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The annual deficits were due mainly to fishing vessels and to government owned vessels and, to a lesser proportionate extent, to foreign-going vessels. For example, in the fiscal year 1953-54 a total amount of about \$268,000 was spent on fishermen, while only about \$10,000 was collected in dues from fishing vessels. In the case of government owned vessels, the expenditures were about \$87,000 with receipts about \$1,900.

The Minister recommended that the legislation be amended to permit an annual schedule of dues to be fixed by the Governor in Council. These would be calculated in terms of the various classes of shipping and in accordance with the tonnage of the various ships in each class, based on the average yearly cost of service to such ships during the preceding three years, and with a minimum payment in each case of not less than \$40 yearly. This formula would permit an annual adjustment of fees in accordance with the actual cost of providing the service which the members of the crews of the various classes of vessels enjoyed. It was recognized that fishing vessels and other vessels of small tonnage, at present enjoying the service for an annual fee of some \$2.00, be required to pay an amount ranging from \$40 upwards.

An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 29, 1954 - Cab. Doc. 266-54).

The Minister considered that although a good case could be made for continuing the scheme for foreign-going vessels, the benefits granted to fishing vessels and government owned vessels amount virtually to a form of health insurance which was not available to other Canadians. He felt that no government owned vessels should be allowed to participate in the scheme and that consideration should be given to the desirability of dropping fishing vessels as well.

2. In the course of discussion the following points emerged:

(a) It was suggested that the benefits under Part V of the Canada Shipping Act had possibly been extended to fishermen because a number of fishing schooners plied between the Maritime provinces and Newfoundland before the latter became a Canadian province.

(b) Whatever the reason for extending the scheme to fishing vessels, there was little doubt that there had been abuses. Daughters and wives of fishermen sometimes drew benefits under the Act even though there was some doubt whether they actually were members of the crew. Although the scheme had been extended to fishermen on the

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