

*Fisheries Development Act*

vice. Further discussion took place as to the connection between vessel inspection regulations to be implemented in April, 1975 and regulations under the proposed fish-chilling program. Government officials pointed out that there was some confusion between the two sets of regulations. The suggestion was made that modification of vessels might be necessary in order to permit the installation of refrigerated sea-water units in fishing vessels. As one member of the committee put it: "Where does modification leave off and new installation begin?" The minister replied that it was his intention to discuss modifications and conversion of fishing vessels at a later date, but that if a fisherman were faced not only with adding ice chilling facilities but with conversion of the vessel itself, he could apply under two separate programs. It is now nearly a year later, Mr. Speaker, but to date the minister has not replied or given the fisheries committee or individual members the information that he promised at that time.

● (1220)

In the act as originally passed in 1966-1967, the minister is allowed to make payments, subject to terms and conditions prescribed by the governor in council, "for the construction and equipping of fishing vessels". An act to amend this section was given first reading in this House on March 4, 1974. The proposed amendment, by adding the words "modification" and "conversion" to the paragraph that I have just quoted, essentially permits the fisheries service to make payments to vessel owners or to shipyards in the amount of 35 per cent of the cost of an authorized conversion or modification to an existing vessel. The act as originally passed allowed subsidies only for new vessel construction. New keels had, in fact, to be laid before grants or subsidies could be paid.

With reference to this particular amendment the Minister of the Environment said this last year:

The existing assistance program envisages a subsidy of 35 per cent of the approved construction cost for vessels from 35 feet upward to 75 feet in length. A subsidy at the same rate is also available for the construction of vessels of more than 75 feet in length. This latter subsidy is, however, administered by the federal Department of Industry, Trade and Commerce.

Prior to granting the subsidy, the federal Department of Industry, Trade and Commerce requires an authorization from the fisheries service to the effect that the vessel is indeed needed in the fishery. So the fisheries service does have control both over the vessels which it helps finance of a size between 35 and 75 feet, and by individual approvals over the larger vessels of more than 75 feet in length, the subsidy of which comes out of a vote under Industry, Trade and Commerce.

The purpose of the proposed addition to the program is to enable small fishermen to improve their vessels, for example, to replace open boats with larger and more mobile craft. Subsidy applications have to meet requirements as to suitability, safety, and construction specifications, in all cases set by the fisheries service.

The minister went on to add that, while subsidies on new vessel construction make a very important contribution to the modernization of Canadian fisheries, there is now evidence that assistance in the conversion or modification of existing craft is also required. At this time he further stated:

I am now proposing the introduction of an amendment to the Fisheries Development Act, which will allow the government to pay financial assistance for conversions of and modifications to existing fishing vessels. In the implementation of this program the same criteria will apply to new vessel construction and to conversion and modifications.

[Mr. Crouse.]

The basic criterion is that the vessel must show promise of a marked improvement in its economic or operating efficiency as a result of the conversion or modification. This, I submit, is very difficult to do in light of the declining resource on our continental shelf.

The proposed vessel conversion and modification amendment was discussed in detail at a meeting of the Standing Committee on Fisheries and Forestry on June 21, 1973. A major portion of the discussion at that time involved the difference between the 35 per cent figure for construction, equipment, modification or conversion of vessels and the 50 per cent figure for icemaking, ice-storing and fish-chilling facilities. The view was expressed that the 35 per cent figure would be inadequate in the light of current costs to fishermen, and this is a view that we on this side of the House still share.

At that time there was also some discussion on the inter-relationship between the application of the Fisheries Development Act as proposed, and the Fisheries Improvement Loans Act. Under the Fisheries Improvement Loans Act, loans can be made for the purchase or construction of fishing vessels and major repair or overhaul of the fishing vessel or its hull, superstructure or engine. The minister stated that a fisherman owning a vessel who wished to modify the vessel under the Fisheries Development Act as proposed could obtain 35 per cent assistance and, in addition, get a loan from a bank to help finance the remaining 65 per cent of the cost of conversion or modification under the Fisheries Improvement Loans Act.

In light of present day costs, the 35 per cent subsidy is definitely inadequate. This percentage rate should be revised and reconsidered by the minister and his staff. For example, we had a 9 per cent erosion of the purchasing power of our dollar only last year. This year it is estimated that there will be a further erosion of 10 per cent. This means that over a two-year period we face an erosion of something like 20 per cent of the purchasing power of our money, yet the government still says to the fishermen and fishing companies: "You must modernize your ships and all that we will pay toward this modernization is a subsidy of 35 per cent". We believe that this subsidy is inadequate.

On November 14, 1973, the Minister of the Environment announced the lifting of the freeze on subsidies for new fishing vessels on the Atlantic coast which was imposed on August 13, 1973. According to the minister, the freeze was introduced in order to slow down a boom in fishing vessel construction which threatened to over-capitalize a fleet which was already large. In announcing the lifting of the freeze, the minister stressed that the accent in the future would be placed on modernization and that replacements and conversions of existing vessels would be encouraged.

In the same statement the minister then made the following announcement:

Accordingly and effective immediately:

- (a) All commercial fishing vessels, traps and other catching units will be registered by the Fisheries and Marine Service;
- (b) all vessels, shippers and operators will be licensed;
- (c) only Canadian citizens and landed immigrants will be eligible;
- (d) all craft, shippers, crews and other operators which have a history in the industry will continue, automatically, to have the right to fish;