibility criteria, future initiatives use criteria that are clear, logical and applicable.

8.40 In its response to the Public Accounts Committee, the Department stated:

To be eligible for the newly announced fishery restructuring and adjustment measures for the Atlantic groundfish industry, you must have been eligible for TAGS. This information currently exists in TAGS systems. In addition, other than for the early retirement measure, individuals will not be required to complete an application to access the measures offered, nor will there be any need for an assessment of eligibility to be undertaken.

Since then, a number of criteria have been modified or improved as a result of the consultations with the provinces and various stakeholders.

8.41 The measures address different populations. For example, the final cash payment applies only to individuals who

were eligible for TAGS on 29 August 1998. The early retirement measure is available only to individuals who were between the ages of 55 and 64 on 31 December 1998 and were eligible for TAGS on 1 January 1998. The licence retirement measure is open to groundfish licence holders who have vessels under 65 feet. Priority will be given to core fishers whom Fisheries and Oceans had identified as part of the fishery of the future, and to TAGS recipients. However, recipients who are eligible for these measures may choose only one of them.

8.42 Mobility assistance on the East Coast is available to eligible TAGS participants, including those whose benefits ran out before 29 August 1998. Individuals who took early retirement, agreed to retire their licence or received an employment bonus under TAGS are not eligible. Nor are those who have already moved to a new community outside the five regions covered by TAGS. Clients who have taken early retirement under the new fishery restructuring and adjustment measures are also excluded.

8.43 Priority for term job creation in the East Coast is given to former TAGS clients. This component is also offered to unemployed residents of the communities affected by the collapse of the Atlantic groundfish fishery. In participating, the target population will obtain insurable employment that will assist them to become eligible for employment insurance and therefore qualify for the benefits and support measures offered under the Employment Insurance program.

8.44 To be eligible for self-employment, skills development and wage subsidies, individuals must be former TAGS participants. Those who opted for early retirement, licence retirement or the employment bonus under TAGS or early retirement under the fishery restructuring and adjustment measures are not eligible.

8.45 The information required to evaluate eligibility for these various

measures is accessible through the systems of the departments involved. Clear, logical and applicable criteria have been established.

Formal measures have been established to ensure accountability

8.46 In 1997, we observed major weaknesses in the accountability framework for TAGS that had an impact on value received for the money expended. Some of these weaknesses were as follows: the responsibilities of the organizations charged with developing and implementing TAGS were not clearly defined and agreed upon in a memorandum of understanding; no integrated strategic plan was developed; there was no formal mechanism for co-ordinating activities; and none of the information presented to Parliament made it possible to determine the progress made toward achieving the objectives of TAGS. We recommended that in any future strategy involving a number of federal organizations the government institute formal measures to ensure accountability for the strategy as a whole.

8.47 In its response to the Public Accounts Committee, HRDC noted that work had begun on drafting a memorandum of understanding (MOU) among the departments and organizations responsible for implementing the Atlantic and West Coast fishery restructuring and adjustment measures. The MOU has now been signed by all parties.

8.48 The parties to the MOU are Fisheries and Oceans, Human Resources Development Canada, the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, Western Economic Diversification Canada and Indian and Northern Affairs Canada.

8.49 The MOU sets out the roles and responsibilities of each federal department and agency. Its objective is to provide a framework for the departments to co-ordinate their efforts, while recognizing the specific responsibilities of

Clear, logical and applicable criteria have been established.

Sufficient information was available to develop the new measures.

each in implementing the individual measures. The MOU provides for the creation of a Steering Committee to serve as the formal co-ordination mechanism, and regional committees.

8.50 The MOU provides for an implementation schedule, a financial management framework, an accountability framework, exchange of information and evaluation of the measures' results. It is too early, however, to assess whether all of its aspects will work.

Conclusion

8.51 Our review established that sufficient information was available to develop the new measures. The review of the impact of the end of TAGS, the Baker Report and the studies by the Program Evaluation Directorate provided useful

information to identify options, analyze their potential impacts and make choices.

8.52 Our review of the eligibility criteria adopted for the various measures found that they were clear, logical and applicable. We also determined that HRDC had thoroughly reviewed the eligibility of TAGS participants with a duration of benefits under five years and that all cases were dealt with on a consistent basis.

8.53 Particular attention has been given to the launching of the new measures. The proposed accountability framework for the various measures is appropriate. Thus, in our opinion, efforts so far to avoid the uncertainty that surrounded TAGS have been satisfactory.



About the Follow-up

Objective and Criteria

Our objective was to follow up on the progress made in response to the following recommendations as set out in our October 1997 Report Chapter 16 on The Atlantic Groundfish Strategy (TAGS):

- In contemplating any future initiatives of TAGS magnitude, the departments should have enough time to develop strategies that take into account completed analyses and possible options.
- Future strategies of TAGS magnitude should be launched in a systematic way.
- Eligibility criteria for any similar strategy should be clear, logical and applicable.
- The review of the duration of eligibility for TAGS should be completed as soon as possible.
- Human Resources Development Canada (HRDC) should evaluate the labour adjustment component of TAGS and report the results.
- Formal measures should be put in place to ensure overall accountability for any similar strategy.

Scope

Our follow-up consisted of a review of the action plan submitted by HRDC to the Standing Committee on Public Accounts in response to our 1997 observations and recommendations. We interviewed some government officials and reviewed supporting documentation. The follow-up was carried out primarily at HRDC headquarters and in its Newfoundland region as well as at Fisheries and Oceans headquarters.

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