

The CHAIRMAN: Paragraph 53, Mr. Henderson.

Mr. HENDERSON: The subsidization of Fishermen's Indemnity Plan, I would suggest that be put forward to 1965 as we deal with the same subject there.

53. *Subsidization of Fishermen's Indemnity Plan.* During the year under review \$197,000 was appropriated to meet the 1963-64 deficits arising in connection with the operations of the Fishermen's Indemnity Plan, of which \$29,000 was required by the Lobster Trap Indemnity Account and \$168,000 by the Fishing Vessel Indemnity Account.

The Plan, which was introduced in 1953-54 and is intended to be self-supporting except for its administrative costs, provides insurance to assist small-scale fishermen in meeting losses incurred in respect of lobster traps and fishing vessels. In the case of the lobster traps, premiums are assessed on the basis of the value category into which the established average appraised value per trap falls, or at a lower prescribed premium rate at the option of the fisherman. Indemnity is limited to those traps which cannot be recovered, or have been damaged beyond repair, in excess of percentages of the total number of traps on which a premium has been paid—depending on the fishing districts involved—which the indemnity per trap being substantially less than the established appraised value per trap used for the determination of premium. For a fishing vessel, the premium basis is one per cent of the appraised value of the vessel, to a maximum of \$12,500, and indemnity is regulated by formulae covering total or partial loss and whether the vessel is operated on the eastern or western seaboard.

The legislation provides that the Accounts may be charged with indemnity payments and credited with premium income with the debit balance not to exceed \$150,000 at any time in accordance with regulations of the Governor in Council. Administrative expenses amounting to \$2,251,000 since the inception of the Plan to March 31, 1964 have been met through parliamentary appropriations and are therefore not taken into account in determining premium rates. Notwithstanding this, both of the Accounts within the Plan have recorded net deficits from their introduction to March 31, 1964. The Lobster Trap Indemnity Account has consistently been in a deficit position, the accumulated deficits having aggregated \$662,000. The Fishing Vessel Indemnity Account, although producing surpluses during four fiscal years, most recently in 1960-61, showed a net deficit of \$300,000 to the close of the year under review.

We have discussed the circumstances surrounding the financial results of the operation of the Plan with officials of the Department of Fisheries. In the case of the Lobster Trap Indemnity Account, they have explained that deficits of \$94,000 and \$153,000 in 1961-62 and 1962-63 respectively were due to an increasing concentration of policyholders operating in a winter lobster fishing area of Nova Scotia where heavy seas are almost a daily occurrence, and the fact that insured fishermen tended to extend their operations into the most vulnerable locations, with the result that it had been difficult for the Department to provide adequate surveillance. Steps have been taken to meet the situation through the adoption of improved administrative procedures and by an amendment to the regulations early in 1964, in line with loss experience, to increase the amount deducted for "normal" loss in the calculation of indemnity.